

## Book Reviews

### **Common Ground - for Mutual Home Ownership: Community land trusts and shared-equity co-operatives to secure permanently affordable homes for key workers**

By Pat Conaty, Johnston Birchall, Steve Bendle and Rosemary Foggitt

Published jointly by the New Economics Foundation, the Housing Corporation and CDS Co-operatives  
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Reviewed by Brian Rose, former Co-operative College Lecturer and housing co-operative official

This publication is the third in a series entitled *The mutual state in action* and examines the housing problems of key workers and the possibility of using community land trusts and a form of housing co-operative to solve those problems. This particular report arises from an initiative by CDS Co-operatives, which initially commissioned the necessary research and brought in the New Economics Foundation. They were further assisted by the Housing Corporation grant funding which matched the financial contribution of CDS.

Readers will be aware of the generality of the problem, particularly as it affects wide swathes of the south of England, London especially. Here house prices outstrip the financial resources available to workers necessary to the effective working of many of our public services. Those 'key workers', considered to be in most need are teachers, police, nurses and other essential health staff, social workers, fire fighters and transport workers. The government has acknowledged the problem with its Starter Homes Initiative which was introduced towards the end of 2001. However, this only deals with the tip of a very large iceberg. More recently there has been yet another government initiative, the Key Worker Living scheme, introduced just over a year ago and intended to help key workers buy homes or just to stay in the south east. Some 25,000 people have applied for the interest free loans under this scheme but less than 4,000 have actually acquired a property.

This report deals essentially with two problems. One is derived from the figures above, namely, how is the supply of housing affordable to the target market to be achieved? The other is equally problematical: having provided the housing, how is it to be kept affordable for the next generation of key workers? Current key workers are usually only acquiring properties suitable for singles or couples: in order to move

up the housing ladder to a property suitable for a family with children, they will need to sell their current property at sufficient profit to contribute to the purchase of a larger property.

The first part of the solution to both problems is an advocacy of Community Land Trusts. Derived from an Indian idea, the form has developed most in the USA. Parcels of land are acquired by a non-profit company (the Community Land Trust) and held in perpetuity. The land acquired comes from transfers of surplus property held by public bodies and from charitable donations from the private sector. Properties built on the land are sold (on a lease) to the individual occupiers or a housing co-operative/non-profit company. An individual occupier subsequently wishing to sell their property must do so to the Community Land Trust (CLT) at a below-market price designed to balance the interests of the homeowner (giving them a fair return on their original investment) and the CLT (allowing them to sell on to a new occupier at an affordable price).

In the UK, the model has so far been used most extensively in the Highland and Islands of Scotland, moves strengthened by the 2003 Land Reform (Scotland) Act which provides a framework for establishing CLTs.

Thus the authors of the report argue that the Community Land Trust model creates a mechanism for lower costs (by significantly reducing land costs) and for keeping a long-term control of the price of resales. What does the shared-equity co-operative add to these benefits?

Before getting to that, the report considers the experience of forms of housing co-operatives in Britain, Europe and North America, particularly where the members have a direct financial interest. One detects the hand of Johnston Birchall in this survey. In the UK it reviews the stories of the Tenant Co-partnership model of the early years of the last century and the Co-ownership models of the 1960s and 1970s. The

former failed in the most part because it relied on outside financing in large degree and where property values rose rapidly, outside investors had a vested financial interest in keeping control from the residents. Where that problem was avoided, the societies tended to become isolated and eventually sold the properties to their members. In the case of co-ownerships half a century later, rising property values encouraged on this occasion the residents themselves to wind up their societies and buy the properties individually (assisted by a ruling that the purchase price could be no more than the outstanding mortgage debt). Thus neither model provided long-term affordability.

Elsewhere, the financial stakes in housing co-operatives range from zero (the non-equity or par-value co-operatives of Britain, Canada and Denmark) through a limited stake (limited equity co-operatives in the USA) to a full stake (such as in the USA or Scandinavia where co-operative flats are bought and sold like a leasehold property in the UK).

