
3 WHAT IS REALLY GOING ON THERE?

If you wait for the perfect day, it will never come.

Simon Brooks

3.1 What do the social enterprises actually do?

The social enterprises gathered in this report are very varied, with a diversity of aims, structures, even sizes, though the small tend to prevail. There are ethical finance organisations, community transport services, a co-housing project and a housing co-op, community businesses and shops including a co-operative retail society, small, organic and co-operative farms, development trusts, projects focused on local food, energy and recycling, consumer and producer co-ops and many others, including second-tier enabling and umbrella organisations.¹ The divisions, though, are arbitrary and indeed the first unusual aspect which comes to light is that, while conventional economic theory at least from the days of Adam Smith onwards emphasises specialisation as a prerequisite to success, there seem to be many successful social enterprises, which, although they have clear priorities and their work forms a coherent whole, seem to reach out in many directions at once.

A case in point is **WyeCycle**, a small community business based in Wye, which started out in 1989 as a Friends of the Earth student group at Wye College.

It has since become a community business which collects waste from 1,000 households in Wye and neighbouring Brook: glass, paper, textiles, batteries, garden waste, even furniture which they repair and give away on “swap day”. Compost, which they make from the garden waste, has become an important



Richard Boden manages WyeCycle, a community business which helps minimise waste and maximise employment.

1) These last however are not given adequate space in the report for reasons of space and time constraints, though they are summarised in Appendix 4 like the others. Appendix 5 attempts a classification of all the projects according to social enterprise criteria.

source of income. Aware that waste prevention was better than recycling, **WyeCycle** then started a box-scheme, using their van for free distribution of a local organic farmer's produce to residents. The scheme also helped the farmer, who has since found other customers and today distributes 120 -130 food boxes, only about 20% in Wye. In 1999, they went on to organise the first farmers' market in the town, sourcing food and produce locally from a 30-mile radius, and these have since become a permanent feature. As with the box-scheme, there are multiple benefits involved: helping local smallholders, limiting pollution and packaging, access to fresh local food for residents, and an added social vibrancy as the markets draw crowds twice a month. A side effect of the labour-intensive recycling business has been the creation of four new jobs for local young men, one of whom had before been unemployed on a long-term basis. "As time goes, the social element has become more important," admits Richard Boden, one of the founding student members who today, as one of two directors of what has become a company limited by guarantee, manages the organisation. **WyeCycle** is fully financially sustainable, with income from the local county and borough councils as well as from re-selling the collected waste and the compost.

Many other projects have succeeded in blending environmental and social benefits. **Mendip Vale Recycling** developed as an offshoot of Mendip Vale Workshops, a charitable trust set up in 1989, after the closure of the local psychiatric hospital.

The trust provides support for people with mental health problems, chiefly via permanent workshops which enable them to work, train and socialise in a sheltered environment. **Mendip Vale Recycling**, based in Glastonbury, is essentially another such workshop, with an environmental bottom line added to the social. It owns a cardboard shredding machine and the patients come and turn waste cardboard from local businesses to animal bedding. The centre then sells this to horse and chicken farms, animal sanctuaries, and the general public for their pets. The plan is to use worm-beds to compost used bedding in partnership with local farms and to produce worms, compost and liquid plant food, thus providing added income both for the farms and for **Mendip Vale Recycling**. Neil Montgomery, the man in charge of the whole enterprise, explained that in the future, they are thinking of recycling other materials besides cardboard. They may also open up to physically handicapped people and those with learning difficulties. The **Honeycomb Project** in the Peak District is another such project combining environmental (recycling of old furniture) and social objectives (job training of young people with learning difficulties).

The two last-mentioned enterprises are heavily dependent on income channelled from the government. In contrast, the **Stonesfield Community Trust** in Oxfordshire, while supported by donations at its inception, has opted for a path of self-financing. The rent from its affordable housing is used for loan repayment and as a source of income (see

Box 4 in chapter 3.4 for details). It too has both a social and environmental bottom line: holding land in trust in order to rent affordable properties to locals, it has used environmentally-friendly materials to build the homes, as well as state-of-the-art energy efficiency techniques. In a closed loop typical of many of these projects, this has benefits not only for the environment, but also for the tenants' energy bills.



Affordable and environmentally-friendly housing for locals built by the Stonesfield Community Trust.

Czech examples of diverse financially sustainable social enterprises include the **Gemini Farm and Workshop**, which makes a living through a combination of trading, building and farming, using the surplus to regenerate traditional features in the landscape, and the **Hutzul Farm**, a project in the borderland Krkonose mountains, breeding and selling rare Hutzul horses and complementing this with tourist accommodation, horse riding and farming.

In some areas, social enterprises seem to be more numerous than in others. In the United Kingdom, this appears to be

the case in the areas around Bristol and Dorchester (see map in Appendix 3). Thirteen of my British case studies are located there, including several important enabling and umbrella organisations. A reinforcing feedback loop then seems to develop, with the existing social enterprises coaxing others into existence.

In the Czech Republic, an interesting conglomeration of social enterprises (**59, 62, 63, 69, 70**) combining benefits for agriculture, local employment, nature and local traditions can be found in the White Carpathian Mountains, in the eastern part of the country (Moravia) near the Slovakian border. A beautiful wooded area noted for its flowering meadows, fruit orchards, and living folk culture, it has been badly hit in recent years by the failure of the wool and fruit markets. The **Hostetin Apple-juice Plant**, set up to provide a market for local apple-growers and profiled in detail in chapter 1.1, is one successful project set up to remedy the situation. Situated in the same area, the **White Carpathian Sheep Partnership** has linked the environmental non-profit organisation Kosenka in the town of Valasske Klobouky and two young local farmers who wanted to raise sheep in the teeth of the unfavourable economic climate in the mid-nineties. Sheep were needed not only as a source of income, but to graze the valuable flowering meadows which otherwise would lose their biodiversity. The environmentalists found 30 people from all over the country who were willing to invest in a sheep each, bought the sheep with the “absentee owners’” money and leased

them to the farmers. The farmers used other capital to buy more sheep, rent land and build fences. The owners have been paid interest on their loan in money or (male) lamb meat, and after seven years they are to get their sheep, or its financial equivalent, back. The government has since re-introduced sheep headage subsidies, and as the farmers rent the “absentee owners” sheep from Kosenka, they are able to access the subsidies. Kosenka, in turn, gets the sheepskins (which it sells through a direct selling scheme via a university department in Brno, the Moravian metropolis) and, crucially, has an agreement with the farmers obliging them to graze the most valuable flowering meadows in Kosenka’s care each autumn, thus ensuring the survival of rare plant species.

This project is closely connected to a third one, the **Kosenka Environmental Land Trust**. The Czech land trusts are essentially land conservation trusts². The Kosenka land trust is typical, and entails a partnership of Kosenka, the environmental organisation, and the local small farmer/landowners. These voluntarily agree to manage their valuable mountain meadows in such a way as to keep up their biodiversity, or, as in the case above, help Kosenka manage the nature reserves in its care. Kosenka, on the other hand, helps them with the paperwork involved in asking for agricultural subsidies and in other ways.

The relationships are long-term, complex and based more on friendship and reciprocity than on written covenants. They appear to work very well. As in all the White Carpathian projects, the dimension of local tradition is also present. *Kosenka* is a diminutive of “scythe”, and in fact most of the meadows in its care are cut by hand in early summer, giving young people from all over the country a chance to learn this old and useful skill.

Another threesome coexisting in one region are projects **49**, **60**, and **64**. These non-organic farms within a few miles of each other in South Bohemia, the region where I live, would however not define themselves as social enterprises even if they had ever heard the term. Project **49**, the **Borovany Agricultural Co-operative**, is a large, almost 7,000-acre mixed post-communist co-operative farm, project **64** (**Ostrolovsky Ujezd Agricultural Co-operative**) is also post-communist and mixed, but much smaller (474 acres). The **Hruska Family Farm (60)** has 396 acres and its owners, the Hruskas, started farming only after the democratic revolution in 1989, on land which had been owned by the husband’s grandparents before they were forced to hand it over to what later became the **Borovany Agricultural Co-operative**. I chose these projects partly because two of them are, at least nominally, co-operatives, albeit descended from politically enforced co-ops in the fifties after the Communist

2) See *Morehouse (1997)* for a good explanation of the various types of land trusts. In the Czech Republic the American model of land conservation trust, whose purpose is to protect and preserve natural areas, was adapted in the mid-nineties. Besides Kosenka, there are about thirty such land conservation trusts (pozemkove spolky) registered through an accreditation scheme.

take-over. (I return to their governance patterns briefly in Chapter 4.) Also, I believe that at least the **Hruska Family Farm** and the **Ostrolovsky Ujezd Co-operative** could be called “unconscious social enterprises”. As a report by the US Department of Agriculture (1998) has emphasised, all small farms have a public value. The **Ostrolovsky Ujezd Co-operative** is in my own village (100 inhabitants), and managed by a local farming family. It provides not only permanent and casual employment but also winter snow-clearing, cheap milk, potatoes in autumn, in-kind payments for members of the co-operative whose land it rents, and such specific services as retailing carp, a traditional and local food, for Easter and Christmas. Environmentally, it is also relatively benign, with animal stock and varied plant crops. The animal manure feeds the fields and the fields feed the animals. A natural closed loop - but one alarmingly lacking on British farms today.

As mentioned in chapter 1.2, an important feature of the social enterprises trying to be environmentally sustainable is economic localisation. Among the projects interviewed, some especially may serve as inspiration in this respect: **Radford Mill Farm**, a very unusual organic farm of only 100 acres and a great variety of crops and animals in the Bristol area, sells all its produce locally through local markets and a box scheme. **Growing with Nature** is an organic market garden on 3.5 acres of land

which has won several awards for its box scheme. As well as selling their own fruits and vegetables, they buy in vegetables from 5 other local growers and sell the produce of a total of 50 acres in recyclable bags within a 15-mile radius. Alan Schoefield, who manages **Growing with Nature** with his wife Debra, does not see the 500 people who buy their fruits and vegetables as clients. Rather, he feels they are all members of a “vegetable club”, who share a commitment to a more wholesome lifestyle. “‘Organic’ is only part of the picture,” he explained as we sat drinking tea at a beautiful wooden table in their self-designed and self-built rural home near Preston in Lancashire. “You can buy organic ready-made pizzas, chips and even Mars bars, produced in monstrous factories. But we feel that cooking can be fun as well. Sit down, have a real meal, draw the family together.” Like **Radford Mill Farm**, Alan and Debra organise open days at the farm and publish a newsletter for the club members which features recipes for lovely meals such as aubergine garlic bread, grilled courgettes or spinach with cheese. “Most of our customers are like us,” Alan adds. “That’s our biggest selling point.”

Tablehurst and Plawhatch Community Supported Farms, another successfully localised farming enterprise in an affluent area south of London, are one of the few truly community-owned farms in Britain³. Totalling 500 acres, they are mixed, organic and biodynamic, one of the farms having belonged originally to

3) See also Soil Association, undated

Emerson College, a Rudolph Steiner College in Forest Row (4,000 residents). Like **Radford Mill Farm**, they add value to their produce, making three kinds of cream, six types of yoghurt, five cheeses, selling milk in returnable bottles, all from two farmgate shops. They also mill their own grain, selling the flour to a small bakery in the village, and cut and sell their own meat. Chris Marshall, chairman of the board of the farms, admitted being “astonished” when he tasted food from the farm for the first time. “This has really educated me about how bad the food is in this country,” he told me. Besides the quality of the food, local people appreciate that they can see how their food is grown and made as well as the privilege of free access to farmland. A privilege, by the way, which we still enjoy as standard in the Czech republic.

The **Treehouse** is not a farm, but a shop and restaurant in the centre of the Welsh town of Aberystwyth which runs a box scheme and sources most of its vegetables from six local growers. As Jane Burnham, the owner, told me, a survey showed that “local” was a higher priority for shoppers in her store than “organic”.

The members of **Laurieston Hall Housing Co-op** in Southwest Scotland have opted for a different strategy. They started in 1972 as a radical commune, committed to growing a large part of its food in order to escape the money economy. Thirty years later, metamorphosed from commune to co-op, the members still live off the land to a large extent, spending half of their week working in the walled garden, milking

cows, producing cheese, gathering wood, and repairing the house. In addition, like the other projects, **Laurieston Hall** has contrived to produce paid jobs for its members. All is unobtrusively but effectively organised and regulated, as we shall see in chapter 3.3.

Made in Stroud also have a strong commitment to a local economy. “Our main aim is promoting local products for local people,” Clare Gerbrands, one of the two directors of the organisation, told me. Like **WyeCycle**, they organise farmers’ markets, and in addition have opened a co-operative shop in Stroud where they sell the products of local craftspeople. They are also working on a certificate for local farmers and food producers.

The local food movement is very strong in Britain, and during my stay I was given many local food directories from different regions aimed at linking consumers with farmers and growers. In the Czech Republic, the food localisation approach is, as yet, limited to fringe environmental groups, but in a country where one third of the land is covered with forest, another interesting, albeit perhaps “unconscious” local economy has emerged as a growing number of towns and villages have opted for wood-fired municipal heating plants. One of these is the village of Hostetin, home of the **Hostetin Apple-juice Plant**. Another is the small village of **Svaty Jan nad Malsi (54)** in South Bohemia, which uses wood chip from its own woodlands to fire two communal furnaces which heat all the public buildings (school, council

building, etc.) and several private houses. The local benefits are numerous: money for heating stays with the council rather than leaving the area, there are five jobs connected with the project and the village uses its own wood which otherwise, like the apples in the Hostetin area prior to the apple juice plant installation, may have gone unappreciated and unused. Another advantage may be a sense of security and independence from centralised energy sources. This project, as well as projects such as **Zahradky Arts and Crafts Workshop**, or **Cizova Housing Co-op**, serves as an example of an interesting Czech phenomenon - social enterprises linked to local village councils. I will come back to this in Chapter 4. In the meantime, let us lend an ear to the true



Based in the village council building, the arts and crafts workshop in Zahradky helps boost craft skills, local confidence and employment.

heroes and heroines of this report - the people who have made these and other social enterprises a reality and who work in them today.

