TRADITIONAL TERMS OF INVESTMENT

RISK: Risk represents the unknowns in an investment. All investments include unknowns that influence if the investment appreciates or loses value. There is a money assumption that investors require a greater reward (or return) for assuming more risk.

RETURN: is the overall profit or loss on an investment expressed as a percentage during a particular time period. You bought it for an amount, you sold it for a another amount (either all at once or over time) and received a total return/loss.

INVEST: to commit capital to someone else who puts it to use in exchange for paying you a return.

INTEREST: A regular payment made by a borrower for the use of money – in essence, a form of 'rent'. Interest is only one form of return.

SPECULATION: Buying or selling shares, bonds, commodities, derivatives or other financial instruments in order to profit from price fluctuations. Although the language of financial markets emphasizes their role in reducing risk, the majority of trading is based on speculation. Volatility is encouraged, since fluctuations in asset prices are the basis for profits made on financial markets. The overall effect is to create a risk-laden financial system.

RE-DEFINING TERMS OF INVESTMENT

RISK: *taking chances:* One's willingness to take chances is based on how you experience the consequences. From our perspective the primary risk is not the risk of financial loss, but the risk of social and ecological erosion – measured by inequity and the catastrophic collapse of biological and cultural diversity.

Given that we know that the dominant economy is the driver of ecological and social erosion, and we know that the erosion creates instability for the economy; the most risky thing (both financially and ecologically) is to keep investing in the market that drives the problem.

RETURN: *to get back (to):* From an ecological perspective, return means, "Return to Balance" – meaning to, "Get back to right relationship to ecosystems and each other." Just as in finance – there is a direct relationship between risks and returns. In finance, the greater the risk, the greater the return (supposedly). In ecology, the sooner we return to balance, the less severe the risks of ecological and social erosion. It is also important to note, that "return" refers in finance to the total benefits gained from an investment, narrowly defined as profits. If we expand the definition of benefits past profit (which is, by its very nature, not beneficial to the living system as a whole) then we can use the conventional notion of "return" to better define the benefits we seek – such as intact communities; increased biodiversity; wetlands restoration, racial justice, etc. This is not to mean that we should financialize nature – some things are priceless – but we can consider them benefits that are relative to other benefits based on our values.

INTEREST: *concern, curiosity:* We must reorganize economy based on our *shared interests* at every level – from the community scale, where we have an interest in "old growth neighborhoods" and intact ecosystems; to the planetary scale, where we have an interest in preserving the biological and cultural diversity we depend on. Climate change, for example, is not at all in our interests – though it may be in the narrow, short-term interests of others (energy companies).

INVEST: *to seek change over time, to change the look (of):* To invest is to put resources (energy, work, finance, love) into something to create change over time. In finance, the change we seek is more of the same (money); but that is not the only change (or even the necessary change) we need. We must seek, with our investments, to fundamentally change the very shape of the economy.

SPECULATE: *to form ideas, theories, plans without evidence; to "look around":* Speculation is bad for relationships, bad for the economy and bad for the environment. Some things are best not to guess about. The risks are just too great.

REGENERATIVE ECONOMY CORE VALUES AND KEY QUESTIONS

Our core values represent our vision for a healthy economy. They were developed in partnership with Movement Generation and the Climate Justice Alliance. They will guide our decisions around where we invest and be used to evaluate the success of our work. Check out some key questions to ask yourself when considering potential investments.

1. Builds Community Wealth: Investments have traditionally created a system by which the wealthy accumulate even more wealth. ReGenerative Finance sees investors as a temporary part of the transition, moving gift capital along with investments with the long term vision of communities generating their own wealth through productive capital. Resources, particularly financial, should shift from a few large institutions (banks and markets) to many smaller, diverse institutions in which the benefits of investment are distributed among more people and communities.

Key Questions

→ How does this investment move capital from large institutions and/or the Federal Government to many smaller institutions and localities? Does it support the creation of pathways where impacted communities can be beneficiaries?

2. Shifts Economic Control: Investment should be de-coupled from ownership. Currently, the “investor first” principle places the interests of finance over the needs and interests of workers and communities, shifting the motivation of economic activity from collective success and well-being to concentration of wealth and power. New models of “non-extractive”/”regenerative” finance subordinate the interests of investors to the interests of workers, communities and the success of the enterprise. Returns only come from revenue generated by the project, never from assets or income of the community. Capital is subordinate to people. These models offer a greater social, ecological and economic return.

Key Questions

→ How will this investment improve the success of the project? How will the workers benefit from the investment? Are you willing to hand over your financial decision-making power as an investor to the workers of the project?

3. Democratizes the Workplace: Investments in the new economy should drive worker ownership, democracy and rights at the places of work and in the economy as a whole.

Key Questions

→ How does this investment increase worker rights, ownership, control and democracy?

4. Drives Social Equity: Investment should actively work against current and historic social inequities based on race, class, gender, immigrant status and other forms of oppression. Choosing to invest in communities, geographies and sectors of the economy where these inequities are most pervasive is a priority.

Key Questions

→ How would this investment address current and historic oppression and exploitation based on racism, sexism, and other forms oppression?

5. Advances Regenerative Ecological Economics: Investment should be in economic activity that advances ecological resilience, reduces resource consumption, restores traditional life-ways and undermines the extractive economy that is eroding the ecological basis of our collective well-being.

Key Questions

→ How does this investment support ecological resilience, reduce resource consumption and restore traditional ways of life that keep communities intact?

6. Relocalizes Primary Production and Consumption: Investment should support the relocalization of primary production and consumption by building up “short chain” and “known chain” economic initiatives, such as local food systems, local clean energy, and small-scale production. The boundaries of “local” are dynamic and determined by the conditions in place.

