

# Alternatives to the extractivist development model

## LATIN AMERICA

Interview with Eduardo Gudynas, Uruguayan researcher specializing in social ecology

“The region has been a pioneer in considering as possible and necessary to discuss ways out of the extractive dependence model”

Born in Uruguay, **Eduardo Gudynas**, analyst of environmental and development issues, and leading advocate of Nature, puts special emphasis on the need for a change of approach in the matter of extractivism. He is currently a senior researcher for the Latin American Center for Social Ecology (CLAES), based in Montevideo, a research associate at the University of California and in the US based environmental advocacy group Natural Resources Defense Council.

In the following interview with **Javier Llopis Puente**, **Latinamerica Press** collaborator, Gudynas makes a general assessment regarding the issue of extractivism that is present in the region which, as he points out, entails a discussion on development.

**Researchers have said that the current extractivist model has reached its limit. Do you share this position?**

Yes, I do; but this answer requires some initial clarifications. Future-looking assessments that take into account the depletion of natural resources date from the beginning of the 70s. It's a great subject that includes a certain pattern of consumption that is heavily dependent on the appropriation of material resources and high energy costs. Within



Eduardo Gudynas/ Javier Llopis Puente

*“This strategy of large-scale extractivism is environmentally, socially and economically unsustainable.”*

this broad subject there is a specific component which is extractivism. Such as we understand it, it is not a synonym for mining, just as an example, but a particular kind of appropriation of natural resources, which is characterized by the appropriation of large amounts with great intensity and high environmental impact, which are mainly exported as raw materials. This strategy of large-scale extractivism is environmentally, socially and economically unsustainable.

**And faced with this unsustainability of the extractive model, there are those who have promoted the so called “alternative developments”, the “alternatives to development”. How do you think this debate has come across in Latin America?**

The debate in Latin America on how to tackle extractivism and the link of this discussion to the alternatives to development has been very intense and, in many ways, it is at the forefront of discussion by leaders worldwide. The region has been a pioneer in establishing a link, and seeing as possible and necessary to discuss alternative ways out of this extractive dependence. To give an example, it is possible to have a mining industry for certain uses and especially for

our own needs within the continent, to get disconnected from this dependence on the massive exploitation and exporting of natural resources.

**And in that discussion, in which Latin America has been a pioneer, what has effectively been accomplished?**

There have been no practical results because none of the current governments is encouraging an alternative to extractivism. And also because we recognize that much of the population believes that the vocation of our countries is to continue being suppliers of natural resources. But that does not preclude admitting that there are discussions underway of new alternatives that did not exist four or five years ago. For example, to propose an oil moratorium in Ecuador or a mining moratorium in Peru was seen before as an absurd position to take, one that would lead to the economic ruin of the country, and it was not publicly justifiable. That kind of discussion is just now beginning to be raised in other continents.

**And about the “new extractivism” that, for example, has been promoted in Ecuador or Bolivia?**

What has happened with progressive governments is that, as they matured, they also converted to extractivism. Of course the way how they structure it is different from how conservative governments do it because in countries like Bolivia or Ecuador there is a different presence of the state. The situation is more dramatic now because with the drop in prices of raw materials, these countries further reinforce the extractivism to try to offset the fall in those prices by increasing their volume on exports.

**In an interview you proposed tax reform as a concrete proposal.**

We have several measures in mind. There are certain extractive projects for which there is no real management alternative for possible environmental remediation; their environmental damage is undeniable. So there are projects that would be banned from the environmental point of view. We also need reforms in territorial ordering mechanisms, zoning the territories, where and how it is possible to conduct a certain type of mining, not a different mining, or no mining at all.

To tackle the economic dimension, we need to push for a tax reform. In several countries — a case in point is Peru — the taxation by the extractive sector is very marginal.

Another line to consider is that we need to have rigorous economic indicators to be able to decide what is worth doing and what is not. The conventional economic indicators never incorporate the environmental cost of the ecological damage or social damage. We need information channels and citizen participation in a way that local communities really know about the potential risks and potential benefits, or not, of extractivisms, and make it possible for them to make informed decisions.

These actions are necessary to avoid falling into conditions that end up generating environmental conflicts, because a good part of environmental conflicts is due to ignorance or fears of the local communities about what potential damages the extractive or oil venture might bring. We then put forth diversification options which do not make our economies so



Throughout Latin America, people protest against extractivist projects because of their effects on people's health and the environment. /www.taringa.net

*“A good part of environmental conflicts is due to ignorance or fears of the local communities about what potential damages the extractive or oil venture might bring.”*

dependent on the export of raw materials. That would allow us to be able to build our own national food basket, and not fall back into buying some food items from the outside.

