

GREENMONEYTM

FROM THE SUPERMARKET TO THE STOCKMARKET

JOURNAL

08 summer volume 16 | issue 4 | number 68



The
Organic
Marketplace
*from food, fashion
& flowers to the
future of farming*

Slow Money &
Slow Food

WOODY TASCH

The True Value of
Organic

STEVEN HOFFMAN

Edible
Communities

TRACEY RYDER

George Siemon
of Organic Valley

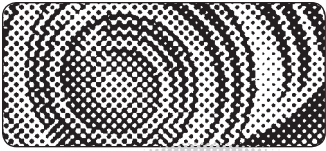
GMJ INTERVIEW

features

3 Publisher's Note

11 SRI Mutual Funds Chart

13 Green Events Calendar



slow money

Slow Money, MANURE and PRUDENCE

by Woody Tasch

We have, of late, begun to get religion about carbon in the atmosphere. We have begun to pour venture capital into clean tech, searching for ways to maintain our lifestyles and grow the economy, while dramatically reducing our ecological footprint. This vision of ecological footprint is, in a great many respects, a mechanical one, asking only: How can we design new machines that work more cleanly?

No one, it seems, is asking a corollary question: If we cannot create wealth without degrading soil fertility and draining the vitality out of local economies, how can we, no matter how clean our machines, hope to thrive, or, even, survive?

Last August, at the 25th Anniversary Gala for the Rocky Mountain Institute, eminent panelists tried to answer yet other questions, posed by moderator Thomas Friedman: "If this is a win-win-win, if these new technologies and design solutions are so elegant and so profitable and so clean, what is holding them back? Where is the resistance to these innovations coming from?" To my surprise, since this was not a finance conference, the group discussion zeroed in on CEO compensation, short-sighted financial incentives and the structure of capital markets.

Inventor Dean Kamen opined from the dais:

Venture capitalists have great enthusiasm but short attention spans. We are stuck in a 19th century way of thinking that leads to large-scale, centralized production and power generation. We don't have the mindset to really invest for the long-term in small-scale solutions that would improve life for billions of people.

Such questions and observations lead to the premise for a new kind of financial intermediation, going by the improbable name of slow money.

That premise is this. The problems we face with respect to soil fertility, biodiversity, food quality and local economies are not primarily problems of technology. They are problems of finance. In a financial system organized to optimize the efficient use of capital, we should not be surprised to end up with cheap food, millions of acres of GMO corn, billions of food miles, dying Main Streets, a dead zone in the Gulf of Mexico and obesity epidemics side by side with persistent hunger.

Speed is a big part of the problem. We are harvesting from the soil in decades fertility that was created over millennia. We are extracting generations-worth of economic and cultural vitality from our communities. We are acting as if the biological and the agrarian can be indefinitely subjugated to the industrial and the urban without significant consequence. We are, as the colloquial saying puts it so eloquently, beginning to believe our own bullshit.

Which reminds me of a story . . .

About 15 years ago, I was turning a horse stall into my office. My first project was to shovel out the dried horse manure and shovel in sand, in advance of the construction of a wooden floor.

One day, reflecting on the transition from equine to intellectual, I realized, "How appropriate: from horseshit to bullshit."

No consideration of the disconnect between capital markets and the land is complete without at least one reference to manure.

•

If slow money is going to be effective, it is going to be in part due to inspiration derived from the celebratory, life-affirming, pleasure-inducing humanism of Slow Food.

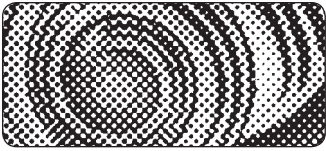
Slow Food began as a protest against McDonalds, but it quickly evolved from a single act of protest into an international NGO, on the strength of a family of pro-biodiversity, pro-small farmer initiatives dedicated to restoring and preserving quality of life. Similarly, slow money seeks to support the creative power of entrepreneurship to build new commercial relationships that enhance quality of life for farmers, food consumers and their communities. In a world of monoculture and special interests, the emergence of for-profit social entrepreneurs, whose companies integrate private enterprise and public benefit, is particularly intriguing, and worthy of support.

Just as is the case with Slow Food, slow money needs an approach that dares to be cultural, agricultural, economic, historical and biological. We will need to fight against over-specialization, putting the jargon of the specialist, the technician, the quant in its place. We will need to define new benchmarks, being unafraid to assert the importance of qualitative distinctions.

• •

"Money only knows one speed," the scion of one of America's wealthiest families once said during a public discussion. "Money only goes fast, faster, fastest. Try to slow it down, and you'll just end up with sloppy investing."

