

Bringing Money Back to Earth

Slow Money: "Nurture Capital" for Communities & the Environment



Woody Tasch is a financier with an idea, and it's a humdinger. Since the government isn't too interested and industry is too self-interested, he argues, we need to assemble a new type of investment structure and put money directly into sustainable farming. He calls it Slow Money, inspired, as he explains below, by the Slow Food movement and by realizing that the dizzying speed of money flows in the 21st century has ripped finance away from its moorings in reality. Tasch proposes the opposite: invest in food systems down the road, slow the money down, and watch it do things in the real world.

More compelling still, Tasch has the experience to back it up. He is chairman emeritus of Investors' Circle, a nonprofit network of angel investors, venture capitalists, foundations and family offices. Since 1992, Investors' Circle has moved \$130 million to 200 early-stage companies and venture funds dedicated to sustainability. Before that, Tasch was the treasurer of the Jessie Smith Noyes Foundation.

Acres U.S.A. caught up with Woody Tasch on the eve of the first Slow Money Conference, held in Santa Fe in early September, and by all accounts a success. Said Mardi Mellon, director of the Food and Environment Program at the Union of Concerned Scientists, "Woody's idea of tackling the funding of sustainable agriculture directly and creatively couldn't be more timely. Slow Money could kick sustainable agriculture to the next level."

Woody Tasch

ACRES U.S.A. What are you trying to accomplish with the first Slow Money Conference?

WOODY TASCH. This is our official national launch as an organization. While the book is one person's attempt to put a bunch of thoughts out in the public domain, the organization is more focused than that. It is the launch of a national campaign to get a million signatures on the Slow Money Principles. To sign the principles there's no money involved at all, and that's the most important single thing — we just want people who endorse this general direction to be counted. Those who wish to be more actively involved can become a member of the alliance. We're going to use the money we get from members to begin investing, and use the seed capital around the country to start building

local capacity to invest in local food systems. How we do that depends on how much money we get, obviously. Then of course we'll also be talking to major sources of funding to come at it top-down, but we really want to build this bottom-up. We're convinced that there's a tremendous latent demand. It's not even that latent — there's a lot of people who want to see this happen.

ACRES U.S.A. What went on at the smaller meetings that you've held around the country with local groups?

TASCH. We started them to test the water, I guess you'd say. We started them to bring the ideas out, but to do it in a local setting. This is all about building local capacity, so obviously we've started with local and regional meetings, and the meetings brought together about a hun-

dred people in each region for a day or a day and a half. We tried a few different formats, but these were farmers and food entrepreneurs, investors, donors, etc. — stakeholders in the food system in that area. We very quickly found that there is tremendous desire to move forward quickly on this. People recognize that all of our money is leaving the region, if you will. To summarize what we've learned, two questions are very powerful. Question One is, *Where does our food come from?* — which everyone on the progressive side of the food business has been asking for years, right? And we know consumers are starting to ask it. Question Two, *Where does our money go?* If you ask that, then suddenly you open up a whole other vein for exploration. Suddenly you connect the food to the money, and by money we're not just talking about consumer dollars, although that's critically important, we're also talking about investment capital.

ACRES U.S.A. And what does that exploration reveal?

TASCH. We're not investing in farm land, we're not saving organic farms or small farms, and we're not building local processing, we're not supporting restaurants that source locally, we're not building infrastructure for farmers markets, and we're not helping CSAs expand. It's quite a list of things that people who know about the state of agriculture very quickly understand are components of a healthy local food system from a business standpoint. We're talking about entrepreneurship. We want to support the entrepreneurs, including farmers. We want to give these entrepreneurs the capital they need to grow their small food enterprise. If the money is not doing that, which it isn't right now, how are we ever going to get there? We have about a hundred founding members now, people who have contributed \$1,000 to \$50,000. Our ability to organize will be hinged on some very tangible outcomes we'd like to see.

ACRES U.S.A. It shouldn't take you long to match the percentage of the USDA's budget that is spent on organics.

