

WAIWAI

An Asset Policy Initiative for Hawai`i

A Framework for Discussion and Action

June 30, 2004



This document was prepared by the Hawai'i Alliance for Community-Based Economic Development (HACBED) with the assistance of Heather McCulloch, Consultant, Community Wealth Building Strategies, and 3Point Consulting.



We are indebted to the Asset Policy Initiative of California (APIC), led by the Earned Assets Resources Network (EARN in San Francisco, CA) for sharing their framework and approach to asset-building. Many sections of this document came directly from reports authored by EARN.

The Earned Assets Resources Network (www.sfearn.org) was created in 2000 by a coalition of organizations in the San Francisco Bay Area committed to the idea that building assets for low-income individuals is a critical component in fighting poverty. Under EARN's leadership, with funding support of the Ford Foundation, APIC has begun work on developing a statewide agenda to foster and promote comprehensive asset-building through informed public policy.

Introduction

Despite continuing efforts to address the challenges faced by communities in Hawai'i, many of our local families are still struggling to make ends meet.¹

Experience and research in the field are revealing a growing body of practical and scholarly evidence demonstrating that the most successful and most needed work is that which empowers our families to access and control the key assets needed to achieve their desired ends.² The government and private sector have a long history of providing incentives for American families to accumulate, protect, and leverage their financial assets, therefore encouraging and enabling their participation in and contribution to the economy.³

However, the current structures set to help American families save, purchase homes, invest and open businesses, ignore the realities of low-income and disempowered groups, and therefore, disproportionately benefit those who already have access to and control of assets. In FY2003, less than 1% of the \$335 billion spent by the federal government in asset-building policies benefited families at the bottom 20% income level, while over one-third of the budget – \$110 billion – was transferred to Americans at the top 1% income level.⁴ In spite of such level of concentration, no strategy has been deliberately set to guide these policies. There has been little discussion of what the role of these policies should be.

¹Apgar, Sally. Study Gives Clearer Picture on Isle Poverty. *Star Bulletin*. 10 April, 2003.

Mackey, Cindy K. Welfare Deform – Down and Out in Honolulu. *Honolulu Weekly*. 3 December, 2003.

Yamanouchi, Kelly. Worker's at Hotels Struggle to Get By. *Honolulu Advertiser*. 25 January, 2004.

Sing, Terrence. Half of Workers Can't Cover Expenses. *Pacific Business News*. 20 February, 2004.

² Shapiro, Thomas M., Edward N. Wolff. *Assets for the Poor: The Benefits of Spreading Asset Ownership*. Russell Sage Foundation Publications, 2001.

National Rural Funders Collaborative. Annual Review – Strategic Investments 2003. *Rural Connections – Issue 3*. 2003.

³ HACBED. *Families Defining Economic Success: Redefining Wealth and Poverty in Hawai'i – A Framework for Discussion and Action*. January, 2004. The Homestead Act, GI Bill, IRAs, 401(k)s, and the home-mortgage interest deduction are good examples of how the government has helped millions of American families acquire assets and achieve economic independence.

⁴ Woo, Lillian G., F. William Schweke, David E. Buchholz. Hidden in Plain Sight: A Look at the \$335 Billion Federal Asset-Building Budget. *Corporation for Enterprise Development Report*. Spring 2004.

The purpose of this document is to stimulate a dialogue on the importance of building the assets our families need in order to become self-sufficient. In order for an asset-building initiative to be culturally relevant to the diverse communities of Hawai'i, it has to be conscious of the already existing natural, spiritual, and social wealth already available to our families. Only then can it begin to successfully translate the strengths and needs of communities into sound legislative and regulatory initiatives that help families move to self-sufficiency.

ASSETS, CAPACITY AND SELF-SUFFICIENCY

For decades, the difficulties faced by our disadvantaged communities have been primarily explained by the lack of income and jobs. Even the more liberal views, such as those including health and education, have justified their relevance on the ability of these factors to improve and sustain families' incomes. This overdependence on income has influenced our perception of the problem and has consequently also influenced the development of solutions to address the issue.

FINANCIAL CAPITAL

Financial Capital includes debt capital, investment capital, tax revenue, savings, tax abatements, tax credits, and grants. Financial capital is when money is used to increase capacity of those that access it. Financial capital is often privileged because it is easy to measure, and there is a tendency to put other capitals into financial capital terms. Money becomes capital when it is invested in productive resources, which are often built capital (i.e. housing, business space, and electronic communication hardware), as well as human capital (i.e. education and training), natural capital (i.e. land), cultural capital (i.e. recuperation of traditional designs), social capital (i.e. meetings and electronic connectivity access), and political capital (i.e. campaign contributions, travel to meetings with key officials).