The model proposed by the report is that of a shared or limited equity co-operative. On the basis of a building licence from the CLT, the co-operative would have the properties built, financed by a loan guaranteed by the Co-operative Housing Finance Society. Members of the co-operative coming into residence would not apparently be required to make a significant down-payment, if any, but would pay a rent based on their salaries (30 to 35%) to cover outgoings and contingencies. When members leave, they would take an equity stake based on the rent payments they have made plus a share in the increase of the value of the property (as measured by a public official and net of any equity retained by the CLT).

A short summary cannot do full justice to the closely argued text and wealth of details in this report – 50 pages of text, plus notes, glossary and six major appendices. There are some small quibbles – a reference in the text to Appendix 6 turns out to be Appendix 5; despite a detailed Contents page, an index would have

been useful – but these in no way take from the thought and work that has gone into the document.

A few observations on the proposed model may be in order. Firstly, it lacks the relative simplicity of the basic co-operative model but that is largely a consequence of being based on a considerable proportion of outside financing, a common problem among housing co-operatives which require most of their investment up-front. Secondly, a further consequence of that is that there is a danger of overselling the benefits of mutual ownership and resident control when there will be stronger external controls exercised by creditors and regulatory bodies. Thirdly, the nature of the kind of housing being provided is that the occupation is likely to be transitory, rather like the student housing co-operatives in the USA where the power and influence of full-time staff are even more marked than in co-operatives with longer-term membership. A fourth point related to all the above is that co-operatives are not immune from a common business problem of balancing the interests of current and future members. In the case of housing co-operatives, this can manifest itself by keeping rents down and failing to make provision for future major repairs and improvements (hence the external controls). And finally, in the British context, the housing culture looks to individual owner-occupation as the norm to which all should aspire. The Chancellor of the Exchequer recently launched yet another initiative to provide more money for shared ownership with the aim of increasing the proportion of owner-occupation in Britain from 70 to 75%. In the run-up to the recent General Election, it was only the Liberal Democrats who picked up the proposals in this report (although, as Johnston Birchall would tell you, it was the Liberals who have given most support to the Tenant Co-partnerships while the Labour Party went down the council housing route). Are the advocates of co-operative solutions to housing problems fighting a losing battle?

## **Helping Ourselves, Success Stories in Co-operative Business and Social Enterprise**

Edited by Robert Briscoe and Michael Ward

Oak Tree Press, Cork, Republic of Ireland. ISBN 1 86076 284 0. Price £20.00

and

## **Living in the Cracks, A Look at Rural Social Enterprises in Britain and the Czech Republic**

By Nadia Johanisova

ISBN 1 903998 52 2. Price £9.95

Reviewed by Pauline McCleneghan, Network Co-ordinator, Northern Ireland Social Economy Agency

The two volumes under review focus on different aspects of the same phenomenon – the formation by and engagement of ordinary people in self-organising systems of economic activity aimed at addressing their own needs and/or those of their communities or community members. In *Helping Ourselves* Robert Briscoe and Michael Ward present and analyse success stories in co-operative business, while Nadia Johanisova, in *Living in the Cracks*, describes and contrasts examples of rural social enterprise in Britain and the Czech Republic. The authors in both cases also pursue similar endeavours. Briscoe and Ward wish to demonstrate that co-operatives, owned and controlled by the people who use their services, represent a radically different way of running the businesses of the world, capable of meeting economic and social need without the negative side-effects of increasing poverty and inequality, poor quality food, conflict and environmental degradation associated with conventional business activity, increasingly dominated by footloose transnational corporations. Nadia Johanisova's contribution, on the other hand, represents a quest for economic alternatives, not just to conventional business approaches but to the Communist and capital systems which, in her view, both use people as a means rather than as an end and in which the environment takes a back seat.

