SLOWMONEY

www.slowmoney.org

commons ^{nth}

COMMON SENSE FOR A POST WALL STREET WORLD

A Simple, Pragmatic and Neighborly Call To Action For the Age After Rogue Computer Algorithms, CDOs, GMOs, High Fructose Corn Syrup, Food Deserts, Desert Storms, and All Those Endowments, Pension Funds, Mutual Funds and Other Ungodly Humungous Institutional Pools of Capital that Are About To Discover Conscientious Investing, Saying No! to Oil and Yes! to Soil

A NOTE TO THE READER

A number of questions lay before us, but before we get to them, there is this: *In the age of sound bites, elevator pitches and digital currency, is there a place for a good old fashioned rabble rousing pamphlet?*

I hope so, because many of us will be gathering in a few months and there is much to share about what we—interlinked constituencies, networks and an emergent movement—can do together.

Curious about the oldest and youngest picture of the universe, the Earthworm School of Fiduciary Responsibility or the formula behind Wall Street derivatives? Well, you'll just have to wait for the book that got pre-empted by this pamphlet. . .

In the meantime, I offer what the famous screed writer once described as "simple facts and plain arguments," in hopes that they may impel us forward.

WHEN THOMAS PAINE'S *Common Sense* went viral and sparked the American Revolution—more than a century before the first virus was discovered and two centuries before the term 'viral' would cause a gleam in the first blogger's eye—it set us upon a course of national self-discovery that produced historic benefits galore but ultimately left us short of that elusive goal: common sense.

Perched, today, on the cusp of the Information Age and whatever comes next, it seems that we are still engaged in a great historical exercise of two steps forward, one step back. Things grow faster and faster, bigger and bigger, more and more global. We generate and sort and transmit more data than could even have been imagined only a generation ago. Yet are we becoming more secure, more prudent and more understanding?

The separation of church and state in 1776 was prescient and gave birth to modern history's most dynamic experiment in democracy. We got the politics and the economics wonderfully right (right for their time and place, that is), but ultimately paid a price in terms of culture.

What could not be seen at the outset now looms large: Life, Liberty And The Pursuit Of Happiness cannot live with and cannot live without Love Thy Neighbor As Thyself and Thou Shalt Not Kill. It is also thus with Democracy and Capitalism. These have been awfully exciting and wildly fruitful courtships. Yet, in the early years of the 21st century, the national family—not the nation as a political entity, but the nation as a multicultural family, joined by ties of affection and shared values—is straining to the breaking point.

We need to discover a new kind of common sense.

Common sense that can bring people together after the tragedy of the commons and the age exponential growth.[1]

Common sense for an age in which capital markets, technological innovation and population have exploded, but so have military industrialism, fundamentalism, videogamism, Twinkieism, terrorism.

ON THE ONE HAND, this new common sense is as simple as bringing some of our money back down to earth. On the other, it is as nuanced as the thread of a conversation that started when the first hunter gatherer settled down in the Fertile Crescent and started to grow wheat.

This is a conversation about food, place, soil. It is a conversation about monoculture and diversity. It is a conversation about what we kill and what we grow. It is a conversation about the collateral damage caused by economic growth and how we use our wealth.

On July 11, 2014, the World Council of Churches made an historic recommendation that its 345 member churches, representing hundreds of millions of Christians worldwide, divest of fossil fuels. Bill McKibben, founder of 350.org, a leading voice on divestment, reflects:

> *When Harvard divested from tobacco stocks in 1990, then-president Derek Bok said the university did not want "to be associated with companies whose products create a substantial and unjustifiable risk of harm to other human beings." Given that the most recent data indicates fossil fuel pollution could kill 100 million by 2030, the coal, oil and gas industry would seem to pass that test pretty easily.*

If we wish to steer away from economic activities that do harm, divesting is critical. Equally critical is *conscientious investing*—the investing that comes after protesting and divesting.

ALTHOUGH I'VE WORKED for 30 years at the nexus of venture capital, social investing and philanthropy, I am not speaking, here, as a professional trained in any of those disciplines. I am speaking as an individual who wishes

1 In 1968, Garrett Hardin's *The Tragedy of the Commons* article in *Science* framed environmental discussions around the idea that earth's ecosystems—its air, water, soil and biological diversity—are a commons that is destined to be degraded as population grows. Adam Smith's economic vision was built around the idea that individuals acting in their own self interest inevitably produced public benefit, as if guided by an "invisible hand." The tragedy of the commons presents a countervailing view, according to which individuals taking advantage of common resources do so until those resources are ultimately destroyed.

to reduce his complicity in institutionalized violence, military and economic. I am speaking as an individual who wishes to align his capital and his values wholeheartedly, rather than half-headedly.

The most conscientious financial action I can imagine is taking a little of my money out of *there*—abstract, derivatives-riddled explorations of the financial universe and fossil fuel-driven explorations of the earth's crust—and putting it to work *here*—near where I live, in things that I understand, in enterprises that promote the health of my household, community and bioregion.

After years of experimenting and worrying and organizing and studying, it occurs to me that it is all really painfully simple: *We are giving our money to people we don't know very well, to invest in things they don't understand very well, half way around the world in places we will never visit.* Does this sound like the recipe for a healthy future? Isn't there more than a little implicit and explicit violence in such a radical severing of relationships?