TASCH. It's funny you say that. When I give my talk, these numbers often come

up, and I usually quiz people to make it interesting. I say that the whole issue of the efficient market hypothesis is now under question on Wall Street. I usually hold up a recent issue of *The Economist* that has on its cover a picture of a textbook that was falling over and melting into the desk, and the title of the textbook is *Modern Economic Theory*. This is potent, we're not talking about a progressive publication like *Mother Jones* — this is *The Economist*. The story was about the

where the capital goes, how it's distributed, what it's used for are grossly and frighteningly inefficient. That's how we weave the bigger money questions together with the food question. Slow Money is definitely about local food systems and about organics and soil fertility, that's our core. It is about food but it's also the recognition that real structural alternatives on a macro-economic level are desperately needed, and they are not going to come from Wall Street.

“Slow Money is definitely about local food systems and about organics and soil fertility, that's our core . . . but it's also the recognition that real structural alternatives on a macro-economic level are desperately needed, and they are not going to come from Wall Street.”

fact that leading people on Wall Street are beginning to admit that the efficient market hypothesis no longer describes reality. It can't be relied upon. It's not working. Then I ask the audience, “How many people think this sounds efficient? We have \$500 billion of private foundation assets in this country, and I'd like you in the audience to guess what percentage of those assets is granted to sustainable agriculture groups every year.” It's a bit of trick question because it's a percentage of the assets, not a percentage of the grants, but both numbers are very low. Anyway, people guess and then I say, “OK, don't tell me your number, divide it by ten, and now tell me your number.” Usually I hear 0.1 percent, and it's still off by a power of ten — the actual figure is a hundredth of a percent. A *hundredth* of a percent of the assets of U.S. foundations is given as grants to sustainable agriculture groups, meaning about \$50 million total U.S. grant budgets to sustainable agriculture. Then I zoom back and again ask how many people think that's efficient. What is the market actually efficient at? It's not efficient at solving the problems that our survival depends on at this point — it's very efficient at propagating capital, but

ACRES U.S.A. How does the Slow Money approach differ from socially responsible investing as we've seen it developed in the recent past?

TASCH. As we go forward, we will be testing what I consider next-generation social investment strategies, meaning this is the future of social investing, in my opinion. We need to build a highly decentralized, appropriate scale, community-based, biodiverse food system that puts more organic matter in the soil and less toxins in our food and leaves more water in the aquifers. Building large-scale industrial food companies will not solve that problem. It solves certain pieces of the problem, but it doesn't solve that bigger problem. I am not against any social investment fund because it happens to have an industrial food company in its portfolio. This is the inherent imperfection of social investing, meaning you're going to design portfolios that track the S&P or Dow Jones or whatever because you want to get competitive rates of return. There's only so far you can go as a money manager in assembling that portfolio. You simply have to include certain kinds of things because those are

the things that make money. It's not very complicated. It's already hard enough for those funds to weed out the obvious things, the most egregious environmental polluters, the most obviously socially irresponsible things, whether it be certain direct involvement in armaments or nuclear power. Which is a long way of saying Slow Money is a step toward the first principles of a deeper version of social investing.

ACRES U.S.A. What are those principles?

TASCH. It would say, first, we reject all of those benchmarks as having any relevance to socially responsible investing for this portion of our portfolio. This is not about tracking some arbitrary set of numbers that were produced by many of the activities that we wish to correct. This is about identifying tangible things with high intrinsic value in our communities, things we need to invest in for our quality of life and possibly our survival. We are going to learn how much money we can make doing those things, but we're not going to define those things against an arbitrary rate of return or an index that has so much destruction in it that it is irrelevant to a social investor. Two, we're introducing the concept of *place*. By place, I mean not only the community, not only the region in which we live, but all the way down to the soil. We want to put organic matter back in the soil, we want the carbon back in the soil. We want to preserve soil fertility. At a slightly larger level we want to restore and preserve the fertility of our communities — the *social* fertility, the health of our communities and our bio-regions. We want to invest closer to home, and we want to know what we're investing in. If you connect those two things, you can see that it's a much more radical, in the true sense of that term, approach to investing.

ACRES U.S.A. How do you plan to go about doing it?

