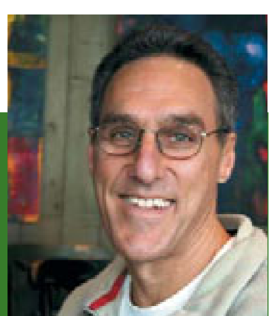
Slow Money

Or, Why It's Not Just How Much or How Little Money, But the Speed of Money, that Defines Who We Are as a People and Where We Are Heading as a Civilization

Respectful dialogue among people of diverse viewpoints is a hallmark of More Than Money. *More Than Money Journal* readers vary widely in age, family history, politics, religion, net worth, source of income, geography, and other factors. We publish thoughtful commentary on topics of interest to our readers in order to stimulate lively discussion and creative reflection. The opinions expressed by the writers of Viewpoint are not necessarily those of More Than Money. To tell us what you think, send an email to editor@morethanmoney.org or write to: Editor, *More Than Money Journal*, 1430 Massachusetts Avenue, Third Floor, Cambridge, MA 02138.



Woody Tasch is chair of Investors' Circle, a national network of individuals who provide risk capital to early-stage companies that address social and environmental problems. He is also chair of Chelsea Green Publishing, a leading publisher of books on sustainable living. He has previously served as treasurer of the Jessie Smith Noyes Foundation and chairman of the Community Development Venture Capital Alliance.

By Woody Tasch

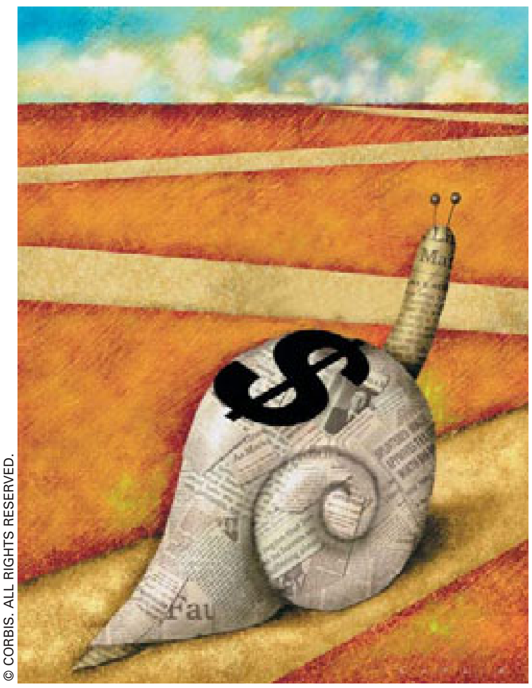
"Civilization" is a big word. Thinking about something as big and as abstract as where a civilization may be heading is not something I do every day. Every other day, maybe—call them the "odd" days. On the "even" days I spend time worrying about money. Not so much about where money is heading as about how fast money is traveling—everywhere and nowhere.

I worry because, as money is "speeding up," it is commanding—with increasing insidiousness and invisibility—ever more of our attention, and is therefore negatively affecting our human potential. It is compromising our ability to control our destinies, individually and collectively.

What do I mean when I say that money is speeding up? Consider this: From the beginning of human history to the year 1900, the world economy grew to $600 billion in annual output. Today, the world economy grows by this amount *every two years*. More than $2 trillion circulates around the world *every day*.

As a venture capitalist interested in companies that help solve social and environmental problems, I am concerned about the speed of money, since venture capital typically is invested in companies that are ready to "take off." The analogy of a rocket accelerating to reach escape velocity from the earth's gravitational field has some relevance: Companies that can grow within a few years to billions of dollars of market capitalization and reach the "orbit" of the public marketplace are what drive the 20% return benchmark that is commonly used as the measure of successful venture capital.

Of course, compared to day-trading, venture capital may seem slower, more patient. After all, a venture investment takes years, not hours or days or months, to appreciate. But viewed through the



lens of sustainability, through a long-term lens that sees on the horizon population growth, the greenhouse effect, and disequilibria caused by the unprecedented explosion of financial wealth and global consumerism of the last few decades, venture capital is nowhere near patient enough.

Here in my office at home, off the grid, on a small island, I work overlooking my raised bed garden, connected over the electronic superhighway to distant investors and entrepreneurs. It seems an appropriate place from which to move back and forth across the boundary between natural systems and financial markets. This boundary, it seems to me, is defined primarily by time and its corollary, speed. Natural time versus money time: seasons and generations on the one hand, and fiscal year quarters and product life-cycles on the other; the time it takes water to flow through soil and aquifer versus the time it takes money to cycle through mutual fund and IRA.

