

STUDY TITLE: University Research Initiative on the Effects of Offshore Petroleum Development in the Gulf of Mexico

REPORT TITLE: Impact of Offshore Petroleum Exploration and Production on the Social Institutions of Coastal Louisiana

CONTRACT NUMBER: 14-35-0001-30470

SPONSORING OCS REGION: Gulf of Mexico

APPLICABLE PLANNING AREA: Central Gulf of Mexico

FISCAL YEAR S OF PROJECT FUNDING: 1990-1991

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CUMULATIVE PROJECT COST: \$105,571

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KEY WORDS: Central Gulf; Louisiana; sociology; economics; political science; community planning; development; social impact; economic impact

BACKGROUND: Social and economic impacts are an unrefuted outcome of primary resource extraction activities. Except for a few limited economic studies, the impact of activities on the Gulf of Mexico OCS had never been examined. Growing recognition of the importance of determining such social and economic impacts and mitigating those which are negative prompted considerations by MMS of funding such research under the Environmental Studies Program and the University Initiative.

OBJECTIVES: To examine impacts at four different levels of social organization and focus on several different social dynamics: (1) impact on the family of OCS employment focusing on father employments in OCS offshore work; (2) impact on the community of involvement in OCS activity focusing on poverty, social service response to it, social disorganization, economic benefits and human resource development; (3) impact on political organization and viability focusing on the state and parishes; (4) impact of world

political and economic processes on Gulf of Mexico OCS-related social and economic conditions.

DESCRIPTION: Five different principal investigators in conjunction with the project manager, four other faculty, one research associate and eight graduate students as well as several nonpaid academic consultants undertook five different projects. Three projects analyzed existing data obtained from various government and industry sources (Baxter, Seydlitz, Thayer, Brabant); three projects collected new data through in-depth interviews (Brabant, Forsyth, Thayer). Analytical methodologies ranged from statistical time series analysis to detailed analysis of qualitative interview data. The projects were then compiled in report form and the P.I. (Laska) with the assistance of one of the investigators (Baxter) prepared the Executive Summary.

SIGNIFICANT CONCLUSIONS: OCS activity has had a major impact on the social institutions of coastal Louisiana. Some of these impacts have been negative; some have been positive. The manner in which the impacts occur is often very complex and subtle. It is often found in areas which are not immediately obvious to those not trained in social science or social science change/development research, for example the impact of rapid economic change on suicide rates. The exact mechanisms through which the impact occurs from the drilling of the wells and determination of prices to social and economic effects have only begun to be understood; much more needs to be done in tracing the paths from extraction activities through the intervening variables to ultimate social and economic effects. The linkages which are evident--especially the strong influence which international corporate and government action has on local realities--argue for policies which empower states and local communities to counterbalance these forces by managing the OCS activity as much as possible in the interest of the extraction site, in this case Louisiana and its communities.

STUDY RESULTS: (1) Families whose fathers work in the oil industry must make significant adjustments due to the lengthy duration of both work and off-time schedules. There are several common adjustments patterns. Some of these adjustments are functional, others are dysfunctional; (2) poverty does not vanish during the "boom" component on the extraction cycle; rather it changes. In the "bust" phase, poverty is experienced by individuals who have never been economically threatened before. Such changes require adjustments by social service agencies both in terms of the number of services which are provided, the nature of these services and the number of clients they must serve; (3) high levels or a rapidly changing amount of activity in the petroleum industry are associated with a higher incidence of social problems (higher homicide and suicide rates), increases in basic human capital (lower high school dropout rates) and decreases in enhancement level human capital (fewer high school graduates going on to college). While impacts of OCS are most likely experienced in the Louisiana parishes most involved in OCS activity, those less involved are also impacted by virtue of their comparatively weak economic condition; (4) involvement with OCS resulted in the state restructuring its tax system to rely on the petroleum revenues. The "bust" phase, thus, required considerable adjustment and restructuring which are slowed by the way in which the dependency on petroleum revenues had been originally structured; (5) the

fate of coastal Louisiana is greatly dependent on political/economic decisions made by the world industry and governments throughout the world.

STUDY PRODUCTS: Laska, S. editor, V.K.Baxter, R. Seydlitz, R.E. Thayer, S. Barbant, and C. Forsyth. 1993. Impact of Offshore Oil Exploration and Production on the Social Institutions of Coastal Louisiana. A final report by Louisiana Universities Marine Consortium for the U.S. Department of the Interior, Minerals Management Service, Gulf of Mexico Region, OCS Office, New Orleans, LA. Contract no. 14-35-0001-30470, OCS Study MMS 93-0007. 246 pp.

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*P.I.'s affiliation may be different than that listed for the Project Managers.