

Louisianans, Oil & Petro-Addiction

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THE DEEPWATER HORIZON oil horror has again focused the nation on South Louisiana. For the second time in less than five years, we are on the front pages of America's newspapers. Again, this region is being misunderstood. Easy explanations miss the reasons why this area is so vulnerable, and why we in Louisiana are paying for the American economy's dependence upon petroleum.

Our national media have a tendency to see things in the close-up focus of a telephoto lens; capturing the details but utterly missing the larger context. This disaster has not only been a long time coming, but it is only one of a series of disasters being experienced by the people of South Louisiana.

We are paying for our nation's utterly unsustainable dependence upon petroleum. The oil that we extract off our shores and refine in our refineries does not only go to Baton Rouge, Houston and Shreveport; it powers the transportation systems and economy of our nation.

It is easy for affluent, environmentally conscious folks in other parts of the country to look down their noses at Louisiana; however, given our relationship with the energy industry, in a very real way we subsidize the "post-industrial," "green" economies like East Coast biomedical or California high-tech, concentrating the dirty, dangerous work of fueling America along its Gulf coast.

Multiple Disasters

In this immediate disaster, there is the background of the other, slower disaster: land loss in South Louisiana, accelerated by thousands of miles of canals cut through the wetlands for petroleum exploration and navigation that have allowed salt water to intrude far inland. Coupled with denying the coastal estuary the Mississippi's fresh water and sediment by the U.S. Army Corps' levees, this delta — which had taken thousands of years for nature to build — is vanishing over mere decades.

The estimate for land lost in Louisiana over the 20th century totals some 1,900 square miles, an area the size of Delaware. And the damage continues, bringing the Gulf closer each year to people's front doors: It's estimated at present that a football-field sized chunk of land is lost every 38 minutes across the coastal Mississippi delta. [[1](#)]

But all that is abstract until you stand on the edge of brackish water where people's homes and businesses once were. This land loss has not only meant that South Louisiana residents, including in the city of New Orleans, are more vulnerable to hurricanes, but that entire communities are being displaced. For those who live in South Louisiana and whose homes are flooded every time a major hurricane comes, it means a losing battle to hold on to land, community and ultimately culture.

All but invisible to outsiders who arrive and soon depart again following catastrophic events like this spill are the battle's constant, quiet, and unraveling forces: the slow outmigration of residents, the weariness of those who remain, the increasing expense or impossibility of obtaining home insurance.

Those with decades of life experience here remember when cattle grazed on dry land where today one finds only broad expanses of water, when live oaks and fresh-water swamps, bisected by bayous and lakes now swallowed up by the Gulf, made up what is today a dying ecology. The oil companies have never been held accountable for their role in this other, slower disaster.

For all the attention given to the effects of the spill on Louisiana and Mississippi's commercial fishermen, coverage of this disaster again highlights the small, highly visible aspect of a much deeper, more ominous crisis. The globalization of the seafood industry has disconnected Americans from the seafood they eat and made the health of the Gulf largely irrelevant to the supply chain feeding all-you-can-eat seafood buffets.

While Louisiana produces some 40% of the domestic shrimp harvest, imports make up about 90% of American shrimp consumption. That makes Louisiana's market share just 4%. The constantly growing volume and cheap price of these imports, mostly farm-raised shrimp grown in ponds in Asia and Central America, have destroyed the profit margin of American shrimp fishermen in the past decade.

The multiple disasters of hurricanes Katrina, Rita, Gustav and Ike in 2005 and 2008 compounded this profit squeeze, forcing thousands of shrimpers out of the business and those that remain into an extremely precarious position where any new shock can bankrupt them. Just like the oil spill appears on the surface an uncontrollable, unpredictable event, the present crisis of commercial fishing is the immediate manifestation of larger, structural forces.

So while attention, sympathy, and contributions to help fishermen and others affected by the Deepwater Horizon disaster are welcome, real systemic change will come from understanding their situation in light of concentration of power in the food industry, the crisis of low commodity prices devastating producers, and the separation of food consumers from producers. Measures to support international commodity prices, reduce concentration in agribusiness, and link producers to consumers through programs like Fair Trade and Community-Supported Fisheries hold promise for addressing the root causes of today's problems.

Power of the Petrochemical Industry

In what must seem a cruel irony to outsiders, the coastal Louisiana parishes most dependent on commercial fisheries and the health of the Gulf's estuaries are also those most dependent on offshore oil and gas production. South Louisiana is an island of blue-collar manufacturing jobs in a sea of American deindustrialization, an anti-union industrial enclave where a high school diploma and mechanical skills can earn someone a living wage welding, sandblasting and fabricating the rigs, the ships, and myriad tools and equipment that keep the archipelago of offshore platforms off Texas' and Louisiana's shores running, supplying about one-third of domestic U.S. oil production.