Briscoe and Ware are both senior lecturers in the Department of Food Business and Development at University College, Cork, Republic of Ireland, and are respectively the Programme Director and Deputy Director of the University's Centre for Co-operative Studies. The co-operative approach, they argue, is engaging the active commitment and creativity of more and more people world-wide. It is an

approach to meeting needs that gives ordinary people the chance to get involved in shaping the world they live in. And get involved they apparently do: an estimated 725 million people – a sizable proportion of the world's 6 billion inhabitants - the authors tell us, are members of the co-operatives affiliated to the International Co-operative Alliance. In the book Briscoe and Ward explore the co-operative way of doing business across a wide spectrum of activities and needs – ranging from basic needs for food, water, housing, finance, jobs, healthcare and transportation, to needs for entertaining leisure activity, and the maintenance and development of vibrant communities. In each of these areas, they endeavour to show how ordinary people around the world are finding innovative ways of addressing their needs, "with results that are proving more effective than the systems designed by big business and big government".

In the introductory chapter to *Helping Ourselves*, the authors describe what differentiates co-operatives from conventional businesses and using a 'them and us' metaphor, define the co-operative approach as a **process** based on "design for us instead of design for profit"; a process which has allowed co-operatives to create strategies that build trust, mutuality, solidarity, creativity and inclusion (social capital) and to address local and global problems in innovative ways. The implementation of the co-operative process is then demonstrated in a series of chapters written by the authors and others on: Feeding Ourselves (consumer, producer and worker co-operatives in food production and agribusiness); Financing Ourselves (Co-operative banks, Credit Unions, LETS and Time Banks); Servicing Ourselves (co-operative

and not-for profit service delivery – child care, health and social care, transportation, leisure etc); Developing Ourselves (the co-operative contribution to community development, to work integration schemes, to public utilities, housing, tourism and environmental sustainability) and Working for Ourselves (worker owned co-operatives and strategies for saving and creating jobs). Each chapter is peppered with case study examples from around the world and each chapter will form the basis of one of a series of more detailed analytical companion volumes to *Helping Ourselves*, soon to be published.

Nadia Johanisova, a university lecturer, biologist and environmental activist and a native of the Czech Republic, began her quest for economic alternatives through an exploration of local bottom-up initiatives in rural Britain – box schemes, community-supported agriculture, land trusts, credit unions, local transport schemes, ethical banking and community businesses. Her original motivation had been to learn more about these initiatives and to assess their potential applicability in her own country. However, her research into the Plunkett Foundation archives led her to identify a pre-communist and largely forgotten co-operative history in the Czech Republic and, in the light of an analysis of contemporary definitions of social enterprise, to re-examine present-day rural initiatives in her homeland. The result of these revelations is a more comparative study, based on an analysis of examples of rural social enterprise initiatives in both countries and of the differences and commonalities in social enterprise activity in the two national settings.

Johanisova uses the Social Enterprise London definition of Social Enterprise, ie businesses that trade in the market in order to fulfil social aims. Typically these organisations have three common characteristics – enterprise orientation, social ownership and explicit social aims and ethical values: they are also accountable to their members and to the wider community for their social, environmental and economic impact. To this definition Johanisova adds a fourth dimension – ‘economic locations’, by which she means the use of local resources and local employment to produce goods and services for local consumers. The “relocalisation of the economy” she argues, brings such benefits as: security of employment; reduced environmental externalities; environmental and

social accountability; traceability and food with higher nutritional values; the maintenance and support of local culture, traditions, values and skills; and the empowerment of ordinary citizens.

The book is based on interviews with representatives of 71 social enterprises, 26 from the Czech Republic and 45 from Britain, the majority of which are small scale rural initiatives aimed at addressing immediate local needs. It is written in a very personalised and engaging style and tends to focus on the motivations, value systems, aspirations and feelings of the people who helped establish and are still involved in each of the projects. The ‘voices’, Johanisova reports on include a voice from the past, that of a 1930s Czechoslovakian co-operator, Ladislav Feierabend, to whom she devotes four pages of text. She uses Feierabend’s testimony on the co-operative movement in pre-war Czechoslovakia to demonstrate the long history of the co-operative movement and the resilience of the co-operative spirit and tradition. One of the social enterprise examples she cites, is the Borovna Forest Co-op, a co-operative closed in 1959 under the communist regime and re-established in 1992 under its statutes which have been kept for 33 years by its former manager. The book is filled with such stories, testifying to the commitment of ordinary people to the social enterprises they have created.

