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Slow money, or patient nurturing capital invested locally in food and basic industries, is a new term but an old notion. This paper examines the cases of the CIGALES clubs of microangels in France and the more recent case of the slow money alliance to ferret out the basic principles and strategies of these movements. It also examines why microcredit, tontines and pawn shops usually fail to qualify for these principles.

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JEL Classifications: D92, G24, 01.

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## **An introduction to slow money and its Gandhian roots**

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### **Abstract**

Slow money, or patient nurturing capital invested locally in food and basic industries, is a new term but an old notion. This paper examines the cases of the CIGALES clubs of microangels in France and the more recent case of the slow money alliance to ferret out the basic principles and strategies of these movements. It also examines why microcredit, tontines and pawn shops usually fail to qualify for these principles.

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### **Introduction**

If there is anything which is beautiful about a social movement, and the slow movement in particular, it is certainly about the passion that it arouses in millions of people around the world, without any massive contributions of State aid and big money. A grass root movement where blades of grass suddenly stand up straight and ask for the right to be allowed to live freely without being trampled by the herds chasing money, fast money.

It is a revolutionary movement, evoking dreams of Gandhi and his efforts to promote a non-violent answer to captivity and plundering of one people by another (Gandhi, 1927). The beauty of Gandhi's efforts lay in fostering co-operation, at the village level, and a spirit of trusteeship where we are all

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the guardians of the society and of the planet (Gandhi, Before 1948, compiled 1962)<sup>2</sup>. Self-sufficiency would lead to adequacy for all.

“Earth provides enough to satisfy every man’s need, but not every man’s greed.”(Gandhi<sup>3</sup>)

Gandhism requires rethinking the way the world is going, chasing the one Goddess of Wealth, Lakshmi<sup>4</sup>, when the entire pantheon of Gods is waiting their turn: Gods and Goddesses of beauty, poetry, agriculture, wind, sun, truth and all the elements and virtues which need time for reverence. From his Self rule (Swaraj) concept, we can take in the notions that the primary objective of a society should be full employment where everyone contributes to his own needs. Productivity increase should lead to less work for all and not to elimination of work for some and massive profits for others.

From Gandhi, we move to the concept that Small is Beautiful (Schumacher, 1973). Schumacher evokes Buddhist economics to challenge the notion that big is better, and calls for the use of appropriate technology, in addition to the concepts of trusteeship and village-based economics espoused by Gandhi. An alternative economy was desired and led to the creation of a number of alternative economics associations all over the world. For example, the ALDEA in France.

With this, in 1983, we see the birth of a slow money movement in France, the CIGALES<sup>5</sup> (Russo, 2007). A movement, which is heroically trying to modify the concepts of venture capital finance and business angels, to create something small and beautiful, an alternative way of developing. This movement was a fore-runner of the slow food movement, which started in 1986. From small to slow marks a difference, even if a narrow one. Taking one’s time to taste, take one’s time to share, adds an element to the basic idea of producing and consuming locally. In the Slow money concept, we see the ideas of taking one’s time to share, taking one’s time to learn, and co-operating mutual skills for mutual success. Nevertheless, the French version of the slow money movement has retained its small size of 1800 investors and has not spread internationally (Ashta et al., 2012).

More recently, in the USA, in the wake of the financial crisis, and the realization that very few understand fast money products such as derivatives and securitization, a slow money movement has started (Tasch, 2009). It is capitalising on the “slow” name, and it seems to be having some initial vigour by capitalising on the use of internet web2.0 technology. It has announced its basic principles and strategies, which perhaps resume the basic ingredients of many such similar unnoticed movements. It has retained the link with the slow food movement, but the basic principles can be linked to any socially and environmentally desired investment. Slow money has been defined by Tasch (Tasch, 2009) in many ways, but notably as patient capital invested in the slow food sector. However, we ferret out other strategies of slow money from his book as well as the CIGALES movement.

In this chapter, we compare and contrast these two visions of slow money: the slow and the fast diffusion models and provide lessons and cautions for the future.

### **The slow diffusion model: CIGALES movement**

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<sup>2</sup> The book is compiled in 1962 with a selection of Essays by Gandhi but does not indicate the date of any of the essays: M.K. Gandhi died in 1948.