**Is there a government now that has implemented these measures?**

That may be debatable. To give you an example, Bolivia, Ecuador and Venezuela increased the level of taxation for the oil sector. The only country that tried a tax adjustment on agricultural extractivisms was Argentina with taxes on exports, but there is also much discussion about whether this was implemented and applied in the best way because it had the paradoxical effect of accentuating the dependence on soybean.

**Wouldn't that make a country lose competitiveness?**

Extractivistic measures recognize this difficulty, and therefore restore the promises of various governments to move towards an effective regional integration processes. An essential component in these processes is to have minimum environmental requirements shared among countries in order not to cheat each other with unfair competition in the ecological side by saying: “I will scale back environmental requirements if your investment comes to my country.”

Beyond what the neighboring country may do, the first priority of a government in its country is to ensure the quality of life of its own people, the very integrity of its ecological heritage and to ensure the availability of employment and productive diversification for its own economy. In this way, the country cannot fall into the trap of lowering the environmental and social standards because the neighbor does it, because that would be a race straight to the bottom of the abyss.

**And in the issue of sovereignty of the natural resources in the region, what has been the level of progress in Latin America?**

When countries say that “oil is managed by the state company” they are exercising sovereignty. What has happened with extractivism is that afterwards the state-run oil companies end up making agreements with multinationals to export that oil. So we are witnessing a paradoxical situation where ownership of the natural resource is no longer a matter of dispute, as it was in the past, because there are now several raw material trading networks that accept that the first extraction step may be in the hands of the state. What we have found in the investigations done in CLAES is that in Latin America there are now in place all the possible property regimes in the extractive industry and, regardless of which property regime, all the social and environmental impacts are repeated in all of them.

**Going back to the “alternatives to development”, do you see the concept of “Good Living” (Buen Vivir) as a contribution to these alternatives?**

Yes indeed, the discussion regarding a way out of extractivism involves discussing development, but it also demands to have a reachable goal as a horizon of change. Currently, as a solution to extractivism, there are proposals that are called transitions away from extractivism and the orientation of these transitions are set in “Good Living”. “Good Living” would be like that objective that would allow us to focus on and order the transitions and to be able to determine which of the transitions are effective to move forward in that direction and which are not. We need a criterion for determining what things of the past will remain, what things can be reformed, and what truly new elements are needed to make it possible to organize a new articulation of policies and instruments. The novelty of the discussion regarding post-extractivism is that it

is articulating measures that are very specific with that horizon of change focused on a transformation in the scale of values that “Good Living” represents.

**In this transitions away from the extractive model, what are the key factors and in which should we put more emphasis on?**

I do not use the word “model” because there is no extractive model. Also, the word “model” is very uncertain. We have extractive industries, but “extractivism” is not synonymous of development strategy. In a development strategy there is much more than just extractivism. There are extractive sectors. The alternatives to extractivism mention that all play a necessary role for that change. There are some urgent commitments with certain groups, for example peasants and indigenous people, because they are those most affected, but the idea that there are actors who take a leading role in the change, is not supported. All of them are necessary.

**Then, when there are movements from workers, unions, feminists, indigenous groups, peasants, what is the way to articulate these demands towards the same path?**

It is overwhelming to recognize that many of these movements defend extractivisms, especially in the cities, and they find it hard to see an alternative outside extractivism. I also find that the evidence is overwhelming that those people who have the most objections in the conflict against extractivism are those people who are in the affected rural areas. Therefore, the transitions involve a deep, intense and patient work of information, education, reflection and democratic dialogue to let the urban majorities see by way of example, that what happens in a rural corner of their country will in the end affect them, not only at the national level but also at the level of a world-wide scale.

On the other hand, I also think that the evidence is overwhelming that much of the urban majority, while on the one hand support those extractivisms, on the other hand they also realize that this way of life is unsustainable. So, they also demand for a good living, for a good quality of life. So right now, the main challenge is to show how that post-extractivist alternative does not imply an economic collapse for any country. The country that first begins to look for alternatives for a way out will be the country best equipped to deal with situations of collapse in the access to raw materials, collapse in climate change or in food availability.

