
4 LEARNING FROM EACH OTHER: A PEEK INTO THE FUTURE?

Such dreams never die. Like wildflowers they surface over and over again.

Pat Conaty

According to the British detective story writer Agatha Christie, the best-kept secret is one which everybody thinks you already know. I was often reminded of this during my British stay when I found myself surprised by things that my British friends seemed to take for granted. Take trains. When my daughter and I first arrived in Britain, we had to change trains at Birmingham New Street Station. Waiting at our designated platform with a few minutes to go and six pieces of luggage, I was dismayed to hear several last-minute platform change announcements. I felt cold sweat trickle down my back as I realised that if our own platform was changed at the last minute, we would never make it to the right one, thus missing our Edinburgh-bound train and ending up stranded overnight in a strange city. To my unending relief, the Flying Scotsman arrived at the platform originally scheduled.

Another experience has stuck in my mind of a train to Devon which I believe was very late. Presently another train arrived which, however, was a fast train not designated, as the station announcement made clear, to stop in Totnes where I was to get off. Prepared for a long detour, I boarded the train but, as we neared Totnes, I was amazed to hear a voice announcing that, after all, since the preceding train had not been available,

we would stop in Totnes. This would never, never happen at home.

Such extreme changeability tempered with a sweet reasonableness was manifest in the whole fabric of British life and, of course, in the social enterprises I encountered as well. As discussed in chapter 3.3, their structure, though very varied even within identical legal forms, seemed to work well. Intricate links between legal entities were never misused for, say tax evasion or channelling of public money into private pockets, as would be the danger in my country. I asked Peter Jones, director of the enabling organisation plus umbrella group **ViRSA**, to what extent such a danger exists. "Tax avoidance is not possible," he said to me. "The rules are tight." The British then seem to have achieved rule flexibility and tightness in the right proportion.

In the Czech Republic, we have tight rules for trains, but the rules regulating the non-profit sector and organisations such as the newly-formed credit unions (see Box 3 in chapter 3.3) were wobbly at best in the beginning, leading to much criminal activity in the nineties and leaving a residue of mistrust and cynicism. The same pattern was discernible on a government and big business level, with money from dozens of new banks and privatised state enterprises disappearing

into the pockets of white-collar criminals, the large majority of whom have never been brought to justice. According to an influential Czech weekly (Spurny 2004), corruption by big business goes on to this day even at central government levels, and the Czech Republic ratings by Transparency International are the lowest of all current and accession EU countries excepting Bulgaria.¹

In my Czech interviews, an echo of this was apparent in the way one social enterprise acquired its start-up capital. “We stole it,” was the cheerful reply, and the respondent went on to explain the mechanism: “While I was still employed in my former job, our company worked on a large commission for a government enterprise. We delayed the payment for it until later that year, when I was already employed here, and then I had the payment sent to us.” This person went on to say that he had learned this trick in the job he was been leaving - that private company had siphoned off its own start-up capital in a similar way at its inception in the early nineties.

More troubling and pervasive shady dealings emerged in another interview, transcribed as a monologue in Box 6.

I don’t believe such shady practices exist in Britain today yet the land there is concentrated in fewer hands than in my own country since the state relaxed its grasp after 1989². Sue Wyllies of **Strathfillan Community Trust** brought home to me the frustration of people in an area where all land is privately owned, with limited access. Some islands in Scotland still have a quasi-feudal structure, with a landlord owning all the land and assets of an island. However, Gaelic communities have been taking back their islands in recent years. One of the first to do so has been the **Isle of Eigg Trust**, described in detail in chapter 1.1. Its organisational structure (Fig. 5) is complex and embodies the best principles of a successful multi-functional social enterprise as well as being an unparalleled grass-roots democratic structure. “We usually work by consensus,” Camille told me. “It is both a Gaelic and a crofting tradition.” Like the laird before it, the trust owns all the land and houses with the exception of a few freeholders’ properties. It has been renovating the housing, building the infrastructure, planting forests and encouraging young people to stay and set up a business.

