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## **Transitions to post-extractivism: directions, options, areas of action**

Eduardo Gudynas<sup>1</sup>

The development styles being followed in Latin America are unsustainable. Dependence on the export of raw materials persists, serious difficulties are still hampering poverty elimination, and environmental deterioration continues apace. At the same time, on the global scale, we are undergoing a multidimensional crisis, and if we look beyond the economic bonanza some Latin American nations are experiencing, we cannot fail to see the serious international economic and financial problems, or the threats of global climate change.

Despite these constraints and warnings, South American countries are continuing to intensify a style of development based on the intensive exploitation of natural resources and their sale on global markets. We are seeing a strong drive towards extractivism, both in classical sectors such as mining or oil and gas, and in some agro-industrial practices. All these countries are becoming extractivist: those that were already are diversifying their extractive industries, while those that were not are now trying to get into mining or drilling for oil. An oil-producing country like Ecuador, for example, is seeking to promote large-scale mining, while Uruguay, a nation that used to specialise in farming, is now betting on open-cast mining for iron ore.

Likewise, in all these countries, extractivism is at the centre of serious tensions and social protests. The reasons are very diverse, and range from the environmental impacts of the extractive industries to their negative effects on traditional economies, from the forced displacement of communities to the threats experienced by indigenous groups.

Such situations are found in all these countries, despite their substantial differences in aspects such as state involvement, the percentage of the profits captured by the state, or the role played by extractivism as a designated national development strategy. This is why it is necessary to distinguish between conventional extractivism and progressive extractivism (Gudynas, 2009b). Some key aspects are common to both, such as the appropriation of Nature to feed economic growth, and the idea of development understood as an on-going, linear process of material progress.

These situations mean that any exploration of an “alternative to development” must necessarily deal with extractivism. Otherwise, the proliferation and

intensification of the extractive industries will mean that any alternative is incomplete. In other words, alternatives must also promote a post-extractivism which enables that dependency to be broken and overcome.

In this chapter we will examine some aspects of possible transitions to post-extractivism. The analysis is part of the work done by the author and the team at the Latin American Centre on Social Ecology (CLAES) to explore what we call “transitions” to another development, or “transitions to *Buen Vivir*.”<sup>2</sup>

## **The post-extractivist imperative**

The list of arguments to show why it is imperative to move towards a post-extractivist strategy is too extensive to review here, but it is important to mention some of the most important.

In the first place, there is the need to call a halt to the acute social and environmental impacts of the major extractive industries. There is ample evidence of these impacts, which range from pollution to the loss of natural areas. Mega-mining and the oil industry, for example, are moving into vast new natural areas, affecting sites of high biodiversity and placing water sources, etc., at risk (Dematteis and Szymczak, 2008).

It is also urgent to deal with the high propensity for conflict that surrounds many extractive enterprises. These tensions are very acute in many places, sometimes spiralling into violence, and go against democracy in others (examples are the cases described by De Echave et al., 2009).

We need to bear in mind that extractivism offers very limited economic benefits. For example, the fact that the social and environmental costs are externalised represents a heavy economic cost, aggravating the economy’s focus on primary commodities and reducing the ability to diversify production, while the employment generated is minimal (Acosta, 2009).

Neither should we forget that many sectors depend on resources that will be exhausted in the not-too-distant future (such as the oil and gas deposits in several countries). Moving into new areas of resource exploitation implies risky procedures with a high social and environmental impact. It is also uncertain whether they will work, given the limitations of today’s technologies.

Finally, global climate change imposes serious constraints on the exploitation of

fossil fuels. If we wish to prevent global warming from increasing still further, the remaining deposits of oil in our countries must not be burned, and therefore it is senseless to extract them.

All these problems indicate that what predominates today in South America is a “predatory extractivism,” where the activities take place on a large scale or are intensive, their social and environmental impacts are substantial, and their costs are externalised. National societies are the ones who have to cope with the negative effects that these industries leave behind. At the same time, they are merely enclave economies dependent on globalisation, with scarce benefits for national economies or job creation.

This is why it is necessary – and urgent – to take forward a post-extractivist alternative. It is no longer a question of debating whether this needs to be done or not. Instead, we need to consider the different options available for breaking the dependency on the extractive industries. In fact, the countries that start to discuss these matters first will be better prepared to deal with a near future that will inevitably have to be post-extractivist. Thus, the discussion should focus on how to organise these transitions: what directions they might take, what their areas of action might be, which actors may be involved in constructing them, and the goals they will pursue.

Despite the urgency of the need for a post-extractivist alternative, there are still several constraints to be faced. In some countries, the very idea is rejected by governments and broad sectors of society; in others, the debate is essentially being conducted in civil society. In the case of Ecuador, the National Plan for “Living Well” 2009-2013 (SENPLADES, 2009) proposes a post-extractivist objective, but does not offer convincing details on measures to be taken to achieve it, and the government’s current policies are going in completely the opposite direction.

Aside from these constraints, the need for “alternatives” has often been brought up by many different actors. Despite this, thinking about concrete measures to bring them about, and attempting to test them, has been much more limited. Problems and limitations persist in how to implement measures for change that are effective, concrete and applicable.

The problem of alternatives to extractivism therefore poses several challenges. It is necessary, firstly, to clarify the direction these alternatives should take, and secondly to offer ideas for actual changes. In the sections that follow, we will attempt to address these aspects, without pretending to cover them fully, while pointing to possible ways forward.

## Transitions – directions and goals

Transitions away from predatory extractivism will need to overcome various obstacles. The persistence of conventional development, despite all the evidence of its constraints and detrimental impact, is a demonstration of how deeply rooted and resistant to change the ideologies of “modernity” and “progress” are in our culture. Some people do not believe it is necessary to explore alternatives, others actively resist the possibility, and finally there are those who believe that progressive governments already represent an alternative.