3.2 The people behind the projects

Throughout this report I allude to the projects interviewed by their titles or numbers in Appendix 4 where you will find them cut, dried and listed in alphabetical order, as if they were specimens in a herbarium. In fact however they are vibrant, colourful and unique, often closely tied to the place where they emerged and to the people who created them or who work in them today. Visiting the site of most projects and talking to the

people who were a part of them, I was often impressed not only by what they said and did, but by their whole personalities. These tended to be people who had found a deep meaning to their lives, and a talk with them was often like a drink of clear water in a sticky sea of soft drink.

Who are these people, where are they coming from, what made them enter the world of social enterprise and remain there?⁴

4) *The contents of this chapter have been distilled mainly out of the answers of respondents to question 5 (What is your personal role in the organisation, why did you decide to do this work?), or questions 2 and 6 in the set for financial and phone interviews, respectively, which are similar (See Appendix 2). In addition, I use other comments during the interviews which seemed to shed a light on their motivations, as well as my own knowledge especially of Czech respondents. 76 people from projects listed in Appendix 4 were involved in these interviews, 26 of these from the Czech Republic. I also draw on the responses of two other people (farmers Hilary Hoskin and Theresa Toomey, see Acknowledgements), making the total respondents 78.*

One thing which emerges is that, although men tended to predominate slightly in my interviews, both women and men played an important role, and they were young, middle-aged and elderly - one of my respondents was 83. Social enterprise protagonists obviously come in all shapes, sizes and lifecycle stages.

Another thing which became obvious was that, in an age which emphasises individualism and wars between the sexes, these tend to be projects based on co-operation, within and between projects, local communities, groups of friends, families. In seventeen of the 71 projects, husband-and-wife teams or long-term partners figured in prominent or more subtle ways. This might be expected with enterprises which had a family-farm component (3, 15, 57, 60, 61, 64, 68). But there were less obvious marital-professional partnerships as well. Meeting Clare Gerbrands of **Made in Stroud** in the basement office of their local crafts shop, I was introduced to her colleague Kardien who was, it turned out, her husband as well as co-director of the enterprise. Children popped in and out, completing the family business picture. In the Lancashire **Chipping and District Memorial Hall**, a new multi-function village hall which has enhanced both the quality of village life and local employment in the village of Chipping, I met rural development worker John Bailey of **Enterprising Futures**, who helps local communities make the best out of community buildings, and his wife Kate. Kate, who originally worked as an unpaid secretary setting up the hall, is



Kate and John Bailey's volunteer work setting up the new Chipping village hall led to paid employment.

now employed as its part-time manager. Her husband, who had been helping her with the project, got his new job in rural development as a result of the experience he had gained. "I have learned as I went. Now I help other people do it," he explained.

John and Kate were among several respondents who started out as volunteers in projects which later led to paid jobs, either in the project itself or in a similar area. With some, this was an unexpected though welcome development. Others, like Vivian Woodell of the dynamically growing **Phone Co-op** or Jaromir Hosek of the **Chotebor First Credit Union**, a modern version of the old Czech *Kampelickas*, had a clear vision of the enterprise they were going to set up from the beginning.

Each worked without remuneration for two years before becoming manager of the successful enterprise they had set up. Some have remained in a volunteer role permanently, like Ian McNicoll, a doctor in a small Scottish village on the west coast, who has worked tirelessly as chairman of the board of **Port Appin Community Co-operative**, helping its shop to survive and prosper, for more than twenty years (see chapter 3.4). Yet others were paid from the beginning, often replacing founders who had moved on. For some of the latter, a new job in a social enterprise entailed a big, and usually welcome, lifestyle change. “After 25 years of intense commercialism in retail work, I wanted something else,” Neil Montgomery (22) explained. Several of the men admitted that substantial salary cuts were involved when they took up the job, but expressed few regrets. “I am earning half of what I was earning before... but it is not all about money,” one of them told me.

If it is not about money, what is it about then? If a short answer is sufficient, we might opt for the succinct words of Jitka Stehlikova, partner in a small rural husband-and-wife publishing enterprise (68), who, when asked how they measure their success, smiled widely and replied: “We use the yardstick of gross family happiness”.

If a longer answer is in order, let us look at an overview of the answers to a question I asked in all the interviews: Why do you do this work? Many people expressed several reasons, some gave none. Reasons for all we do tend to be

complex and often unconscious. The projects are not a representative sample. Yet the answers do give a glimpse of the value system, aspirations and feelings of the people without whom we would have no social enterprises to study, as well as perhaps small pointers to the wider question of what drives social change.

I like it, love it, enjoy it: Nine Czechs and thirteen Britons gave variations on this answer, echoing Jitka Stehlikova (above). Some spoke of an interest in their work, a passion for it, found the work exciting. “It is my hobby,” one explained. Some appreciated benefits such as travelling, helping people, working outdoors. Some had fulfilled a childhood dream. Others believed in their work, found it creative: “Before I just followed orders. The work was anonymous. Here I can work as I feel is right, and I can see the results,” says the manager of the **Borovna Forest Co-operative** Rostislav Cermak. “I could never have done publishing work in the former regime. I am grateful that I can do it,” Ivo Stehlik, the husband of Jitka (68), told me. And two farmers spoke about a hard, but good life.

Importance of place, tradition, family, connection with past generations and with children: Seven Czechs and nine British respondents gave this complex cluster of answers which centred on a commitment to their home environment (“I’ve lived in this house for 27 years”, “I worked for twenty years in London local community development”, “I live here”, and, in the Czech Republic: “I was

born here’.) For some, especially in Britain, the commitment grew out of choice (“I wanted to use my skills in a rural environment”, “I wanted contact with others in the community”). For others, especially in the Czech Republic, it was more a question of roots - a combination of loyalty to the village where they were born (“if everybody left for the town, the village would die”) and a pragmatic wish to repair the family farmhouse. The latter needs to be understood in the context of a place where traditional whitewashed farmhouses, occupied by one family, have withstood centuries and represent a link to antecedents in a way not often witnessed in Britain. One man explained that when he was adding on rooms on the farm, he was aware that this was what his grandfather had had in mind. (In my Czech sample, projects 47, 60 and 68 operate from farms owned by their families for generations). Another type of link to the past is voiced by Hana Doskocilova who loves the folk culture handed down from her grandmother and aunts and has based her work on this tradition (58). Children are also a motive in this group, directly and indirectly (“I wanted my children to see how animals live”, “...how their food grows”, “I saw the job advertised on an aeroplane going to New York. I wanted to spend more time with my children and I wanted to do something significant for the agricultural community”).

It is important, a commitment, an opportunity to make a difference, it has long-term worth, it is useful: Ten people in Britain and two in the Czech

Republic explained their motivation with these words. Some explained further: “I am glad I can help others who are in the same situation I was”, “I wanted to work with many small companies rather than one large one - they can make a big difference”. “I feel this is one of the ways to help nature and the countryside in the area”. David Michael, the initiator of the first co-housing scheme in Britain (37), put it bluntly: “I am dedicated to this work and I think it is the best thing since people left caves. It is a strong political statement and way of life for others to copy”. Two other Britons described their motives as “political”. It is a reflection on the difference between the two countries that a Czech, I am quite sure, would never use the word in such a context.

Principles and visions of the future, wish to prove something is possible: While most people had a vision for the future of their organisation, for several a vision of the future seemed to be a strong motive (“I wanted to prove that an ethical company could make a profit,” emphasised Guy Hooker of the **Ethical Investment Co-operative** in Edinburgh.) Seven Britons and three Czechs explicitly spoke of the principles which inspired them (“I am against greed”, “I do not want to sell to supermarkets”, “I have a belief in the capacity-building model of self-help and in grass-roots community action”, “I am a strong believer in farmers’ markets ethics”, “It is better to come to a mutual agreement with people than to give them orders”).

We felt there was a need: This was probably a motive for many of the projects,

but in three British cases (12, 19, 34), a perceived need in the community (for credit and for public transport) was actually stated as the main reason for setting up the project. In the case of Petr Dostalek and his wife Gabriela, the founders of the Czech **Bioclub**, the need was also their own: they wanted better access to organic food.



Petr and Gabriela Dostalek (foreground) at one of the Bioclub meetings: from sharing organic food to sharing ideas

I was motivated by the others: Once the **Bioclub**, a small informal food co-op, started work, friendships formed and the emphasis shifted from sharing bulk food orders to sharing ideas. Three other people reported that the work atmosphere in an enterprise was an important part of their motivation: “This is a fantastic group of people - they are all interested in what the bank is doing!” said Matthijs Bierman, managing director of the Bristol **Triodos Bank**, describing his colleagues. “It is a no-blame culture,” said Janet Davies, speaking of the atmosphere in the micro-credit initiative **Full Circle Fund** in Norwich.

Disenchantment with the status quo: This was an important motive for

five people for starting or moving into a social enterprise. Among others, they did not like work in mainstream agriculture (15), corporate sleaze (10) and, in the case of the Czech credit union, the patronising attitude of banks to clients (51). Jane Burnham, owner of the **Treehouse** in Aberystwyth, described the reasons behind her defection from a job in public relations for the Central Electricity Generating Board in the mid-seventies: “At first I found the job challenging. But soon it just felt like lying.”

I was inspired by a book: Four people specifically named books they had read as a decisive influence on what they were doing. These were: Kathryn McCamant: *Co-housing*, Jules Pretty: *Regenerating Agriculture*, the American book *Farms of Tomorrow Re-visited* and the novels of Thomas Hardy.

Other motives and inspirations, said and implied: Three people did mention money as a motive (“It pays my mortgage”), several spoke of personal experience, like Hana Doscilova (58), who became interested in working with handicapped people after her son developed a vision disability. “Nobody else will do it,” was the resigned sigh of two Czech local council members (52, 67). And coincidence (or fate?) seemed to be instrumental in some people's choice.

Inspiration by ideals, mediated by friends, peer groups, religious or political groups or simply “the times” obviously played a role in the deeper motivations, though not usually explicitly alluded to in the interviews. The roots of respectable and established organisation are sometimes

unexpected: “It was set up by a load of old hippies in 1979. Quite off-the-wall then,” Sarah Frankish, finance manager of the streamlined **Centre for Sustainable Energy**, a 30-staff, £1.2 million-turnover social enterprise based in the Bristol Create Centre, told me with a grin. Several other British projects were influenced by the hippie and back-to-the-land movement in the early seventies, and the Prague Spring ideals played their part in at least one Czech project. The environmental ethos was more influential among the Czechs, the co-operative ethos among the British. Two people specifically mentioned the Mondragon co-operatives as inspiration. In addition, I discerned at least one active Quaker and a Methodist, and three projects, including the **Triodos Bank**, are linked with Rudolph Steiner’s philosophy. Inspiration for some Czech projects came from Austria (54) and from the U.K. (65), while two British respondents were partly inspired by farms and markets in Central and Eastern Europe (3, 24).

I had wanted to know what it was that made people start and continue in these social enterprises, despite work that is often difficult, misunderstood, uncertain, badly paid, or unpaid. A cluster of very good reasons has emerged from the depths, though a lot may remain submerged in time, place, the unconscious. Perhaps a prime reason is simply the active and practical and at the same time unselfish and thoughtful personality of many of these people. “If you have a good idea, it is worth doing badly at first,” Simon Brooks of **Moorlands Telecottage** told

me. Farmer Sue Prince (3, 26) used the following metaphor for her many-stranded work: “Basically, I am a mother... I want all my little offspring to thrive and do the best they can.” And with a twinkle in her eye, Sheila Reynolds, the hardworking volunteer behind the **Peak District Products** marketing group, summed up her view of life: “I have a philosophy: If it isn’t jam and cream today, it is jam today and cream after”.



Sheila Reynolds: If it isn't jam and cream today, it's jam today and cream after.

In the following section, let us move back from the people to their work. This time however, instead of focusing on what the social enterprises are doing, we will attempt X-ray vision to see how they are structured on the inside.

3.3. A look on the inside: structure and governance

While the visible activities of a social enterprise can be compared to a smiling face and co-ordinated body, neither face nor body could work very well if they lacked a skeleton. The skeleton, alias the organisational structure of a project, may seem boring but with the exception of very small and informal groups⁵, it is needed to clarify and regulate the rights and duties of the organisation vis-a-vis the world as well as the internal power structures within. Which pigeonhole offered by the state should we occupy? Do we get a tax rebate and access to charity funding? How do we relate to our stakeholders - and who are they? Who decides about future strategy? Who is responsible to whom and who does what and when? These are questions most social enterprises must face⁶.

In addition to the bones of social enterprises, I will touch on the much less tangible issue of soul, especially the soul of a co-operative, and try to explore its relationship to scale, ethos, and legal structure. My focus this time will be on the British projects, as the structures of many are quite inspiring. The Czech Republic at this stage will be represented by the sad but true story of modern Czech credit unions, with only a flickering light at the end of the tunnel.