The book opens with a description of a rural social enterprise in each country and ends with a summary of the different contributory factors to the development of rural social enterprise in each national context. The British grass-roots culture of entrepreneurship, democratic governance and what she calls “sweet reasonable” are cited as powerful assets in rural social enterprise development in Britain, as well as the voluntary work ethos, networking ability, the co-operative tradition and ethical and mutual financial expertise. Important pre-requisites of a thriving social enterprise culture in the Czech Republic, on the other hand, are identified as the unwitting preservation by the Communist regime of positive features of an older society, as yet undervalued and threatened by ‘laissez-faire’ economics and the consumer culture; features such as equitable asset and land ownership; lower mobility of labour and land; the existence of numerous small village councils with a right to own land and assets, to employ staff and to exercise, to

a degree, the right of self-rule, as well as the survival of rural skills and traditions conducive to potentially greater independence from a volatile global economic system.

Johanisova also addresses some of the problems associated with social enterprise development. An insufficiently well structured regulatory framework in the Czech Republic, for example, led to the rapid development and subsequent collapse of a large number of credit unions, many undermined by the corrupt practices of their managers and the seed capital for at least one of the enterprises, Johanisova describes, was acquired through corruption. Tighter regulation emanating from the EU is having a restrictive effect on surviving credit unions and smaller enterprises in both societies are also threatened by EU regulations aimed at regulating the activities of larger private sector organisations. In the final chapter of their book Briscoe and Ward also address some of the pitfalls and dilemmas associated with the co-operative form of economic organisation – credit, finance and principal-agent problems but conclude that co-operation is the only viable alternative to the conventional way of doing business and that, working together, co-operatives have the potential to provide a

significant counterbalance to the power of investor-driven multinationals and the more socially environmentally threatening dilemmas this later form of economic organisation generates.

Both these contributions demonstrate the capacity of ordinary people to take control of their immediate environment and to address their economic and social needs in very effective, innovative and creative ways, often in the face of considerable economic and social adversity. But, the authors argue, the co-operative and social alternative path to socio-economic development offers more. It presents a genuine alternative to forms of economic organisation which favour the interests of the few over the interests of the many and it has highly positive externalities in the form of increased social solidarity, economic and environmental sustainability and greater economic and social participation and democratic engagement. In the words of Ladislav Feierabend:

The true co-operative spirit is the sound basis of every democracy and of all democratic institutions anywhere in the world.

## **T W Mercer: the William Morris of the Co-operative Movement**

By David Lazell

Published by the author at 23 Carlton Crescent, East Leake, Loughborough LE12 6JF. £10.00 plus £1.50 postage and packaging.

Reviewed by Dr John Hammond, formerly of the Co-operative Union Education Department and writer of books on H G Wells, George Orwell, Edgar Allen Poe and R L Stephenson.

This is a stimulating overview of the life, work and thought of Thomas William Mercer (1884-1947), who was a prolific writer, editor, lecturer and tutor in the years between the First and Second World Wars. David Lazell writes with real affection for his subject, tracing Mercer's career as a shop assistant, a trade unionist, an educationalist, a Co-operative College tutor, a writer, speaker and bibliophile. This is no dry academic treatise: the book is written with wit and humour, presenting a rounded portrait of Mercer as a man with human foibles and yet possessing the gift of inspiring others with a vision grounded firmly in co-operative values.

What emerges from this study is a picture of a man who was both practical and visionary: a self-educated man who had first hand experience of Co-operative enterprise and was at the same time an inspirational writer with a genuine love of literature and a deep attachment to the English countryside.

One of the most fascinating aspects of Lazell's book is its examination of the literary influences which shaped Mercer's attitudes and beliefs. These influences included, for example, Edward Carpenter, G K Chesterton, Walt Whitman, A R Orage, Beatrice and Sidney Webb, George Bernard Shaw and William King. Lazell quotes with approval Mercer's observation that "the effective speaker will also be a ruminative reader." Mercer was an enthusiastic reader and book collector, reflecting that "when the devil comes to me in the form of a secondhand bookseller, I never resist him or flee from temptation." In today's world of instant communication do co-operative officials still find the time – as Mercer evident did – to read widely and deeply?

