LOCAL IMPACTS OF CORPORATE DEVELOPMENT

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Course SCS201 Assessment Task by undergraduates
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UNDER CORPORATE SKIES
A STRUGGLE BETWEEN PEOPLE, PLACE AND PROFIT
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We would like to acknowledge the Gubbi Gubbi people as traditional owners of the land on which we give this presentation today. It is especially poignant to consider the Gubbi Gubbi people when we discuss social impacts on a small Australian community.
INTRODUCTION

Thesis: Economic and political forces wield rationality and power to protect and advance their development interests regardless of detrimental social impacts

- Power has rationality and rationality has power
  - Max Weber’s (1864 - 1920) theory of rationality (Abercrombie 2006)
  - Michel Foucault’s (1926-1984) theory of power (Abercrombie 2006)
- Actors may be rational but have no power, or have power but not be rational, or wield both rationality and power
- Quest for economic growth and development can result in visible and hidden social, economic and environmental costs within communities

- Conflict between three main actors –
  + Rural Community
  + State Government
  + International Corporation

- Social impacts arising in the place where people live & work–
  + Health and wellbeing concerns
  + Environmental pollution
  + Altered social and economic structures
  + dismissal & silencing of community voices
  + Social injustice

- Aim: To challenge the assumption that economic development results in absolute improvements for society (modernisation and development theory)

- Aim: Discuss evidence of peripherising power structures (core-periphery model), highlights the need for renegotiating the respective importance of people, place and profit
CASE STUDY & RESEARCH

Under Corporate Skies: A Struggle Between People, Place and Profit, 2010 by Martin Brueckner and Dyann Ross

CAPS Website (Community Alliance for Positive Solutions)

Academic references that support the concepts and theories inherent in the case study

We have deconstructed and critically analysed the case study resulting in this thesis statement:

Economic and political forces wield rationality and power to protect and advance their development interests regardless of detrimental social impacts
BACKGROUND INFORMATION

- Location: Yarloop Community & surrounds in rural SW Western Australia

- Type of development project: TNC Alcoa’s economic development - alumina refinery (1984) infrastructure at Wagerup 2 kms from Yarloop. Positioned at foot of an escarpment which traps and concentrates emissions from refinery in atmosphere (Brueckner and Ross, 2010:42)

- Nature of development project: fundamentally unhealthy, unjust, marginalising, & discriminating generating uneven development ... with positive economic outcomes for the corporation and the state, but resulting in a broad range of negative social impacts for the local community and the environment in which they live and work. This is in contradiction to the term development, which aims to better the lives of people in the places where they live and work (Potter 2008:6)

- Rising global demand for natural resources and corporate surplus profit predicts increasing resource wars with conflict and competition between communities and industry interests.

- How did we get here? What theories inform this trajectory?

- Why has it been allowed to continue?
- What mechanisms are employed to achieve success?
- Who/what wins and who and what loses?
- The case study shatters myths and exposes a paradox

www.abc.net.au

“Something in the Air”
The clash between a giant industry that makes an essential product and a small community dogged by illness and struggling for survival
INFORMING THEORIES, CONCEPTS & PRACTICES OF DEVELOPMENT

- Colonialism (Potter 2008:48)
- Dependency Theory (Willis 2011:225; Reyes 2011)
- Classic Liberal theory (Schapiro 1958:30-31)
- Industrialisation (Willis 2011:166-167) -> capitalism (Willis 2011:71) - Marxist Theory (Willis 2011:72-73)
- Globalisation (Potter 2008:166) -> industrial capitalist world economy
- Modernisation Theory - progress (Willis 2011:225; Reyes 2011) - development is change for better or worse (Potter 2008:6)
- Neoliberalism = economic rationalism (Potter 2008:94)
- Neo-colonialism - TNC imperialism (Potter 2008:166; Desai 2008:183)
- ‘Top down’ development versus ‘bottom up’ development (Potter 2008:15; Willis 2011:28)
- Sustainable development (Willis 2011:28)
- World Systems Theory (Willis 2011:80; Reyes 2011) - ‘economic forces are still most important’ (Kerbo 2006:65) - Sam will discuss this next

We are examining, analysing and challenging the theories, concepts & practices identified in our case study.
WORLD SYSTEMS THEORY

- Core periphery theoretical concept: analysis of the world as a single global capitalist economic system that comprises the interdependent but unequal components of core, periphery and semi-periphery (Wallerstein, 1979; 1983; 1984; Van Krieken et al, 2010:35)

- Good model to use for developing understanding: Illuminates the dominant power structures of modern times where the core continues to benefit from the periphery.

