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## SUMMARY

*In this forested mountain basin, the water gathered for the village wells and my father drank it. It seeped up through the grass into cows' udders. It gave shape to the fruits on the trees and he ate them. Here is the repository of the substance, the source of the atoms which joined to form his body...There is one question I have never yet asked people: Where do your atoms come from? And the trail would lead them to the train reloading area, and then they would lose it and have no more information about themselves.*

*Ludvik Vaculik, contemporary Czech writer*

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After some attempts at definitions and a brief dip into history, featuring the little-known story of the Czech co-operative movement, this report has focused on the results of interviews with 26 Czech and 45 British social enterprises, most of them rural. The aim was to find out what they do and why, what challenges they face and, perhaps most importantly, how they survive in a competitive economic environment. Another goal was mapping the differences and similarities between both groups.

An important success factor of any undertaking is obviously motivation and in this respect, there was little difference between Czech and British social enterprises. Volunteers, part-time and full-time staff alike were for the most part highly motivated. Self-fulfilment, commitment to place and roots, an opportunity to make a difference - such were the types of responses I got, with money as a prime motive mentioned in only three cases. This casts doubt on economic theory which assumes financial motivation to be the principal incentive for work. (see chapter 3.2 for details.)

The social enterprises profiled in this report defy conventional economic wisdom in other ways as well: (1) by definition their remit stretches beyond the financial to the social and/or environmental, (2) they are need- as well as market-driven and may juggle diverse activities instead of specialising (chapter 3.1), (3) more than half do not particularly wish to grow beyond their current size (chapter 3.5). Yet they survive and sometimes thrive in an unforgiving economic environment. How do they do it?

A large part of the answer lies in their imaginative survival strategies. They live on a differing mix of grants and earnings, aided in some cases by direct selling, rents subsidised by ethical landlords, volunteer work and even subsistence, barter and other alternatives to the monetised economy. Several enterprises (including one in the Czech Republic) accessed credit from ethical finance institutions to obtain start-up capital, others grew slowly, using personal savings and a no-loans approach. Share issue was another way to overcome the start-up hurdle, and a unique Czech

project, the **White Carpathian Sheep Partnership**<sup>1</sup>, which secured share issue on sheep, is profiled in chapter 3.1. Other innovative and often complex financial strategies, including remarkable ones such as that of the **Firemen's Insurance Company**, the **Port Appin co-operative** and the **Stonesfield Community Trust**, are described in chapter 3.4.

If the motivation and survival strategies of social enterprises in both countries were found to be broadly similar, some perceived challenges appeared equally so. Most disturbingly, such disparate developments as the mandatory building of oversized piers in the Hebrides, the subsuming of small farms into ever larger entities in Southeast Bohemia, the axing of small viable Czech credit unions to comply with new banking regulations, and the demise of small shops both East and West, to name but a few, all seem to point to an accelerating "threat to the small" (chapter 3.5). From the perspective of small rural social enterprises (and in many ways the same holds true for small Czech villages), both national/EU legislation, often tailored to the large and the urban, and the unbridled global market collude to render their existence ever more precarious.

While various strategies can be and

are employed to counter such trends, most importantly perhaps co-operation, federations, linking-up among the small (chapters 3.5 and 4), they have their limits. The problem remains and despite its magnitude (or perhaps because of it) appears un-addressed or even un-remarked in most mainstream discourse on rural issues<sup>2</sup>.

Despite similarities in remit, motivation, survival strategies and some perceived problems, considerable differences between the Czech and British projects remain. Britain scored much higher than the Czech Republic in many respects. Both staff and volunteers in Britain tended to have a surprising theoretical and practical awareness and knowledge of both the rules explicit and the ethos implicit in the governance and running of their organisations. Intricate organisational structures were often set up to ensure transparency, accountability and the democratic participation of stakeholders in the decision-making process (chapters 3.3 and 4). Some larger co-operatives, such as the **Oxford, Swindon and Gloucester Society** and the **Phone Co-op**, were successful in including a very large membership in decision-making through strategies such as distance voting, members' groups which influence co-op

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1) *This project and others in the Eastern part of the country are in fact not Czech in the strict sense of the word. The country is traditionally divided into the Eastern, Moravian part and the Western, Bohemian part. "Czech" is in our own language a synonym for "Bohemian", and the social enterprises in the White Carpathians would describe themselves as Moravian rather than Czech. For simplicity's sake I mostly use the word "Czech" for all social enterprises in the Czech Republic including the Moravian ones. See also map in Appendix 3.*

