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CORPORATE POWER AND COMMUNITY TOXICS STRUGGLES:

The Case of Yellow Creek

A Thesis

Presented for the

Master of Arts

Degree

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Christopher Muir Pelton

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DEDICATION

This thesis is dedicated to Larry and Shelia Wilson and all of the people of Yellow Creek.

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ABSTRACT

Community-based toxics struggles typically involve a grassroots citizens' organization and a corporate polluter. This thesis examines the power relationships and consequences involved in such conflicts. More specifically, it details the primary bases and mechanisms by which corporate power limits the effectiveness of citizen activism around community toxics issues.

The Yellow Creek Concerned Citizens' (YCCC) confrontation of the Middlesboro Tanning Co. in Middlesboro, Kentucky is used as a case study. Research conducted during the course of this confrontation suggests that corporations derive power within communities from three primary bases: secrecy, economic dominance and capital mobility.

It is shown that corporations are able to conceal their ownership, investments and movements of capital behind a veil of secrecy which is extremely difficult for citizens to penetrate. Secondly, the economic dominance of large corporations is often such that they can extract concessions from local governments and shape local issues on the basis of their status as employers and controllers of capital. Relatedly, the mobility of capital allows corporations to use the threat of capital flight and flight itself to control the terms of public debate and diffuse citizen protest.

This thesis explores the interaction of these bases by examining how they are exerted as power at the local level. In the context of the globalization of capital, corporations are increasingly able to utilize these intertwining power bases as a means to thwart the effectiveness of citizen resistance.

Two conclusions are drawn from this exploration, the first being that research conducted during the course of struggle is an invaluable means of uncovering the realities of corporate power. Citizen protest is shown to force corporate actors to expose power bases that might remain hidden in the absence of conflict.

It is also suggested that there is a need to extend people's struggles and research around toxics issues. Corporate power, particularly that derived from increasing capital mobility, necessitates that community activists confront environmental issues in a manner which connects local issues and political economies to extra-local sources of corporate power and the global movement of capital. To be successful, citizens' groups are forced to confront corporate polluters on all fronts: by challenging their secrecy, economic dominance and mobility, and by linking with labor and other activists internationally.

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SECTION I

BACKGROUND

CHAPTER 1

INTRODUCTION

The Appalachian community of Middlesboro, Kentucky has been the site of a lengthy and often vicious struggle between a citizens' organization and a corporate polluter. The local leather tannery has discharged its wastes into Middlesboro's Yellow Creek, both directly and indirectly, for nearly a century. In 1980, in response to worsening water conditions and increasing health problems, the people of Yellow Creek organized to stop the pollution and their struggle continues to this day.

Research conducted during the course of Yellow Creek Concerned Citizens' (YCCC) confrontation of the Middlesboro Tanning Co. has raised a number of questions concerning the nature and extent of corporate power. This research, carried out in collaboration with YCCC, has uncovered a number of possible bases of power for the corporation. The task at hand is to explore these bases and to examine how they have served as a source of power for the tannery owners over the course of YCCC's activism. In short, using the Yellow Creek struggle as a case study, this thesis details the primary bases and mechanisms by which corporate power limits the effectiveness of citizen protest around toxics issues.

To begin such an exploration, it is first necessary to discuss and justify the research methods employed. Thus, in

chapter two, the research is described and the relevance and importance of the case study approach is discussed. In chapter three, a brief history of the Yellow Creek struggle is presented. Chapter four consists of a review of the literature which has emerged as relevant to the research question.

As will be shown, the research suggests that corporations derive an enormous amount of power from three interdependent bases, which are treated in chapters five, six and seven. Here I examine first corporate secrecy, the ability of corporations to conceal their ownership, investments and other movements of capital from citizens. The second base explored is capital mobility. Aspects of this base include economic restructuring, the globalization of capital and the effects of the threat and reality of capital flight on communities and community-based environmental groups. The third base to be examined is economic dominance, the power that corporations derive from their positions as employers and as mobile manipulators and accumulators of capital.

The concluding chapter, eight, summarizes the impact of the interaction of these bases on community toxics struggles. Also discussed are the implications of this case study for further academic research, for linking academics with community groups, and for community activism in general.

CHAPTER 2

THE YELLOW CREEK RESEARCH

As mentioned in the introduction, the data used for this thesis were gathered in collaboration with YCCC. As a part of their strategy, YCCC has attempted to gain redress from the corporation for the health problems and other damages which have resulted from the tannery effluent flowing through their community. YCCC believed that the tannery owners had been transferring both personal and corporate assets in an attempt to avoid liability for the effects of the pollution of Yellow Creek. They also had some evidence that the Middlesboro tannery was but one part of a more extensive network of corporations under the same ownership. Thus their research questions, and therefore mine as well, were: How has this transferral of assets occurred? What specifically were these assets and where are they now? How are shifts in corporate structure and ownership involved in this shielding of assets? How does the Middlesboro tannery fit into the broader corporate structure?

The data were gathered from a variety of sources. To begin with, conversations with YCCC members specified the research problems themselves, as well as the actors and corporations involved in the tannery's ownership and operation. I then conducted a survey of corporate guides and directories (including *Million Dollar Directory* and *Ward's*

Business Directory) and business databases (including *Infotrac, F&S Index,* and *ABI/INFORM*). Newspapers, magazines, and industry journals were searched for references to the identified research subjects.

I retrieved public documents from the Secretaries of State in Delaware, Illinois, Kentucky, and New York, including Articles of Incorporation, all relevant amendments filed, annual reports, and UCC (Uniform Commercial Code) filings. I referred to research files and a variety of research guides available at Highlander Research and Education Center in New Market, TN. YCCC's extensive files were also reviewed. These include newspaper articles, correspondence, the minutes of YCCC meetings, depositions of the tannery owners, oral histories, interview transcriptions and research notes.

I searched the County Clerks' records in Bell County, Kentucky and Claiborne County, Tennessee for any and all property owned, mortgages held, and assets transferred by the corporations involved, the tannery owners, and their relatives during a twenty year period (1973-1993). Also, throughout the course of the investigation (Fall 1993 to the present) I have conversed with YCCC members to help determine the meanings of the findings and to identify other sources of information.

The bulk of the findings thus far are summarized by date in Appendix I. Attached as Appendix II is a chart of the

corporate and individual interlocks discovered so far. Unless otherwise cited, the data herein is drawn from conversations with YCCC members and the other secondary sources I have mentioned.

Research Methods

This thesis is a single-case study conducted through field research. Virtually all of the data were gathered by conversing informally with YCCC members, collecting observations in the field and investigating a variety of documents, including public archives. Both the validity and reliability of this data were enhanced by the use of different sources and by following these sources over time. For example, I consulted several different corporate guides for each time period under consideration in order to insure some measure of consistency. In addition, I followed up on YCCC's documents and conversations with its members by attempting to corroborate their suspicions and documentation with other source material. Involving the "subjects" of the research to check information and pose further questions in this manner serves as a powerful check on the validity of the research (Lather, 1986). Additionally, this use of multiple sources of evidence, or triangulation, helps "to deal with the problems of establishing the construct validity and reliability of a case study" (Yin, 1994:90). As Yin goes on

to suggest, however, there are weaknesses in the use of documents, including accessibility, biased selectivity, and reporting bias (1994:80-82).

Document Research

Addressing first the problem of biased selectivity, this research was conducted in a manner specific to YCCC's needs, although I did not eliminate any data on the basis of its being antithetical to their goals. That is, in collaborating with YCCC, I pursued the leads that would contribute most toward answering their research questions. However, because their ultimate aim consisted of finding everything possible concerning the actors involved, selectivity was not an issue.

In gathering all available data, reporting bias ceases to be much of a problem as well. While I do make inferences from the data, I believe that the analyses which follow are well supported by a variety of documentation. In fact, because of the biases inherent in the role of an activist-researcher, I have been particularly diligent in this regard.

The accessibility of documents is certainly a problem, particularly when the research involves a corporate entity capable of keeping vital information out of the public records. There are gaps and inconsistencies in the data, in large part due to currently unavoidable limitations on corporate research. These gaps are caused not by researcher

negligence or selectivity, however, but by the very nature of corporations and the legal status they enjoy. As will be shown, the very existence of these limitations on research is itself a source of corporate power.

The Single-Case Study

As both Yin (1994) and Babbie (1992) indicate, the primary weakness of single-case studies is their generalizability. As I am utilizing an inductive process (with analysis flowing from field research on a single-case study), generalizing from the conclusions becomes problematic. However, I do not attempt to generalize this thesis' primary findings to all community environmental struggles. Rather, the purpose is to identify the interaction of two specific variables in one particular case: corporate power (including the three bases I have identified) and grassroots environmental activism. The analysis of this interaction can then be utilized in generalizing to theory rather than to other case studies (Yin, 1994:37).

Thus, I take the position of Yin that the case study is an important method of investigating and attempting to understand complex social realities (1994:3). The case study's importance lies in both the detail that it generates and in its application toward building "grounded theory" (Babbie, 1992:61). In addition, as Stoecker notes, even the

atypical case "can assist us as an example of an exception to a generalization, therefore transforming and making more accurate general theories" (1991:94).

Therefore, I will use the case of Yellow Creek to examine in detail the role of corporate power in the local conflict. This examination can then be used to begin building a broader, grounded theory concerning the power relationships involved in community toxics struggles. To begin such an exploration, it is first necessary to present an historical overview of the struggle in Middlesboro, Kentucky.

CHAPTER 3

A BRIEF HISTORY OF THE YELLOW CREEK STRUGGLE

Yellow Creek flows for fourteen miles through Bell County, Kentucky, from its headwaters at Fern Lake, just outside the city of Middlesboro, to the Cumberland River. The creek is home to more than a thousand people, many whose families have lived on and worked the same land for three, four or five generations. Since the late 1800s, the creek has often run black, corresponding with the operation of a leather tannery at the outskirts of Middlesboro. In fact, according to local residents, the only periods of relative health for the creek have been when the tannery workers struck and halted production (Staub, 1982).

The tannery has historically been the single largest employer in Middlesboro, generating as many as 450 jobs in the economically vulnerable community (The tannery's position as the dominant employer in Middlesboro has changed of late, however, a point that I will return to). While there were occasional individual protests throughout the first half of the century concerning the color and stench of the polluted creek (see Staub, 1982), the lack of environmental regulations and knowledge about chemical dangers, coupled with the unresponsiveness of local government, quickly stifled what protest did emerge (Cable & Walsh, 1991:116).

However in the mid-1960s, when the tannery was bought by interests from Chicago, the situation began to change dramatically.

The new owners, operating as the Middlesboro Tanning Co. of Delaware, Inc., switched tanning processes in 1965 from the original vegetable-based method to one incorporating a wide array of toxic chemicals, in particular chromium (Merrifield, 1993). The toxic solids were disposed of in a nearby landfill and effluent from the tannery was contained in industrial lagoons, both of which leached directly into the waters of Yellow Creek and often overflowed in periods of heavy rain (Cable & Walsh, 1991:116). Conditions on the creek worsened considerably. Reports of blinding fumes, respiratory problems, unexplained nosebleeds, massive fish kills, and other signs of a major pollution problem began to spring up all along the creek. In addition, the Middlesboro Tanning Co. continued its predecessor's policy of donating sludge from the tanning process to the people of the area for fertilizing their gardens (see Staub, 1982).

In 1970, the tannery signed a thirty year lease with a thirty year option with the city of Middlesboro and Mayor Chester Wolfe to pump effluent into the municipal sewage treatment plant at a greatly reduced cost (Middlesboro Daily News, May 10, 1982). The contract also specified that the tannery be involved in setting all future sewage rates. The tannery's toxic-laden waste decimated the sewage plant,

corroding and clogging the equipment and severely limiting or stopping treatment completely. This damage resulted in the flushing of minimally treated or un-treated toxic sludge directly into the creek. In addition, the NPDES (National Pollution Discharge and Elimination System) permit for the tannery was held by the city, leaving Middlesboro libel for the company's activities. Meanwhile, the tannery continued operating as one of the most profitable leather-processing facilities in the region and some of its owners settled down as prosperous citizens of Middlesboro..

In 1993, even after a period of decline and the closing of one half of the Middlesboro plant, sales for the Middlesboro tannery are listed as 48th largest among the 71 remaining tanneries in the U.S. (*Ward's Business Directory,* 1994). This figure, set at $6 million, is attributed to William Greiner Co., the currently listed operator of the plant. Interestingly, Duns & Bradstreet's *Million Dollar Directory* (1994) lists Greiner's sales at $35.1 million for the same period. Regardless, as will be examined further, the Middlesboro tannery has continued to be a highly productive enterprise throughout the struggle.

The people living along Yellow Creek, however, were far from affluent. They were predominantly working-class families (Cable & Walsh, 1991:114) and, like their counterparts throughout Appalachia, were largely dependent on absentee-owned corporate industry for employment - in this

case a diminishing coal industry and the tannery. Bell County has been a relatively poor area for many years. According to the 1990 census, the per capita income in the county was $7037, as compared to the national average of $14,420 (U.S. Bureau of the Census, 1990). More specifically, the census tract encompassing the Yellow Creek community has been ranked as one of the poorest in the nation, with a per capita income of only $6438 (U.S. Bureau of the Census, 1990). The people of Yellow Creek supplemented their incomes by fishing, hunting, raising animals and growing gardens. This informal economy, as well as the health of the residents, soon became endangered by the tannery's wastes.

The 1970s saw Yellow Creek run black more often than it ever had before. Farm animals and pets died from watering in the creek. Children came down with odd afflictions and incessant nose-bleeds. Various illnesses such as leukemia and kidney disorders began to take lives at a rate alarming to the community's residents. From 1980 to 1994, YCCC has documented over one hundred cases of cancer along the creek. The incidence of birth defects, still-births and miscarriages increased dramatically. People were forced to stay indoors by the burning fumes coming off the creek. Their well water became so contaminated that showering often resulted in rashes.

In July, 1980, a small group of the community's residents formed Yellow Creek Concerned Citizens (YCCC) to

stop the pollution of Yellow Creek. By this time the creek was completely and utterly dead; in YCCC member Gene Hurst's words, it was "an open sewage ditch" (quoted in Staub, 1982).

At first YCCC focused on educating the public and documenting the condition of the creek and the health of their community, however they were soon moved to instigate direct action and political protest due to the complete dismissal of their concerns by local officials (Cable, 1992). The city denied that there was a problem and referred YCCC to the tannery, who, in turn, referred them back to the city.

