

Conference Presentations

People First: Pursuing a Just Economy Moving Toward Action and Results

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I will speak tonight on my own personal views on pursuing and attaining a just economy. I will speak briefly about some of my influences—people who are now or who have been in the past active in pursuing this ideal.

I will give a couple of concrete examples of groups who are working to attain a just economy and then I will attempt to highlight some of the key lessons that I take away.

What is pursuing a just economy all about?

Over the past 18 years or so I have been involved in various initiatives and organizations that had as their goal the attainment of a just economy. An economy where people come first, people control their economic destinies, everyone has access to a meaningful livelihood, people earn sufficient income to enjoy a full life, sufficient revenues are generated to provide strong social supports for those who need them, and sustainable environmental practices are used.

A lot of my work has been in a field that is now commonly referred to as "Community Economic Development," or CED. I will briefly describe what that means to me. For me, CED is people in communities creating and sustaining wealth for the common good. It is an attitude, a philosophy on life, a process and a result. Community Economic Development can be described as the deployment of human, social and economic capital to generate and sustain more human, social and economic capital. CED is based on a practical and positive orientation, which suits me just fine as I would describe myself as a pragmatic optimist. CED is not a government program or project. It is not a group of fixers, or as one of my favorite authors, Dr. Seuss, would call them, "fix-em up chappies," who descend on a community to cure its ailments—leaving the people "fixed up" in the short term but bereft of their dignity and self-respect and dependent on Dr. Seuss's Professor McMonkey McBean and his famous fix-em up machine.

I'm sure we've all met these "fix-em up chappies" or even tried to be one ourselves at times. I know that I certainly have. Fortunately my "fix-em up" tendencies have been tempered and my work in community economic development has been heavily influenced by many wise and wonderful people. Mohammad Yunus, founder of the Grameen Bank in Bangladesh, a bank owned by 2 million landless women, taught me and others involved in the microcredit movement that to be effective our development approach must be based on a deep respect for the creativity, drive and dignity of human beings. One of his other important lessons is that poverty is not created by the poor.

Like Dr. Yunus, John McKnight of Northwestern University of Evanston Illinois teaches us to focus and build on people's and communities' "assets" rather than dwelling on their "deficits." Focus on people's talents—their capacity. Start with what people can and are doing rather than what they don't have. Jane Jacobs, an author and community activist, has taught me about the importance of economic democracy, economic vitality and economic opportunity to individual and community well-being, and also to national and global stability and health. From Jane I also learned about the importance of innovation and risk. Mary Houghton, president of Shorebank in Chicago, and Mary Rose, the former mayor of Lockeport, Nova Scotia, both taught me to be wary of the short-term, quick fix, project approach. When I first went to consult with the people in Lockeport about establishing a loan fund there—Mary Rose said that if we were coming in for the

long haul, fine, but if we were just another 2-year project, then don't even bother because the people were sick and tired of things that were here today and gone tomorrow. Mary Houghton shows us the importance of working with people to create new, permanent, yet flexible and responsive community-based institutions. She is the President of Shorebank Corporation, a holding company, which includes South Shore Bank, which serves minority communities previously red-lined or excluded from bank loans. They are also involved in a partnership with EcoTrust in Oregon—which is successfully bringing together economic and ecological goals.

Dr. Saluddin Ahmed of the Bangladesh Rural Advancement Committee taught me two important lessons. He says small is beautiful but in many cases big is necessary. He is referring to the scale of effort and resources required at a variety of levels to have the impact needed to attain economic justice in the world.

One other important teaching I took away from conversations with Saluddin is the importance of financial sustainability to autonomy. This is very critical for groups and organizations who rely on outside funding for their work—as many of us do. As Saluddin would say—if I have my hand in someone else's pocket, I must walk where they walk—and that may not be where I want or need to go. Outside funders, particularly governments, can be very fickle.

The final and probably best-known influence I will mention is Dr. Moses Coady and the Antigonish Movement. For Moses Coady and the other St. F.X. Extension Department workers, education of the people was the key to achieving "a full and abundant life for all"—in other words the just economy. In the forward to his book, *Masters Of Their Own Destiny*, Coady describes the Antigonish Movement as an effort to educate the people by assisting them to become masters of their own economic destiny. The combination of adult education and group action which began with the economic is as potent a formula for positive social change around the world today as it was here in rural Nova Scotia in the late twenties and thirties.

I could go on and on sharing the nuggets of wisdom and inspiration which I have drawn from these and other people—but I would like to move on to describe some concrete efforts people are making to attain that elusive "Just Economy."

My first example is the community-based micro lending work that I was immersed in for 10 years at Calmeadow, prior to coming here to the Coady Institute. At Calmeadow we worked all over the world and across Canada encouraging individual, family and community economic self-reliance through establishing and strengthening loan funds and lending institutions for people who—due to the imperfections in the market system we have been discussing at this conference—were shut out of the formal financial sector. I will focus on the Canadian work because my other example is an international one.

The first communities we worked with were First Nations Communities. I would describe our work as action research and model building. Action research started with learning about the local economy, the demand for small loans and appropriate group lending mechanisms. It is still ongoing as communities and organizations continue to make it work for them.

Now how does the group lending work for the people involved? First of all, the community established a loan fund with Calmeadow, providing a partial guarantee to the participating financial institution as well as the "know how"—the credit mechanism. In this system, 4-6 people, all needing loans for their small businesses, form a borrowing circle. They approve each other's loans, guarantee repayment jointly, thus agreeing to tie their access to future loans to each other's repayment. Loans start at \$500 and work up to \$5,000. This peer group lending approach is meant to reduce costs and risks and increase the potential impact of the loans and the process.