In surveying Mercer's life and times David Lazell vividly recaptures the ethos of co-operative and adult education during the first half of the twentieth century, with its emphasis on weekend schools, summer schools, adult classes, conferences and courses. Mercer was actively associated with numerous educational

organisations including the Adult School Movement, the Working Men's College, the Co-operative College and the National Co-operative Men's Guild. He was also the author of many discussion outlines and study guides. These chapters in the book reminded me forcefully of the years I spent at Stanford Hall, first as a student and later as an official in the Education Department under the leadership of Dr R L Marshall, the then College Principal and Chief Education Officer. One is bound to ask oneself the question: what will be T W Mercer's enduring legacy to the British co-operative movement? Or, to put the question in a different way: is there still a role for co-operative adult education in the traditional pattern in the twenty-first century? Mercer was the first Co-operative College tutor, joining the staff in 1919, who just lived long enough to see the movement acquiring Stanford Hall in 1945. What would he have made of trends in co-operative education today?

When meeting fellow students attending adult courses it is tempting to assume that these students are *typical* of one's contemporaries, but of course this is not the case, as Richard Hoggart points out in his seminal study *The Use of Literacy*:

Some people of this kind have for a long time tended to see every second working-class man as a Felix Holt or a Jude the Obscure. Perhaps this is because most of the working-class people they have known closely have been of an unusual and self-selected kind, and in special circumstances, young men and women at summer schools and the like, exceptional individuals whom the chance of birth has deprived them of their proper intellectual inheritance, and who have made remarkable efforts to gain it.

Of course it could be argued that both David Lazell and myself are members of that same 'self-selected' minority, but the fact remains that

it is that minority – of which Mercer was certainly a member – which has provided the backbone of co-operative education during the past century and more. These are the men and women who were willing to serve on committees, organise classes, speak at conferences, write letters and seek to widen their horizons. Mercer was one of a generation of luminaries including W Henry Brown, Percy Redfern and W P Watkins – and, later on, Arnold Bonner and Harold Bing – who devoted their lives to adult education in its widest sense and inspired others with their commitment and enthusiasm.

David Lazell points out that there is still much to be discovered about Mercer, and that many of his articles and essays are buried in now forgotten co-operative publications. What is needed is a comprehensive bibliography of all Mercer's writings. Is there scope here for a PhD thesis? In the meantime Lazell has published this book at his own expense in the hope that it will find a commercial publisher. He is to be congratulated on this initiative, but it is regrettable that such a worthwhile project has to depend on self publishing. Is this not a project which the College should undertake, perhaps as part of the revival of the excellent series of Co-operative College Papers?

To survey the life and times of Thomas Mercer is at the same time to reflect on the changing fortunes of co-operative and adult education during the twentieth century. A book of this kind inevitably leads one to regret the lost hopes of the movement, and yet simultaneously admire the vision and dedication of the men and women who created the College and built the framework of co-operative education. The abiding question left in the mind is: does the movement produce figures of the calibre of Mercer today?

For many years the British Federation of Young Co-operators – which is specifically mentioned in this book – fulfilled a useful role in helping to equip young activists to serve their local co-operative societies in either a voluntary or professional capacity. Today the BFYC is no more, and as far as I am aware no comparable organisation has taken its place. Where then are the officials and committee members of tomorrow to come from? Let us remember also the vital contribution of Stanford Hall. Of course the College, now based in Manchester, continues to fulfil a vital role in providing leadership, courses and materials but the crucial element of long-term residential adult education – which Mercer understood so well – is no longer present.

During the past twenty years and more David Lazell has ploughed an often lonely furrow in writing and publishing a series of excellent monographs on aspects of co-operative history, education and endeavour. Each of these volumes is enlivened by his sense of humour and his infectious enthusiasm for his subject. This latest work on Mercer is a worthy addition to the series, and will inspire many of his readers to delve more deeply into Mercer's life and milieu.

I warmly commend David Lazell's study as a valuable contribution to co-operative research. The book serves a wider audience. As Lazell himself expresses it:

The present work has been able to give the merest look at his effervescent output. It hardly needs stating that Tom Mercer deserves far better recognition by the modern co-operative movement – and beyond it.