- World systems theory: Locked in a struggle of dependency and inequality, which creates a world of contradiction and paradox (Brennan, 2003:Xiv).
ISSUES & SOCIAL IMPACTS

Arising in the place, where people live & work

- Conflict of interests and ongoing struggle between community, state government and corporation (TNC)
- Unequal and inequitable power relations
- Social impacts are apparent due to corporate & state dominance generating issues in the following interconnected areas:
  - Social sustainability
  - Environmental sustainability
  - Economic sustainability
- No prior social, environmental or economic impact studies undertaken (Ross 2013)
The economy exists WITHIN the society and environment
“The social and environmental costs of industrial growth are too often sidelined in favour of financial profit”

(Erin Brockovich in Brueckner and Ross, 2010 2010:5)
ROLES - THE MAIN ACTORS

- **International Corporation (TNC):**
  - yields both economic rationality (neoliberalism) and power

- **State:**
  - power but divided/influenced rationality

- **Community:**
  - rationality but no power (initially)

[Logos and URLs provided]
POWER RELATIONS

- Phronetic research assumes that ‘power defines reality’ (Masters, 1995; Brueckner and Ross, 2010:205).

- **Analysing Mechanisms of Power**
  - Who gains and who loses?
  - How? Mechanisms of power?
  - What should be done? (Discussed in Conclusion)
  - Why? (Informing theories as discussed earlier)

- Dominance of corporate power: Alcoa’s persistent pursuit of commercial interests represents a blatant use of power that is only minimally constrained by government intervention (Brueckner and Ross, 2010:206)

- Illuminates the impacts of corporate power in society and the powerlessness of formal political and bureaucratic structures to protect communities from the effects of economic globalisation, modernisation and neoliberalism

- Mechanisms of power: Corporation Alcoa, financially more powerful “to run weekly advertising programs... promoting their credentials and how good the expansion will be for us all”, results in “the little people who are most impacted... will not be heard” (Local Resident, 2005 in Brueckner and Ross, 2010:26).

- Although, some community members were empowered through the collaborative processes of protest and research.

- Shows how knowledge can be marginalised by power and power can produce knowledge which serves its own interests best (Brueckner and Ross, 2010:207).
Health and environmental impacts - life with big business & heavy industry as a neighbour

- Respiratory problems
- Skin irritations
- Sore eyes, throats, stomach upsets and blood noses
- Extreme Fatigue
- Cancers and organ failure (Brueckner and Ross, 2010:70)
- Pets and livestock sickening (Ibid, 2010:73)
- Health problems could be mild, transient or chronic (Ibid, 2010:67)
- Independent Wagerup Medical Practitioners Forum - concluded that there was evidence of medical problems associated with Alcoa's refinery (Ibid, 2010, 47, 55) since liquor burner installed (early 1990s) (ibid:47)
- Noise
- Dust
- Odour (Ibid, 2010:74)
- Pollution - affects wildlife, water tables, soil, air
- Environmental sustainability (Cocklin 2005:25) - environment doesn’t have a voice (Ross 2013)
IMPACTS ON SOCIETY

- Impacts causing a formerly strong, thriving community to die
- Altered social and economic structures by Alcoa’s development
- Reduced community cohesion -
  - Fragmented, divided, diminished " (Brueckner and Ross, 2010:22)
  - Disrupted sense of place and belonging (Ibid, 2010:19-20)
  - Buffer zone generated inequality & inequity within community (Ibid: 22-23) - divide & conquer!
- Loss of social services – hospital, police station
- Economic losses – assets devalued, local businesses closed e.g. petrol stations, general store, bakery, butcher (Ibid, 2010:96,101)
- Social & economic sustainability (Bell 2012:4; Berkes et.al. 2003:6; Cocklin & Dibden 2005:3-5; 25)
CORPORATION — PREVAILING POWER OF PROFIT OVER PEOPLE AND PLACE

- Wields both rationality (economic) and power
- Corporations enjoy human rights but do not abide by human responsibilities... “this concept, this collection of paperwork called a corporation is not capable of feeling shame or remorse” (Brueckner and Ross, 2010:202).
- Capitalism = concerned with the endless accumulation of wealth! (Willis 2011:72-73)
- Alcoa’s use of ‘scientific’ knowledge proved effective in legitimating commercial and public-relations decisions (Brueckner and Ross, 2010:199).
- Alcoa’s definition of sustainability falls short of internationally accepted definitions and has a relative absence of social sustainability (Ibid, 2010: 201)
- “Focus resources on managing the image rather than resolving the problem” (Alcoa manager in Brueckner and Ross, 2010:205).
- Economic development - Significant contributor to W.A. economy, employs 4000 people, produce 7 million tonnes alumina per year which is 13% total world demand
- Recognised nationally & internationally as socially & environmentally responsible company (Ibid, 2010:21) - CSR ‘We operate the world’s best practice, we are a benchmark’ (Ibid, 2010:109)
- Contribute to local & regional infrastructure, services and development, local community organisations and community based education & training (Ibid, 2010:28)
- But Alcoa are members of the new elite global ruling class and globilisation is their modis operandi (McMichael 1996:32) - restructure sovereign states, regional areas and their economies to ‘enable’ them to join the capitalist world order (McMichael 1996:27) in order that Alcoa my profit.
Power relations - Alcoa are champions of industrial capitalism, economic rationalism (neoliberalism) and globalisation & are essentially following neocolonialism and imperialism. They represent Marx's bourgeoisie, implement 'top down' approach and are unsustainable. Alcoa exhibits strong sense of entitlement over the entitlements of Australian citizenship.