Key Questions

→ How does this investment support the development of local economics?

7. Strengthens the Public Sector: Investment should shift resources from the corporate sector to the public sector, where most appropriate, in addition to building the peoples’ economy. For example, investments that support public sector infrastructure in zero-waste, clean energy, transportation, etc. are key to a Just Transition economy.

Key Questions

→ Does this investment move resources and power from the private sector to the public sphere? Where and how?

8. Builds Movements and Power: Building a new economy needs to be deeply rooted in struggles for justice. Investment should support bridging the gap between creating economic infrastructure and supporting movement building efforts to create a new center of gravity in the economy. Many new models for the energy economy directly come from or collaborate with grassroots community-based organizing efforts, thereby building both economic and movement muscle. We are committed to investing in projects that connect economic and political muscle to change the rules of the economy. It is our belief that these investments have a greater impact than those that are not part of a larger, multi-sectoral movement building effort.

Key Questions

→ How does this investment connect directly to social movement initiatives and grassroots organizing? Does it create opportunity to build across multiple sectors with a transformative vision?

9. Retains Culture and Tradition: Capitalism has forced many communities to sacrifice culture and tradition for economic survival. It has also destroyed land held as sacred. Investments should contradict this pattern by holding culture and tradition as integral to a healthy and vibrant economy. It should also begin to make reparations for land that has been stolen and/or destroyed by capitalism, colonialism and slavery.

Key Questions

→ How does this investment support the culture and tradition of the community served by the project? How does this investment contribute to reparations for the community?

10. Restores Right Relationship with Ourselves and Our Communities: The extractive and exploitative values of capitalism have traumatized us all. Investors have long been forced to give up part of their humanity by putting profits over people, community and the environment. Investments should provide pathways to heal from this harm by creating opportunities for real, cross-class relationships, power sharing, and the chance to rebuild our communities together.

Key Questions

→ What kind of relationship do you want to have to this project? What about the project inspires you? What other kinds of contributions could you make beyond this investment?

INVESTOR CONSIDERATIONS: A WORKSHEET

We have presented our framework for re-defining terms of investment and our definition of the core values of regenerative economies, and proposed key questions for evaluating potential investments. These are designed to help us explore and shift how we think about investing, not a proposed solution of where or how much to invest. We also understand that there are many other factors that play in to decision making, including family dynamics, our own personal process, health concerns, etc. It is up to each of us to balance our individual considerations with the core values. Below are some questions that may support you in thinking through this process. These are big questions that have no one right answer and that may be continuously shifting. We suggest reaching out to other RGers in your chapter for support on thinking them through. Sections A-C are more geared for folks who currently have access to personal or family wealth. D is for anyone ready to throw down for just transition.

A. Defining your terms of investment

1. We define investing as fundamentally changing the very shape of the economy. Conventionally, the goal of investments is to accumulate more wealth. What do you see as the goal of your/your family's investments?

2. We define return as getting back to right relationship to ecosystem and each other. Conventionally, the goal is to maximize financial return. What kind of return do you seek from your/your family's investments?

3. We define risk as risk of social and ecological erosion – measured in inequity and the catastrophic collapse of biological and cultural diversity. Conventionally, risk is risk of financial loss, measured in money. What are you willing to risk?

4. We define interest as concern and curiosity in the future of our planet. Conventionally, interest is payment made to a borrower. What is your interest? What are you concerned and curious about?

B. Logistics of Money Moving

There is no right or wrong answer to these questions. Wealth has been accumulated within a system rooted in injustice. Investing and moving money towards justice is inherently full of complicated contradictions. But lets not get stuck in guilt and shame and lack of perfect answers! Instead, lets work through these complicated questions together.

1. Do you need immediate access (or liquidity) to the assets you wish to invest? If so, how much do you expect to need annually? And for what period of time?

2. Do you have expectations to use part of your wealth for longer term personal benefits or needs such as buying a house, raising children, retirement? If so, approximately how much do you aim to save for those benefits/needs? Are there low risk options in the new economy you would be excited about shifting these investments to?

3. What percentage of your/your family's wealth do you wish to move out of the unstable speculative economy and into the new economy in the next year? In the next 5 years?

4. Who has control of decision making around your/your family's investments? Is there anyone else that influences your decision making around investments? How does that person/those people impact your decisions? What steps do you need to take to gain their support in your decision around moving your investments? Who can support you in doing that?

5. Who currently manages your/your family's investments? How do their practices align with the new terms for investment? What are their options for alternative investments? How do those align with movement criteria? Do you get the sense they would able to support you in shifting investments out the speculative economy? If not, who would be? (Not sure? Reach out to RG for help on finding a new financial advisor!)

6. Who are 3 people you can ask to support you in moving forward with your investment plan?

C. Pushing past comfort

1. Does this plan above push you past your comfort zone without putting you in a state of panic?

2. What would it look like for you to invest against the way(s) your wealth was created?

3. What would it look like for you to invest in ways that go against your class conditioning?

4. Imagine you have invested all of your money in the new economy. What feels scary? What feels exciting?

5. Many of us have been taught that the only way to create safety is through dependency on our wealth. If this feels relevant to you, are there steps you can take to shift out of dependency on your wealth?

D. Putting on the organizer hat

Thinking through your/your family's own investments? Rad. Organizing to shift resources on massive scale? Yes please.

1. What community(s)/institutions are you connected to that you could influence to shift investments? What are next steps for thinking more about this opportunity?

2. What is your vision for how young people with wealth could take leadership in investing in the just transition to the new economy?

Want to take leadership on thinking through how to organize investments towards just transition to the new economy on a large scale? Email us at info@regenerativefinance.org