And after years of working at the nexus of venture capital, socially responsible investing and philanthropy, I have come to a conclusion that is both simple and nuanced: *Making a loan to a local organic farmer or small food enterprise is the most conscientious, constructive and tangible action I can take to begin moving in a new direction.*

Large industrial companies and multi-national corporations, and the mutual funds that invest in them, are too big, too diversified and too "tricky" for my taste, inevitably including commercial endeavors that are directly or indirectly at odds with my beliefs and hopes. This is not a wholesale indictment of these corporations or funds or the people who run them, some of whom are my friends. It is merely an acknowledgment of the realities of managing large pools of capital and using financial returns as the primary, universally applied, lowest common denominator metric, with social and environmental "metrics" as add-ons. And while the preceding few sentences are sure to ignite some vociferous objections from some of these same friends, I will merely add: Let's spend less time with pro-Left or pro-Right arguments about the efficiency of capital markets or the efficacy of particular metrics or certification regimes. And, let's devote more time to developing new flows of capital from and to the Radical Center.[2]

Is there anything more deeply conservative and more deeply liberal than investing in small farms and local food system? This is direct action. It is undiluted. It is not distorted by the gravitational pull of distant pools of capital. It is supporting local entrepreneurship and creating jobs that will not be exported. It connects us to our neighbors and builds community. It connects us to the soil.

These are all wonderful benefits, but they come with a limiting factor: We can only do this with a little of our money, because it is, by definition, relatively inefficient. That is, it takes a lot of time and energy to put a little money to work this way.

Some will therefore opine: This is not scalable—individuals making small investments here and there will never add up to systemic change. Others will opine: This is a vital part of a new peace movement.

If we understand a movement to be a mass mobilization, not infrequently including taking to the street to protest an act of institutional violence or injustice, then Slow Money, Slow Food, Slow Church, the local food and local economies movements, even impact investing and socially responsible investing as a whole—none are really movements. They are sparks, seeds, pulses, outbursts of robust public conversation, points of engagement, contributors to the possibility of a new narrative—but they are not mass movements. At least, not yet.

2 In *The Radical Center,* Ted Halstead and Michael Lind write: "To us, it seems obvious that the familiar varieties of liberalism and conservatism, developed as they were in response to the Second Industrial Revolution, are largely irrelevant in the fundamentally different environment of the first half of the twenty-first century. 'Centrism' itself has become something of a shallow mantra in recent American politics. It is usually invoked in a tactical effort to bridge the differences between the existing Left and Right—yielding a 'Squishy Center' that lies between Left and Right, rather than a 'Radical Center.' We use the term *radical*—in keeping with its Latin derivation from 'radix,' or 'root'—to emphasize that we are interested not in tinkering at the margin of our inherited public, private, and communal institutions, but rather in promoting, when necessary, a wholesale revamping of their component parts." (*The Radical Center,* Random House, 2001)

BILL MCKIBBEN, FOUNDER 350.ORG

Perhaps 350.org's divestment campaign is poised to tip us all into a great, unified mass movement. But if we are going to take our money out of fossil fuel, where are we going to put it?

Divestment arguments are made on the basis of the most fundamental, most long-term thinking we can muster. The conscientious investing that comes after divesting must be equally fundamental and long-term.

Paul Hawken's *Blessed Unrest* suggests that 100 million NGOs around the world are part of an over-arching environmental and social justice meta-movement that has no name, a process that he likens to planet earth's immune response. Nevertheless, momentum of meta-historic proportions remains embedded in commercial activities and economic institutions that pour carbon into the atmosphere and draw down natural and social capital. We've created 1,645 billionaires, yet the prospects for a billion thousandaires to enjoy the benefits of economic growth are murky. Military expenditures keep eating away at national budgets: During the 20th century, the military's share of the U.S. federal budget went up more than 20 times, from around 1% to more than 20%, and that doesn't take into account a great many more military-related expenditures.[3]

Economic growth causes environmental and social collateral damage, as surely as a naval destroyer causes a wake or the befuddlement-inducing complexity of derivatives causes financial bubbles. Can consumers, activists, NGOs, policy makers and regulators reduce this collateral damage? Certainly. Can they reduce it *enough*? Not without the power of investors, putting investment capital to work in fundamentally new ways—reducing violence, nurturing diversity, preserving and restoring balance, supporting the slow, the small and the local, and ultimately, leading us towards a more durable kind of common sense.

To most businesses, social and environmental impacts are "end of pipe" issues, coming after attention is paid to the goods and services that are their primary concern. We must do everything possible to clean things up at the end of the pipe, of course, but we must recognize that we will only get so far if we do not effectively address front end questions.

But let's dispense with industrial "pipe" metaphors and go *au naturel*: Politics deals with the leaves of the Great Economic Tree, or, shall we say, greens of the Humble Economic Beet. (Do not be befuddled by this Beet reference. Read on.) If we want to promote plant health, we need to pay attention to roots and soil. "Feed the soil, not the plant," says organic farmer Eliot Coleman.

Washington and Wall Street work on the leaves and the plant. It cannot be any other way. Money rises up from the soil and makes its ways to the political and economic leaves. It stays there. This is a one way journey, which is why the human economy has such difficulty mimicking or working in concert with the natural economy. Money hardly ever finds its way back to the soil. It gets locked up in the branches and leaves and intricate workings of pension funds and insurance companies and government programs and mutual funds.