Practitioners, funders, and policymakers are beginning to realize that the struggles of our families are not completely represented by the inability to cover immediate basic needs such as food, housing, and health care. It is becoming increasingly more visible that the problems afflicting our local communities are truly issues of *capacity*; and what should be promoted then is the *ability* of our families to achieve their desired ends. Even though a significant amount of resources is provided to disempowered areas and individuals by nonprofit organizations, the perceptions of these organizations of what the neighborhood issues and services needed are do not always agree with the perceptions of residents in the communities served.⁵ In order to protect current investments in and improve the effectiveness of existing services, structures and

incentives must be created to move people to self-sufficiency.

An approach that focuses on building capacity does not perceive families as idle recipients of external assistance and therefore a burden to taxpayers, but as active agents capable of becoming self-sufficient if real opportunities are made available.⁶ All over America, research and demonstration initiatives are showing that families can save, purchase homes, start successful business, and become self-sufficient once the choice and control of key resources

⁵ Kissane, Rebecca J., and Jeff Gingerich. Do You See What I See? Nonprofit and Resident Perceptions of Urban Neighborhood Problems. *Nonprofit and Voluntary Sector Quarterly*, v33 n2, p311-333. June 2004.

⁶ Sen, Amartya. A Matter of Choice – Is Culture a Mere Adjunct to Development? *UNESCO Courier*, v9 p10. September, 1996.

becomes real. Building assets in communities not only addresses problems of poverty but also strengthens their capacity to address the social, cultural, and environmental injustices afflicting them.

THE ASSET-BUILDING MOVEMENT

Efforts to strengthen the capacity of communities are already in place. Various organizations have implemented programs to assist families to accumulate, protect, and leverage their assets.

Over the last 5 years, many of these asset-building programs, such as individual development accounts (IDAs), financial literacy programs, and community development financial institutions (CDFIs) have been implemented in Hawai'i. Local residents and community organizations are also part of this national movement, and have become progressively more interested in effectively addressing the issues of choice and control of the resources needed to reach self-sufficiency.

Since the distribution of assets and wealth is greatly influenced by public policy, it is important that these asset-building programs evolve into broader comprehensive strategies if the structures are to become compatible with the realities of our families. Some initiatives have already taken the dialogue to statewide and federal levels, truly committing to take the issue to the policy level.⁷

NATURAL CAPITAL

Includes the biophysical setting that impacts human endeavors and is impacted by those activities. Air, water, soil, biodiversity (the plants and animals) and the landscape not only provide the basis for livelihoods but also for identity. Natural capital is highly related to cultural capital.

Inspired by this national and local interest, the Hawai'i Alliance for Community-Based Economic Development (HACBED) convened a broad range of stakeholders to begin a dialogue around the possibility of developing an asset-building initiative for the state of Hawai'i. Over 250 community members and representatives of public, private, and nonprofit organizations gathered at the 2004 CBED Conference "Families Defining Economic Success: Redefining Wealth and Poverty in Hawai'i" to share experiences and concerns around policies and practices that can promote the wealth of families.

⁷ State of Delaware. *Governor's Taskforce for Financial Independence – Final Report*. June 2002. downloaded on June 29, 2004 from: http://www.state.de.us/governor/publications/financial_independence_final_report.pdf

Asset Policy Initiative of California. APIC Overview. Downloaded on June 29, 2004 from: http://www.assetbuilding.org/AssetBuilding/Download_Docs/Doc_File_667_1.pdf

The New America Foundation. <http://www.assetbuilding.org/AssetBuilding/>

During the two and a half days, participants and presenters continuously highlighted the value and presence of wealth in Hawai`i that is different from the financial assets emphasized by other asset-building initiatives. There was great concern in understanding what the effects of such focus would be on our cultural and natural resources. The conversations not only raised concern over developing a strategy that preserves these other types of assets, but also realized the potential for building upon this already existing wealth.

The various groups expressed a strong desire to move forward. Stakeholders at all levels are interested in continuing the conversation and developing a common agenda that takes into account the unique strengths and challenges existing in Hawai`i.

The purpose of this document is to create the case for an asset-building initiative that is culturally relevant to Hawai`i, and which is eventually translated into sound legislative and regulatory initiatives that help families to build the wealth and assets they value.

How Asset Poor Are We?