Jumping straight into the nitty gritty: in my British interviews, I have come across five legal models which most of the social enterprises interviewed have adopted in practice. Here is their brief anatomy with notes on the analogical Czech models in italics:

Box 2

Overview of legal structures of social enterprises in Britain and the Czech Republic

Private limited company, synonym: **company limited by shares**. This is the classic business model, with private shareholders who are the owners of the company. Liability is limited. The amount any shareholder can invest in shares is unlimited and the amount of votes depends on the money invested (“One-pound-one-vote model”). Surplus goes to shareholders unless they decide otherwise. This model can in practice be administratively adapted to co-operative or semi-co-operative status (Plunkett Foundation, undated). There are other business legal forms (**public limited company, partnership, private business with unlimited liability**). For the purposes of this report, I group them all under **business enterprise**. *There are analogies in the Czech Republic.*

5) *So-called micro-social enterprises do not have a formal structure or registration. See MacGillivray et al., 2001*

6) *This chapter is based on answers to questions 3 (or 2 in the case of telephone interviews), see Appendix 2*

Industrial and Provident Society (IPS). This is the original organisational form created for co-operatives in the nineteenth century and it is still viable today. According to Pat Conaty, there are over 7,000 IPS registered in England alone. The owners of the society are its members, they invest in it through shares. Liability is limited. There is an upper limit on the shares one member can own. Control of the organisation rests with all members equally (i.e. “one-member-one-vote” model, in larger co-ops delegated via annual general meeting - AGM, which elects a board of directors). Surplus goes to members unless they decide otherwise. There is however a modified IPS⁷ where some or all members only have £1 shares and do not benefit from surpluses. The **Friendly Society** is similar to the IPS. *There is an analogy in the Czech Republic, the co-operative (“druzstvo”).*

Association. This is a legal model with a democratic governance structure. Members are individuals or organisations, they are not owners, and the organisation does not issue shares. *There is an analogy in the Czech Republic.*

Charity, Charitable Trust.⁸ A charitable trust does not have owners but is governed by unpaid trustees. Such a body, set up with a trust deed, serves a defined public benefit. All surpluses must be ploughed back into the trust to serve this benefit. It is regulated by the Charity Commission and has tax-exempt status. On the other hand, it is not incorporated: liability is therefore unlimited. Other organisations, such as Companies Limited by Guarantee (below) may obtain charity status if their activities are found to be serving a public benefit. Such a charity status, accorded by the Charity Commission, is a tax category, not a separate legal structure on its own.

Company Limited by Guarantee. This is a non-profit legal model. The organisation is owned and governed by its members who contribute £1 as a symbolic share and are liable up to that amount only. Normally there is no share capital and members have no right to a surplus. However, as with the company limited by shares, the rules of an individual organisation can be adapted to co-operative or semi-co-operative status.

There are three legal models of charitable/voluntary/non-profit organisations in the Czech Republic at the moment: the foundation (“nadace”) should have assets and often distributes resources, the non-profit organisation (“obecne prospesna spolecnost”) does not issue shares, all surplus is ploughed back into the organisation and it is governed by unpaid trustees, and the citizens’ association (“obcanske sdruzeni”) is usually a voluntary organisation with members, governed by an elected

7) These modified IPSs are called Benefits of the Community Societies

8) Triodos Bank is governed by a special type of Dutch trust

board and an AGM. In this text I will refer to them as “charities” for simplicity. The charity law as I write is changing. Some legal forms may be terminated and the British model of charity status granted on the basis of defined criteria may be adopted.

*Among the Czech projects, several are part of the local **village councils/municipalities**. I use the terms interchangeably since in the Czech Republic in theory at least the local administration of a small village and that of a city have similar rights and duties: they can have employees, own land, administer projects, produce their own by-laws, etc. See also Chapter 4.*

Table 1 shows the legal forms of the social enterprises interviewed in both countries. The structures they had chosen seemed to work well in most cases. Sometimes there were minor problems. In the case of the **Tablehurst and Plawhatch Community Supported Farms**, the Charity Commission objected when a charity which owned one of the farms wished to donate it to a newly formed co-operative group, although the step appeared to be a good thing for the farm, which at that point was facing bankruptcy. After several months, the issue was resolved by a compromise. John Bailey of **Chipping District and Memorial Hall** finds the charitable trust structure his project has chosen less onerous, less bureaucratic and restricted than other forms. “On the other hand,” he emphasised, “as a trustee you are legally liable if the charity loses assets as a result of your decision. You would have to pay the money yourself. A charity trustee must act as a prudent man of business, do nothing reckless or illegal.” **Strathfillan Community Development Trust**, on the other hand, is a company limited by guarantee. “It entails a bit of administration,

such as an audit, membership records, filling in forms and lodging them with the Companies’ House,” conceded Sue Wyllie, the development manager. “Since board members are not legally liable, we need to be transparent and accountable.”

In contrast to Czech legal forms, which do indeed seem to resemble a bone structure, the British ones are surprisingly flexible. For example, while the IPS (or Friendly Society) model is meant for co-operatives and most of the “true” co-operatives in the sample do tend to espouse it (e.g. **25, 28, 29, 39**), it is also successfully used by the **Full Circle Fund**, the micro-credit initiative of the Women’s Employment, Enterprise and Training Unit in Norwich (WEETU). The **Full Circle Fund**, which administers a small loan fund in a disadvantaged area mainly for women wishing to set up businesses, is registered as an IPS. However, it has not issued members’ shares and the contributors to the loan fund (currently a bank and several charities) are not members of the IPS. Its only members are six (voluntary) board members who meet monthly to make

Table 1

Formal legal structure of interviewed enterprises in Britain and the Czech Republic including numbers of projects in each category

Legal structure (see Box 2 on p. 45 for details)	Britain	Czech R.	total	Individual projects numbered as described in Appendix 4 (Brit./Cz.)
business enterprise	6	8	14	3/11/15/30/37/42//47/53/ 56/57/58/60/61/68
co-operative	11	5	17	10/12/13/18/19/21/25/28/ 29/32/39//49/50/51/52/64
charitable trust	2	2	9	7/35//62/65
comp. ltd. by guarantee only	5	-	5	20/27/36/40/46//
comp. ltd. by g. plus charity	9	-	9	2/4/5/8/9/14/17/41/45//
IPS plus charity	1	-	1	44//
association	3	3	6	1/24/26//55/59/67
local council projects	-	2	2	//54/71
do not have their own legal status	6	5	11	16/22/23/31/33/38//48/ 63/66/69/70
other	3	-	-	6/34/43 //
total	46	25	71	

decisions on loans. Five staff members who work with the women, organising courses for them, etc., remain employees of WEETU, a company limited by guarantee. “The structure has worked well, although since we have come under the Financial Services Authority, it has become more bureaucratic,” Janet Davies, the financial manager, told me.

While the **Full Circle Fund**, which is not a co-operative, has been using the IPS model, the **Made in Stroud** shop,

definitely conceived as a co-operative, is registered as a company limited by guarantee. Located on a busy street in the small town of Stroud, it sells only the products of local crafts people and artists. These are members of the co-op, run the shop via a management committee and are entitled to equal shares in the profits (members’ dividends), though, as Clare Gerbrands admitted, so far there haven’t been any. Members, who now number 100, also help out at the shop 8 days per

year without pay. Clare and Kardien, who were instrumental in setting up the shop and now manage it, are not employed by the co-op. Instead, they have their own organisation, another company limited by guarantee called **Made in Stroud Ltd**, of which they are both employees and



Kardien Gerbrands, one of the founders of Made in Stroud

directors. **Made in Stroud Ltd**. rents premises from the landlord, leases the shop to the co-op, and manages the shop for it on the basis of a management contract. In addition, it organises farmers' markets and works on many other local-food projects in co-operation with another organisation, Forest Food Links. (see Fig. 2 on p. 50). The system works well, though Clare says it took a lot of time to figure it out. Where did they find

the expertise? "We were helped by Cooperative Futures, a support body for new co-operatives", she explained.

The Charity Commission, to give another example of British flexibility (which has nothing to do with dishonesty), decided after long deliberation to accord charity status to **Charity Bank**, set up to give loans to charitable organisations otherwise not able to access finance. The **Charity Bank** (formerly Investors in Society), based near London, is a company limited by shares. It has a bank licence and is regulated both by the Charity Commission and the Financial Services Authority. "The objects, memorandum and articles of association, and our registration with the Charity Commission all restrict our ability to distribute profit. Only organisations with charitable purposes can actually receive dividends from their shares," Danyal Sattar, the bank's assistant manager, told me.

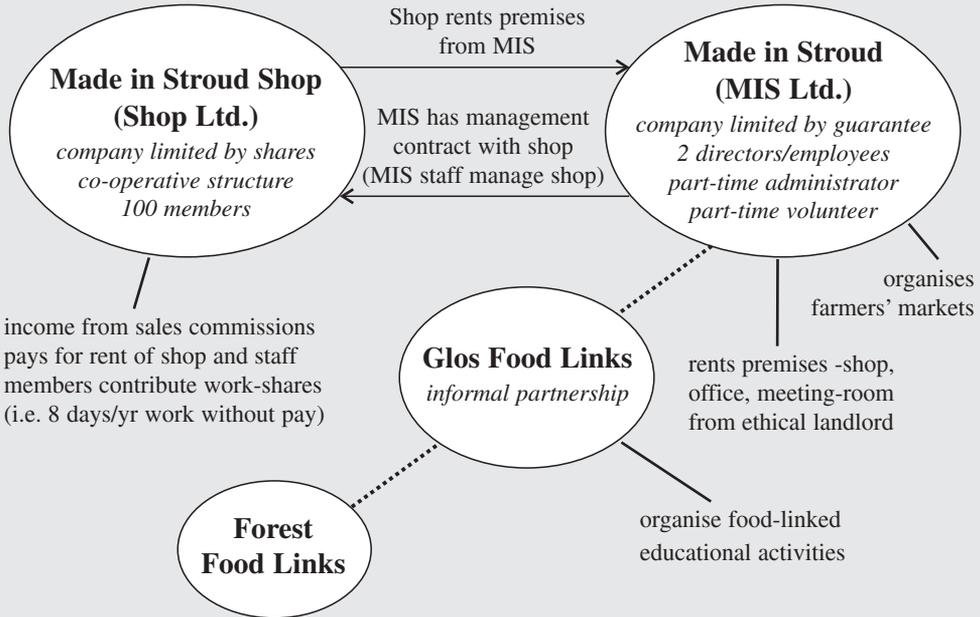
The double-barrelled strategy of registering both as a company and charity seems to have worked well for much smaller social enterprises than **Charity Bank**. The **Broomhouse Food Co-op**, a 150-member local co-operative shop selling fruits and vegetables in a disadvantaged area of Edinburgh on a volunteer basis, is a good example.

There are hurdles to overcome. "Charity law is not readily comprehensible, and philanthropic and benevolent activity is not necessarily charitable in UK law," Terry Clay, founder of the Somerset Community Food Projects Network⁹,

9) Not in Appendix 3, but see 21 for contact

Fig. 2

Made in Stroud structure diagram
(adapted from a diagram by Clare Gerbrands)



an umbrella group for local food projects, told me on the phone in early 2002. “They can say yes, and they can say no. We have been through this loop and have had to alter our aims to obtain charity status.” He does see the charity plus company registry as a good idea, though, because the organisation is then more eligible for grant funding. Sarah Frankish of the Bristol **Centre for Sustainable Energy**, another company/charity focused on education, research and implementation in the field of renewable energy, agrees: “It is a good structure. We had access to charitable trusts and other sources of

funding. Although now that our turnover exceeds one million, it tends to be more difficult to attract money from charities...”

Industrial and provident societies can also obtain charity status, as witnessed by the Radford Mill Development Group, a project set up by a group of farm workers from **Radford Mill Farm**. Their main aim is to renew the derelict mill that gave the farm its name, converting it to a farm shop, café and workshop space. When I met Kate Allport in March 2002, the project was still at an early stage. She described her current dilemma: “We will need access to public funding and are thus

considering becoming a charity. On the other hand, this would mean a separate tier of volunteer trustees while we would prefer to be more of a co-op, where the workers are also the managers and have a real sense of ownership for the business.” In the end, Kate contacted a lawyer, who helped the group register as an IPS with charity status. Peter Jones, the director of another IPS with charity status, **ViRSA (Villages Retail Services Association)**, told me: “Our organisation helps small shops survive. We started out in 1993 as an IPS, and in 1997 we obtained charitable status as an Educational Trust.



Kate Allport found IPS with charity status a good legal structure for a project striving to restore derelict Radford Mill.

We have been able to persuade the Charities Commission that we are providing a service which is regarded as charitable.”

Although social enterprises with an IPS structure voiced no complaints about its functioning in my interviews, one nascent project opted for a different strategy. The **Stroud Co-housing** project, probably the first of its kind in Britain, is a housing development not too far from the **Made in Stroud** premises. What makes it special is its communal dimension: each of 35 householders will be an equal shareholder in the Stroud Co-housing Company, a private limited company which will own the land and communal house. The shareholders will have 99-year leases on their homes. Decision-making will be by consensus, communal suppers will be cooked by rota, and special garden, parking, etc. committees will take care of other common issues. “Why have you chosen a public limited company if you function as a co-operative?” I asked. “It’s a well-tried and tested off-the shelf structure, works well and is known to banks and lawyers,” David Michael, the enthusiastic managing director of the company, e-mailed back. “IPS are from the 18th century and hardly used these days. A limited company can look like an IPS if it wants but have more autonomy.”

Guy Hooker of the **Ethical Investment Co-operative** voiced a similar opinion: “I don’t believe that the structure of a company is that important. [What matters] is the quality of the people, the honesty, character, ethics of the company.”

Some would argue that another important feature is scale. While Czech co-operatives were destroyed or subsumed by a totalitarian regime in the fifties (see Box 1 in Chapter 2), co-operatives in Western Europe grew and flourished into the sixties and beyond. But there was a hitch: many have grown so big that they have lost touch with their members and ethical values and become indistinguishable from commercial enterprises. Can large co-operatives keep their soul?¹⁰

One that seems to have succeeded is the **Oxford, Swindon and Gloucester Co-operative Society**. Its roots reach to the 1860s when the first co-operative shops began forming in the area. Over the years they merged and today this regional giant has 3,700 staff, operates 85 food stores as well as a motor, travel and funeral division, and its membership has grown from 35,000 to 70,000 in the last three years. Is it too big?

Peter Couchman, the membership and corporate marketing manager, feels the size of his society is “just right”. But how can they involve such a huge membership in decision-making?