2) *An exception in this respect are the Ghost Town Britain publications of the new economics foundation.*



*Peter Couchman (Oxford, Swindon and Gloucester Co-operative Society)*

policy, newsletters, a freephone hotline for members, and positive discrimination of new board candidates (chapter 3.3). British legal and governance structures tended to be more flexible and adaptable to members' needs than Czech ones, yet strict regulation (coupled I would argue with a hard-to-pin-down sense of basic honesty, integrity and trust) ensured the absence of corruption, which is more than can be said for my own country (chapters 3.3 and 4). A long and uninterrupted tradition not only of voluntary work and the ability to self-organise, but also of hard-headed, pragmatic and beneficial entrepreneurial know-how seemed to be

in evidence wherever I looked (see e.g. item 9 in chapter 3.4).

Networking was another British skill from which Czech social entrepreneurs could benefit. Practically all the projects interviewed in the UK were members of one or more umbrella organisations or networks if they were not umbrella organisations or networks themselves. In contrast, few of their Czech counterparts were inter-linked (the White Carpathian groups are an exception in this respect - see chapter 3.1). Like the Czech co-operative tradition (Chapter 4) and the voluntary and entrepreneurial ethos and skills, the will and skill to form networks appears to be a casualty of the 50 years' pulverisation of authentic bottom-up initiative in this country. Yet such an attitude renders Czech social enterprises isolated and vulnerable, especially vis-à-vis the "threat to the small" problem mentioned above (see Box 3 in chapter 3.3).

Besides umbrella groups and networks, an important factor in the success of many British social enterprises was the unsung institution of the enabling and ethical finance organisation. I have interviewed **Envolve**, **REAP**, **Somerset Food Links**, **Sustainable Tourism Initiative**, **ViRSA** and the **West Dorset Land Trust** and have been told of many other social enterprises, charities, partnerships and agencies whose remit is to strengthen local economies and foster nascent social enterprises (see e.g. item 10 in chapter 3.4). Some emerge spontaneously from below, others may be linked to statutory bodies or other institutions. Quite often, the role is taken

on by umbrella groups as well - there is no clear dividing line, as evidenced by **ViRSA** and others. In the Czech Republic, such enabling organisations are few (e.g. the **Kopance Development Information Centre**) and their importance seems very much underestimated.

Ethical (or social) finance institutions are another hidden asset which British social enterprises can draw on. The **Stonesfield Community Trust**, for example, received a loan from **Triodos Bank** and from the Ecological Building Society to build affordable and environment-friendly housing. Such alternative credit institutions tend to be more approachable and flexible in their collateral requirements than high-street banks, waiting time to approve a loan is usually short, loans can be small and lower interest rates or longer repayment rates may be possible. The **Ethical Property Company** helps to fulfil another important need of small social enterprises and other groups by offering them affordable office space. I interviewed nine ethical finance institutions in Britain (see Appendix 4) and there are many more. In contrast, there is no ethical bank or registered micro-lending facility in the Czech Republic (but see project **66** in Appendix 4), although the **Firemen's Insurance Company** re-cycles its profits as grants to local firemen's organisations.

At the same time there remain, unnoticed and unmarked in the current scramble to emulate the West, important positive assets in the Czech Republic and

its countryside which seem to have vanished in Britain long ago as a casualty, not of Communism this time but perhaps of Capitalism, extreme urbanisation and even such long-ago traumas as the enclosures and Highland clearances.

For example, while a strong movement is underway in the U.K. calling for a return to local food, Czech citizens urban and rural, who have for the most part never heard of such a campaign, quietly continue to produce in gardens, allotments and second homes 40% of their own potatoes and eggs and 60% of fruits like apples and plums<sup>3</sup>, as well as large amounts of vegetables (Kunstatova 1999). Similarly, while we have no publicised farmers' market movement, markets selling local agricultural produce, uncelebrated and very much taken for granted, thrive in many Czech towns and cities (see item 6 in chapter 3.4). Czech farms often produce feed for their animals and manure for their fields in a closed-loop system (though this is changing), and rural dwellers maintain a link with their land not only through gardens and allotments, but often through ownership of small woodlots whose wood they sell or utilise themselves.

To take another example: while formalised networks of agro-tourism services are slow to form and often tend to serve either the emerging upper class or visitors from abroad, many ordinary urbanites maintain country links based, as often as not, on ties to relatives, and middle- and working-class people frequently have second homes in villages,

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3) *Data from the Czech Statistical Office for 1997*

often maintained with DIY, and take an active part in village life.

