

Fractions in a Coal Dependent Region: How business people in the Hunter are responding to Climate Change

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Abstract

This study explores the responses of business and industry to the Carbon Pollution Reduction Scheme through interviews with representatives of a number of stakeholder industries in the Hunter Region. Situating climate change as a mega-hazard (Beck 1995b: 1), it examines the formation of fractions amongst the business community in the Region. It finds that support for the CPRS can almost be mapped along a continuum in relation to occupational proximity to carbon intensive industries. It argues, however, that this is not simply a case of economic determinism – participants' values and attitudes are likely to be shaped by knowledge gained in their occupational positions. It concludes with some remarks on the relevance of the study for those who hope to prevent dangerous climate change.

Keywords: Climate change, business, industry, fractions, environment, mega-hazard

There is little doubt that climate change is the ultimate contemporary challenge. The knowledge that climate change threatens all life on the planet poses major problems for the organisation of society. Scientific consensus that climate change is caused by human activity and increasing public concern is leading governments worldwide to implement policies to reduce greenhouse gas emissions. The major policy response of the Australian government to climate change has been emissions trading - or the Carbon Pollution Reduction Scheme (CPRS). At the time of writing this paper, the legislation for the scheme is being debated in the Senate, following a number of changes negotiated by business, including a delay for the starting date of the scheme, an increase in the amount of free carbon permits for the aluminium industry and a reduction in the first round price of permits from \$40 to \$10 (Coorey 2009; Rodgers 2009). Responses from business to these changes has been mixed – while the Business Council of Australia and Australian Industry Group now appear to support

the weakened scheme, the industry specific Australian Coal Association is still attempting to negotiate concessions and is opposing it (Grattan and Arup 2009; Taylor 2009).

This study explores the different responses of business and industry to the Carbon Pollution Reduction Scheme through interviews with representatives of a number of stakeholder industries in the Hunter Region. In many ways, this region can be seen as a microcosm for the nation. Newcastle and the Hunter Valley are home to the world's biggest coal port; Australia is the world's largest coal exporter (Australian Coal Association 2009). The way in which industries in this region are responding to climate change may therefore be seen as reflective of the national debate. Participants were sought from a wide variety of businesses in the region, but those that responded represent stakeholder businesses and industries in the climate change debate: coal (1), shipping (1), aluminium (1) aviation (1), water (1), consultancy (2), business advocacy (1), technology and science (1) and a climate and business advocacy representative (1). Participants were contacted through their place of work, and interviews occurred at their workplaces, in work-time. The small sample means that results can only be suggestive of the nuances of the national debate, although the qualitative nature of the study allows an exploration of the motivations and context in which participants' opinions are formed.

The study draws on Ulrich Beck's concept of risk society to assess the climate change debate (Beck 1995a; b). Beck sees risk society as an outcome of the reflexive modernisation process, in which 'the struggle between classes over the distribution of goods has been usurped by a struggle over the distribution of "bads", such as pollution and toxic waste' (Howes 2002: 328; for a detailed discussion on this, see Beck 1994). Beck (1995b: 1) terms these 'bads' 'mega-hazards', which 'cannot be delimited

spatially, temporally, or socially'. Climate change fits Beck's definition of a mega-hazard: the potential for unpredictable, extreme weather to cause mass migration, food shortages and limit the availability of fresh water; the difficulty of knowing when feedback loops have been triggered; and the challenges facing the international community in trying to mitigate it show that climate change has the potential to cut across all social boundaries (this is also argued by Bulkeley 2001). Beck (1995a: 28) argues that mega-hazards threaten to 'split the business camp'.

Although Beck may rightly claim that mega-hazards create this dynamic, divisions within class have been documented for sometime (Connell 1977; Poulantzas 1973; Wright 1985). Marx (1963) argues that fractions are formed within classes as they compete for capital and power. Participants are all from what can be termed the 'professional-managerial class' (Ehrenreich and Ehrenreich 1979), although some are slightly lower in their business hierarchy than others. This paper follows Bourdieu's (1984: 101-115, 263) interpretation of class fractions which - while not completely dismissing economic factors - emphasises the influence of social practices and knowledge gained in a persons' occupation in defining their attitudes and values. Situating climate change as a mega-hazard, the paper examines the way in which the issue is producing fractions in the business community in the Hunter, specifically in response to the CPRS.

Do the right thing – levels of support for the CPRS

Opposition

Anybody who says... 'Do you want the carbon pollution reduction scheme to go ahead?' ...of course everybody will say 'yes' because you know they don't want to seem to be a backwards thinking individual (Peter, consultancy).

