
2 OTHER ECONOMIES: A QUICK PLUNGE INTO THE PAST

It combined the advantages of individual labour and public control... it gave each farmer a share in the better and worse land, it bound the villagers together as a community, and gave to the humblest his own land and his voice in the agricultural policy to be followed for the year by the village.

G. M. Trevelyan on the management of common land prior to the 15th century

Very gradually and with wonder, I have realised that social enterprise, in the sense of an activity linking economic, social and often environmental benefits, has a much longer history than either Communism or Capitalism. Traditional economies, based on subsistence and reciprocity, the medieval guild system with its mutual support and just prices, and the Co-operative movement, its ideals and practical accomplishments, all point to the fact that other approaches are not only practicable but have been the norm for most of human history. In this chapter, I would like to sketch a small picture of these “other economies” with special emphasis on the history of co-operatives in my own country, as revealed to me in a quiet library near Oxford.

For most of the history of humankind and in many cultures even today, “economics” has not been separate from the fabric of society. In a traditional culture, be it that of the Aborigines in Australia, the Mayas in a Guatemalan village, or our own rural antecedents, all families and social groups take part in what we call the “economy”, which does not exist as a distinct entity. The prevailing relationships blend kinship, economic

and traditional ties. The ethnographer Marshall Sahlins (1988) has suggested that instead of seeing the economy in traditional cultures as a need-satisfying process of individual behaviour, it is more appropriate to view it as a *material life-process of a society*, a process of provisioning society.

The first researchers to point this out were Marcel Mauss (1925) and Karl Polanyi (1944), drawing on the field-work of Bronislaw Malinowski and others. Markets as we know them have played a subordinate role in human cultures other than those of modern Europe and people have instead either produced what they needed themselves, or exchanged their produce with others as gifts rather than merchandise as part of a complex web of kinship ties. A counter-gift was often, though not always, expected, and the whole system succeeded in being not only a system of provisioning but of mutual insurance as well, as it included a large measure of redistribution. Those who had more were expected to give more (Levi-Strauss 1952). As Polanyi points out, human labour and land have never until modern times been considered a commodity, which is not surprising considering that in fact they are not

commodities, since they cannot be manufactured as products by humans. The need for the labour of others was covered by complex systems of reciprocal labour-sharing, based on ties of kinship, friendship and locality (Sloane 1980, Norberg-Hodge 1992, McIntosh 2001), while land was owned communally. Such land cannot be bought and sold, but instead is essentially held in trust by the local community who decide on its use according to custom, current needs and long-term sustainability. In practice, this may mean allocating fields to those who need them for subsistence. Or a ban on chopping trees for the market in the communal forest, reserving the wood instead for genuine necessities, such as building houses for newlyweds. (Lohmann 1991).

Although such traditional “social economies” still exist in the world today and cultural anthropology routinely studies them (Monaghan and Just 2000), economics as a science does not acknowledge them and most of us remain unaware of them. Is this because we believe they are relics of an earlier age, doomed by evolution and surviving only in remote places like the giant ferns in the mountains of Madeira? But who can foretell the workings of evolution?

Another interesting phenomenon, well known to medieval historians but unremarked by the world at large, was the medieval walled city and its guilds. These cities, typical of Europe only, were independent politically and economically, with craftsmen’s guilds playing a central role in both the economy and the jurisdiction of the city. The guilds bought

materials needed for production on behalf of the craftsmen, decided what prices to charge on the basis of custom and the idea of fairness, controlled the quality of products and services, and played an important role in marketing the produce. In addition, they had a clearly defined duty to help their members in times of need, thus serving as a mutual welfare net. In some places and periods, a strong element of equality and democratic decision-making was present in the guilds’ self-administration. (Kropotkin 1902, Conaty 2004). For several centuries, the guilds thus kept local economic transactions successfully embedded in a social and democratic framework. Early medieval cities, it seems, enjoyed a striking measure of prosperity and stability. Although the guilds’ inner structure became less democratic with time and they gradually went into decline in the 15th and 16th centuries for complex reasons which included the combined pressures of a new class of financiers and the centralising power of governments (Huppert 1986), it does seem strange that the intricate co-operative organisation of the early cities has been accorded so little space in history books.