TASCH. The structure doesn't really exist to do this yet, and that's what Slow Money is, that's our purpose. We want to create a structure, and we refer to it as the nurture capital industry. It's a new form of intermediation that optimizes

for local, appropriate-scale, community-based, soil-preserving business. We want to use our catalytic capital that comes through the Slow Money Alliance to provide seed capital to a new generation of intermediaries that will help individual investors do this, or make it easy for individual investors to do it. We have ideas about how that would work, but a lot of it still remains to be invented. This isn't going to happen overnight. We want to set the target and start moving and galvanize people. Given the kind of latent demand that I now know is out there from having spent the last eight months running around talking to people, I think we can catalyze it and provide some money and some expertise that can help make it happen. It's already

been referred to as a prairie fire. Whether that's true or not, we'll see, but there seems to be a lot of energy out here.

nities.” And I said, “Well, of course that's kind of a metaphor, I never really meant it as literal scripture.” He said, “No, it is literal, that is exactly what is happening” — and this is a career investment banker. So, what do we mean by that, why is the speed of capital doing all these things? It's really very, very basic, and you won't see it in any economic textbooks, because this is outside the ken of economics. You won't see an economist ever talking about, well, gee, can money go too fast? There's no such thing as too fast. There's no such thing as a company that's too big. There's no such thing as a security that's too complicated.

ACRES U.S.A. The more opaque the financial devices, the faster it seems to go.

“Slow Money is a step toward the first principles of a deeper version of social investing.”

ACRES U.S.A. At the very least it sounds like you've got some smoldering going. For people who are still stunned by the events of the last year and may not have a lot of background in economics, what is destructive about the speed of money nowadays?

TASCH. I'll start with an anecdote. I was sitting one day with a retired investment banker, someone who had made his money in the early days of the dot-com boom in San Francisco, is now very interested in organic food and sits on the land trust board, etc. I met with him to see if he wanted to get involved in Slow Money. The meeting went really well, and we had a very dynamic conversation. At the end I said, “You know, I wouldn't normally say this directly to a career financial person for fear they would run out of the room, but I've developed a one-sentence synopsis of this whole problem, and it says, ‘As it circulates the globe with ever-accelerating speed, money is sucking oxygen out of the air, fertility out of the soil and culture out of local commu-

TASCH. Money that becomes so complicated and completely cut off from the people and places that are being invested in, meaning no one knows what the money is actually investing in anymore, just zooms around the planet faster and faster trying to find the highest returns. If you want to be a little more specific, you get to things like \$3 trillion a day going through currency markets, and trillions a day of other flows. A *trillion* is a phenomenally large number — a trillion is way bigger than you think. Most of the people who are actually managing the money don't really understand it anymore. The \$500 trillion in derivatives, the stuff that is threatening to completely destabilize the global economy — you could argue it already has, those dollar flows are not fully understood. That's why we have to do it locally. People have to control it. People have to say, “I'm not going to let my money go to something if I don't know where it's going and I don't understand it. At least not all of my money.” Because what we're talking about flies in the face of the efficient market hypothesis, which says we should just let our money grow as fast as we can, it will fuel economic growth and prosperity. That's been the mantra for the last 75 years —

you could even say since the beginning of the Industrial Revolution. If we're going to start moving it in a new direction, it's going to be a little scary at first, parenthetically nowhere near as scary as . . .

ACRES U.S.A. Where we are.

TASCH. As where we are! That's the funny thing. People say, "Wait a minute, how are you going to get people to change?" Well, the idea that you're going to keep letting your money zoom around, hope that China doesn't have a depression, try to ignore the fact that your money's going up smokestacks in China and all these derivatives are about to collapse — is that not scary? That sounds pretty scary to me. On the other hand, the idea that you would invest instead in a dairy down the street where you could get raw milk — you might make 5 percent, you might lose 5 percent, but you get raw milk — is that scary? That doesn't seem too scary to me. In fact, that seems like what we've got to do. I want to have a million more farmers in this country, 5 million more! That doesn't seem scary. The only question is how much money we will make doing it. That's a little bit of an unknown right now, because that market doesn't exist as an organized market yet. But common sense would tell you if you're investing in tens of thousands of small food enterprises, and there is a huge demand for these, there will be enough economic activity and enough "growth" in them to generate modest, predictable, long-term rates of return. They just won't be anywhere near equivalent to so-called venture capital.

ACRES U.S.A. If the idea is pretty much alien to the current Wall Street culture, then you'll have to look elsewhere?