“First of all, we use all the methods at our disposal for communicating with members. There are the meetings of course: each quarter we have four separate members’ meetings in different venues, with the chief executive as well as the financial control people taking part in all

of them. But members also contact us by e-mail and we actively survey a random 1% four times a year by phone to seek their views. In addition, we connect people around issues. There are twelve such active members’ groups meeting locally and they help shape co-op policy. One issue has been a demand by members for local food sourcing and we are trying to act on this in tandem with the central supplier co-op. We have also banned tobacco advertising from our stores and sell many Fairtrade products.

Another important factor is involvement of members in the governance structure. The co-op is governed by a 14-member board of directors, which meets every three weeks and makes major decisions concerning co-op policy. Only four of these can be staff members. The directors are elected at the AGM, elections are held each year for a half of the posts. Although the AGM tends to be attended by no more than 250 people, another 10-12 thousand vote by post, Internet and telephone. We have developed rules to offset the built-in disadvantage of new candidates standing for election against current board members. One of them is that while new candidates have a right to attend all four of our quarterly meetings with members, current board members may attend only one. Another is that we pay for candidates’ photos, which are sent out together with a brief text by each to all 70,000 members before the elections.

10) My understanding of the elusive issue of a co-operative’s soul was increased considerably in discussions with Johnston Birchall (2001) and Julian Morgan (2002). For more on the general issue of scale, see chapter 3.5

We have achieved a reasonable turnover of the board this year, with twelve candidates for seven places, and two board members losing their seats.”

Peter also told me about members’ dividends. Members¹¹ get a yearly share in the company’s profits (surplus) in the form of vouchers, a further 1% of profits is earmarked for grants to community projects (the “community dividend”), and another 1% goes to Co-operative Futures, the co-operative support and development agency which advised **Made in Stroud** (see above). Looking through the society’s publications for members, I noticed that they are encouraged to use a freephone hotline as well as e-mail. The issue of local food and Fairtrade was a hot topic, and I read with interest a report on the annual general meeting which, far from being the boring talking heads event one would expect, seemed to be a lively all-day mixture of workshops and discussion groups.

Not all the co-ops interviewed have coped with growth as smoothly as the **Oxford, Swindon and Gloucester Society**, although certainly the **Phone Co-op**, based in nearby Chipping Norton, seems to be another fast-growing IPS worthy of emulation. As I was leaving Peter’s pleasant office, I asked him, since he felt their size was just right, whether they were planning further growth. “We are still focusing on growth, but in a localised sense: for us, growth at this stage means more local shops in small towns and villages.”

One feels that this large co-op society

has succeeded in keeping its soul, although it may be hard to define the soul of a co-operative and its requirements. How can it best be nurtured? Is it the quality of the people, honesty, character, ethics that count, as Guy Hooker would emphasise, or does soul reside in good governance structures and legislative form? Perhaps it needs both. The grim little cautionary tale from the Czech Republic in Box 3 brings home the risks of a double deficiency in this respect.



The cover of a 1934 Czech credit union (Kampelicka) members’ magazine. The slogan reads: What is impossible for one is easy for all together! (See p. 27-31.)

11) Customers as well as staff are eligible for membership

Box 3

The last of the Czech credit unions?

A benevolent new law in 1995 was the start of a boom of fresh-from-the-mint credit unions in the Czech Republic, which at their zenith in 1999 numbered about 136 with deposits totalling almost £200 million. “The problem was, there were 70 credit unions up and running before the credit union regulatory body even started work,” Lukas Hampl, the deputy director of the Credit Union Supervisory Authority, told me. Another problem was that the law was rather toothless. It stipulated no common bond, no size limit, no screening and accreditation for initial board members. This, in combination with a low capital threshold (about £2,000), meant that scoundrels saw their chance to get rich quick. The largest “credit unions” opened branches in district towns across the country and started an advertising campaign invoking the glorious Kampelicka tradition and promising very high interest rates. In practice, however, members' savings often disappeared into “daughter companies”. The regulatory body stood helplessly by, unable to take action as the credit union law, which had not foreseen such a development, had nothing to say about how the money of such “daughter companies” should be invested.

The law was finally changed in 2000, but not before most of the Czech credit unions went bankrupt, tens of thousands lost their savings (although the government refunded a large part eventually) and the name of the new Kampelickas¹² was dragged through the mud in the Czech media. Reasons for the bankruptcies were complex and in addition to the inadequate regulation enabling unchecked criminal behaviour of some of the protagonists¹³, they included the financial inexperience of board members and perhaps also a lack of credit union ethos and vision, whereby new credit unions often tried to emulate ordinary banks, opening professionally-staffed and furnished branches and investing in expensive services for members, rather than going for the low-profile and financially cautious approach of simple premises, limited services and low overheads. Once people lost faith in the credit unions, of course, the “run on the banks” phenomenon must have been a cause for the demise of an unknown number of them.

Since then the dust has cleared and as I write 47 Czech credit unions remain. They have passed through the fire and quietly continue to take in deposits, give out

12) See Box 1 in Chapter 2

13) The case of the small First Frensch Credit Union whose leaders rounded up Prague pub regulars to make up the number of 30 required for the founding meeting and who then used member's savings (£800,000 from 400 people) to start their own restaurant (it was not even a French one) is vividly described in *Sto tricet sest kampelicek a zadny Kampelik*, 2001

loans and recruit new members. They tend to be small and work locally. Many, such as the **Chotebor First Credit Union** have in fact become “real” credit unions, a tool of economic empowerment and a localised alternative to high-street banks.

Unfortunately, they have also become islands under siege: most are in grave danger of disappearing if a proposed amendment to the credit union law goes through. The amendment, based on an EU financial directive, would oblige all CUs, regardless of member numbers, to have an initial capital of 1 million euro, thus effectively squashing an authentic Czech credit union movement. Other regulations which have already weakened the remaining credit unions include a rule whereby new board members must have several years’ practice in a financial institution and another which obliges credit unions to pay five times more into a common guarantee fund than banks do.

Although bankruptcies of Czech banks in the nineties have cost the government and citizens more sweat and tears than the Kampelicka debacles, the reputation of the credit unions seems to have taken the bigger plunge. Almost no-one, even among my enlightened friends, appears likely to mourn the imminent passing of those that remain, the small gallant institutions which have quietly weathered the storm and passed morally unscathed through the maelstrom.

Besides their reputation, another major casualty has been the credit unions’ confidence in associating with each other. According to Lukas Hampl, there are two umbrella groups at the moment, neither of them very active and numbering less than ten members each. When I spoke to Jaromir Hosek, manager of the **Chotebor First Credit Union**, he had heard of neither. “There is no association,” he said, “and we don’t even have informal contacts with any other credit co-op.” He looked me full in the face and added with a smile: “We are completely alone”.

As this was going to press the law had been passed. See Appendix 4 for an update on Chotebor First Credit Union.

According to one respondent, even in an uninterrupted democracy such as Britain with co-op traditions dating to early Victorian times, most co-ops don’t tend to survive long. They have financial problems, lose a charismatic leader, and then either fail or go into decline. While this may be true of many or even most co-ops, on my travels I found several social enterprises that belie such a trend. In addition to the **Oxford, Swindon and Gloucester Society**, described above,

there are two other projects, **Port Appin Community Co-operative** and **Laurieston Hall Housing Co-op**, both smallish projects in rural Scotland, which have survived quite well for decades. While the first was a co-operative registered as a Friendly Society from the beginning, the second evolved slowly from a radical commune into a well-regulated system of checks and balances, resembling in some ways the local democracy of traditional villages as described e.g. in Norberg-

-Hodge (1992) or in my own tradition. The legal structures of both are examples of the intricate and functional British networks of different legal forms linked through ownership, governance, lease or contract arrangements, which we have touched upon in the **Made in Stroud** project and which serve to maintain financial transparency, clarify power relationships and keep in balance the “money-making”, “altruistic” and “mutual” poles of the enterprise (see also Chapter 4).

Port Appin Community Co-operative Ltd., although listed in Table 1 under “co-operative”, is in the Platonic world of registered legal forms a cross between a Friendly Society and a Company Limited by Guarantee. In the real world it is a thriving co-operative, started in 1983 by the people of a small coastline village (400 residents) in the Scottish Highlands. It has 250 members, and its main remit is the support and management of the local shop, which had been threatened with closure, though it has achieved much more than that. Besides owning the shop which it has completely rebuilt recently, it owns



The Port Appin co-operative village shop (2002)

land on which it supported the building of housing for locals as well as a playing field and a van. The co-operative is managed by an 8-member voluntary management group, whose main task is overseeing the shop. It appoints the shop manager/postmaster who in turn employs four part-time staff.

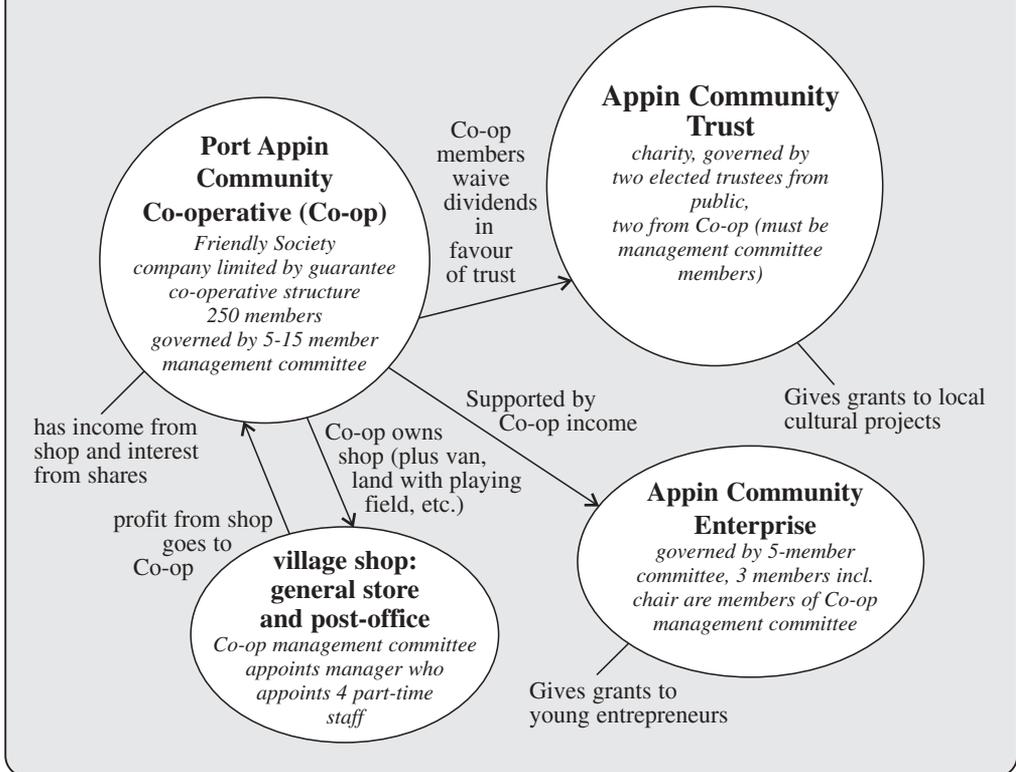
Like a growing plant, the co-operative has sprouted new shoots according to what it had set out to do (Fig. 3). One offshoot is the Appin Community Trust, a charity with two trustees appointed by the general public and two appointed by the co-operative. The co-op members, who have fixed value shares in the co-op, have voted to waive their dividends in favour of the trust, which has thus over the years been able to support many projects and events, adding light and colour to local life.

Another offshoot has been the Appin Community Enterprise, founded so that members' dividends could go towards financial support for local young people starting their own business. The young persons' savings were matched by the community enterprise, the resulting sum was matched again by the local government agency for business support, and the Prince's Trust would match that again, giving the young man or woman a substantial start-up grant for an independent existence.

This now-defunct system of matching funding was a good thing, argues Ian McNicoll, the local doctor whose father had been a doctor in the area before him and who has served as chairman of the co-op since its inception. What will the

Fig. 3

Port Appin Community Co-operative Ltd. structure diagram



future of this social enterprise look like? “We have laid the groundwork for the next generation,” he told me as we sat with his family over a large pink salmon in their pleasant home, “In the future, they may decide to lease the shop to the manager, in which case the profits will remain with him, and although we will get the rent money, we will lose control of what is happening. Or they may decide to take up the cudgel and run it as we do, on a voluntary basis on behalf of the local customers.”

Before I was allowed to do an interview

at **Laurieston Hall Housing Co-op**, I had to write a letter explaining what I was up to and wait for a reply. Later, I found that my letter had been discussed at the regular Monday meeting of the co-op, which is its principal decision-making body. Lesley Vine and her partner Richard Langley, who had agreed to be my hosts, welcomed me in their cottage on the manor grounds. “We never vote,” explained Lesley, who has been a part of the project almost since its beginnings in the early seventies. “Instead, we operate by consensus. If people hold out and don’t agree, a veto is

effectively possible". Her story of how a radical commune evolved into a complex co-operative structure deserves more space than it can have here.

Essentially, for some years after the group of young people from London bought the old manor house in the remote countryside of Southwest Scotland, there were no formal rules at all. Kitchen, car, income... all were shared. "We didn't have much income," Lesley added, laughing. Almost from the beginning though, the group would organise weekly events for different target-groups, such as disadvantaged city children, and by 1977 the hall had become an established venue for events. The members got more organised, renting out cottages on the grounds for the holidays, and established a housing co-op to integrate the commune members and tenants: "The housing co-op gave us a recognised legal structure, and we borrowed money and paid off the original buyers of the house, who had mostly left by then."