The reasons for these stances are varied, and it is beyond the scope of this chapter to explore them, but they are the source of the continued attachment to extractivism.<sup>3</sup> This means that ideas for alternatives to extractivism – moving away from mining or the oil sector – are rejected as naive, infantile, dangerous or impossible. We have the singular paradox where those on the left in today’s progressive governments – while believing themselves to be agents of change, – are now so set in their ways that they refuse to think about transformations, are frightened by the alternatives, and therefore build conservative defences.

For reasons like this, thinking about transitions to post-extractivism must both defend and promote the validity of alternatives, and explain the need for them.

Recognising that the “alternatives” offered by contemporary development thinking are insufficient in general – and particularly inadequate for dealing with extractivism – we should jettison conventional ideas of development. Within a post-developmental critique, it is necessary to go further and think about alternatives to the very idea of development. Therefore, what we are aiming at are “alternatives to development.”

Mainstream thinking has usually focused on the so-called “development alternatives”, understood as instrumental and partial adjustments within conventional development ideas. Some of them may play an important role, if they encompass the changes and adjustments necessary to reduce and minimise the social and environmental costs of developmentalism and improve its economic contribution. They may also feature in dealing with the urgent need to redistribute wealth, especially to certain grassroots groups, and could facilitate more substantial transformations. As they stand, the “development alternatives” are always incomplete and do not offer meaningful solutions to current problems.

“Alternatives to development,” in contrast, challenge the whole conceptual basis

of development, its ways of understanding Nature and society, its institutions, and its discursive defences. This approach aims to break the bounds of current development rationality in order to move towards radically different strategies, based on other ideological foundations.

These alternatives mesh with the constellation of ideas referred to by the term “Buen Vivir” (a term in Spanish that can be translated as “living well,” but with a distinctive meaning in the Latin American and particularly indigenous context that needs to be unpacked further as I explain below). *Buen Vivir* provides a reference to guide the transitions to post-extractivism.

Very briefly, *Buen Vivir* can be characterised by its critical approach to the ideology of progress and the expression of this in contemporary development as economic growth, the intense exploitation of Nature and the corresponding material interventions. *Buen Vivir* also seeks to ensure people’s quality of life, in a broad sense that goes beyond material well-being (to include spiritual well-being) and the individual (to include a sense of community), as well as beyond anthropocentrism (to include Nature). Under *Buen Vivir*, the values inherent in Nature are recognised, and therefore also the duty to maintain its integrity at both the local and the global level. This perspective aims to transcend the dualism that separates society from Nature, as well as breaking with the linear idea of history that assumes our countries must imitate the lifestyles and culture of the industrialised nations.

The ideas of *Buen Vivir* draw on the vital contributions made by indigenous cultures, and are intrinsically intercultural. They differ from hegemonic Eurocentric Modernity, but they are neither a return to the past, nor a set of fixed behaviours; instead, they involve interactions and linkages between multiple knowledge systems. Finally, the concept of *Buen Vivir* is non-essentialist; there is no formula for it, and it must be constructed for each historical, social and environmental context.

Obviously, it is not possible to maintain a “predatory extractivism”, because this precludes the possibility of *Buen Vivir*, both as individuals and as a community, as well as destroying the Nature with which we coexist.

## **Transition sequences and networks**

These transitions are viewed as a set of steps and actions facilitating a process of moving from conventional development to *Buen Vivir*. This implies changes on

various scales, from local, apparently insignificant modifications to substantial transformations.

The will to change and move away from conventional development points to a radical perspective focused on *Buen Vivir*. This creates a normative mandate, with clear appeals to social and ecological justice, from whence it is possible to imagine a future that is preferable to others which are equally possible. This involves values and judgements – both affective and cognitive – through which conditions preferable to the current ones can be visualised (Voros, 2003).

Clearly we need to consider how these transformations can be taken forward. Firstly, the transition to alternatives to development suggests profound changes in the way we organise our lives, and will need to be rooted in a deep and growing social support base. The changes cannot be brought about willy-nilly or overnight, nor can they be expected to result from a messianic political leadership, still less an authoritarian one. Because the transition requires democratic support, the focus should be on broadening the consensus and presenting compelling arguments in favour of it.

Secondly, there is no complete and precise idea of what this “alternative” looks like. Since it is a “work in progress”, one cannot anticipate what all its elements will be. Adjustments will be needed, and their successes and mistakes learned from, nourished by links and feedback between different sectors.

At the same time, the transitions require inter-state cooperation, and other types of regional integration. The post-extractivist development proposal cannot be implemented by one country on its own. It requires certain levels of coordination within Latin America, or at least among neighbouring countries, all of which will take time to cohere.

To reiterate: the transitions proposed here do not represent either cosmetic changes or a return to “development alternatives.” What we are arguing for are objectives aimed at a radical change in development. This rejects a continuation along the path of contemporary capitalism, with its high consumption of materials and energy, while trying to mitigate its most disagreeable effects. A radical change is obviously necessary. Arguments in favour of transition must make clear that it will not be possible to fulfil all the fantasies of a future society of plenty, replete with consumer goods, automatic devices for every task, and individual transport.

Finally, the disparate elements of change should meet various conditions, including

having positive effects in terms of quality of life and environmental quality, and should in turn serve to catalyse new changes. The proposed transitions should be equitable, in the sense that they should not place additional burdens on those who are currently disadvantaged. They should be democratic and recognised as legitimate by citizens. They should also be coherent, in the sense that their different elements should complement each other. If they are to be achieved, the transitions will need to be understandable and credible as real possibilities for change.