The daily skirmishes between the city, the tannery, YCCC, and others are enormously complicated and detailed. However, two specific battles over the plight of Yellow Creek deserve mention here. These battles concern the controversy around the sewage treatment plant and the city's sewage rate, and the fight for political power in Middlesboro.

After a full year of pressure by YCCC, in 1981 USEPA and the state of Kentucky insisted that a sewage use ordinance be passed in Middlesboro, including standards for pretreatment and a prohibition of the introduction of damaging substances into the waste stream. Mayor Chester Wolfe refused to say whether he would enforce the new ordinance, however, resulting in YCCC's occupation of city hall in August, 1981. In September of that year, the state imposed a ban on all new sewer connections until action was taken by the city to improve the treatment plant's condition. The Mayor refused to

enforce the ordinance, insisting that enforcement would force the tannery to close.

Finally, after a heated battle between the city and YCCC, plans were laid in 1982, under pressure from USEPA, to either improve or rebuild the treatment facility. However, the costs of such a project laid the groundwork for further conflict. City officials and the tannery owners met privately in May of 1982 to discuss raising the city's sewage rate, with the tannery (citing the 1970 agreement) threatening to close if their rate was increased. Then, in October, the city raised sewer rates for citizens by as much as 600%, while details of the tannery's rate were not immediately released (see *Knoxville Journal*, Nov. 17, 1982). The tannery's rate was increased, but not paid. By 1984, the tannery's overdue sewage payments were over $170,000. The resulting outcry from the citizens of Middlesboro led to widespread protest and, in part, to the formation of a citizens' effort to win seats on the city council.

The "Time For a Change" coalition was formed - a group of citizens, both Republicans and Democrats, who sought to oust the existing council. Conflict between the city government and citizens became more and more heated as the fight over the treatment plant progressed, resulting in a "Time For a Change" victory in November of 1983. The new coalition, including YCCC members and supporters, won a majority of seats on the council and proceeded to challenge

Mayor Wolfe, going as far as calling for his impeachment. This fight for political power was an important one for YCCC's struggle, although its limitations are instructive as well. Despite the new majority's efforts, the people of Yellow Creek still did not receive damages for the tannery's activities, and dumping into the creek continued.

YCCC has ultimately been very successful, however, especially in light of the circumstances and dimensions of the problems they have faced. Since their mobilization in 1980, they have been able to gain a greater voice in local government, to eventually get a new sewage treatment plant built by the city, a water line run to the affected community to bypass contaminated wells, and an improvement in the creek's water quality.

These victories have not come easily, however. YCCC has faced a hostile city government and tannery, the wrath of tannery workers and other citizens turned against them, and the unresponsiveness of state and federal regulatory agencies. They have been both harassed and ignored: barred from "public" hearings and city council meetings, sued by the tannery and the city (for "loss of business" and "defamation of a city," respectively), treated as "ignorant hillbillies" by the Kentucky Department of Natural Resources and Environmental Protection (DNREP) (see Greene, 1984; Staub, 1982) and subjected to the "footdragging" of USEPA (Cable & Walsh, 1991:122). They have lost jobs, been blacklisted in

Bell County, and been denied credit at local banks. Their pets have been poisoned, their children harassed at school, their vehicles' brake lines cut, and, in October of 1981, there were assassination attempts made on three of the most visible YCCC members.

Their struggle took an enormous toll on the time, resources, and health (both physical and mental) of the community. For a core group of forty or so activists (out of a peak membership of 450), the fight to save Yellow Creek became a way of life. Soon the day and night vigilance and lack of substantive results became too much for many of the group. As Hotense Quillen, one of the most active members, put it, "There's no point beating your brains out, day in, day out. These people won't look at you unless you're represented legally" (quoted in Nixon, 1993:42).

So, in May 1983, YCCC filed a $31 million class-action lawsuit against both the city of Middlesboro and the tannery (Nixon, 1993). The suit against the city was settled out of court in 1988 and a consent decree was signed in 1986 by YCCC, USEPA, the tannery, and the city (Cable & Benson, 1993:472). However, in a separate suit filed against the tannery, the tannery owners were able to escape a court appearance through the deployment of a variety of tactics until early 1995. In February of that year, a Laurel County, Kentucky jury decided in YCCC's favor - although the

settlement is still subject to the impending appeals of the owners.

In the meantime, the Middlesboro Tanning Co. has been liquidated in Chapter 11 bankruptcy and replaced first by the Kentucky Leather Co. and more recently by the William Greiner Co. under the same ownership (Laurel Circuit Court, 1993a). YCCC has adopted the role of monitoring the creek's condition, continuing to pressure the state and USEPA to enforce the Clean Water Act and the city's NPDES permit, and pursuing justice in their lawsuit against the tannery and its owners.

There are many important and informative facets of YCCC's now fifteen-year-old struggle which might be explored, including: the numerous problems involved in the EPA and state agencies' interpretations and enforcement of environmental regulations, the weaknesses of environmental law and the limitations and consequences of risk assessment strategies, the relationship between corporations and the state, the role of experts and lawyers in people's struggles, and the active practice of democracy and political education which became such a large part of YCCC's mission and structure.

However, the research I have conducted with YCCC specifically raises a number of important questions concerning the nature of corporate power and its impacts on communities and community-based toxics struggles. Therefore,

section two of this thesis focuses on the power of the corporation by examining the tannery's actions, both local and extra-local, and its interlocks with other corporations as brought to light in the course of the Yellow Creek struggle. Before beginning that exploration, however, it is necessary to review the existing literature so as to situate this case within a theoretical framework.

CHAPTER 4

REVIEW OF THE LITERATURE

Over the past two decades, and especially during the 1980s, two far-reaching trends have emerged to have a major impact on communities: the large-scale globalization of capital and increasing citizen mobilization around community environmental problems. Correspondingly, there has also been a great deal written in academic circles concerning the nature of these developments.

However, the primary focus of this literature has not been inclusive of the interactions between globalization, corporate power and community environmental activism. That is, there are a multitude of works concerning economic restructuring (e.g. Bluestone & Harrison, 1982; Eitzen & Zinn, 1989; Harrison and Bluestone, 1988; Kolko, 1988; Perrucci et. al., 1988)), the political economy of the environment (Humphrey & Buttel, 1992; Schnaiberg, 1980), community power (including Crenson, 1971; Friedland, 1981; Molotch, 1970, 1976) and citizen mobilization around toxics issues (for example, Cable, 1992; Cable & Walsh, 1991; Kroll-Smith & Couch, 1990). But there has been a failure to effectively examine both the corporation as the ultimate source of community environmental conflict *and* the effect of corporate power and mobility on community-based activism.

When corporate power and the environment have been addressed together, it has been primarily through either macro-level analyses (for example, Schnaiberg, 1980) or, in an earlier period, through a geographically limited conception of community power (Molotch, 1970; Crenson, 1971). The result has been that academics have tended to bypass much of the reality that citizens experience when confronting the power, and especially the increasing mobility, of corporate polluters. This thesis is, in part, an attempt to bridge that gap.

Because I seek to determine the relationship between variables not often examined together, the aggregate literature associated with it is mountainous and diverse. The research question demands therefore that the analysis draw upon a number of different streams of literature, not upon any one existing theory. In order that these streams might converge to provide a workable framework for analyzing the data, I will examine those works that have emerged as particularly relevant to the research question.

Environmental Sociology and Social Movements

Environmental sociology has made great strides in including the environment as an integral, and even primary, part of sociological analysis. What began as a well-deserved critique of a dominant paradigm sociology which exempted the

environment from social life (and vice versa), soon developed several radical theories of the political economy of the environment (Humphrey & Buttel, 1986). Allan Schnaiberg's work (1980) represents the most fully realized articulation of a macro-level theory of the society-environment interrelationship.

Greatly oversimplifying his argument, Schnaiberg's primary insight is that the capitalist mode of production is necessarily based upon the expansion of production and economic growth. The resulting "treadmill of production" (pp. 227-229) is driven by "the inherent nature of competition and concentration of capital" (p.230). Thus he shows that monopoly capital, abetted by labor and the state, pursues an unending drive for profits that is the chief source of environmental degradation. The longer the treadmill operates, he argues, the less societies are able to perceive alternatives to it - trapping the capitalist world-system in a cycle of growth and degradation (p.248).

Schnaiberg's insights are important as a backdrop for any analysis of capital and the environment. As thorough and convincing as he is, however, he doesn't bring the full weight of his analysis to the local level. Thus, the task remains to apply the structures and processes he identifies to local expansions of production and environmental problems.

It is at this local level that the social movements literature is especially strong. Over the past two decades, resource mobilization theories have dominated the social movements field (McAdam et al., 1987; Mueller, 1992). Work in this area has centered around the origins and persistence of social movements at the micro-level, with particular reference to the resources required for mobilization to occur. There have also been studies aimed at the role of the state in the development of national movements. However, as McAdam states, "the real action in social movements takes place at some level intermediate between the macro and micro" (1987:729). Therefore most of this work has missed the interaction of community-based organizations with their opponents and the state. More recent work has stayed at the micro-level, attempting to include the social-psychological dimensions of activism (Mueller, 1992). While this is seen as an important step, the micro-macro gap persists.

Community Power

In order to get at an intermediate level of analysis, it will prove more fruitful to revisit some of the developments in the study of community power. The work of Matthew Crenson (1971), Harvey Molotch (1970; 1976; 1993), and Roger Friedland (1981; Friedland & Palmer, 1984) stands out as

providing a framework for examining the interaction of corporate power and grassroots environmental activism.

Crenson's *The Un-Politics of Air Pollution: A Study of Non-Decisionmaking in the Cities* is vital, as in it he probes in detail business' ability to shape local issues, even in the absence of the direct exertion of power. Using a comparative analysis of two case studies, Gary and East Chicago, Indiana, Crenson examines the effect of corporate political power on the emergence of the issue of air pollution. He convincingly argues that "to the extent that it has an identifiable effect on local politics, the reputation for power is itself a form of power" (1971:80). That is, Crenson demonstrates that corporate actors which are perceived as powerful and economically dominant can often shape local agendas by preventing certain topics from emerging.

He goes on to say that "power need not be exercised in order to be effective" (p.177). For example, activists in Gary found that it was U.S. Steel's "evasiveness" that kept air pollution off the local agenda, not their exertion of power (p.76). As Crenson relates, "What U.S. Steel did not do was probably more important to the career of Gary's air pollution issue than what it did do" (p.77). It is this insight that will prove valuable in examining the bases of corporate power.

Molotch's work stands out in two respects: in his examination of the connections between local and extra-local sources of power and the importance of "accident research" (1970), and in the "growth machine" thesis (1976; 1993). In "Oil in Santa Barbara and power in America"(1970), Molotch examines the aftermath of an environmental "accident" - an oil spill off the coast of California. He details the community's response to the spill and draws out the connections which emerge between "Oil, government and the knowledge industry" (p.144).

From this study, Molotch makes two proposals: first that local power is intimately connected to national power, and second, that "accident research" provides insight into these connections - into the "larger structural arrangements which structure the parameters of...local debate" (p.144).

In his 1976 paper, "The city as a growth machine: Toward a political economy of place," Molotch argues that "conditions of community life are largely a consequence of the social, economic, and political forces embodied in...[a] growth machine"(p.309). A growth machine is defined as an elite coalition of business and government whose interests lie in the promotion of economic growth in localities. In fact, Molotch argues that "the very essence of a locality is its operation as a growth machine" (p.310). This conception has two important implications.

The first of these implications is that localities "compete with one another to gain the *preconditions* of growth" (p.312). This results in local government and corporations acting to maintain a "favorable business climate" in order to encourage growth and attract industry. Some of the components of such a climate include taxation favorable to business, a minimization of social conflict, and the maintenance of "competitive" wages and a docile labor force.

A second and related implication is that in order to achieve this kind of climate, the growth machine coalition channels the ideology of growth "into particular kinds of policy decisions" (p.315). This channeling of ideology and mobilization of resources serves to limit what issues emerge on local agendas. In large part this limitation occurs because the growth machine tends to draw like-minded individuals, other businessmen, into local politics (p.317). Thus, Molotch does much to increase our understanding of how and why communities compete for and assist corporate interests, without the necessity of corporate power being exerted overtly.

Friedland and Palmer (1984) draw upon the growth machine thesis, but argue that "the relationship between the growth machine, national corporations, local growth, and political participation may be more complex" (p.402). Therefore, they use the concepts of "economic dominance" and "capacity to

exit" to describe the primary sources of corporate power. They argue that these two sources of power exist beyond the community, yet affect local policy "independently of participation" (p.410). This reconceptualization is important as it expands the idea of local growth coalitions to encompass the impacts of national business interests.

While each of these works has contributed to our understanding of corporate power's influence over communities, none of them take into account the broader issue of the globalization of capital. Of course this omission is not surprising considering that economic restructuring has only received comprehensive treatment in the last decade or so (see for example Bluestone & Harrison, 1982; Kolko, 1988). And, as Braungart (1978) recognizes, the process of globalization has shifted the emphasis of power studies to focus on world power structures and multinational corporations. However, communities are still the loci of the immediate effects of corporate power. I will argue that it is not the abandonment of the study of community power that globalization requires, but its expansion.

Secondly, while Crenson and Molotch use environmental conflict in their case studies, they do not examine in enough detail how corporate power, in the form of non-decisions and growth machines, affects grassroots environmental activism. It is at the convergence of these three issues, corporate power, globalization and local activism, that we might reach

a sufficiently inclusive analysis of the effects and extent of corporate power in communities.

Richard Kazis and Richard Grossman, in their book, *Fear at Work: Job Blackmail, Labor and the Environment* (1991), are the only writers I am aware of that attempt to systematically link these issues. They elaborate the processes by which corporations use the threat of capital flight to control labor and to stifle environmental activism. In their view this domination is achieved through "job blackmail": corporations and their allies' "use of their control over capital and jobs to intimidate those whose interests diverge from their own" (p.xi). Particularly interesting is their discussion of economic power and control of information as used by corporations to shape the agenda of local issues. This exercise of power is used to effectively turn labor against environmental activists, regardless of the realities of their common interests. Their argument is a powerful one, although one that would benefit from further case studies and the incorporation of some of the insights provided in the community power literature.

Synthesis

The remainder of this thesis will attempt to explore further the bases of corporate power and the resulting power relationships between corporations, communities and

grassroots activists. The research suggests that Friedland and Palmer's concepts of "economic dominance" and "capacity to exit" (the latter of which I will expand and term "capital mobility") will prove useful in analyzing the scope of corporate power in communities. To these two bases I add a third - corporate secrecy. As Kazis and Grossman suggest, secrecy is an important by-product of the status of corporations as legal entities. In addition, secrecy can be used as a tool by corporations to help further and protect their interests.