What is lacking is a process of putting back into the soil what we take out.

In mulling this, we must avoid false Either/Or choices—pro-government or anti-government, pro-free markets

3 The U.S. 2014 federal budget allocates $820 billion to defense, or 22.4% of the total budget of $3.65 trillion. However, this defense budget "does not include many military-related items that are outside of the Defense Department budget, such as nuclear weapons research, maintenance, cleanup, and production, which is in the Department of Energy budget, Veterans Affairs, the Treasury Department's payments in pensions to military retirees and widows and their families, interest on debt incurred in past wars, or State Department financing of foreign arms sales and militarily-related development assistance. Neither does it include defense spending that is not military in nature, such as the Department of Homeland Security, counter-terrorism spending by the Federal Bureau of Investigation, and intelligence-gathering spending by NASA." (Wikipedia) It is also important to note that much of the trillions of dollars spent on the wars in Iraq and Afghanistan were allocated outside the formal budget, through a process called supplemental appropriations. On the military spending totem pole, the U.S. spends more than the next ten nations combined—around 40% of the world total.

These principles add the voices of investors to the broader movement that is emerging out of the work of Slow Food, 350.org, 1% for the Planet, the Schumacher Society for a New Economics, BALLE (Business Alliance for Local, Living Economies), Post Carbon Institute, RSF Social Finance, Kiva, Local Harvest, the New Economics Coalition, Local Food Shift and others.

For we will need more than political advocacy, consumer choice and philanthropy to achieve a restorative economy—an economy that creates economic opportunity and wealth while preserving and restoring communities and bioregions. If we want to fix what is broken in food and finance, we will need more than voters, consumers and donors. We will need investors.

Industrial agriculture and industrial finance are two sides of the same coin.

The food system is great at producing cheap, shelf-stable food, but equally great as a contributor to many significant systemic problems: soil erosion, carbon in the atmosphere, an obesity and diabetes pandemic, aquifer depletion, loss of biodiversity, and high costs of intermediation (less than ten cents of every consumer food dollar gets to a farmer). The finance system is great at facilitating enormous capital flows and wealth, but equally great as a contributor to many fundamental systemic problems: unequal distribution of wealth, short term thinking in the executive suite, securities that are too complex to regulate, banks that are too big to manage, and layers of intermediation that are rigged in favor of (to use the words of John Bogle, founder of the Vanguard Group, one of the world's largest asset management firms) "the croupiers."

We need to learn how to earn, save and invest a new kind of coin.

Consider BEETCOIN.

Introduced by Slow Money in September, 2014, BEETCOIN collects contributions and directs these funds to small, organic food enterprises, by popular vote, as 0% loans. The first recipients of BEETCOIN proceeds will be food entrepreneurs who make presentations at Slow Money 2014: A Local and Global Gathering on Food, Investing and Culture, on November 10-12 in Louisville, KY. (For more information on BEETCOIN and that event, go to www. slowmoney.org.)

Here's a glimpse of the kind of enterprises that have received support via Slow Money local networks and investment clubs over the past few years:

AMONG THE SLOW MONEY INVESTMENTS ARE: (1) Small farmer Aaron Campbell (NC); (2) Maine Grains; (3) Point Reyes Compost, (CA); (4) Urban farming NGO, Revision International (CO); (5) Brooklyn Grange, one of the nation's largest organic rooftop gardens (NY); (6) Chatham Marketplace food co-op (NC); (7) Organic home delivery, Greenling (TX)

As evidenced by the emergence of community supported agriculture and the dramatic increase in the number of farmers markets over the past few decades, a new generation of small and mid-size organic farms is in the offing, along with the many enterprises that will bring their product to market. Yet despite robust growth, organics still accounts for only 4% of the food industry and organic farmland in the U.S. accounts for only 1% of total farmland. Where will the capital come from to support the next stages of structural change? It will not come, either in terms of quantity or kind, or soon enough, from Wall Street, Washington or the foundation community.

Wall Street and Washington are each dysfunctional in their own way; both are captive to top-down, industrial solutions and the influence of special interests. The foundation community has its own set of structural limitations. Organized around the provision of grants to non-profits, foundations have great difficulty moving towards *mission-related investing* or *impact investing*, and the risk/return/impact equation of small for-profit food businesses does not quite compute for them. Roughly one quarter of one percent of foundation grants go to sustainable agriculture and the amount of mission-related investing by foundations in the food sector is barely calculable as a percentage of total foundation assets.

No, the capital needed to fix the economy from the ground up must come from individuals, who recognize the limits of the dismal science of economics[4] and the innate value of putting money to work in new ways, and who appreciate—with a sense of urgency, along with humor, humility and more than a little respect and affection for humus—the cultural ramifications of doing so.

Could investing in a small food enterprise near where you live be the greatest thing since unsliced organic bread? Is it the most assertive act of peaceableness we can undertake, short of hitting Vladimir Putin or Ted Cruz over the head with a bunch of beets?

Perhaps.

4 Thomas Carlyle, the 19th century Scottish philosopher, called economics "the dismal science." He was referring to the dismal predications of Thomas Malthus, who reasoned that because agricultural production grows arithmetically while population grows exponentially, widespread starvation is inevitable.

At least we can say that BEETCOIN is the opposite of BITCOIN.[5] It is the world's first CDO-free,[6] dismal-science-denying, non-violence-promoting non-currency, more real than that virtual currency.

