

SLOW MONEY: BRINGING MONEY DOWN TO EARTH¹

Brooke Jarvis©

This is an interview with Woody Tasch, founder and president of Slow Money, a nonprofit that connects investors to local economies. Woody Tasch has thought a lot about money: what it does, how it moves, and how to connect people who have it with people who need it. He's been a venture capitalist, a treasurer and advisor to foundations, and the chairman of a network of angel investors. He even helped found a field of investing with the rather surprising name "community development venture capital." But he found that even socially responsible investing couldn't do much to fix an economy that focused too much on extraction and consumption and too little on preservation and restoration.

In 2008, Tasch wrote *Inquiries into the Nature of Slow Money: Investing as if Food, Farms, and Fertility Mattered*. Soon after, he founded the Slow Money Alliance, an NGO devoted to the principles of slowing money down, reconnecting it to the Earth, and respecting carrying capacity, the commons, sense of place, and nonviolence. Tasch calls it the transition from "Making A Killing" to "Making a Living." YES! Magazine Web Editor Brooke Jarvis spoke with him about "nurture capital," local food systems, and why we all may soon be thinking differently about money.

Brooke Jarvis: What does the Slow Money movement mean by slowing money down and bringing money back to Earth?

Woody Tasch: Three trillion dollars a day zooms around the planet in currency markets alone. Our current financial system has, by cutting money off from people and place, allowed it to start circulating at such crazy speeds and in such complexity that no one can really understand it anymore. Even the experts don't understand the consequences of what's now going on. The derivatives and sub-prime mortgage mess is just one manifestation of that.

The way we slow money down is by bringing it down to Earth: connecting it directly to the land and to places where investors live. As long as how you're investing is completely disconnected from where you live—meaning it's just dictated by distant markets, distant companies, abstract securities—then the money can kind of circulate in this wild, crazy, volatile, and ultimately destructive fashion. If you bring money back down to Earth, connecting it to the place where you live, and all the way to the land itself, then you will be slowing money down and having a healthier outcome for all concerned.

Brooke: How does Slow Money propose to bring money back down to Earth?

Woody: Members contribute financially to Slow Money, and we use that money as seed capital to build what we're referring to as the "nurture capital" industry, putting it to work via intermediaries all across the country that are connecting local investors to local food enterprises in those regions. The idea is to build a financial infrastructure around the country that would make it easy for individual investors to put their money to work supporting food in their own communities. Right now, that infrastructure doesn't exist.

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Of course, developing that infrastructure depends on our ability to raise money in the manner that we've set out to do it. We've just announced a very audacious goal of trying to get a million people to sign the Slow Money principles, on our way to a million members of the Slow Money Alliance. This would be a major accomplishment, and we are taking the first steps toward that long-term goal.

Brooke: Your focus is on using “nurture capital” to develop local food systems, but do you also see this model being able to expand to fund things like worker-owned cooperatives or community lending institutions?

Woody: Absolutely. We're starting with food for a number of reasons. We're very inspired by the Slow Food movement because it's a beautiful, cultural, very positive, humanistic approach to a whole bunch of terrible problems. Biodiversity, heirloom plants, indigenous culture, community health — all are addressed very beautifully by Slow Food, and so we're very inspired by that. That's one of the reasons we're starting with food.

Another reason is soil fertility. Our food system produces relatively inexpensive and plentiful food because it extracts fertility from the soil that it took millennia to make. The World Watch Institute calls that the quiet crisis of the 21st century. We are rapidly degrading soil organic matter and topsoil. We've all started getting religion about carbon in the atmosphere, but we haven't really focused on carbon in the soil.

Food is a very important place to start, but it's obvious that once you begin thinking about money this way and begin deploying it this way, you see that it's needed in a whole bunch of other sectors of the local economy, whether it be energy, smart transportation or smart development, green housing, independent media, or community health care.

Brooke: You have been involved in foundation work, community investing, venture capitalism—many different ways of injecting money into the system. What was missing that you're hoping that Slow Money can provide?

Woody: Joseph Stiglitz, a Nobel Prize-winning economist, says that we're not fixing the structural problems of the economy because we don't know what the structural problems are. Governments of the world just threw tens of trillions of dollars of stimulus money at the economy. If you think of the economy as a big, leaky vessel, they dumped all this money in and it's going to take a long time for it to leak back out, but they didn't actually fix the vessel. Angel investing, mission-related investing for a foundation, socially responsible investing, watching the triple bottom line—all these different things—are all steps in the right direction. Now we're moving toward what we have to invent next.

Slow Money is an effort—looking at one piece of the system, which is the food system—to begin fixing structural problems. We don't just want to invest in the next wave of organic food companies, if we know that at the end of the rainbow, they're all going to be acquired by multinational companies. We haven't really designed an alternative system or fixed the structural problem.