They are powerful cogs in the world economy and in W.A. State economy, (employ Australians, refine bauxite into much sought after alumina), therefore can rationalise that their actions to perpetuate their industry and protect their interests, are necessary - Alcoa provides a global service & product.

Alcoa's power and rationality are very persuasive and have immense influence. Anything that stands in the way and interferes with the market, is either ignored and if too problematic - crushed!

Alcoa are winners, and if they can't win on their terms they'll move their industry to a more amenable location.
STATE - THE UNFULFILLED PROMISE OF REPRESENTATIVE GOVERNMENT

- Has power but divided/influenced rationality
- Policy priority = economic advancement
- Case study exemplifies - Problematic role of balancing the needs of industry and community.
- Is the state rendered powerless to protect communities from the oppressive and exploitative effects of economic globalisation and liberalism?

- Evidence in the case study suggested corruption and negligence (exceeded environmental regulations).

- The Yarloop community lost faith in political processes and their government

- Gender: State officials may be represented equally in field but the 'glass ceiling' (invisible limits for women) prohibits equal representation in upper management.

- Class: according to World systems Theory the State could be defined as semi-periphery or middle class situated in the middle of an international corporation (upper class) and their own citizens (lower class) (Willis 2011:80)

- Power relations: The semi-periphery is dominated by the core (TNC) and in turn dominates the periphery (rural communities), resulting in environment conducive to big business over communities health & wellbeing (Brueckner and Rossi, 2010:15).

- The State is persuaded by Alcoa's rationality and global power, and rationalises that it is better to reap the benefits that Alcoa offers for the majority, rather than be swayed by the minority in a small rural community.

As leaders we must ensure long term economic growth and this means development

But at what cost? We need you to protect us, people and the planet have rights too!

www.lifeevents.wa.gov.au
COMMUNITY — LOST THE MOST AND GAINED THE LEAST

- Has rationality but holds little power (initially).
- The community’s rationality has many facets - protect health, family, community, property, local economy, environment...
- ‘grassroots’ approach - participation in directing outcomes (Potter 2008:115)

- Gender –
  + both men & women’s narratives included in case study though focus on different issues;
  + Erin Brockovich (social-environmental warrior) seen as formidable ally
  + No gender differentiation in experiencing health concerns - men, women and children, young and old, are all represented; but the variable is that not everyone in the community is affected

- Class –
  + World Systems Theory: rural community represents the periphery or lower class (Willis 2011:80)
  + Marx’s political economy theory: community are the proletariat and Alcoa are the bourgeoisie (owners of the means of production) (Willis 2011:71-72).
  + Alcoa has created class inequality and inequity:
    - Unequal distribution of rewards and resources within the State has also created a class system (Kerbo 2006:65)

- Power relations –
  + Conflict of rationalities & imbalance of power. Foucault’s theory - Alcoa used power to control knowledge & exercise social control over the community (Abercrombie et al 2006) & Weber’s theory - capitalism and bureaucracy drive rationalisation (Abercrombie et al 2006) & Marxist theory – conflict between the owners of the means of production (Alcoa) and the community will cause struggle and social change (Abercrombie et al 2006).
  + The community residents were the least powerful actors (unsupported & unprotected by their State) but have tried to reclaim their right to power through publicly asserting the legitimacy of their rationality. Suffered lack of funds for campaign resources and sidelined by decision-makers’ (Brueckner and Ross, 2010:12)
COMMUNITY - LOST THE MOST AND GAINED THE LEAST

This is murder in the long term... our future generations and our children” (Yarloop resident:199)

+ Alcoa & State govt. consultation with community - ‘flawed & tokenistic’ (Brueckner and Ross 2010:122). Resulting in:
  - dismissal & silencing of community voices
  - Social injustice within a democracy

+ Originally strong sense of community, connection, reciprocity, vibrant & attractive to ‘lifestyle’ treechangers (Brueckner and Ross 2010:19,20,63,66), but also longstanding generational ties to place (ibid: 61)