TASCH. Here's the crazy thing, people with common sense know what has to happen. I had a meeting in Vermont with about 15 people in someone's living room several months ago, and one of the people was someone whose name is on one of the banks on Wall Street, someone from a big money family. The talk went from that person all the way to composters and an organic farmer and just a bunch of progressive people from this little valley in Vermont. At

the end of the night, a woman said, "I don't know anything about finance and I really don't know much about money — it just seems to me like we have to be putting in more than we're taking out." That's what she said. I just looked at her and exclaimed, "That's it! What is it you think you don't understand?" That is what we have to do and that's why one of the Slow Money principles quotes Paul Newman, who said, "I'm just saying that in life we need to be more like the farmer who puts back into the soil what he takes out." And because Newman's Own was such an iconic experiment in this process of dedicating 100 percent of the profits or 100 percent of a portion of the product. It's not a perfect company, but it's a really beautiful company, and it set a very high bar for the idea of a company being in a kind of a reciprocal relationship with its stakeholders. Meaning that it has profits to make, and they're kind of reinvested, if you will — given to the community.

ACRES U.S.A. Every Newman's Own label says all profits are donated to charity, and I've always wondered what charities and how much of those charities' budgets go to nice offices in New York. Your book contains some pungent criticisms of philanthropy as it's now constituted.

TASCH. The thing that I have been the most surprised by in the last eight months of talking around the country is

when the web of life is being threatened, the surplus wealth that was created by industrialization in the 20th century is still going largely to bricks and mortar, and this, that and the other thing. That's not to criticize the people involved. I'm talking about an overall social attitude. It's like we didn't know cigarettes caused cancer for a long time, and now we know, but we still can't stop smoking. When the system was set up, no one had a clue that there could be such a thing as global warming. Nobody knew what air pollution was. We're talking about the beginning of the 20th century, when the roots of modern philanthropy were put in place — and then later when tax laws were changed, closer to the middle of the century, but it's an old system. It's a system that is fully industrial, and it exists to make grants.

ACRES U.S.A. How do we change it?

TASCH. The task at hand now is to build a whole new kind of economy that is restorative, meaning that as jobs and welfare are created, we are also healing broken social and environmental systems. That's the only chance we have, in my opinion, to survive. We're not going to grow our way out of this. We don't have another century to create, let's say, the next 500,000 billionaires and hope they will use their wealth to solve all these problems. We just can't wait any longer. We have to build an economy that is

**"I say, what would the world be like if we
invested 50 percent of our assets within
50 miles of where we live?"**

how viscerally people are responding to this idea that philanthropy is broken, that it can't respond. Where is philanthropy going? It's going to hospitals and churches and schools, and then maybe poverty relief and disaster relief — all important things. But it's not going to systemic environmental solutions. Maybe, *maybe* a percent or two of philanthropy is going to environmental needs of all kinds, sustainable ag being one subset. It is astonishing that at a moment in time

healthy from the ground up, and is solving these things with millions of small actions every day. That's a new vision of philanthropy, and we need a new generation of philanthropic entities, pools of capital, whose primary job is investing, not grant-making. Essentially what we are doing in Slow Money is we're creating a new kind of foundation. We are going to get lots of people to give us small donations and we're going to treat that as if it were our endowed assets. And we're going

to take all those assets and invest them in building healthy food systems around the United States. We view our job primarily as investors, not as grant makers.

ACRES U.S.A. Could you elaborate on that? A lot of people probably think foundations and charities simply dole out money, forgetting they have to make investments to keep the thing going.

“One of the things I’m really interested in doing is growing CSAs, really focusing time, energy and money on expanding CSAs as rapidly as possible.”

TASCH. Where is all their money? It’s all invested — it’s just invested in the “stock market.” It’s invested in economic growth, it’s invested in things that will make them more money so they have more money to give away. Then the question is, are they allowed to invest in ways which are consistent with their charitable purpose? Think about how crazy this question is.

ACRES U.S.A. It should be obvious, yet it’s usually overlooked.