This is your chance to be a BEETNIK.[7]

If it were ever true, as Thomas Freidman opined in 1996, that no two countries who are home to McDonalds have ever gone to war, it is no longer so. The suggestion had a nice ring to it, but it proved frivolous. It would be equally frivolous to suggest that war could be avoided by promoting broader ownership of the stock of Coca Cola or Berkshire Hathaway. As it would be frivolous to suggest that a few million dollars worth of BEETCOIN is the answer to land grabs in Africa or refrigerators in China.[8]

Yet, it is hard to imagine anything more peaceable than small, diversified organic farms and groups of citizens collaborating to support them. It is hard to find an antidote to "financial weapons of mass de-

5 See http://www.bloomberg.com/video/bitcoin-mining-a-high-tech-arms-race-E2uHx-p0QSymrfiAbam4JCg.html for a brief discussion of Bitcoin mining, the "high tech arms race" of computer searches for this digital currency. The New York Post reported that on August 21, 2014 New York City's first BTM (bitcoin teller machine) opened in a location in Greenwich Village. This neighborhood was one of the homes of Beatniks in the fifties and sixties, which makes this all pretty historically intriguing. Will gangs of Bitniks and Beetniks soon be roving the old haunts of Beatniks, sabotaging brokerage businesses and lingering in organic cafes?

6 CDO stands for credit default obligation.

7 The term BEETNIK is already in use by the Austin food company BEETNIK, with whom the author has no affiliation and whose permission for this playful use he hereby requests.

8 In *What Do Chinese Dumplings Have To Do With Global Warming?* (New York Times, July 25, 2014), Nicola Twilley reports:

> An artificial winter has begun to stretch across the country, through its fields and its ports, its logistics hubs and freeways. China had 250 million cubic feet of refrigerated storage capacity in 2007; by 2017, the country is on track to have 20 times that. At five billion cubic feet, China will surpass even the United States, which has led the world in cold storage ever since artificial refrigeration was invented. And even that translates to only 3.7 cubic feet of cold storage per capita, or roughly a third of what Americans currently have — meaning that the Chinese refrigeration boom is only just beginning.
>
> This is not simply transforming how Chinese people grow, distribute and consume food. It also stands to become a formidable new factor in climate change; cooling is already responsible for 15 percent of all electricity consumption worldwide, and leaks of chemical refrigerants are a major source of greenhouse-gas pollution. Of all the shifts in lifestyle that threaten the planet right now, perhaps not one is as important as the changing way that Chinese people eat.

struction"—to use Warren Buffett's description of derivatives—as quietly potent as a loan to a local food entrepreneur. It is hard to imagine the path towards a new stock market, one that connects a new breed of entrepreneurs to a new breed of investors, that does not begin with the soil.

If such suggestions sound a bit farfetched, consider that in 1600, when the East India Company financed ships to set out from Amsterdam, a $400 billion corporation seemed beyond imagining. In 1700, the idea of the United States of America seemed beyond imagining. In 1800, the idea that passenger pigeons could ever go extinct seemed beyond imagining. In 1900, landing on the moon seemed beyond imagining. In 2000, the magnitude of Facebook's Initial Public Offering seemed beyond imagining.

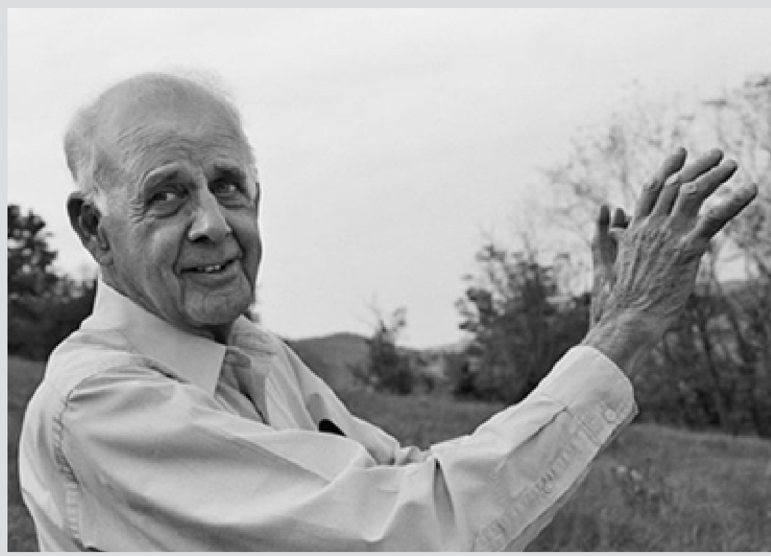
In 2014, life after the Arab Spring, Too Big To Fail and Monsanto seems beyond imagining.

It is going to take imagination to bring down the Iron Curtain between investing and philanthropy.

For the past century or so, and, with a particularly ruthless brand of financial zeal over the past several decades, we have enthroned Deal Doer over Do Gooder. Now, for the sake of diversity and nonviolence, we are going to have to assert our independence from the tyranny of Buying Low and Selling High. We are going to have to recognize that in the modern economy, ours is a tyranny not of kings, but of fiduciaries.