## **Key contributions on transition**

There exist several contributions directly or indirectly related to the consideration of transitions. We will briefly look at a few of these, to illustrate the different options that have been explored. Since the mid-1990s, the Global Scenario Group, based in Sweden, has been looking at different transitions and alternative scenarios. Its most comprehensive proposal was the “Great Transition,” presented as future scenarios focused on transformation under normative commitments (with a strong call for environmental sustainability and quality of life, including its non-material aspects; see Raskin et al., 2002).

The “Sustainable Europe” programme, and the contributions made by researchers at the Wuppertal Institute for Climate in Germany, have also been very influential. They did much to promote concepts such as the “dematerialisation” of the economy, the “ecological rucksack”, the “environmental space”, as well as calling for the idea of transitions (Sachs et al., 1998). This work in turn fed into similar experiences in the Southern Cone of Latin America, for example. Among other sources, this type of approach draws on environmental economics, proposals for no-growth or “steady state” economies, the “degrowth” movement, etc.

The analysis by the United Nations Environment Programme’s (UNEP) Global Environmental Outlook (GEO) project has also included scenario assessments which, in several of its first case studies in Latin America, explored normative transitions (for example, the 2003 Latin America and Caribbean GEO, and the 2008 Mercosur GEO). Various calls for development transitions to ensure biodiversity conservation are also emerging from the environmental field (Parris and Kates, 2003).

Among the citizen initiatives, we should mention the “transition towns” movement in the UK and the US, which focuses particularly on reducing the use of fossil fuels and building local resilience and networks (Hopkins, 2008).



Citizen initiatives are also under way in South America. These are early efforts that feed into post-extractivist proposals, such as the campaign for a moratorium on drilling for oil in Ecuador's Amazon region (the Yasuní-ITT initiative), or the calls for prior and informed consent on mining in Peru.

More recently, the most complex and well-thought-out campaign also took place in Peru, under the title "Alternatives to Extractivism." Promoted by the Peruvian Network for Globalisation with Equity (RedGE), the campaign was launched at the end of 2010, bringing together a wide range of organisations and networks.<sup>5</sup> The campaign lobbied political parties, presenting them with an agenda of reforms and positions to take with regard to the extractivist enterprises. Training workshops were held, the mass media were drawn in, and studies of possible transitions to post-extractivism were carried out for various sectors (the environment, energy, mining, farming, fisheries, etc.; see the studies in Alayza and Gudynas, 2011).

This Peruvian agenda of alternatives to extractivism listed a set of demands and proposals for the new government under the so-called "necessary transition scenarios." The starting point was the warning that, *inter alia*, "the limits of the strategy for growth based on the extractive industries have been revealed and it is facing serious criticisms." It is therefore necessary "to move towards new scenarios of sustainability, equilibrium and unconditional respect for people's rights." It goes on to specify different elements required for these changes, such as "starting to define transition scenarios" whereby "the state restores its presence and ability to regulate and exercise control" over the territory, with genuine environmental safeguards, organisation and planning of the sustainable use of the territory, improving environmental assessments, etc. It adds that "we need to move away from a profoundly extractive economy and model of growth to one that, instead of threatening our biodiversity, uses it rationally and sustainably." It also calls for an ethical commitment to "unconditional respect for people's rights and democratic principles, and therefore to promote citizen participation and free, prior and informed consent."

Drawing on experiences of this type, in 2011 a platform was set up to explore transitions to development alternatives. This is a space for organisations seeking to promote initiatives of this sort to cooperate and share their views.<sup>6</sup>

These contributions reflect a wide variety of experiences, in some cases in the form of analysis and technical studies, and in others the local practices of NGOs and social movements. This demonstrates the wide range of ideas, proposals and elements available for drawing on in building transitions.

## Zero poverty, zero extinction

Transitions to post-extractivism must meet two indispensable conditions: poverty eradication and preventing new losses of biodiversity. These conditions represent demands intrinsic to a process of change aimed at *Buen Vivir*, where the rights of Nature are also recognised. This explains why these conditions are given the same level of importance.

This means that the options for using natural resources and organising production processes must consider both environmental limits and quality of life. The post-extractivist alternatives must ensure that everyone rises above a certain “poverty threshold”. It is likewise necessary to counteract an excessive and wasteful use of natural resources, because over-consumption is one of the main factors creating the inequality that pushes more people into poverty, as well as being largely responsible for environmental problems. This is why the alternatives seek both poverty eradication and an end to over-consumption. With regard to the use of natural resources, it is also necessary to set limits on the appropriation of Nature. These limits are essential to guarantee biodiversity conservation and the integrity of ecosystems, as well as Nature’s rights. When these limits are exceeded, as is the case in many enterprises typical of predatory extractivism, serious environmental impacts are produced, irreversible changes are unleashed in ecosystems, and species may become extinct.

Figure 1 illustrates these thresholds and limits schematically. As the diagram shows, a “sustainability field” can be described within them. This is understood as the set of possible activities that enable people to enjoy an adequate quality of life while also guaranteeing Nature’s integrity. Within this field, there are different possible options that each country or region could follow. Note that this transition proposal does not impose the same consumption patterns on everyone, and neither is it based on rigid centralised planning. It does not forget the diversity of individual and cultural positions which *Buen Vivir* encompasses.