TASCH. But that *is* the next question! A foundation that has a billion dollars in assets is probably giving away about \$50 million a year, just an example, about 5 percent. Can a foundation that has a billion dollars in assets take the 95 percent, meaning the super-majority of their assets, and invest them in some way that is also consistent with this charitable purpose? Just the asking of that question tells me how broken the system is! I was a foundation treasurer, and the answer is *yes*, they *can* invest in ways that are consistent with a charitable purpose. But it’s complicated because of all the rules and the culture that have been set up with never a thought about that. So the default position for a trustee or a program officer in a foundation like that is, “I don’t want to get into that, it’s too complicated, just give the money to the money managers, let them give me the income, I’ll give it away.” That’s why foundations are very slow to change,

because everyone there is already trained and focused on that certain way of doing things. We need a complement to it, a new version of a foundation. I’m not trying to deconstruct venture capital — I’m trying to add nurture capital. I would take that version of philanthropy that we created in the 20th century and add a new component. We actually have a name for this, it’s just a working title, called an “I-fund,” *I* standing for *integral*.

What we mean by that is a foundation that is organized from day one as an investment entity, not as a granting entity. The day that billion dollars gets put into that foundation, it is understood by all the trustees and anyone who comes to work for them that the job is to invest in businesses that advance the social and environmental purposes of the foundation. That’s the primary goal. That doesn’t mean they couldn’t give grants — it just means grants would be secondary. We need to build a restorative economy. That is Job One for the next generation or two. We need to create an economy that does not destroy social and environmental relationships while it creates jobs and wealth. And if that’s the job, we need investment capital.

ACRES U.S.A. Let’s say you’ve invested in x-number of small farms, renewable energy companies or whatever. The process is slower and offers lower rates of return than Wall Street would like to see, but you’re doing it anyway. You’re making some money so you’ve got y-million dollars to dole out as grants. Would you then award grants for research in organic farming and renewable energy, which feeds back into your original project?

TASCH. Absolutely. That would be one way of managing such a foundation. There could be any number of ways, just like there would be different portfolio managers for different kinds of objectives in which you could invest way more

aggressively. I’ll give you another example. There’s a category of investment that now exists in American philanthropy called program-related investing. It’s a category that was set up by the IRS to allow a foundation — I’m shorthanding this, it’s more complicated in practice — to make below-market investments in things that are consistent with their mission and count them as grants. Why is that important? Because a private foundation is mandated by law to give away 5 percent a year in order to maintain its charitable status. Think how cool it is — the foundation says, “I can take one of my 5 percents and invest it in things like giving a loan to the community theater group to renovate their theater — we’re also giving them a grant, but this is a real estate thing, so we’ll give them a mortgage, a below-market construction loan.” These loans typically are very concessionary. It might have no interest for a year or two or just be 2 percent or whatever. Think about it — they get to count the money they give in the loan as a grant because it’s consistent with their mission, and then they get the money back at some point maybe with a percent or two of interest. That’s pretty cool!

ACRES U.S.A. Are there models for this sort of thing?

TASCH. For many years one of my board members ran the program-related investing at the Ford Foundation. At that time it was about a \$100 million dollar portfolio at Ford, and they managed it for a minus 15 percent return. They took a loss, and they actually felt that if they weren’t getting that much of a loss, they weren’t being aggressive enough with that program — because it was set up not as a “money making” thing but as kind of alternative grant-making thing, meaning they were covering 85 percent of the dollars. Now, and this is to your point, if you get the money back you get to reuse it. Depending on the level of aggressiveness of one of these new foundation investors, you might decide to go for a negative rate of return. That’s leaving more in than we take out. Obviously I never went to the London School of Economics — I’m just an entrepreneurial, financial person, and to me this is the definition of philanthropy in the 21st century — investing that

leaves more in than it takes out. That's what we have to do to rebuild, as I say, the soil of economy.

ACRES U.S.A. Capitalism these days seems to function way above soil level.

TASCH. To me it's no longer just a metaphor, the idea of money speeding around sucking the oxygen out of the air. We need to invest for the benefit of future generations. That's for these kinds of philanthropies. The only question in my mind is, what's that percentage? The answer is, who the hell knows? I don't know. But it's *not* a hundredth of a percent. It's not a tenth of a percent. It's got to be 5 percent or 10 percent. I say, what would the world be like if we invested 50 percent of our assets within 50 miles of where we live?

ACRES U.S.A. Are you currently investing in projects that are bearing fruit, so to speak?

TASCH. I guess the answer would be no. We're just getting started as an organized thing, but lots of us in the Slow Money Alliance, as individuals and founding members, are invested in various food businesses that would directly qualify as the kinds of small food enterprises Slow Money is interested in.

