



831 Posh parties and spa packages for dogs. **6**

MONTEREY COUNTY
WEEKLY



ART Traveling Smithsonian exhibit explores immigration. **48**

The Next Trillion:

The Iraq war will cost US taxpayers \$1 trillion. That money could have been used another way.

A new American dream By Woody Tasch



The Next Trillion

If we can spend \$1 trillion on the Iraq war, then we can afford \$1 trillion for a new American Dream.

BY WOODY TASCH

GUEST EDITED BY JIM FINEFROCK

Because I am complicit, along with each and every one of my fellow US citizens, in spending what may be the worst trillion dollars

in history on a petro-fundamentalism-driven military folly only a warrior deity—that Great Jingoist in the Sky—could love, I am hereby calling on the candidates in the 2008 presidential race to develop a plan for spending The Next Trillion—a *good* trillion, and, yes, maybe even the *best* trillion dollars we've ever spent.

Economists project that, when all is said and done, the cost of the war in Iraq could exceed \$1 trillion. The magnitude of this expenditure is one thing, but even more glaring is how it was accomplished: Most of the war funding was approved outside regular channels, with limited congressional oversight, through the Emergency Supplemental Appropriation process.

And so I say: *Let's do it again!*

Let's do it with the same sense of moral urgency, the same sense of manifest destiny that has made America great at so many critical junctures in its history.

But this time let's do it for the cause of life, rather than for the cause of death. Let's do it for the good of all humanity (and all the other species, too), not just for the good of one nation at the expense of another or the good of one ideology at the expense of another.

Let's see to it that the war in Iraq becomes useful in an unexpected way. Let it mark the beginning of the end of

the Age of Petrodollars. Let it mark the beginning of the Age of Sustainability and Prosperity.

Now that's something worth spending \$1 trillion on.

There's an emergency out there that needs the next trillion dollars of government attention. It's called climate change. It's what happens when a world economy makes a thousand billionaires and a billion thousandaires. It's what happens when an economy depends upon frenzied economic growth in China, which is adding 65 gigawatts (equivalent to California's annual energy consumption) to its grid *each year*, most of it produced by highly polluting coal-fired power plants. And it's what happens when *each of us*—each US citizen—uses more energy, puts more carbon into the atmosphere and generates more waste than any citizen in history—and by a shameful margin.

In response, we need more than business as usual. And more than a misguided military adventure.

We need The Next Trillion. Here's how we should spend it:

■ \$250 BILLION OF VENTURE CAPITAL FOR CLEAN ENERGY

Technological innovation can dramatically reduce the carbon footprint of manufacturing, transportation and housing. It goes by different names—renewable energy, distributed energy, clean tech and green building—and a boom is already beginning in the venture capital markets. But so far the effort is too narrowly focused and not nearly enough.

■ \$250 BILLION FOR CARBON SEQUESTRATION AND BIOREMEDIATION

The President's Committee of Advisors on Science and Technology underscores the importance of carbon sequestration: "A much larger science-based CO₂ sequestration program should be developed...This is very high-risk, long-term R&D that will not be undertaken

TRILLION continued on page 20

TRILLION continued from page 19

by industry alone without strong incentives.” A farm of humungous radiators-on-goal-posts that pull carbon from the atmosphere? Bacteria that eat radioactive waste? Municipal waste treatment technologies that use no chemicals and produce not sludge but potable water? We need to aggressively accelerate the development and diffusion of such new technologies.

■ \$250 BILLION FOR SUSTAINABLE FOOD AND FORESTS

While all eyes are on carbon emissions, too few of us are watching the crisis of soil and water that is the result of industrial agriculture and industrial forestry. We are losing topsoil, fisheries, watersheds, aquifers, small farms, the diversity of forest ecosystems and the genetic diversity of crops. Our industrial food and fiber production system is based on ever-increasing applications of chemicals and practices that use nature as factory: synthetic fertilizers, pesticides and herbicides, growth hormones, antibiotics, clear cutting, genetically modified organisms (GMOs), mega-farms, hog confinement units, and a centralized system of processing and distribution that is increasingly vulnerable to adulteration and contamination.