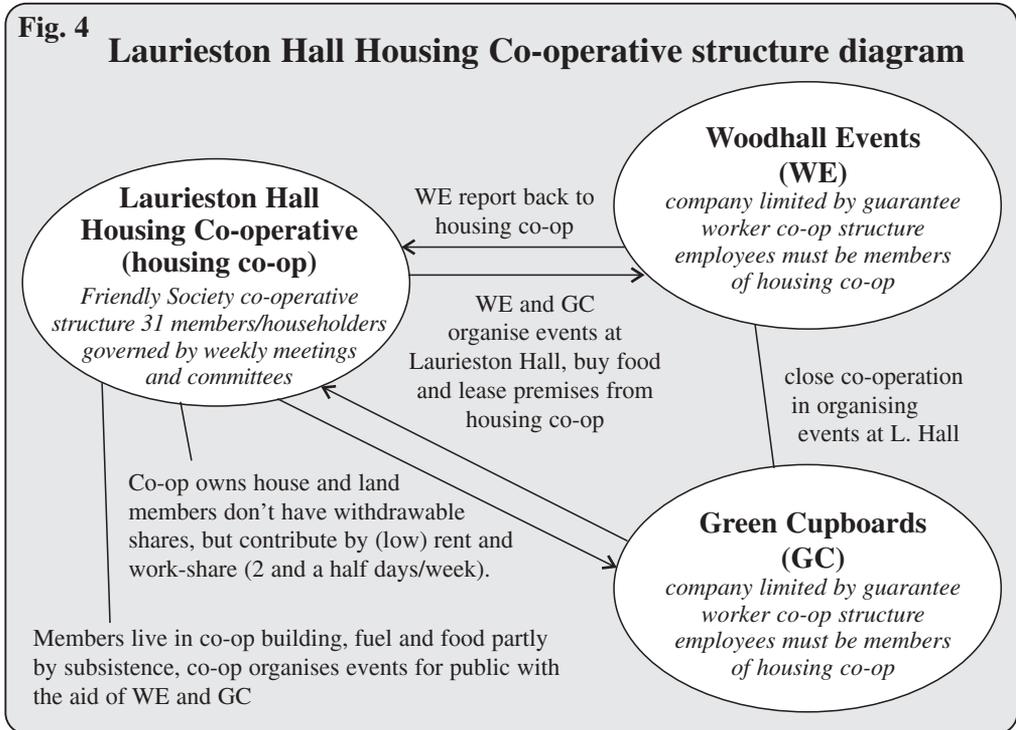
The original group gradually split into smaller "living groups", some people moved into caravans or little houses on the grounds. The income-sharing system came to an end in the mid-eighties. The commune ended but the co-operative remained and, as with **Port Appin**, sprouted new branches as needed. (Fig. 4). When I spoke to Lesley in June 2002, there were two companies limited by guarantee linked to the co-op, Green Cupboards and Woodhall Events, though they were thinking of merging into one. "To be employed in one of them, you need to be a member of the co-op," Lesley

explained. "It is a way of generating paid employment for the members." Green Cupboards takes care of catering during the events for the public, which take place between Easter and the end of September, while Woodhall Events organise the events themselves. Green Cupboards uses food grown on the co-operative grounds in the walled garden, and pays the co-op for it. Woodhall Events pays the co-op rent for rooms the guests use. The two companies are themselves organised as co-ops. There are few disagreements about the programme. As Lesley says: "Woodhall events take their planned calendar of events to the Monday meeting and ask: 'Does it look good to you?' It always does."



Work-share at Laurieston Hall includes cheesemaking from the milk of co-op-owned cows.

Fig. 4 Laurieston Hall Housing Co-operative structure diagram



Since the income-sharing system stopped in the mid-eighties, members have been paying a small rent to the co-op to pay off the mortgage and for maintenance costs. "When we stopped being a commune, all the members decided what the rent would be. We also decided that we would all work here two and a half days a week to subsidise the rent, keep the garden, and keep the lifestyle going," Lesley explained. "Each co-op member is in two of several committees. The finance committee meets once a month and pays the bills, the wood committee organises the gathering and cutting of wood for heating. The garden committee meets more often in spring and not at all in winter. But

there is no dairy committee, although we do make cheese and yoghurt. The people who do it are too idiosyncratic!"

There is a long-drawn out process of accepting new members who only pay one pound when they join and get nothing if they leave. This naturally makes leaving more difficult with age. Most of the thirty-odd members are in their forties and fifties. Pavlina, one of the younger members of the co-op, showed me around the common rooms, dairy and shop in the main house with her baby on her back. She did not seem too concerned about being in a house with a lot of old people. "Somehow, they all seem a generation younger than most people their age I know," she shrugged.

3.4 Finding the muscle: Financial and other survival strategies of social enterprises

Stretching the metaphor of legal structure as skeleton, we might think of money as the muscle of an organisation. Money makes possible staff recruitment, buying or renting premises, printing leaflets, etc, giving the organisation more power to do things. Of course, one could argue that this is the bias of a society obsessed by money, that quite a lot can be done *without* money and that money in some cases can even be dangerous. It may, as mentioned in chapter 3.3, cause a social enterprise to become a giant, losing its soul in the process. Money at the wrong times and in the wrong quantities is not always good at the other end of the size-scale, either (MacGillivray et al. 2001).

Perhaps a better approach then would be to take a broader look at the projects interviewed to see how, through what approaches and strategies, they have started up and survived in the current economic environment, still doing the things they see as meaningful. Where do they find funding or in-kind support? How do they cope on a practical level? How do they make a living, or livelihood? In short: how do they do it?¹⁴

Looking at both countries, it is obvious

that the social and economic environment projects are born into is quite different in each case and this colours their survival strategies. First: in Britain, and most especially in England, the government takes a back seat, channelling its financial support for projects through a maze of quangos, enterprise and countryside development agencies, etc., while in my own country, government resources are more centralised, distributed according to more rigid guidelines, and fewer. What does this mean in practice? Taking the negative side: there is for example only one government fund available for the projects of village councils under 3,000 residents¹⁵, and successful applications have until recently been chosen at the level of central government. On the positive side, the situation tends to be clearer: all half- to full-time agricultural and forestry enterprises, for example, are entitled to a subsidy of their interest payments on loans (see point 2 below). Second: while in Britain there are many large and small charitable trusts and wealthy individuals contributing to good causes, such resources are very limited in the Czech Republic. Non-government enabling and umbrella organisations as

14) *This chapter is mainly based on answers to questions 6, 7, 8, 11, 13 and 14 (questions 4, 5, 6, 11 for finance organisations and 4, 5 for telephone interviews - see Appendix 2). The fifteen main survival strategies at the end of the chapter are not exhaustive, for this they would need to include donations from banks, industry and local businesses, membership dues, restitutions payments in the Czech Republic for property confiscated under Communism, etc.*

15) *“Program obnovy venkova” - Programme of countryside renewal, administered today by regional governments*

well as ethical finance bodies are practically non-existent. On the other hand, funding from abroad and from the EU goes a longer way¹⁶ and seems to be more visible and generous here. Third: the Czech economy is less monetised, land ownership is more equitably distributed, mortgages are not yet a widespread phenomenon, the mobility of people and assets is lower and links to place and family tend to be stronger (see also Chapter 4 and Summary).

Keeping the above in mind, the answers suggest that many survival strategies in both countries are broadly similar. In the following text, I have collapsed the distinction between start-up and ongoing support, as it was often blurred in the projects themselves, and grouped the strategies into fifteen categories, beginning with financial ones and broadening out to the more comprehensive:

1. Personal savings and no-loans approach.

Starting-up slowly, without loans or grant money, or at least avoiding loans before the enterprise is firmly established, is one approach with a low risk factor and many rewards. Personal savings are often used for start-up capital. Projects **29, 30, 32, 42, 46, 57** and **61** partly or fully fall into this category and seem happy with their strategy. Ian McNicoll of **Port Appin Community Co-operative** told me: “We’ve been lucky at not

having had to take out any loans. That has been the secret of our success!”

The Phone Co-op, a middle-layer enterprise, has a no-loan policy to avoid higher costs to customers.

2. Drawing on grant support

from EU, central, regional, local government and charity sources either for start-up or for ongoing activities was a feature of most projects in both countries, though to varying degree. “We got a grant from the district council, bought one second-hand bus... and grew like any other business,” Bill O’Sullivan, general manager of **Trans-Fife Transport**, told me about their start-up



Bob O’Sullivan: We got a grant from the district council, bought a bus... and grew like any other business.

16) *The Czech Republic still has considerably lower salary levels (and land and some other costs) than Britain and all or most other “older-generation” EU countries.*

strategy. **Trans-Fife**, a rural Scottish project which twelve years later has 17 buses, 20 paid staff members, and serves local residents in a variety of useful ways, is about 50% financially self-sustaining, with the remaining expenses covered by a mix of grant funding.

Most of the enabling organisations interviewed are predominantly grant-supported. One example is the Scottish **Rural Environmental Action Project (REAP)**, which helps local groups achieve their goals in support of the environment. “We live on grant income,” project manager Kevin McDermott told me, “but we have done a social audit of our work and we try to show that this money is an investment which brings benefit to the area.”

The Czech **Zahradky Arts and Crafts Workshop**, on the other hand, located in a small village (270 residents) and administered by the village council, started life with a predominance of grant funding but three years later is 90% financially sustainable.¹⁷ Mayor and project co-ordinator Eliska Novotna points to the rigidity of the government support system which will not give grants for ongoing support of local council projects, even though, as with REAP, they may bring complex benefits to an area. A similar complaint was voiced by Robert Blizenec, whose little rural enterprise (57) in a remote part of South Bohemia has been using

its profits to restore lost and broken stone pillars, important cultural symbols in a landscape devastated by the forced evacuation of German peasants in 1946. “As a business, I have no chance to get a subsidy, tax credit or any other support from the government, even though my goals are social and environmental,” he said, citing with approval the more differentiated approach espoused by the Ford Foundation, whose award his project won in 2000: “They don’t care what you are, but what you do.”

While Robert’s point is valid in principle, the truth is that as a part-time farmer he does get government farming subsidy. A mixture of subsidies including headage payments and a land-management subsidy accounted for 10 to 30% of the turnover of projects which had a farming component in the Czech Republic (47, 49, 57, 60, 61, 64) and seemed to be an important survival factor. In addition, all enterprises whose earnings from farming and forestry exceed 50% are eligible for a government subsidy of interest payments on loans. “We have thus been able to pay a stable 1% or 2% interest on our loans, regardless of the real rates,” Milada Bockova, economist of the **Borovany Agricultural Co-operative** (app. 7,000 acres and £2 million turnover), told me. “The enterprise would not have survived without these subsidies. Why, at one stage, interest rates were 133%!”

17) See Appendix 5 for a rough guide to the financial sustainability of the enterprises interviewed

3. Government procurement.

There is a difference, albeit sometimes fuzzy, between a grant from government and payment for a service that the government needs to have done in any case. **WyeCycle**, the local-food-and-recycling business introduced in chapter 3.1, sources a large part of its funding from the regional and local government for the services it provides. **WyeCycle** Director Richard Boden told me: “Ashford Borough Council has become our ally overnight since mandatory national recycling targets came into force. They pay us the rates they would pay the bin man, who now comes only twice a month as opposed to once a week. In addition to that we get a disposal credit from the county council. They pay us £37 for every ton that they did not have to put into the landfill.”

4. Landfill tax and other levies.

The new landfill tax has made a difference to several social enterprises in the study. For example, **Mendip Vale Recycling** received its main start-up grant of £30,000 from the local waste disposal company as part of the landfill tax scheme, enabling it to buy a cardboard shredder for £15,000. In a similar levy known as the “energy efficiency commitment”, energy supply companies are obliged to deposit a percentage of their income in a fund offering a source of funding which organisations such as the **Centre for Sustainable Energy** then bid for. “Normally, the government

tends to grab taxes for its own use but this time it has been unusually forward-thinking,” Neil Montgomery of **Mendip Vale Recycling** comments. Working with a partnership of government, the tourist industry, and non-profit organisations (38), Jenny Holland would like to introduce a similar albeit voluntary levy system whereby the tourist agency federations would agree to deposit a small percentage of their income into a fund earmarked for research on making tourism more environmentally and socially sustainable.

5. Loans from institutions and others

While some have tried to avoid credit, for others it has been a *sine qua non* of their existence. Did those who applied get credit easily? How satisfied were they? “It wasn’t a problem. We have taken out several loans for purchasing buses. We now have a loan from the Royal Bank of Scotland, with stable interest rates and a five-year repayment rate,” Bill Sullivan of **Trans-Fife Community Transport** told me. Similar satisfaction with high-street banks was expressed by Sue Prince of **Beechenhill Farm** (“We needed a loan to buy cows - got it the next day”) and several others, both in Britain and the Czech Republic. The key was often property or land ownership. As Camille Dreissler of the **Isle of Eigg Trust** said, “It wasn’t a problem - we have the island as an asset!”

Others turned to less mainstream

institutions. The **Strathfillan Community Trust** as a new non-profit organisation would probably not cut ice with a bank. Luckily, it got a loan from Investors in Society (see **Charity Bank**) for buying properties for local affordable housing. After several years it will have acquired a track record and will transfer to a high-street bank. The Luxembourg Alterfinanz credit initiative lent money for building the Czech **Hostetin Apple-juice Plant** after a partner organisation in Luxembourg guaranteed the loan. (In both cases, the loan was only a minor part of a total funding package comprising mostly grants.) **The Phone Co-op** obtained part of its seed funding from ICOF (Industrial Common Ownership Finance), a multi-million pound community development fund. “This is government money and share issue from the public who are not interested in a big return,” explained Vivian Woodell, the **Phone Co-op** chief executive. According to Naomi Kingsley, who set up the pioneering **London Rebuilding Society**, there are quite a few non-mainstream credit organisations in Britain and the potential membership of the Community Development Finance Association, a recently formed umbrella group, is close to a thousand. (See also **6, 12, 13, 21** and **43**).

Ivan Karbusicky, the man behind the

Hutzul Farm in the Krkonose National Park, had not been able to get a bank loan when he wanted to buy land, which the farm had already been using, from the government land authority¹⁸: “Luckily, the authority agreed to lease the land to us and we have paid for it in instalments. The interest was 12% on the reducing balance.” This helped the farm survive the difficult transition from annex of the local state farm to independent business.