Although one of the early loan funds located in Sachigo Lake, a fly-in community in Northwestern Ontario, has not endured, a number of important things came out of the experience. First of all, the people in the community, our organization and others learned that there is much more to a reserve economy than meets the eye. In Sachigo Lake, where the official unemployment rate must be over 70 percent, one in three households had some type of small business or income-generating activity going. One person had ten different "businesses," including hauling water, chopping wood, hot-dog stand at tent revival meetings, tax returns, etc. People were definitely economically active, and those who participated in designing and operating the loan fund gained valuable experience and increased incomes.

In Birch Island—where the Whitefish River First Nation established the Wehn Pah Nud Loan Fund, the same sorts of lessons about the local economy emerged and in this case the community's fund thrived. 35 people in a community of 250 representing 44 percent of the households joined borrowers circles and they had a 100 percent repayment rate. The impacts were more employment, an increase in income, more goods and services available locally, positive role models for youth and experience developing and operating their own successful community-based loan fund.

In Lockeport, Nova Scotia, in addition to the expected employment and income benefits derived from the local loan fund, an evaluation reported that 86 percent of the borrowers felt that the fund had a significant impact on people supporting each other's businesses, and 71 percent felt that positive role models were being provided. Collective action in unrelated spheres had also increased as a result.

In Lockeport and then later throughout Nova Scotia, the Royal Bank was the financial institution partner. In the case of the Vancouver fund, Calmeadow ended up incubating its loan fund and then, when it reached a stage of maturity, Van City Credit Union took it over and I believe it is now functioning under the name Communik.

The Calmeadow work in Canada was groundbreaking—[the] first in North America to use the group lending method imported and adapted from the South. It was important in identifying the significance of the self-employed sector and the credit vacuum. It was critical to prove that people without financial means could in fact be creditworthy—be bankable. It inspired many other organizations and communities in Canada and the States to create similar funds. The visibility gained for the sector and the strength of members caused the policy makers in some cases to take notice of critical issues impeding the attainment of economic justice for these people—these ranged from ill-informed, unfair, punitive welfare regulations to municipal bylaws impeding the operation of home-based businesses.

Combining community-based development with policy advocacy was necessary—neither one would work as well without the other—i.e., the loans couldn't have the desired impact or even be accessed by people on welfare if the regulations weren't changed. Without the critical mass of borrowing groups, there would be little impetus to change the policy. Now I'd like to cross over the ocean to Gujarat India and tell you about the work of a remarkable people's organization and movement, SEWA, The Self Employed Women's Association. The Coady Institute can claim some modest ties to the organization through some graduates and a partnership initiative with SEWA Bank. SEWA means to serve. It is a very inspiring and very unusual phenomenon. SEWA is a trade union formed in 1972 to mobilize women in the unorganized or informal sector of the Indian economy. 94 percent of India's female labour force work in this sector. It is not like most unions—organizations of wage-employed people. The SEWA members are home-based producers, petty vendors, service providers and manual labourers. It has over 200,000 members and its main purpose is to strengthen its members' bargaining power to improve income, employment and access to social security. The SEWA movement is enhanced by its being a confluence of three movements: the labour movement, the cooperative movement and the women's movement. It is also a movement of self-employed workers with women as the leaders.

SEWA believes that the basis for development and progress is organization. Self-employed women must organize themselves into sustainable organizations so that they can collectively promote their own development.

These organizations take on a variety of forms at the primary level, such as trade cooperatives and producer groups, saving and credit organizations, and social service organizations such as health care and child care co-ops. These organizations are critical but not enough. In order to gain access to markets, training, technical inputs and policy making requires organizations/federations that can deal at the state, national and international levels. The women even have their own successful SEWA cooperative bank.

I am not going to go into all the details of SEWA. If you are interested, we have print and video materials in our Marie Michael Library at the Coady Institute. What I find interesting and relevant is not just how SEWA goes about its development and advocacy work but also how it defines success.

SEWA's members have created their own yardstick of evaluation against which they want the progress of their organizations measured. For them the answers to the following questions would be indicators of their "just economy":

Have more members obtained more employment? Has their income increased?

- Have they obtained food and nutrition?
- Goal of full employment Has their health been safeguarded?
- Have they obtained childcare?
- Have they obtained or improved their housing?
- Have their assets (savings, land, house, tools, livestock) increased?
- Have the workers' organizational strength increased?
- Have workers' leadership increased?
- Goal of self-reliance Have they become self-reliant both collectively and individually?
- Have women and their daughters obtained education or literacy classes?

For me, SEWA is one of the best models in the world of organizations successfully pursuing a just economy. Both the Calmeadow example of community-based credit and policy advocacy, and the Self Employed Women's Association example of a trade union also engaged in service provision and advocacy, point to the importance of the dual strategies to achieve the just economy.

I have just returned from visiting Coady graduates and partner organizations overseas. What many of them identified as a real trend is that in order to be effective in their work they must maintain their community-based/people-based orientation at the same time as forging global, regional and national links for purposes of operating efficiently, learning and advocating for change.

Just before I finish I'd like to sum up some of the main lessons I draw from these experiences: There is no one way—we must be open to learning from everywhere and everyone—there is no silver bullet pointing to the magic solution for creating the just economy. It is critical to take risks and dare to innovate. It is important to operate on sound business principles and use sound practices—your organization won't do anyone any good if you are out of business. Be self-critical—don't get caught up in the pursuit—if what you are doing isn't working well to effect positive change, then do something else. And finally, beware of being "fix-em up chappies." People-driven initiatives are the ones that endure.