The good news is that there are thousands of small food entrepreneurs who aren't interested in growing companies that will become billion-dollar businesses owned by multinationals. What we're trying to do with Slow Money is to match up that emerging group of businesses with investors who share their values, and let them do what they want to do.

Brooke: How else can people encourage Slow Money and local food systems?

Woody: Well, to start with the obvious, get a CSA [community supported agriculture] membership. CSAs are such a beautiful and relatively simple thing that it's easy to overlook how radical they are and how fundamental they are to creating a cultural and economic shift. There are maybe 100,000 people in the U.S. who belong to CSAs right now. But in the city of Copenhagen alone, there are about 15,000 members, so there's a huge opportunity to expand CSAs in the United States.

Shopping at farmers' markets is a similar activity and also extremely important because you're buying directly from farmers. Something that's common to CSAs and farmers' markets is that we're dis-intermediating. We're getting rid of many layers of intermediation between producers and consumers—or, in the case of Slow Money, between the businesses and the investor.

Brooke: You've hosted Slow Money institutes in various local communities. What are you learning from those?

Woody: We did two at the end of 2008 and three in the first part of this year. It's funny. The local food movement is very strong in many places around the United States. The Slow Money message seems to be resonating very strongly with a lot of people, pointing them in the direction they already wanted to go and just giving them a little extra energy on their journey.

Ultimately, the success of this is going to depend on regional action, not on some new national intermediary. So that's why we're organized as a nonprofit. Our job is to catalyze all of these local regions to do what they want to do and just to help them do it faster, basically—because we're already a decade or two behind, at least, in terms of the environmental and social issues we're trying to solve.

Brooke: Do you worry about the danger of money concentrating in areas that are already affluent—building on itself, but only in certain areas?

Woody: Yes. Slow Food faces the same challenge, getting pigeonholed around foodie groups or white tablecloth restaurants. It's really nice for all these small, boutique, organic farms to serve people who can afford to buy this stuff, but it's not going to solve the big problems.

I look at all of that as a transition problem. We're going from an era when none of the true, long-term costs of food production were integrated into the system. If we're going to make the transition to a real food system that produces healthy food in a way that is less harmful—I'm talking about harm to the environment as well as harm to the people who eat the food—then, there's going to be a transition, and the transition is going to be uneven. None of us is smart enough to invent the whole system all at one time. The fact that early adopters may tend to be more affluent does not bother me. We have to start moving, and if that's where we start, that's where we start.

But the ultimate objective is very obvious. Improving food access for all, improving childhood nutrition, improving preventative health care—these are all part of the same set of issues—and preserving life on the planet while we are feeding current populations. That's really what this is all about. Just to produce cheap commodity food in order to feed the mouths that are currently here is not a terribly satisfying thing if it's being done at the expense of future generations.

Brooke: If this movement becomes the catalyst that you hope for, how could our economic and food systems be different, within the decade?

Woody: The wild optimists among us are saying that there's going to be an enormous swing back towards small-scale, organic agriculture and that there will be millions of new farmers in the United States during the next decade. Some people say many millions. We're at the end of the pendulum right now, which still seems like it's swinging in the direction of consolidation and mega-farms and all the rest. But it's certainly clear that there is a ferment of activity in many regions of the country around appropriate scale, organic, local food production.

I don't think you have to be wildly optimistic to expect that that's going to increase significantly over the next decade. I would expect there to be many, many times more CSAs and CSA members in the United States, maybe 10 or 20 times as many over the next decade. I think having a million members of CSAs in the United States is not at all bombastic, and with a little luck and a little work, we can do that during the next decade.

President Bush Sr., when he was refusing to be part of the Kyoto Protocol, said that the American way of life is not negotiable. I think this is the decade when that attitude will mature, and people will realize that focusing on local, smaller, healthier ways of doing business is not a crunchy granola thing and it's not a naïve thing. It's about surviving, it's a pragmatic thing—it's what we must do in order to adjust to the new realities of life on the planet.

Exactly what that looks like economically at the end of the next decade, I'm not sure. I could imagine there being a new stock exchange, an entirely new stock exchange—not replacing the NASDAQ or the New York Stock Exchange, but as a complement that would be a place where thousands of slow, small, local, mission-driven companies are traded and invested in by investors who share their values. Some kind of systemic, structural change will emerge in the stock market that will be a place for this growing group of entrepreneurs and investors to work together.

I also think there will be a new generation of foundations that are organized as investors rather than grant makers. Instead of foundations investing the old-fashioned way so that they can make as much money as possible and then use the income to give grants to nonprofits, this new kind of foundation will use the entire asset base, all of the assets of the foundation, as investment tools to support for-profit social entrepreneurs that are building the restorative economy.

Because the task at hand is to build a new, restorative economy, we're going to need massive amounts of investment capital, and one of the places that will come from is this new generation of foundations.