Louisiana is also the main terminal for importing foreign oil, and feeding on this energy are dozens of refineries, power plants and chemical factories along the Mississippi River's banks between Baton Rouge and New Orleans. This concentration of industry makes Louisiana's economy the most energy-intensive in the nation, burning the equivalent of 0.71 tons of oil for each \$1 million of Gross State Product (the national average is just 0.29). [2]

The disproportionate share of the chemical industry in Louisiana's industrial base, the large-scale nature of chemical facilities here, and the industry's power over government regulation meant that Louisiana's ratio of toxic pollution per chemical industry job was the highest in the nation in 1994, double the ratio for the closest competitor, Texas. And while extremely low-lying coastal Louisiana is the most vulnerable U.S. region to sea-level rise due to climate change, Louisiana has the fifth most carbon-intensive state economy in the country.

Massive state subsidies reward Louisiana's energy industry at the expense of its residents. In 1994 Louisiana's residential electricity price was higher than the national average, but offered some of the cheapest industrial power of any state. [3] Louisiana's Industrial Property Tax Exemption wrote off \$2.5 billion in parish and school district taxes in the 1980s alone. These subsidies, combined with externalizing the environmental consequences of energy extraction in the form of degraded coastal wetlands, amount to a super-profit derived by international energy corporations from Louisiana. [4]

So while South Louisianians get work through the oil industry, they are also the people primarily bearing its environmental costs. There has not been a groundswell against the offshore industry in Louisiana, not only because of the profound influence of oil money in state politics but because of the lack of alternatives for local economic development.

While the recession rages elsewhere, the South Louisiana oil patch has the lowest unemployment rate of any area in the nation, as high oil prices stimulate feverish offshore exploration and production. [5]

Such dependency of local labor markets causes most residents to vehemently defend offshore drilling, while at the same time the oil spill's damage to Louisiana's fisheries, reputation, and the future of the offshore industry itself has provoked a sharp sense of anger and exasperation at BP and the federal government's (mis)management of the industry.

The concern of other states around offshore drilling rings a bit hollow in South Louisiana, for the rest of the nation readily consumes Louisiana's oil and gas without paying for the decades of devastation to the Mississippi delta's wetlands or this decade's multiple disasters.

The talk of freezing offshore drilling sounds to them much like those arguments just after Katrina to simply abandon New Orleans: Convenient excuses to avoid paying for disasters rooted in the exploitation of South Louisiana for the profit of others, and shifting responsibility for disaster on the victims instead of addressing the interdependent but highly unequal relationship that has concentrated risk, pollution and the destruction of nature in South Louisiana while accumulating capital and power elsewhere.

Employment vs. Environment?

Such arguments repeat a "jobs-vs.-environment" dichotomy which has been shown elsewhere to lead to disaster for both. In the case of Northwestern forestry, Appalachian coal mining or wildlife conservation worldwide, the act of separating nature from the residents of an area has served to facilitate the dispossession of people from land and livelihoods, allows the takeover and exploitation of resources by corporations and governments, and frequently drives rural resource producers into the arms of industry and right-wing politicians and away from urban environmentalists and resource consumers.

South Louisiana's home-grown environmental politics, one of environmental justice (EJ), has a very different stance. EJ defines the environment as everywhere that we live, work and play, and affirms

that addressing structural inequalities of race, gender and class is the necessary path to achieving a better relationship with nature.

Any environmental politics that treats the Louisiana coast as a humid, damp version of Yellowstone, a place to be preserved or protected from humanity, is bound to fail simply because people and nature are too intertwined here. South Louisiana's land and water is a thoroughly humanized wilderness, impossible to disentangle from its social meanings and uses for its residents and equally impossible to conceive of as a harmonious relationship between traditional people and nature.

To understand this landscape, one must grapple with the complex layering of Native American, Cajun, African-American, Anglo, and Vietnamese cultures and resource-extractive industrial capitalism upon its battered but still bountiful ecology.

The EJ movement in Louisiana has focused on the refining and processing sector, the most capital-, pollution-, and energy-intensive node in the petro-chemical production cycle standing between an offshore rig and your car. Louisiana EJ activists have confronted the energy industry by blocking the siting of chemical plants in communities of color, demanding the end of the huge subsidies given to industry in Louisiana, and building a different local economy no longer dependent on resource extraction and environmental destruction.

