Co-op Principles Meet Slow Money

BY ROBIN SEYDEL

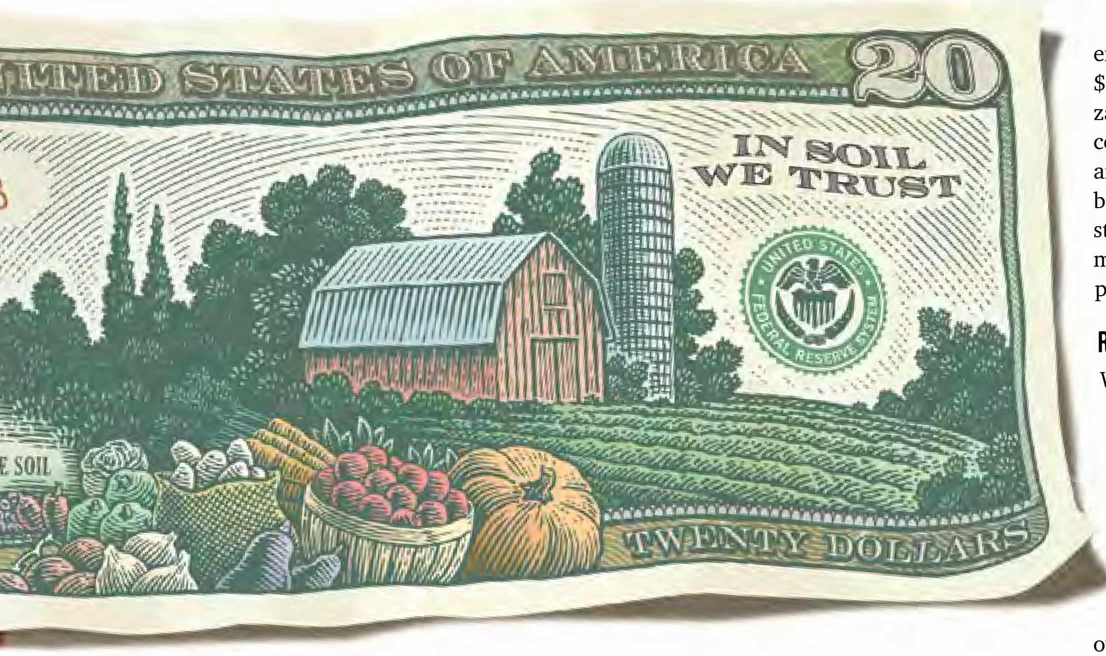

ILLUSTRATION BY MICHAEL CUSTODE FROM WOODY TASCH'S BOOK SLOW MONEY. USED WITH PERMISSION

The importance of rebuilding local and regional food systems has, thankfully, become mainstream; and co-ops are right where they should be—smack dab in the middle of it. Not surprising, really, since our community ownership model and pioneer status as proponents of good, local food had us working in this movement long before it was fashionable.

Across the country, food co-ops are investing in farmland, forming or collaborating with agricultural land trusts, creating farm loan funds, doing microcredit loans and grants to small food enterprises, managing farms and supporting community gardens, providing venues for farmers markets, and creating regional distribution networks. In our stores, we are encouraging family farmers and local food enterprises by providing good product placement on our shelves, fast payment on invoices, flexible margins for special pricing, plus in-store demos, savvy signage, and other special merchandising and marketing. Co-op newsletters have done an excellent job telling producer stories and educating people on the value chain, the true costs of local production, and the importance of investing in the local economy by purchasing local and regional products. Additionally, we have helped get important local food stories out to mainstream media outlets.

Given all the activity, it's only logical that co-ops are looking for next-step vehicles for systemic expansion.

Enter Slow Money

Woody Tasch, his book *Slow Money* (Chelsea Green Publishing, 2008), and the nonprofit Slow Money Alliance have been key in raising national awareness of, as he writes, "investing as if food, farms, and fertility mattered." Building on powerful understandings of food and farming gained from the international Slow Food movement, Slow Money's goal is to provide "nurture capital" to rebuild localized food systems and support small food and farming enterprises. Slow Money principles quote actor/philanthropist Paul Newman, who said, "We need to be a little like the farmer who puts back into the soil what he takes out." The Slow Money Alliance (SMA) is working to do just that by connecting investors and their resources to the areas in which they live. This relatively new, nonprofit organization is bringing together investors and philanthropists in an "economic revolution" to "accelerate the transition from an economy based on extraction and consumption to an economy based on preservation and restoration" (from Slow Money Principles—see sidebar).