+ Why is the community voice valid? - residents represent a reservoir of local knowledge & lived experience (Brueckner and Ross 2010:14) as they can compare and contrast what is happening to what life was like before Alcoa – they are experiencing the changes on a daily basis

+ The community voice challenges the utopian development paradigm because of the detrimental social impacts on their community - cry of the people...we are people, this is our community, and we are not for sale! (Potter 2008:167)

+ The community is defending their rights, in essence a revolution against the bourgeoisie:
SOCIAL RIGHTS OF THE COMMUNITY

- Right to know the truth (Brueckner and Ross, 2010:4)
- Right to be heard – recognition and participation (ibid:4, 2010; Schlosberg, 2005:519,521)
- Right to good health & wellbeing
- Right to live in a clean, healthy environment
- Right to equality and equity

(compare with UN MDGs [http://www.un.org/millenniumgoals/])

*THOSE RIGHTS HAVE BEEN ERODED BY CORPORATE DEVELOPMENT*
COMMUNITY ALLIANCE FOR POSITIVE SOLUTIONS (CAPS)

- To stop politics & economics making decisions that effect their lives
- To put people before profit
- To provide a voice for the voiceless
- To public assert and reclaim power as a stakeholder (Brueckner and Ross, 2010:17)
- CAPS is alive and fighting strong (CAPS 2013)
- Letter from community to PM Gillard 2011 - Seeking Federal Government Support for a Rural Community Adversely Impacted by Alcoa’s Mining Operations
- Comprehensive goals & solutions
  + own land management scheme
- Rights based development

www.caps6218.org.au
INVESTIGATIONS AND LEGAL ACTION DRIVEN BY COMMUNITY ACTION

- 2005 ABC’s Four Corners program - Interview transcript (http://www.abc.net.au/4corners/content/2005/1472759.htm)

- 4th actor - Erin Brockovich - history of community & environmental activism against corporations was invited in 2007 by a Yarloop resident and became involved & supportive

- 2008 concerned residents commenced legal action against Alcoa (Brueckner and Ross 2010:60)

- W.A. Parliamentary enquiry - Alcoa ‘failed to adequately recognise and respond to complaints from workers and the local community’ and that Alcoa and the State government failed to respond to ‘a range of extremely serious and complex issues at Alcoa’s refinery’ (Brueckner and Ross 2010:5)


- 2008 monitoring Alcoa refinery emissions 7 kms from refinery found approximately 260 chemicals residual for 18 hours (Brueckner and Ross 2010:48)
FUTURE: THE PATH FORWARD

- At Yarloop: CAPS solutions should be seriously considered
- Nationally: Future development in Australia & resilience of many more local communities and places is likely to be tested and threatened. A need for renegotiating the respective importance of people, place and profit
- Whose reality counts? (Chambers 2005)
- Sensitivity to Schlosberg’s concept of expanded environmental justice that includes distribution, participation and recognition (Schlosberg, 2005:519-521).
- Partnership building that enables industries, governments and communities to meet as equals.
- Common understanding of progress and development, helps achieve a shared and sustainable vision.
- Renewed effort by government in considering regional development, industry-community relations and environmental sustainability from the standpoint of, and inclusive of, an informed, active citizenry.
- Socially just & accountable corporate & state involvement ...nothing less is acceptable
CONCLUSION

In summary:
- Unfair and unequal distribution of burdens and disadvantages by Alcoa’s development with vast social impacts
- Alcoa’s development is ...disempowering, marginalising, discriminating, disenfranchising to community residents in Yarloop and surrounds - social injustice within a democracy
- Resource wars over air, land and water
- Relationship of roles, power imbalance, diverse rationality = causes of conflict
- Rights of community have been compromised and abused

Economic interests are rationalised as priorities that drive Alcoa (TNC) and the W.A. government’s pro-development agenda over protecting the citizenship rights, health & wellbeing of Yarloop community residents. Corporate and State power has dominated the discourse for 17 years, but the community is ‘fighting back’ (revolution) in a ‘David and Goliath’ scenario that is starting to show some clear gains.
Now he's gone from the farmland of such green meadows
He's gone from the country his family loved
He's run from the wind that blew from the northland
Tears from the gas the bauxite mine spewed up

Who profits from poison that's killing the country
What anger resides in the sons of the land?
As nature's sweet pastures the land of the dairy
Is lost to the greed of the shareholder's hand.
LIST OF REFERENCES

Cocklin, C & Dibden, J 2005, Sustainability and Change in Rural Australia, University of New south Wales Ltd, Sydney, NSW.
LIST OF REFERENCES


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