

Obama plan for BP payments is far below cost of Gulf disaster

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The Obama administration said Monday that it will press BP to set up an escrow account for compensating Gulf Coast residents. While the move has been presented as an effort to ensure that BP pays full restitution, it is in fact an attempt to contain growing public anger at the company's efforts to limit payouts without providing anywhere near the resources needed to adequately address the crisis.

White House spokesman Bill Burton told reporters that the administration is "working out the particulars" of the plan, but he said that the plan would be in "the billions of dollars."

The reference to "billions" was less than the figure proposed by Congressional Democrats, who have called for the company to set aside \$20 billion to "compensate victims and provide for clean-up." BP is already obligated to pay for all clean-up costs.

Both figures do not approach the actual cost of the disaster, which has already poisoned the Gulf of Mexico with tens of millions of gallons of oil and toxic dispersant. The final figure will be counted in the hundreds of billions, if not trillions, of dollars.

Meanwhile, BP has announced plans to increase its drill-site processing capacity to between 40,000 and 50,000 barrels a day by the end of June. Currently, the company has stated that about 15,000 barrels are being captured daily. Much of the additional oil collected will be burned, which has raised health concerns.

The total flow rate is unknown, but may be well above 50,000 barrels (2.1 million gallons) a day, perhaps as high as 100,000 barrels or more according to some scientists.

BP acknowledged that its new plans are not guaranteed to work, and could be disrupted by hurricanes. Analysts predict that the hurricane season, which started at the beginning of June, will be severe.

Businesses and residents in the Gulf have complained of a highly bureaucratic process for requesting compensation for the disaster, resulting in very minimal assistance from BP. Businesses have said that they have been asked for thousands of documents in order to process claims. As of Sunday, the company had only paid out ten claims worth more than \$5,000 and only \$53 million total has so far been allocated.

The proposal from Senate Democrats for a \$20 billion escrow fund contained no ultimatum and merely urged BP to consider the proposal.

The Senators' letter references the Exxon Valdez oil spill, for which it said, "Damages totaled more than \$7 billion."

If the Deepwater Horizon spill were to result in damages, gallon-for-gallon, proportional to those of the Exxon Valdez, BP would today be liable for perhaps 15 times the amount of money that Exxon was told to pay: over \$100 billion.

However, unlike the Exxon Valdez spill, which contaminated a largely unpopulated wildlife preserve, the BP disaster affects a highly populated area that includes some of the country's most productive fisheries, important wildlife habitats, and busiest shipping routes. These facts alone raise the potential damages by an order of magnitude. Moreover, the payments Exxon ended up handing out were themselves far lower than the actual cost of that disaster.

Anna Hrybyk, program manager of the Louisiana Bucket Brigade, an environmental group in the region, told the *World Socialist Web Site* that the figure of \$20 billion would be adequate "in no way, shape, or form." She said that the spill was so extensive, and its impact so far-reaching, that simply monitoring the health and environmental impact of the spill is an immense task.

“There’s not enough being done to assess the health and environmental impacts of this event. The only personnel exposure monitoring is being done by BP, nobody else; they are the major source of air quality monitoring, as well,” she said.

This is leading to adverse health effects of the spill being underreported, since BP has an interest in keeping its liabilities down. “We’ve had reports to our website of workers getting open, bleeding sores from handling the dispersant,” Hrybyk said. BP has worked systematically to prevent media exposure of the impact of the disaster, including its effects on clean-up workers.

Cynthia Sarthou of the Gulf Restoration Network said that it would take “billions” just to monitor the environmental effect of the spill. She said that the number of animals found washed up on the shore point to an environmental catastrophe. A total of “387 turtles have washed up in the Gulf so far from April 30 to June 12, four times higher than normal.”

“There have been over a thousand oiled birds found onshore so far, half of which were dead. For every oiled bird found on the beach, there are another five that may have died elsewhere. And only half the oiled birds that are rescued end up surviving.”

“They’ve also found 41 beached dolphins, all the ones they’ve found alive had to be euthanized,” she said.

Obama is currently in the middle of a two-day trip to the Gulf of Mexico, where he will pass through Mississippi, Alabama and Florida before returning to Washington to give a speech at the Oval Office Tuesday evening.

Obama will meet with BP executives, including CEO Tony Hayward and Chairman Carl-Henric Svanberg on Wednesday to discuss how the company will handle the scheduled issue of its dividends, among other matters.

BP’s Board of Directors met Monday in London to discuss the possibility of cutting or delaying the company’s scheduled dividend payout, which amounts to \$10.5 billion, many times more than the company has spent so far on cleaning up the greatest environmental disaster in US history. A BP spokesman said the company does not plan to announce whether it will withhold its dividend payment until after its executives meet with Obama.

The aim of Obama’s speech and the subsequent

meeting with BP officials is to reach some sort of agreement that the administration hopes will curb growing popular outrage over the disaster while preserving the profit interests of BP and the oil industry as a whole.



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