Since 1963 the federal government's assumptions of what officially constitutes poverty have remained untouched.⁸ Families whose income falls below a minimum standard of consumption needed for survival are qualified as poor in this framework. The only modification to this measure over the last four decades has been an annual adjustment for inflation. Although there is great merit in recent attempts to establish income standards that better reflect self-sufficiency, a more effective approach for understanding hardship considers how various assets work as vehicles for families to make a living that is meaningful and to challenge structures associated with injustices afflicting their communities.⁹

The gap in financial assets in America – the disparity between the net worth of rich and poor families – is large and growing. Between 1983 and 1998, income poverty in the U.S. fell by 16% but asset poverty rose by 14%.¹⁰

In terms of assets and wealth, Hawai'i is a land of paradoxes. While the average net worth per household is higher than in any other state, Hawai'i's level of asset poverty is also among the highest in the nation: 25.2% of Hawai'i families have insufficient net worth to subsist at the poverty level for three months without other support.¹¹ Hawai'i's

housing values are the highest in the nation, yet the rate of homeownership is lower than any state but New York. In addition, Hawai'i's relatively high proportion of minority-owned small businesses, when measured by sales and receipts, has the lowest average value in the

POLITICAL CAPITAL

Political capital is the ability of groups to influence the distribution of resources, including participation in setting the agenda of what resources are available. It includes organization, connections, voice, power, and capacity to negotiate collectively. When excluded groups increase their political capital, they have increased voice and influence. Excluded women and men are organized and work together. Excluded men and women know and feel comfortable around powerful people, and the issues of excluded women and men are part of the political agenda.

⁸ Cramer, Reid. The Misleading Way We Count the Poor: Alternatives to Our Antiquated Poverty Measure Should Consider Assets. *New America Foundation Issue Brief #3*. September 2003.

⁹ Pearce, Diana; Brooks, Jennifer. *The Self-Sufficient Standard for Hawaii*. April 2003.

Bebbington, Anthony. *Capitals and Capabilities: A Framework for Analyzing Peasant Viability, Rural Livelihoods and Poverty in the Andes*. 1999.

¹⁰ Boshara, R. (2002) "Poverty is More Than a Matter of Income," Op-Ed, *The New York Times*. September 29, 2002.

¹¹ Corporation for Enterprise Development. *State Asset Development Report Card: Benchmarking Asset Development in Fighting Poverty*. 2002.

country.¹² Of all the minorities in Hawai`i, Native Hawaiians are significantly impacted by asset poverty. It is a matter of justice that low and moderate-income families have access to asset and wealth building opportunities.

¹² All statistics concerning asset-building for Hawai`i come from: Corporation for Enterprise Development (2002). *State Asset Development Report Card: Benchmarking Asset Development in Fighting Poverty*. Washington, D.C.: CFED, p. 88, 93 & 111. Hawai`i ranks 40th in comparison with other states.

Success of Building Assets

There are multiple programs currently available to help families build assets all across America. These are a few examples of initiatives that have effectively assisted communities to obtain access to and control of assets needed to increase their ability to achieve self-sufficiency.

INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs)¹³

Individual Development Accounts encourage savings among the poor by offering matches for their own efforts. The program is emerging as one of the most effective mechanisms to enable low-income families to save, build assets, and enter the financial mainstream. These matched savings accounts are similar to 401(k) plans and other matched savings accounts, but have a shorter investment horizon and are usually restricted to certain investments such as: homeownership, home improvement, education, training, and business ownership. There are over 500 IDA initiatives in communities across the country with over 10,000 people holding IDAs.

The American Dream Demonstration (ADD) was a 4-year, 14-site IDA policy demonstration, spearheaded by the Center for Social Development (CSD), a unit of the George Warren Brown School of Social Work at Washington University in St. Louis.¹⁴ The main conclusion of the demonstration is that IDAs do work and that once correct incentives are in place low-income families do save. Below is a brief summary of their findings.

¹³ Schreiner, Mark; Clancy, Margaret & Sherraden, Michael (2002). *Saving Performance in the American Dream Demonstration: A National Demonstration of Individual Development Accounts*, research report. St. Louis: Center for Social Development, Washington University. Downloaded on July 21, 2004 from: <<http://gwbweb.wustl.edu/csd/Publications/2002/ADDreport2002.pdf>>.

¹⁴ Two representants of CSD participated in a discussion panel regarding policy strategies for IDAs during the 2004 CBED Conference.

- Participants accumulated an average of \$700 per year including matches.
- 28% of ADD "graduates" bought a home.
- 23% of ADD "graduates" started or expanded their own business.
- 21 % of ADD "graduates" pursued higher education.
- The other ADD "graduates" used their savings for home repair, job training, or retirement.
- 2,364 low-income families participating in ADD had accumulated \$36,481,498 (including matching funds) as of December 2001.¹⁵

This is a substantial level of investment in low-income families and a significant stabilizing effect on the economies of these communities. It is believed that these results would not be possible without the incentives created by the matching program.

