

BP likely to proceed with dividend payout

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BP will likely proceed with a multibillion-dollar dividend payout to investors in spite of the massive Gulf of Mexico oil spill resulting from the explosion of its leased Deepwater Horizon rig on April 20.

In a presentation to investors on Friday, BP chief executive Tony Hayward said that BP could “meet its obligations to all stakeholders,” adding that shareholders “depend on BP for part of their financial security.” The Board of Directors has put off making a final decision until July 27, likely hoping that public anger will somehow have been attenuated by then.

Hayward assured investors that the oil giant has more than enough resources to absorb costs stemming from the disaster, though he was described as “coy” over whether or not dividends would be distributed in their full. Most British analysts believe the dividend will be distributed in full, but some believe that it may be reduced in some degree.

Hayward’s comments highlight the socially destructive character of capitalism. The oil giant’s profit drive has created an unprecedented environmental catastrophe in the Gulf of Mexico. An enormous amount of evidence demonstrates that it skipped over important safety and environmental considerations in the drilling of the well in order to save money. As a result, much of the Gulf is ruined, and tens of thousands of workers in the region’s tourism and fishing industries will lose their jobs.

By all rights, the executives and top shareholders of BP should be under criminal indictment, company assets and personal fortunes seized. Instead, the debate that rages is over whether BP will distribute \$10.5 billion to its shareholders or somewhat less. Several US senators have called on BP to limit disbursements, at least while the oil continues to gush into the Gulf.

President Obama, speaking in Louisiana on Friday, refrained from making a similar call. He alluded to BP’s looming dividend payout and, after noting that BP should not be “nickeling and diming” the people of the Gulf over their financial claims, he pointedly underlined that the oil giant has legal obligations to its shareholders.

Last year, BP reportedly distributed a staggering one sixth of all dividend payments on the British market. BP’s annual dividend yield is anticipated to be at 8.9 percent or 9.4 percent, according to reports, far higher than its rivals Exxon Mobil (2.8 percent) and Royal Dutch Shell (6.5 percent).

BP has so far spent about \$1 billion in oil spill-related costs, less than a tenth of the anticipated dividend payout. Many of these expenditures are reportedly tax deductible.

BP, one of the five largest corporations in the world, has lost about a third of its value in share prices since the disaster, and Fitch downgraded its credit rating on Friday. But market analysts have expressed confidence that it can survive whatever financial liabilities are likely to arise from the Gulf Coast cleanup.

Hayward, who is paid upwards of \$4 million annually by BP, has become a hated symbol of corporate arrogance in the US. For weeks, he minimized the scope of spill, declaring early on that it was insignificant because the Gulf of Mexico is a “very big ocean” and stating as late as two weeks ago that the environmental impact would be “very, very, modest.” Last week, he categorically dismissed scientific evidence of massive underwater plumes of oil and was caught on tape yelling “get out of here” to news media attempting to view cleanup operations.

Over the weekend, Hayward, in words that have already become infamous, declared that he was interested in solving the spill because of its personal burdens on him. “I want my life back,” he said. The furor over the comment was such that Hayward was compelled to apologize to the families of the 11 workers killed in the Deepwater Horizon blast.

Yet in Friday’s meeting with shareholders, Hayward appeared to taunt public anger. “I’m so far unscathed,” he told stockholders. “Sticks and stones can break my bones, but words can never hurt me, or however the phrase goes.”

There are fears in ruling circles that BP’s arrogance, coupled with the impotence of the Obama administration,

is producing a political catastrophe that at least matches the spill's economic and ecological damage.

Obama on Thursday appeared on the evening cable talk show *Larry King Live*, and on Friday cancelled scheduled visits to Australia and Indonesia to make his third trip to the Gulf Coast since the explosion on the Deepwater Horizon oil rig.

Obama's decision to scrap his scheduled visits to the two nations—the second time the trip has been cancelled—bespeaks an administration in crisis. White House sources told the press that they feared public hostility if the president were to leave the country with the spill still underway.

After proclaiming for weeks that BP is in control of the clean-up, Obama has sought to promote an image of command of the situation and anger toward BP. However, his inability to express, even in a limited way, the population's outrage toward BP has worried even political allies that the administration will itself increasingly become the focus of popular anger.

In his interview with Larry King, Obama declared he was "furious at this entire situation." He refrained, however, from any mention of the criminal investigation announced by his attorney general earlier this week.

The main focus of the administration is to buy time and find some way of containing this anger and preventing it from challenging the pro-business policy of his administration, including the expansion of oil drilling.

"We've got to have domestic oil production," he said, indicating that he would lift the current moratorium on new deepwater oil projects as soon as a commission could establish that such drilling could be done "safely."



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