In examining the course of this particular struggle, I will also draw upon Molotch's "growth machine" thesis. This idea will help frame a discussion of the economic dominance of the tannery. I will discuss the competition between communities for industry and the effect this competition and the ideology within which it operates has in terms of bolstering corporate power.

Portions of chapter seven will also refer to Crenson's conception of non-decisionmaking. I will examine not only how the tannery exerted its power in opposition to YCCC, but also how the corporation's power was effective in framing the issues and the terms of the struggle even in the absence of overt action by the tannery's owners. This discussion will also draw upon Kazis and Grossman's work around "job blackmail" and other examples of capital flight and plant closings as they affect local power relationships.

Informed by this literature, the case study of Yellow Creek affords us the opportunity to examine corporate power in a somewhat different light than attempted previously. It allows us to explore local power in terms of the global reach of corporate capital and in terms of the barriers this power presents for citizens' groups. The thesis will thus pose and attempt to answer the following questions: What have been the key elements or bases which contributed to the tannery's power? How has this power furthered the tannery's interests at the expense of YCCC's effectiveness? How has this localized power been connected to the broader economic climate and the tannery's extra-local activities? And, finally, what are the implications of these power bases and relationships for the study of power and for community toxics struggles?

As mentioned in the introduction, I will address these questions by examining first each of the three bases as independently as possible: secrecy in chapter five, mobility in chapter six, and economic dominance in chapter seven. These three chapters will look in detail at the history of the Yellow Creek struggle by extricating some specific situations, incidents and actions which might provide insight into the nature of corporate power. In the concluding chapter, eight, I will step back a bit and summarize the interaction of these power bases as they affect community-based toxics struggles. From this discussion, I will make

suggestions both for further academic research and for grassroots activism.

SECTION II

THE BASES OF CORPORATE POWER

CHAPTER 5

CORPORATE SECRECY

> The corporation is a Frankenstein's monster created by lawyers, politicians, and securities salespeople. ...It is an artificial person, endowed by law with all the legal attributes of a real human being. It can make binding contracts, sue, or be sued in its own name and on its own behalf. ...A corporation is a formidable institution, with a legal existence separate and distinct from the individuals who create it. A corporation can do anything a real human being can do, and most of those things it can do better (Dugger, 1989:9-10).

One of the primary obstacles that YCCC has faced is that of a lack of information concerning the structure, assets and investments of the tannery. This is not an unusual dilemma for a citizens' group confronting a corporation. Corporations are held responsible by the federal and state governments for only limited disclosure of their ownership, assets, investments, and other vital information (see Barnet and Muller, 1974; Mueller, 1973). In fact, it is relatively easy for companies to conceal all but the most basic budgetary statistics, which, in most cases, they self-report. Privately held companies such as those involved in this case need report almost nothing. Therefore, citizens have access to very little data on corporations. What information is available can be difficult to locate and understand. As Bluestone and Harrison put it:

> Few people have the necessary time, access, or money to pierce the veil of secrecy that firms have thrown up

> around their investment transactions. With the federal government unwilling to require companies to disclose the details of their investment activities, direct measurement of all of the many different forms of capital movement is virtually impossible (1982: 27).

This ease of concealment contributes to the power of the corporation in numerous ways. When citizens are kept in the dark about who owns corporations, who makes their decisions, what assets they control, and what other companies fall under their command, their ability to challenge corporate decisions and actions is severely limited. In this way, the legal stature of private ownership and corporate secrecy provides corporations and their owners with an immense source of power (Marger, 1987:112-113). The case of Yellow Creek provides us with many examples of the power of corporate secrecy, including collusion between the city and the tannery, the maze of corporate ownership and decision-making, the tactical shifting of corporate and individual assets to delay and avoid liability, and threats of shutdown and disinvestment. In fact, the tannery's secrecy has shaped the struggle in Middlesboro from its very beginning.

Collusion With the City

The first, and most obvious, examples of secrecy which directly affected the current struggle concern the collaboration of the tannery and elected city officials. In

1970, the owners of the tannery and Middlesboro's city officials privately negotiated a contract concerning the treatment of tannery effluent by Middlesboro's sewage treatment plant (see *Middlesboro Daily News*, May 26, 1982). They signed a thirty year contract with a thirty year option agreeing that the city would accept and treat the tannery's waste at a discounted (though not specified) rate. This contract also stipulated that the tannery be involved in setting any new sewage treatment rates. It was not until the 1980s, when YCCC demonstrated that the sewage plant had been devastated by the tannery effluent and the EPA mandated that it be replaced, that the citizens of Middlesboro knew anything of the 1970 agreement.

In this case, the corporation negotiated with elected city officials behind closed doors to receive what amounted to a public subsidy of private industry. A decision was reached which dramatically affected the city and its residents, but which was kept out of the public eye. Perhaps more disturbing to the citizens of Middlesboro, there is no obvious way to discover what other agreements of this sort have been made without their knowledge. As interviews with ex-tannery employees have shown, the tannery officials met with the mayor and the city council on a regular basis throughout the 1970s at least, with tannery officials even serving on the council (see Staub, 1982). As tannery worker Clarence Turner has noted:

> When you see the Mayor at the tannery every week, something is up. When the owners came in from Chicago, the Mayor would be there every time (quoted in Vahadrian, 1981).

In addition, YCCC's confrontation of the tannery and the city revealed that the city held the NPDES permit for the tannery's waste. This meant that, ultimately, the city was responsible for any violations of environmental regulations, not the corporation. Again, this information was not made public until YCCC forced the issue to emerge. The city was, in effect, subsidizing any regulatory repercussions, including fines, that the tannery's activities might cause. This situation had serious ramifications for the city and its citizens during the sewage treatment controversy of the 1980s (see Chapter 3), bringing responsibility for the costs of industry's violations onto the city's taxpayers. [These aspects of secrecy are directly related to the ability of economically dominant industries to extract concessions from local governments, which I will discuss in Chapter 7.]

The Corporate Maze

Other aspects of secrecy in this case involve the structure and ownership of corporations. Whereas the public perception was that the tannery was a small, locally operated company, the reality has proven to be much different. The research has shown the Middlesboro Tanning Co. to be but one

arm of a rather expansive leather tanning network, owned and controlled by two families: the Andersons and the Weinsteins. This misperception by the community was very important in the course of the struggle, and proved to be a vital source of power for the tannery, as I will demonstrate.

Corporate interlocks, in the form of intercorporate stockholding by families,

> allow for the coordinated activity of two or more corporations, carried on in the overarching interest of the capitalist family that controls the corporation (Mintz and Schwartz, 1987:17).

While there has been much debate of late over the extent to which stockholders can shape corporate policy (see Schwartz, 1987; Useem, 1993), the case of the tannery presents no such dilemma. The two families that own the corporations in this network double as their directors. This interlocking ownership and control is a prime example of what Palmer calls a "kinecon group" (1987:60), or a tightly-knit, kin-based economic group.

The Anderson/Weinstein kinecon group owned and controlled at least six corporations involved in leather tanning and sales during the 1970s and 1980s - all of which were explicitly connected through directorships and business transactions (see Appendices). These companies included four tanneries (Middlesboro Tanning Co. of Delaware, Inc., Kentucky Leather Co., Inc., Parsons Tanning Co., Inc., and Virginia Oak Tannery, Inc.) and three suppliers/sales

companies (William Greiner Co., Inc., Greiner Corporation International, and Held and Co., Inc.). Although the extent of inter-corporate coordination is not entirely visible from outside the corporate bloc, the existence of such a network raises the possibility that the entire tanning process, from purchasing raw hides, through tanning and finishing, to the marketing of the finished leather, was under the direct control of the two families. Information regarding the specific activities of this network is not publicly available. However, we can gain important insights into their coordination from depositions of the owners which were taken in 1993 in Laurel Circuit Court, Kentucky, in conjunction with YCCC's lawsuit against the tannery.

These corporations are private. The only information regarding their ownership was gathered through obtaining Articles of Incorporation and, most importantly, through depositions taken in Laurel Circuit Court during 1993 and 1994. Articles of Incorporation are filed with the state in which incorporation is applied for, not necessarily in the states in which the actual industries operate. Therefore, they are difficult to access without prior information as to the origins of the companies involved. Access to this and other information was gained largely through the attachment of the individual owners to YCCC's lawsuit against the Middlesboro Tanning Co. This victory was a rare one in the context of citizen's battles with corporate polluters. It is

far more typical for information regarding the ownership and incorporation of private companies to remain hidden from citizens. These depositions are remarkable therefore, both for their rarity, and for the insight they offer into the complexities of intercorporate ownership and control.

During the past decade, Greiner International purchased raw hides from Argentina (Cidec, Inc.) for William Greiner Co., which then contracted the tanning process to Middlesboro Tanning Co. and Kentucky Leather Co. The finished product was then marketed to various buyers. The depositions suggest that there have been no firm lines drawn between the corporations and their decision-making, although various corporate directories (including various editions of *Million Dollar Directory* and *Ward's Business Directory*) list distinct, individually-held, positions within each firm. When examined over time, these directories demonstrate that the individual owners often changed positions within and between companies, while the corporations themselves remained distinct entities "on the books" (see Appendix II). This rotation of officials, in conjunction with the owners' depositions, begins to show that decision-making within the corporate bloc was not consistently subdivided by firm, but rather by individual. However, the information here is limited. When pressed by YCCC's lawyers about contradictions in the various testimonies, owner Herbert Weinstein would only state, "There is no fancy structure about officers" (Laurel Circuit Court,

1993). In fact, the structure has been enormously complicated.

To use Mr. Weinstein as an example, for a period in the 1980s he was identified as president, director, and half-owner of William Greiner Co. (and of its subsidiary, Kentucky Leather), and as director and part-owner of Middlesboro Tanning Co. (see Appendices). In his deposition, he described William Greiner Co.'s operations at this time, specifying that it purchased "raw materials such as hides, arranged to have those hides processed into leather [through Middlesboro Tanning Co. and Kentucky Leather Co.] and marketed the leather in general trade" (Laurel Circuit Court, 1993). Later in the deposition he stated that his duties as director of the Middlesboro Tanning Co. during the same period entailed obtaining loans and credit from suppliers and purchasing hides. Although it is by no means clear whether he was directing transactions which were in violation of anti-trust regulations (too much of the corporate bloc's "internal" activities are still inaccessible), there are numerous implications of this coordination for the present study. [For a chart of all the corporate interlocks uncovered thus far, see Appendix II.]

Perhaps most importantly, this information demonstrates that much of the corporations' activities have taken place outside of Middlesboro. Thus far the corporations' investments have been shown to extend from Kentucky to

Chicago, from Texas to New York, and from the Netherlands to Argentina. This information reveals that YCCC has been fighting only one arm of a much broader network. Whereas the citizens have confronted the tannery locally, the corporate bloc consists of a variety of extra-local businesses and is involved in truly global transactions which have remained hidden during most of the struggle. This information gap has influenced the entire course of the confrontation. With regard to the issue of secrecy, it has helped shape the course of YCCC's litigation against the tannery, in particular due the owners' ability to avoid and delay legal proceedings.

Tactical Shifts of Assets: Bankruptcy as a Strategy

As YCCC pushed their cause forward, filing the suit against the tannery in 1984, the tannery owners began to shift their personal investments away from Middlesboro and Bell County. A search of the Bell County courthouse records reveals a flurry of real estate transactions beginning in 1984 and resulting in the nearly complete personal disinvestment of the owners from the area by the early 1990s. They sold or otherwise transferred property to friends and relatives, as well as to other parts of the corporate bloc (see Appendix I). From YCCC's perspective, these shifts of assets by the owners appeared to be rather obvious attempts

to hide their assets and thereby limit the extent of their liability to the people of Yellow Creek. In addition, as I will more fully describe, this disinvestment facilitated the owners' attempts to file for bankruptcy individually during the course of the lawsuit.

YCCC also suspected that the owners had done much the same on the corporate level. The diversity and coordination of the corporate bloc has been such that it would be relatively easy to shift investments from company to company and thus avoid the liability of any particular firm.

It has long been an effective strategy of corporations to shift their structure and or ownership to evade challenges by citizens or to avoid unfavorable labor contracts. In this case, for example, at one point during the 1970s Middlesboro Tanning Co. operated the sole leather production facility at the Middlesboro tannery and Kentucky Leather ran the side leather facility. While Middlesboro Tanning was under a contract with the UFCW local, Kentucky Leather refused to negotiate with a local forming in its part of the tannery. To avoid a strike, Kentucky Leather closed shop and turned operations over to Middlesboro Tanning, which continued production minus the new local. Of course, the owners were the same for both companies - they avoided unionization by simply changing the name on the gate while production (and profits) continued unabated.

There is evidence that much the same occurred during the tannery's battle with YCCC. This shifting of assets is intimately related to the power that secrecy through bankruptcy can give a corporation or, in this case, a network of corporations. The Middlesboro Tanning Co., the only corporation named in YCCC's suit, filed for bankruptcy twice (both Chapter 9 and Chapter 11) during the late 1980s. In so doing, they were able to avoid liability for their pollution of Yellow Creek and the debt to the city they had incurred for failure to pay the tannery's sewage bills. Kentucky Leather (and later William Greiner Co.) took over the Middlesboro plant in 1986, continuing production uninterrupted. Workers were laid off, Greiner reinvested in a new plant in Argentina, and production at the side leather facility continued uninterrupted. These shifts were beneficial from the owners' perspective in at least three respects: they left the union without a contract, they turned the workers and the community even more stridently against YCCC (a point I will return to), and they delayed YCCC's litigation.

YCCC had sued the Middlesboro Tanning Co. With the company's bankruptcy it appeared that the lawsuit was dead. Only after years of pressure were they able, in 1993, to attach the owners to the suit. Thus, with every shift in structure comes a new adversary for both unions and community activists. A central facet of corporate power is then the

diversity and coordination that they command both outside the community and, perhaps more importantly, out of the sight of the community. Such a corporate bloc can alter its structure and shift its assets secretly (at least from the community's perspective), thereby avoiding liability to the communities in which they operate.

Because of the lack of public disclosure of corporate investments, bankruptcy can be manipulated. As Delaney notes,

> ...the movement of assets from the bankrupt unit to units outside of bankruptcy can both legitimate a claim to bankruptcy and reduce the assets available to those looking to enforce claims against the firm (1994:506).

