

# BP's Hayward stonewalls, Congressmen posture at spill hearing

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Thursday's hearing into the Gulf oil spill was a spectacle of Congressional posturing and impotence before the stonewalling of BP CEO Tony Hayward.

Hayward, who was provided with documents and questions in advance, claimed to have no knowledge of the events leading up to the April 20 blowout at the Deepwater Horizon rig. He repeatedly declared that he could not answer questions while an internal BP investigation was still underway. The assembled Congressmen were reduced to pleading for answers.

The Congressmen's anger over Hayward's stonewalling rang hollow. The CEO could simply brush aside the committee's questions in the full knowledge that there will be no consequences for BP, which President Obama a day earlier declared his administration would defend.

"BP is a strong and viable company and it is in all of our interests that it remain so," Obama said in unveiling a \$20 billion escrow account for paying out claims and costs associated with the cleanup. The entirely inadequate sum was structured so as not to cause a significant disruption to BP's cash flow. The company will be required to put down \$5 billion per year. Starting next year, this will mean \$1.25 billion per quarter, not a difficult sum for a corporation that had intended to pay out over \$10 billion in dividends this year alone.

The hearing, held by the Subcommittee on Oversight and Investigations of the House Energy and Commerce Committee, was based on over 30,000 pages of internal BP documents that clearly demonstrate BP knowingly passed over standard safety procedures in order to expedite and economize its well capping operation. (See, "Internal documents reveal criminal negligence: Obama administration's 'escrow' account will shelter BP").

These latest revelations come after dozens of media reports, testimony from rig workers and oil industry experts, and documents from government regulatory agencies demonstrating that the disaster resulted from disregard for worker safety and the ecology of the Gulf of Mexico. This was made possible as a result of the conversion of regulatory

agencies into little more than oil industry adjuncts.

In his opening remarks committee member Edward Markey, a Massachusetts Democrat who has been BP's most publicly outspoken critic among elected politicians, presented what amounted to the "left" of the statements from Congressmen. He extolled Obama's escrow account as some sort of severe punishment. In fact the account—which was initially BP's idea—aims to reassure markets and ratings agencies fearful that there could be no limit to its liability.

Markey's position that the account is a grave punishment was undermined by Hayward, who repeatedly praised it in the hearing. Stock markets have also given their approval, sending BP's shares higher after the deal was announced. In London on Thursday, BP's stock rose 7 percent, following a rise in US markets on Wednesday. It closed 0.4 percent lower in trading on Wall Street Thursday.

On the other side of the aisle, Rep. Joe Barton, a Texas Republican, lambasted the escrow account as an illegitimate "shakedown" of BP. He apologized to BP twice in his brief opening remarks (he later retracted these statements under Republican pressure.) Barton is among the oil industry's most highly rewarded "assets" on Capitol Hill, having received \$1.4 million in industry contributions over the course of his career, fifth most among US Congressmen. His single biggest contributor, Anadarko, owned a one-quarter stake in the Deepwater Horizon drill site.

Barton's comments afforded the White House itself an opportunity at playacting, with Vice President Joe Biden condemning the remarks as "astonishing" and "outrageous." Yet Barton is only an extreme example of a Congress populated by politicians with longstanding financial and campaign ties to Big Oil. BP's top cash recipient over the last 20 years is none other than Barack Obama, according to the Center for Responsive Politics.

Chair Henry Waxman, Subcommittee Chair Bart Stupak and others peppered the CEO with questions over the documents that show BP's recklessness, and also demanded explanations for BP's miserable safety record. Hayward responded in an increasingly disdainful manner as the

hearing wore on.

Typical Hayward responses included: “I think it’s too early to reach conclusions”; “I wasn’t involved in any of that decision-making”; “I wasn’t part of the decision-making process”; “I’m not a cement engineer, I’m afraid”; “I am not a drilling engineer”; “I’m not an oceanographic scientist”; “I had no prior knowledge,” and so on.

But his primary line of defense was to declare, repeatedly, that he could not answer questions while BP’s internal investigation was underway. The Congressmen failed to challenge this position—that BP’s investigation should trump one authorized by the US Congress. If there is any evidence of cost being placed above safety, “I will take action,” Hayward said on numerous occasions, though he indicated no disciplinary action has yet been taken against anyone in the corporation in relationship to the spill.

Whatever the finer details of the deal worked out between Hayward and the White House a day earlier, it is clear that Obama made no demand that the BP executive cooperate with the Congressional investigation. The end of the hearing found Waxman pleading for cooperation. “Why should we rely on your own investigation?” he finally asked. “We delayed our hearing so you could prepare, and we sent you our questions in advance.” Waxman warned that Hayward’s “evasions” would damage the public perception of the process.

The only form in which the anger of the population found real expression was from a protesting shrimper during Hayward’s opening remarks. Diane Wilson, 61, from Seadrift, Texas, stood up and yelled “You need to be charged with a crime!” and “You need to go to jail!” before being subdued by several police who appeared to have pinned the woman to the floor. It goes without saying that Wilson was arrested, while Hayward, whose corporation has ruined an entire ocean, is still collecting his multimillion-dollar salary.

The Congressional hearing was the final act in a four-part propaganda extravaganza to create what top Obama adviser David Axelrod calls an “inflection point” in public perception of the BP and White House response to the disaster. The first act was Obama’s public relations tour of the Gulf Coast over the weekend, followed by the prime-time Oval Office address to the nation on Tuesday, then Wednesday’s White House meeting with BP executives—dutifully presented by the US media as a “showdown”—and finally Thursday’s Energy Committee hearing, which was to offer Hayward up for a public lashing.

Hayward has become a symbol of corporate arrogance to millions. For weeks, he lied about the scope of the spill, declaring early on that it was insignificant because the Gulf of Mexico is a “very big ocean” and that the environmental

impact would be “very, very modest.” He also notoriously framed the disaster in terms of its impact on himself, declaring that it would be good to stop the gushing oil because “I want my life back.” His performance and the impotence of the Congress members will do little to defuse this anger.

The central concern remains to defend BP’s shareholders and the oil industry as a whole. To this end the oil giant has enlisted a veritable who’s who of Washington’s political horse traders, according to *BusinessWeek*. The list also highlights the incestuous relationship between politicians and big business.

“WilmerHale, a law and public policy firm populated by top officials from President Bill Clinton’s Administration, is helping contend with multiple legal issues and congressional investigations,” the financial magazine states. “At the June 16 White House meeting, company officials were accompanied by WilmerHale partner Jamie Gorelick, a former deputy attorney general under Clinton, and Michele Davis, a [Brunswick Group] partner who was former Treasury Secretary Henry M. Paulson Jr.’s spokeswoman.” Gorelick was a prominent member of the 9/11 investigation committee, which worked to whitewash the government’s role in that disaster.

Among other figures retained by BP are Hilary Rosen who “has connections throughout the city as the former head of the Recording Industry Association of America and from previous jobs that include working for Senator Dianne Feinstein, a California Democrat,” *BusinessWeek* writes. “To help massage the press, Brunswick has retained John Feehery, who served as an aide to former House Speaker Dennis Hastert. Other recent hires include Alex Castellanos, an adviser to GOP Presidential campaigns, who comes aboard with his own media and advertising firm, Purple Strategies.”



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