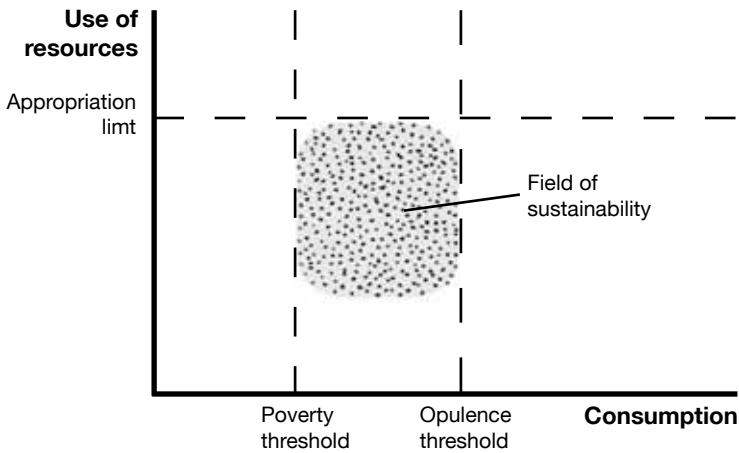
This new vision implies making important changes. The illusion of repeating the industrialised countries’ pattern of economic growth, based on very high consumption of materials and energy and serious environmental destruction, must be abandoned. Imitative development has no future under these alternatives. Thus, the classical idea of a direct and mechanical relationship between economic growth and social well-being becomes meaningless, and GDP loses its status as the priority indicator.

In many South American countries today, a substantial percentage of the

population lives below the poverty threshold, while a small elite lives in opulence (following the diagram in Figure 1). The transitions argued for here, therefore, require taking steps to bring vast numbers of people out of poverty and at the same time imposing limits on opulent consumption. This reordering of consumption and production priorities should in turn be done within an established limit on the appropriation of Nature.

The reorganisation of production processes under these conditions will lead to a rebalancing of different sectors of the economy. Extractivism will be drastically reduced, but the demands for a better quality of life, for example, will require the building of more schools or health centres, and thus the construction sector may expand. Therefore, although these transitions abandon growth as a development goal, in South America there will be sectors that may grow while others contract. In contrast, it is clear that a transition of this type in the industrialised countries will, above all, require “degrowth”.

Figure 1



Field of sustainability, delimited by the poverty threshold and the opulence threshold in consumption, and by a limit on the appropriation of natural resources to ensure the conservation of biodiversity and ecosystems.

### Components of transitions to post-extractivism

The preceding sections have established the framework of transitions to post-extractivism as part of an alternative to development focused on *Buen Vivir*. It is

now, therefore, appropriate to present a set of concrete components to make these changes possible. We will not try to illustrate the far-reaching change involved in one particular alternative to development; instead, we will look at the changes that are needed to make the shift away from extractivism possible.

The first phase is the need to move swiftly from a “predatory extractivism” to a “sensible extractivism,” understood as one in which each country’s social and environmental laws are fully complied with, under effective and rigorous controls, and where the impacts are internalised. Here, the best technologies are used, proper measures are in place for remediation and the abandonment of sites, and effective mitigation and social compensation strategies are applied. We are not saying that this is optimal, nor that it is an objective in itself, but it is necessary to tackle the serious problems we are experiencing in many places all over the continent. There is a sense of urgency in the need to stop the damage to the environment and society. This phase, in its turn, enables the dependence on exports to be drastically reduced and allows the state to recover its ability to regulate.

Next, it is necessary to move to a focus on “indispensable extractivism,” where the only enterprises still left operating are those that are really necessary to meet national and regional needs – in other words, to ensure people’s quality of life under the field of sustainability illustrated in Figure 1.

Thus, transitions to post-extractivism do not imply a ban on all extractive industries, but rather a substantial downsizing whereby the only ones left are those that are genuinely necessary, meet social and environmental conditions, and are directly linked to national and regional economic chains. In this way, global export orientation is reduced to a minimum, and the trade in these products concentrates mainly on continental markets.

We will now go on to illustrate some measures that will make it possible to reduce the dependence on the export of extractive industry goods while lessening and repairing its economic effects, as well as some associated components. These make up a substantial set of reforms, transformations and changes in a wide range of fields, including everything from the instrumental aspects of organising production processes to the valuing of resources. These measures must be applied at the local, national and continental level. The proposal is therefore based on a set of measures that are interconnected and coordinated; the proposal should not be analysed by looking at the measures separately, because they are all linked and it is essential to apply them as a cluster. We will now go on to outline some of their key components (see further details

in Gudynas, 2011a; some sections of this chapter summarise or reiterate the contributions made there).

## **1. Environmental and economic components**

A first set of measures involves applying substantial and efficient social and environmental controls on the extractive industries, and simultaneously moving forward with a correction of the prices of the resulting products, based on social and environmental criteria.

This first set of measures seeks to do away with the current situation whereby many mining or oil operations are only able to carry on because rigorous environmental or social controls have not been applied to them. This may be due to limited or incomplete environmental impact assessments, the relaxation of social or environmental standards, or weak oversight and monitoring of these operations. One urgent step is to start enforcing the law stringently and efficiently in each country. Should the extractivist projects fail to abide by a country's laws and standards, they must be altered or shut down.

Likewise, extractive operations that are permitted under current laws must be subjected to robust environmental and social regulation and oversight (including effective harm-mitigation programmes, contingency plans for accidents, etc.). Regulation must cover the whole life of the project, including the pulling-out phase.

The second set of measures involves determining the prices of the products of extractivism on the basis of their social and environmental effects. The aim of this is to respond to the fact that raw materials exports do not include environmental externalities in their prices, and the cost of these externalities must be borne by society or the state. These artificially low prices also bolster these corporations' profits, as well as creating an incentive to persist with extractivism.