Corporate networks can mold their financial figures and conceal their transfers of assets in such a way as to give the appearance of bankruptcy and disguise the financial health of the network as a whole (see Delaney, 1994). These internal shifts of assets can be virtually invisible to citizens without access to the various companies' books.

In the case of the tannery, there is no *conclusive* evidence of this occurring. However, in May of 1989, two months after Middlesboro Tanning Co.'s Chapter 11 bankruptcy filing, a finance company in Chicago sent a letter to Herbert Weinstein (a copy of which YCCC obtained). In it, the finance company threatened to cut off corporate credit unless Middlesboro Tanning ceased transferring assets to William Greiner Co.. While such behavior might be construed as a breach of bankruptcy protocol, YCCC could not prove that it

had occurred without access to the companies' private records. Importantly, though, if one examines the sales figures during this period, there appears to be no loss of business *if the entire corporate bloc is considered* (see Appendix I). For example, although Middlesboro Tanning reported no sales for 1989, Greiner International reported $22 million in sales, an increase of $4 million over the previous year. In addition, Kentucky Leather and William Greiner Co., owned by the same two families, took over operations at the Middlesboro plant. Even these figures were self-reported. There is no way to determine the actual profits that the bloc earned during this period. What is important here, however, is that, although Middlesboro Tanning had achieved the appearance of bankruptcy, the same owners continued to operate the same plant.

Although admittedly weak, the evidence does suggest that the tannery owners manipulated the appearance of their financial status to avoid liability to the people of Yellow Creek, thereby manipulating the very terms of the struggle itself. They have filed for bankruptcy on both the corporate level and the individual level, creating the legal and public perception that YCCC's activism has driven them to insolvency. However, the companies they own have continued to be productive and, one might assume, profitable. Bankruptcy has allowed them to delay the lawsuit for an extended period

(from 1986 to January, 1995) - a very effective tactic when facing a citizens' group with limited resources.

According to YCCC members, bankruptcy has allowed the owners to dismiss their lawyers, claiming they could not afford to retain them. The tannery officials have released lawyers (or the lawyers themselves have quit) one by one each time the case has been scheduled to be heard, postponing an appearance in court. In addition, the owners have physically dispersed, filing for bankruptcy individually in Chicago and Florida and therefore making it extremely difficult for YCCC to challenge the proceedings. For a period of almost nine years (1986 - 1995) the suit did not reach the courtroom due to either a failure of the owners to retain their lawyers or to corporate and individual bankruptcies. These tactics have depended upon the secrecy of the corporation and its financial activities to be successful.

The secrecy of the corporation has other impacts, particularly in regard to corporate avoidance of compliance with environmental regulations. As Kazis and Grossman (1991) discuss, secrecy limits citizens' ability to challenge corporate threats of closure and flight due to environmental restrictions. Throughout the struggle, the tannery has claimed that it could not afford to comply with environmental regulations. Both the owners and the city officials have used this claim to sway the terms of the debate. From the outset the tannery threatened to close if YCCC continued their

activism, and the city and the tannery persistently placed the blame for any resulting loss of jobs on YCCC (see Appendix I). Such threats of flight and manipulations of public perception through the framing of a "jobs versus the environment" argument are components of what Kazis and Grossman term "job blackmail" (1991). It is at this level that the power of secrecy becomes intertwined with the power corporations derive from the mobility of capital.

CHAPTER 6

CAPITAL MOBILITY

> Corporate capital, the creature of community, has risen above the community and acquired the power to condemn it (Lustig, 1989:256).

As several writers have pointed out, there is a fundamental contradiction between capital and community (see Bluestone and Harrison, 1982; Green, 1973; Hathaway, 1993; Lustig, 1989). The imperatives of capital are profit, change and expansion, whereas communities are grounded in tradition, personal relationships and security. This contradiction has hung ominously over all of capitalist history and has only occasionally been brought to the fore in the course of people's struggles.

The owners and controllers of capital operate in the pursuit of profit and make decisions concerning jobs, wages, investments and the location of productive facilities with this profit imperative in mind. As we have seen, to a large degree these decisions are made in private, out of the sight of workers, citizens and communities. For non-capitalists, these decisions affect virtually every aspect of life - including what jobs are available, for what wages, and in what locations. They affect the well-being of communities and cities - their tax base, their infrastructure, and their economic and environmental health. In these days, capital can be invested or disinvested with relative ease. As new

opportunities arise in new locales for greater profit margins, whether due to lower wages, less stringent (or less stridently enforced) environmental standards, or more generous public subsidies, the owners of capital are free to pursue them. It is also often beneficial for firms to invest in foreign subsidiaries because such shifts can increase access to markets inaccessible from U.S. production facilities (Bluestone and Harrison, 1988:31).

In addition, there is a greater technological ease and geographic scope to such movements than ever before. People, as workers, property owners and citizens in communities, cannot move nearly as easily, nor do many wish to leave the communities in which they have invested their lives and the lives of their families. As William K. Tabb writes, with increased globalization,

> ...capital has increased its bargaining power against workers who have ties of family, homeownership, and to local communities and nation-states (1989:271).

Out of the deepening of this contradiction, the mobility of capital has become an immense source of power for corporations, as well as an equally immense source of powerlessness for citizens and communities.

For corporations, capital flight has always been a tool for shaping a docile workforce and a cooperative community, but it has only recently become, "from management's perspective, a *necessary* strategy, and from a technological perspective, a *feasible* one" (Bluestone and Harrison,

1982:16). As Robert Dahl observed as early as 1961,

> Probably the most effective political action an employer can take is to depart from the community, thus removing his payroll and leaving behind a pocket of unemployed families. If the threat is interpreted seriously, political leaders are likely to make frantic attempts to make the local situation more attractive (1961:250).

In the case of Yellow Creek, the mobility of capital has contributed to the power of the tannery owners in a number of ways. Most importantly, the owners and the city officials have used the threat of plant closing to sway public debate and opinion regarding YCCC's concerns. Because of the secrecy under which locational and investment decisions are made by capitalists, YCCC has been unable to effectively counter these threats. Thus, the tannery owners have been able to structure a "jobs versus the environment" argument - perpetrating a form of economic blackmail against the city of Middlesboro and its residents. In addition, when YCCC began to turn the tide of the struggle, the owners ultimately did disinvest from the Middlesboro tannery, closing one half of the local tannery and shifting production to Argentina. Thus, the mobility of capital gives corporations the power to both set the terms of public debate and to flee effective action against them. This chapter will address these elements of corporate power in the context of global economic restructuring and related trends in the international tanning industry.

Economic Restructuring and Deindustrialization

There has been a major restructuring of the U.S. and world economies over the past two decades or so. The rise of the multinational corporation in the 1960s and 1970s and the increasing technological ease of shifting investments have expanded the reach of capital to unprecedented extremes. These developments have been accompanied in the U.S. by a number of important trends, perhaps the most pervasive being a broad shift from an economy based on manufacturing to one based on information and services (Eitzen and Zinn, 1989). Capital has been shifted away from the domestic production of goods and toward mergers and foreign investment. The resulting decline in manufacturing jobs has greatly altered the tenor of the U.S. economy and the fortunes of North American workers. The relatively well paid industrial worker of earlier decades has arrived in the 1980s and 1990s to be faced with lay-offs and plant closings. More and more often these displaced workers are faced with either unemployment or work in the low-paying, and often short term and part-time, service sector. Bluestone and Harrison have termed this process of restructuring through shifts in investments, "deindustrialization", or the "widespread, systematic disinvestment in the nation's basic productive capacity" (1982:6). As McEwan and Tabb note, restructuring has not only shifted the balance of power between capital and labor:

> ...the balance of power in struggles over issues of the environment, workplace safety, taxation, and, indeed, the whole gamut of economic issues, has been altered...(1989:39).

Capital Flight

The major investment strategy for business within (and contributing to) this restructuring process is capital flight. Capital flight is the disinvestment and subsequent reinvestment of capital by owners. It can involve shifting investments through mergers and speculation, through relocations within the U.S., or through reinvesting in production sites outside the U.S. (Eitzen and Zinn, 1989:4). Regardless of which specific strategy is employed, capital flight entails the disinvestment of capital from some community.

Flight is perpetrated by owners in order to increase profits, whether through buy-outs of (and mergers with) other companies, or in pursuit of lower taxes and tariffs, lower transport costs, lower wage levels, a lack of unionization, or more lax environmental and workplace safety laws. Disinvestment can be devastating to the communities left behind. Capital flight creates not only higher unemployment for these communities, but also a decline in property values and in an area's tax base - affecting among other things the quality of local roads, schools, hospitals and housing. The

withdrawal of capital by its owners can decimate the lives of the local people, particularly in communities where one industry is dominant.

I will address the importance of local economic dominance and specific locational decisions by capitalists in the next chapter. However, for our immediate purposes, the method or destination of capital flight is not as vital as the power that corporations derive from it. Specifically at issue here is the power differential between corporations and citizens which is created by business' ability to disinvest from communities. That is, regardless of whether capital is reinvested in another region, another country, or another company, the realities of capital's withdrawal from a community are the same. The ability to disinvest, to shift or eliminate productive facilities and jobs, to move capital in the pursuit of profit, contributes enormously to the power of corporations over communities and their citizenry. It is the contention here as well that, because of the realities of disinvestment, the threat of flight can be just as powerful as its implementation. As Barnet and Muller have noted, when corporations,

> threaten to pull up stakes or collapse if the government deals with them too harshly, their threats are effective political weapons (1974:257).

While much has been written concerning the impact of capital mobility on an international, national and regional scale,

there has been very little work done at the community level. Our interest here is to examine the impact of both capital flight and its threat on a particular community.

The Threat of Flight

The mobility of capital has had severe consequences for YCCC's struggle against the tannery. The city's response, and especially that of Mayor Wolfe, to the concerns expressed by YCCC regarding the health of Yellow Creek was from the beginning explicitly pro-tannery. The tannery owners, the Mayor and most of the city council consistently dismissed YCCC's claims as patently false, even going so far as to accuse them of being a bunch of disgruntled ex-tannery workers out to close the plant. This behavior continued despite growing evidence as to the extent of the poisoning. The Mayor and portions of the council belligerently defended the tannery's position even in the face of the YCCC lawsuit and USEPA investigations and compliance orders. From the outset, the tannery owners had threatened to close and relocate the Middlesboro plant if they were to be held responsible in any way for the damages incurred by the tannery effluent. In fact, this threat was by far the predominant response of both the tannery and the city to YCCC's claims concerning the pollution of Yellow Creek.

Perhaps most interesting is the fact that the owners of the tannery rarely raised the spectre of plant closing explicitly. A review of newspaper reports during the early stages of YCCC's activism shows that it was the Mayor and the city council that most often used the threat of plant closing to respond to YCCC's charges. To cite a few examples:

> ...without the extra income generated by the [sewage] rate hike, the Tannery would be required to build extensive pretreatment facilities (as suggested by the USEPA). Due to the prohibitive costs, the Tannery would have to close, thereby making another problem of unemployment (editorial by City Councilman Philip Ball, Middlesboro Daily News, Thursday, October 21, 1982).

> I would hate to see them move - that's 450 good jobs we got. I don't know where they'd get jobs (Mayor Chester Wolfe, quoted in the Knoxville Journal, Wednesday, November 17, 1982).

> I think we're rapidly coming to the point where the Middlesboro Tanning Co. says, 'I'm sorry. I can't afford this. Goodbye.' (City Councilman Roy Wilder, quoted in the Lexington Courier-Journal, Saturday, November 20, 1982).

> They're [YCCC] doing everything humanly possible to get the tannery closed. I'm doing everything humanly possible to keep it open (Mayor Chester Wolfe, quoted in the Lexington Herald, January 28, 1983).

Again, very rarely did the tannery officials make this threat themselves in the early stages of the struggle. However, when the combined weight of YCCC and USEPA caused the city to consider raising the tannery's sewage rate, the owners began to give voice to the threat on occasion:

> We don't have the money [to pay increased rates]; and if we are forced to, we'll have to get out (Herbert Weinstein, quoted in the Middlesboro Daily News, Friday, May 28, 1982).

Although it is impossible to know whether the city officials were acting in response to direct negotiations with the tannery owners or out of their own assessment of the situation, it is revealing that only when the city's interests began to diverge from those of the tannery did the owners choose to speak out. This point will be discussed in the next chapter.

The key here is that these threats, regardless of their origins, had an enormous impact on the Yellow Creek struggle. They had the effect of turning a large portion of Middlesboro's citizens, as well as the tannery workers, against YCCC. Even a cursory review of letters to the editor of the Middlesboro paper (especially during 1980-1986) reveals a dominant theme - one of denial of the problem for fear of the tannery's closure. There were other, more "official" statements of such a position. The Middlesboro Chamber of Commerce took out a full page ad in the paper in support of the tannery (*Middlesboro Daily News*, Monday, October 4, 1982). On October 19, 1981, Mayor Wolfe placed two full page campaign ads in the *Middlesboro Daily News* charging YCCC with:

> ...sewer hook-ups being stopped, the possibility of the tannery being closed, the new shopping mall being jeopardized and causing additional tax-payers money to be spent.

One week later, tannery workers Local 227 (UFCW/AFL-CIO) took

out a full page denunciation of YCCC and "Time for a Change" mayoral candidate Ben Carter in *Middlesboro Daily News*.

In addition to these published responses, there were many more dramatic effects of the community's antagonism toward YCCC. The children of YCCC members began to experience repercussions such as harassment at school - for example, the son of YCCC's president was abruptly kicked off the high school football team. YCCC members began to find it difficult if not impossible to get jobs or bank loans in the city. They found themselves isolated from neighbors and friends.

There is also a striking association between the threats of closure and violence against YCCC members. On October 7, 1981, Mayor Wolfe announced in the Middlesboro Daily News that "if the [new sewage] ordinance were enforced the result would be the closure of the tannery". Five days later, a shotgun blast shattered the windshield of a vehicle carrying two of YCCC's leaders. YCCC members also reported being followed as they drove through the city and the surrounding area. Harassing phone calls became a part of life for the activists. In 1983, when YCCC threatened to sue the city and tannery, YCCC president Larry Wilson returned home to find that his family's dog had been poisoned.

Thus, the aura and reality of violence in Middlesboro appears to have been a direct result of the city and tannery owners' threats of flight and plant closure. Although ultimately unsuccessful, these threats served to control the

shape of the struggle for many years by artificially pitting YCCC against not the pollution of the tannery with which they were in fact solely concerned, but against the very livelihood of the city and its residents. YCCC repeatedly made clear through public statements and regular contributions to the newspaper that they were not trying to close the tannery, but rather attempting to simply stop the poisoning of the creek and the families that lived alongside it. However, the tannery's position clearly prevailed in the minds of a great number of Middlesboro's citizens. This occurrence is, I think, a central testament to the power of capital mobility.