Slow Money and cooperative principles and values intersect in a variety of key ways. In Slow Money language, one possible illumination of the co-op principle of concern for community is an economic system "built around principles of carrying capacity, care of the commons, sense of place and nonviolence." Another intersection is SMA's growth into a grassroots movement that encourages member investment at levels from $25 to $85,000. This development in organizational thinking has taken the Slow Money concept out of the realm of the venture capitalist and well-to-do philanthropist or foundation and brought it down to earth, making Slow Money strategies akin to the pooling of resources for mutual benefit that is the core of cooperative philosophy and structure.

Ripening an idea

While the attendance of well over 400 people at the first Slow Money Alliance national gathering in Santa Fe, N.M., in September 2009 suggests that Tasch's eloquent articulation of Slow Money concepts has captured our imaginations, similar concepts are common both in progressive economic literature and community organizing efforts.

Dean Harrington, a fourth-generation bank owner in Southeast Minnesota, had for decades helped numerous local businesses find expansion capital, watched as many small businesses struggled because they could not find capital on favorable terms, and recognized the need for residents to invest in and support small local businesses.

Previously, prevailing wisdom has been for investors to invest in larger nationally and internationally connected businesses that promised rapid growth and high returns. Harrington recognized that many small, locally owned and operated businesses with 20 or fewer employees, having "weathered the agricultural crises of the 1980s, rising oil costs and global monetary uncertainty—still served local customers. Clearly these smaller local firms had a great deal of resilience" (quoted from the Hiawatha Fund Overview).

By 2007, Harrington, together with Dick Broeker of the Experiment in Rural Cooperation (now called the Southeast Minnesota Regional Development Partnership) and Ken Meter of Crossroads Resource Center created a new nonprofit corporation, The Hiawatha Fund. They developed a seven-year plan for establishing a self-sufficient loan fund with about $5 million in assets, to provide what they called "patient capital." This locally managed fund originally hoped to begin with investments from foundations, but when that didn't materialize, it moved first to a legislative strategy that would provide tax credits for geographically appropriate angel investors and regional investment funds. The slow nature of legislative machinations caused

Principles

the ever-visionary Harrington to move forward with yet another strategy: offering what Meter calls "a palette of opportunities" including morphing into co-ops or other alternative-ownership-structured businesses and helping to connect community buyers with patient capital to keep ownership local.

Local, living economies

The granddaddy of relocalization has got to be economist E.F. Schumacher. His now-famous collection of essays published in 1973, *Small Is Beautiful: Local Living Economies as If People Mattered*, provided a framework for thinking about small regional economics that still reverberates today. Although Schumacher died in 1977, his writings have a timelessness that now—nearly 40 years later—speaks directly to the challenges we face. "Pollution," he writes, "must be brought under control and mankind's population and consumption of resources must be steered towards a permanent and sustainable equilibrium."

In 1980, his friend and colleague Robert Swann founded the Schumacher Society, with a mission to promote the building of strong local economies that link people, land, and community. Based in the Berkshire region of Massachusetts, the Schumacher Society has, over the past three decades under the direction of Susan ■>

Slow Money Principles

In order to enhance food security, food safety and food access; improve nutrition and health; promote cultural, ecological and economic diversity; and accelerate the transition from an economy based on extraction and consumption to an economy based on preservation and restoration, we do hereby affirm the following Principles:

1 We must bring money back down to earth.

2 There is such a thing as money that is too fast, companies that are too big, finance that is too complex. Therefore, we must slow our money down—not all of it, of course, but enough to matter.

3 The 20th century was the era of Buy Low/Sell High and Wealth Now/Philanthropy Later—what one venture capitalist called "the largest legal accumulation of wealth in history." The 21st century will be the era of nurture capital, built around principles of carrying capacity, care of the commons, sense of place and nonviolence.

4 We must learn to invest as if food, farms and fertility mattered. We must connect investors to the places where they live, creating vital relationships and new sources of capital for small food enterprises.

5 Let us celebrate the new generation of entrepreneurs, consumers and investors who are showing the way from Making a Killing to Making a Living.

6 Paul Newman said, "I just happen to think that in life we need to be a little like the farmer who puts back into the soil what he takes out." Recognizing the wisdom of these words, let us begin rebuilding our economy from the ground up, asking:

- What would the world be like if we invested 50 percent of our assets within 50 miles of where we live?
- What if there were a new generation of companies that gave away 50 percent of their profits?
- What if there were 50 percent more organic matter in our soil 50 years from now?