<sup>3</sup> Quote attributed to Gandhi on various websites, including <http://www.markshep.com/peace/quotes.html>

<sup>4</sup> Indian scriptures usually differentiate between Lakshmi, the spouse of Vishnu, and MahaLakshmi who is the source of the cosmos (Pattanaik, 2002) Chapter 4 describes the many different forms of Lakshmi, including, for example, knowledge and health.

<sup>5</sup> CIGALES is an acronym for « Club d’Investisseurs pour une Gestion Alternative et Locale de l’Epargne Solidaire ».

The French model of slow money investment is based on pooling microsavings into a common fund and then investing these into an entrepreneur's equity. The CIGALES (*Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire*) is an interesting club of microangels investing in socially oriented microenterprises.

### How it works

A CIGALES club is made up of 5 to 20 people who invest a part of their savings (from € 7.50 to € 450 per month)<sup>6</sup>. They use their collective savings to finance and support small businesses. Thus, the first key element is "solidarity savings". This funding then creates a leverage effect since the microenterprise can then have easier access to other bank resources. Regardless of the amount invested, there is a principal of one person, one vote. This notion of democracy allows each member to be not only a shareholder, but also a stakeholder, in the target enterprise. This is the notion of alternative management as opposed to governance in companies where the number of shares is equivalent to the number of votes, a second key element of these clubs.

The objectives of the CIGALES is to make savings useful, providing a sense to their savings, supporting the creation and development of local small businesses in collective status, encouraging the development of localities and acting as a citizen in the economy. Although the clubs prefer funding social solidarity and sustainability sectors, any novel enterprise creating employment in the proximity can be financed, usually through minority equity participations. This means that the target has to be a public or private company, but some cooperative forms are also financed. Thus, a third key element of the movement is "local" and a fourth is "solidarity in the investment". The financing is for a period of five to ten years. For amounts over 3,000 Euros, several clubs may join together to ensure financing. This is therefore patient capital, a fifth element.

There is significant risk because the equity capital is, of course, without collateral and 25% of the firms fail after five years. Nevertheless, the 75% survival rate is higher than the 50% national average for start-ups who are not accompanied. Thus, we can say it is also nurture capital.

Usually, some low financial return is expected, the main financial advantage coming from a 18% reduction on French income tax for investment in firms. The Clubs are considered as "*indivisions*" declared to the tax authorities. The CIGALES club is organized differently from the venture capital. The different social organization, where the investors are in the club as opposed to venture capital where the investors are outside the Fund, is a new social form. Moreover, since the primary declared objectives are social returns rather than financial returns, the CIGALES club represents a social innovation to meet the unmet need of providing microequity to microenterprises. The CIGALES club acts as one business angel and it may syndicate with other clubs just as business angels may syndicate with other business angels to provide larger investments.

### Diffusion

The creation of the movement came in the wake of the oil shocks and the crisis that ensued. Alternative movements often develop during crisis when people question what the state and the banks are doing with their money and decide to take matters in their own hands, in a spirit of cooperation, mutual aid and social returns. They use appropriate legal instruments (in this case the legal instrument of *indivision*) and existing tax benefits and lobby for subsidies. The CIGALES movement did all this, but the success was limited to the early years. By 1988 there were 137 CIGALES clubs, which had funded 53 companies in 44 French departments. Thereafter, the Federation had financial problems and could not facilitate the diffusion process of the movement:

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<sup>6</sup> Most of the factual information for this section is taken from the website of the Fédération Nationale des CIGALES : <http://ns354727.ovh.net/~fedecigales/spip.php?rubrique6>, from a book by Russo (2007) and from an exploratory survey conducted by Ashta et al (2012).

fewer Clubs were started when the old ones reached their maturity term, effectively reducing the number of Clubs. The number of clubs oscillated till 2010, when there were still only 136 clubs". This was despite the creation of Regional and Departmental networks to share expenses of promotion (Russo, 2007; Ashta et al., 2012).