“I got all my start-up money from friends as zero interest loans,” Ivo Stehlik of **Stehlik Publishers**, farmer, publisher and book distributor, told me over a home-grown home-made meal in the old family farmhouse, cooked by Jitka, his wife and partner in all undertakings. “I think I would not have received credit from a bank and if I had, I would probably be bankrupt by now.” When Kardien and Clare Gerbrands were not able to access bank credit for setting up the **Made in Stroud Shop**, they borrowed money from their parents. Private loans as well as donations were important for the start-up of the **Tablehurst and Plawhatch** farms, while loans from members - the organisations who had become clients of the **Phone-Co-op** were an important factor in its early success. “All the loans have now been repaid or

18) Most land in the Czech Republic used to be state-owned until the democratic revolution in 1989. It then passed to a government authority (Pozemkovy fond) which has gradually been selling it off into private hands.

changed to withdrawable share-capital,” its chief executive told me. The line between shares and loans, like the line between loans and family help and support (see points 8 and 10) is fuzzy. Box 4 tells the story of the **Stonesfield Community Trust** (introduced in

chapter 3.1), which over the years has built 12 houses for local lower-income residents in rural Oxfordshire, and shows how wisely used credit combined with grants, donations and in-kind support can help create a thriving rural social enterprise.

Box 4

The financial strategies of Stonesfield Community Trust¹⁹

It all started in 1983 when three friends became concerned about the lack of affordable housing in Stonesfield village for young local people and decided to do something about it. In 1983 they founded a charitable trust, one of them donated land and the company of another donated £3,000 to pay for setting up the trust and for architects’ fees.

“The trust obtained planning permission for four houses. This drove up the value of the land from £3,500 to £150,00! We took it to the bank as security and took out a loan. We also got a loan from the Quaker Housing Trust and other small loans. Another loan came from the grandmother of a family already living in one of the houses, who had sold her flat elsewhere and wanted to come and live with them. We added on a granny flat, secured her money on it and paid her 10% interest, which more than covered her rent until she died, aged 97, seven years later.”

Tony Crofts, one of the three who started the charity, told me. Tony, who describes himself as a cross between a Liberal Democrat and an anarchist, still lives in Stonesfield and actively participates in the trust he helped found twenty years ago.

“We ran the building operations ourselves instead of hiring a building company,



Tony Crofts would like to see the future rental income of the trust go towards improving local social services.

19) See also Douthwaite, 1996, p. 303

saving 30% on costs. Local craftsmen donated their work at special rates, and 15- to 18-year-olds from the local school helped as well. We got the buildings completed by the skin of our teeth in 1989.

By now there were six dwellings, as we had added the granny flat and divided one house into two flats. We were paying off the loan from the rent. Then another plot of land became available, and the Oxfordshire County Council Education Department was going to sell it by sealed bid. We explained to the District Council that we needed the land for affordable housing, and asked them to help. They did, and lent us £80,000 interest free for 12 months. We were thus able to buy the land. Later, the council reduced our debt to £70,000 and extended it for another 6 months while we built.

We had the land but the challenge was to find money to build the houses. We obtained it by thirds. The first third as a grant from a large charitable trust and local government agency, the second third as a loan from **Triodos Bank** (then Mercury Provident) and the Ecology Building Society, and the third as loans and donations from local people and from Quakers both locally and nationally.”

The trust advertised in a Quaker magazine and asked people for loans. “We pledged to pay them a fixed interest and pay back the capital after twelve years,” he explained. “This fixed our finance costs and brought the lenders, who were often elderly people, a guaranteed income. The scheme has worked well, one couple even told us they got more from us than from government bonds. In addition to this, we suggested that local residents pledge to pay us the price of one pint of milk per day. Twenty-five people covenanted to give us £7.50 per month for four years, this meant a total of £500 from each, including the tax recovered on their charitable giving.”

The trustees also sent out mailings to hundreds of local Quakers and spoke at Quaker meetings. “Quakers as far as Derby raised money for us, the National Council of Voluntary Services made leaflets for us. Many local people were committed to the project and many supported us from the outside,” Tony, a Quaker himself, says when asked about the ingredients of success of the project.

Within a few months, the money was in place. Five new houses, this time built by a builder as prices had gone down, were finished in 1993 and cost £134,000. Then one of the original founders died and left his house to the trust. “We now have twelve dwellings and have decided it’s enough,” Tony says, “We have a waiting list, but people don’t wait long. Most people move in, stay two or three years, have children, then move on as they become eligible for council accommodation.”

The third instalment of the story unfolded as we walked through the village to Glover’s Yard. Formerly a small silk-screen factory, it is now converted to a post-office, pre-school, tele-cottage and two houses, and owned by Tony and his

wife, Randi Berild: “We took out loans and accessed a government grant to create workspace, converted the property and are now repaying the loans from the rent payments. We have already repaid part of the loan and the bank released its charge on the pre-school so we donated it to the trust. We plan to keep the houses, with the rent for our pension. When we die, they will go to the trust as well.”

When the trust is out of debt, around 2007, Tony would like to see the rental income used for improving the social services in the village: “In the eighties, the council provided home carers for elderly people. My mother could live and die in dignity. Perhaps we could return to such a high standard, this time paying for it ourselves instead of having it handed down from government. I believe in devolution and local democracy... but we have a long way to go yet.”

As my bus pulled out of Stonesfield, the village which gave Oxford its distinctive slate roofs, I thought about something Tony had said: “If you go forward in faith, you are often given the means.” There must definitely be something to it.

6. Direct selling and adding value.

These strategies were an important factor in the success of **Growing with Nature** (box scheme) and **Tablehurst and Plawhatch farms** (farm shop and added value). In the second case however, a substantial investment (£50,000) was needed to make one of the farms viable. With **Radford Mill Farm**, which has a box scheme and sells produce through farmers’ and other markets, the financial bottom line was less clear and a new organisation (see chapter 3.3) was being set up to deal with the issue. Farmers’ markets (see **20, 24, 33, 46**) are a new phenomenon: in 1997 there was one in Britain (started by **Envolve**), in 2002 there were over 450. As James Pavitt, then co-ordinator of the **National Association of Farmers’ Markets (NAFM)** told me, about half of those selling at farmers’ markets are small and medium farmers



The farmers’ market in Wells is one of several run by Somerset Farmers’ Markets Ltd., a company limited by guarantee. All who sell at the markets are members (33).

(up to about 200 acres), the rest is a range of small businesses. From various discussions on the subject, I gathered that the farmers' markets have indeed made a substantial difference and helped the survival of small farms, though in some areas strict rules and high fees were perceived as a disadvantage.

In the Czech Republic, such innovative trends do exist, but they are few and far between. What direct selling there is tends to be done on an informal basis through relatives and friends and often as part of the shadow economy. One Czech farmer told me: "I sell about twenty of my sheep to local acquaintances each year, but though I cull them, officially they are sold as live sheep. I am legally allowed to cull sheep only for my own use." Another organic farmer I know does the same with his cows, giving compassion for the animals as the main reason, as there are no abattoirs nearby. A unique Czech example of adding value is the **Hostetin Apple-juice Plant** (see chapters 1.1 and 4). However, despite their pronounced localist ethos, they have had to bow to circumstances and sell a large part of their produce through a supermarket chain.

On the other hand, it must be said that some Czech towns and cities at least have retained an unbroken tradition of "farmers' markets". There are two within 20 kilometres of my village. The larger one (in the city of Ceske Budejovice - see Appendix 3) sells

fruits and vegetables, herbs and flowers, tomato and other seedlings, eggs, dried mushrooms, honey and grave wreaths. Much of this is seasonal and produced and sold by locals: "The market is held on Thursday and Saturday mornings in a small square in the centre. The town hall pays a pensioner, who arrives at 5 a.m., two hours before it starts. He makes sure only agricultural produce and food products, etc. are sold. Yes, this has gone back as far as anyone remembers. No, there are no other rules. No stalls, people bring their own folding tables and chairs, or come by car. Yes, there is a charge, but you would have to ask the economic department about that. I only oversee the organisation," Mrs Marsicova, town hall employee, told me in a short telephone interview.

Although such vestiges of a bygone day remain, no one as yet thinks of them as harbingers of the future. The local gardeners' association had its own store in the city, which marketed its own and bought-in produce. Last year it closed down. I have not been able to find out why.

7. Marketing and buying groups.

Since at least the days of the Rochdale Pioneers, an important strategy for small sellers and buyers has been forming groups to make up for their small size on the market. Of the two established small local marketing groups I interviewed (26, 27), both were working well, with members'

contributions and voluntary work an existential mainstay. Other interesting local and organic small marketing co-ops were forming on the periphery of my vision, supported by two unusual enabling organisations, **Somerset Food Links** and **West Dorset Food and Land Trust**.

The only buying co-op I interviewed, the **Seven Y Rural Services Network** in Herefordshire, was named after the rivers Severn and Wye. It started from the kitchen table twelve years ago and grew into a farmers' co-operative with 550 members and a £1 to £2 million turnover. It serves its members in many ways besides being a buy-and-supply centre. Although the co-operative was prospering, manager Julian Morgan did not try to hide his disenchantment with the situation of farmers in Britain today: "The pressure on farmers is terrific. The prices of wheat and potatoes are at an all-time low, but costs have gone up fivefold." He attributes this to global competition, where British farmers are at a disadvantage because of much cheaper land prices in other countries. "Farmers are desperately trying to reduce costs. Many may soon not be able to afford the commission charge for our services. I see that as our major problem".

There are obviously other marketing groups out there, for big farmers as well as small. Maidencastle Farm in Dorchester (1,400 acres), a non-organic farm supplementing its income with a B-and-B, sells its milk

through a farmers' co-operative with 1,400 middle- and larger-sized members. However, the co-op, which has its own milk transport and employs 35 people, still sells most of its milk through middlemen, thus losing a large part of the profits. From the farmers' words, the battle cry seems to be similar to that of the smaller farmers: "We are looking to 'cut out the middle', by making cheese and other end products ourselves."

In the Czech Republic, the large **Borovany Co-operative** depends on three regional organisations whose roots probably go back to Communist days. These sell the co-op's meat and milk, buy inputs for them and help with building plans and permits. While two are nominally co-operatives, I have not been able to find out their true structure. The **Hruska Family Farm** co-operates with another post-Communist enterprise: "It is a limited company, and we depend on it for artificial insemination and for the sale of meat. I phone up the person in charge of our area. I tell him how many animals I need culled. He rings abattoirs in the whole country, chooses the best price. He organises the transport personally, and gets a small provision per kilogram of meat. I don't think they can get rich on it, but it works," Jaroslav Hruska told me. Two of the sheep farms (47, 70) do sell their sheep and wool through a members' association and a co-operative, respectively. "Local" is not a consideration, though:

the meat goes to Italy and the wool, unbelievably, to Britain.

8. Share issue.

For some projects, shares from members (or shareholders in the case of **11** and **56**) have been a crucial source of capital funding. This was true especially of some of the larger organisations (**6**, **10**, **11**, **19**, **28**), which could either be expected to make a profit (**10**, **11**, **28**), or where the shares went into a revolving ethical loan fund (**6**, **19**). In the unique Czech **Firemen's Insurance Company (56)**, which is registered as a public limited company, 86% of shares are owned by firemen's organisations, and it has quietly stuck by its practice of donating its profits to local fire brigades. The fire brigades, which survived Communism and have a more than 100-year history in many small villages, are a local mainstay, and the importance of this unobtrusive and effective funding for rural culture cannot be overemphasised. A very unusual Czech share-issue project, with members' loan-shares secured on sheep (**70**), is described in chapter 3.1. Moving from Bohemia to the Scottish Highlands, another example of self-financing for a good cause is the small **Port Appin Community Co-operative**. Shares have been a centrepiece of its financial strategy, or rather survival strategy, because it

was the survival of the village shop that called it into being. "Without the shop, the heart goes out of the village," said Ian McNicoll, pointing to the many hidden social functions of a village shop. The local people contributed a total of £18,000 in shares. This was matched by another £18,000 from the Highlands and Islands Council, enabling the co-op to buy the shop and still have £15,000 left over. They deposited this in a post-office account and drew a yearly interest. The shop soon showed a profit²⁰ as well, leading to the creation of a community trust and enterprise (see p. 56-57).

"Our members' shares have a fixed value of £50 each," explained Ian, "though many people own more than one. In practice this means that, although the shop is thriving and the value of the co-op has thus gone up, so that the actual share value is several times higher than the original £50, the shareholders can claim back only the original value of their shares. The shares are also non-withdrawable, and this means the management committee is obliged to agree to a withdrawal if you either die, move away, or claim hardship. Other than that, you have the right to claim your share, but the management has the right to refuse it. However, if the co-operative ever disbands, the members have the right to divide the

20) Partly due to procurement from the superquarry across the bay, which gave the shop turnover credibility.

assets among themselves.” The system has worked very well in Port Appin. Is this because its heart is just where it ought to be?

9. Shrewd business sense

I was impressed with the business acumen of the British social entrepreneurs. For example, Alan Schoefield of **Growing with Nature**



Alan Schoefield (Growing with Nature) combines vision and principles with shrewd business sense.

distributes his veggie bags only to people who live in close proximity to each other. “If someone lives in an area which is not on the way, I twist their arm and ask them to become a drop-off point for others if they want a home delivery,” he explained. Although the **Chipping** village hall is a charity, it is run like any other enterprise, with precisely formulated charges for using the meeting room, hiring the kitchen, etc., for different user groups. The examples of blending a social and environmental ethos with a clear-headed business approach are many and inspiring. Obviously, a shrewd business sense is a good survival strategy for social enterprises, and is useful even for predominantly grant-funded ones.

Having said that, let me hand the microphone for a moment to Renata Vaculikova and Milan Drgac, who work in one of the few Czech enabling organisations, the **Kopanice Development Information Centre**. The Czech Republic has its share of sophisticated townies, shrewd entrepreneurs, even idealistic reformers. But the Kopanice region in the White Carpathians (a total of 1,500 residents in four villages) is a remote mountain area, and its values are different.

