

# The BP oil spill and American capitalism

Tom Mackaman  
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The explosion on the BP oil rig Deepwater Horizon on April 20 off Louisiana's coast, which took the lives of 11 workers and has resulted in a massive oil slick that threatens economic and environmental ruin for the Gulf Coast, stands as a powerful exposure of American capitalism.

Each day brings new revelations that federal regulators under both the Bush and Obama administrations aided and abetted BP and the oil industry as they disregarded safety and environmental precautions that might have prevented the disaster.

Some of the most recent revelations include:

- In 2000 the Minerals Management Service (MMS) requested industry advice on problems related to the cementing used around deep sea well caps to stop blowouts. The oil industry never produced recommendations, and no regulation was put in place.

- A 2002 study conducted by the MMS revealed that vital equipment on oil rig blowout preventers did not function. In laboratory testing of one manufacturer's shear rams—devices used to sever pipes after a blowout—half failed. Seven other makers refused to have their shear rams tested.

- In 2002, Pers Holland, a Norwegian researcher commissioned by the MMS, found that two sets of shear rams should be used in blowout preventers, rather than the industry standard of one. Holland reported that using a single cutting device could result in failure to plug leaks in 10 percent of all blowouts. The MMS disregarded Holland's proposal.

- A study commissioned by the MMS in 2004 raised serious doubts as to whether equipment in blowout protectors could even function under deep sea oceanic pressures. No standards were put in place.

- Deepwater Horizon lacked an “acoustic switch,” a backup mechanism for triggering the blowout preventer in the case of an explosion. The US oil industry found these units' \$500,000 price too expensive and MMS

did not require them, although they are mandated by Norway and Brazil.

- The number of drill site inspections carried out by the MMS fell by 41 percent between 2005 and 2009, even as the number of drill rigs operating in US waters increased. The number of penalties issued by MMS for regulatory violations fell from 66 in 2000 to 20 last year.

- In June of 2009, the MMS exempted BP from producing a legally-mandated environmental impact study for the site where Deepwater Horizon would drill. Obama was earlier warned by the National Oceanic and Atmospheric Administration (NOAA) that MMS studies approving offshore drilling were not reliable.

These decisions led directly to the deaths of 11 workers aboard the Deepwater Horizon and the environmental catastrophe in the Gulf. The workers killed in the BP explosion are only the latest casualties. According to data from the International Regulators Forum, from 2004 through 2009 offshore oil workers on US rigs were four times more likely to be killed in industrial accidents and 23 percent more likely to be injured than oil workers in European waters. While there were 5 “loss of well control” disasters on US drill rigs in 2007 and 2008, in five other major offshore drilling nations—the UK, Norway, Australia, and Canada—there were none.

Since 2001 there have been 69 deaths, 1,349 injuries and 858 fires or explosions on oil rigs operating in the Gulf of Mexico alone, according to the International Association of Drilling Contractors.

The incestuous ties between the MMS and the oil industry have not been severed with the election of Obama. Obama was in fact the top recipient of BP “employee donations” in the 2008 election cycle, and the company has mobilized tens of millions in a massive lobbying campaign that has brought on board such powerful Washington insiders as Democratic

Party kingmaker John Podesta, former Democratic House majority leader Thomas Daschle and former Republican Senator Alan Simpson (a key member of Obama's bipartisan budget committee). Current CIA director Leon Panetta has also served on BP's "external advisory council."

Only weeks before the Gulf disaster, in an open sop to the oil companies, Obama declared his intention to make large regions of the US coastline available for oil drilling. The Deepwater Horizon explosion is the result of decades of "deregulation," which proclaimed that the "free market" could best regulate itself. Beginning in the late 1970s, the US government, under both Democratic and Republican administrations, has worked to systematically eliminate all constraints on corporate profit-making.

The result has been disastrous for the population of the US and the world. Corporations controlling vast social resources make decisions affecting millions of people on the basis of profit. Working hand in glove with "regulators," little more than wholly owned subsidiaries of industry, the corporate elite targets for elimination any outlay that diminishes profit returns to the top executives and shareholders, whether it be environmental protection, product safety, or workers' safety—as a spate of recent deadly workplace accidents has revealed.

In industry after industry the story is the same—mining, auto production, transportation, telecommunications and, of course, the finance industry. Indeed, the eruption of toxic oil from the bottom of the sea has its parallel in the eruption of toxic assets that set off a financial crisis in 2008. Led by the Obama administration, national governments responded to this disaster by bailing out those responsible—the financial elite—and leaving the working class to foot the bill. In this sense, the crisis in the Gulf and the crisis in Greece are connected by a common social and economic system.

The assets of BP, Transocean, Halliburton and their executives—hundreds of billions of dollars—must be appropriated and used to make the people of the Gulf whole and to put in place a massive environmental cleanup program. The executives and regulators whose policies caused the disaster should be criminally prosecuted.

The stranglehold of the corporate and financial elite

over society and its resources must be broken. This requires the implementation of a socialist program for energy production. The big energy corporations must be seized and converted into public utilities, democratically run by the working class in the interest of social need.

Tom Eley



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