The industrial revolution, of course, came next, and with it displacement, exploitation and extreme poverty which reached a peak in Britain in the early nineteenth century. The people countered with the Luddite and Chartist movements and, in the 1840s, the Co-operative Movement proper was born in the town of Rochdale near Manchester. It was inspired by the visionary Robert Owen,

who called for “villages of co-operation” where people would govern themselves, grow their own food and make their own clothes, and by the more practical and lucid William King, who explained the fledgling Co-operative aims and ethos in his monthly bulletin *The Co-operator*, widely circulated in the late 1820s (Birchall 1994). The Rochdale Weavers or Rochdale Pioneers, as they came to be called, opened a small co-operative store in 1844 with the aim of accessing cheap and unadulterated food. The co-operative survived, prospered and the rules which these artisans had developed, later known as the Rochdale principles, travelled the world and sparked the world-wide Co-operative Movement.

The basic principle of the movement, “one member-one vote”, puts *people* at the centre of things instead of *money* (or capital), by creating enterprises which are owned by members on a democratic basis (Parnell 1999). Each member contributes a fixed share to the capital of the enterprise and each member, either personally or through an elected representative, has a say in how the enterprise will work and what it will do with its profits. It is not the richest members

who call the tune. The enterprise is governed in the interests of its members and their needs, which may be a certain service or local employment. The needs of the members are not necessarily identical with the “need” of capital to reproduce itself as fast as possible. Money is thus seen as tool rather than master, and members can decide to use any profits as they see fit - they can pay themselves dividends, but they also can, and do, use the money to help other co-operatives or the community. The ethos of co-operatives rests on the twin values of *self-help* (a belief that people have the will and capacity to improve their destiny through joint action) and *solidarity* (a belief in the importance of mutual responsibility and support) (Hoyt 1996).

The Co-operative Movement took root in most of Europe and later on other continents as well. The co-operatives grew in numbers, size and influence in the first decades of the 20th century. In Czechoslovakia, there were over 15,000 co-operative societies with a total of more than 4 million members in 1937 - around 30% of the total population (Vavra 1946).

Box 1

Voices from the past

There is an archetypal tale in many cultures about a pauper who had a dream of finding a treasure in a foreign land. Arriving there, he learns, perhaps from someone else’s dream or from the denizens of a fairy hill, that the true treasure is hidden under his own hearth.

I seemed to be living this story as, having arrived in a foreign land, I delved into books and articles which had lain quietly in the library of the Plunkett Foundation for many decades, undisturbed by war and revolution, and became sensible to

voices of long-dead people from my own country, speaking (strangely enough in English) about their accomplishments, hopes and fears concerning the Czech co-operative movement.

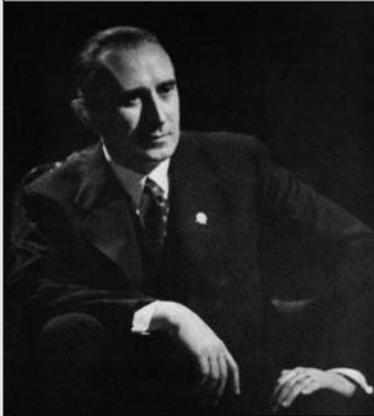
It had been one thing to know the statistics, documenting the flowering of co-operative enterprise in my country, and to be aware on a rational level that these efforts of several generations were brutally annihilated in the early fifties by a regime which called itself a “people’s democracy”. It was quite another to actually read the words of the actors of this drama over several decades and on both sides of the divide.

The object of this brief survey is to make our friends, co-operators in Great Britain, acquainted with the development of the workmen’s co-operative movement in the Czechoslovak Republic. From a small beginning the Czechoslovak co-operative movement has made greater progress than in any other country. This clearly proves that the grand ideal of co-operation has awakened in the hearts of our workmen a firm belief in a new and wider life, and an indomitable faith in democracy and justice... Our British friends will certainly be interested to know that the Czechoslovak workmen’s co-operative movement is faithful to the principles of the Rochdale Pioneers, and thus is fulfilling their bequest. The Czechoslovak co-operators always considered England as the cradle of the co-operative movement, and have adopted many important methods of British co-operators.