Therefore, the prices of these resources must include costs such as payments for remediation or cleaning up environmental pollution, water use, compensation for the loss of agricultural land, etc. Recognising that not all social and environmental components can be included in the price, the suggestion here is that at least a revised calculation should be arrived at. The production costs of commodities like minerals or oil and gas will become much higher. This could lead to several extractive operations becoming economically unviable, while the rate of extraction of those that remain may well be reduced due to a fall in consumption because of the higher price. These changes must necessarily be coordinated with

neighbouring countries to avoid international buyers shifting to other nations offering lower prices.

The rigorous application of social and environmental standards, together with a price correction to take into account environmental and social costs, will lead to important changes in conventional cost-benefit analysis. Many extractivist projects have always been presented as great economic successes, simply because the costs of their social and environmental impacts were ignored or not included in the balance sheet – they were “invisible” from the accounting point of view. Therefore, by rectifying prices to factor in social and environmental costs, these losses and negative effects will be made visible to economists, and the losses will undoubtedly exceed the gains in many enterprises. When a conventional tool like cost-benefit analysis is applied correctly, many extractive projects will cease to be good business.

The environmental component is particularly important in current and future transitions. Indeed, it is based on recognising the values intrinsic to Nature (as stipulated in Ecuador’s new constitution). Therefore, environmental commitments are not an ancillary objective but occupy the same centrality as those that refer to people’s quality of life. It will be necessary to ensure biodiversity conservation and keep human impacts within the capacities of the ecosystems that sustain them, or otherwise face the dire consequences of these impacts.

In one way, it is clear that the extraction of renewable natural resources must not exceed the rate of reproduction of each of these resources, and production processes must be adjusted so that they do not cause the loss of ecosystems or species. This is why limits must be established on the appropriation of natural resources. Likewise, the need to keep ecosystems and species alive means that it will be necessary to designate extensive protected areas, connected to each other and under effective management. The size of protected areas representative of the continent’s different ecosystems must increase substantially to ensure the long-term survival of these ecosystems in the long term. Such measures will no doubt lead to additional restrictions on land use and access to natural resources.

The social component is equally relevant here, and is aimed at eradicating poverty. Therefore, stricter limits must be placed on the use of natural resources, so that they are used primarily to meet the needs of the continent’s peoples - rather than exporting them to feed consumption in other countries - and to eradicate poverty. This means avoiding wastage of materials or energy, combating opulent consumption, and focusing on people’s quality of life.

## 2. Reconfiguring the trade in natural resources

Price correction will certainly also trigger changes in the international trade in natural resources. Raw materials and their by-products will become more expensive, and potential buyers will look for other, cheaper suppliers or alternative resources. At the same time, the supply of exports will fall, as stricter social and environmental regulations are applied, and many operations will no longer be viable. All this points in the post-extractive direction of reducing extractivist exports, both in terms of their variety and in their quantity, and thus diminishing dependency on primary commodity exports.

If corrections of this type are implemented unilaterally by one country in South America, the extractivist enterprises will simply relocate to a neighbouring country. If these measures are applied in Ecuador, for example, many corporations will start looking for the same resources in Peru. Furthermore, it would not be unimaginable that a neighbouring government takes advantage of the situation and offers additional benefits to companies in order to attract more foreign investment.

The introduction of such a measure would thus, critically, need to be coordinated at the regional level, while the price correction to take into account environmental and social costs will also need to be harmonised among several countries. It is evident that the transitions outlined here would need to be undertaken by groups of countries. To enable this, various changes will need to be made in the current regional integration blocs such as the Andean Community and Mercosur.

The measures described above assume that exports of raw materials and their by-products will fall. This scenario is the object of many criticisms of the transition proposal, which warn of job losses and a reduction in income (both from exports and from tax revenue).

The transition model we are exploring here offers several responses to these criticisms. Firstly, although the volume of exports can be expected to fall, the impact on revenue should be reduced because of the higher unit-values. Fewer barrels of oil may be exported, for example, but they will be sold for more.

Secondly, the state should achieve real savings by obviating the need to pay for remediation of the environmental and social damage caused by predatory extractivism, and by not subsidising any more such projects. Thirdly, the subsidies granted to extractivism should be withdrawn, and these funds

reallocated for other purposes. Fourthly, few jobs are created by the extractive industries; the diversification and expansion of production into other sectors should easily compensate for any job losses. Finally, comprehensive tax reform would enhance efficient collection and wider tax compliance, thereby raising revenue. Some of these points will be elaborated on below.

### **3. The transition economy**

Transitions require a swift dismantling of the different subsidies that states provide to prop up extractivism. These forms of support are called “perverse subsidies” because they generate social and environmental impacts and artificially maintain, or make viable, certain economic activities. In the case of extractivist industries, such subsidies are found in tax exemptions, the building of transport infrastructure, subsidised energy, the supply of free water for mining, etc.

These subsidies make it clear that in many cases the problem is not really a shortage of public funds, but rather the way in which the money available is used. The transition proposal therefore suggests converting “perverse” subsidies into “legitimate” subsidies, understood as those that promote activities which meet the conditions of high environmental quality, high employment and good economic returns. This type of subsidy can be used, for example, to support the conversion to organic farming (which has a lower environmental impact, consumes less energy and employs more labour), particularly when it is focused on meeting regional food needs.

In the case of neoextractivism, the higher proportion of the surplus captured by the state is a positive aspect that should be maintained and extended to all sectors of the economy. The necessary changes include an appropriate level of royalties (which should not be thought of as taxes because they are in fact payments for the loss of natural assets); equitable tax burdens and the effective imposition of taxes on windfall profits. Countries in Latin America usually impose very low royalties on the extractive industries, the tax systems are porous (with many loopholes, exemption agreements, etc.), and taxes are not levied on windfall profits to prevent speculation.

Some changes are happening in this regard, such as the recognition of imminent increases in royalties in some countries, and the recent negotiation of a “levy” in Peru (to be applied in particular to those enterprises that enjoy tax exemptions).

