



# The Social Risk

## When citizens organize to fight a project

BY JIM KENT

Those who are responsible for permitting site specific or linear facilities are well aware that, in today's environment of regulatory requirements, polarized politics and litigation, citizen opposition to proposed projects can be daunting. Determined citizens have successful track records of delaying projects, driving up costs, and blocking projects that are technically sound and necessary. To relegate the causes of citizen opposition to a few selfish people who do not want the project in their backyards is to miss the crux of grassroots citizen activism, as China has just recognized with a major policy announcement.

At China's 18<sup>th</sup> Party Congress in November 2012, the State Council ordered that all major industrial projects must complete a "social risk assessment with stated project impact mitigation schedules" before any project can begin. This move at the highest levels of government is aimed at addressing large, increasingly violent and geographically dispersed environmental protests of the last several years.

The announcement was made because of the concern that, if the underlying causes of these protests are not addressed, they have the potential to bring the government down. Zhou Shengxian, the Environmental Minister, said at the news conference, "No major projects can be launched without social risk evaluations. By doing so, I hope we can reduce the number of mass incidents in the future."

Just in the last two weeks of October 2012, violent protests forced the suspension of plans to expand a chemical plant, and protests occurred in every region of China against industrial projects that have been at the core of its economic boom. The promise of jobs and rising incomes is being checkmated by the rising tide of young and middle class Chinese who are fearful that new factories, power line corridors and pipelines are causing environmental damage. Environmental concerns trump the promise of jobs for the first time in China's march to industrialization at all costs. Sound familiar? Does the Keystone XL pipeline come

to mind, where the demonstrations against TransCanada continue at the national, regional and local levels? There are now over 400 energy-related opposition groups in the United States and 2,000 internationally that are tied together by wireless technology and informal networking who are interrupting and stopping projects across the country.

By virtue of their long-standing practices, companies that are building new infrastructure may, in fact, actually be facilitating more opportunities for the local community to organize. As third party activist groups are able to fine-tune their efforts against projects in general, they become increasingly more likely to take over control of local issues and impede projects, regardless of the benefits to the community. In essence, project owners may be enabling and encouraging the opposition.

Other protests include those against hydraulic fracturing in New York, Pennsylvania, Wisconsin and several other states. Another contentious project is the Atlantic Wind Connection power line that is potentially coming on shore at Assateague Island, a national seashore site that spans across the states of Maryland and Virginia. And on Molokai, the fifth largest island in Hawaii, the Big Wind project is being held hostage by angry citizens.

## The Missing Link

What is missing in the approach to communities in the path of projects that have launched such angry protests here in the United States? At the World Gas Conference in Kuala Lumpur in June 2012, CEOs from ExxonMobil, Shell and Total all addressed the importance of public acceptance in their speeches. Christophe de Margerie, CEO of Total said, “I believe stakeholders will be the main drivers of change. Our business is not sustainable if we are not responsible operators, accepted by all stakeholders, including civil society.”

In his keynote address to the conference, ExxonMobil’s Rex Tillerson said that his company learned in North America about “the importance of open communication with government leaders at all levels as well as local communities.” This announcement is quite a cultural shift for a company like ExxonMobil, and reflects a growing concern nationally that the old ways of centralized project development of plan, design, and build—absent community engagement—is a surefire way of generating citizen opposition and project disaster.

A crucial step that the United States took to avoid the situation that China is now addressing was passing the National Environmental Policy and Environment Act of 1969 (NEPA). NEPA is our national law designed to address anticipated citizen resistance to projects that intrude into people’s physical, social and cultural environments. Companies are



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often surprised to learn that NEPA requires a thorough social impact assessment and mitigation program along with the physical environmental studies. However, this social requirement has all but been lost in NEPA studies. Yet, it is exactly this neglected requirement where a company can actually learn what the real community issues are, and what they can do to address them from the very beginning of a project and throughout the project’s life. Companies that are involved with federal agencies must insist that, thorough social assessments and impact mitigation, requirements are met under NEPA.

However, with or without adequate NEPA implementation, it is time for companies to protect their investment by developing and staffing their own independent team of professionals skilled in the science of community. By addressing community-related issues that cause excess budget over-runs and project schedule delays, the team would be responsible for understanding the community’s concerns and taking a proactive approach to preventing project disruption by assisting citizens to participate in, predict and control their environment.

The social risk has become too great to not formally recognize and systematically act upon the underlying causes of how and why citizens go from potential healthy participation to organizing to fight a project. Regardless of whether the project is on public or private land, today’s projects require and deserve this level of attention.

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