1) *And Slovakia, the region the Czech Republic was linked to until 1992, which is on a par with us*

2) *As McIntosh (2001) makes clear, there has been no land reform in Britain to counter the enclosures and Highland clearances. In the Czech Republic, the radical atmosphere after the First World War led to a government-led land reform which, added to an enduring peasant culture and the benign influence of the rural credit unions, has meant that many families today have their own piece of inherited land. Villages and municipalities are also landowners.*

Box 6

The Mafia Code of Honour

I live here, love it here and keep animals, and my biggest problem has been buying land. The land here used to be owned by German peasants before the war, and after the war, when they were evicted, most of it was confiscated by the state. Big state farms then cultivated the land for decades and their bosses became powerful figures. They were party members, had money and influence.

After the Velvet Revolution, these men founded limited companies and rented the same land from the government in order to access state subsidies for cutting grass.

Sure, I get these subsidies as well. But I really do keep animals and either graze the land, or cut the grass for hay, so the subsidies form about 10% of my income. These guys have a different strategy. If you have rented say 2,000 acres, and got maybe £80,000 in subsidies, it's certainly worth your while to pay someone £20,000 to cut it with a special machine and leave it on the spot. It is called "mulching" and is not good for the land - too many nutrients remain and the meadow becomes degraded.

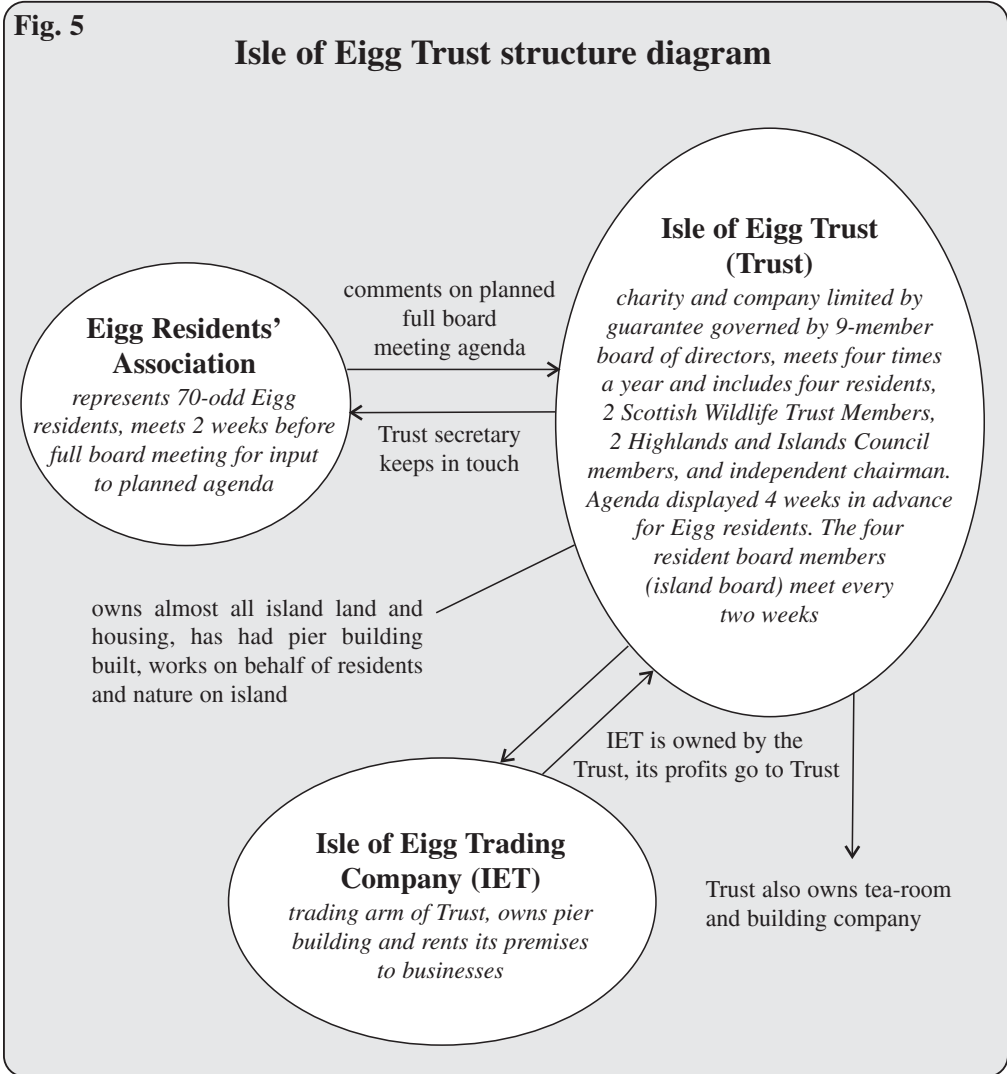
Of course, you have other costs. First of all, you need to have bribed the land authority official who rented the land to you in the first place. Next, you will need to bribe the inspector to turn a blind eye to the fact that you are not really cultivating the land.