At the same time, other such movements grew in parallel such as microcredit, solidarity savings and solidarity finance. The CIGALES members managed to distinguish themselves from these movements (ADIE, Cagnotte Solidaire, France Active, Nef) because all of these provide credit and not equity as does CIGALES. They are therefore complementary. Moreover, they distinguish themselves from Business Angels since the Angels would not consider such small and socially oriented investments often providing low financial returns but creating permanent jobs. At the same time, the Business Angel could provide the CIGALES an exit if the target firm grows sufficiently. In between, there are larger investment cooperatives such as Fonds de Solidarité or Garrigue (created by the founders of CIGALES) who invest in larger projects but with a social return. Finally, their referrals of entrepreneurs often come from complementary institutions like the Chambers of Commerce, the Boutiques de Gestion, or the Poles of Economic Solidarity, who help entrepreneurs to make the initial business plans (Ashta et al., 2012). Thus the CIGALES find themselves as one more movement, completing the panorama of diversity of complimentary actors.

Poetic as they may be, the microangels clubs providing patient and nurturing microequity have been slow to grow. The rather slow diffusion of the slow money concept is primarily due to asymmetric information and information deficit at various levels. First, social entrepreneurs who adhere to the slow principles of local proximity and environment friendliness find it difficult to find like-minded financiers. The asymmetric information is because there are few local agencies which can do the local match making. The legal problem is because small investors cannot be solicited by companies exacerbating the information asymmetric problems. Therefore some channel is required to let microangel social investors to find micro social entrepreneurs. Second, once the enterprise succeeds, it's small size and local investment makes it unattractive for an exit of the promoters. Thus local slow money is caught in a trap: it becomes fixed capital rather than revolving capital to initiate other ventures. Third, the local "slow" ideology inherent in the slow money concept inhibits the clubs from spending money for national promotion of the movement (Ashta et al., 2012).

Can technology provide a solution to slow diffusion?

### **The fast diffusion models: the evolution to slowmoney.org**

What is the appropriate geography and what is the appropriate technology and how do they influence each other? If the French CIGALES were based on local investments with physical geographical proximity, it's because they are rooted in another time, an era without internet. In today's world, where all the children have been exposed to internet since they were toddlers, social innovators start on the web. Hence Slow Money Alliance without the dot.org would be anachronistic... out of time and not slow in time. The internet transfers physical proximity to virtual proximity. The speed of diffusion is measured in nanoseconds.

Where is your money going? The recent financial crisis brings us back to the question of whether specialisation through financial intermediation is desirable or do we have to behave responsibly by taking a more direct interest in what we are investing in: flowers or guns? This is the basic problem addressed by the online lending experiences on websites like Zopa.com (started in 2005) in the UK or prosper.com (started in 2006).

"At Zopa, people who have spare money lend it directly to people who want to borrow. There are no banks in the middle, no huge overheads and no sneaky fees, meaning everyone gets better rates". ([www.zopa.com](http://www.zopa.com))<sup>7</sup>

"We connect people who want to -invest money with people who want to -borrow money" ([www.prosper.com](http://www.prosper.com))<sup>8</sup>

Zopa and Prosper are commercial intermediaries between lenders and borrowers, replacing the brick and mortar bank, and are operating in one country (Zopa in UK and Prosper in USA). To that extent they can be considered local investments. However, they may be consumer-loans or entrepreneurial loans. Mostly these are consumer loans. But very few are to farmers. Thus, although these movements are trying to disintermediate from the bank and financial system so that the lender becomes responsible for where his money is going and the risk and returns that he is willing to accept, there is still no concept of patient capital involved since they are all providing short term loans<sup>9</sup>. Moreover, on Prosper.com, the interest rate varies from 6.5% (low risk loans) to 35% (high risk loans). The average lender gets about 10%. The consumer lending nature of the loans often implies that although Zopa, Prosper and a range of sites are simplifying the lending relationship, they are not considered as influencing productivity.