While no participant in the study says they are opposed to the CPRS, few gave it unqualified support. These ‘qualifying’ arguments include citing a lack of global action on the issue, claims that Australia’s pollution levels are insignificant, doubts about the science of climate change, and arguments about Australia’s relative economic position (Bulkeley 2001). Such arguments were strongly advanced by participants representing the carbon intensive industries of aluminium and coal, who have been heavily involved in the lobbying process and public debate about climate change. ‘Frank’ is the CEO of an aluminium company:

What they are looking at is something that is serious enough that could ah kill some industries, totally, from Australia – push them, move these industries elsewhere...

Australia is something like, probably – if my numbers are right – 1.6% of the greenhouse gas issued in the world – the emissions in the world... And they say that we have to [reduce emissions] if we want to save the environment. But if we are the only country doing something, that will never make a difference (Frank, aluminium).

‘Amanda’ has been lobbying the government for the coal industry for about four years and describes her main focus as looking at the impact of the CPRS. She briefly worked for the former resources minister in the Howard government, Ian McFarlane and spent three years with the Australian Coal Association – the national lobbying body for the coal industry. Amanda’s career trajectory reflects those labelled the ‘greenhouse mafia’ by Guy Pearse in his book *High and Dry* who were 'all former federal bureaucrats and/or ministerial staffers from the industry portfolio' (2007: 18). For Amanda, the impact of the CPRS on business is the main consideration in responding to climate change. Amanda believes that any policies aimed at alleviating climate change must leave business intact. She is actively lobbying the government and working in the media in opposition to the proposed CPRS:

[Company name] recognises that climate change is a reality and that it has economic, social, environmental consequences. We also believe it's a global issue so you've got to have a global solution...

Interviewer: Are there any other sort of concerns that you have with the ETS at the moment? Um (laughs) you'll probably read about them in the paper (laughs) (Amanda, coal).

Frank and Amanda are supported in their arguments by a number of other participants, who, although they did not oppose the scheme, were eager to defend carbon intensive industries. 'John' has a background in the higher levels of the local council's public service, where he worked for over 20 years. He now works in aviation as the General Manager of his company. He is sceptical about the science of climate change, the motivations of the government, and the effectiveness of the CPRS:

It's all a bit too political at the moment and - rather than scientific... you know aluminium plants, particularly, and the arguments around that you know versus being significant contributors – but you know, does that just force them offshore through you know CPRS scheme? (John, aviation).

'Julie' is from a local organisation funded by a combination of business, industry and government groups, including a number of coal companies and exporters. She sees herself as reflecting the middle ground, and is eager to emphasise solutions:

It's not the coal industry's fault, it's not the generator's fault, it's not the household's fault, it's not the businesses fault - everyone can play a part in being part of the solution essentially...(Julie, climate and business advocate).

'Joe' is the CEO of a local business representative organisation. He says he supports the CPRS, but this support, like many other participants', is highly qualified:

You just can't target business and industry, that's the easy target... but if, if we make a conscious decision that we don't want... that sort of business in Australia then we're going the right way to do that... If we don't have a realistic target that industry will accept and move for, industry will just shut and go offshore. And we won't be solving anything, we won't be reducing any carbon in the world at all because there won't

be the restrictions offshore that there are here in Australia (Joe, business advocate).

As a shipping company in the world's biggest coal port, 'Paul' is intimate with the arguments around the CPRS and climate change. His company sponsors research into clean coal technology. He is sceptical about the science of climate change, the scientists themselves, and environmentalists:

People will say every, every, all the science accepts it is climate change. And yet I read equally convincing articles that indicate that self heating is occurring and the population is adding 3, 4, 5 percent onto, onto the effect and I think what is the truth?

My basic context of scientists and therefore I translate that into climate change – is I go, hey this is a really good gravy train to get onto because we're going to get lots of research money...

What does worry me though is we're going to end up with extremist protests... it does worry me that someone will be killed... the large protests are so well orchestrated that they're quite prepared to bend the truth (Paul, shipping).

Paul's comments are echoed by 'Peter'. Peter is the public relations representative for the local arm of a major international consultancy company:

It's kind of like Y2K, do you remember Y2K?
Interviewer: yeah I do, yeah. But - but the only problem with, with this one is, there's no concrete date in the future where it will either be proven right, or be proven wrong (Peter, consultancy).

These participants are intimately familiar with the criticisms of the CPRS that are coming from industries agitating against the scheme. They work with and get the majority of their business from carbon intensive industries. Norgaard (2006) has documented the ways in which people use various 'strategies of denial' to avoid recognising the collective benefits of being in a rich, resource intensive economy. Various strategies are employed to avoid the implications of knowledge about climate change – in this case, that carbon intensive industries may need to be tightly controlled. In much the same way, participants in this study actively reproduce

discourses about industry being unfairly blamed for climate change, emphasise the negative impact of the CPRS and raise doubts about the science of climate change.