Through alliances with industrial workers in the lockout of union workers by BASF in the mid-1980s, the Louisiana EJ movement has won victories for working people and for the environment, defeating the divide and conquer strategy of industry to maintain its power by setting oppositional forces into conflict against each other. [6]

Groups from outside Louisiana would do well to understand this history and to articulate a politics that works to move the state and this country away from oil dependency without dispossessing working people from the few means they have to earn income, instead increasing the power of South Louisianians over their resources, territory, and the flows of money earned from both.

Following the Money

One place to start is the return to Louisiana of the royalties earned in the offshore oil and gas sector. Most of the energy produced in the Gulf today comes from federal, not state waters, which earn royalties for the national treasury instead of Louisiana's. Oil and gas contributed more than a quarter of the state budget back in the 1950s, but have declined about 40% to roughly one-sixth today.

As onshore fields have been depleted and offshore has boomed, Louisiana's share of the income flowing through the state has declined greatly. [7]

Federal revenues from the Outer Continental Shelf (OCS) south of Louisiana amounted to over 11 billion dollars in 2008, while the state's share that year totaled only \$45 million. So while the wetlands fray and disappear and hundreds of thousands of residents lack adequate hurricane protection, the money that could begin solving these problems is denied us.

Louisiana was to gain a 37.5% share of any royalties from expanded deep water drilling in the Gulf of Mexico, but following Deepwater Horizon any such expansion faces serious hurdles. [8] Even if the plans remain on schedule, however, the law won't provide Louisiana any money until 2016.

Meanwhile, the land loss crisis requires immediate action but faces a severe lack of funding. Thus,

the demand for the immediate transfer of a share of federal government's OCS revenues to Louisiana for wetland protection and restoration is one Louisiana residents and out-of-state environmentalists can rally behind without compromising local economies or opposition to expanded offshore oil and gas.

The recent proposal of Ecuador for keeping a huge oil reserve in the ground, in exchange for payments based on the carbon emissions avoided by its preservation, is another model from which we can learn and possibly form alliances between environmentalists and coastal Gulf residents. For in contrast with carbon offsets based on forests, the deal here is not based on the enclosure of land from use by local people, but the enclosure of sub-soil resources from access by multinationals.

Such a proposal would both return vital revenues to Louisiana to attempt to restore the coastal wetlands and protect residents of this region while directly reducing the emission of carbon through consumption of the oil.

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P.S.

* From Against the Current (ATC 147), July-August 2010.

Footnotes

[1] USGS (2005) "USGS Reports New Wetland Loss from Hurricane Katrina in Southeastern Louisiana." September 14th. <http://www.usgs.gov/newsroom/article.asp?ID=997>. *Science Daily* (2008) "Louisiana's Wetlands Are Being Lost At The Rate Of One Football Field Every 38 Minutes." January 4th. <http://www.sciencedaily.com/releases/2008/01/080104112955.htm>.

[2] Congressional Research Service (2007) "State Greenhouse Gas Emissions: Comparison and Analysis." http://assets.opencrs.com/rpts/RL34272_20071205.pdf.

[3] Templet, Paul (1994) "The complementarity between environmental and economic risk — An empirical analysis." *Ecological Economics* 9:153-165. Templet, Paul (1995) "Grazing the commons: an empirical analysis of externalities, subsidies and sustainability." *Ecological Economics* 12:141-159. Templet, Paul (2001) "Energy price disparity and public welfare." *Ecological Economics* 36:443-460.

[4] Nauth, Zack (1991) *The Great Louisiana Tax Giveaway: \$2.5 Billion: A Decade of Corporate Welfare, 1980-1989*. Baton Rouge: Louisiana Coalition for Tax Justice.

[5] Schmidt, Katharine (2010) "Area has nation's lowest jobless rate." *Houma Courier*, April 29th. <http://www.houmatoday.com/article/20100429/articles/100429212>.

[6] Minchin, Timothy (2003) *Forging a Common Bond: Labor and Environmental Activism during the BASF Lockout*. Gainesville: University Press of Florida. See also: Allen, Barbara (2003) *Uneasy Alchemy: Citizens and Experts in Louisiana's Chemical Corridor Disputes*. Boston: MIT Press.

[7] Weber, Ronald (1988) "Historical Development of the Louisiana State Tax Structure." In Richardson, James (editor) *Louisiana's Fiscal Alternatives: Finding Permanent Solutions to Recurring Budget Crises*. Baton Rouge: Louisiana State University Press, 43-61.

[8] Coastal Protection and Restoration Authority of Louisiana (2010) "Funding Sources."

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