We have before us an enormous opportunity for a national campaign to save small and mid-sized farms, improve our diets and health, ensure food security and protect our national resources through investment in the burgeoning organics market, the resurgence of community supported agriculture and the emergence of sustainable timber management.

■ \$250 BILLION FOR A GLOBAL TRUST FOR SOCIAL ENTERPRISE

It's time to close the loop on a process that started 150 years ago with 40 acres and a mule and the Homestead Act. The time for a new kind of pioneering is upon us. We need to supplement our investment in urbanization with an

investment in things rural and things local. We need to support the new generation of social entrepreneurs around the world who are building companies and nonprofit organizations dedicated to community and health. Each year, tens of thousands of entrepreneurs launch companies that create jobs in economically disadvantaged areas, expand educational opportunity, improve access to health care, develop independent media, promote healthier consumer lifestyles and otherwise improve the health of our communities and bioregions. Thousands of non-governmental organizations are working to build the infrastructure for a restorative economy. Globalization, yes,



but also another hearty “yes” to localization and social entrepreneurship.

Think: Department of Homeland Vitality (and not just *our* homeland).

There's nothing wrong with having a robust debate about whether these are precisely the ways to allocate The Next Trillion. (Although I would prefer to see the next president just push it through in a divine fit of Emergency Supplemental Can-Do-Itiveness.)

What seems beyond question, however, is that we must do something, something of sufficient scale and impact, to reestablish American leadership in the world and begin to face the social and environmental challenges of our time.

This is a wildly important moment.

It's not just about extricating ourselves from a military quagmire. It's not just about promoting an abstraction called sustainability. At one level, this is about survival. At another, it's about the ability of *Homo sapiens* to rise to the occasion, to show that we can put our sapience to good use. For Americans, it's about our ability to seize the opportunity that could be presented by a kind of virtuous perfect storm—political leadership, moral leadership and economic leadership coming together.

We in this country who have benefited so greatly over the past century from economics of the Take-Make-Waste

out,” Coleman observes, “the name ‘Adam’ derives from the Hebrew word for ‘soil,’ and the term ‘Homo’ in *Homo sapiens* comes from the same root as ‘humus.’”

In our race to maximize economic growth and create wealth, however, we have built an economy based on feeding the plant. (Interestingly, we even refer to our factories as “plants.”) We manufacture a dizzying array of products. We produce food that is plentiful, cheap, additive-laden and lasts for months on supermarket shelves. We have created enormous corporations and wealthy shareholders. At the same time, we deplete the soil, literally and figuratively—the soil of culture, the soil of healthy relationships and the soil of diverse opportunities are rapidly losing their fertility.

To feed the plant, we developed the industrial-strength finance of Wall Street, churning out ever-faster corporate growth, measured in quarterly reports and fed by day traders.

The frenzy of economic growth in turn enabled unprecedented levels of philanthropy. In 2006, Americans made \$260 billion in charitable donations; half went to religious and educational institutions, while less than \$9 billion went to environmental initiatives. Feeding the soil requires something more than Wealth Now, Philanthropy Later, and it requires something more than making as much money as possible so that we have more to give away.

The Wealth Now, Philanthropy Later model evolved in the world before there were 6.3 billion people and 380 parts per million of carbon in the atmosphere. Now we need a more integral approach. We need what Peter Barnes has called “Capitalism 3.0.” We need a new kind of corporate culture and a new kind of investing. We need a new kind of urgency and a new kind of patience. We need to recognize the wisdom of E.F. Schumacher's observation that the wealthier a society, the more difficult it

kind, now have the opportunity to plant the seeds of a new economic order based on restoration and health.

In thinking about this opportunity, we might pause to consider the words of a farmer. Not just any farmer.

Eliot Coleman, a leader in sustainable agriculture on his 40-acre farm in Maine, is as much a purveyor of pioneering insight and entrepreneurial innovation as he is a purveyor of vegetal bounty. “Want high returns?” he asks. “At 1,000 to one in four months, a tomato seed makes even the highest fliers seem paltry.”

