The Buck Slows Here

Slow Me the Money, Vermont

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We must bring money back down to earth.

It might have sounded far-fetched even a year ago. But today, surrounded by the politics of a trillion-dollar bailout, it has a different ring. It has the ring of common sense in a world that is coming to realize that there is such a thing as intermediation that is too complex and money that is too fast.

There is such a thing as money that is too fast.

Money that is too fast is money that has become so detached from people, place, and the activities that it is financing that not even the experts understand it fully. Money that is too fast makes it impossible to say whether the world economy is going through a correction in the credit markets, triggered by the sub-prime mortgage crisis, or whether we are teetering on the edge of something much deeper and more challenging, tied to petrodollars, derivatives, hedge funds, futures, arbitrage, and a byzantine hypersecuritized system of intermediation that no quant, no program trader, no speculator, no investment bank CEO can any longer fully understand or manage.

Just as no one can say precisely where the meat in a hamburger comes from (it may contain meat from as many as a hundred or a thousand animals), no one can say where the money in this or that security has come from, where it is going, what is behind it, whether—if it were to be “stopped” and, like a hot potato, held by someone for more than a few instants—it represents any intrinsic or real value.

Money that is too fast creates an environment in which, when questioned about the outcome of the credit crisis, former Treasury Secretary Robert Rubin can only respond, “No one knows.” The buck, it seems, knows not where to stop.

So, we hold congressional hearings. We conduct SEC investigations. We undertake forensic accounting on the Madoffs and Lehmans and AIGs of the world. Meanwhile, “Planet Finance,” to paraphrase Niall Ferguson’s words, “continues to dwarf Planet Earth.” Even in this moment of financial uncertainty and economic contraction, trillions of dollars a day zoom through cyberspace, financing everything from smokestacks in Chongqing to parking lots in Las Vegas to frost-resistant fish genes in tomatoes.

What is to be done? First, we must acknowledge our addiction—and let us call it an addiction, this obsession with Buying Low and Selling High, this dependence on petrodollars, this insistence that a society composed of individuals who produce little but consume much can long be prosperous and fulfilled.

Then, we must recognize that there is no Money Czar who can arrest money’s ever-accelerating trajectory around our ever-shrinking planet. No one person or group has the power to make the buck stop. But we can, we must come to realize, make it . . . slow.

A growing number of entrepreneurs and investors—Investors’ Circle, the Business Alliance for Local, Living Economies (BALLE), the Transition movement, Slow Food — have already begun doing just that. These and other initiatives are supporting new ways of thinking about social entrepreneurship, local economies, and the centrality of cultural and biological diversity to economic health. They are early adopters in the shift from capital markets that maximize extraction and consumption to capital markets that prioritize restoration and preservation.

In this shift, we will need alternative stock exchanges for investors and entrepreneurs who are concerned about "slow, small, and local," and who are ready for an alternative to doing the same thing over and over again with their investment dollars, hoping for a different outcome. We will need a new generation of financial intermediaries who can steer meaningful amounts of capital to the soil of the economy, creating new benchmarks, new measures of investment success. We will need to affirm the centrality of local food systems to the health of our communities and bioregions. We will need municipal bonds dedicated to sustainable food enterprises. We will need to invest in small farms and create access for the next generation of organic farmers. We will need to accelerate the expansion of Community Supported Agriculture. We will need to build local processing infrastructure to reduce vulnerability to disruption of food supplies and minimize risks of widespread food contamination.

There are millions of jobs to be created here, and billions of dollars of slow returns—returns that don't sound so far-fetched in comparison to the risks associated with fast money. Not to mention the satisfaction, pleasure, and improved quality of life that comes from putting our money to work here, where we live, where we can see what it is doing, understand it, and benefit directly from that which our investment produces. If bailout billions are iodine in the wounds of global financial markets, and venture-capital billions are fertilizer for the consumer economy, let's set about the task of creating nurture-capital billions—a new financial sector for the twenty-first century.