One possible post-extractivist economy was analysed recently by Sotelo and



Francke (2011) for the case of Peru. They looked at different scenarios, including one in which all mining and oil operations started between 2007 and 2011 were closed down, and another where - in addition to this shut-down - the tax levied on those that continued operating was revised. They found that, in the first scenario, there would be a substantial impact on the Peruvian economy. In the second case, if a 50% tax was levied on profits, the negative effects would be reversed and positive results would be achieved in the balance of payments, as well as an increase in net international reserves. As this study makes clear, in order to reverse the dependence on extractivism, a key approach is to work on fiscal policy, and an essential component of this is to change the tax policies. This study also shows that suspending mining operations would not necessarily lead to economic collapse.

Of course, as the extractivist sector shrinks, other sectors – notably farming, manufacturing and services – must be diversified and expanded in tandem.<sup>7</sup>

#### **4. Markets and capital**

A post-extractivist perspective also requires substantial changes to regulation of capital, especially measures that rein in the financialised economy. The current crisis makes this even more pressing, as much of the capital that used to circulate in the productive sectors of the industrialised countries is now ending up in places like Latin America, where it is being used, for example, to buy land or speculate in metals or food. This makes it essential to block speculative capital, and reverse the subordination of regulation to the needs of a supposed free flow of capital. There are many other specific tools that can be used in this field, such as designing a “new regional financial architecture” (which would include a Bank of the South, the objective of which would be to finance socially and environmentally sustainable enterprises), or the launch of public investment in energy conversion or the protection of natural assets (including the so-called “ecological investment” as described by Jackson, 2009).

At the same time, it is necessary to conceptualise the “market” in its varied manifestations. The emphasis is usually on capitalist competitive markets, while other markets that are equally important in Latin America are ignored, sidelined or hidden. The markets based on the social solidarity economy, such as those typical of rural or indigenous communities that include the components of reciprocity and barter, for example, are a case in point. The transitions should serve to make this diversity of markets visible, and strengthen those that represent substantive contributions to another kind of development.

Finally, the transitions imply changes in the way conventional economics approaches capital. Limitations persist even when economic values are corrected, making it necessary to break with such reductionism and open up to a wide range of possible values. In other words, we need to recognise that there are other ways of assigning value which may be cultural, aesthetic, religious, ecological, etc., as well as acknowledging the values intrinsic to Nature (which are independent of the values assigned by human beings). By adopting this position, it is no longer possible for Nature to be bought and sold in the market or expressed as capital; it should rather be thought of as a cherished heritage.

## **5. Policies, regulations and the state**

The elements outlined above make it clear that transitions involve diverse ways of regulating the market, some more direct, others indirect. But there is also a need to regulate the state to be able to tackle problems such as perverse subsidies, the relaxation of standards, or the execrable performance of state enterprises, which behave in exactly the same way as the transnational corporations.

Thus, transitions require social regulations, in the sense of being anchored in civil society, which would be applied both to the market and to the state. Within this very broad area it is timely here to recall the importance of transparency in public spending and discuss its composition and efficiency. This is because in many cases the state's financial resources are badly spent, at the wrong time, and on activities the usefulness of which is doubtful.

Transitions also require a far-reaching reform of the state, not just in the financial aspects mentioned above, but in a deeper sense that includes how it is organised, the services it provides, decentralisation, etc.

In this regard it is also necessary to have effective public policies. The emphasis placed on this is a reaction to the fact that many public programmes have disappeared, become weaker, or been replaced by privatised services. For example, different programmes are expected to be self-financing and profitable (the logic of the market has pervaded them and it is even proposed that public services should be sold).

Transitions to *Buen Vivir* make a radical break with this limitation, since plans or actions do not depend on their potential profitability. Even so, the state does not have a monopoly on carrying them out, and they may rest with broader and more participatory social networks (following the idea of the common good).

We should mention some examples of public policies that would be strengthened under post-extractivist scenarios. Environmental policies should be broadened, putting an end to the perverse insistence on limiting conservation to the buying and selling of environmental services, ecotourism or other forms of “green capitalism.” In rural areas it is urgent to introduce a wide range of public policies, some focused on the rural family and others on strengthening and supporting productive alternatives, particularly those that are suited to agroecology. Measures like this would also have the effect of reducing rural poverty.

Finally, we should note the importance of territorial public policies. Extractivism causes deterritorialisation and fragmentation, which must be reversed. Transitions must draw up policies to join the enclaves’ together, ensuring full state coverage everywhere in the country. This will require territorial planning, with appropriate procedures for citizen participation and mechanisms for coordination and compensation at both the national and the continental level.

## **6. Quality of life and social policies**

When taking the post-extractivist path, another key component is to break the link that has been established between extractivist industries and poverty reduction plans, whereby the former are seen as necessary to achieve the latter. This demands, firstly, creating genuine sources of funding for such plans from elsewhere, and secondly, broadening the idea of social justice so that it goes beyond simple economic compensation measures such as cash benefits.

Reorganising public spending is an essential component. Because a post-extractivist economy – having abandoned perverse subsidies and got rid of the cost of extractivism’s social and environmental externalities – would be generating genuine savings, these funds can be used to eradicate poverty.

In some circumstances there may be a role for conditional cash payments, as they are useful for tackling serious and urgent poverty situations. It is understandable that they would be used at the start of a transition phase, but they cannot be the basis of a social policy, and neither can social policy be reduced to a form of economic assistentialism. Tools of this type must therefore be used sparingly, being restricted to certain groups and for short periods of time. The more substantive measures should be focused on creating genuine sources of employment, strengthening education systems, and providing good social security coverage.