A second group of websites, known as online microfinance, started at around the same time with kiva.org (also 2005). Kiva is international retail crowdsourcing of borrowing. For example, Americans are lending to Kiva which is financing a Microfinance institution (MFI) in Africa, which is then lending to borrowers there. So, the exact nature of slow is lost since the investments are not local and are usually short term. Similar models are practiced by Babyloan (of French origin) and Rangde (of Indian origin), among others. Some of these are for-profit and some are philanthropic (Ashta and Assadi, 2010). Moreover, it is never clear where these loans are really going despite the profiles of entrepreneurs placed on the websites. This is because money is fungible and the MFI may be financing entrepreneurial loans or consumer loans. If the worldwide average rate of interest charged by MFIs is 28% (Rosenberg, 2009), the MFI itself may not be capping the interest rate adequately to

#### **Box 1 :The Slow Money Principles of slowmoney.org**

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 Slow Money Principles:

I. We must bring money back down to earth.

II. 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.

III. 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 non-violence.

IV. 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.

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

VI. 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% of our assets within 50 miles of where we live?

<sup>7</sup> On the main page of [www.Zopa.com](http://www.Zopa.com), consulted on Aug 31, 2012.

<sup>8</sup> \* What if there were a new generation of companies that gave away 50% of their profits?

On the main page of [www.prosper.com](http://www.prosper.com), consulted on Aug 31, 2012.

<sup>9</sup> \* What if there were 50% more organic matter in our soil 50 years from now?

These examples are in the online field using high technology. The case of brick and mortar microfinance and their relation to slow money is discussed in the appendix.

fit into the slow money, nurturing philosophy. Thus, the lenders to Kiva may be patient, but the lack of direct access means that “slow” nature is lost.

This brings us to the more recent Slow Money Alliance (started in 2008) in the USA. The principles of the slow money alliance (see box) are perhaps best inscribed in their website, [www.slowmoney.org](http://www.slowmoney.org).

The first principle is to get a direct link to the soil and slow food. It means that money should be invested in farms and food.

The second principle is to slow down the velocity of money by de-complexing the financial transactions by promoting a direct link between the entrepreneur and the financier, instead of complicated securitizations and structured finance, which clearly were not comprehensible even to bankers using these products in the pre-financial crisis stage. The third principle questions the profit maximization and wealth maximization assumptions of the individual, leading to opportunism and transaction cost economics, and reaffirms the social nature of people and their nurturing relationship with their habitat. The principle of non-violence again goes back to Gandhism.

The fourth principle comes back to the local proximity need: people should invest in projects in their own localities: especially in food, farms and fertility. Clearly, the need for local self-sufficiency is again a reminder of Gandhian principles.

The fifth principle is linked to the need to avoid using money for speculation which is violent since the profits are compensated by losses to someone else. Instead, profits should be made from real investments which allow us to live.

The sixth principle deals with giving back to society and to the planet what we have taken from it. It combines the principles of Gandhi and Schumacher to come back to a world we would like to leave better than we got it.

### Slow money strategies

Slow money financing strategies can be seen in all the aspects of a balance sheet of a company. We discuss them, starting with the most short-term and proceeding to the long-term.

The most liquid liabilities are supplier payments and customer deposits. Thus, the most common and accessible way to invest in the local food business would be by prepaying for products or services. The CSA (Community Supported Agriculture) (or AMAP in French) is an example of it. People prepay for their yearly delivery of produce. This permits the local farmer to finance his crop.

The next would be to give a loan to the enterprise. This could be a direct loan to the entrepreneur. Microfinance institutions, offline as well as online, are providing this kind of slow money. Instead of one individual or one institution giving a loan, a club of investors may get together and provide a loan from their pooled funds.

The equity part of the slow money is often provided by love money or by slow money. Love money is considered to be family and friends of the founders. At the same time, investor clubs; like the CIGALES in France, may also be interested in investing in equity to remove the downside risk for the entrepreneur: if the microenterprise does not succeed, there would be no reason to pay back the loan. The basic problem with equity participations is that it is difficult for the investor to exit.

Of course, there are donations or the purchase of gift cards of the micro-enterprise, which permit another form of prepayment of services or products.

Finally, there are off the balance sheet financing mechanisms, which can be termed facilitators. This includes micro-guarantees which permit the entrepreneur to receive a loan. An example of such

guarantees and the impact it is making is provided by United Prosperity.com, a website which provides guarantees to local banks in the USA which then lets the Indian branch of the US bank to provide loans to micro-entrepreneurs in India.