Box 5

Kopanice: A different world

Milan: We had an American Peace Corps volunteer here, her name was Anne. She set the centre up. She could find money for anything... she was very

competent. She tried to get the people involved. Sent out invitations to a meeting, but only two local drunkards showed up. She was unhappy...

Renata: I was born here. We have a small field and some sheep... I studied French and psychology before I came back to work here.

Milan: Anne was always trying to produce leaflets. I told her: "These people aren't mentally adapted to attending meetings. Let's go and pay them a visit instead. We'll walk across their garden and then they'll come out, shout a bit and then they'll tell us what their problems are."

Renata: The people here have different values. They have always tilled the soil. But not for profit. Rather, it is something basic to their existence.

Milan: Everybody still has a garden, a field. For how long? The old people are dying out.

Renata: The locals have their peace, their serenity. This is more important to them than the entrepreneurial spirit, which is in vogue now. These people are afraid of entrepreneurship, it is not in their nature.

Milan: Anne tried to start up a craft shop. The people here know how to make baskets and other things. But it didn't work. They would have had to register as entrepreneurs and maybe lose their benefits. Besides, they were used to making the things for each other rather than for sale.

Renata: Our friends, the environmentalists from the city, come with fresh ideas. They come up against what they feel is indifference, indolence. But it is just a different view of life, a different language almost. Custom is important here, it has more force than ideas from the outside.

10. Financial and other support from family, friends, locals and like-minded others.

In the Czech Republic, the support of the family tended to play a larger role than it did in Britain, though this may have been because there were more small and rural projects among the Czech interviews. In one case, the entrepreneur's as-yet-unmarried

brother agreed to waive his half of the inherited family farm and settle for unbuilt land, on the promise that his brother would later help him build his own house on it. Parents tended to become involved more often, contributing money and unpaid work. On the other hand, British projects were more likely to be members of supportive umbrella

groups, and to obtain help from enabling organisations.

The **Strathfillan Community Development Trust**, for example, was helped at its inception by the Corrom Trust, which was on the lookout for active community councils and had money and expertise to help them start up a trust, while the Scottish Council for Voluntary Organisations provided legal advice and training.

Several respondents in both countries named a network of friends as very important for their work. Locals and neighbours were another pool of help and advice. Then there were the like-minded others, such as the Quakers in Box 4. In some cases, there was a fuzzy line between “friends” and “like-minded others”: **Laurieston Hall**, for example, was able to buy land thanks to a request for funding to friends/former participants on their summer events.

In other cases, a like-minded miracle donor appeared out of the blue. During the public campaign by the **Isle of Eigg** community to buy their own island, an unflattering article in *The Guardian* appeared describing the drunkenness of one of the trustees on the morning after a ceilidh. This touched the heart of an English millionaire, who ended up donating £1 million to the trust, enabling the buy-out to take place²¹. A similar miracle funding

story concerns Lida Chrastanska, who single-handedly organised the attendance of 1,600 people at the Transpersonal Conference in Prague. When an American participant learned that she had managed this without even direct access to a telephone, he volunteered a substantial donation that enabled Lida to buy the farm (with telephone) that has since housed her social enterprise (65).

11. Internal cross-subsidies, property and other commercial activities as source of income.

Several projects used income from one part of their activities to finance another. “Our priority is breeding Hutzul horses,” Ivan Karbusicky of **Hutzul Farm** explained. “We support this with income from tourist accommodation, horse-riding and subsidies for grazing and cutting grass in the National Park.”

The **Stonesfield Community Trust**, as we have seen, may in the future use rental income from houses it has built to enhance social services in the area. The **Glastonbury Trust** also owns property or, more precisely, owns a limited company that is the landlord of the property. This property, called The Glastonbury Experience, is a distinctive building with a courtyard in the centre of Glastonbury, with nine shops and a café on the ground floor. In addition to using income from the property to

21) See McIntosh, A., 2001, p. 270

fund educational and religious projects, the trust also differentiates between market rent, which it charges the shops and café, and subsidised rent for non-commercial enterprises on the top floor.²² Other organisations which use or plan using commercial activities to subsidise the non-commercial include such varied projects as the **Isle of Eigg Trust**, **Port Appin co-operative**, **Hostetin Apple-juice Plant**, the **Firemen's Insurance Company** and the **Gemini Farm and Workshop**.

On the level of enabling and umbrella organisations, co-operatives such as the **Oxford, Swindon, and Gloucester Co-operative Society** contribute a percentage of their income from commercial activities (dividends) to funds for co-operative development and other causes, and Tim Crabtree of **West Dorset Food and Land Trust**, though emphasising that research and enabling organisations aren't as a rule financially self-sustaining, proposed the interesting idea that, by and by, the commercial organisations they have incubated and launched might help support the Trust financially.

12. Ethical landlords, subsidised rent and land in trust. Several projects



The Gemini Farm and Workshop use their commercial activities to cross-subsidise the restoration of old stone Christian symbols in the local landscape.

in the study benefited from a less-than commercial rent. **Made in Stroud** are charged only two thirds of the market rent by an ethical landlord. The Southside Food Co-op in Bath, a project of **Involve**, benefits from the support of the local council, who lets them use a shopfront one day per week rent-free. Similarly, the **Kopanice Development Information Centre** uses the premises of the village council in Stary Hrozenkov.

22) *A variety on the cross-subsidy theme may be the strategy of the "global economy" subsidising the "local", as in the case of the family who live on the commercial rent of a Prague flat (too expensive for most Czechs) in a remote rural area, caring for horses and growing their own food, or the man who works for a transnational pharmaceutical firm three days a week, spending the rest of his time with his family in the Czech backwoods, keeping a flock of sheep and honeybees (neither is in my survey).*

Sharing premises with other organisations tends to keep costs down (5), and the **Ethical Property Company** specialises in providing affordable properties for groups of non-profit and social enterprises. The idea of land and assets held in trust by the community rather than in private hands (2, 17, 29, 35, 36, 37, 39, 45, 59) is an old and powerful one and I will come back to it in chapter 4.

13. Sweat equity: Work-share, the volunteer ethos, low-paid and hard work.

Two organisations used the term “work-share” to describe unpaid work. In **Laurieston Hall**, members regularly worked on the maintenance of the hall, in **Made in Stroud**, they spent eight days a year selling their goods in the shop. In these organisations working on a co-operative basis and sharing the risks and rewards of their work, “work-share” was a better word than “volunteering”, Kardien and Clare Gerbrands explained, though members of the **Made in Stroud Shop** sometimes did not see it that way. The **Bioclub** is a good Czech example of a micro-workshare project.

As mentioned in chapter 3.2, several founders subsidised the start-up of their organisations with unpaid or low-paid work (28, 32, 51). While some organisations have turned fully professional, most continue to rely to a smaller or greater extent on

volunteers. Both British transport projects (34, 41), for example, have volunteer drivers, and **Radford Mill Farm** in Britain and **Hutzul Farm** in the Czech Republic rely strongly on volunteers. The British volunteer ethos was the stronger, at least as far as active board and management group members were concerned. **West Mendip Credit Union** (21), with 240 members and £40,000 in savings (members’ shares) is one of several British projects run entirely on a volunteer basis and proud of it. Having said that, the Czech yearly **Traditional Market in Valasske Klobouky** is a miraculous feat of volunteer activity, with 450 on-the-spot organisers, who do everything from cooking the 900 litres of traditional cabbage soup to clean-up afterwards, and many unpaid local groups adding flavour with traditional music.

Many social enterprises were obviously subsidised not only by voluntary work and DIY, but also by hard work and long hours put in by staff. On British farms especially, hard work coupled with low pay seemed to be a problem, and two respondents said that if surplus were available, the farmer’s pay would be raised.

14. Low-cost operation as a complex strategy.

Jaromir Hosek, manager of the **Chotebor First Credit Union**, told me that they had a conscious strategy

of cost-minimisation: “The members put together an initial sum of £5,000 and since then, we have been concerned with spending as little as possible. In the first two years I drew no salary and the credit union paid no rent for its small office in the building of our family business. Today we continue to have low overheads, which translates into a better financial deal for members.” A similar philosophy was expressed by Matthijs Bierman of **Triodos Bank**, when asked how they can lend to ethical projects with low return rates and still make a profit: “Our secret is: we offer normal interest rates to our members - and make smaller profits ourselves.” In some cases, while low cost was not a verbally expressed strategy, it was still implemented in practice, with surprising results: **Radford Mill Farm** became organic by default, simply because inputs were too expensive.



The Phone Co-op headquarters are situated in a business park to keep down costs.

15. Subsistence, barter and reciprocity as alternatives to the monetised economy.

The members of **Laurieston Hall** need less money because they produce much of their food and fuel themselves, and do most of the repairs of their spacious home through DIY. According to the original philosophy of the co-op, this is more than a “lifestyle decision”. “For us, the personal was political and the way to change society was to change yourself,” Lesley Vine explained.

In an ad-hoc case of Czech local barter, Petr Novak of **Agrica Tour** gives his wool to a factory and gets finished blankets in return, which he then sells directly to clients who come and stay at his farm.²³

In-kind help can be another path out of the money impasse, and tends to be more stable if it is oiled by a local money system (which I did not come across) or long-term friendly relations and reciprocity. In the White Carpathians, Rostislav Travnicek, a staff member of the Kosenka non-profit organisation, described to me one way the **Kosenka Environmental Land Trust** goes about its task of managing valuable mountain meadows: “Early in the spring, the meadows need to be harrowed to remove last year’s grass. The other day a local small organic

23) This barter system was not the result of choice, however, but came about by default, due to failed wool markets in the whole country.

farmer rang up and asked me to come and help him get his papers in order, as he was expecting an inspector from the certification authority. I spent the morning with him, going through his questionnaires. As I was

leaving, he said: ‘When the weather is good, I will harrow the nature reserve for you.’”

Not all is as rosy out there as it might seem from such cameo portraits, however.

3.5 A threat to the small? The perceived challenges

Though I have in places touched on the problems my respondents were facing, the risk remains of painting an unrealistic picture with few shadows. The shadows were there of course, and the problems of social enterprises were many.²⁴ Erratic, hard-to-access and inadequate funding was a problem with most projects dependent on outside resources, and “too much to do, too little time” was another refrain, despite the fact that many people enjoy their work and say so. Some problems were specific for the projects concerned. “Who will work-share when we get old?” was an issue in **Laurieston Hall**, while James Pavitt (24) was a bit tired of questions like: “Why can’t you sell Harry Potter toothbrushes at farmers’ markets?”

National and local government was both praised and criticised, with British local government near the positive end of the continuum and the Czech national government close to the other. “There is no feedback or consultation process, all is top-down, and there is a perverse trend to scrap whatever seems to be working,”

a Czech local councillor told me. “DEFRA speak another language than anybody else in the universe,” a British farmer sighed, describing stacks of forms filled in triplicate. Another British government critic cut deeper: “We have a government elected by an urban majority, and Tony Blair views farmers as the enemy. We have been called ‘the forces of conservatism’! Rural people feel misunderstood and oppressed.”

Economic and global issues appeared again and again in interviews. Late payment of bills (“nobody pays anybody”), corruption, and highly taxed human work making employment difficult were specifically Czech complaints. Advertising of junk food was identified as a factor undermining the work of the **Edinburgh Community Food Initiative**. When asked what their main problem was, Kate Allport of **Radford Mill Farm** answered without hesitation: “competition in the global economy”. A globalised free market was indeed the common thread linking such complaints as the crash of the Czech wool market (including infrastructure) and producers’ dependency

24) *This chapter is based mainly on questions 9 and 10 (15 for credit organisations and 7 in telephone interviews). I have included some answers from people not in Appendix 4 (See Personal Introduction and Acknowledgements).*

on world milk prices, as well as bitter comments on the situation of agriculture in both countries. “It can’t be worse than it is now,” a Czech small farmer said, when asked if he felt any fears of imminent Czech EU membership. “I’ve been in the United States,” Milada Bockova of the **Borovany Agricultural Co-operative**, told me. “They just dig a hole in the ground to get rid of their dung-water. We have so many environmental regulations. How can we compete?”

A localisation that we take for granted in my country was a distant dream in Tyndrum and Crianlarich. According to Sue Wyllis (36), children from these Highland villages have fifty miles to go to secondary school, the same distance needs to be covered if you need a dentist or have a sick pet. “People take their cars and drive fifty miles to Oban once a month for shopping,” she said. “But what if you are old, or don’t drive?”

The pervasive issue of scale cropped up again and again in the interviews and both countries scored equally on this one. For lack of better words it could be described as “a threat to smallness”. But what is it really? It seems to be everywhere, yet is as hard to grasp, contain and define as the “Nothing” in *The Neverending Story*. Let us look at some of its manifestations to see if a common thread can be found.

Unless you own a helicopter or a private yacht, the only way to reach the Hebrides is by ferry. When I visited the **Isle of Eigg** in 2002, the ferry stopped in the bay, we crossed on to a smaller boat

and this took us to the pier. Once in the smaller boat, the sea seemed much more real, and my landlubber’s soul brimmed with excitement. However, I soon found that the days of the small boats were numbered. New large piers were being built on Eigg and other islands to comply with EU regulations which stipulate that, for safety reasons, changing from a big to a small boat offshore is not allowed.



Enlarging the harbour at Isle of Eigg to comply with EU regulations (2002)

Ferries must come to the pier. “One lady did hurt her ankle many years ago crossing, but she was soon well again,” a local reminisced, explaining that the new pier would be big enough to accommodate the even bigger ferry soon to replace the current one. Local people feared that while the small boat had been agile enough to negotiate almost any weather, the big ferry was likely not to risk landing when the sea was rough. By then the people manning the small boat will have lost their jobs - a precious asset on the islands - and perhaps their expertise. Who will then come to meet the ferry?