Furthermore, it is necessary to revive the debate about social justice, which

currently seems stuck in a dispute about the values and applications of economic compensation. Social justice is much more than mere compensation measures. This indicates the need to reform the tax system and state spending, as mentioned several times already, but also to re-launch substantive discussions, such as the debate on basic income (Iglesias Fernández et al., 2001).

Social policies must address various dimensions. Among those that need to be dealt with most urgently, we should mention at least two: malnutrition and education. The eradication of malnutrition in Latin America is imperative; it is scandalous that several countries – Brazil is one – are some of the largest agrifood exporters in the world, but still suffer problems of malnutrition. Here, social policies should be linked to rural development and regional integration strategies, and thus redirect production towards meeting food needs in the region.

Education is another area that requires substantial reform. The serious constraints in primary and secondary education in several countries are alarming (and compounded by the fact that the left has failed in its attempts to reform school education in almost every country). Therefore, it is urgent to re-launch education as a public policy focus, with free access for all, and with improved quality and rigorosity.

## **7. Autonomous regionalism and selective decoupling from globalisation**

As mentioned before, transitions to post-extractivism have little chance of success if they are taken forward by just one country in isolation. It is essential for them to be coordinated and linked between groups of countries, and a far-reaching reform of current regional integration processes is therefore required.

Today, the different South American countries are competing in the export of a similar range of raw materials. To reverse this situation, it is essential for countries to coordinate measures such as price correction, for example, or their social and environmental standards.

The alternative sectors to be strengthened should also be coordinated regionally and, if resources are shared, this will also boost trade within the continent. This will require, for example, coordination between the food and farming sectors in different South American countries (which are suppliers of food commodities to other regions), in order to break their dependence on the global market and use their resources to feed their own people, thus eliminating malnutrition among the

poorest groups as quickly as possible. Measures will also need to be coordinated in other areas, ranging from the conservation of natural areas to the setting up of production chains in which all countries participate on a genuinely equal footing.

These and other measures offer a new proposal for regionalism in the transition context, called “autonomous regionalism.” International trade is not rejected; rather, it is redirected to prioritise regional needs within the continent. This type of regionalism is termed autonomous to make it clear that one of the main objectives of regional linkage is to recover the autonomy that globalisation has taken away. In fact, the aim is to break free of the subordination and ties to global markets, since this where the factors that determine our countries’ production and trade strategies originate. In short, we need to prevent production choices being merely a response to the rise and fall in global prices or demand.

Thus, the autonomous regionalism proposal is substantially different to the prevailing strategy in Latin America that corresponds to different variants of open regionalism (as described by CEPAL, 1994): according to that point of view, regional integration in the continent had to be strongly based on free trade, and was seen as preparation for getting even more closely involved in globalisation. Under autonomous regionalism, in contrast, coordination between countries is understood to be necessary in order to recover the capacity to take autonomous decisions on development.

Autonomous regionalism therefore requires substantive regional coordination measures, and many of these will involve supranational norms. This means that the proposal demands much more from each country and from current blocs than mere rhetoric about brotherhood. Under autonomous regionalism, common policies must be designed, and the most urgent priorities for such policies are food and energy sovereignty.

At the same time, what we are arguing for here is a stance that breaks with the dependency imposed by globalisation. It is not a question of lapsing into regional isolationism, but rather of recovering decision-making capacities to determine the areas in which global connections should be maintained, and those where a decoupling should be brought about. This will be possible when, under the transitions proposed here, trade in raw materials and other products, as well as capital flows, are substantially reconfigured. In some respects, this decoupling is similar to the idea of deglobalisation proposed by Samir Amin (1988). But it also has substantial differences, starting with the recognition that transitions will only be possible for groups of countries and, therefore, under different regional integration arrangements. In other words, an alternative to

today's globalisation must necessarily include a regional dimension, and will therefore require a different type of continental integration.

## **8. Dematerialisation and austerity**

The different components of transitions to post-extractivism illustrated above configure an arrangement whereby the obsession with economic growth as a development goal is abandoned. In other words, growth and development are decoupled, and subsequently redirected towards a substantive alternative under the concept of *Buen Vivir* .

The different proposed measures need to be reorganised in terms of productive uses, with the aim of reducing the consumption of goods and energy and cutting emissions. This is equivalent to a “dematerialisation” of the economy. It means production processes that not only use fewer inputs, but use them more efficiently, require less energy, reduce their carbon footprint, are provided with intensive recycling and re-use programmes, etc.

Dematerialisation is essential if the demand for natural resources is to be reduced. Obviously, this also requires changes in consumption patterns, such as an increase in the useful life of goods (making them last longer before they become obsolescent, prioritising functionality rather than the accumulation of possessions, and emphasising durability instead of constant replacement with new products), as well as a moratorium on certain high-impact goods. These and other measures must be complemented by a campaign against opulence. Rather than consumption understood as the possession of goods, the emphasis must be placed on accessibility and usefulness (for example, the demand for transport does not necessarily mean that everyone has to own a car, because the demand can be met by a reliable and efficient public transport service).

## **Political reform and a leading role for citizens**

Although transitions to post-extractivism aim at a better quality of life, the future will undoubtedly be more austere. Current levels of over-consumption, especially consumption that is superfluous and trivial, must be abandoned. Quality of life must no longer be understood as simply the accumulation of material goods, but must be expanded to include cultural, affective, spiritual and other dimensions. Opulence is no longer a reason for celebration. At the same time, these changes also aim to break with the reductionism of purely economic forms of assigning

value, by opening up the options to include values from other levels and perceptions. These and other components mean that the transitions will be steps toward a post-capitalist future.