At the time, the tannery was the major employer in Bell County. It is likely that any loss of jobs would be perceived as detrimental by the community, and the possibility of losing any jobs must have weighed very heavily in the minds of the people of Middlesboro. However, the possibility that Middlesboro might have both employment and environmental health was effectively excluded from the debate. That is, through the manipulation of public perception - toward the view that the tannery had the ability and the prerogative to close the plant and reinvest elsewhere - the tannery owners were able to keep Middlesboro's best option (jobs and health) "off the table". Thus, largely because of the mobility of capital, the owners were able to limit the community's choice to either jobs or the environment. As owner Herbert Weinstein

succinctly put it, "What does the public want - jobs or a few dead fish?" (quoted in Greene, 1984).

An important question arises out of this framing of the issue: what exactly was the tannery's role in manipulating the terms of the debate? That is, did the owners need to play an active role in asserting the threat of flight, or are the realities of capital mobility such that power did not need to be exercised in order to be effective? The answer to this question is not an obvious one, but it is central to ascertaining the nature of corporate power in this case. I will return to this dilemma in the chapters which follow.

The Intersection of Secrecy and Mobility

An important factor in the success of threats of plant closure is the inability of citizens to counter corporate claims with evidence to the contrary. Because of the secrecy under which corporate transactions and decisions are made, the public is kept unaware of the real motives behind corporate investment decisions. Without access to firms' financial records, there is no easy way to determine if companies are willing and/or able to make good on threats of disinvestment. In the absence of such evidence, citizens are forced to take seriously corporate threats of this nature, even if they suspect that the threats are indeed idle ones. In other words, unions, community groups and local officials

have little means to determine whether a corporation is faced with the insolvency they might claim, or whether the firm is simply attempting to use extortion to increase or maintain their profit margin.

With citizens unable to effectively counter corporate claims of victimization and insolvency, they are therefore unable to effectively challenge the rhetoric of "jobs versus the environment" (see Kazis and Grossman, 1991, especially Chapter 4). One of the most glaring omissions in the public debate has been the fact that the majority of workers in the Middlesboro tannery were not from the community or even from Bell County - they were commuters from adjacent Lee County, Virginia and Claiborne County, Tennessee (Cable, 1993). This fact was overlooked in the course of the framing of the issues and overshadowed by the constant threats of plant closure.

In this case, YCCC was never able to muster the evidence necessary to counter the owners' claims that they could not afford measures to reduce the pollution of Yellow Creek. This part of the information gap between the tannery and YCCC allowed threats of flight to go largely uncontested. Therefore the secrecy of the corporation, combined with the mobility of capital, made the owners' claims of economic limits and threats of plant closure extremely powerful.

However, there exists a still greater (and perhaps obvious) power inherent in the bases of secrecy and mobility

- a corporation *can* ultimately disinvest in a community. Regardless of the reasons provided for flight, firms can shift capital and production - it is their decision, not the community's. The assumed prerogative of corporate interests to pursue profit through capital flight has very real consequences for abandoned communities. And, in fact, a tannery in nearby West Virginia had, in the mid-1970s, closed due to a virtually identical problem of toxic effluent being pumped into the municipal sewage treatment plant. Robert Anderson was then president of Parsons Tanning in Parsons, West Virginia, as well as part owner of the plant in Middlesboro. He closed the Parsons tannery in 1975 to avoid paying the industrial share of the cost of a new sewage treatment facility, leaving behind unemployed workers and fifteen overflowing lagoons of toxic sludge. Such consequences of capital flight are very real, but the motives of the owners are rarely exposed as the root cause of plant closures. Extra-local business ties, capital mobility and corporate secrecy enable the owners of capital to shroud their drive for profit behind a veil of economic necessity.

There are many possible motives for capital flight, as discussed earlier. However, one by-product of flight that I have not mentioned is that corporations can abandon a community and therefore leave behind any organized resistance to their activities. This extra benefit of capital flight (from the capitalists' perspective) is more often associated

with the avoidance of strong unions than of community toxics campaigns. However, in both scenarios the result is the same - corporations have the power to abandon any organized popular resistance to the dominance of capital. As Rothstein has written:

> There is a flight, and threat of flight, of capital from the cities, regions, and nations were democratic and participatory political organization is strong or growing and raises demands that threaten the needs of capital.... The multinationalization of production, the closings and transfers of operations... figure significantly in the strategy of business for escaping democratic countermobilization (1986:178-179).

In Middlesboro, the owners did shut down half of the plant and shift these productive assets to a plant in Argentina. They blamed the resulting lay-offs wholly on YCCC. Following the plant closing, a march was held down Middlesboro's main thoroughfare, consisting of laid off tannery workers and other citizens denouncing YCCC as the creators of their plight. A state inspector later told YCCC that he had overheard the tannery owners laughing and joking following the march. He reported that they were amused that they had successfully pinned the plant closure on YCCC, when they had shifted production primarily to take advantage of the absence of certain tariffs when exporting from Argentina. They reportedly were moving production closer to the source of cheaper raw leather and were intent on using Argentina as a point from which they could legally (and more profitably) supply the Iraqi military with boot leather. Although this

anecdote is certainly unacceptable as substantive proof here, it does point to the possibilities of corporate manipulation of the rationale behind closing the plant.

An interesting sidenote to this story is that the closed portion of the tannery burned in late 1989 (see *Middlesboro Daily News*, November 4, 1989). YCCC member Gene Hurst had accompanied state inspectors to the tannery earlier that year and reported that the sole leather plant's power was shut off and a pile of anthrax-infested hides from South America were piled in the floor. Shortly thereafter, the five buildings in which the sole leather operation had been concentrated burned. The cause was reported as an electrical problem.

The research done for this thesis has been, in large part, an attempt to bridge the gap between public awareness and corporate realities. While important pieces of the puzzle remain missing, it is informative to look at the Middlesboro tannery's place in the larger tanning industry. Through such an exploration there emerge vital clues as to the validity of the owners' claims and threats and to some of the realities of capital mobility.

The Tanning Industry

YCCC has long contested the tannery's claims that they could not afford to comply with environmental standards in Middlesboro. They have also asserted that the owners' threats

of plant closure were nothing short of economic blackmail (see *Middlesboro Daily News*, Saturday, January 15, 1983). In order to gain a better understanding of the realities of the tannery's position, it is necessary to look at the international tanning industry as a whole. The primary question to be addressed is whether the threatened closure of the tannery was due to YCCC's activism, as the owners claimed, or due to the structure of the broader leather market and, therefore, to more basic economic decisions by the owners.

The tanning industry in the United States has been in decline since the early 1970s or so. In 1972, there were 517 tanneries in the U.S., employing 26,000 workers. By 1987, these totals had fallen to 308 tanneries employing only 15,000 workers (U.S. Bureau of the Census, 1992; International Labour Organisation, 1992a:17). By 1990, 3000 more jobs had been lost. As of 1992, only 110 tanneries were still operating in the U.S. (U.S. Department of Commerce, 1993:33-2). However, from 1982 to 1990, the total value of shipments in the U.S. tanning industry had risen from $1.8 billion to $2.4 billion (U.S. Bureau of the Census, 1992). These figures indicate that the tanning industry has been very much involved in the broader process of economic restructuring during the 1970s and 1980s. They suggest that tanneries in the U.S. have been consolidated - reducing total employment and number of plants through mergers, take-

overs, sub-contracting, and productivity gains (including technological advances) while maintaining increasing sales (see International Labour Organisation, 1979:27).

A large portion of this restructuring process has involved investments by U.S. firms in foreign plants and companies. While there are few truly multinational tanning companies, there is a great deal of sub-contracting of the most labor-intensive processes to plants in the low-wage, developing nations (ILO, 1992a:24). In addition to wage levels, firms also merged and shifted investment southward as a response to environmental legislation and enforcement in the industrialized North (ILO, 1992b:7). As early as 1973, the United Nations Industrial Development Organization was encouraging such production shifts, citing the benefits of cheap labor and raw materials (UNIDO, 1972). In 1974, the U.N. Conference on Trade and Development and the FAO reported that a shift in leather processing from the developed nations to developing nations was both "desirable and necessary" in order to realize a gain in the world economy (U.S. Department of Commerce, 1975:236-237).

As a result, in the 1990s, the remaining U.S. tanneries are predominantly highly specialized, technologically advanced, and closely coordinated segments of a complex international market. The more labor intensive and environmentally hazardous operations have, for the most part, been sub-contracted or otherwise shifted to the Third World.

As the ILO reports,

> While tanning declined in the industrialised world, developing countries have built large tanning capacities in order to benefit from their competitive advantages. These include considerable raw material supply, cheap labour and sometimes less stringent or inadequately enforced environmental protection standards than in industrialised countries (ILO,1992a:18).

In addition, there have been numerous reports from workers' organizations in developing nations of increasing cases of toxic exposure, child labor, unregulated "clandestine" facilities and extremely low wages due to this shift (ILO, 1992a:42-43).

Overall, then, the Third World's share of leather production has increased with the relocation of plants from industrialized nations, including the U.S.. This movement has resulted in "numerous plant closings and significant job losses" in the North (ILO, 1992a:42). Thus, the continuing profits of the remaining U.S. tanneries have depended upon moving labor-intensive and highly toxic processes to the Third World.

In this context, it is not surprising that the part of production in the Middlesboro plant which matched these characteristics (the sole leather facility) was relocated to Argentina. In 1975, the U.S. Department of Commerce had advised that, "Basic economic facts make processing hides at the source rather than transporting them in the raw state seem obvious" (U.S. Department of Commerce, 1975:237). By the late 1980s, Argentina was the number one exporter of hides to

the U.S. (U.S. Department of Commerce, 1993:33-2). In large part, this development was due to pressure by the Tanner's Council of America and their late 1970s campaign to end an Argentinean export embargo. Incidentally, the embargo's end, in 1979, was the first successful attempt by the U.S. to negotiate access to another nation's raw materials (U.S. Department of Commerce, 1980:382).

In this light, the Middlesboro shutdown may be seen as a piece of a much broader pattern of restructuring in the tanning industry. While certainly (as cited above) domestic environmental regulations have served as a stimulus for these relocations, access to cheap labor and raw materials have been equally important factors in disinvestment. In addition, the structure of global capitalism increasingly demands that capitalists take steps such as restructuring in order to compete and survive in the global economy. There is no way to ascertain the owners' precise motives for the Middlesboro shutdown. However, this broader context of industrial restructuring does demonstrate that there are numerous corporate advantages to shifting domestic production to the Third World. The owners' threats of flight from Middlesboro were therefore valid, albeit for a number of different reasons. But, YCCC was only attempting to instigate the enforcement of laws that had been in effect for some years, and that the tanning industry had acknowledged as factors contributing to the benefits of disinvestment since the

1970s. In other words, the tannery owners were undoubtedly aware that the Middlesboro plant was in violation of U.S. environmental standards. And, in the context of trends in the industry as a whole, it would only be a matter of time before they would be forced to shift portions of their production Southward, whether due to environmental regulations or to labor and raw materials costs, *even if YCCC had never been mobilized.*

Regardless of the owners' motives or of the objective economic reasons behind their decision to disinvest from Middlesboro, the power of the corporation remains. That is, whether a firm is responding to environmental regulations, unionization, community resistance or international competition, it still has enormous power over the communities in which it has invested (and can disinvest) capital. We have seen the interaction of secrecy and mobility as they contribute to this power. It is now necessary to turn to the third base of corporate power - economic dominance - and to examine its relationship to the other bases in the case of Yellow Creek.

CHAPTER 7

ECONOMIC DOMINANCE

The economic dominance of a firm within a community is derived most fundamentally from "the transformation of capital into local profits and employment" (Friedland and Palmer, 1984:405). The ability to distribute jobs through investment in local productive facilities is a powerful asset for corporations. This power stems primarily from the dependence of communities on corporate capital for their economic health. When communities are dependent upon corporations for their ability to create or distribute jobs and profit, they are also dependent upon and subject to the economic and locational decisions of the capitalists who own and control the firms. As we have seen, investments may be made in a community as well as withdrawn or disinvested. Therefore, the third base of corporate power, economic dominance, is closely tied to that of mobility.

Increasingly, then, it is the mobility of capital which has extended and deepened the economic dominance of corporations. Of course, in the event that a firm possessed, for one reason or another, a limited ability to disinvest from a community, they might still control a large proportion of local capital. This control grants power to the corporation because capitalists' investment decisions, although localized, would still have an impact on the

community and the well-being of its citizens. The owners of capital, as the controllers of jobs and profits, would still have power in the community. Mobility only increases this localized power. Introducing the threat of flight (spoken or unspoken) increases the options available to the owners of capital while further limiting community control over economic decision-making. Mobility thus extends the local power of the corporation by bringing extra-local resources and options into an already unbalanced field of power. In this sense, mobility may be seen as an increasingly important facet of, and contributor to, the economic dominance of corporations.

Economic dominance is a source of corporate power within communities primarily because it causes "public officials to take the interests of dominant and mobile actors into account when formulating policies" (Friedland and Palmer, 1984:407). In this section I will examine this claim more closely in terms of the Yellow Creek struggle. Of particular importance is the legacy of economic domination by absentee-owned corporations in the Middlesboro area. I will describe the nature of this legacy as well as explore how it has helped shape the present case. In addition, I will examine specifically how the interaction of mobility and dominance have contributed to the power of the tannery owners, focusing on concessions extracted from the city of Middlesboro, the exploitation of local labor, the manner in which public

opinion and policy was shaped during the struggle, and the importance of "non-decisions" and ideology. First, however, it is important to examine the historical roots of economic dominance in Middlesboro.

Middlesboro and the Heritage of Colonialism

The Yellow Creek Valley was settled by non-native people in the late 1700s and soon occupied by a scattered population of around sixty families. These rural settlers lived by farming and were bound together more through kinship ties than by formal governmental organization. Within less than a hundred years of its settlement, however, the valley became the site of the "Magic City" of Middlesboro, a booming company town owned virtually in its entirety by a British company - American Association, Ltd.. This development occurred primarily because of the discovery of vast coal and mineral reserves in Bell County. Corporate interest in these raw materials (particularly coal) would dramatically reshape the Yellow Creek Valley, altering patterns of land ownership and use, economy, culture, political organization, and ideology according to the interests of the corporate elite. In these ways (and others), the history of the Yellow Creek community has been shaped by a heritage of corporate colonialism (this section is dependent upon Gaventa, 1980, especially chapter 3).