Around here, we have one such figure, the former director of one of the state farms. He was in several corruption scandals, he even sold the grain reserves which the government had entrusted to him abroad! Made a good profit on it. The locals told me about it: they drove the grain for him across the border in lorries, disguised as sand. But they were afraid to say anything at the court hearings. These dragged on for seven years, and finally he was convicted, though they never got his money. But he didn't go to prison. He got a pardon from the president.

No, I don't believe he bribed Vaclav Havel. I do believe that he bribed Havel's staff, who gave him the wrong background information.

This man continues to play a shadowy background role in the limited company he founded. And they are buying up the land which the government authority is selling by bits and pieces by sealed bid. I have bid against them several times, I never know how much they will be bidding beforehand, that makes it difficult.

They own a lot of land around here already. They tried to bribe me not to bid for land they have their sights on but I refused. If I had taken the money and then gone against the agreement, they would have destroyed my car or something like that. It's a mafia. But I didn't take the money, so they leave me alone. They have their code of honour.

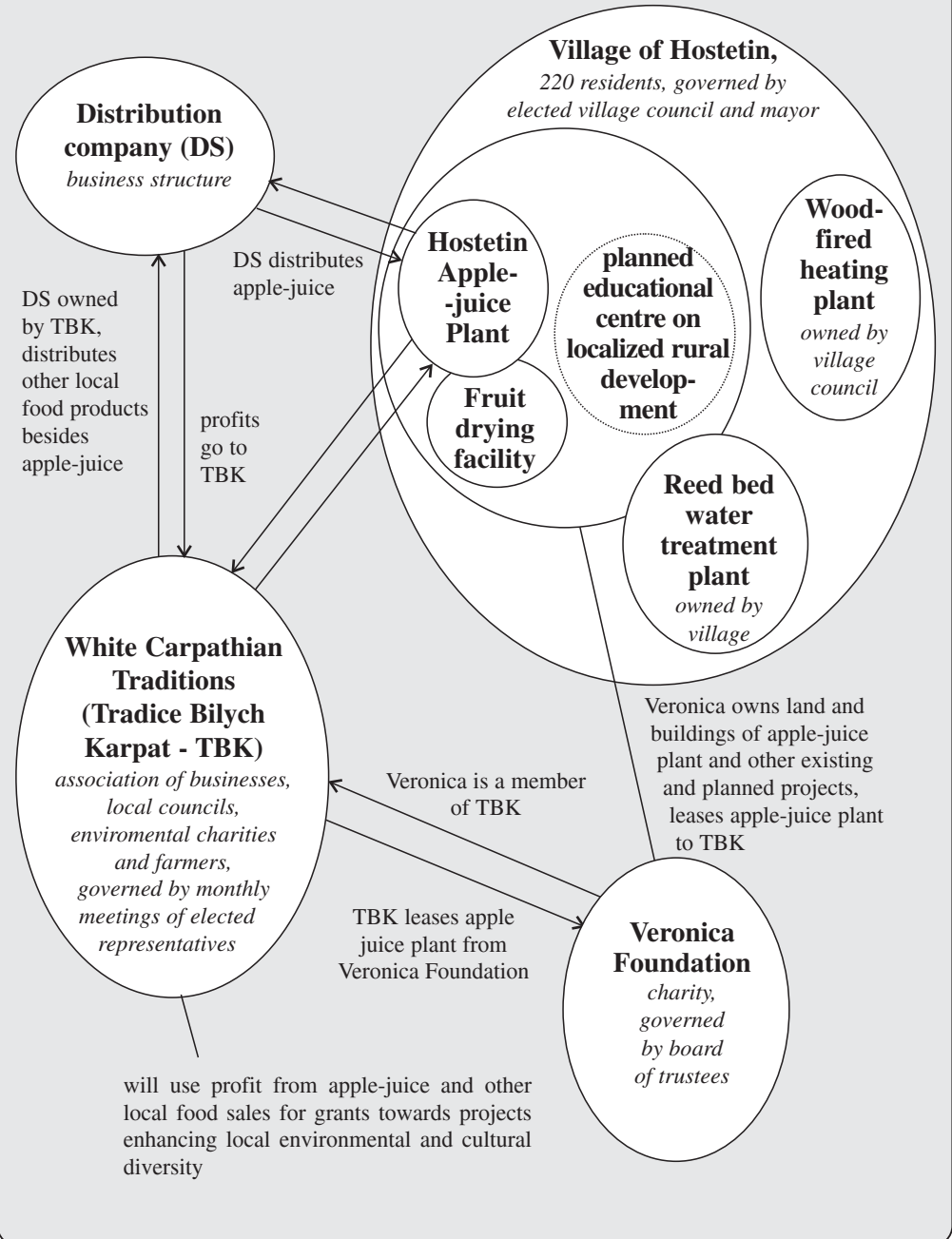


A loose parallel can be drawn between the **Isle of Eigg Trust** and the **Hostetin Apple-juice Plant**, also profiled in chapter 1.1. The **Hostetin** project is the closest I have found in the Czech Republic to a community land trust (Morehouse 1997) or development trust - land owned on a non-profit basis on behalf of the local people and nature. Its organisational

structure is shown in Fig. 6. Like its Hebrides counterpart, the project has a complex remit of sustainably developing an area which the mainstream economy has passed by. It is also akin to the **Isle of Eigg Trust** in that it grew out of local needs and links people and nature in an area of great natural beauty and with a living farming tradition.

Fig. 6

Hostetin Apple Juice Plant context structure diagram



However, there is an important difference: as opposed to the **Isle of Eigg** (and Rum, Muck and Canna) community council, the village council in **Hostetin** (220 residents) is a legal body, it can own land and employ people. In fact, Hostetin, and every village council in the Czech Republic inasmuch it owns land, can be seen as a kind of land trust, or perhaps vestige of the commons. The Czech word “obec” (meaning village, town, but