ACRES U.S.A. Can you give a few examples?

TASCH. Of course. Vermont Smoke and Cure, The Farmers Diner and High Mowing Organic Seeds, all happen to be in Vermont. Let's just start with them — those are the ones that are popping into my head first. Various members of the Slow Money Alliance have provided early stage capital to these ventures. High Mowing Organic Seeds is one of the premier, small but growing, 100 percent certified organic seed growers in the United States and has less than \$2 million in sales. Vermont Smoke and Cure is a smokehouse and meat processor in Vermont dedicated to providing processing to small Vermont pig farmers and others. They have a line of bacon, hams, and so on. It's been around for a long time, but is now reborn around the idea of local and serving small producers. It

has about a million dollars in sales and is growing. The Farmers Diner started a few years ago. Tod Murphy, a farmer-entrepreneur in Vermont, wanted to start a chain of diners that sourced locally and organically. Hamburgers, milkshakes and fries, all sourced locally and organically. It's been a very complicated startup — hasn't been easy, and it's still not proven as a concept, but it is still in business and it is growing. Tod just opened the second diner in Middlebury. Farmers Diner got a lot of press at the beginning — there were documentary filmmakers from Japan, and there was a big spread in the *New York Times* because Tod is a very powerful communicator. I'm proud to say this is one that started when I was at Investors' Circle. This discussion has been going on for years within Investors' Circle.

ACRES U.S.A. Other parts of the country?

TASCH. Jumping to the West Coast, Let's Be Frank is grass-fed hot dogs. They have one storefront in San Francisco right now, and one of our members is the investor in that. Those are just some quick examples. I could come up with others, but these are all very early stage or quite small by financial standards. One of the things I'm really interested in doing is growing CSAs, really focusing

TASCH. Well, then we get frustrated! No, the answer is twofold. One, if we invest in a thousand small food enterprises of the type we're talking about right now, and a few of them — despite our attention to issues of appropriate scale, sense of place, community-rootedness, decentralization — take off, and the entrepreneur, despite himself or herself gets, let's say, closer to the fast money world. I'll just take Stonyfield Farm as an example — I was an investor in Stonyfield when I was treasurer of the Noyes Foundation in New York, we had a very good return on that investment, and I am very fond personally and professionally of Gary Hirshberg, the CEO. I think it's a great company, but it has become a lightning rod for small versus big in organics. Now that it's part of Groupe Danone, it's owned by a multinational, headquartered in another country. What do we make of all that? The first thing to say is that just because Stonyfield is part of a multinational company and is about \$400 million and growing doesn't make it a bad company at all. It is moving into an area of what you can call industrial organics, larger-scale production and distribution that enables it to put organics on the shelves of Wal-Mart. That enables it to influence larger-scale activities around the planet, and that is not a bad thing. But I can tell you that in the Slow Money Alliance that's not the target

“People have to say, “I’m not going to let my money go to something if I don’t know where it’s going and I don’t understand it.”

time, energy and money on expanding CSAs as rapidly as possible. The reason people haven't done that before is there's no organized financial way to do that, there's no fund to do that, and there's no organized intermediation to do that, so that's one of the things that we need to “incubate” in Slow Money.

ACRES U.S.A. Here's a hypothetical question. What if Farmers Diner or Let's Be Frank, against all the odds, really takes off and then there's an aggressive takeover by Dean Foods or IHOP. What then?

we're shooting for. We're shooting at this idea of a large number of small things that really preserve and restore biodiversity, cultural diversity and economic diversity. If we invest in the next 1,000 things and one or two of them become Stonyfields, we don't pull our hair out, we just say OK, that happened.

ACRES U.S.A. It's statistically improbable enough that it's not a huge threat to what you're doing?

