

# SLOW MONEY

## Executive Summary

Every 250 years or so, it seems, we arrive at a threshold moment in the history of capital and culture.

In 1500, two men in Amsterdam stood on a bridge over a canal, designing the joint stock company, minimizing risk to capital and galvanizing the flow of investment in exploration, conquest and export. The outlines of the New World were as yet undefined and the notion of limits to growth unimaginable.

In 1750, two men in New Amsterdam stood under a tree on the cow path that would become Wall Street, designing a stock exchange that would create hitherto unknown degrees of financial liquidity and, so, galvanize the flow of capital in support of exploration, extraction and manufacture. Corporations were small, continents were large, industrialization was incipient, the Prudent Man and the Invisible Hand about to enjoy their considerable time in the sun and the notion that the resilience of natural systems had limits was about to suggest itself—but only briefly, and only to be swiftly discredited and debunked.

In 2000, we are entering a period of urgent post-industrial, post-Malthusian reassessment and reconnoitering. We find ourselves on a new threshold, signals of systemic unsustainability proliferating alongside those of ever-accelerating capital markets and technological innovation. Consumerism and global markets are ascendant, carbon sinks are overloaded and the idea of limits to growth calls for radical reconsideration.

It falls to us to undertake a new project of system design: the creation of new forms of intermediation that catalyze the transition from a commerce of extraction and consumption to a commerce of preservation and restoration.

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Speed is one of the defining characteristics of our age. As much as in the Age of Ones and Zeros or the Age of Gigabytes and Megatons, we live in the Age of Hockey Sticks.



Breaking the 6-billion-person and the billions-of-instructions-per-second and the billions-of-shares-per-day barriers, we are disoriented by the seductions of speed. At the same time, our knowledge of the world becomes considerably more complete, affording us truer perspectives on the incompleteness of economics disconnected from bioregions and communities, markets disconnected from places, wealth disconnected from health.

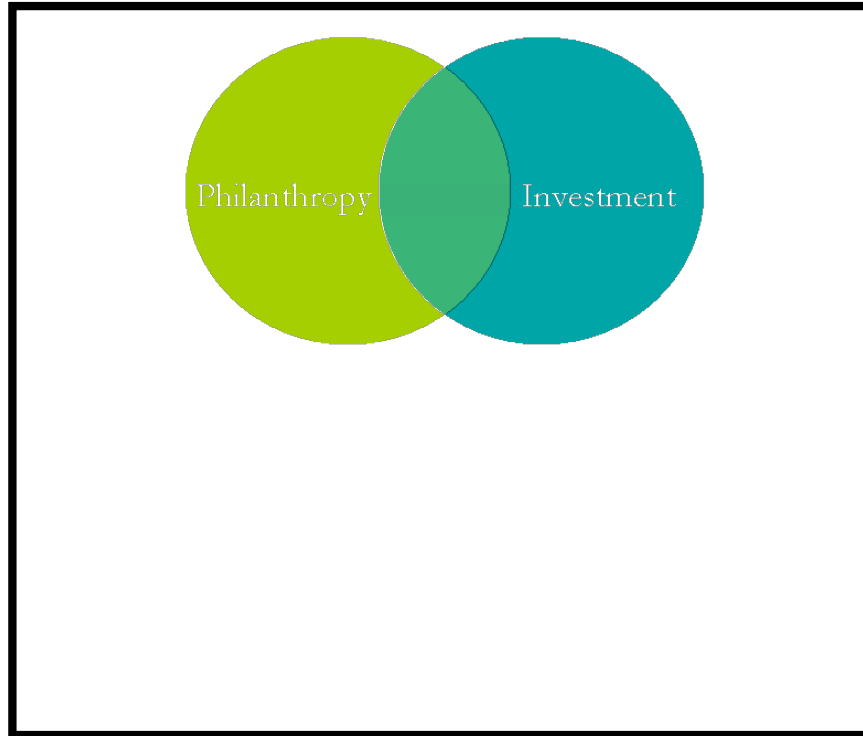
GDP growth driven by sub-divisions and highways and Mustangs and 727s made sense in a pre-smog, pre-urban-blight, pre-sprawl world. Buy Low/Sell High made sense in a world that could not conceive of a \$300 billion Wal Mart, a \$53 million Christmas bonus, a \$400 million golden parachute, or a China that is building one coal-fired power plant a week and more roads in 2008 than it had in the preceding 50 years.

Now, the existence of a thousand billionaires and a billion thousandaires signals structural limits to the power of industrial finance. 400 parts per million of carbon in the atmosphere signals limits to the economics of maximum growth. The campaign to drag one or two percent of foundation assets back across the iron curtain between asset management and grantmaking signals the limits of the culture of Wealth Now/Philanthropy Later. And, most recently, the sub-prime mortgage collapse signals the limits of ever-accelerating, ever-more-complex, derivative-driven financial markets.

Organized from “markets down” rather than from “the ground up,” industrial finance is inherently limited in its ability to nurture the long-term health of community and bioregion. These limits are nowhere more apparent than in the food sector, where financial strategies optimizing the efficient use of capital have resulted in cheap chemical-laden food, depleted and eutrophied aquifers, millions of acres of GMO corn, trillions of food miles, widespread degradation of soil fertility, a dead zone in the Gulf of Mexico and obesity epidemics side by side with persistent hunger.