also community) has the same root as “obcina” (commons) and as “obecný” (general, public), pointing to a time when there was no difference between “public” and “local”, because all the public issues were decided locally (as in Ladakh - - Norberg-Hodge 1992). In my village of Ostrolovsky Ujezd (100 residents), the village owns land, a building with a pub, the waterworks including a reed-bed water-treatment plant, it oversees the lighting, waste-collection, etc. Hostetin, in addition, has a municipal wood-chip fired heating plant. Other villages may own and run a shop (**54**), forests, or an arts-and-crafts centre like the village of **Zahradky**. Perhaps all Czech villages would qualify as social enterprises?

While during the Communist era all government was top-down and undemocratic, after the revolution a new term re-surfaced: self-rule (samosprava) as opposed to state rule (statni sprava). Every village and town (“obec”, governed by a mayor and elected body) has the

duty to uphold the law (state-rule), but also a scope for self-rule, in some ways substantial. I believe that this self-rule and land owned by villages are a vestige of the older days, when the village authority and the community were one, self-rule was paramount, and village land was held in trust - as a commons.³

Returning to the Czech villages of today: the small ones are under siege, and suffer from the malady described in chapter 3.5: the burgeoning bureaucracy which falls more heavily on the small enterprise, small farm - and on the small village. Their solution, as also mentioned in chapter 3.5, is often to form local village associations:

“The idea of our association is to help the members join forces and work on some things together. For example, we might hire one person to do our waste collection agenda for us. We are also in touch with an organisation like ours on the Austrian side, and have produced a bi-lingual video together,” Stanislav Malik, chairman of the **Rose Association**, told me.

Another unusual solution chosen by some villages is the forest co-operative. The **Borovna Forest Co-operative** (besides the **Firemen’s Insurance Company**, which however has only the soul, not the “body”“ of a co-op) is the only one I came across which can be said to carry on the tradition of another co-operative known to have existed in the same place in the past:

3) As Pat Conaty points out (personal communication, 2004), other languages offer the same clues: In English, “the commons” has the same roots as “commoner” and the “House of Commons”. In French, the word “villain” has a similar etymology.