Support

Participants who are supportive of the CPRS have an interest in revealing the problem and offering expert advice on solutions. 'Mark' works in science and research and his comments are in line with those of the scientific community:

The recent conference in Copenhagen, you know, everything's tracking on the upper level at the moment, which they thought was quite a conservative estimate... I've actually studied the science and done formal studies around um physics and how it works - and it's pretty scary (Mark, science and technology).

In a similar situation is 'April', a sustainability consultant who runs her own small business. She is dismayed at the thought that the CPRS might not get through parliament:

Where they're heading at the moment is (sighs) I think that it's just completely fallen off the agenda so they're going to be doing whatever it is to preserve our economy and there's too many strong voices against emissions trading and the impact it's going to have on our economy so... I'd say that it'd - I'd be very surprised if it doesn't get deferred (April, sustainability consultant).

These participants are predisposed economically to see global warming as a problem for which they have the solution. They provide advice to business and government on the impacts of climate change, and require detailed knowledge of science and technology. To a certain extent, they are part of the 'green capitalism' advocated by writers such as Hawken, Lovins and Lovins (1999) who argue that technological change can provide a just and sustainable capitalism. Their industries stand to make money off the transition to a low-carbon economy, and while they may see some difficulties for some industries in this transition, they do not presume these changes

will have a dramatic impact on the growth economy. This approach is also known in the environmental sociology literature as 'ecological modernisation' (Bäckstrand and Lövbrand 2007).

'James' is the CEO of a major water company in which he has been employed for 17 years. Increasingly, he has seen the water industry in Australia go through a number of supply crises, and attributes this to climate change:

In the Australian water industry, the tide went out when the drought came and climate change hit.

Interviewer: So do you think then that um the recent droughts that we've had are a result of climate change? Absolutely. I do. And the Victorian bushfires (James, water).

James represents the interests of those on the side of reformation of industry to mitigate and adapt to climate change. The issue of water use is already a major source of conflict in the Hunter, particularly in relation to coal mining (Connor, Higginbotham, Freeman and Albrecht 2008). As such, James is in a unique position amongst participants as the only representative of an industry which is already experiencing the impacts of climate change, and is passionate in his defence of the science of climate change and the need for the CPRS to be implemented.

It is worth noting there a number of other industries that have similar views. The wine industry, for instance, has been planning both nationally and locally for the advent of climate change (Page 2009). In early 2007 (Howden), a number of prominent thoroughbred stud owners called on the state government to place a moratorium on coal mining and, although with the farmers in Connor et. al.'s (2008) study, the focus was on land use conflicts around water, such situations can be expected to be exacerbated by climate change itself. At the time the Greens (Brown 2007) were quick to come out in support of the thoroughbred owners, however it is interesting to see that more recently thoroughbred owners have been in the media opposing a wind

farm development (ABC 2009). Further research is required to evaluate how those in industries that will be negatively affected by climate change will respond to the issue over time.

Some Conclusions

Participants' support for the CPRS could almost be mapped along a continuum in relation to occupational proximity to carbon intensive industries and the data is supportive of Beck's proposition that new mega-hazards threaten to create divisions within classes. It supports Bourdieu's idea that dynamics within classes are influenced by social practice through occupational experience. In this sense, it is important not to presume it is only economic considerations that have shaped participants responses to climate change. The few participants who are wholly supportive of the CPRS are all required to have intimate and detailed knowledge about the impact of climate change itself. Those who are hesitant or outright opposed to it, however, emphasise the potential impact that the CPRS will have on their own industries. This defence of their industry is perhaps to be expected of people in high management positions, but is also a reflection of the practices they carry out in their employment role. It is also likely that the context of the interview – being carried out at their work places – influenced some of these responses. Regardless, their responses can be seen to be indicative of the way they speak about climate change in the public context, which, for the purposes of this research, is appropriate. Although some have argued that ruptures amongst business and industry on the issue of climate change represents a positive step forward (Lever-Tracy 2008), others have noted that the absence of a consensus paves the way for a business as usual approach (Rosewarne 2007). As Pearse (2007) has detailed, it is largely the businesses with an economic imperative to *prevent* action

on climate change that are actively involved in the political processes defining legislation and policy outcomes. The data in this study echoes these observations. The participants that are most involved in the public debate, and are negotiating with government, do not support the CPRS. The recent delay and changes to the CPRS can be seen as evidence of the effectiveness of these industries' negotiating power. The current situation, then, is indicative of the power of particular fractions of business to respond to mega-hazards by defending the status quo. For those concerned about climate change, one of the tasks ahead may be to take advantage of the ruptures amongst businesses and attempt to gain strength from it – as noted above, there is evidence of this happening in the Hunter already. Yet the evidence presented here and in the broader debate carries with it a caution. The relative power of carbon intensive industries is much stronger than that of those that stand to be impacted in the future. Those with less economic influence will need to provide a strong, united and sustained argument in order to be heard.

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