Wendell Berry leads the call for this imagination:

> *If imagination is to have real worth to us, it needs to have a practical, an economic, effect. It needs to establish us in our places with a practical respect for what is there besides ourselves. I think the highest earthly result of imagination is probably local adaptation. . .*
>
> *We are involved in a profound failure of imagination. Most of us cannot imagine the wheat beyond the bread, or the farmer beyond the wheat, or the farm beyond the farmer, or the history beyond the farm. Most people cannot imagine the forest and the forest economy that produced their houses and furniture and paper; or the landscapes, the streams, and the weather that fill their pitchers and bathtubs and swimming pools with water. Most people appear to assume that when they have paid their money for these things they have entirely met their obligations. . .*
>
> *One way we could describe the task ahead of us is by saying that we need to enlarge the consciousness and the conscience of the economy. Our economy needs to know—and care—what it is doing. This is revolutionary, of course, if you have a taste for revolution, but it is also a matter of common sense.*[9]



WENDELL BERRY

Such cultural imperatives will not be "solved" by regulation or public policy. Dodd-Frank, carbon tax, a new Farm Bill—these are all absolutely necessary, but they are also far from sufficient.

We need to reconnect to one another and to the places where we live. We need to reaffirm the primacy of relationships over transactions. To do this, we need to develop new, imaginative capital flows and new imaginative approaches to agriculture. And

9 "In Distrust of Movements," from *In The Presence of Fear: Three Essays For A Changed World* (Orion, 2001)

we need to slow down.

There are many working to spark a new kind of financial imagination. Here are just a few:

1% FOR THE PLANET is an imaginative new approach to corporate philanthropy. More than 1,200 companies now participate in this program, committing 1% of their revenues to environmental giving. In 2013, participating companies gave a total of $20 million.

THE BUFFETT-GATES GIVING PLEDGE is an imaginative new approach to personal philanthropy, encouraging billionaires to give away at least 50% of their wealth. For those concerned about putting back into the soil what we take out, there is something satisfying about the urgency and reciprocity of 50%.

THE NURTURE CAPITAL SECTOR. Many small and some not so small financial intermediaries are developing imaginative approaches along the boundary of profit-making and public benefit. RSF Social Finance, Clean Yield and Trillium Asset Management proactively seek opportunities for their clients to support sustainable food enterprises. The Castanea Foundation in Vermont has deployed more than $22 million since 2006 in farmland and food enterprises in its region. Farmland LP and Iroquois Valley Farms offer individuals diversified investments in organic farmland. Kiva offers individuals the opportunity to support micro-entrepreneurs; since 2005, 1.2 million individual lenders have provided over $600 million in capital to 1.4 million borrowers.

THE LAND INSTITUTE. While breeding new grains, researching perennial polyculture and breaking the hegemony of monoculture may seem a long way from finance, this organization's paradigm-busting work has many implications for economy and imagination. In founder Wes Jackson's words, "We need to keep money out of carbon trouble."

350.ORG. The campaign to get colleges, churches and others to divest of fossil fuels brings a critical activist agenda to discussions of responsible investing and encourages a post-Wall Street kind of common sense.

Financial imagination must constantly fend off, however, the considerable pull of outdated 19th and 20th century thinking about scale and efficiency:

> *The economics of giantism and automation is a leftover of nineteenth century conditions and nineteenth century thinking and it is totally incapable of solving any of the real problems of today. . .We must learn to think in terms of an articulated structure that can cope with a multiplicity of small units. If economic thinking cannot grasp this it is useless. If it cannot get beyond its vast abstractions, the national income, the rate of growth, capital/output ratio, input-output analysis, labor mobility, capital accumulation; if it cannot get beyond all this and make contact with human realities of poverty, frustration, alienation, despair, breakdown, crime, escapism, stress, congestion, ugliness, and spiritual death, than let us scrap economics and start afresh.*[10]

Although it is almost a form of heresy to suggest it in today's hyper-securitized investment world, economic and financial metrics make blunt instruments for measuring "human realities." E.F. Schumacher realized that we need more than a new set of numbers to add to the old set of numbers. We need to question industrialism all the way down to its roots:

> *In our time, the main danger to the soil, and therewith not only to agriculture but to civilization as a whole, stems from the townsman's determination to apply to agriculture the principles of industry.*[11]

The diligent application of imagination leads us beyond many commonly accepted metrics of efficiency and risk, all the way to fundamental questions about speed, scale and place.

Sometimes you have to go slow to accelerate change.

There are now quite a few "slows" emerging as part of a broader movement—Slow Food, Slow Money, Slow

10 *Small Is Beautiful*, E.F. Schumacher (Briggs & Briggs, London, 1973), pp. 67-8

11 *Small Is Beautiful*, p. 100.

Cities, Slow Design, Slow Church and more. Tracing the emergence of the slow movement in many walks of life, from food to urban planning to child rearing, Carl Honore observes:

> *Capitalism is getting too fast even for its own good. . . Not long ago, Klaus Schwab, founder and president of the World Economic Forum, spelled out the need for speed in stark terms: "We are moving from a world in which the big eat the small to one in which the fast eat the slow."*
>
> *. . .Instead of thinking deeply, or letting an idea simmer in the back of our mind, our instinct now is to reach for the nearest sound bite. In modern warfare, correspondents in the field and pundits in the studio spew out instant analysis of events as they occur. Often their insights turn out to be wrong. But that hardly matters nowadays: In the land of speed, the man with the instant response is king.*[12]

That last comment prompts us to think: In the land of modern warfare, the predator drone is king. In the land of cheap, shelf stable calories, the Twinkie is king. In the land of high frequency trading, the man with the fastest computer and the fanciest algorithm is king.

