

Gulf oil disaster: a trillion-dollar corporate crime

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The oil disaster in the Gulf of Mexico is a corporate crime whose magnitude almost defies comprehension. The eventual cost—combining damage to complex Gulf and coastal ecosystems, wiping out of the fishing and tourism industries, and long-term health consequences for the population of the region—is likely to total over \$1 trillion.

The explosion that destroyed the Deepwater Horizon drilling rig, killed 11 workers and began the massive and continuing flow of oil was not an “accident,” but the product of willful corporate cost-cutting and negligence. Further evidence of this fact was provided Monday in documents released by the House Energy and Commerce Committee. One document was an email from a BP engineer, Brian Morel, on April 14, six days before the explosion, in which he described the rig as a “nightmare well which has everyone all over the place.”

An accompanying letter from the committee detailed decisions made by BP officials during the days leading up to the disaster. “The common feature of these five decisions is that they posed a trade-off between cost and well safety,” the letter said. “Time after time, it appears that BP made decisions that increased the risk of a blowout to save the company time or expense.”

In this context, the much-publicized demand by the Obama administration and congressional Democrats, that BP establish an escrow fund of about \$20 billion from which compensation would be paid to fishermen, seafood processors and others robbed of their livelihood by the disaster, is a fraud.

The \$20 billion fund would represent only two quarterly dividend payments for BP. This is likely to be portrayed as a “compromise,” in which the oil company agrees to suspend dividend payments, partially or wholly, for a few months, as a public relations gesture while the Gulf crisis dominates the headlines.

This amounts to an effective amnesty to the giant oil company, and a back-door bailout, since any compensation above the escrow fund amount would become the responsibility of local, state and federal governments, i.e., like the cost of the Wall Street bailout, it would come at the expense of the working class.

The scale of the Gulf oil disaster is so enormous that for any serious estimate of the real costs in terms of cleanup, compensation and long-term repair of damage, the bidding starts at a trillion dollars and rises rapidly upwards.

An estimate published by Earth Economics, an environmental group, found that the Mississippi River Delta in Louisiana alone had an economic value of between \$330 billion and \$1.3 trillion, based on benefits provided like water supply, water flow regulation, hurricane protection, food production, raw materials production, recreational value, carbon sequestration, atmospheric composition regulation, waste treatment, aesthetic value and habitat value.

Besides Louisiana, however, oil from the BP spill is now washing ashore on the coastline of Mississippi, Alabama and the Florida panhandle. Vast plumes of undersea oil have been detected in the deep waters of the Gulf of Mexico, beyond the continental shelf, where the destructive impact on ocean ecosystems and the food chain is incalculable.

Even the lower-range figure for the Mississippi Delta exceeds the \$189 billion market capitalization of BP. In other words, the resources of even one of the largest oil companies are entirely inadequate, either to stop the leak itself or to remedy the damage.

The next few days will be dominated by a series of actions aimed at presenting the Obama administration as a critic and opponent of BP, and Obama himself as an advocate of those whose livelihood and way of life are now threatened. These include Obama's fourth trip to the Gulf Coast, followed by his nationally televised address from the Oval Office Tuesday night, a White House meeting with top BP officials Wednesday, and an appearance before congressional committees Thursday by BP CEO Tony Hayward. These are essentially media events, aimed at concealing, not exposing, the true causes of the Gulf oil disaster.

While the magnitude of the disaster and all its ramifications may be incomprehensible, the sources of this latest crisis are clear. The behavior of BP and the impulses that drive its policies are not fundamentally different from any other major corporation. Until the next horrific catastrophe, BP is only the most notorious face of the international corporate elite that has smashed up the world economy, destroyed the jobs and living standards of hundreds of millions of working people, and now threatens to do permanent damage to the planet itself.

The Gulf oil disaster, coming in the midst of a deepening worldwide economic crisis, further discredits the profit system in the eyes of working people around the globe. It demonstrates the true nature of the capitalist "free market," which represents freedom for the capitalists to profit at the expense of the vast majority of humanity, and to the detriment of nature itself.

Any serious exposure of the role played by BP in this disaster implicitly raises the question of a socialist alternative to the filth and criminality of the profit system. The oil industry has richly benefited from the offensive mounted by the financial aristocracy over the past three decades to scrap all limitations on the market, including safety and environmental regulation. BP is not an exception, but rather the latest example of the prevailing trend, following in the footsteps of AIG, Goldman Sachs, Lehman Brothers, Enron, Exxon Mobil, Union Carbide and a myriad of other corporate criminals.

The answer to this blatant corporate criminality is to make the capitalists pay for the crisis, not the working people of the Gulf Coast. As a first step, the assets of BP should be summarily seized to provide compensation for those suffering economic losses, and to finance further efforts to stop the flow of oil and clean up the damage.

The oil industry as a whole should be nationalized—placed under public ownership and democratic control—both to provide the additional resources required to offset the cost of the disaster, and to prevent any further such catastrophes on the hundreds of other offshore wells already in production in the Gulf.

It goes without saying that the Democratic Party and the Republican Party are implacably and unalterably opposed to such a policy. Both parties defend the profit system and the “right” of the giant corporations to own and control the means of production. Both agree that the needs of working people must be subordinated to what the “market”—i.e., the capitalist class—can afford.

The only way to break the stranglehold of the giant corporations and banks is to build a mass revolutionary movement of the American and international working class, the most powerful social force on the planet.

Working people and youth in the United States and around the world must draw the necessary political conclusions from the catastrophes produced by the profit system. The conditions that created this disaster can only be eliminated through the fight for socialism. We urge all those who agree with this program to make the decision to [join and build](#) the SEP.

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