

# The BP oil spill and the tyranny of private ownership

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The fifty-first day of the worst ecological catastrophe in US history found Washington redoubling its efforts at containment—not of the Gulf oil spill itself, but of the financial dangers it poses to BP and the oil industry as a whole.

On Thursday, media alarm bells went off when BP shares fell 40 percent below their pre-spill value and the cost of insuring the company's bonds against default increased. Markets were punishing BP over rumors that it might hold back on an upcoming dividend payout of as much as \$10 billion, according to analysts.

The British financial press has launched a full-throated defense of BP's "right" and "duty" to hand out dividends to shareholders—even as the oil giant obstructs and delays compensation checks to those on the Gulf Coast who have lost their livelihoods as a result of the spill. The lead article in Thursday's *Financial Times* of London reported the "alarm" of British industry over Washington's "inappropriate" rhetoric against BP.

This reflects fears that Wall Street and the US oil giants will use the disaster in the Gulf to grab a greater share of the market and gain a competitive advantage over the British-based company. Indeed, plans are already being hatched to shield BP's banks, major shareholders and bondholders from potentially billions of dollars in cleanup costs and fines by means of financial maneuvers that will ultimately offload these costs onto the public.

One such scenario, involving either a bankruptcy filing or takeover of BP by a rival firm, such as US-based Exxon Mobil, is described in a recent column by *New York Times* financial columnist Andrew Ross Sorkin.

He writes: "The idea that BP might one day file for

bankruptcy, particularly as part of a merger that would enable it to cordon off its liabilities from the spill, is starting to percolate on Wall Street. Bankers and lawyers are already sizing up potential deals (and counting their potential fees).

"Shell and Exxon Mobil are both said to be licking their chops. And already, flinty legal minds are dreaming up scenarios in which BP would file a prepackaged bankruptcy and separate the costs of the cleanup—and potentially billions of dollars in legal claims—into a separate corporate entity."

Whether BP survives as an independent concern or its top shareholders and creditors are given shelter in Exxon or Shell is of lesser concern to the American ruling class than the defense of the oil industry as a whole. Acting through elected politicians who are, for all intents and purposes, on its payroll, the oil industry is demanding an end to any, even temporary and partial, restrictions on its activities.

Over the past week, President Obama's six-month moratorium on approving new deep-sea drilling operations in the Gulf of Mexico has become the target of an industry campaign that cynically cloaks itself as a defense of jobs.

At a Senate Energy and Natural Resources Committee hearing held Wednesday, Democratic Senator Mary Landrieu of Louisiana, a leading oil industry "asset," demanded that Secretary of the Interior Ken Salazar lift the moratorium, absurdly declaring that if it "lasts much longer than a few months, it could potentially wreak economic havoc on this region that exceeds the havoc wreaked" by the BP spill.

In fact, the moratorium, which the media falsely presents as a total ban on offshore drilling, affects only 33 new drilling operations, not those already underway.

Whatever job losses result from Obama's token measure are dwarfed by those in the region's fishing and tourism industry—losses that will likely be counted in the hundreds of thousands and may never be recouped.

In response, Salazar made clear that the committee Obama appointed to investigate the spill has no intention of stopping new deep-sea drilling operations. Its goal is to “press the pause button...not the stop button,” Salazar said. “It's a pause button so that we can make sure that we move forward with OCS [outer continental shelf] drilling—so that it can be done in a way that is protective of people and protective of the environment as well,” Salazar added.

There is no credibility to the claim that after three or six months of review, procedures will be put in place to make deep-sea drilling safe, especially since one of the co-chairmen of Obama's panel sits on the board of directors of ConocoPhillips.

The entire experience of the oil spill has highlighted the degree to which the government at every level—from the White House, to Congress, to state and local governments—is subservient to big business and incapable of taking any action that threatens its basic interests.

It is an old trick of the ruling class to present jobs, on the one side, and safety and environmental concerns on the other, as incompatible opposites. Blackmailing desperate workers with the threat of more job losses, the oil industry and its politicians lay out their terms: Stop drilling and deprive oil workers of their jobs, or resume drilling and risk another catastrophe.

This is a false choice that is based on the premise that ownership and control of the oil industry must remain in private hands and the provision of energy subordinated to private profit. In fact, the very posing of jobs and the ecological survival of the Gulf as though they were mutually incompatible underscores the irrationality and destructiveness of capitalist ownership of the oil industry.

The only basis for protecting jobs in the oil, fishing and tourism industries, as well as countless small and medium businesses, and protecting the environment is to end private ownership of the energy industry. The current disaster underscores the incompatibility of modern mass society, so interdependent and complex, and an obsolete economic system based on the

enrichment of a tiny elite.

The way to mobilize the necessary resources to clean up the Gulf while providing jobs and fully compensating those who have been devastated by BP's criminal negligence is to seize BP, its assets and resources, and use them for the social good, rather than the personal fortunes of its CEOs and big investors.

This must be part of a policy of nationalizing the energy industry and turning it into a public utility, under the democratic control of the working population. This socialist solution can be achieved only through a political struggle of working people against the Obama administration and both parties of big business, and the fight for a workers' government.

The response to the Gulf oil spill must be taken out of the hands of BP and the Obama administration. An independent commission of scientists and engineers must be given unfettered access to analyze the spill and provide leadership over a massive cleanup effort, employing not 20,000, as Obama boasts, but hundreds of thousands of workers, who must be given proper training, safety equipment, and be paid good wages and benefits.

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