The founding of Middlesboro by the American Association in the late 1800s included first the acquisition of land from the mountaineers. This acquisition was a relatively simple process primarily because only the Company knew the value of the local mineral resources. Thus, the American Association ended up owning 80,000 acres upon which the "Magic City" was built. The local economy was based on coal mining, but other industries were recruited, including a leather tannery, then known as the Vaughn Tannery.

The ensuing economic boom and decline of the new city is informative and interesting in many respects. However, for our purposes what are most important are the power relationships which were beginning to be shaped during this period. As John Gaventa has documented, during this time a system of inequality was being structured:

> ...that was to have major long-term impact upon the political economy of the region, even up to the present. There were two key, interrelated factors in the process-the development of social stratification and the establishment of absentee, concentrated economic control of the resources and the means of their extraction (1980:56-57).

Through the process of colonialism, the Company shaped and controlled the local economy, dominated local politics, and brought with it an ideology which legitimated the pursuits of the absentee industrialists and their power over the people of Yellow Creek. The industrial ideology of growth, progress and the predominance of capital that the absentee owners

brought to the Yellow Creek Valley was spread and enforced in a number of different ways. However:

> [w]hether by 'moulding' in the socialization institutions, or by 'choice' from amongst the alternatives presented to him in the power situation, the effect upon the mountaineer was the same: a shaping and influencing away from his 'stock' to participation in the ways and values of the new order (Gaventa, 1980:68).

While the extent of these effects is highly debatable, what is important here is that the historical context out of which the current struggle has arisen is one shaped by the colonial relationship between absentee capitalists and the area's people.

This relationship has continued in various forms up to the present day. It has continued through the steep decline of coal mining in the 1950s, 60s and 70s. Even as mines closed throughout Central Appalachia and local employment opportunities disappeared, absentee corporations still extracted the area's resources, primarily through the shift toward the less labor intensive method of strip mining. Absentee companies and individuals still owned most of the land. And, in Middlesboro, the local leather tannery soon became the single largest employer in Bell County.
Even a relatively small industry such as the tannery can be a dominant force in an economically depressed, and therefore vulnerable, community. The Appalachian region is strewn with such communities - Middlesboro, Kentucky being no exception.

For Appalachia, and the South in general, the 1980s brought "the most severe economic dislocation since the Great Depression" (Gaventa et al., 1990:3). A decade earlier the South was being proclaimed as the "Sun Belt" - the new destination of American capital investment. This flood of capital, however, settled not in poor, rural Appalachian communities, but in the large cities of the "New South," providing jobs primarily for educated, middle-class urbanites (Gaventa et al., 1990). What the bulk of the communities in Appalachia saw was not a new prosperity but an increasing movement of capital out of the region to sites in Latin America and Asia. The traditionally low-wage, non-union South now had little to offer corporate capital in light of the greater opportunities for profit in less developed regions of the Third World and the widespread process of corporate "restructuring" and deindustrialization. So, during the 1980s, with the region's historical economic bases of mining and farming already in decline, what capital was invested in Appalachia during the 1970s began to seep further south, leaving devastated workers and desperate communities in its wake.

By the late 1980s, the census tract which includes the Yellow Creek community was one of the poorest in the nation. Per capita income stood at only $6438, nearly $8000 below the national average. Unemployment was 16.3%, and 38.4% of the community's residents were living below the poverty line.

Bell County as a whole had not fared much better with a per capita income of $7037 and an unemployment rate of 14% (U.S. Bureau of the Census, 1990). It is in this climate of desperation that the Yellow Creek struggle has been waged.

The Battle for Jobs

In the late 1960s, the old Vaughn Tannery in Middlesboro was put up for sale. It is not surprising that the Andersons and Weinsteins chose to buy the Middlesboro plant rather than operate in their native Illinois or elsewhere. The decline of employment in the coal industry must have contributed greatly to the importance of the tannery and its jobs in the minds of city officials and, presumably, Middlesboro's citizens. At that point the tannery was the largest industry and employer in a very poor county within a very poor region and there is little doubt that the citizens and city government of Middlesboro were anxious to keep it there.

In 1965, the tannery accounted for approximately 10% of the total employment in Bell County, and 47% of all jobs in the manufacturing sector (U.S. Bureau of the Census, 1965). By the time of YCCC's mobilization in 1980, the tannery still provided approximately 5% of total employment and 45% of all manufacturing jobs in the county (U.S. Bureau of the Census, 1980). Interestingly, with the closing of half of the

Middlesboro facility in 1987-1988, the tannery's dominance as a whole declined to around 2%, but the 200 or so remaining jobs still accounted for 20% of Bell County's total manufacturing employment (U.S. Bureau of the Census, 1988).

The economic vulnerability of Appalachia as a whole has long been such that community leaders have seen themselves as competing for industry: prepared to offer corporations tax subsidies, the use of city facilities, and perhaps most importantly, their complete cooperation, in exchange for jobs and a perceived influx of prosperity.

This battle for jobs, what Robert Goodman (1979) has termed "the job war", is not limited to Appalachia. Promotional agencies,

> [m]ayors and governors now travel all over the country and abroad with an arsenal of financial weapons to capture jobs. Companies are offered low taxes, low-cost factory buildings and loans, and free job training; as even more attractive enticements, they are offered outright public subsidies, lax environmental standards, and nonunion, low-paid, docile workers (Goodman, 1979:xiv).

The economic dominance of industry over communities, stemming from their owners' positions as capitalists and employers, has set up a widespread and wholly unequal power relationship between capital and communities. Because capitalists control the flow and location of investments, the economic fate of communities rests within their decisions. I will address the ideological underpinnings of this relationship shortly. For now, the key is that whether due to perception or reality (or

both), communities in the U.S. are (and have been) at war - battling for jobs by offering public subsidies for private investment. In many ways, this dominance is still a form of colonialism - capitalists are still extracting resources from dependent communities, including land, labor, and public facilities.

The Extraction of Concessions

The prospective owners of the Middlesboro tannery did not fail to take advantage of this situation. While important aspects of the tannery/city relationship have remained hidden, there are examples of the owners' ability to exploit the tannery's position of economic dominance within this "job war", particularly in regard to concessions from and collusion with city government and the exploitation of local labor.

As I have discussed, the city signed a contract with the new tannery owners which guaranteed acceptance of all tannery effluent by the Middlesboro sewage treatment plant.In addition to this subsidy, the city also held the NPDES permit for the tannery's waste stream. Therefore, the city was ultimately responsible for the tannery waste and any damage or danger it might incur. Why would a city such as Middlesboro grant such public subsidies to a private corporation? The logical answer would seem to be that the

city officials were responding to the economic dominance of the tannery.

YCCC activists have long held that the city provided a public subsidy for the tannery and its waste products in exchange for the owners keeping their capital and jobs in Middlesboro. This claim would appear to be entirely warranted. As I have discussed in the preceding chapters, the city government acted consistently on the tannery's behalf, raising the spectre of job loss at every turn in the struggle. YCCC have also expressed their suspicions that there were numerous other deals made between the tannery owners and city officials (including breaks on land, taxes, road access and maintenance, and supplies from local businesses), however they have yet to be corroborated.

The Exploitation of Labor

The tannery's economic dominance allowed its owners to exploit the Middlesboro workforce as well as extract concessions from the city government. Leather tanneries have a reputation for their unpleasant and often hazardous working conditions (see for example Rowland, 1980). The Middlesboro tannery appears to have been no exception. Various reports concerning conditions inside the plant are grim: the average wage was only $4 per hour as late as 1981 and workers were exposed to a wide variety of toxic chemicals with little

regard for their safety. There are accounts of bleeding sores from chemical exposure in closed areas, workers forced to wear boots and gloves full of holes causing fingernails and toenails to fall off, and choking fumes from open pits containing rotten flesh and caustic solutions (see Vahadrian, 1981; Staub, 1982; Nixon, 1993). One longtime tannery worker, Creed Barnett, summed up the accumulated health effects of tannery work: "I've been here all the time and there ain't no man that ever lives to be old that worked at that tannery" (quoted in Staub, 1982:50).

That a workforce, especially a unionized one, would persist under these conditions for so long, with so little protest, attests (at least in part) to the desperate economic situation in Bell County. There is, however, another important manipulation of this dependence by the tannery. The tannery owners had unwritten policies of hiring the least educated workers they could and of firing employees rather freely - usually for tardiness or "insubordination" (see Staub, 1982:22-43). These policies effectively provided the owners with a powerless and relatively uneducated workforce. In addition, it can be inferred from the area's already cited unemployment and poverty figures that there were plenty of local people desperate for work.

Power and Ideology

Corporate power has long held sway over communities in terms of political clout, the power to pollute without challenge, and the extraction of tribute in the form of tax "incentives" (Green, 1973). Studies of community power have shown that even in the absence of direct influence on decision-making, corporate power is such that issues which might run counter to the interests of capital are muted and that "this power need not be exercised in order to be effective" (Crenson, 1971:177).

With deindustrialization and the resulting climate of fear in economically susceptible communities, this form of power has only increased. Thus, if there has been a withdrawal of overt corporate influence in community decision-making, as many have suggested, it means not that communities are becoming immune to the whims of capital, but that it is often no longer necessary for corporations to exert their power overtly to achieve their goals. As Friedland puts it, this withdrawal only indicates "that the bases of power have shifted, that corporate participation is decreasingly important as a source of corporate political power" (1982:50).

The case of Yellow Creek would appear to confirm Friedland's assertion. The tannery owners did not have to react publicly to YCCC's charges until relatively late in the

struggle. They did not have to respond or defend their interests themselves - for the most part this was done by city officials in response to the tannery's dominance and mobility. Only when USEPA finally began to enforce violations and demand that a new treatment plant be built did the tannery owners come out and respond personally. Until that point the interests of the owners were served by the city council and the mayor.

In other words, the owners did not have to act in order to exercise power *until* YCCC's activism forced a division between the interests of the city and those of the tannery. Suddenly, the city was required to build a new multi-million dollar sewage treatment facility because of the tannery's waste. The city was responsible for the increasing likelihood of EPA fines. The city was sued by YCCC, USEPA and the U.S. Justice Department. City officials had little choice but to comply (albeit reluctantly) and eventually begin to hold the tannery responsible for its share of the cost. However, this division of interests did not occur without resistance by the city. As I have noted, the mayor and the city repeatedly risked federal fines by refusing to implement environmental standards and delaying other EPA-required actions. By 1986, following the tannery's announcement of layoffs, a city official stated that in order to avoid paying over $1.1 million in fines for violation of the consent decree, "city

officials have been forced to get tough with the company" (*Middlesboro Daily News*, October 27, 1986).

In addition, the city initially placed the burden of cost for the new sewage treatment plant on the citizens, not on the tannery. The tannery's rate was increased substantially only after massive citizen protest and a widespread refusal to pay sewer bills which had risen as much as 600 percent.

I believe that the city's actions were primarily due to the increasing potency of economic dominance, and particularly the influence of increasing capital mobility, as a base of corporate power. Dominance is expressed as power in this sense through city officials' (and citizens') acceptance and support of an ideology of growth which legitimates corporate dominance. As councilman Jimmy Pursifull explained, "From the economic standpoint, we've got to keep the tannery going" (*Middlesboro Daily News*, November 26, 1986).

Harvey Molotch's work (1976;1993) around "growth machines" is illuminating here. Molotch's basic thesis is that communities are essentially defined as growth machines by coalitions of business and governmental leaders and officials (1976) - as localities dependent upon economic growth in the form of capital investment. This definition is an ideological one. As Logan and Molotch (1987) have shown, "growth" does not guarantee higher employment rates or tax bases for communities. In this way, the imperative of

community decision-making to follow the shortest path to growth is a reality manipulated by business leaders in their interests. In fact, Molotch (1993:32) suggests that such a system of growth is "fiscally, socially, and environmentally damaging" to communities. That urban policy which contributes to and encourages growth, and therefore the dominance of capital, is pursued by elected officials attests to the infiltration of the influence of corporate power, corporate actors and ideological legitimation - the rules of the game.

It is important to note here that with economic restructuring and globalization, cities may no longer be purely growth machines, but might be more realistically termed "stability" machines. That is, in many localities growth is no longer at issue, rather, communities are increasingly defined by a more defensive stance - that of maintaining economic stability.

The acceptance of corporate domination and the ideology of growth (or at least stability) is by no means completely manipulated and irrational, however. As I have noted, corporations *are* economically dominant - they do possess the ability to either invest or disinvest in communities - and the effects of their economic decisions can be devastating. Thus the corporate ace-in-the-hole, their control and ownership of capital, limits the abilities and desires of citizens and their representatives to challenge corporate activities and decisions. This limitation is reflected in the

actions (and lack of action) of the tannery workers as well as in the decision-making and agenda-setting of the city officials.

The workers attributed no responsibility to the tannery owners whatsoever for layoffs. In response to the shutdown of the sole leather facility, chief union steward Fred Davis stated, "We're shutting down. And I blame it on the city. I blame it on the YCCC. And I blame it on the EPA" (*Middlesboro Daily News*, November 21, 1986). Tannery workers held protests outside city hall, decrying not the owners and their decision to lay off workers, but environmental regulations in general, USEPA and YCCC (see *Middlesboro Daily News*, November 25, 1986). The mayor responded only by proposing to "renegotiate" the consent decree, thus offering to entertain the prospect of weakening local environmental regulations so as to persuade the tannery owners not to eliminate local jobs (*Middlesboro Daily News*, November 26, 1986). In a very similar sense, both the workers and the city accepted the "rules of the game" and their behavior was thus limited to either a silent accordance or direct and active support of those rules. As Dale Hathaway has written:

> The acceptance of [such] ...limitation[s] is a reflection of corporate power.... it concedes that the transient phenomenon of private ownership confers rights to economic decision-making that are superior to those accorded workers or community at large. As long as this hierarchy of rights is accepted as one of the rules of the game-as the way things are, or as not worth challenging because everyone else accepts it as natural-it prevents effective challenges (1993:212).

Thus it seems likely that the activities of the Middlesboro city officials (as well as the tannery workers and many of the local residents) in this case reflect an acceptance of these rules of the game - an acceptance of the ideology of growth and of the economic dominance of corporate capital over communities.