**So it is now just a matter of doing it?**

There are at least two things lacking. There is a preliminary step which is to accept that there is a serious problem that is at many levels: local, national and global. Then, there is a need to recognize that it is possible to think of non-extractive countries, because it is very difficult sometimes to even imagine that possible future. And also, as there are economic interests behind extractivisms, those same economic interests fight the idea that there is an alternative other than theirs. And in third place is to just do it, but nobody will take a leap without the recognition that there is a horizon of possible change that may catch the one who just leaped, or if one thinks that will be the only one to take that leap. □



Collective work is a part of good living in indigenous communities.  
/ [www.desinformemonos.org](http://www.desinformemonos.org)

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## ECUADOR

Luis Ángel Saavedra in Quito

# Solidarity economy: a new development model

Solidarity, cooperation, mutual assistance, reciprocity, and fairness are some of the principles of solidarity economy cooperatives.

In March 1999, former Ecuadorian President Jamil Mahuad (1998-2000) decreed a bank holiday for 24 hours, which extended to five days, during which no transactions could be made. The holiday was followed by a legal provision to close the accounts for one year; something that was called the “freezing of deposits” and affected those accounts with more than 2 million sucres, approximately US\$400 at that time.

Immediately afterwards, on Jan. 9, 2000, the dollarization of the Ecuadorian economy was decreed by fixing the dollar at an exchange of 25,000 sucres; the frozen US\$400 became US\$80. This is how the biggest heist on Ecuadorians who had their funds in the financial system took place, with depositors watching four-fifths of their assets fizzle away.

People stopped believing in the financial system; many elderly lost their retirement pensions and chose suicide. This triggered an exodus to Europe and the United States in search of better opportunities: the country went bankrupt.

Could a new credit union emerge in this adverse scenario?

### Fondvida: a different economy

The Federación de Barrios Populares del Noroccidente de Quito (Federation of Northwestern Neighborhoods of Quito), made up mainly of informal settlements or those that were undergoing a regularization process, was formed in the 80s.

“The neighborhoods (or *barrios*) got organized to prevent evictions, and then to demand the provision of basic services,” says Xavier Alvarado, who led this organization at one point. With the help of Oxfam, the British humanitarian organization, in late 1999, the Federation began providing small loans for housing improvements, and thus the idea was born of starting a credit union or cooperative.

Mauro Quingalombo, one of the founders of Fondvida, remembers that the main discussion was precisely the economic scenario of the country. “We thought that creating a cooperative was very risky because people had stopped believing in the financial system, and we only had \$40,000 to give life to this idea or risk losing it all,” Quingalombo says.



The closeness to the people is the cooperatives main asset. / Fondvida

*“We were sure that people would welcome the idea if they realized that it was their cooperative and not a bank; so the first good action taken by the cooperative was to be directed by the very people in the northwest neighborhoods.”*

— MAURO QUINGALOMBO

Despite their concerns, they took the risk. On Nov. 14, 2000, Fondvida, Fondo para el Desarrollo y la Vida (Fund for Development and Life), was born. “We were sure that people would welcome the idea if they realized that it was their cooperative and not a bank; so the first good action taken by the cooperative was to be directed by the very people in the northwest neighborhoods,” Quingalombo, who was its first president, says.

Indeed, each of the workers hired by Fondvida was selected from the northwestern neighborhoods, including its manager, Sandra Naula, who imposed the vision of community development to a financial institution.

“People knew all those who were there to serve them; they would say ‘hey, that’s the neighbor’s daughter, or that’s the son of the *compadre*,’ So it was the closeness of the people what provided the needed confidence,” Quingalombo says. This confidence has led Fondvida to maintain annual transactions exceeding \$5 million from three offices located in marginal urban neighborhoods.

“Besides to just providing savings and loans, we had to think that a cooperative as Fondvida should get involved

with the neighborhood organization and understand the problems that the neighborhoods experienced, the day-to-day problems of its inhabitants, in order to contribute to the neighborhoods. Solidarity economy was still not much talked about, but we were already thinking that a neighborhood cooperative had to be supportive with what happens there, and that's not just a question of money," Javier Alvarado says.

Fondvida got involved in the dynamics of the neighborhood; it financed holiday camps, soccer schools, the cobbling of streets, the creation of market stands; it took risks by lending to young people to start their first businesses; it designed a variety of tools so that those who were in business for the first time, were able to develop financial assessment systems to enable them to grow and to project for the future.

"The idea is to grant the first loans and get the people ready to access the formal financial system," Quingalombo says.

