

**Thursday, March 9<sup>th</sup>, 2006**  
**Baton Rouge, Louisiana**

**THE CARROT OR THE STICK?**  
**THE GOVERNOR NEEDS TO DECIDE!**

Louisiana Governor Kathleen Blanco says it's time to play hardball. Many would say it's about time. But is attempting to block the sale of federal mineral leases off the coast of Louisiana the way to begin? Even Chris Mathews might raise his eyebrows on this one.

Here's the background. The U.S. Department of the Interior, under its Minerals Management Service, regularly holds auctions to allow oil drilling in federal waters throughout the Gulf of Mexico. A large block of leases will be up for bid in August of this year. Initially, there was a great deal of oil and gas production a few miles off the coast of Louisiana. But as these minerals have been depleted, oil companies are pressing to drill further and further out into the Gulf.

Federal law sets Louisiana's coastline, as well as other coastal lines for states at three miles. Therefore, any drilling that takes place within the three-mile limit allows Louisiana to receive 100 percent of all oil royalties produced. From three miles to six, Louisiana receives 27 percent. This sum amounted to some \$32 million last year. But that's not where the big money is. All the action now takes place beyond the six-mile limit, and Louisiana receives nothing. Last year alone, the Feds took in approximately \$5 billion off the Louisiana coastline, and this amount is projected to go up. Some say within the next two years, they can see lease income approaching \$8 billion. This ain't chump change.

So how did the formula giving Louisiana nothing beyond six miles come about? Well, as has often been the case, the State had the opportunity to receive billions over the years beyond the five-mile limit, and blew its chance back in the early 1950s. General Dwight Eisenhower had the Republican nomination for President and was running against Senator Adali Stevenson of Illinois. Eisenhower's campaign manager in Louisiana was a New Orleans lawyer named John Minor Wisdom. Because of his good luck in Eisenhower eventually winning the presidency, Wisdom was appointed to the federal bench, and eventually became a major force in the Fifth Circuit Court of Appeals.

The Louisiana Democrats, with their ballot carrying the rooster label, was headed up by Judge Leander Perez, the boss of Plaquemine Parish. Governor Earl Long made it a habit of following the Perez lead when it came to national politics. Perez became disillusioned with Stevenson, who really wouldn't commit to any formula for Louisiana on the Tide Lands Issue involving offshore oil and gas. Perez and company jumped on the Eisenhower bandwagon and almost carried the state for Eisenhower. The largest GOP vote in Louisiana during the previous 20 years had been 19 percent. Eisenhower came close to carrying the state with over 47 percent of the vote. How did he do in Plaquemine? Ninety-three percent, the highest percentage Eisenhower received in any county or parish in America.

Before the election, Eisenhower gave strong assurances to the Louisiana delegation that he would give “vested control” of the Tide Lands out to at least ten and one half miles to the Gulf States. This meant an immediate jump to 100 percent from the 27 percent Louisiana had been getting over the past 60 years. In addition, Eisenhower verbally committed to let everything beyond the ten and one half-mile limit be split 50/50 with the federal government.

Now again, we’re not talking about chump change here. If the deal had been made when Eisenhower became President, Louisiana would have seen in the neighborhood of \$500 billion (I didn’t say million, folks) since the early 1950s. That would have been enough money to firm up protection for our offshore wetlands, and take care of about every other need anyone could envision. Congressman Billy Tauzin and I put a pencil to the issue in the late 1970s when he was in the House of Representatives and I was in the Louisiana State Senate. We figured then that it would have been enough money to pay for virtually every state need, have virtually no taxes on Louisiana citizens, and still give every individual in the state a \$2,000 to \$3,000 check annually.

So why wasn’t the deal made? Quite simply, the old judge was just too greedy. Where Senators Russell Long and Allen Ellender, along with Governor Long and the rest of the congressional delegation wanted to make the deal, Judge Perez said hell no. “Don’t give the feds a damn thing,” said the judge. “We’re entitled to 100 percent as far out as you can drill along our borders. Let’s go to court and get the whole thing.”

Earl Long and company didn’t agree, but he and the Senators did not have the political will to take on the judge. Perez fought the lawsuit for years, and eventually came up with a Big Zero. The issue went to the Supreme Court, and a ruling came down that Louisiana got nothing beyond the six-mile barrier. Simply put, it was the most disastrous decision ever made by any state in the history of the United States.

So now we’re back to square one. And what does the Governor say? “It’s time to play hardball, as I believe that’s the only game Washington understands,” she told the Legislature at its recent opening session. The Minerals Management Service, as a courtesy, always notifies the Governor of the adjoining state to the federal land, the lease is going to take place, and asks for input. However, someone needs to tell the Governor’s office that request is merely that. Nothing but a courtesy. There is no provision in federal law that lets any Governor stop any offshore leasing.

And by taking such a strong stand, the Governor causes several problems. First of all, if she were successful in delaying or holding off the lease sale, she needs to remember that there are thousands of jobs held by Louisiana citizens that are tied up in this oil production. As a spokesman for Shell Oil Company said following the Governor’s statements: “The first ones hurt out of this are the people in Louisiana.” Does she make a stand on principle, and put more Louisiana citizens out of work?

Secondly, it’s hard to go to Congress hat in hand asking for billions of additional dollars to clean up the mess caused by Katrina and Rita, while at the same time you are “laying down the street” to oppose any oil production. The Governor is trying to have her cake and eat it too, and it’s not going to work both ways.

Congressman Bobby Jindal seems to be taking the lead in Washington in extending both the percentages and the boundaries of current federal leasing law to give Louisiana a bigger bite of the apple. Jindal's legislation would provide Louisiana with 75 percent of the revenue up to 12 miles, and 50 percent beyond that. We're talking about an additional \$2 billion a year coming into the state, which everyone in Louisiana would like to have. But it comes down to who has the political stroke in Washington.

The seniority system works against Louisiana, in that the state has lost so many committee chairmen, and other major congressional voices in recent years.

Just think what would have happened if the Monica Lewinsky scandal never had hit Washington. President Clinton survived, but the new Speaker of the House, Louisiana Congressman Bob Livingston, ended up resigning over the whole mess. Can you imagine how much easier it would have been for Louisiana to get the billions of dollars needed if a significant amount of the money was going into the district of the speaker of the U.S. House of Representatives? Think of the billions and billions of dollars lost in south Louisiana over Monica.

There is no doubt that any energy production that takes place off Louisiana's shores puts huge strains on our infrastructure and the environment. A better formula is needed. More money ought to be allocated. The state needs to be speaking with one voice, in a non-contradictory effort. Right now, it's just not taking place. Too say that the state is waging an up hill fight would be an understatement.

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*Asked by a young state legislator whether he thought ideals had any place in politics, Louisiana Governor Earl Long replied, "Hell yes. I think you should use ideals or any other damn thing you can get your hands on."*

Peace and Justice.

Jim Brown

Jim Brown's weekly column appears each Thursday here at Politicsla.com, and in a number of newspapers throughout the State of Louisiana. You can read Jim's Blog, and take his weekly poll, plus ready his columns going back to the fall of 2002 by going to his own website at <http://www.jimbrownla.com>.

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