### Slow Money Investments

According to Gandhi (Gandhi, Before 1948, compiled 1962), the people who can make and store money wisely are in the role of trustees to help the society improve its functioning. They should then ethically invest the money back into the community. Yet, not everyone knows where to invest and how to invest.

To facilitate investments into this movement and entrepreneurial projects that conform with the principles of slow, the [slowmoney.org](http://slowmoney.org) website indicates funds where everyone can invest and where only accredited investors can invest.

The funds where everyone can invest may have no minimum investment limit, although \$500 may be a more general minimum stipulation, but some may insist on as much as \$50,000. Similarly, some accept investments for at least three months, others only take long term investments of more than five years. Some funds are nationwide (read USA), while others may be limited to a group of States, a single State or even a region of a State. For example, FORGE (Financing Ozarks Rural Growth and Economy) provides loans to sustain the rural communities in the Ozarks and preserve the Ozark environment of Northwest Arkansas (<http://forgeonline.com/investors.htm>). The fund allows people to invest and provides no returns or some low rate of return (returns offered increase as size of investment increases). The investor can forego interest to help FORGE meet its management costs. As opposed to investments, where the investor expects that he will get his money back, FORGE also accepts donations to meet its operational costs, where the money will not be returned. The operations include three staff members. It is interesting to note, from the entrepreneurial profiles posted on the FORGE website, that the funds are not investing in food based enterprises only, although this was the original mission in 1989 when it was first created. However, with time the fund managers realized that other rural enterprises are also required for a balanced eco-system. Today, they are also investing in entrepreneurs who make machinery, jewelry and home renovations, for example. This is perhaps a return to Gandhi who recommended that each village should be autonomous to the extent possible and have other artisanal industries such as dairying, manual food processing, oilseeds, coarse sugar, bee-keeping, tanning, soap, hand-made paper, ink and education (Gandhi, Before 1948, compiled 1962).

There are larger funds for accredited investors. Here the minimum may vary from \$5,000 to \$500,000. The term life is usually three to ten years and seems to be more in line with private equity. Again, the funds can be nationwide or restricted to a region or State. For example, Coastal Enterprises, Inc. (CEI), started in 1979, is available only to accredited investors. It finances micro, small and medium enterprises, natural resource-based ventures, affordable housing and community facilities that meet triple bottom line criteria, primarily rural regions of Maine (<http://www.ceimaine.org/>). These include not only fisheries, but also home construction and child care facilities management, for example. Part of the triple bottom line mission is aimed at providing quality jobs to the disadvantaged. The enterprise has 94 staff. Investors can either donate or invest, the latter providing a tax credit of 39% over 7 years. This tax credit then reduces the cost of funds for the investment fund which can then offer cheaper than market loans to entrepreneurs.

### **The extent of Slow Money**



Based on the above discussion, it is interesting to explore the extent of the industry size which we are concerned with.

We have come out with four defining characteristics which we can call PALS (Patient, Agricultural, Local and Small).

1. Using patient capital: which is primarily Equity and/or Long Term Loans.
2. Agricultural related, which we can assume are codes related to agriculture. However, in today's, world, often this includes artisanal activities and those related to double or triple bottom lines.
3. Local which we can assume for convenience in secondary data gathering as non-exporting.
4. Small, for which we have taken EU guidelines for Small Enterprises as less than 10 employees and less than 2 million Euros in turnover

### **Discussion: The limits of slow money**

#### Relationship to Microcredit: The fast corruption of a slow concept

The amazing growth of group based microcredit, since its invention in the 1970s, is a perfect example of fast diffusion of slow money. The initial thrust of microcredit was to provide local support groups enough capital so that they could mutually aid each other to start enterprises and exist from poverty. Information asymmetry was reduced between the lender and the borrower using group based social collateral. This group based lending also reduced transaction costs (Yunus, 2003; Armendàriz and Morduch, 2005). The rural based models conformed to the principles of slow money except that these were short term loans and not very patient equity capital. However, where there were no loans, banks like the Grameen bank of Bangladesh started providing some (loans).