Other less tangible results of the demonstration were that IDAs:

- Promote economic household stability
- Promote educational attainment
- Decrease the risk of intergenerational poverty transmission
- Increase health among adults
- Increase local civic involvement

CULTURAL CAPITAL

Cultural capital includes cosmovision and worldview, symbols, ways of knowing, language, appropriate ways of behaving in different settings, and definition of what is problematic. Cultural capital is enhanced when cultural differences are recognized and valued, mechanisms to maintain ancestral languages and customs are in place, and collaborations are willing to take the time to understand and build on different ways of knowing and doing.

RESIDENT OWNERSHIP MECHANISMS¹⁶

Investments attracted by economic development policies have succeeded in improving the physical environment of many communities in America. However, the residents of these neighborhoods have not uniformly celebrated in this success. The mechanisms by which most economic revitalization projects affect communities (e.g., direct subsidies, tax credit and abatements, loan guarantees, etc.) have disproportionately benefited asset-owners. In fact,

¹⁵ CSD – *Individual Development Accounts*. July 24, 2002.

<http://gwbweb.wustl.edu/csd/Areas_Work/Asset_building/IDAs/index.htm>.

¹⁶ McCulloch, Heather; and Robinson, Lisa. *Sharing the Wealth: Resident Ownership Mechanisms*, PolicyLink Report. 2001. Downloaded on July 21 2004 from: <http://www.policylink.org/pdfs/ROMs.pdf>

gentrification has been a byproduct of many place-based strategies to address poverty, since the resulting rise in real estate values and rents has displaced a significant number of low-income and low-wealth residents. The individuals and families living in such areas prior to the revitalization have had to bear sizeable costs for the economic growth promoted in their neighborhoods.¹⁷

In 2001, PolicyLink, a national nonprofit research and advocacy organization, studied various existing and conceptual economic tools and strategies that provide low-income and low-wealth residents with opportunities to obtain a financial stake and voice in the economic development of their neighborhoods. These resident ownership mechanisms (ROMs) allow community members to participate as stockholders, and not just stakeholders, in development projects. Research shows that embedded in the success of ROMs are:

- Ongoing and relevant resident education, participation, and leadership.
- Access to high-quality technical support.
- Early securement of adequate funding for planning and implementation.
- Active engagement in the political process through outreaching local elected officials.
- Effective and transparent monitoring and evaluation systems.
- Being part of a comprehensive community planning effort.

Four ROM organizations studied by PolicyLink attended the 2004 CBED Conference. Representatives from these groups partnered with local and national specialists in similar fields to share lessons learned, best practices, and challenges that can be used to craft and improve similar strategies in Hawai'i. Their strategies and work are summarized below:

Community Building Trust¹⁸

The **Market Creek Plaza** is among the nation's first real estate development projects designed, planned, and ultimately owned by community residents. The project is a commercial and

¹⁷ Kennedy, Maureen; and Leonard, Paul. Dealing With Neighborhood Change: A Primer of Gentrification and Policy Choices. *Discussion Paper from PolicyLink and the Brookings Institution Center on Urban and Metropolitan Policy*. Downloaded on July 22, 2004, from: <http://www.policylink.org/pdfs/BrookingsGentrification.pdf>

¹⁸ Summary was complemented with information from <http://www.marketcreek.com> downloaded on July 22, 2004.

cultural center in the heart of San Diego's most culturally diverse and distressed neighborhood. It is anchored by a grocery store and includes a multiplex theatre, multicultural restaurants, retail and office space. Community residents can become stockholders by purchasing shares from a limited liability corporation (LLC) especially set up to assist the process. Profits from the project go to individual local stockholders members of the LLC, to a neighborhood-controlled community foundation, and to promote commercial development within the neighborhood. Over 1,700 new jobs have been created by Market Creek Plaza in the neighborhood.

HUMAN CAPITAL

Human capital is composed of the characteristics and potentials of individuals that are determined by the intersection of nature (determined by genetics) and nurture (determined by interactions with other people and the environment). It includes self-efficacy, education, skills, including leadership skills, health, and values. These three capitals form the basis on which other capitals can be enhanced. But although they are the base, they must be identified and invested in to achieve positive social change.

Cooperative Ownership Models

Similar to other types of cooperatives (e.g., consumer and producer-owned), worker-owned cooperatives operate according to a common set of principles such as voluntary and open membership, democratic member control, autonomy and independence. These organizations provide financial benefits, voice, and control to workers, who after an initial probation period, can actively participate in the decision-making process regarding their workplace. Workers can reinvest their benefits in internal capital accounts that increase the cooperative's capital base, net worth, and

borrowing power. This ownership structure is a largely untapped potential in community economic development.

