

# The Great Extraction

## How Did We Get Here?

By Jim Tarbell

Our dominant modern economy extracts the resources out of the earth, the life out of the bio sphere, the functionality out of our natural systems, the wealth out of the working and middle class, the vitality out of community, democracy out of the political system, fairness out of the economy and creativity out of our lives. It is an Extraction Economy that comes out of our prehistoric past when humans killed and consumed woolly mammoths until the mammoths were all gone.

Ten thousand years later, as the extraction-based industrial revolution took off, classical economic theory developed out of a combination of the big-animal economy and the money-based market system. It modeled an economic human that maximizes his greed and in the process miraculously facilitates the public good. Classical economists created the formula: land + labor + capital = production = consumption = happiness. In the process they made the following critical assumptions that:

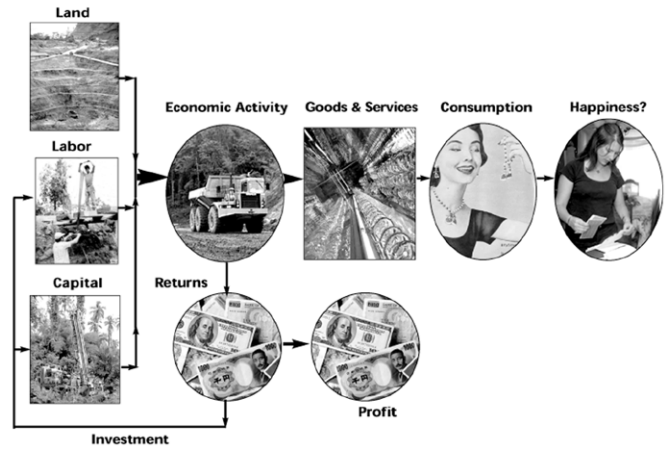
- Unimproved land is inert
- The supply of land and resources is limitless
- Consumption leads to happiness
- Large enterprises would serve the public good.
- Capital would remain within national borders and
- Labor would always work at subsistence wages;

One hundred years ago these assumptions may have seemed reasonable, now they seem absurd. The crises of our economic system are a result of these fallacious assumptions by the early economists. We see this in a long list of looming disasters including the onset of global warming, the coming of peak oil, the loss of community and the race to the bottom caused by the neo-liberal, free trade agenda

The initial impetus for some of these assumptions came from the fact that early economists were paid by the rising merchant and industrial class in England amidst their political battles with the landed aristocracy. To satisfy their employers, economists down played the importance of land, ignored the value of natural systems and devalued the resources of the earth by claiming they would go on forever.

That consumption leads to happiness comes straight out of the merchant class' business plan, which equated their market-driven economic man with human nature. Noted Austrian economist Karl Polanyi, however, points out that "to subject (man) to the laws of the market was to annihilate

### Extraction Economy



all organic forms of existence and to replace them by a different type of organization, an atomistic and individualistic one . . . that could not make up for the social destruction it wrought."

Corporatist economists who lauded the growth of trusts a hundred years ago failed to see that the energy industry would ignore resource depletion. This problem has become exacerbated as corporate donations have vaulted energy executives into public policy leadership roles. Their drive is to extract all fossil fuels as fast as possible in order to maximize their return to capital and maximize profits, despite the problems this will cause for future generations

Meanwhile, imperialist rationales for free trade were based on comparative advantage. Countries that grew olives would trade them with apple-growing nations and both would prosper. To make this theory work, capital had to stay within national boundaries and workers had to live on subsistence wages.

Of course, private capital spread across international boundaries almost before the ink was dry on that assumption. Today the biggest corporations have a larger budget than most countries. Globe-trotting investors have taken ownership of both the apples and the olives. They decimated comparative advantage and replaced it with absolute advantage, wherein money is power.

Meanwhile the labor movement has spilt its blood for centuries to claim rights to the economic value workers create. Now owners can subvert labor's hard-fought wage gains by transporting resources to factories in countries where labor is cheap and environmental regulations non-existent.

Under the realities of this globalized Extraction Economy our natural world will continue to be damaged, labor will be returned to a subsistence wage and communities will be destroyed by the flight of capital to more corrupted shores. In this scenario, communities lose the fabric that binds them together; people become depressed, isolated and poor in a poisoned world and only the wealthy will find temporary relief before the existence of life as we know it comes to an end.

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