To which I say: If insanity is doing the same thing over and over again hoping for a different outcome, then it is insane to think that by continuing to create wealth via an extractive system, so that we will have more money to give away, we will be able to adequately address the urgency of the current global moment. Both unfettered fast money, and its twin, philanthropy, which has an odd non-speed all its own, create and depend upon broken social relationships. We must seek to build an economy in which healthy relationships remain integral to the wealth creation process.



slow money

CONTINUED FROM PAGE 5

Prudence—as in the Prudent Man—can no longer be defined completely by tens of billions of dollars of fast money pouring into high-tech venture deals. Such prudence is incomplete.

We must find new ways to steer capital to tens of thousands of independent enterprises that promote the health and diversity of communities and bioregions. For every \$1 billion that zooms around the planet—or is it cyberspace?—looking for the highest return and lowest risk, and supporting globalization, consumerism and unlimited economic growth, we must invest \$10 million or \$100 million in enterprises that support what is going by many names: virtuous globalization, localization, local living economies, natural capitalism, restorative economics.

Reconnaissance with respect to this new prudence comes from author Michael Pollan in a recent *New York Times Magazine* article:

The story of Colony Collapse Disorder and the story of drug-resistant staph are also the same story: Both are parables about the precariousness of monocultures. Whenever we try to rearrange natural systems along the lines of a machine or a factory, whether by raising too many pigs in one place or too many almond trees, whatever we may gain in industrial efficiency, we sacrifice in biological resilience. The question is not whether systems this brittle will break down, but when and how, and whether when they do, we'll be prepared to treat the whole idea of sustainability as something more than a nice word.

Pollan reminds us that the particular challenges that face us in this or that sector of food or energy or health actually have much deeper roots, reaching all the way to an historic struggle between the industrial and the biological. His reference to parable is telling. As easily, he could have referred to myth.

We are quick to assume that no battle between myths, or no myth at all, could hold sway over the modern mind. Yet could it be called anything other than myth, the story that is powerful enough to have us believing that unlimited economic growth is not only possible but desirable, despite the rapidly accumulating data to the contrary? What else but a myth could be powerful enough to convince us that what made sense as an economic organizing principle in a 1 billion person planet or a \$1 trillion dollar global economy would still be appropriate in a 6.4 billion person planet and a \$24 trillion dollar global economy? What else but a myth could be powerful enough to convince us that there is no such thing as a company that is too big, intermediation that is too complex or money that is too fast? What else but a myth could make the violence of the modern economy invisible to the modern investor?

• • •

I believe that social investing can best be understood, with its roots in Quakerism and anti-apartheid divestitures, as an expression of the ethos of non-violence in the context of fiduciary capitalism. Of necessity, this expression manifests itself in partial adaptations, pragmatic mutations and imperfect applications. Lots and lots of half-steps. After all, who can ignore how daunting it is to look at the Fortune 500 or the Russell 5000 and think: What would I invest in if I really wanted to do no harm?

Our success in moving beyond half-steps depends upon acknowledging, unabashedly, without scapegoating, without undue recrimination, and with a commitment to looking forward, the violence of the modern economy.

This is the violence of the modern economy: by prioritizing markets over households, community, place, land, it does violence to the relationships that underpin health and that give life sustaining meaning—family relationships, community relationships, relationships to particular places, relationships between consumers and producers and between investors and the enterprises in which they invest, relationships between companies and the places in which they do business, relationships between wonder and awe and the universe that gave us plutonium, light-years, fertility, sentience, poetry, fugue. All of these relationships are attenuated, or, in the extreme, deracinated, by the modern, global economy.

This is violence of the most fundamental kind. It is no accident that such an economy would find it easy to support, and to depend upon, the building of nuclear weapons, the waging of wars in distant lands, the selling of cigarettes, the flying of trillions of air miles, the commodification of leisure, urban and suburban sprawl, gated communities and favelas, toxics in the food and water, and kids who watch an average of four hours per day of TV, paying more attention to instant messaging than to people in the room.

In these first few decades of the 21st century, it is our “inescapable duty,” to use Wendell Berry’s words, to change not only our light bulbs, but our myths. And along with them, our concepts of entrepreneurship, investing and philanthropy, which will have to be amended, expanded, and, perhaps, even radically transformed, as part of a new vision of restorative economics.

*Article by Woody Tasch, Chairman and President of Slow Money, which is currently holding Slow Money Institutes in several U.S. regions, in anticipation of launching a first Slow Money fund in 2009. He is also Chairman of Investors' Circle (www.investorscircle.net) and author of the forthcoming book *A Bee's-Eye View and Inquiry into the Nature of Slow Money*, which is due out this fall from Chelsea Green.*