Transitions to post-extractivism will come up against huge challenges in the social field, particularly on the cultural and party-political flanks. The fascination with activities like mining is widespread in mainstream culture, as are the dreams of the wealth that oil may provide. These industries are also seen as essential ingredients of the ideology of “progress.”

Therefore, post-extractivism not only represents a substantial shift away from these productive sectors, but also requires cultural changes. Significant tensions and contradictions will be generated; opposition will be expressed repeatedly by many actors, whether they be business people who fear losing their profits, politicians reluctant to give up power, or sectors of society who long to be consumers of material goods. This is why the terrain of post-extractivism’s political and cultural transformation is complex. Without attempting to cover this issue thoroughly, we can offer a few pointers.

Intensive and coherent programmes will be needed to reform current patterns of consumption. This includes combating opulence, favouring more long-lasting goods and products with a better balance between energy and materials, intensifying re-use and recycling, promoting shared use, etc. Various measures must be undertaken to move forward in this area, such as public education and campaigns, together with economic mechanisms to encourage a reduction in consumerism, and strict social and environmental safeguards and regulations.

In the political field, transitions will require strengthening democratic structures, ensuring adequate social participation, and implementing social regulations to control the market and the state. Here it will be essential to reverse the disrepute in which politics and democracy are mired today, whereby formal electoral democracies are maintained – though still with many limitations on citizen participation and social oversight – at the cost of an exaggerated presidentialism. If we persist in going down that path, it will be almost impossible to build mechanisms for citizen participation and oversight, or to defend alternatives to extractivism. This is why it is necessary to expand the democratic base in the region, both by broadening and strengthening the mechanisms and institutions involved, and by renovating party politics and rooting out clientelism.

The re-launch of politics in the direction of possible changes is another component. In several countries it seems that the arrival of progressive governments has

frozen the debate about other changes, and many profess to be satisfied with the reforms undertaken. We need to restore the level of political leadership and participation we experienced a few years ago, and start to debate ways forward to post-extractivism from a much broader social base.

As these latter remarks make clear, there is a need to renew progressive politics as a stance committed to social justice. The progressives need to get away from their attachment to the ideology of growth, their materialist reductionism, and overcome their difficulties in understanding the demands of new social movements on issues such as the environment, gender or interculturalism (see Gudynas, 2010b).

It is clear that the practices of change will be diverse. In some cases it will be possible to make a clean break, a rupture or a revolutionary transformation, while step-by-step sequential reforms will be required in others. These approaches are not necessarily contradictory, and in fact they should complement each other. For example, there are places where it seems essential to make a clean break with extractivism, with major social protests demanding a moratorium on open-cast mining. In other circumstances, however, it will be a question of reforming economic regulations. Whatever the pace and extent of change - whether it is driven by the state or civil society in all cases post-extractivism's transformations will focus on getting away from current forms of development, and in that sense they would all be radical.

Faced with this challenge, the concept of citizenship must be reformulated and broadened, to include a territorial and environmental perspective. The field of justice must likewise be expanded to move beyond political and social rights, or forms of economic redistribution, and embrace the recognition, participation and rights of Nature. In Latin America, changes like these will only be possible under an intercultural approach, as the contributions made by indigenous knowledge systems cannot be discarded or supplanted. The alternatives for a future that is desirable express this normative sense.

In the end, the possibility of bringing about these changes is in the hands of individuals who have become actors creating history. The paths to post-extractivism begin with the first steps that each person can take, and by their example make space for others to join in the effort.



## Notes

1. Researcher at the Centro Latino Americano de Ecología Social (CLAES), Montevideo, Uruguay ([www.ambiental.net](http://www.ambiental.net)); MSc in social ecology.
2. Different ideas have been presented at workshops and seminars supported by the Rosa Luxemburg Foundation in Ecuador, as well as similar activities CLAES has been carrying out in other countries in the region (particularly Peru and Bolivia, and to a lesser extent in Argentina, Brazil, Colombia and Uruguay) since 2009. Various aspects have been published in different media in Bolivia, Ecuador and Peru; a general framework for these transitions was presented in the journal *Ecuador Debate* (Gudynas, 2011).
3. For a critical analysis of development and the ideologies of “progress” and “modernity” that run through it, see my chapter “Debates on development and alternatives to it in Latin America: a brief heterodox guide,” in this book.
4. “Peru and the extractive model: an agenda for the new government and necessary transition scenarios” was presented to society and political parties in March 2011 by the following organisations: Asociación Nacional de Centros (ANC), Asociación Pro Derechos Humanos (APRODEH), Centro Peruano de Estudios Sociales (CEPES), Conferencia Nacional sobre Desarrollo Social (CONADES), CooperAcción, Derecho, Ambiente y Recursos Naturales (DAR), Fundación Ecuémica para el Desarrollo y la Paz (Fedepaz), Forum Solidaridad Perú, Grupo Allpa, Grupo Propuesta Ciudadana, Instituto de Promoción para la Gestión del Agua (IPROGA), Movimiento Ciudadano frente al Cambio Climático (MOCICC), Red Jubileo Perú, Red Peruana por una Globalización con Equidad (RedGE), Red Muqui, Revenue Watch Institute, Comisión Andina de Juristas, Movimiento Manuela Ramos, Red Tukuy Rikuy, Asociación Servicios Educativos Rurales (SER), Consejo Machiguenga del Río Urubamba, and Centro Latino Americano de Ecología Social (CLAES). See <http://redge.org.pe/node/637>.
5. See <http://www.transiciones.org>.
6. Transitions to post-extractivism require other substantial changes in the economy that cannot be discussed here due to space constraints, but are aimed at bringing about a steady state economy. For complementary views, see Jackson (2009) and Victor (2010).

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