The history of the Yellow Creek Valley has indeed been one embedded in colonialism and corporate domination. In other words, the rules of the game appear to have a powerful historical precedence in the Middlesboro area. However, there exists another, quite different, legacy in Appalachia - that of resistance and outright rebellion in the face of corporate power. In the concluding chapter I will examine some of the ways in which YCCC has been successful in resisting and challenging the power of the tannery, its owners and the local government, as well as the ideological rules of the game. In doing so, I will also summarize the bases of corporate power and their interaction as power in communities. I will conclude with suggestions for further research and activism around community toxics issues.

CHAPTER 8

CONCLUSIONS

Ultimately, YCCC has been very successful. They have, among other things, improved the creek's quality, instigated a tighter enforcement of environmental regulations, and, in 1995, after ten years of delay, they finally brought their case against the tannery owners to court and won. The citizens have challenged the local government and increased its responsiveness to Middlesboro's residents. They have confronted the corporations' owners by challenging their secrecy, the realities of their threats of flight and insolvency, and their power as economically dominant actors. In effect, YCCC has posed serious challenges to the rules of the game. These challenges have opened up the power field in Middlesboro over the past fifteen years. Importantly, they have forced both city officials and the tannery owners into exerting overt power, thereby exposing realities of local power that had long operated out of the sight of citizens.

However, these achievements have come with untold costs to the people of Yellow Creek. In addition to the loss of life stemming from the pollution, the core activists' lives and livelihoods have been irreversibly disrupted and endangered. YCCC's fight has been a full-time endeavor. The citizens have been forced by the dangers of the creek's pollution to dedicate a large portion of their lives to

enforcing existing environmental regulations. That citizens are compelled to fight such battles for themselves is a telling comment on the enormous power of corporations. The power of corporations is such that this struggle by a group of citizens to enforce existing water standards has been drawn out for fifteen years. The length and complexities of the conflict have not only drained the citizens of resources and time, but the exertion of corporate power has also allowed the pollution to continue for an extended period - increasing the many health problems of the community.

While the failure of environmental enforcement agencies, such as the USEPA in this case, is an important topic in itself, this research has focused more specifically on the role corporate power plays in limiting the ability of citizens to challenge corporate activities. It is the contention of this thesis that it has been the power of the corporation(s), as derived from the three bases identified, which has limited YCCC's effectiveness and drawn out their struggle.

These three bases of corporate power - secrecy, mobility and economic dominance - are interdependent. It is their intersection within communities which serves initially to limit opposition to corporate polluters and then to limit the effectiveness of what resistance develops. Secrecy and mobility in this case have intersected in the framing of the jobs versus environment agenda, as well as in limiting YCCC's

ability to effectively counter it. These two bases have also allowed the owners to avoid and delay liability for their activities while continuing production, eventually by fleeing YCCC's challenges and USEPA's enforcement efforts.

The increasing mobility of capital has served to extend and strengthen the economic dominance of the tannery and its owners, enabling the owners' interests to be served by the city, as well as by tannery workers and other citizens. The deepening of these power bases, in particular this increasing mobility of capital, holds many implications for the study of community power, corporate power, and local environmental conflicts, as well as for community toxics struggles themselves.

As the case of Yellow Creek indicates, the exercise of, and reputation for, power is rarely a localized phenomenon. The political economies of communities are increasingly linked to those regional, national and global in scope. It becomes clear in such a case as this one that now, more than ever, power relationships extend far beyond the circles of community elites and local decision-makers. The increasingly unbounded nature of corporate power does not however signal the impotence of community power research, but rather points to the importance of analyzing power relationships along an additional axis. It is imperative that power be addressed both "horizontally" within communities and "vertically", by examining the links between the local and the global, between

community and capital. These power relationships can only be assessed by looking beyond local decision-making to the positions of communities and corporations in the global economy. It is evident from this case that a clear picture of community power will emerge only by determining how community-based struggles and decisions are constrained and shaped, both locally and extra-locally, by corporate power.

Exhuming these often hidden power relationships from the shadows of corporate complexity and secrecy is not a simple task. However, as the case of Yellow Creek demonstrates, it is often in the course of struggle that these relationships are illuminated. It has been through YCCC's lengthy confrontation of the tannery that the roots of corporate power have been revealed. As noted, YCCC's activism forced the tannery owners into exerting overt power, thereby exposing both their local and extra-local resources. In addition, it has been this opening of the power field and YCCC's overt challenges to the rules of the game that I believe has contributed most to their many successes.

Harvey Molotch (1970), in his study of an oil spill in Santa Barbara, recommended that "accident research" be pursued as a means of grasping just these sorts of power relationships. I would argue instead that it is not an accident or event that is the key to discovering the realities of power, but is instead people's confrontation of the powers-that-be which exposes the often hidden bases and

mechanisms of power. In this way, research conducted with community toxics organizations in the course of their struggles might serve to extricate power relationships from the web of corporate secrecy along both a horizontal and vertical axis. In this particular case, by combining the experiences, data, and perceptions of the activists with more traditional academic research and analysis, I believe that we have been able to get a much clearer picture of the realities of corporate power and its impacts than would have been possible otherwise.

In addition, this case also presents an opportunity not taken here - that of re-examining the dimensional approach to power developed by Bachrach and Baratz (1970), Lukes (1974) and Gaventa (1980). These writers have examined power by expanding on the pluralist approach (such as that of Dahl, 1961) to argue that power has more "faces" than that which is exhibited through participation in decision-making arenas. The case of Yellow Creek might provide us with examples of these added dimensions of power as well as insights into the limitations of these approaches. Thus the task remains to utilize this case in an effort to both expand and challenge broader theories of power.

The power bases I have identified also indicate a need for an extension of people's struggles around toxics issues. To be ultimately successful, community toxics organizations are forced to confront corporations on all fronts: by

penetrating their secrecy, researching the extent of their extra-local ties and mobility, diffusing their "jobs versus environment" rhetoric, and by challenging and promoting alternatives to the "rules of the game" that legitimate their economic dominance. Relatedly, there is a need for strategies which can counter and avoid the formulation of "labor versus environmentalists" dichotomies such as that which has proven to be so divisive in the Middlesboro conflict. Perhaps the most effective strategy for reaching these ends would be for citizens' groups to develop links with academics, labor and with other toxics groups, both locally and internationally (see, for example, Brecher and Costello, 1990; Kazis and Grossman, 1991).

In the absence of such linkages, corporations are able to use their mobility both to protect their activities locally and to shift investments and production in pursuit of more advantageous circumstances. Therefore, a failure to establish broader connections between labor, communities and toxics groups enables corporations to utilize strategies such as capital flight and "job blackmail" to continue profiting from highly toxic production processes and the unsafe disposal of wastes. Without a broad-based challenge by citizens and workers, corporations can continue to avoid or ignore environmental regulations, whether through extracting concessions from communities or through relocating to more

"compliant" locales, thereby continuing to endanger the environments, people and jobs of community after community.

There remains the question of how to expose the realities of corporate power's influence within communities in the absence of illuminating struggle. This is an important dilemma in need of further trial and debate. It is also a dilemma which is not merely academic in nature. For not only are communities the inevitable loci of the effects of capital flight, industrial pollution and other exertions of corporate power, they are also where the people most powerless in the face of corporate domination live their lives. The people of Yellow Creek have fought an extraordinary battle in defence of their land, their lives and their community. It seems likely that other communities and citizens' groups will not share YCCC's successes. It is in their interest that such research be instigated.

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APPENDICES

APPENDIX I

Chronological Survey of Relevant Events (1979-1994)

Abbreviations used:
MTCo. - Middlesboro Tanning Co.
KLCo. - Kentucky Leather Co.
WGCo. - William Greiner Co.
GCI - Greiner Corporation International
VOT - Virginia Oak Tannery

1 July 1979 — KLCo. assigns mortgage of tannery grounds to Herb and Bess Weinstein for $10.00. Assignment "made to secure the obligations of WGCo...., the parent company of Assignor [KLCo.] to the Assignees in the principal sums of $191,625 and $684,300 respectively."

July 1980 — YCCC formed.

27 July 1981 — Robert Sr. and Jane Anderson (Boca Raton, FL) and MTCo. sell two tracts of tannery land to Middlesboro Development Co. (Owensboro, KY) for $63,750.00 cash.

1981 — Jerome Weinstein "gives?" his shares of MTCo. to:40 - Robert Anderson, Jr., 80 - Richie Weinstein, and 40 - Dirk Anderson.

16 Mar. 1981 — Robert Jr. and Shawn Anderson buy Lots 1,2,3,4,5,6,7, Block 806 in NE M'boro, and Lots 21,22,23,24,25,26, Block 804 NE M'boro for $125,000.00.

May 1981 — Sewer use ordinance passed at insistence of state and federal governments, including standards for pre-treatment and prohibiting introduction of damaging substances (tannery effluent).

YCCC march down Yellow Creek.

10 June 1981 — USEPA informs Mayor Wolfe that Middlesboro sewage treatment plant is "unacceptable." All digesters clogged with "toxic" sludge; clarifier corroded "beyond repair," filter operating only "marginally."

1 Aug. 1981	Mayor Wolfe refuses to answer YCCC as to whether he will enforce ordinance.
	YCCC occupies city hall.
15 Aug. 1981	YCCC full page ad in Middlesboro Daily News explaining their position.
Sept.1981	State imposes ban on all new sewer connections.
15 Sept.1981	Mayor Wolfe refuses to enforce Sewer Use ordinance.
7 Oct. 1981	Wolfe asserts that "if the ordinance were enforced, the result would be the closure of the tannery." (Middlesboro Daily News)
12 Oct. 1981	Attempted assassination of YCCC leaders.
19 Oct. 1981	Mayor Wolfe takes out two full page campaign ads in Middlesboro Daily News charging YCCC with "sewer hook-ups being stopped, the possibility of the tannery being closed, the new shopping mall being jeopardized and causing additional tax-payers money to be spent."
26 Oct. 1981	Tannery workers Local 227 (UFCW/AFL-CIO) take out full page denunciation of YCCC and mayoral candidate Ben Carter in Middlesboro Daily News.
11 Nov. 1981	YCCC not allowed to attend meetings concerning sewer ordinance.
	YCCC pickets state Natural Resources office.
Dec. 1981	State proposes lifting ban on sewer connections.
10 May 1982	Tannery absent from YCCC sponsored seminar. (Middlesboro Daily News)
12 May 1982	Inspection conducted of tannery by KY Div. of Waste Mgmt. with consulting firm hired by tannery. Tannery officials call it a "very cooperative venture." (Middlesboro Daily News)
20 May 1982	Middlesboro Daily News editorializes that YCCC is forcing the tannery to leave.

26 May 1982 City and tannery meet before setting sewage rate, at tannery's request. Mayor Wolfe and the council bring up jobs issue again. (Middlesboro Daily News)

28 May 1982 Herb Weinstein threatens city if tannery not allowed to set sewage rate. (MDN)

6 July 1982 In a letter to the Mayor and city council, tannery threatens to go out of business if sewer rate increased.

9 Sept.1982 Water line extension granted by the governor. (Middlesboro Daily News)

10 Sept.1982 Order to Abate and Alleviate issued against city and tannery. (Pineville Sun-Courier)

Oct. 1982 City raises sewer rates as much as 600% for citizens but not tannery, although the tannery effluent accounts for as much as 50% of city sewage.(see Knoxville Journal, Nov. 17, 1982)

YCCC blamed for rate increases by city council. (Middlesboro Daily News, Oct. 12, 1982)

4 Oct. 1982 Middlesboro Chamber of Commerce and Middlesboro Industrial Committee take out full page ad in Middlesboro Daily News emphasizing tannery's jobs, taxes paid and local expenditures.

13 Oct. 1982 Secret meeting: Mayor, city council, treatment plant engineer, and city attorney; discuss treatment plant. (Middlesboro Daily News, Oct. 13, 1982)

21 Oct. 1982 City councilman writes editorial saying that tannery will close if they have to pay for pretreatment of wastes. (Middlesboro Daily News)

10 Nov. 1982 Tannery is paying $154,359 less than their yearly sewage rate. (Middlesboro Daily News)

18 Nov. 1982 EPA hearing; city officials complain that tannery would leave if had to bear costs of treatment plant improvements; Dirk Anderson says that tannery cannot afford to improve creek color. (Lexington Courier-Journal, Nov. 20, 1982)

20 Nov. 1982 EPA recommends "self-monitoring" by the city. YCCC responds, "like the fox watching the henhouse." (Lexington Herald and Leader)

City council meets with EPA to discuss fears of tannery leaving. (Middlesboro Daily News)

28 Dec. 1982 MTCo. requests delay in implementation of NPDES requirements, if not threatens that "it will be necessary for the tannery to take such actions necessary to cease operations prior to April 30, 1983 with the resulting loss of jobs and revenues to the Bell Co./M'boro area."

1 Jan. 1983 Tannery attorney tells Mayor and Council that tannery will not comply with EPA standards. (Middlesboro Daily News)

1982 - 1983 Fidelas Int'l (Joan, Richie, and Curtis Weinstein, and Jane A. Anderson) purchases an Arabian horse for $1 million from the Soviet Union. (Laurel Circuit Court).

10 Jan. 1983 NPDES permit issued despite citizen protest.

15 Jan. 1983 Larry Wilson of YCCC calls tannery's dealings with USEPA and the city "economic blackmail." (Middlesboro Daily News)

27 Jan. 1983 Mayor Wolfe, City attorney, and engineer Warren Peace meet with EPA in Atlanta. They concede that more than 2 million gallons of untreated sewage (including tannery effluent) were dumped into Yellow Creek, Jan. 12-14. USEPA was not notified as required by law. (Courier-Journal, Jan. 27 and 28, 1983)

28 Jan. 1983 Mayor Wolfe denies that tannery is responsible for pollution of Yellow Creek. (Lexington-Herald)

8 Feb. 1983 EPA announces no penalties will be assessed for Jan. dumping. (Courier-Journal)

14 Feb. 1983 YCCC threatens to sue city, state, and EPA for non-enforcement at sewage plant. (Middlesboro Daily News)

Mar. 1983 YCCC offers to hold off lawsuit as long as creek runs clear.