“Food,” as the poet Gary Snyder observed, “is the field in which we daily explore our harming of the world.” It is also the field in which we daily explore the boundaries between investing and philanthropy. Using global markets as our guide, we choose

commodity production over soil fertility, leaving the vast majority of sustainable agriculture enterprises with little or no access to either investment capital or philanthropic support:



The challenge of re-integrating social and environmental concerns into the business of food production mirrors similar processes underway in broader capital markets and philanthropic arenas.

Socially responsible investing, mission-related and program-related investing by foundations, venture philanthropy, social entrepreneurship, local economies, consumer demand for organics and green products—these are the first stages of a more profound fiduciary realignment. Some of these initiatives remain incremental and ambiguity-laden. Others are indicators of more fundamental, tectonic shifts along the boundaries of for-profit and non-profit, shareholder and stakeholder, global investor and local citizen.

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This mission of Slow Money is:

- To promote entrepreneurship that preserves and restores soil fertility, appropriate-scale organic farming and local food communities;

- To catalyze increases in foundation grant-making and mission-related investing in support of sustainable agriculture and local economies; and,
- To incubate next-generation socially responsible investment strategies, integrating principles of carrying capacity, care of the commons, sense of place and non-violence.

To pursue this mission, Slow Money, a 501 c3, is forming a for-profit investment corporation, Slow Money Asset Management, and developing a series of strategically linked investment and philanthropic initiatives.

Slow Money’s initial philanthropic portfolio includes:

- **Slow Money Institutes.** Convening workshops and conferences around local food system investing, mission-related investing and other system design innovations.
- **Slow Money Alliance.** Building support for and broader recognition of Slow Money through a stakeholder network.
- **Slow Food Collaboration.** Providing strategic financial partnership and entrepreneurial assistance to Slow Food (whose 80,000 members in over 30 countries support local food communities and biodiversity).
- **“I.” Foundation Charter.** Developing a new foundation charter completely aligning asset management and charitable purpose; “I.” stands for “integral.”
- **Slow Money Exchange.** Conducting feasibility study for a stock exchange serving investors and entrepreneurs who seek to optimize “slow, small and local.”

Slow Money Asset Management will raise and manage a series of investment funds, utilizing both fund-of-funds and direct investment strategies.

It is currently anticipated that the first direct investment fund, Slow Money Partners I, will be in the market by early 2009, seeking capitalization of \$50 – 100 million, targeted at local food system enterprises in collaboration with stakeholders in several U.S. regions, and having a financial return objective in the range of 5-8%. Feasibility studies and portfolio design are currently underway. A broad range of sectors and enterprises are being evaluated, including: organic brands, regional processing and retailing, fair trade enterprises, slow food restaurants, biological inputs, sustainable agricultural technologies, Community Supported Agriculture, farmers markets, organic fibers, and sustainable timber.

Exploratory discussions are being initiated regarding the feasibility of Slow Money Funds 1, a broadly diversified fund of funds.

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The management of Slow Money brings together a team of individuals with broad experience in philanthropy, investment and food systems.

**Woody Tasch, Chairman and President**, pioneered the integration of asset management and philanthropic purpose in the 1990s as Treasurer of the Jessie Smith Noyes Foundation and founding Chairman of the Community Development Venture Capital Alliance. For the past nine years, he has been Chairman of Investors' Circle, a national network of angel investors, venture capitalists, foundations and family offices that has invested \$120 million in 190 early-stage sustainability-promoting enterprises.

**Cathy Berry, Director**, is a Director of the Investors' Circle Foundation and an active angel investor and philanthropist.

**John Fullerton, Director**, is a former Managing Director of JPMorgan, where he worked for over 18 years and received the firm's "Risk Manager of the Year" award. Co-Founder and recently retired CEO of Alerian Capital Management, he is now an active investor in early-stage organic food companies.

**Tom Miller, Director**, is former head of Program Related Investing at the Ford Foundation.

**Don Shaffer, Director**, is President of RSF Social Finance, and former Executive Director of the Business Alliance for Local Living Economies.

The Slow Money Advisory Board includes Eliot Coleman (farmer), Michael Dimock (President, Roots of Change and former Chairman, Slow Food USA), Greg Steltenpohl (founding CEO, Odwalla), Greg Whitehead (Treasurer, Whitehead Foundation), Fred Kirschenmann (Distinguished Fellow, Aldo Leopold Center), Joan Gussow (former Chair, Jessie Smith Noyes Foundation), Tom Stearns (High Mowing Organic Seeds) and a number of other leading entrepreneurs, farmers, investors and philanthropists.

This team has come together in the belief that Slow Money is about more than a single fund or, even, a series of funds. The task at hand calls for a new kind of fiduciary entrepreneurship—a new prudence, a new urgency, a new vision of capital markets designed to usher in the age of restorative economics. We are seeking system design innovation capable of facilitating the flow of many billions of dollars over the next decade, supporting broad-based cultural transformation.