Witt, developed model programs, including community land trusts and local currencies, and helped start the first CSA (community supported agriculture) program. They have hosted lectures and other educational events, published papers, maintained a library, and inspired generations of progressive economic activists.

If there is an inspirational model that exemplifies the benefits of investing in regionalization, it must be Italy's Emilia-Romagna.

Of special interest to those thinking in the Slow Money vein is their Self Help Association for Regional Economies microlending program (SHARE). The SHARE program is a community-based, nonprofit model that offers local residents opportunities to invest in businesses that provide products or services needed in the region. SHARE members make interest-earning deposits in passbook accounts at a participating financial institution. These accounts are used to collateralize loans made available, at manageable interest rates, to businesses that are often considered "high risk" by traditional lenders. The loans, administered by the financial institution, are decided upon by an advisory board of SHARE members and bring "a human face back to lending decisions." As with co-ops, SHARE member depositors live in the same community and utilize the goods and services of those businesses to which SHARE makes loans. (See all the SHARE program documents at www.smallisbeautiful.org/share-microcredit.)

The Schumacher SHARE model is inspirational as an accessible vehicle that allows members of a co-op to directly participate in the locally investing "Slow Money" movement at any level of involvement. It also could help expand the pool of resources that co-ops have to invest in their communities and, at a time when credit is tight, provide some of the necessary capital for the re-creation of a local living economy. La Montañita Co-op had the good fortune to have been able to participate fully in the Slow Money gathering in Santa Fe (providing conference organizing, a speaker and catering); and one month later, at its annual membership meeting, complete a board of directors study series with Witt as a guest speaker.

Out of these experiences, the co-op has embarked on a project that seeks to create a co-op-based regional equity and investment program based on the Schumacher SHARE model. It is now in the research phase; La Montañita's project team acknowledges the undertaking faces legal, liability, federal, structure and governance challenges as part of the due diligence process before it can get up and running.

Co-ops are doing it

Recognizing that, like other small businesses, individual co-ops may have a difficult time investing in and improving their regional food systems at the level to which they aspire, an exciting collaborative model is the creation and work of the Neighboring Food Cooperative Association (NFCA) in New England. NFCA is an alliance of over 15 food co-ops that are aligning to create "a healthy local food system and a thriving regional economy through an integrated and vibrant co-op sector." The NFCA's strategic insights see cooperation among co-ops as key in "enhanced strategy development, the potential to leverage assets for the common good, and opportunities to amplify positive impact on regional economy and local food systems" (from the NFCA Toolkit).

If there is an inspirational model that exemplifies the benefits of investing in regionalization, it must be Italy's Emilia-Romagna. The region produces the world famous "Parmigiano Reggiano," can boast that two out of three people belong to a co-op, and is home to thousands of co-ops (agricultural, production, housing, retail, etc.) and small, independently owned businesses that are networked to create over 40 percent of the region's gross domestic product. Supported by regional governmental policies, these co-ops have helped create a per capita income that is 50 percent higher than the national average. (See "Clustering Co-op Development," by David J. Thompson, *Cooperative Grocer* #109, Nov.–Dec. 2003).

For those co-ops that want to get involved in the national Slow Money movement, the Alliance is launching a national campaign to obtain a million signatories to the Slow Money Principles (go to www.slowmoneyalliance.org). The Alliance has attracted nearly 150 founding members, and for those co-ops that wish to do more, membership in the Slow Money Alliance provides a more active form of participation. The Alliance also sponsors institutes and other national and regional gatherings for deeper thought, development and action on Slow Money issues.

Perusing websites and newsletters shows that, nationally, co-ops have responded to the need for a regional food system in a variety of ways, each finding the vehicle that best suits its unique community. Given co-ops' historically pioneering spirit, what is clear is that we will continue as primary purveyors of local food in our communities, as focal points in the re-regionalization movement, and as models for a more just and democratic economy. ■

Resources

Slow Money Alliance: www.slowmoneyalliance.org.

The Hiawatha Fund: Dean Harrington, dean.harrington@fnbplanview.com, or call him at 507/534-3131.

Crossroads Resource Center provides food system tools for community self-determination. Contact Ken Meter at kmeter@crcworks.org, or go to www.crcworks.org.

Neighboring Food Cooperative Association of New England: contact Eric Deluca at deluca.eric@gmail.com.

For models and strategies, read *America Beyond Capitalism* by Gar Alperovitz, or go to www.community-wealth.org.