It seems to me that many of the problems that the social investment initiatives of recent years have been aiming to address could be more fundamentally understood as a problem of the speed of money. Screened portfolios and shareholder advocacy both work to heal the wounds caused by globalization, industrialization, and "corporatization." As critical as these means of redress are, they remain, to some extent, an exercise in what I call "wake management." Most of their benefits are achieved not through slowing down the economic speedboat but rather through minimizing some of its impact as it speeds through the harbor.

Environmental degradation, a throwaway consumer culture, cheapened food (rich in empty calories and chemical additives), politicians who live by polls, media programmers who live by ratings, nightly news reports that cover daily fluctuations of market indices—these are the inevitable by-products of an economy whose decision-making is driven by the imperatives of financial markets. It is an economy in which money, unleashed through the power of technology and unfettered by either connection to place or the human face of exchange, has taken on a life of its own, a speed of its own.

"Many of the problems that social investment initiatives have been aiming to address could be understood as a problem of the speed of money."

We need to see if it is possible to imagine another way. We need to see, in the words of one Investors' Circle member, if it is possible "to bring money back down to earth."

What might this mean in practical terms? Where might we begin?

We can begin in the food sector, with enterprises that promote organic agriculture and support healthy, local food systems. This is, quite literally, a place where money comes back down to earth. This is also where my thinking about Slow Money began.

Each year, Investors' Circle sees dozens of early-stage food companies, from new organic branded products to organic food restaurants and retailers, to agricultural technologies that support sustainable food production. Unfortunately, few of these investment opportunities meet the criteria of "fast" venture capital. They do not fit easily into investment portfolios designed to deliver returns that are competitive with the venture capital industry as a whole. Hence the need for a "slower" approach: for an allocation of capital that respects the natural dynamics of this sector and that is willing to design its expectations of financial return around those dynamics.

Such thinking about Slow Money was galvanized by the mission of Slow Food, an international, Italy-based nonprofit organization that arose in response to the opening of a McDonald's in Rome. The Slow Food Manifesto is a feisty, far-flung articulation of values that underpin the Slow Food organization's programs. The manifesto integrates an appreciation of fine food with a commitment to heirloom varieties of produce, small-scale artisanal production, and biodiversity. It reads, in part:

> "Our century, which began and has developed under the insignia of industrial civilization, first invented the machine and then took it as its life model.
>
> "We are enslaved by speed and have all succumbed to the same insidious virus: Fast Life, which disrupts our habits, pervades the privacy of our homes, and forces us to eat Fast Foods.
>
> "To be worthy of the name, *Homo sapiens* should rid himself of speed before it reduces him to a species in danger of extinction.
>
> "A firm defense of quiet material pleasure is the only way to oppose the universal folly of Fast Life."
>
> —*From* www.slowfoodusa.org

Slow Money Ruminations

By Woody Tasch

- As money circulates the globe with ever-accelerating speed, it sucks oxygen out of the air, fertility out of the soil, and culture out of local communities.
- Just as we need *traffic calming* measures to slow the traffic passing through our neighborhoods, we need *money calming* measures to slow the money passing through our portfolios.
- As the 20th century was the century of scaling up and speeding up, the 21st century will be the century of disaggregating and slowing down.
- What is the difference between the time it takes an investment to take off and the time it takes a new way of thinking to take root?

There is no Slow Money Manifesto. However, a few dozen food entrepreneurs, investors, philanthropists, activists, and I are exploring the possibility of starting a new fund that would steer money towards sustainable food enterprises in more appropriate ways. These explorations are being conducted under the auspices of the Investors' Circle Foundation, which is a philanthropic arm of Investors' Circle; it supports research on social venture capital and incubates new strategies for sustainable investing.

I certainly take the spirit of the Slow Food Manifesto to heart, and would be delighted if such a thing as Slow Money could come into being, introducing such values into financial circles. I believe that, as society struggles continued on p. 31

Slow Money *continued from p. 29*

with the impacts of globalism, corporatism, and consumerism, there is an urgent need for effective change agents who can steer us toward alternatives to our usual approaches to investments and financial transactions. It is my hope that the concept of Slow Money might motivate early investors, who will demonstrate that it is possible to re-integrate what E. F. Schumacher called "meta-economic values" into the daily business of living. I hope that Slow Money may prove to be an effective idea for facilitating new strategic alliances, new collaborations, new thinking, and, perhaps, a new funding vehicle or two. ■