At some point, the ideology of microcredit shifted from social good to private profit. Two leading cases of this shift are Compartamos in Mexico (Ashta and Bush, 2009) and SKS in India. Both organizations started as not-for-profit NGOs. After initial growth and nearing break-even levels, both organizations converted to for-profit companies and doubled their growth rates to 50% per year and even 100% per year. They then took international private equity capital and followed the private equity model of fast increase in scale of outreach across their respective countries. These high growth rates increased valuation and permitted both firms to have very highly successful IPOs (both were over-subscribed twelve times).

The huge profits of lending to the poor questioned the basics of the social development model. Today, academics are doubting the impact and regulators are doubting the social ethics of the firms who are considered to be loan sharking to the poor at high interest rates. The high profits of course have also attracted competition, and multiple borrowing from different NGOs has made over-indebtedness a major outcome of microfinance. Today, governments are accusing microlenders for fostering suicides by over-stressed and over-indebted micro-borrowers (Ashta et al., 2011).

Of course, not all microcredit is bad. For every case of a microcredit organization which has shifted to individual consumer lending, often in urban areas, there is probably a case of a less visible NGO which is still true to their mission. But are they destined to remain small and beautiful?

The case of SKDRDP in India (Harper et al., 2008), a faith based NGO providing microcredit, is in sharp contrast to the SKS and Compartamos models. SKDRDP started by offering microcredit to the farmers on the hill where its temple is located. It then spread slowly to neighboring areas. Today, with over a

million micro-borrowers, it has limited itself to Karnataka, just one State in India. Its interest rates at 15% (declining balance) are much lower than those of the fast-growth MFIs cited earlier (SKS is at 24%, Compartamos at about 80%). The social work of SKDRDP resembles the nurturing act so essential to the slow money philosophy of Tasch (Tasch, 2009).

Surely, local is part of the solution. But questioning the fast-money profit motive is the essential piece in this paradox of fast growth ruining a socially worthy cause. A reminder in this direction is brought by the trouble in with Spain's cajas find themselves: problems or mismanagement, poor governance, financing speculative real estate, but also becoming too large and trying to move beyond the local region<sup>10</sup>. A just reminder that slow is sustainable.

### Are tontines slow money?

Another direct diffusion of money is found in Rotating Savings and Credit Associations or tontines. These models are often found in Africa and Asia. Some of them are based on businessmen who confer their savings to a person to obviate the need to go to the bank, while others are based on consumers (usually women) who save together to be able to buy a big consumer durable. While clearly observing the principles of proximity in relationships, the consumer models do not fit into the slow money concept since they are not investing in slow food or industry. The commercial tontines may however be using the system to get some interest from people who borrow for productive purposes.

### Pawnshops (Montes Pietatis) and slow money

Pawn shops have been in existence in Europe since the 15<sup>th</sup> century (de Lutz, 2008) at least. In these shops, the borrower deposits some belonging as collateral and takes a loan. Thanks to the collateral, interest rates may be fairly low. Once again, we see the link with proximity. At the same time, the loan could be till the time the person wants to take back his collateral: so there is an element of patience, more than in online lending or in microfinance or tontine where everything is for short term. However, the purpose of the loan is not indicated and, as a result, the idea of nurturing the capital to produce is lost.

### **Recommendations for slow money**

The foregoing discussion on the spread of microequity as a form of slow money needs to be anchored in the spread of a parallel movement, microcredit and its difficulties as outlined above.

The recommendations for developing a slow money movement can be addressed to the government, to the institutional entrepreneur who is managing the slow money movement, to funds and to entrepreneurs.

For entrepreneurs seeking to integrate themselves into the movement and benefit from being financed, they should undertake activities relating to farming or to rural or even suburban development. The activities should be managed with a triple bottom line perspective. They should provide some economic return to the slow money investor, but more importantly allow the investor to follow his investment through regular meetings and exchange of information.

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<sup>10</sup> International Herald Tribune (Aug 21, 2012): Clash of Cultures undid Spain's cajas, p1, p16).