### The threats to the solidarity economy system

Like Fondvida, many other savings and credit cooperatives grew relying on the trust and closeness to the people; cooperatives that were later transformed into banks, such as Codesarrollo, a cooperative linked to agricultural production development. Cooperatives grew to the point of sponsoring soccer teams in the national championship, such as *Mushuc Runa* (new man) that was created in 1997 by indigenous and peasants of Pilahuín, in the province of Tungurahua, and whose transactions now exceed \$40 million annually.

But not everything has been good, there have also been cooperatives that have gone bankrupt or have cheated their associates. The Organic Law of Popular and Solidarity Economy was passed in Ecuador in 2011 to address this problem; it regulates the actions of solidarity economy cooperatives, but in the end the cure was worse than the disease.

"The existing law in Ecuador does not consider the reality of the small cooperatives, such as is the requirement that their boards of directors and monitoring areas are made up of professionals in economics, management or law. Where can we get a business administrator in a neighborhood like ours?," Mauro Quingalombo asks.

The new requirements have caused small cooperatives to merge in order to meet the new regulations. "We are being forced to lose our closeness to the people, something that is our main asset, because in the elections of directors we have to say 'you don't qualify, and you don't either; or you...,' and that generates distrust," Quingalombo says.

"Cooperatives of solidarity economy are meant to be of sectors, of neighborhoods; they cannot go outside the neighborhood and turn into city institutions; in the same manner, those that are in a sector cannot jump to another sector and serve a different purpose, because this causes confusion and the identity is lost, and it is seen as something that is not from here," said Alvarado, who has strongly questioned the law passed by the government of President Rafael Correa.

"We must see what to provide support for, so as not to be the beginning of the exploitation of our own," Alvarado also states, because the case may be that to talk about entrepreneurship is to talk about how to maintain the capital model, because generally the idea is that people develop their businesses and venture in the dynamics of capital. This criticism is positioning itself in sectors of the left, especially when it becomes clear that the microloans, granted without any training or follow-up, only represent the best forms of financial gain for banks; many microloans have indeed bankrupted entrepreneurs.

Fondvida has understood that the entrepreneurship that should be supported is the one that can help with the progress of the neighborhood, more than just individual betterment. "Fondvida is community, if it ceases to be so, it will be just another financial entity," Quingalombo declares. □



Confidence has led Fondvida to maintain annual transactions exceeding US\$5 million. / Fondvida

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— JAVIER ALVARADO

# Changing the model by putting sustainability of life as the central principle

Domestic and care work, like nature, are considered inexhaustible resources for capitalist exploitation.

**W**omen in the countryside and in the city organize and struggle every day to face the extractivism taking place in their territories, capturing and polluting the waters, stripping the land, destroying important ecosystems and the social fabric. We have seen them in demonstrations, guarding over lagoons, preparing food for the men and women demonstrators who are demanding justice, asking for solidarity and giving their time, labor, energy, affection and even putting their bodies as shields to defend, protect and preserve their communities and territories. The situation is that, as explained by Brazilian feminist and psychologist Nalu Faria<sup>1</sup>, women depend more than men on having access to common goods and resources and are therefore more committed to come to their defense.

Native, indigenous and peasant women are mostly dedicated and committed developing in their communities practices of cooperation, redistribution and solidarity. Part of these noncommercial relationships are care work and performing tasks to suit biological and emotional needs, and a permanent concern for welfare. The market, besides not meeting many human needs, makes it difficult to carry out their activities. The entry into their territories of the market and of large extractive companies redefine the power relationships, undervalue their knowledge, affect the means of life production, deepen capitalist exploitation, discrimination and subjugation through racism, violence, prostitution, human trafficking, and forced migration.

This reality creates distrust and resistance to extractivisms. In many cases these women are marginalized and forced to poorer areas where they continue with their traditional agricultural practices, even if it means that their production is curtailed from then on to small plots, yards, fruit orchards and the breeding of small animals. In the cities they are those fighting for the establishment of public services like water and electricity; who develop in solidarity experiences of collectivization of domestic work.



Women play a key role in family farming. / Erika Chávez

This behavior of women is not new; it has historical roots marked by their social link with the livelihoods and care in the communities. For this reason it is not surprising for them to commit against the climate crisis, the defense of the Pachamama, or Mother Earth, and the strategies of change.