This excerpt from the 1925 foreword by a Czech MP and co-op official, F. Jirasek, to a beautifully illustrated booklet on Czechoslovakian co-operative accomplishments (Krnansky 1925), harks back to the early days of the “First Republic”, the period between 1918 and 1938 when my country enjoyed an unprecedented period of political freedom and grass-roots democracy. Delimited by the Versailles peace treaty, Czechoslovakia had seceded from the Austro-Hungarian Empire, whose rule in its last decades had been quite benign, already with a burgeoning co-operative movement. The first co-operatives had emerged in the 1840s and 50s, and the movement had grown after a new co-operative law was enacted in 1873. In the countryside, it was the small credit co-operatives, named “Kampelickas”, which spread rapidly in the 1890s and after 1918 became the backbone of a rural co-operative movement in the newly-independent country:

The area of the Kampelicka’s activities was very small, confined for the most part to one village or parish... Peasant members were in the majority; but there were craftsmen, tradesmen, village intelligentsia, and workers; rich and poor, large and small landholders. The Kampelicka became an important part of village life, and everyone joined it to express his loyalty to the village. From the very beginning, and always, the Kampelicka was a simple financial institution, often with an office containing only a table, some chairs, and a safe, housed in an inn or a school. All the administrative work was performed without emolument by the members. Only the cashier who made the entries and prepared the balance received a small compensation at the end of the year, a compensation which had to be approved by the general assembly of the members. Despite the voluntary and amateur nature of their administration, the Kampelickas were efficiently run businesses... When the reserve fund reached a certain level, a proportion of the Kampelicka’s profit was allocated to public purposes, to propaganda, and the support of the co-operative movement. (Feierabend 1952)

Ladislav Feierabend, head manager of the biggest Czech co-operative wholesale organisation *Kooperativa* between 1930 and 1940, goes on to explain that the Kampelickas eliminated rural usury, educated farmers about accounting and thrift, bought farm machines on behalf of their members, installed public scales in villages



Czechoslovakian co-operative official Ladislav Feierabend

to enable the checking of weights, and even organised theatre plays, planted trees and built village halls. Although the Kampelickas remain the best known patches in the Czechoslovakian rural co-operative quilt, there were also other types of credit co-ops, strong farmers' marketing and sales co-ops, grocery store co-ops (especially in Slovakia) and processing co-operatives such as chicory co-operatives, which produced a substitute for coffee from chicory, flour-mill co-operatives, and co-operative distilleries which processed potatoes to make alcohol.

“Electrical societies” were set up in rural areas to electrify villages. At their peak in 1936 there were 2,131 of these co-operatives,

formed by the consumers of electric current. The co-operatives constructed a transformer on the main grid and a secondary electric net in the village. They contracted with the power stations for a certain amount of electric current at wholesale prices, with premiums for larger consumption. The current was sold to members at the contracted price, and the premium money was either returned to members in the form of dividends or spent by the co-operatives for community improvements. (Feierabend 1952)

Out of 15,000 villages in the whole country, which comprised not only the current Czech Republic, but also the mountainous agricultural regions of Slovakia and the Carpathian Ukraine, 10,000 were connected to the electricity grid by 1938, thanks in large part to the efforts of the co-operatives. There was at least one among them which could be considered a “middle-layer social enterprise”:

...The co-operative in Drazice and Jizerou, which owned 8 electric power stations and supplied 29 cities and 460 villages with electric current. It was a warehouse co-operative (i.e. buying and marketing co-op) at the same time, which included three big flour mills, as well as other enterprises. A mammoth organisation, it had expanded from a small co-operative formed in 1900 in the village of Drazice and Jizerou to buy a flourmill. Drazice was known all over co-operative Europe, and every year hundreds of foreign visitors observed its activities. (Feierabend 1952).

I had never heard of Drazice and Jizerou, much less of its middle-layer social enterprise back in the 1930s. It seemed incredible that all this, co-ops big and small, including their 72 umbrella groups (Nemcova et al. 2001), had disappeared practically without a trace left behind, in textbooks or memories. Of course, some

of the co-operatives vanished because the people who comprised them vanished as well. Czech co-ops tended to be organised along ethnic lines, and 25% of the citizens of this new and vulnerable country were ethnic Germans. They were expelled after the war and took the memory of their co-operatives with them. Then there were the Jews.

Sitting in a box labelled “Czechoslovakia” in the Plunkett Foundation, there is a copy of an article from the Jewish social service quarterly, detailing the activities of ethnic Jewish credit co-operatives in Czechoslovakia between 1924 and 1937. The author’s name is missing, and a poignant caption explains why:

This article is part of a book on the “Jews in Czechoslovakia”, written by a noted Jewish scholar early in 1938. Since the author still resides in Prague, we deem it advisable to withhold his name (Ed.) (Anonymous 1939)

The date was December 1939. By then, parts of Czechoslovakia had been parcelled out between Germany, Hungary, and Poland, its remnants split between an independent fascist Slovakia and the western heartland, the German “Protectorate” of Bohemia and Moravia. World War II had started and the borders were closed. Deportations of the Jews to concentration camps began in the Protectorate in 1941. It is improbable that this scholar, whoever he was, escaped with his life. The same is true of the people he wrote about.