Las Flores Metalarte (Coamo, Puerto Rico) is an example of a worker-controlled producer of household furniture and kitchen cabinets. The organization has grown to become one of the most successful furniture manufacturers on the island. One vote is assigned to each worker, who elect the board that decides the future direction of the firm as well as how profits are used. Today, the board is comprised of eight workers and five community representatives. Among its clients are the Home Depot of Puerto Rico and several local family-owned furniture stores. The cooperative has also been able to export its production to various stores in the Virgin Islands.

SSC Employment Agency (Baltimore, MD) is a worker-owned cooperative temporary agency committed to provide optimum employment opportunities to its workers. The organization's roots, famous for its participation in the fight for living wages, has influenced SSC's goal to create structures that maximize the pay going to workers from each contract. The benefits from the ownership structure, opportunities for training, and involvement of workers in the decision-making of the firm, have motivated workers to take a greater responsibility over customer satisfaction and the consequent increase in profit.

Community Land Trust (CLT)

Homeownership is a major source of wealth among American families and huge disparities exist between the net worth of homeowners and renters across the nation. Community land trusts are nonprofit organizations that own real estate with the purpose of making land and housing available to residents who cannot afford it otherwise. By removing land from the market, CLTs promote neighborhood affordability and stability. CLTs often maintain ownership of the land while residents own buildings and other structural improvements on the land. Half of all CLT residents in America in 1999 earned less than 50% of their respective areas median income, while 40% earned 51-80%.

The **Burlington Community Land Trust** (Burlington, VT) is one of the largest and most influential CLTs in the country. It was established in 1984 to preserve housing affordability for local residents. The organization has existed long enough to have experienced a significant number of re-sales, and has been able to see the system working. The Burlington CLT follows a practice common among CLTs of limiting the amount of appraised value a seller can receive in order for the trust to be able to repurchase the home and re-sell it at a below-market price.

FAMILY INDEPENDENCE INITIATIVE (FII)¹⁹

The Family Independence Initiative (Oakland, CA) is a comprehensive initiative to learn how families forge paths to achieve self-sufficiency. It is a strengths-based approach that rewards participants for their initiative and tangible progress towards self-developed goals. The needs-based approach taken by most policy and programs available to low-income families only makes resources available when participants show a weakness. The thresholds used to identify the needy also prevent them from taking risks and improving their situation for fear of losing benefits.

SOCIAL CAPITAL

Social capital includes mutual trust, reciprocity, groups, collective identity, a sense of a shared future, and working together. Bonding social capital consists of interactions within specific groups and bridging social capital is built on interactions among social groups. A balance of both is critical, particularly for excluded groups. Bonding social capital has tight, exclusive networks, strong distinctions between insiders and outsiders, and single answer focus in addressing issues. Bridging social capital has open and flexible networks, permeable and open boundaries, and considers alternative solutions when addressing issues. Investments in social capital increase participation, communication, and diversity of relationships and lead to improved community initiative, responsibility and adaptability.

The goal is to provide families with the flexibility to address issues that are a priority to them. The initiative's theory of change is that "successful paths to self-sufficiency must be defined by community leaders or role models and based on their own distinct culture and initiative."²⁰ Families enrolled in the program form "affinity communities" with four to six other families with which they share a common set of values (e.g., religion, culture, or language). The major assumptions underlying FII's assistance to the "affinity communities" is that if self-sufficiency means control and choice over one's life, then to achieve and keep this control and choice it is necessary to accumulate and maintain a critical mass of social and economic assets. This accumulation is promoted by the following four factors:

- Strong community ties
- Development of weak ties
- Breakthrough leaders acting as role models
- Capital accumulation

¹⁹ Lim Miller, Maurice, Marisa Castuera, Michelle Chao, and Katherine Sadowski. *Pathways Out of Poverty: Early Lessons of the Family Independence Initiative*. 2003.

²⁰ *ibid.*

FII offers monetary rewards for saving regularly, improving credit rating, submitting reports on time, participating in focus groups to provide information and feedback, improving grades, and so on. The initiative also makes funds available for IDAs and projects benefiting the entire community.

Besides access to monetary rewards, the initiative promotes the deliberate utilization of the networks to resolve the challenges faced by the families themselves. Whenever possible, FII families try to find a solution through the networks developed within and among the “affinity communities”. At times, FII staff and supporters also provide families with references to individuals and organizations in their own networks.

In addition, FII recruits a commission of well-connected representatives of the public, private, and nonprofit sector. The commission is asked to open their networks to the families and is also informed of the families’ experiences and feedback regarding existing services and policies that affect their path to self-sufficiency. The weak ties developed with the commissioners have helped these low-income families access extensive networks that are usually restricted to upper-income groups.