ENTER DEEP KNOWLEDGE VENTURES. Or, rather, ENTER "VITAL," the computer algorithm that this venture fund has recently appointed to its board of directors.

That's right, a venture fund recently appointed a computer algorithm to its board of directors. This is not satire from The Onion. This is financial reality as of June, 2014, on this little old ball of whirling, zooming, life-of-its-own-cyber-money called Planet Earth. Makes one think back to Niall Ferguson's prescient observation in *The Ascent of Money*, "Planet Finance is starting to dwarf Planet Earth."

12 *In Praise of Slowness: Challenging the Cult of Speed,* Carl Honore (HarperCollins, 2004)

Here's the **Business Insider** piece on Deep Knowledge Venture's appointment:

A Venture Capital Firm Just Named An Algorithm To Its Board Of Directors

A Hong Kong VC fund has just appointed an algorithm to its board.

Deep Knowledge Ventures, a firm that focuses on age-related disease drugs and regenerative medicine projects, says the program, called VITAL, can make investment recommendations about life sciences firms by poring over large amounts of data.

Just like other members of the board, the algorithm gets to vote on whether the firm makes an investment in a specific company or not. The program will be the sixth member of DKV's board.

VITAL's software was developed by UK-based Aging Analytics.

"[The goal] is actually to draw attention developing it as an independent decision maker," Deep Knowledge Venture's Charles Groome told BI.

How does the algorithm work?

VITAL makes its decisions by scanning prospective companies' financing, clinical trials, intellectual property and previous funding rounds.

Groome says it has already helped approved two investment decisions (though has not yet cast its first vote), both of which resemble its own function: In Silico Medicine, which develops computer-assisted methods for drug discovery in aging research; and In Silico's partner firm Pathway Pharmaceuticals, which employs a platform called OncoFinder to select and rate personalized cancer therapies.

"It's not what you'd call Artificial Intelligence at this stage, but that is the long-term goal," Groome said.

We may ask: What's the difference between artificial intelligence and deep knowledge? What is the impact on human intelligence of information moving at hyper-speed? Whatever the short-term benefits of computer driven trading, a certain skepticism is due when it comes to its long-term impact:

> *Regulators have not been able to keep up with electronic programs that increasingly dominate the supercharged market. . . Traders on Wednesday said that a rogue algorithm repeatedly bought and sold millions of shares of companies like RadioShack, Best Buy, Bank of America and American Airlines. . . The episodes, along with the flash crash of 2010 when the market lost trillions of dollars of value in minutes, have stoked suspicions that stocks are safe only for specialists, and sometimes not even for them.*

"The machines have taken over, right?" said Patrick Healy, the chief executive of the Issuer Advisory Group, a capital markets consulting firm.[13]

Imagine two cartoons. The first, picturing a board table around which five people and one laptop are seated, with everyone saying "Aye." The second, the same board table, around which five laptops and one person are seated, with the five laptops saying "Aye" and the person saying "No."

The Ayes have it.

David Orr calls it "befuddlement that comes with information overload."[14] In her seminal paper *Can Twinkies Be Organic?*, Joan Gussow calls it "the limitations reductionist science has put on our ability to take account of things that matter."[15] During the 1960s, Trappist monk Thomas Merton called it *innate violence*: "The rush and pressure of modern life are a form, perhaps the most common form, of its innate violence."[16]

Now, compared to the military violence of the Vietnam War, which Merton protested, talk of the innate violence of modern life seems abstract. It is not. The collateral damage of industrialization and globalization is considerable. The collateral damage of virtualization is very real.

Fast food and fast money damage trust. We don't know where our food comes from or what is in it. We don't know where our money goes or what it is financing. We don't know our farmers. We don't know our fiduciaries.

Ask any earthworm or micro-organism whether fertilizers and herbicides are a form of violence. Ask any bee whether monocultures and systemic pesticides are a form of violence.

Once again, the Ayes have it.

But you don't have to be a monk to protest violence. You don't have to be a conscientious objector. In fact, you don't even have to protest violence in order to oppose or reduce it. You just have to be a conscientious investor.

For centuries, religious orders have been using their investment assets as tools for countering destructive or morally unacceptable behavior. The Methodists have long opposed investing in companies that manufacture liquor or tobacco or promote gambling. The Quakers have long opposed investments that promote slavery or war. In the 1960s, issues such as the Vietnam War, civil rights and nuclear power came to the fore for many social investors, who began looking for ways to screen out of their investment portfolios support for commercial activities that were not consistent with their values. The Interfaith Center on Corporate Responsibility was founded in 1971, and since then its members have filed thousands of shareholder resolutions. During the 1980s, the campaign to divest of companies doing business in South Africa is widely seen as having contributed to the end of apartheid.

And, as noted earlier, on July 11, 2014 the World Council of Churches voted to divest of fossil fuels.

