The Hidden Economics of Environmental Racism in Cancer Alley: An Overview

The Gross Domestic Product (GDP) is typically understood as the annual overall value of goods produced and services rendered in a country, state, or area. Looking at a state’s GDP helps to determine the economic health and stability of that state. The graph below shows a comparison of the following industry-heavy states: Louisiana, Ohio, Pennsylvania, and Texas, with the GDP of the United States serving as a benchmark for overall average GDP. Between 1977-2020 the graph shows that Louisiana consistently lagged behind the other heavy-industry states.

Percentage increase between 1977-2020:
- United States: 192.8%
- Louisiana: 52.7%
- Ohio: 98.3%
- Pennsylvania: 113.4%
- Texas: 293.5%

In Louisiana, claims of environmental racism have reached international audiences. This overview highlights philosophical and economic questions to understand the implications of such claims and if true, what duties and obligations are owed to the directly-impacted communities in Plaquemines, St. James, and St. John the Baptist Parish.

Plaquemines Parish is included in this overview due to the underrepresented impact industry has on the area and the current and highly controversial proposed Plaquemines Liquid Terminal (PLT) project.

Property Value

Property value has a strong correlation between desirability to live in the area. This is because if an area is highly sought after, then this decreases the “inventory” available, making the prices for that inventory to rise. If the area is not a highly-sought-after area, then the area is saturated with inventory, so then the inventory is not as valuable. Thus, if a property value trends low with little increase over a time period, the area is not deemed as a desirable place to live. For example, St. James and St. John the Baptist have little growth in property value over the past decade and have been well below the national average. [The United States serves as a benchmark for average property value.]

Median Income

Parish:

<table>
<thead>
<tr>
<th>Plaquemines</th>
<th>St. Charles</th>
<th>St. James</th>
<th>St. John the Baptist</th>
</tr>
</thead>
<tbody>
<tr>
<td>$57,204</td>
<td>$69,019</td>
<td>$51,603</td>
<td>$57,429</td>
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</table>

Industry-Heavy Towns:

<table>
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<tr>
<th>Convent</th>
<th>LaPlace</th>
<th>Norco</th>
<th>Port Sulphur</th>
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<tbody>
<tr>
<td>$26,250</td>
<td>$61,410</td>
<td>$68,271</td>
<td>$27,650</td>
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According to Louisiana Economic Development (LED), Louisiana most recently (June 2021) won the Area Development’s Silver Shovel Award for the “tenth time in twelve years.” This reflects the exponential growth in industrial development in Louisiana over the years, especially within the last decade. However, despite the claim of an increase in new and direct jobs and billions in capital investment, as shown in the graph above, Louisiana has seen very little GDP growth. This indicates that Louisiana is not receiving the economic benefits of this celebrated industrial boom.
Main Corporate Subsidy Programs for Industry in Louisiana

Industrial Ad Valorem Tax Exemption Program (ITEP):

• Administered By
  o Louisiana Economic Development (LED)

• Initiated By
  o Board of Commerce and Industry.
  o ITEP is unique in that it is the only state-run corporate subsidy program in the United States.

• Program
  o Original Rules:
    • 5 years with 100% property tax abatement, with the option for the company to reapply for an additional 5 years—10 years total.
    • The approved company does not have to pay local municipal or parish property taxes for the duration of the application.

  o New Rules:
    • Approved companies are given an 80%11 reduction in property taxes for up to 10 years to new facilities or expansions on existing ones.

• Eligibility
  o Limited to manufacturing jobs only.

Payment in Lieu of Taxes (PILOT):

• Administered and Initiated By
  o Federal Government

• Program
  o Payments made by the federal government to local governments for lost property taxes due to federal land that is not subject to property taxes.
  o An application can be extended from the initial 10-20 year agreement to more than 40 years.

• Eligibility
  o A broad range of economic development projects, ranging from residential to industrial.

Current Projects

Plaquemines Liquids Terminal (PLT)

Cultural Impacts:
• Mid-Barataria Sediment Diversion12
  o Liquids terminal in the vicinity of the town of Ironton, LA and the Phillips 66 Alliance Refinery.
  o The purpose of the sediment diversion project is to reintroduce freshwater and sediment from the Mississippi River to the Basin to increase sediment deposition and reestablish deltaic processes that build, sustain and maintain land.

• Known Burial Sites:
  o St. Rosalie Sugar Plantation
    ▪ Andrew Durnford,13 a free black man, owned and operated a sugar plantation at St. Rosalie Plantation.
    ▪ The Durnford family tombs are on the land along with unmarked graves of enslaved peoples.
    ▪ In 1977, the Durnford tombs and unmarked graves were first bulldozed by Louisiana Power & Light14 now known as Entergy(c. 1989).

Past And Current Community Opposition:
• Coal Terminal: Ram Terminals LLC
  o History of community opposition (2015)15 to industrial development in the area, due to concerns about traffic, air quality, and impact on property values.
  o In May 2021, Ironton residents16 filed comments opposing the Plaquemines Liquids Terminal.

Economic Impacts:
• Community Outreach:
  o Yes

  □ Student Empowerment Program:
    o Gift-giving of expensive goods: headphones, iPads, dinner at the Ritz Carlton.
  o No mentoring efforts listed.

  □ Sponsored Multiple Events in St. James
  □ Community Food Drive:
    o Boxes of high processed, low-cost food given to residents.

  • Direct Jobs:
    o 1,200

Main Corporate Subsidy Programs:
• PILOT

Formosa Plastics, The Sunshine Project

Cultural Impacts:
• Chemical manufacturing complex in St. James Parish on a 2,4000 acre tract along the bank of the Mississippi River18 in the majority-Black District 5 of St. James Parish.
• Formosa’s Archeology Team knew of three burial sites, but did not disclose this information.19

• Known Burial Sites:
  o If the project goes forward three burial sites will be further desecrated:20
    ▪ Buena Vista Plantation Cemetery
    ▪ Elina Plantation Cemetery
    ▪ Acadia Plantation Cemetery

Past And Current Community Opposition:
• Significant Community (e.g., Rise-St James, Coalition Against Death Alley (CADA) and International Opposition, including the UN).21

Economic Impacts:
• Community Outreach:22
  □ Yes

  □ Student Empowerment Program:
    o Gift-giving of expensive goods: headphones, iPads, dinner at the Ritz Carlton.
  □ No mentoring efforts listed.

  □ Sponsored Multiple Events in St. James
  □ Community Food Drive:
    o Boxes of high processed, low-cost food given to residents.

  • Direct Jobs:
    o 3517

Main Corporate Subsidy Programs:
• PILOT

• ITEP
Summary

From the general data in the fact sheet, these initial philosophical duties and obligations are owed to the residents:

- The availability of high-paying, low exposure (e.g., minimal to no exposure to chemicals or particulates) jobs that are appropriate for the local demographic.
- Limit the outsourcing of high-paying, low exposure jobs.
- Increase the availability of training programs for local residents to promote job retention and employment from local labor.
- Create mentoring programs that are verified and demonstrate rigorous internship programs that facilitate learning and promote job placement.
- Develop an incentive structure that encourages companies planning future development in an area to decline ITEP and PILOT.
- Establish a meaningful role for directly-impacted communities in the decision-making process.
- Require companies to invest in infrastructure improvements to help promote property value and desirability to live in the area.

References