Everything, Coleman has come to learn, depends on soil fertility. Our survival depends upon our evolution from a society that feeds plants to a society that feeds the soil. “As others have pointed

\$1,000,000,000,000

TRILLION continued from page 20

becomes to do things that do not offer an immediate payback. Feeding the soil requires a commitment not to financial quarters or even years but to generations.

Let The Next Trillion, then, be the most urgently deployed *patient capital* in history.

In a world that is speeding up while its health is increasingly threatened, what do we need? More speed? More power? Ever-greater military expenditures? More pharmaceuticals? Perhaps that. But we also need something else: a real alternative.

The seeds of such an alternative were contained in remarks at a recent conference when a speaker suggested that our view of terrorism as something that can be killed, the way antibiotics kill bacteria, is deeply flawed. "Terrorism," the speaker argued, "is a virus. We cannot kill it. We can only manage it."

Terrorism is a virus. Overheated globalization is a virus. Unbridled consumerism is a virus. Internet addiction is a virus. Global warming is a symptom of a global virus.

Our world is heating up, and we are not going to be able to eradicate the causes by staring at our computer screens. We have to deploy our financial resources in new, healthier ways. We have to learn to measure our investment success not only by the size of our portfolios, but by the worth of our portfolios, as indicated by the degree to which they enhance or degrade our quality of life and the quality of life of those who come after us.

We cannot expect Wall Street or the philanthropic sector to invent this new kind of investing. At least not fast enough. The task at hand requires galvanizing political leadership. What is called for is a new kind of national investment, an investment that leads in the direction of a new kind of strength—strength measured in healthy households and healthy communities and healthy bioregions rather than in

megatons and nanoseconds and market indices.

If this sounds far-fetched or just plain impractical, remember this: The emergence of a patient capital marketplace is already underway. Millions of entrepreneurs, consumers and investors are spending billions of dollars a year for products, services and companies that are steering us toward sustainability. The social investment sector has experienced dramatic growth in recent years. The nexus of venture capital, social enterprise and philanthropy is dynamic. Yet the old habits of "feeding the plant" die hard, and new methods of "feeding the soil" are still in their infancy.

A trillion dollars of patient capital is not the sole answer, but it is the key to a family of answers that have the potential to reorient the juggernaut of produc-

If a trillion dollars seems like a lot, then view it in the context of the \$2 trillion a day that speeds through Wall Street.



tion, consumption and pollution that threatens irreparable damage to the web of life.

Faced with the urgency of the global situation, a trillion dollars of patient capital is not overly bold. It is merely appropriate. It is sufficient. It is prudent. Anything less is a derogation of our moral and fiduciary duty to future generations.

The Next Trillion will attract legions

of talented portfolio managers and financial entrepreneurs and economic theorists. It will foment social entrepreneurship and financial innovation. There will be plenty to learn, including the development of new benchmarks and new metrics such as "social return on investment" and "living returns." Plenty of mistakes will be made along the way.

But none so egregious as the trillion-dollar mistake we are now living through and in which we have all been complicit. Nor can we risk making the mistake of inaction, no matter how daunting the world situation.

We cannot call for The Next Trillion without considering the reconstruction of Iraq. We must deal forthrightly with this responsibility.

The United States annual military budget of more than \$439 billion—not counting the costs of the wars in Iraq and Afghanistan—is equal to almost half the military budgets of all the nations on the entire globe, and more than equal to the military expenditures of the next six countries combined, including China.

Our military spending must include the costs of cleaning up after ourselves. Just as we want companies to take into account the so-called "externalities" that are created when they seek to maximize shareholder wealth and economic growth, we must see to it that the military internalizes the costs of this "collateral damage." We must include in our military budgets the costs of rebuilding Iraq.

At the same time, we need to address the systemic problems that created the conditions for such conflict. We need to begin to reconstruct not only Iraq but the world in which financial markets, capital flows, technological innovation, consumer appetites and environmental impacts are accelerating beyond our ability to manage them, destabilizing societies and straining natural systems to the limit.