Now, some in the church are also turning their attention to the slow movement. In *Slow Church*, published this past May, C. Christopher Smith and John Pattison write:

The North American church seems to be just as susceptible as the rest of culture to the allure of fast life, or what sociologist George Ritzer has termed "Mcdonaldization"—that is, "the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as the rest of the world." . . .The industrialization of the church has, significantly, paralleled the

13 New York Times, August 1, 1012

14 See the essay "Speed" in *The Nature of Design: Ecology, Culture and Human Intention,* David Orr (Oxford University Press, 2002)

15 Gussow writes: "A professor of our acquaintance once used an apple and a Twinkie to distinguish between 'food' and something he called 'gut filler,' food being something that points us toward a particular place, a particular time of year, and a set of ongoing global processes, and gut filler being something that is 'manufactured.' That distinction has a lot to do with why an Organic Twinkie appalls. Just as we now know 'that there is more to adequate nutrition than the mere combining of the known compounds into a diet,' many of us also believe that there is more to 'organic' than simply combining 95% organic ingredients into products that will sell. At a minimum, we have wanted organic foods to pull us back to nature, and to a set of values that care for nature implies."

16 As cited in *Slow Church: Cultivating Community in the Patient Way of Jesus,* by Christopher Smith and John Pattison (InterVarsity Press, 2014). Merton, a Trappist monk who lived most of life at Gesthemani Monastery, not far from Louisville, KY, was a prolific writer and active pacifist.

industrialization of agriculture and the near demise of the family farm.[17]

Referring to the superimposition of "a mechanistic mindset onto a biological world," the authors of *Slow Church* observe: "Nature, in contrast, feeds the plant from the bottom up, through the soil. Thus, for the conscientious farmer, the health of the soil is a top priority."

Thus, as well, for the conscientious investor.

WHEN MCDONALD'S OPENED its first restaurant in Rome in 1986, the New York Times reported, "Romans throughout the centuries have stoically watched invaders come and go. McDonald's, however, just might be here to stay."

ENTER Carlo Petrini: "We don't want fast food. We want slow food."

Today, Slow Food, an NGO based in Carlo's home town of Bra, Italy, has roughly 100,000 members around the world. It is still led by the inimitable Petrini, whose depth of knowledge about matters agricultural and cultural and gastronomic is so expansive and his flourishes of rhetoric so beautiful that you almost don't need to speak Italian to understand him.

SLOW FOOD FOUNDER CARLO PETRINI

17 *Slow Church: Cultivating Community in the Patient Way of Jesus,* C. Christopher Smith and John Pattison (InterVarsity Press, 2014). Our friend Gary Nabhan notes, with respect to theology and finance, that the historical split between Judaism, Christianity and Islam was driven in large part by differences over money lending and usury.

If Slow Food were interested in adopting a coin, I'd nominate BEETCOIN. Because there is a heck of a lot of Carlo Petrini's spirit in this financial recipe.

The germ of Slow Food's original vision was expressed in a manifesto, endorsed in 1989 by delegates from 15 countries and excerpted below:

Excerpts from the Slow Food Manifesto

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.

Our defense should begin at the table with Slow Food.

Let us rediscover the flavors and savors of regional cooking and banish the degrading effects of Fast Food.

In the name of productivity, Fast Life has changed our way of being and threatens our environment and our landscapes. So, Slow Food is now the only truly progressive answer.

Slow Food's vibrant worldwide community connects consumers with producers in support of indigenous culture, artisan food, biodiversity and the celebration of food as a pillar of healthy culture. Imagine five thousand small farmers, chefs, students and consumers from more than 100 countries gathering once every two years in Torino for Slow Food's Terra Madre event. (Now, whatever you imagine, multiply it to the nth degree for the conviviality, ethos and cross-pollinating goodwill that permeates these remarkable events.)

SLOW FOOD'S TERRA MADRE OCCURS EVERY TWO YEARS IN TURIN, ITALY

Our defense must then proceed from the dinner table to the investment portfolio.

The following 40-year-old New Yorker cartoon has much to say, still, about this process.


CORPORATE LEADERS GATHER IN A FIELD OUTSIDE DARIEN, CONNECTICUT, WHERE ONE OF THEM CLAIMS TO HAVE SEEN THE INVISIBLE HAND OF THE MARKETPLACE.

Even after the Great Recession, too many of us are wont to revert to a great financial exercise of pointing off into the distance, chasing. . .*what*?

No stock broker ever told a client, "I've got a few great investments for you in the next Fukushima and a new generation of diabetes-inducing food products." No, the Invisible Hand is far cleverer, far more insidious than that. What the Invisible Hand makes invisible is not market forces—these are wildly visible every instant on the floor of every stock exchange and on every computer screen—but our investments, and even. . . *us*. Behind the veil of technology, we have succeeded in becoming a generation of invisible investors, for whom the social and environmental impacts of our investments are invisible.

Invisible Hand, meet your creation, the Invisible Investor.

It is time, now, for us to declare our presence, to make ourselves visible, to become active participants in a vital process of cultural and ecological preservation and restoration. It is time for us to declare, unabashedly, what we believe and to move in this direction.

We want to encourage more enterprises to grow deep roots in our communities. We want a global economy that complements, rather than saps, the vitality of local economies. We want to build a food system that is synonymous with soil fertility and health.

So, what is stopping us?

Not the fund managers, not the investment bankers, not the Federal Reserve, not government bureaucrats, not politicians, not tax incentives, not the IRS, not foundation Trustees, not stock brokers, not financial advisors, not credit card companies, not mortgage rates, not option prices or derivative formulas, not the legions of fiduciaries who stand between us and our money once we have given it to them.