## A feminist economy

The feminisms that initiated with the critique towards patriarchy, a system that structures the domination over the bodies and lives of women based on the gender and social division of labor, give progress to the analysis and questioning of the capitalist / patriarchal system and are enriched by the contributions of feminist economy.

This feminist economy makes a radical critique of capitalism and the political economy by putting front and center the production of human life and care of nature, this in contrast to the strategies of commoditization and centrality of the market, profits and transnational accumulation of wealth, which is accomplished by maintaining relationships that are patriarchal, racist, predatory, extractive and neocolonial.

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\*Member of the World March of Women and the Latin American Network of Women Transforming the Economy (Red Latinoamericana de Mujeres Transformando la Economía-REMTE) from Peru. She presents some thoughts, ideas, strength, discussion arguments that are being shared in the context of building plural social movements.

The gender division of labor arbitrarily separates the production of goods and services for the market from the production of the daily and generational life; it recognizes production as predominantly male, assigns it a market value, and rewards it with a salary, performance of public duties, power and prestige in the private /domestic space. This gender division of labor makes women responsible for reproduction, as if it were part of her destiny for being life-giving. It establishes a false separation between production and reproduction (afterwards between economic and social policies); it hides the economic link between the two.

Economic science does not recognize domestic work as work even when it involves learned knowledge, energy and it takes time. But the capital and the economy need and at the same time very efficiently take advantage of these domestic care jobs of women that make people available to be ready to work every day, ensures a generational supply and also means no costs to them. For this reason, domestic and care work, the same as nature, are treated as externalities of the economic models and considered inexhaustible resources for capitalist exploitation.

### Looking for changes

The question regarding the centrality of human life for the functioning of the society model as well as the questioning of the androcentric character of the Western way of thinking is a fundamental piece of both the feminist economy and eco-feminism, as Faria says.

Meanwhile, Brazil's Renata Moreno<sup>2</sup> adds that the concept of the centrality of the care of life and nature, as opposed to the centrality of the wage labor market, produces political convergences capable of building another paradigm of sustainability of life based on equality.

To recover the centrality in the production of life and care of nature it is necessary to change the logic of the benefits for the logic of life. It is necessary to calculate the ecological debts and care debts; reduce the extractive economies and waste generation; reduce the use of energy, extend the life of appliances and end programmed obsolescence. This also requires changing habits and reducing consumption; be committed to local production and short commercialization circuits; recover and support peasant agriculture, and reduce private transport. It is also imperative to learn from the accumulated wisdom in sustainable cultures; recover the decent job, with working hours that leave time for mutual care and greater commitment of the wage earners to housework; paid domestic work with all the rights and benefits.

To put the care of people at the center of interest now requires, on the one hand, recognizing women as primary subjects of reproductive work, and on the

other, to advance firmly in the redistribution of this work between men and women, in the families and the communities.

It is relevant to obtain commitments from the state with set policies and programs. Some progress has been made in accounting time of unpaid domestic work, including the calculation of its contribution to the GDP in satellite accounts, which in Peru reach 20.4%<sup>3</sup> and in Mexico 21.19%<sup>4</sup> of the GDP. The integrated care systems developed in Uruguay, or partial programs in other countries in the region that recognize economic noncontributory pensions — economic benefits to people in situations of maximum vulnerability —, also constitute progress in this area, but it is necessary to directly recognize unpaid domestic work with a pension and social security for those women who are heads of homes who do not have any income.

Spanish ecofeminist Yayo Herrero<sup>5</sup> recommends taking a look at the experiences aimed at making visible the centrality of life and care of nature. Herrero highlights the experiences that test alternative ways to produce, maintain or distribute, to manage property, to finance collective projects such as cooperatives of agro-ecological consumerism; shared care networks that meet the care needs for children; and auto managed nursing homes based on mutual support, among others. □

1 "El aprecio a la vida humana. Alternativas feministas al actual modelo de sociedad," Perspectivas América Latina Magazine N°1, Heinrich Böll Foundation, 2015.

2 "Economía feminista: una visión antisistémica," In search for equality: texts for feminist action, Sempreviva Organização Feminista, São Paulo, 2013.

3 Satellite account of unpaid work of homes in Peru, INEI, 2016 (Based on a survey of use in 2010).

4 Satellite account of unpaid work of homes in México, INEGI. SCNM. 2006-2010.

5 "Propuestas ecofeministas para un sistema cargado de deudas," Economía Crítica Magazine N° 13, Barcelona, April 2012.

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