TASCH. Right. We're not going to create rules that say only a company that's less than \$10 million is a good company. People are going to know who and what they're investing in. They're going to know the values of the entrepreneur, and they're going to have real relationships with these enterprises. That doesn't mean people don't change and things don't happen like marriages break up, communities die, and this and that. Things happen that we can't control, but if there's a strong knowledge and trust and sharing of values, 99.99 percent of what you're talking about will be OK. There will always be things that will break down or things that will change, but I think the

"We need to have something that's all about a different set of objectives, meaning a lot of smaller things that aren't capital intensive, aren't high-tech, where the entrepreneurs don't want to create billion-dollar companies."

system as a whole will flourish if we put a lot of money to work this way. We need to have something that's all about a different set of objectives, meaning a lot of smaller things that aren't capital intensive, aren't high-tech, where the entrepreneurs don't want to create billion-dollar companies. This is one of the ironies of the discussion. Gary Hirshberg and Samuel Kaymen never woke up one morning thinking, "We want to create a billion dollar yogurt company." That was nowhere in their consciousness for at least the first 15 or 20 years of the company. They were a small food enterprise, and that's why their example is so pertinent. But we're setting up a whole other system where everything is designed for a different outcome.

ACRES U.S.A. How did the events of the last year, the economic shock, change your thinking? Money in general is harder to get now, for example.

TASCH. That's another important question. All I can say is we learned as we went, and a bunch of things all happened

at the same time, but the question is very good because it puts its finger on how our strategy emerged. Eighteen months ago, when we first sat down, there were 16 of us in a room, and I convened the meeting and said, "You have to help me decide if we're really going to do this or not" — *this* being *Slow Money*. The book wasn't even finished. That's part one. Then my book came out last year, and it's a funny thing, it just helped crystallize a certain set of ideas and galvanize a certain kind of discussion. The first thing we thought we were going to do would be to raise a \$50 or \$100 million fund of some kind and invest it, because we're investors, and that's the old model.

You go to foundations and also high-net-worth individuals, you raise money \$5 and \$10 million at a time, you create your fund, you invest in 15 or 20 things, you prove that you can make x-percent investing in these things, and then you're in business. But we stumbled along for a while. We kind of knew that model wasn't the right one. We couldn't even explain why, but we knew there was something extractive about the model. In other words, you're taking money from wealthy individuals and investors, you're investing it somewhere, and then you're sending the profits back out to those people even if they're lower profits. While that isn't necessarily a bad thing, it wasn't a sufficient thing. Somehow we weren't getting all the way out of the box with that model.

ACRES U.S.A. It was venture capital, not nurture capital?

TASCH. Right. It's the old venture capital model, but tweaked. We didn't know what the alternative was, but then the events of the fall happened, both political

and economic, and suddenly here we are about to have our launching meeting to talk about getting a million Americans to do this grassroots hybrid of organizing, philanthropy and investing. This is really a work in progress, very much so. I've come to understand that it came about from a confluence of three things. The first one has been around for a couple of years and that's called eco-awareness. Courtesy of Al Gore, vast percentages of the general public now recognize that we have a problem. We don't all agree on the severity, we don't all know what to do about it, but we do understand that there's a problem, and it's a big problem. I think this may be the first time in the history of the planet that large numbers of people who are alive recognize that there are global limits. Then, starting in the fall when the bottom fell out of the financial markets, that created a major new historical component that I would call macro-economic uncertainty, though that phrase is not strong enough. I've been talking to a lot of people around the country, and there is a deep visceral uncertainty, fear, disgust about the unsustainability of the financial system and the economy that it is supporting.

ACRES U.S.A. It really does strain our ability to come up with words that are sufficient to the folly and the waste.

TASCH. Here's another kind of systems-level metaphor, if you want to call it that, which changes the way you think about something that has to do with money. I have been not only thinking about this for a long time, but also talking to a lot of people about things and exploring with them where the hot buttons are, what resonates and how do we each understand what's going on with money — and at some point I found myself thinking that modern economics and modern financial intermediation, not just economists, but financiers, people dreaming up all these derivatives and securities, are sitting around with telescopes, very high-powered telescopes, peering into the heavens of finance finding little points of light that they can make some money on and coming up with all these arcane, complicated ways of doing it, but if you take that telescope and you put it down at your feet, what

do you see? Absolutely nothing, because the telescope cannot see anything that close. That's why we are destroying the land, because we're not looking at it from the point of view of where all our capital is going. It's all going "out there." One day it just popped into my head that in the '60s we learned that there was no such place as "away," meaning when you throw something away, it doesn't disappear, it's still on the planet. That's been one of the fundamental ideas of environmentalism for some time. I realized that to modern finance, there's no such place as *here*. As investors, we're supposed to act as if the places where we live are totally irrelevant — everything is about markets and sectors and securities and asset classes and all kinds of abstracts and quantitative arithmetic things, and it has nothing to do with what's going on right in front of us. Therefore we should not be surprised that we are degrading the places where we live.