	City sues state over color standards in NPDES permit and sues tannery to void contract due to nonpayment of sewage bill.
	City applies for a new sewage plant.
29 Mar. 1983	Wilsons' dog poisoned and their lives threatened. (Lexington Herald, April 7, 1983)
May 1983	Tannery delinquent sewer bills equal more than $40,000.00.
17 May 1983	YCCC files $31 million class-action suit against the city and the tannery. (Lexington Herald)
7 June 1983	Tannery threatens "expensive repercussions" if city stops service.
21 June 1983	Mayor opposes new plant, violating USEPA order.
13 July 1983	USEPA grants extension to MTCo. on reporting phenols.
Sept. 1983	City files restraining ("gag") order to keep YCCC from monitoring sewage plant and talking to media.
Oct. 1983	Injunction against city and tannery to halt sewage in creek.
13 Oct. 1983	City countersues YCCC for $2 million for "defamation of a city".
Nov. 1983	"Time for a Change" coalition wins city council majority.
6 Jan. 1984	USEPA orders new sewage treatment plant for Middlesboro. (Middlesboro Daily News)
10 Jan. 1984	US Justice Dept. files suit against city, state, and tannery for violating Clean Water Act. (Lexington Herald and Leader, Jan. 12, 1984)
Feb. 1984	Citizens threaten boycott if tannery doesn't pay sewer bill.
3 Apr. 1984	YCCC's case begins. MTCo. employees fill Bell Circuit courtroom and picket outside: "Save

our jobs". Workers refused to say how they happened to be off work that day. (Middlesboro Daily News)

11 May 1984 — Robert Jr. and Shawn Anderson, along with Colleys and Paynters, mortgage Lots in Blocks 806 and 804 NE M'boro (see 3/16/81) from Home Federal S&L ($72,000.00), each couple having 1/3 interest.

15 May 1984 — WGCo. files Articles of Amendment to Articles of Incorporation in IL, inreasing shares from 5000 x $100.00 to 100,000 x $100.00; lists 3000 shares outstanding and 2000 held in treasury.

11 Oct. 1984 — City threatens to cut off tannery's sewage service if not paid $170,000 in overdue bills. (Middlesboro Daily News)

17 Oct. 1984 — Tannery sues city for violation of 1970 contract. (Middlesboro Daily News)

24 Dec. 1984 — Dirk and Marybeth Anderson re-mortgage home in Middlesboro ($52,000.00).

1984 - 1985 — Aires Arabic Associated (Herb and Michael Weinstein) terminated ($400,000.00?) (Laurel Circuit Court).

16 May 1985 — Curtis and Linda Weinstein sell property in Claiborne Co. for $30,000.00

29 May 1985 — Deed of corrections and restrictions made on Anderson/Colley Paynter property (see 3/16/81).

3 Oct. 1985 — Andersons/Colley/Paynters sell Lot 1 in Block 806 for $28,000.00.

1986 — Greiner International created. Grosses approx. $18 million (Laurel Circuit Court).

WGCo. and KLCo. advance MTCo. nearly $1.5 million for "plant improvements."

KLCo. reacquires tannery due to "failure to pay" (also $400,000.00 debt).

Herb Weinstein claims he resigned as director of MTCo.

According to information obtained by YCCC, sole leather operations moved to Argentina.

23 May 1986 Andersons/Colleys/Paynters sell Lot 5 in Block 804 for $16,900.00.

27 May 1986 Andersons/Paynters give Lot 4 Block 804 to Colleys. Colleys/Paynters give Lot 2 Block 804 to Andersons. Andersons/Colleys give Lot 3 Block 804 to Paynters.

10 June 1986 Robert, Jr. and Shawn Anderson buy Lot 8 Arthur Heights NE M'boro for $90,000.00; mortgaged through Home Federal for $60,000.00. An additional mortgage was taken out on same property plus Lot 2 Block 804 for $30,000.00.

12 June 1986 Robert, Jr. and Shawn sell a lot in Arthur Heights for $53,500.00.

14 July 1986 Curtis Weinstein sells property in Claiborne Co. for $10,000.00.

5 Sept. 1986 MTCo. sues MDN for libel (MDN).

19 Oct. 1986 City vows to cut off tannery waste from treatment due to a failure to meet pretreatment standards (MDN).

27 Oct. 1986 To avoid paying the more than $1.1 million in fines for violating the consent decree, "city officials have been forced to get tough with the company" (MDN). Larry Wilson states that the company has threatened to close down every time faced with sanctions by the city... "economic blackmail". He expects that the city will give the old sewage treatment plant to the tannery for pretreatment in order to save the jobs (MDN).

28 Oct. 1986 Tannery announces it is closing its shoe-sole leather division, laying off 140 workers (MDN). Closure blamed on YCCC. Larry Wilson responds that the owners are using the layoffs as "economic blackmail".

12 Nov. 1986 Tannery is pretreating waste at the old sewage treatment plant (MDN).

21 Nov. 1986 Tannery drops the libel suit against MDN. Chief union steward Fred Davis: "We're

shutting down. And I blame it on the YCCC. And I blame it on the EPA" (MDN).

25 Nov. 1986 Workers rally outside city hall to protest "environmental regulations" (MDN).

26 Nov. 1986 100 workers protest the proposed closing. The mayor (Raymond Walker) favors renegotiating the consent decree. "Workers blame the government [EPA] and the YCCC for the layoffs" (MDN). "Councilman Jimmy Pursifull said that, 'From the economic standpoint, we've got to keep the tannery going'"(MDN).

1987 GCI grosses $22 million in sales (Laurel Circuit Court).

18 Feb. 1987 Tannery claims that 130 workers have been laid off. MDN reports conflicting estimates of as few as 35.

10 Apr. 1987 Anderson Jr.'s re-mortgage Lot 8 through HF S&L for $75,000.00.

20 Apr. 1987 Dirk and Marybeth Anderson re-mortgage again for $59,000.00.

30 Aug. 1987 New NPDES issued for the city (MDN).

1988 GCI grosses $13 million in sales (Laurel Circuit Court).

7 Jan. 1988 Dirk and Marybeth Anderson mortgage Lots 13,14,15,16 Block 1 NW M'boro through HF S&L for $7514.50.

2 June 1988 UFCW Local 227 goes on strike as contract expires (MDN).

17 June 1988 Herb and Joan Weinstein buy house in Cumberland Gap, TN for $89,900.00.

8 July 1988 Richey Weinstein buys house in Cumberland Gap, TN for $185,000.00 (lots 19-20, Lincoln Memorial Subdivision)

12 July 1988 Trust deed filed in Claiborne Co.: Richey Weinstein (borrower), James D. Estep, Jr. (Trustee); $100,000.00. (same property as that bought 8 July)

2 Aug. 1988 Dirk and Marybeth Anderson buy Lots 1,2,3 Block 107 NE M'boro for $87,500.00. Mortgage for $100,000.00 HF S&L Aug. 9.

9 Aug. 1988 Trust deed filed by Richey Weinstein on same lots: $100,000.00.

12 Aug. 1988 Dirk and Marybeth Anderson sell Lots 13,14,15,16 Block 1 NW M'boro for $82,000.00.

17 Aug. 1988 Trust deed filed by Richey Weinstein once more:same deed, same amount.

15 Sept.1988 Anderson Jr.'s sell their 1/3 of Lot 5 Block 806 to Mars/Paynters for $5000.00. They also sell a part of Lot 2 Block 806 to the Mars for $10,500.00, and a part to the Paynters for the same amount.

1989 GCI grosses $23 million in sales.

31 Jan. 1989 WGCo. annual report (IL) cites 1988 paid-in-capital as $.5 million.

Mar. 1989 MTCo. files for Ch.11 bankruptcy.

30 May 1989 Illinois finance co. warns Herb about transferring assets from MTCo. to WGCo. and other "intercompany" transfers.

3 Nov. 1989 Five tannery buildings burn (sole leather facilities) (Middlesboro Daily News, Fri., Nov. 4).

20 Dec. 1989 Bob Anderson, Jr. transfers Lot 8 Arthur Heights to his wife, Shawn, through Wm. and Francis Watson.

16 Jan. 1990 Dirk Anderson buys tannery property from MTCo. at Ch.11 auction for $45,000.00.

23 Feb. 1990 Dirk Anderson transfers Lots 1,2,3 Block 107 to wife Marybeth through Watsons.

Dirk and Marybeth Anderson give 3/4 acre at N. 24th St. to Kentucky Utilities Co. for $1.

9 Mar. 1990 Dirk and Marybeth Anderson sell old MTCo. tracts 1,2,2A,2B for $45,000.00.

2 Nov. 1990 — WGCo. - UCC filing in NY, listing "equipment, fixtures, inventory and accounts, and the proceeds of any of the foregoing" as property to secure credit with Chilewich, Partners (White Plains, NY).

1991 — GCI grosses approx. $10 million (Laurel Circuit Court).

Sept. 1991 — Bob Anderson, Jr. begins employment as N.A. mgr. for Sadelco, a "leather trading co." in Amsterdam (Laurel Circuit Court).

Nov. 1991 — Bob Anderson, Jr. moves from M-boro To Franklin, TN., sells his 23 2/3 shares of MTCo. to Bob, Sr. for $1.00, and quits GCI. (Laurel Circuit Court)

1992 — GCI no sales (Laurel Circuit Court).

WGCo. purchases equipment ($200,000.00) from VOT for KLCo. (Laurel Circuit Court).

4 Feb. 1992 — Dirk and Marybeth Anderson mortgage Lots 1,2,3 Block 107 NE M'boro from HF S&L for $150,000.00.

21 Feb. 1992 — Deed of trust filed in Claiborne Co.: Richey and Wendi R. Weinstein (borrowers), Estep (Trustee), $115,000.00 (same property as above).

Feb. 1993 — MTCo. goes into Ch.7 liquidation.

KLCo. takes over tannery operations.

Union angry - no contract with WGCo.

1 Sept. 1993 — KLCo. mortgages the tannery grounds to Jerome Weinstein (50%) and VOT (50%), for upwards of $700,000.00.

25 Oct. 1993 — Dirk and Marybeth Anderson grant power of attorney to Jane H. Melton (Action Realty, M'boro).

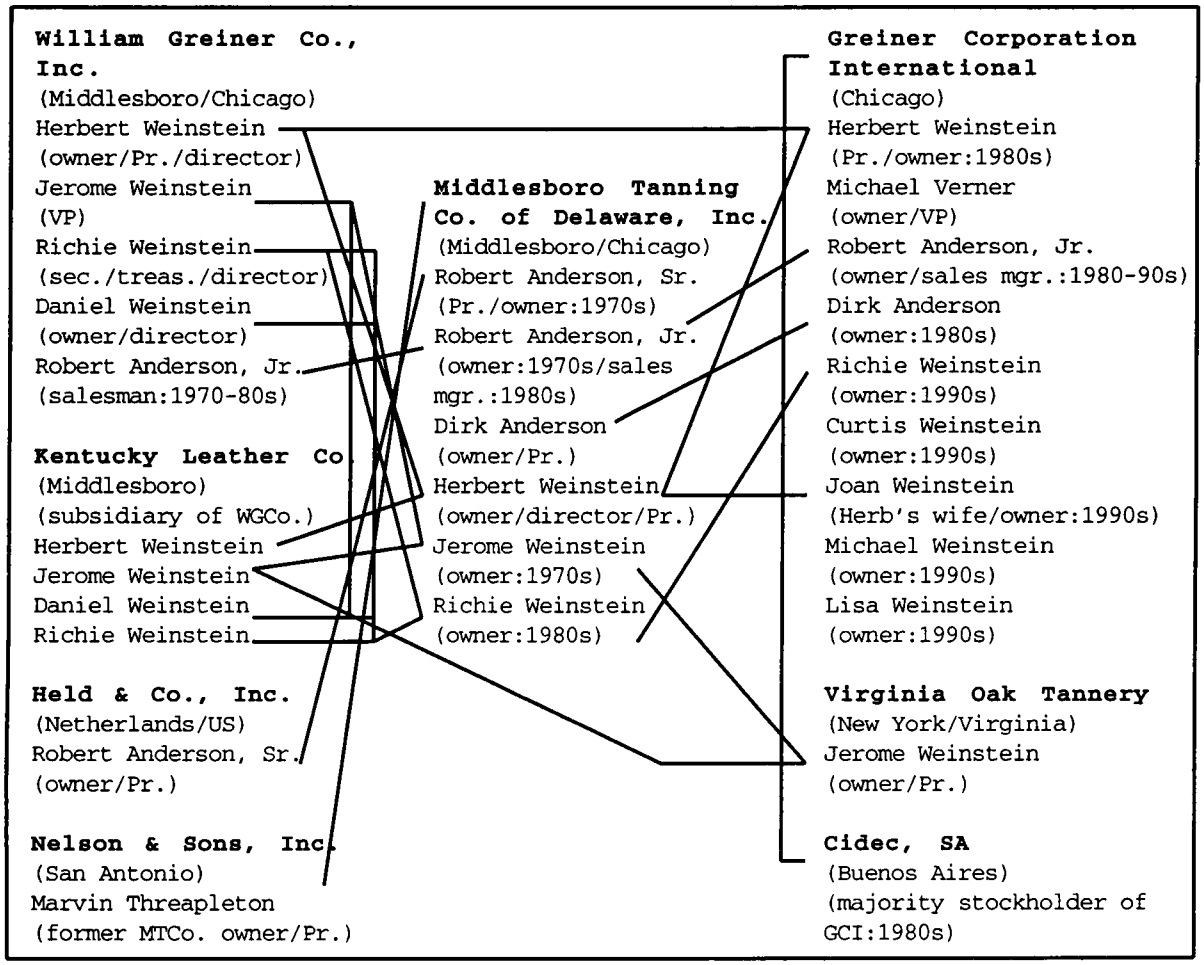
12 Nov. 1993 — GCI $6 million in sales to date (Laurel Circuit Court).

19 Nov. 1993 — Dirk and Marybeth Anderson sell Lots 1,2,3 Block 107 NE M'boro for $185,000.00.

Feb. 1995 Laurel Circuit Court jury decides in YCCC's favor against the tannery owners.

Appendix II

Chart of Corporate Interlocks



VITA

Christopher Muir Pelton was born in Knoxville, Tennessee on December 7, 1964. He attended school in Knoxville, graduating from Doyle High School in 1982. In May of 1993, he received a Bachelor of Arts degree in Sociology from the University of Tennessee, Knoxville, and began a three month internship at Highlander Research and Education Center in New Market, Tennessee.

The following autumn, he began the Master's degree program in Sociology at UTK. During the program he served as a Graduate Teaching Assistant/Associate. He received the Gertrude Hurlbut scholarship for academic year 1994-1995. For that same period, he served as vice-president of the U.T. Sociology Graduate Student Union. In April of 1995, he presented a paper and participated in a panel discussion at the Southern Sociological Society meetings in Atlanta, Georgia. He completed the Master's degree in Sociology in May of 1995.