And if a trillion dollars still seems

like a lot, then view it in the context of the \$2 trillion dollars a day that speeds through Wall Street. Many observers have pointed out that the war in Iraq has been, in terms of a percentage of the overall US economy, one of the least expensive wars in our history. A trillion dollars deployed over a five-year period represents between 1 and 2 percent of our gross domestic product.

If we can afford to spend a trillion dollars on an Iraq nightmare, then we can afford a trillion dollars for a new American Dream.

But this is not just a question of affordability—it is a vision for the future. The Next Trillion can mark a turning point not only for the United States, but also for the world. We can use the current moment to begin to turn away from security through wealth and conquest and fundamentalism, and toward security through health and restoration on humanity's journey toward compassion and non-violence.

Security through wealth made sense when the world's natural resources seemed limitless, global population was small and the environmental impacts of economic growth were easily assimilated. Security through conquest made sense before nuclear weapons and global terrorism. Fundamentalism made sense in a world that had yet to see the picture of the Earth rising over the moon.

We stand, today, on the threshold of a different world, and our survival depends upon our ability to recognize this new reality and respond to it.

A sane analysis of the modern global economy recognizes that the financial return to which members of the club of beneficiaries became accustomed in the 20th century depends upon rates of growth—growth in population, acceleration of technology and capital markets, growth in consumption, increasing pollution, widening wealth gaps—that are unsustainable. The old worldviews, the

TRILLION continued bottom page 26

TRILLION continued from page 22

old weapons, the old economic institutions are no longer adequate.

We can stand, here, frozen like deer in the headlights, or we can leap at the chance for change. We can affirm the definition of insanity—doing the same thing over and over again, but hoping for a different outcome (that is, using the violence-prone economics of Security Through Wealth and Conquest over and over again, but hoping for social equity, ecological balance and peace). Or, we can employ the same American boldness, the same spirit of risk-taking, and the same sense of moral urgency that impelled our ill-fated invasion of Iraq but turn it in a fundamentally new and beneficial direction.

In doing so, let us recognize that the Invisible Hand of the marketplace has been very good to many of us in the West over the last few hundred years, and, more recently, to many in emerging pockets of affluence around the world. Let us also recognize that in these early years of the 21st century, the Invisible Hand is pointing in a new direction. It is pointing past climate change, past toxics, past the loss of biodiversity, past depleted topsoil and over-fished fisheries, past *favelas* that house the poor in

Latin America, past suburban sprawl and rural poverty, past the cul-de-sacs of consumerism and the gated communities of affluence.

It is pointing to The Next Trillion.

New Deal, Marshall Plan, Manhattan Project, Apollo Program: when America sets its mind to it, anything is possible.

Let us set our mind, then, to The Next Trillion.

Deployed with the requisite courage, vision and entrepreneurial acumen, it will unleash a commercial force of restoration and healing—a new era of sustainability and prosperity—the likes of which the world has never seen. And fit for a new president. ☒

WOODY TASCH IS CHAIRMAN OF INVESTORS' CIRCLE, A SAN FRANCISCO-BASED NONPROFIT NETWORK THAT, SINCE 1992, HAS FACILITATED THE FLOW OF \$112 MILLION INTO 180 EARLY STAGE COMPANIES AND VENTURE FUNDS THAT PROMOTE SUSTAINABILITY. HIS UPCOMING BOOK, *FUNNY MONEY HONEY AND OTHER FLIGHTS OF FINANCEY*, IS ABOUT COMMERCE, NATURE AND IMAGINATION.

JIM FINEFROCK IS FORMER EDITOR OF THE INSIGHT SECTION OF THE *SAN FRANCISCO CHRONICLE*. HE HAS ALSO SERVED AS THE EDITORIAL PAGE, OP-ED EDITOR AND METROPOLITAN EDITOR AT THE *SAN FRANCISCO EXAMINER*. HE LIVES IN THE EAST BAY.