ACRES U.S.A. If you turn that telescope around and look through the big end, you'd see all kinds of stuff at your feet.

TASCH. Ah! That's a good amendment, I like that!

ACRES U.S.A. One name always comes up among people who try to think differently about the economy. Who is Herman Daly, and why is he important?

TASCH. Herman Daly is very important. He's an economist who worked at the World Bank for many years and who really is the leading 20th century economist who promulgated the idea very forcefully and over many, many years through many books, the idea that unlimited economic growth on a finite planet must be taken as a prime challenge to economics. He wrote a book called *Steady-State Economics*, and his whole professional career has been dedicated to the idea that we need an alternative economic model to one that simply promotes endless and unlimited economic growth. There's another great book that should be mentioned for the benefit of your readers because it's quite accessible, called *For the Common Good*. Daly co-authored it with a theologian named John Cobb. It's really a great overview of

all the problems with the modern economic worldview, and the beginning of an alternative set of values. It's a pretty big, dense book, but it's accessible. It wasn't written for economists — it was written for a much broader audience. If I were trying to pithily summarize it, I would say he really hammered out a very basic distinction between growth, which he defined as quantitative expansion, and development, which he defined as qualitative improvement. He said we have an economics based solely on growth and we need to shift to economics based on development.


ACRES U.S.A. Do you harbor hopes that taking the volatility out of capital will have knock-on effects down the road as far as making peoples lives seem less volatile, less provisional, risky and scary?

TASCH. Oh, absolutely. I was on a panel recently at the Aspen Institute with Mariel Hemingway. They had a panel on food at a three-day conference on renewable energy. Mariel was there because her business is bringing lifestyle improvement to Americans through organic food and yoga. She gave a very personal and beautiful discussion of how her journey to doing this affected her. She said, "I was really just trying to find peace in my own life." You know how when you hear something from a different speaker, sometimes it jars you a little bit. I thought, *Wow, that's all I've been trying to do! I've been trying to find peace in my life. I can't have peace if I don't know where my money is and I know it's zooming around the planet invested in industrial and extractive activities that are destroying life on the planet. How can I have peace?* That's probably what drove me as much as anything else — our money is zooming around the planet doing all kinds of things that we know are no longer optimal, yet we seem powerless to stop it. If we can slow down meaningful portions of our money, we'll be able to understand it better, and it will begin bringing us more peace, personally, socially and environmentally. I really do believe that. This does connect, by the way, to a much broader thing, which is the Slow Food movement. The beauty of Slow Food, which is still only unfolding in the United States and is much stronger in other countries, is it's about quality of

life. It's about qualitative improvement against the ravages of quantitative expansion, quantitative growth. What we're talking about here is the root of your question: how can we begin to feel better about ourselves, how can we begin to feel less alienated, less powerless? This is what's so powerful about CSAs, why they are so beautiful. They connect people directly to the producer, directly to the source of their food. There's a social component, there's a nutritional component, but I don't even like using any of those words. It's just high quality. That's what we want to use Slow Money to bring out. If we can succeed in bringing any of the beauty of CSAs and Slow Food into a set of economic relationships, I think we're well on our way to what you just said, changing the way people feel about their lives and about their lives as economic beings.

Woody Tasch's *Inquiries into the Nature of Slow Money: Investing as if Food, Farms, and Fertility Mattered*, is available from Acres U.S.A.

For more information on Woody Tasch and the Slow Money Alliance, visit www.slowmoneyalliance.org.



Acres U.S.A. is the national journal of sustainable agriculture, standing virtually alone with a real track record — over 35 years of continuous publication. Each issue is packed full of information eco-consultants regularly charge top dollar for. You'll be kept up-to-date on all of the news that affects agriculture — regulations, discoveries, research updates, organic certification issues, and more.

To subscribe, call
1-800-355-5313
(toll-free in the U.S. & Canada)
 512-892-4400 / fax 512-892-4448
 P.O. Box 91299 / Austin, TX 78709
info@acresusa.com

Or subscribe online at:
www.acresusa.com