“As a large buyer, we get a 16% reduction on fertiliser, seeds, pesticides and chicken feed,” Milada Bockova of **Borovany Co-operative** said. “And while small farms might need smaller machinery, the only machines on sale are the big expensive ones. I’m really sorry for the small guys. Another thing is, they can’t weather the fluctuations of the market for long. I think they haven’t got a chance.” “The local agricultural co-operative has 11,000 acres,” said Roman Carek, mayor of Cizova and chairman of **Cizova Housing Co-op**. “It is gobbling up the smaller agricultural enterprises and getting even bigger. Centralising production, scrapping cow-farms in the villages. The problem is, cow-farms were all that remained there. So now there is nothing.”

“The Disability Discrimination Act will come into force in 2004,” John Bailey of **Chipping** village hall told me, explaining why they had decided to build the new hall instead of refurbishing the old one. “It would have been too expensive to install the large aerial in the ceiling that people can tune their hearing aid into, and other implements to enable equal access for the disabled. The Act is a threat to small rural communities: if public buildings such as cafes, shops or pubs don’t comply with this law, which may well happen for financial reasons, they will be closed down.”

When I first discovered the **Chotebor First Credit Union**, based in a small

Czech town, I was overjoyed. Finally a true co-operative, with an ethical approach, low overheads, a common bond policy and a democratic governance system! But my joy turned to dismay on finding that this was in fact a threatened species due to a proposed Czech law, based on an EU directive²⁵, stipulating a minimum capital requirement way above the reach of small co-ops. (See Box 3 in chapter 3.3, p. 54). According to Brussels finance expert Christophe Guene²⁶, this EU banking directive is a threat to British credit unions as well. Although they, like their Irish counterparts, have obtained an exemption, the British authorities, under subtle pressure to comply with the EU rule, have been pushing small credit organisations (such as **12, 13, 21**) to comply with ever stricter requirements. British credit unions are now regulated by the Financial Services Authority (FSA), the institution governing banks and building societies. Rosemary Britten of **First Dorset Credit Union** comments: “While there are some advantages, such as an insurance policy, our new voluntary board members will have to fill in 24-page forms with some intrusive and personal questions. It may make them change their minds about applying.”

“We’ve quintupled the sale of fruits and veg in this village. But recently we got hassle from Environmental Health. They said we had to grade fruits and put names on them. I think everybody can

25 “The second EU banking directive”, now subsumed under EU directive 2000/12.

26) personal communication, 2003

tell an apple is an apple, don't you? This imposing of European rules designed for large supermarkets is out of place here!" Ian McNicoll of **Port Appin** told me. "The computer has been a double-edged sword, too. Putting a bar code on each item including each newspaper takes time. Each time the price changes, you have to change the bar code. Work is more skilled so it is harder to employ casual labour. And since we have been marking debts on the computer, instead of writing them in a book where everybody could see them, credit has exploded. So now we've had to start sending out bills."

While the small social enterprises are threatened the most, the bigger ones are not always immune. Jogging in the woods a few months ago, I met Vaclav Zizka from the **Firemen's Insurance Company**. He is not only a voluntary fireman himself but also a member of another important rural network, the Hunting Association²⁷, and disappears into the woods for long walks on some mornings. We started chatting about threats to his enterprise, which has 116 staff, a capital of £5 million, and 300,000 clients. "It is a disadvantage to be small," were his words, "there is always the danger of being bought up by a much larger company. So far we have been able to refuse all such offers. We can afford to,

as we are surviving well. But we may be pressured into it if, for example, the re-insurance companies raise their rates from 0.5% to, say, 1%, and we lose our price niche in the market. We might be forced to look for a financially strong foreign partner. Then, of course, we would stop being the Firemen's Mutual Insurance Company."

The litany goes on: Vaclav Nemeč (64): "Milk sale conditions have been getting stricter. If they find micro organisms, body cells... we get 4p instead of 16p per litre. Better to pour it into the drain in that case." Douglas Murray (1): "The Highlands and Islands Council has a contract to repair faulty items in schools. One school on a small island needed a light bulb changed. The contractor lived on the mainland and had to cross by ferry. He had to comply with health and safety regulations, which meant extra insurance. Altogether, it cost the council £250 to have that light bulb changed." Lenka, **Zahradky** course participant from the village of Strmilov²⁸: "I used to keep a small general store in Strmilov. When the supermarkets came, my turnover went down by 50%. Besides, I was pressured to buy a new freezer because new regulations stipulated that vegetables, meat, and ice-cream all had to be in different compartments.

27) *After the 1948 Communist take-over, hunting and care for game animals became a voluntary activity implemented by local people. The system has survived Communism and most villages continue to have their local hunting groups. See item 8 in chapter 3.4 (p. 70) for more on the Firemen's Insurance Company.*

28) *Personal communication, July 2003. Lenka told me she has three children and three jobs: she works in a factory, does book-keeping for several small businesses and sells snacks in the factory cafeteria. In her free time, she paints pictures.*

I couldn't afford it. Had to close shop." Sue Prince (26): "Our small B and B marketing group accessed an EU grant for Internet development, capital development, and a publicity campaign. I was in charge of the administration. It was out of all proportion! I spent most of my time on it.



Sue Prince: EU grant administration was out of all proportion!

All the participants said they would not do it again." Renata Vaculikova (63): "I will never bid for an EU Phare grant again. Everything in six copies. I spent half a year writing it, but we didn't get it anyway. Forty pages, and you had to keep rehashing the same old thing. It was not normal!" Ian McNicoll (29): "We set up a door-to-door car service. People

booked at the surgery, and drivers were volunteers. All they got was the petrol money. It ran for seventeen years on an informal basis. It collapsed when the Red Cross took it over, arranged regular hours and started paying the drivers. The drivers disappeared!" A staff member of the local government tax authority in a small Czech town²⁹: "It is not clear how long we will keep the institution viable. This is an agricultural region with few small businesses. And the bigger companies have merged with larger ones and no longer pay taxes in the area." Yvonna Gaillyova (59): "Last year, we had organic and non-organic apple juice. The non-organic one was cheaper, tastier, and more environmentally friendly, as it was pressed from the traditional varieties owned by small local growers. They were organic, too, but not certified, so we could not sell them as such. The certification process was too cumbersome and expensive for them." Jane Burnham (42): "We don't stock organic milk at the moment. A lot of organic milk is produced here in Wales, but it gets processed in a factory in England, and the logistics of getting it back to Wales are forbidding."

I have intentionally listed these many examples gleaned from my interviews to the point of tedium,³⁰ because I believe such "threats to the small", though everybody may know about them, go unnoticed because we usually don't see them as linked, as part of one trend or concept. Many appear to us as strange

29) *Personal communication, March 2003*

30) *And there are quite a few more, besides we could probably all furnish several from our own experience.*

paradoxes which make us laugh, but then we let them be, muttering something about “bureaucracy”, “economies of scale” or “the global economy”. They are, however, linked in at least two ways: First: they always threaten the “small” and they often threaten the “rural”. Second: They are intimately connected with power. The power of the faceless, the power of the seemingly unavoidable. These are reasons enough not to cast them off with a shrug.

How have the people in this study been dealing with them? Sometimes with-hanger, sometimes with resignation. And sometimes (yes, in both countries) with a little bit of **benign cheating**:

“The national government put into operation restrictions on multiple occupancy. We would have had to make big investments we were not ready for. But we’ve found ways around it by splitting into different households.”

“The government hasn’t considered small enterprises. To continue to do our work, we are meant to have a licence but its cost is prohibitive to us. So we haven’t applied for it, and we continue to do what we are doing. We are breaking the law, though!”

“We have put some rooms in for guests and we cater for them. But the law doesn’t make a difference between cooking one lunch and a thousand. The regulations have become prohibitive. If we registered, we would need special very expensive water faucets. So we used a trick - when applying for the building licence, we said the extra space would be just for the family. If we had been honest, we would have gone bankrupt.”

“We sell everything at the market, but we aren’t allowed to sell the hard drinks. So we ‘give them away’ - for a stipulated voluntary contribution.”

Another approach to counter the big and intractable is to **co-operate**. The last three remaining Czech insurance companies, including the **Firemen’s Insurance Company**, are offering some products on a joint basis. The **Kosenka Environmental Land Trust** would like to help the small apple growers get certified as a group. Community and village councils organise in Scotland (1) and in the Czech Republic (67). Co-operation is an important weapon to counter the “Nothing”. If an association or co-operative gets too big, however, it may go from being a solution to being a problem:

“ABCUL is a trade association of credit unions. When an association reaches a certain size, small members become a burden. As a small credit union, we weren’t very happy with ABCUL. We felt they had been pressured into adopting the ‘supermarket model of finance’ where business objectives have over-ridden social aims. We joined another umbrella group: The Association of Independent Credit Unions,” Terry Clay of **West Mendip Credit Union** (21) told me.

We are back at the question of scale again, and of large organisations in danger of losing their soul. KG Fruit is a large successful British marketing co-op, which sources strawberries all over the country and delivers it to supermarkets. According to Desai and Riddlestone (2002, p. 65), it is a good model of bioregional sourcing, because it delivers

the strawberries to the closest available supermarket, thus saving food-miles. On the other hand, it will only consider growers with a turnover of more than £100,000 for membership, and soon expects to displace other smaller strawberry networks, thus becoming a monopoly or a near monopoly³¹. One big marketing group of big growers selling to one big supermarket chain?

Though the **Hostetin** project sells part of its products through the Carrefour supermarket chain by default, other producers interviewed have opted for different strategies.

In the eighties, Alan and Debra Schoefield of **Growing with Nature** used to practice large-scale vegetable growing and sell their produce to supermarkets. However, they became disenchanted with the food miles, length of time before the produce was sold, and, perhaps most importantly, the wastage: “We lost up to 82% of all fruit and veg,” Alan told me. Finally, they changed their marketing technique and their land and lifestyle started changing with it. Other British social enterprises (**20, 30, 42, 46**) also expressed a dislike of supermarkets, on similar grounds. **WyeCycle** is even working on a campaign against them. According to Antonin Michal (**54**), supermarkets are making inroads into the diversity of small shops in South Bohemia: “Two or three bakeries have become supermarket suppliers and the rest are losing profits.”

Besides cheating and co-operation, **preferential treatment and special support of the small**, a kind of positive discrimination, seems to be another way forward. In the Czech Republic, **Kopanice Development Information Centre** helps small farmers through the maze of government subsidy questionnaires. In Britain, Environmental Business Solutions, a project of **Envolve** which helps businesses comply with EU environmental standards, plans to continue to subsidise small businesses through lower charges even after bigger firms graduate to paying market rates.

In a way, the **social enterprises themselves** are a solution. As many of them actively strive for a localised economy, they present a tangible alternative to a globalised desert of giant companies and faceless bureaucracies. In Tyndrum and Crianlarich, **Strathfillan Community Trust** has started a nursery for toddlers and have found quarters for a new village policeman. “People love the policeman!” Sue Wyllie told me, a strange-sounding sentence still to someone coming from a former police state. In **Chipping** village hall, the trustees are careful not to take business from the local pubs and B-and-Bs, opening the bar for special events only and not providing accommodation in the hall. Bill O’Sullivan of **Trans-Fife Community Transport** sees his enterprise as an employer, actively supporting the local economy. **West Dorset Food and**

31) *Information from lecture of Nicolas Marston (KG Fruit) at conference of Plunkett Foundation, York, 18. 4. 2002.*

Land Trust and **Somerset Food Links**, rural enabling organisations from the Southwest, actively help create new small and localised food and farming infrastructure in the teeth of the “Nothing”. Other examples of support for the “small” abound throughout this report.

If small rural organisations and groups are at risk from what seems to be an ever-expanding bureaucracy and a merciless global economy, what about growth? Do they want to get bigger? While a minority, especially the larger British projects, do see themselves as expanding substantially in the future³², most wish to grow slightly or not at all. Richard Boden of **WyeCycle** told me: “We don’t want to expand. We get more enjoyment operating on a community level.” “We have adopted a strategy of regionalism from the beginning. In practice, this means that we stick to Chotebor and the near surroundings,” Jaromir Hosek of **Chotebor Credit Union** emphasised. Robert Blizenec of **Gemini** sees it this way: “They say that a business which isn’t growing is dead. I don’t believe it. I don’t want to grow forever. I don’t have the ambition of being the only producer of park benches in the Czech Republic.” In ten years Tony Crofts would like the **Stonesfield Community Trust** “...to be about where it is now. I don’t want to turn it into an octopus, with tentacles all over the place. We have a personal relationship with all our tenants. No property stands empty and we get repairs done quickly. A small

landowner is more efficient.” And Jenny Eaton and Janet Davies present a thoroughly biological vision of the future of the **Full Circle Fund**: “In ten years, we wouldn’t like to see more people in our organisation, but rather many small organisations like us all over the place.”

Such responses bring to mind the thinking of Erazim Kohak, a Czech philosopher who tried to forge a vision of what economic system the Prague Spring would have led to if not crushed by Russian tanks in 1968 (Kohak 1978). He felt that it would certainly try to protect the very basic right people have to ownership. But in his interpretation, true ownership does not come about by buying shares in a distant enterprise. It is a two-way relationship of mutual belonging. It is brought about not by purchasing, say, a farm or a workshop, but by actually working there and becoming connected with the soil, with the instruments, the factory, by forming a relationship with them through one’s own effort, work, activity. This may be activity on behalf of the enterprise as well. Only then is the person really the owner, in the sense of the enterprise becoming his or her “own”. They then belong together.

In the next chapter, we will wind up, trying to link up what has been said into a meaningful whole, with a view to the differences and similarities between both countries and to the quest for an equitable, sustainable and democratic economy which has been a driving force behind this report.

32) *Matthijs Biermann would like Triodos Bank to expand to several times its current size in the next ten years. However, he makes the apt comment that “Barclays is still a thousands times bigger”.*