In exchange, the families are expected to share their experiences and information with the initiative. Each family is awarded a computer once accepted, which is to be used to submit information in the areas of education, home ownership, finances, employment, community participation, savings and health. FII has an indicator-based tracking system to measure the participants’ progress. Below is a summary of the advancements made by the 145 individuals in 25 families enrolled in FII at the end of 2003:

- Average monthly income of households increased by 26%
- Average monthly savings increased by over 140%.
- A decrease from 72% to 48% of families earning less than 50% of the area median income
- An increase from 50% to 100% of families having savings or a savings account
- All families asked for and completed financial and computer training.

- Nine families became homeowners and five others are positioned to purchase their own homes
- 20 families have made significant progress, with a third of these having accumulated enough assets and control over their lives to be considered self-sufficient

The experience so far demonstrates a remarkable amount of initiative from the participant families, suggesting that the problem is not lack of provision of professional services, but a lack of equal opportunity. Even though monetary returns stop after two years of participation, most families remain involved with FII because of the access to extensive networks through the commissioners and supporters, which continue to create opportunities for the families. It has been demonstrated that the importance of monetary awards is comparable, if not inferior at times, to the value of having access to strong and extensive networks.

Waiwai

An Asset Policy Initiative for Hawai`i

Waiwai literally translates as water-water, the essential life-giving element for ancient Native Hawaiians, therefore meaning wealth.²¹ Gaining a deeper understanding of the relevance of personal or familial accumulation of assets in a cultural context where wealth is, "...found not so much in your possessions, but in the ability to give generously of what you possess," is a key component for this effort.²²

A goal of the initiative will be to explore if there is an appropriate way to reconcile economic and financial accumulation as a reflection of selfishness versus accumulation as a process towards a greater social purpose of generosity. While the initiative is not exclusively native Hawaiian, the ultimate success of this effort will be to develop common ground or opportunity for coexistence of a western concept of wealth and a native Hawaiian concept of wealth, particularly given the developing discussion around Native Hawaiian sovereignty.

THE WEALTH IN HAWAI`I'S COMMUNITIES

Besides the extensive wealth in the form of natural resources still available in our state, participants of the 2004 CBED Conference were interested in understanding the effect of an asset-building initiative in two other valuable assets present in Hawai`i: culture and social relationships.

Cultural Wealth

²¹ Kanahale, George Hu`eu Sanford. The relevance of primal economics. In *Ku Kanaka: A Search for Hawaiian Value*. Honolulu: University of Hawai`i Press. 1986.

²² *ibid.*

Contrary to our current perception, the seemingly diverging Americans and native concepts of wealth may already overlap. For example, the principles and values that forged the leadership adopted by the *konohiki*, the headman of an *ahupu`a*, and which guaranteed the self-sufficiency of the ancient *`ohana*, can be found in many other cultures. Some of these values – open communications, informality, flexibility, loyalty, teamwork, personal relationships, and respect for the individual – still persist as ideals among the most successful and largest organizations of today.²³ By no means does this suggest an equivalence between the modern capitalist mind and the ancient tribal one. However, the fact that both concepts rely on similar values suggests that there might be further lessons to be learned from traditional cultural practices. The wisdom still alive in the culture and traditions of various ethnic groups living in Hawai`i has the potential to greatly contribute to the development of a strong and sustainable economy.

In addition to the direct contribution to economic growth, culture also provides the frame through which this growth can be evaluated. For instance, many of our local communities' traditions and rituals are interrelated to local natural resources and social relations. Economic development that depletes these natural sources of raw materials or that breaks up families and neighborhoods may produce a positive financial gain. However, the losses of these other valued forms of assets, when accounted, can reveal an overall loss of wealth. This type of development cannot be considered desirable to these communities.

Lastly, the true goal of community development is to improve the quality of life of families. Although different peoples may share some definitions of what brings quality to their lives – such as better health and safer neighborhoods – the presence of cultural diversity suggests the possibility that different families may value different outcomes differently. Reliance on the growth of monetary indicators hinders the assumption that with more money, our families and communities obtain access to these other benefits. It may well be that a better life means the freedom to preserve and practice the traditions and rituals of their culture or religion. Under this assumption culture has a value in itself since its existence characterizes a better life.

²³ *ibid.* In reference to studies of the values of successful large contemporary companies, which have been condensed in *In Search of Excellence, Lessons from America's Best-Run Companies* by Thomas Peters and Robert Waterman.

Economic growth that discontinues the intergenerational transfer of cultural practices and traditions has the potential to impoverish our communities.

Social Wealth

The extent to which groups of people are willing to support communal solutions to social problems can be defined as social capital. Community integration can then be perceived as an asset for addressing community needs. The more trust and participation exists within a group of people, the greater will be its level of social capital.

