

Obama and Cameron pledge to defend BP profits

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US President Barack Obama and British Prime Minister David Cameron met this weekend during the G20 summit in Canada to discuss the ongoing crisis in the Gulf of Mexico as a result of the BP oil spill. The goal of the meeting, however, was not to coordinate cleanup and recovery efforts, but to once again give a US and UK government guarantee of the profits of BP.

A statement on the meeting released by Cameron's office on Sunday reports that Obama and Cameron "agreed that BP should meet its obligations to cap the leak, clean up the damage and meet legitimate compensation claims. They also agreed that it was to both countries' advantage for BP to remain a strong and stable company."

The reference to "legitimate claims" was intended as a clear signal that the governments of the two companies would not press for full restitution of those impacted by the disaster. BP has used the same term repeatedly, even as it has delayed or denied claims. The language deliberately places the onus on the individual or business affected by the disaster to prove that their claim is in fact "legitimate."

The US government's commitment to limiting the liability of BP was underscored by comments from Kenneth Feinberg, the administrator of the \$20 billion compensation fund, who will be tasked with mediating claims. During a town hall meeting in Larose, Louisiana on June 25, Feinberg declared, "There is absolutely no sense at all driving BP into bankruptcy. That would be a disaster."

As for the statement that BP will remain "strong and stable," put simply this means that the company should

return adequate profits to its investors. The message sent to BP shareholders was received loud and clear. Reports of the meeting's conclusions led to a rise of 3.99 percent in BP's shares, which had fallen to a 14-year record low on Friday.

The meeting during the G20 summit was only the latest in a series of statements from both Cameron and Obama pledging their commitment to BP profits. Cameron warned earlier in the week, during an interview with CBC, that it was "in all our long-term interests that there is some clarity, some finality, to all of this, so that we don't at the same time see the destruction of a company that is important for all our interests."

Cameron sought to reassure critics of BP as well as company shareholders by claiming that the company had the best interests of the public at heart, saying "BP wants to cap the oil, it wants to clean up the oil, it wants to pay compensation to fishermen and hotel owners and people who have suffered and it should do that." In fact, the interests of BP are in direct conflict with both a serious clean up and containment response, and adequate compensation for those whose lives have been devastated.

The prime minister added, "I believe it can and I believe it should and I believe it is in both Britain and America's interests that BP remains a strong and stable company."

As for the Obama administration, its response has been, from the beginning, to defend BP, the oil industry, and the expansion of deep-sea oil drilling.

While any just and rational response to the Deepwater Horizon disaster would necessarily include the criminal investigation and prosecution of BP executives, along with the seizure of the company's assets for the purpose of funding an emergency response to the oil spill, the response of the Obama administration has been to minimize and cover up the size of the disaster, to protect BP from financial liabilities and to defuse public anger towards the oil giant.

As the Deepwater Horizon spill began, the Obama administration not only did not make any arrests, but instead left BP in charge of cleanup and containment efforts, insisting falsely that the oil company was the only body with the technology and expertise to bring an end to the spill. Obama also left unchallenged BP's assertions that scientific data collected on site by the corporation was proprietary information that did not have to be made public. There can be no doubt that granting these rights to BP contributed significantly to the worsening of the disaster.

As public anger grew, the administration made a brief and fleeting reference to a possible criminal probe, but this has since been dropped.

While Obama made public relations appearances in the media during previous weeks intended to portray the president as "angry and frustrated" over the spill and BP's handling of it, he met privately with BP CEO Tony Hayward to work out measures for limiting BP's financial liability. The creation of a \$20 billion fund, to be paid out over four years, was designed to create as minimal impact as possible on the company's cash flow. The selection of Feinberg, with the full approval of BP executives, was intended as another signal to Wall Street and the City of London that the company's bottom line would be protected.

Should the company be proven criminally negligent in its actions leading up to the April 20 Deepwater Horizon disaster—and there is ample evidence to prove that it was—there would be no limit to the amount it would be forced to pay in compensation. The real cost of the spill could reach well beyond \$1 trillion, far more than the company is worth.

The escrow fund was also an attempt to cover-up for the fact that the federal government has done nothing to mobilize social resources to respond to the disaster or to ensure proper compensation.

Meanwhile, the disaster caused by the oil giant continued to spread. A significant amount of oil has now washed ashore on the beaches of Mississippi. A thick oil sheen and tar balls made landfall on Sunday with at least seven of the state's beaches affected. The further devastation of the fishing and tourism industries in the state, along with Louisiana, Alabama, and Florida, are virtually guaranteed.



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