Although most of the ethnic Czech and Slovak grass-roots co-operatives such as the Kampelickas emerged from the war shaken but essentially unbroken, the German occupation took a heavy toll, not least in the sphere of democratic governance: the many umbrella groups had been forcibly unified with German officials appointed to oversee and control their work. (Vavra 1946).

In his article published in 1946 in the Yearbook of Agricultural Co-operation, Frank Vavra details the damage done and names top representatives of the co-operative movement who died. They were executed in the reign of terror following the Prague assassination of Nazi leader Reinhard Heydrich in June 1942. He continues:

...Dr L. Feierabend, Minister of Agriculture, luckily escaped to England, Mr. E. Lustig... got to Sweden, and Mr. A. Zmrhal, manager of the Vcela Consumers’ co-operative and the present head of the Central Co-operative council, went to Russia... the wife of Dr. L. Feierabend was detained for years in the... concentration camp of Ravensbrück till she was freed by the Russian Army.

The end of World War II was a false dawn for Czech and Slovakian co-operatives. With the advent of what the Communists called a “people’s democracy” in 1948, they received a blow from which they never recovered. In an undated unsourced paper received in the Plunkett Foundation library in December 1948, A. Zmrhal, significantly the co-operative functionary who had spent the war years in Moscow, puts down the law for the beleaguered co-ops in characteristically “people’s democracy” newspeak:

The incentive of production is no longer the capitalists' greed for profit but a higher interest, the interest of the whole. Now all of us must work, and the profit of the work is for all of us... The order of a people's democracy takes over many tasks of the co-operatives, offers a firm basis for their activities. It removes the risk of enterprise, which was formerly a heavy burden on the activities of the co-operatives, and fulfils the plans of the pioneers of the co-operatives. The co-operative movement becomes the co-builder of the new economy, the assistant in creating the conditions of a new social order in society... Our Republic needs absolutely two things: unity and work... The Central Co-operative Council cannot be a cap on the head but must be the head of our united co-operative movement... Our co-operators must realise that, first of all, co-operatives are not a dogma, that they are part of the rest of the economic life of the social system. They must not become rigid in their development nor link their fate with a social order doomed to death and hostile to the co-operative movement.

Within a few years, the Czechoslovakian co-operative bank and the co-operative insurance companies were nationalised, the Kampelickas and other rural co-operatives abolished, as were all other pre-war co-operatives with the exception of consumer and producer co-ops, which, however, lost their autonomy and gradually became little different from other state-owned enterprises. (Nemcova et al. 1991).

The last cry from the past I found in the Plunkett library is perhaps the most moving. It comes once more from Ladislav Feierabend, whom we have already met twice. A man linked with the agricultural co-operative movement from age 26, he rose through the ranks to become minister of agriculture in October 1938. In January 1940, after his work in the Resistance movement was uncovered, he managed to escape to Britain under very adventurous circumstances. His wife, we have seen, was not so lucky. Until the end of the war he served as finance minister in the Czechoslovakian government in London, returning home in 1945. Moscow, however, and not London prevailed in Czech politics and he was forced once more into exile in 1948, at age 57. In the conclusion to his book on Czechoslovakian agricultural co-operatives, published by the New York Mid-European Studies Centre in 1952, Ladislav Feierabend writes:

In the few years since Communist rule became supreme in Czechoslovakia, the whole magnificent agricultural co-operative organisation has been destroyed. It had to be. Co-operative principles and methods require individual freedom and autonomous action. They are based on understanding, not hate; on tolerance, not aggression; on mutuality, not coercion. Their aim is to improve the economic and social conditions of living. Communist philosophy and its ways are the antithesis. They require mass subservience and individual obedience... It is true that this story of the Czechoslovak agricultural co-operatives now has a sad ending. But it is not the finale. And the magnificent example of that whole co-operative movement and its achievements remains to demonstrate what can be done in those areas of the world where man's situation calls for change and improvement. The true co-operative spirit is the sound basis of every democracy and of all democratic institutions anywhere in the world. It lies in the hearts of all men of good will and cannot be destroyed, not even by Communists in Czechoslovakia. It lives.

Like Ladislav Feierabend, I believe in happy endings. Let us turn to the present then and survey the situation: what do rural social enterprises look like fifty

years after he wrote those hopeful words, both in his own country, where he lived and worked, and in Britain, where he found refuge?