“I was manager of a forestry company in Telc. Then in 1992 the last manager of the old forest co-operative, quashed in 1959, came to visit me. He was 74. He said: ‘Why don’t you start it up again?’ and gave me all the files and the old co-op’s statutes. So we did,” Rostislav Cermak, manager of the **Borovna Forest Co-op**, beamed at me, as we sat in his spacious office in a former forester’s lodge in the middle of the forest.

Though the name might suggest it, this is not a modern version of Robin Hood’s merry men. It is a very businesslike enterprise, with 2,000 acres of forest, several buildings and ponds, employing 60 local people. The difference is, it is owned by fifteen towns and villages in the area, and the proceeds go to these communities, hopefully to be used, as on Eigg, in their best interests⁴. Besides its communal ownership, the employment factor is crucial in this beautiful but depressed rural area. Rostislav is happy, because he can make independent decisions and feels “something will be left behind him”.

Not all is as bright as it might be with this and the other Czech co-ops (**49, 52, 64**) though. Fifty years of totalitarian rule have left their mark and some democratic instincts appear to have gone to sleep. The manager of **Ostrolovsky Ujezd Co-operative** is identical with the chairman of the board (incidentally, he

is also the mayor). In **Borovany** as in **Ostrolovsky Ujezd**, the members don’t take part in decision-making. In **Borovna** and **Cizova**, the one-member-one-vote principle does not apply. Cizova in addition was formed only to access government funding for building homes, and plans to disband in twenty years, with the homes then to be sold off to members.



The Cizova Housing Co-op was founded as a co-operative to access government funding, and the new homes will be sold off to members in twenty years.

However, they are all working well, tilling the soil, cutting and planting the forests, and building affordable housing, all for the benefit of their respective communities (and even nature in some cases), with charismatic leaders, exceptional people, liked and respected in the community.

Countries are like people: they are

4) In the American book *Building Sustainable Communities* (Morehouse 1997), Robert Swann introduces the concept of “forest land trust” - woodlands pooled by their owners to enhance the efficiency of forest management. The **Borovna Forest Co-op** might be seen as such a forest land trust with the landowners being communities/municipalities rather than individuals.

very complex, have many facets, and you can't understand them unless you know their history. And maybe not even then.

Still, if I were to try to name the strengths of each country which could contribute to a future where the true "obec", community, or social enterprise would once more play an important role, be linked to nature and place, and hold its own against distant bureaucracies and powerful multinationals, I would hazard that Britain might offer its wonderful grass-roots culture of entrepreneurship and democratic governance⁵, ethos of voluntary work, networking ability, as well as its co-operative tradition and ethical and mutual financial expertise. British umbrella, enabling, and finance organisations, which I have not been able to do justice to in this report, are definitely another powerful asset.

At the same time, in dialogues with my British respondents I was repeatedly struck by the fact that these sophisticated tools are often used in British social enterprise efforts to coax into existence skills and systems which in many cases appear to be still alive if not well in my own country.

It would almost seem that the Communist regime of 1948-1989, while maiming the Czech political democratic

tradition, an important pre-requisite of a thriving social enterprise culture, has at the same time unwittingly succeeded in preserving, at least in rural areas, other important positive features of an older day which may be as important for a social enterprise future, but remain unrecognised as such and are threatened by a new consumer lifestyle and "laissez-faire" economic attitudes. These include equitable asset and land ownership (in economic jargon more people owning their own means of production), lower mobility of labour and land (an indication of their lower commodification according to Polanyi 1994) and rural skills and traditions conducive to potential greater independence on a volatile global economic system (Douthwaite 1996). Another positive feature seems to be the continued role of government in supporting basic rural services such as transport, although this too is under siege.

While the Czech Republic has a lot to learn from Britain, surprisingly it may also have a lot to give. But for that to happen, we in Central Europe must learn to see the vestiges of a bygone day for what they are - potential seeds of a future more equitable, independent and environmentally sustainable economy.

5) *The founders of West Mendip Credit Union, in order to get a licence, had to attend a 76-hour course in legal, governance and financial skills. Not only that: they successfully organised and taught the course by themselves to themselves. Both the fact that they were able to teach themselves and the fact that they were "allowed" by the system to do so speaks volumes of British traditions of democratic governance, mutuality and what for lack of a better word I call "sweet reasonableness".*