The slow money fund should, optimally, remain small and patient. Although large funds are required for tapping the wealth of accredited investors, their investments are often in small and medium industries, and not in micro industries. Nevertheless, such large funds may be useful if they permit cross-subsidization: the mobilization of large funds can be used partially to finance a large number of micro-enterprises. Patient capital refers to long term capital which allows a gestation period of months or years before any returns are made. This could be a separate asset class, such as the impact investment asset class being created in the USA. A special kind of Land Trust can be created which buys out small farmers, develops the land and leases it out to organic farmers. Once organic farming is proved to be profitable, these new farmers could then buy the land, permitting the Trust to exit.

The institutional entrepreneur, whether the founders of the slowmoney.org or of the CIGALES, must keep in mind that their movement is ideologically significantly away from the mainstream and the use of public funds may neither be easy to get nor desirable if ideological dependency is imposed. Ideally, local investors should finance local entrepreneurs and nationwide funds are useful if they are linked to local funds for following up. The basic purpose of the movement would be to link the entrepreneurs with the funds to resolve the asymmetric information problem: who is a certified slow food entrepreneur and who is a certified slow investor. For this, we note the audit role of a certifier who insists in capping the IRR (Internal Rate of Return) of the fund and that of the entrepreneur to allow a larger ERR (Economic rate of return) to all the other stakeholders. In the wake of the large magnitudes of unemployment and fragile employment in Europe as well as the USA, and the accompanying protest movements (Los indignados) in Spain, Occupy Wall Street in the US), it is clear that any government which does not explore local initiatives to stimulate local industry may find itself distanced from the common man and his local concerns. The price of tax credits to this movement, if any, should be balanced with the cost of unemployment doles as well as that of possible civil unrest. A new class of municipal bonds could also be created. The Fonds d'investissement de Proximité in France, created in 2003, are an example of a government initiated asset class which permits small investors to invest locally and provides them tax reductions.

## Conclusions

Table 1 summarizes are discussions on the nature of slow money. We find four essential characteristics of this form of financing: local, small, patient and related to agriculture/artisanal and/or double to triple bottom line projects. With these four characteristics in mind, we find that the only one which conforms is the micro-equity local investment clubs of the type found in France (the CIGALES). Nevertheless, other investment funds, although larger, may still conform to these principles as far as the other criteria are concerned. But then again, they are usually intermediating between distant investors and local projects.

**Table 1: Characteristics of Slow Money fulfilled by different financing forms.**

	Patient	Agri / artisanal/ triple bottom line	Local	Small
<b>Microfinance</b>	No, usually short term loans, now some housing loans	Rural microfinance but not urban microfinance	Starts local, scales to national	Yes
<b>P2P commercial</b>	No, usually short term	No	Usually national	Not necessarily
<b>P2P Microfinance</b>	No, usually short term loans	Depends on MFI partner	International	Yes

<b>Investment funds linked to slow money.com</b>	Yes	Usually double/triple bottom line	Local or national	No
<b>Micro-equity CIGALES (local investment clubs)</b>	Yes	Usually double / triple bottom line	Local	Yes
<b>Tontines/ROSCA</b>	Short term	Often consumer, but some producer tontines, usual for savings rather than investments	Local	Yes
<b>Pawnshops</b>	Yes	Consumer loans	Local	Yes

We find that today, in the 21<sup>st</sup> century, conditions are ripe for implementing the Gandhian concept of Swaraj or self-rule, advocated in the early 20<sup>th</sup> century for India. The conditions are not the same and an altering of the concept is of course necessary. Gandhi's India was inherently rural: the West is largely urban. Gandhi was issuing a warning based on foresight, the slow money movement is growing based on hindsight of the devastating effects of fast money and the depletion of the resources of the planet.

To differentiate the slow money movement from the closely related socially oriented investment movements, the following questions need to be examined.

- Is it patient capital or myopic short-term capital?
- Is there a link to the food, farms or fertility or to basic livelihood activities
- Is there a local base to the entrepreneurial projects? Do we need to go beyond?
- Can growth be contained? What growth is sustainable?
- Can the model be replicated instead of scaled?
- Can we use technology to diffuse the message rather than to scale?

Many of these questions are going to be answered by future researchers as they investigate each social investment fund and try to separate the walk from the talk. Our own immediate future research involves understanding how far the concept of "slow" has been diffused among micro and small entrepreneurs.

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