In 2000, approximately 1,300 Hawaiian households were surveyed according to a national social capital benchmark study.²⁴ Besides our Aloha Spirit, other factors such as an unusually high percentage of two-parent families and education levels higher than the nation's average, were expected to influence Hawai'i's level of social capital positively.

Nevertheless, some factors present in Hawai'i are usually associated with lower levels of social capital. A strong social and ethnic diversity such as the one present in Hawai'i, usually evolves into segregated communities and low levels of cultural exchange. High levels of mobility (people moving in and out of the state) and one of the nation's highest rates of multiple jobholders and multiple-income households were also expected to result in people being less integrated into the social fabric.

The study revealed that the level of social trust and participation in Hawai'i is significantly higher than most other places in America. As examples, people in Hawai'i trust one another more; participate in sports / outdoor activities, neighborhood associations, and youth organizations more; and volunteer more than the average American. The plantation structures in Hawai'i gave birth to communities with residents of multiple ethnicities who have developed means to live and work together. The existence of such communities has made the issues afflicting those areas issues of social class, and not race.

²⁴ SMS Hawaii. *Hawaii Social Capital Benchmark Survey, 2000*. August, 2001.

An asset-building initiative that builds upon this already existing wealth can better protect investments made in the provision of services. Consequently, strategies ignorant to potential threats to the trust and participation within communities can produce an overall decrease in the well being of our families.

DEVELOPMENT LOCAL-STYLE

The overall outcome of the Waiwai Asset Policy Initiative will be to create public will and grassroots activism for an asset-building strategy for Hawai'i so that families can build on their strengths and rise out of poverty. Ultimately the number of families that are no longer in poverty will measure the initiative. Equally important will be measuring community capacity to define and achieve ends valued by themselves. Therefore the Waiwai- Asset Policy Initiative of Hawai'i plans to evaluate its work in the context of community capitals developed by Cornelia Flora.²⁵ The figure below illustrates the five lenses through which the development of communities will be evaluated.

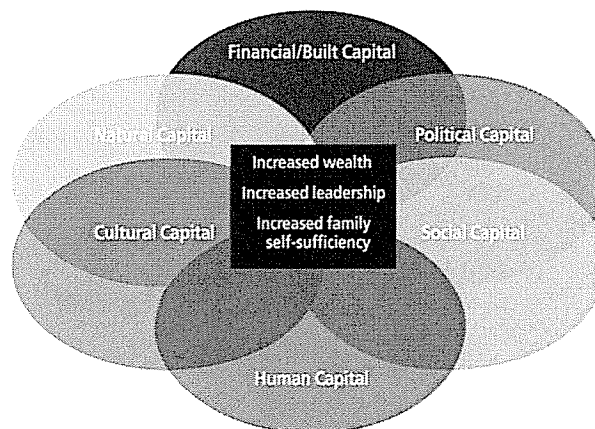


Figure 1 - Five Capitals Used to Evaluate Community Capacity (from NRFC)

²⁵ The capitals are Natural, Human, Cultural, Social, Political, and Financial/Built Capital. Flora, Cornelia. In *National Rural Funders Collaborative Annual Review of Strategic Investments 2003*. Pg. 3. National Rural Funders Collaborative, Dallas, TX.

During FY2003, the federal government spent \$335 billion in policies that build financial assets that preferably benefited upper income groups.²⁶ These federal investments encouraging the accumulation and control of financial assets are in reality a collection of individual and somewhat disconnected policies. There has been little public dialogue around the overall purpose of such investments. If allowed to remain unmodified, the current structure will continue to use taxpayers' money to bring returns to already asset-rich families.

In addition, philanthropic institutions following the example of funders such as the Ford Foundation, Kellogg Foundation, and the National Rural Funders Association, are beginning to implement programs specially designed for asset-building programs and approaches to development. The ability to draw these private funds towards a strategy that aims to assist disadvantaged communities in our state is conditional to the organization of current scattered efforts into a comprehensive strategy.

The Hawai'i Alliance for Community-Based Economic Development (HACBED) proposes to coordinate and manage the Waiwai Initiative of Hawai'i with the assistance of a core planning team. HACBED's mission is *"to achieve economic, social, and environmental justice in Hawai'i through community-based economic development."* At its core, our work is based on the idea that the process and structure of economic outcomes are as important as the outcomes themselves. HACBED is a 501(c) 3 nonprofit organization that was incorporated in 1991 and has been staffed since 1999.

HACBED's theory of change is based on the idea that you must simultaneously organize and build capacity of individuals and organizations to provide programs and services in their communities, while also advocating and building larger voice for systemic change.