What is stopping us is that we are looking backwards.

We are looking backwards at the Age of Wall Street, rather than forward to a new age of common sense.

Despite mind boggling flourishes of connectivity, computational extravagance and virtual universalism, we are still using our money in the most anachronistic of ways. We are putting it in the bank. We are putting it in mutual funds. We are sending it to Wall Street. We are placing our bets on the next billion car owners and the next billion computer owners and the next billion meat eaters to continue driving global economic growth and provide us with personal financial returns. We are acting with our money as if it were 1850 or 1900 or, even, 1950.

Along the way, in moments of doubt and frustration, we look for people to blame for the systemic problems caused by our behavior: "We must put corporations and markets in their place! We must put the investment bankers in their place! We must put the frackers and the Tea Partiers in their place!"

But there is no *their place* in which to put them. There is only our place, this place, the place where each one of us lives.

Is there anything more fundamental to our place than the soil?

No matter how expert the manipulation of securities in our portfolios, no matter how deft the measurement of social and environmental impacts along with financial risks and returns, we are all still a bit too much like the industrial farmer who spends 45 minutes a year on each acre of his land—and most of that in the cab of a $400,000 combine. We have to be more grounded. We have to do more.

No, let's say that differently: We *get* to do more.

We get to help Mason Arnold deliver local, organic produce to consumers in Austin. We get to help Willow and Mara King be probiotic pickleteers on Colorado's front range. We get to help Teddy Stray make compost just north of Pt. Reyes Station, on the western shore of Tomales Bay. We get to help Amber Lambke and Emma Zimmerman mill heirloom grains in Skowhegan and Tempe. We get to meet Wes Jackson's neighbors in Salina. We get to fund Yvor Chodkowski's hoop houses in Louisville. We get to finance the expansion of De La Chiva Goat Dairy from 100 to 200 goats in Thornton. We get to taste Frank Golbeck's Golden Mead in San Diego. We get to fund the first organic cotton crop in North Carolina. We get to support Revision International's work in Denver's inner city. We get to debate with Peter Buffett what he means by "the charitable industrial complex." We get to help Marada Cook process vegetables from family farms in Maine. We get to enable Brooklyn Grange expand their rooftop farming. We get to plant the seeds of nurture capital. We get to help Steven and Jody Read rebuild the barn at Shepherd's Way Farms in Nerstrand. We get to walk the land at Coyote Creek in Elgin and listen to Jerry Cunningham wax pragmatically and poetically about his microbial minions. We get to help Will Harris expand his diversified pasture livestock operation at White Oak Pastures. We get to engage with a group of entrepreneurs who are place-based pioneers as important, in their own way, as the Elon Musks[18] and John Mackeys[19] of the world are in theirs.

We get to support the organic farmers and food entrepreneurs who are building fertility in the soil of a restorative economy.

This is not just about life after fast food and fast money. This is not just about carbon in the atmosphere. It is about the future of consumerism and military-industrialism and the myth of Icarus and the Greek Goddess of Common Sense and—to harken to the prophetic words of Wendell Berry's *The Unsettling of America*—it is about the resettling of America. (And a few other continents, too.)

It is about baby boomers who are in the process of becoming the beneficiaries of what some financial professionals are calling the Great Transfer —some $12 trillion— and who have had umpteen dinner party conversations during which someone said, "The hippies were right. They just didn't know what to do about it." It is about millennials who live and breathe networks, who do not see hierarchy as a primary organizational principle, who really do think globally and really could be eager to act locally.

It is about managing to put the Dow Jones Industrial Average out of our minds long enough to come together, in person, in the places where we live, to collaborate, get to know food entrepreneurs, explore common ground in a new realm of risk and return, break bread, and dance together along the boundaries of food, money and the soil.

If you don't think of yourself as an investor, that's OK. On the one hand, it means you don't have to overcome ingrained fiduciary responses. On the other, it may mean that you have to overcome a certain fear, since you've never taken a direct role in making investment decisions and doing so will seem daunting at first.

18 Elon Musk is the founder of Tesla and SpaceX.

19 John Mackey is the founder of Whole Foods.

But we are all investors. If you eat, you are an investor. If you have money in a bank or an IRA, you are an investor. If you are willing to invest yourself, to roll your sleeves up and engage with your neighbors and fellow community members, you are an investor.

Not an investor in the Wall Street sense, although all are welcome, from Lloyd Blankfein[20] on down. An investor of the commons *nth* kind. An investor of the nurture capital kind. An investor of the 21st century kind, making investment decisions that are looking to the future through heart and mind awakened by *biophilia*—what E.O. Wilson describes as the *innate affection* that humans feel towards other living organisms.

Now there's a thought: *What would the world be like if biophilia were awakened in the heart and mind of the 21st century investor?*

The answer to this question will be found among earthworms, mycorrhiza, mycelium, water seeping, seeds sprouting, imagination troweling, faith rooting, divestments quickening, investments slowing, BEETCOIN beeting, community percolating, organic farmers stewarding, just plain regular folks wanting to know where there food comes from and where their money goes, and a host of new relationships unfolding, in ways that we understand and ways that we do not, to preserve and restore the places where we live and plant a few seeds of peace.

Woody Tasch
Nederland, CO
September 2014

20 Lloyd Blankfein is CEO of Goldman Sachs.