If local production loops and links between country and city are stronger than in Britain, so are long-term connections with places. Compared with British respondents, the Czechs I spoke to had often lived in the area where they worked for a considerable length of time. Some were even born there. To borrow a figure of speech from my eighty-year old Edinburgh neighbour, Czechs are more likely to “belong” to a place. Or, in the Czech phrase, they usually “come from” somewhere - from a distinct place with a flavour of its own. Mobility is lower in the Czech Republic and, as a result, ties to place, neighbours and family tend to be stronger. From a conventional economic perspective, this is a drawback: should not people be ready to move where work beckons? From a deeper human perspective though I would argue for the opposite: aren't long-term relationships to people and place an important part of what gives our lives meaning?

Other spheres where the Czech Republic seems to score better than Britain are rural skills and craftsmanship. At least in some of the Czech regions, using local resources to produce beautiful products remains against all odds a living art to this day. A local products catalogue recently published by the White Carpathian Traditions, the association responsible for running the **Hostetin Apple-juice Plant**, could double as a local economics textbook: the region is replete with meadows, fruit orchards, and cow and sheep pastures and it produces herb teas



*The yearly Traditional Market in Valasske Klobouky provides a major marketing opportunity for local craftsmen.*

and honey and beeswax candles (from the meadows), apple juice and dried fruits (from the orchards), and locally-picked meat, sheepskins, leather and felt slippers (from the pastures). Wood from the forests is used for kitchen utensils and for traditional woodcarvings, and other local craftspeople, some of whom exhibit and sell their products at the annual **Traditional Market in Valasske Klobouky**, produce baskets, barrels, wooden field implements, straw Christmas decorations and many more carefully crafted products. Links to traditional culture are robust in other Czech areas as well, as evidenced by Hana Duskocilova from South Bohemia (58), who learned her art of Easter egg decoration from a grandmother who baked her own bread in a bread oven and spun her own yarn on a spinning wheel.

Traditional farming architecture emerged as a presence in my research in the Czech Republic as well. Of the projects interviewed, seven or more are

linked to ancient farm buildings which often include a barn, loft, yard, stables, etc.<sup>4</sup> The subtle influence of such buildings, made of local wood or stone and clay, blending gracefully into the landscape, inviting you to be not only a consumer but a producer as well, is hard to pin down. It does exist though, and a new, environmentally and socially friendly economy seems easier to achieve if you tune in to the old farms' timeless message of local provisioning and co-operation. A case-in point is the **Hostetin Apple-juice Plant** project. It stands on the grounds of an old farmhouse in the village centre. Though the farm had been too dilapidated to save, the plant was built from its sun-dried bricks, the old fruit-drying shed on its grounds has become a communal facility and the old orchard has returned to life with the new demand for its old apple varieties.

The **Hostetin** project symbolises another positive aspect of Czech rural culture - the existence of numerous small village councils with a right to own land and assets, employ staff and, to a certain degree, to exercise the right of self-rule as opposed to state rule. Hostetin village itself, which has only 220 inhabitants, owns and manages a village reed-bed water treatment plant and wood-chip fired heating plant on behalf of the community, and this is seen as nothing

exceptional and unusual. A British community or local council would probably need to form a development trust or co-operative in such a case, as British communities (**17, 29, 35**) indeed have done. In a way then, all Czech villages small enough to form a true community could be termed "social enterprises" (Chapter 4).

If we envision rural social enterprises as stepping-stones to a new equitable, localised and environmentally friendly economy, with emphasis on the empowerment of the ordinary citizen, how can each country help the other achieve such a goal? Our British friends can offer their sophisticated organisational and entrepreneurial know-how and strong ethics as described above, but also perhaps an appreciation of what the Czechs tend to take for granted, such as grandma's veggie garden and chickens, or the powers of the local village municipality. The Czechs, on the other hand, after beginning to see the threatened rural and craft skills and local linkages and roots they still possess as something pertaining to the future rather than to the past, can look for creative ways to preserve, enhance and use these assets in the 21<sup>st</sup> century, and in the process inspire those in Britain who are looking for new paths and solutions.

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4) *Projects nos. 47, 48, 60, 61, 63, 65, 68 (see Appendix 4)*



*Old paths may be overgrown, but old ways can serve as inspiration for the new. Mill Lane leading up from Radford Mill.*