HACBED delivers on its mission through the following strategic focuses:

²⁶ CFED. *Hidden in Plain Sight: A Look at the \$335 Billion Federal Asset-Building Program*. The average taxpayer in the top 1% income level benefited 8,985 times more than the average taxpayer in the bottom 20% income level. The former received in 2003, on average, \$38,107 in direct outlays and tax breaks from the federal government, while the latter received, on average, \$4.24. To grasp the magnitude of these federal investments in FY2003 \$397 billion were spent on National Defense. *National Defense Budget Estimates for FY 2003. Office of the Under Secretary of Defense (Comptroller). March 2002.*

- **Convening, Networking & Advocacy-** Creating opportunities for individuals and communities to reflect on the issues they face, have a voice and ownership over the solutions created, and to call for greater systemic change.
- **Knowledge Development & Dissemination-** Conducting research and analysis, implementing demonstration projects, and co-learning opportunities with experts in the field of community and economic development.
- **Organizational & Community Capacity Building-** Providing training and technical assistance to community-based institutions in their attempt.

THE INITIATIVE

Purpose

Waiwai – Asset Policy Initiative of Hawai`i proposes to convene a community driven coalition of grass roots organizations, community leaders, and residents to build a culturally-based agenda to build assets for low to moderate-income families in Hawai`i. A movement to build wealth and assets in Hawai`i's communities has been developing over the last 5 years. The intent of this effort is to take advantage of momentum created by the February 2004 conference, "Families Defining Economic Success: Redefining Wealth & Poverty in Hawai`i" hosted by the Hawai`i Alliance for Community-Based Economic Development.

A result of the discussions at the conference was the need to define wealth in terms that are culturally relevant to Hawai`i, and translating these definitions into legislative and regulatory initiatives that help families build wealth and assets. *Waiwai* literally translates as water-water, which is the essential life-giving element for Hawaiians, therefore meaning wealth.²⁷ Gaining a deeper understanding of the relevance of personal or familial accumulation of assets in a cultural context where wealth is, "...found not so much in your possessions, but in the ability to give generously of what you possess,"²⁸ is a key component for this effort. A goal of the initiative will be to explore if there is an appropriate way to reconcile economic and

²⁷ Kanahale, George Hu'eu Sanford. 1986. The relevance of primal economics. In *Ku Kanakea: A Search for Hawaiian Value*. Pg. 364, Honolulu: University of Hawai`i Press

²⁸ *ibid.*

financial accumulation as a reflection of selfishness versus accumulation as a process towards a greater social purpose of generosity. While the initiative is not exclusively native Hawaiian, the ultimate success of this effort will be to develop common ground or opportunity for coexistence of a western concept of wealth and a native Hawaiian concept of wealth, particularly given the developing discussion around Native Hawaiian sovereignty. This is timely due to the likelihood that some resolution concerning Native Hawaiian sovereignty will be reached in the next few years.

The main objectives of the Waiwai - Asset Policy Initiative of Hawai'i will be to:

- Convene statewide conversations to explore how families can accumulate economic assets for security and legacy without impoverishing their spiritual and cultural assets. The intended result is to define asset building in a culturally appropriate context.
- Provide training opportunities for local residents to collectively act on asset building issues at the local level in order to sustain their grassroots activism.
- Create an Asset Policy Taskforce that will advocate for a long-term asset building agenda in Hawai'i and provide leadership on 2 or 3 key public policy initiatives.
- Conduct learning exchanges with other statewide asset building efforts including the Asset Policy Initiative of California, and the National Rural Funders Collaborative. This will allow Hawai'i to learn from other efforts in asset building, while also sharing and inspiring others to develop asset building strategies relevant to their cultural context.
- Establish a co-learning process with the HACBED Economic Kipuka initiative, which will identify successful community and culture-based economic development initiatives around agriculture, health and tourism in Hawai'i. The intent is to develop and disseminate knowledge in the community-based economic development field about programs and leaders who are implementing transformative community efforts to inform capacity building strategies that address social and economic justice issues.

The overall outcome of the Waiwai - Asset Policy Initiative Hawai'i will be to create public will and grassroots activism for an asset building strategy for Hawai'i so that families can

build on their strengths and rise out of poverty. Ultimately, the number of families that are no longer in poverty will measure the initiative. Equally important will be measuring community capacity, therefore, the Waiwai - Asset Policy Initiative of Hawai'i plans to evaluate its work in the context of community capitals developed by Cornelia Flora.²⁹

²⁹ The capitals are Natural, Human, Cultural, Social, Political, and Financial/Built Capital. Flora, Cornelia. In *National Rural Funders Collaborative Annual Review of Strategic Investments 2003*. Pg. 3. National Rural Funders Collaborative, Dallas, TX.