

Obama seeks “inflection point” on Gulf oil disaster

Tom Eley
19 June 2010

The past week saw the Obama administration, BP, and the US media seek out an “inflection point” in the Gulf oil blowout crisis, as chief White House adviser David Axelrod put it.

Their aim was to somehow defuse growing popular anger over the disaster, while refurbishing the credibility of the government and stock value of BP. However, the exercise has underscored the subservience of the entire political establishment to the corporate and financial elite.

Over the weekend Obama toured the Gulf Coast, his third trip to the region since the April 20 explosion that killed eleven workers and initiated the biggest oil spill in US history. The previous trips, which had each lasted just a few hours, had failed in their objective of portraying Obama as “in command” and “angry and frustrated.”

This time Obama visited several Gulf Coast states over three days, media in tow, advising Americans “to come down here and enjoy the outstanding hospitality”—and eat seafood, which the president declared to be “delicious” after a lunch in Alabama. In a near repetition of the now-infamous comments made by George W. Bush after Hurricane Katrina in 2005, Obama promised Gulf residents “we’re going to be able to leave the Gulf Coast in better shape than it was before.” New Orleans, it should be noted, has never recovered from Katrina.

On Tuesday, Obama held his prime-time Oval Office speech on the blowout. A spectacle of cowardice and evasion, capped off by sanctimonious invocations of religion, the speech made no condemnation of BP, its actions in the events leading up to the disaster, or its cover-up of the size of the blowout afterwards.

On Wednesday came the administration’s White House

meeting with top BP executives Tony Hayward and Carl-Henric Svanberg. Afterwards Obama unveiled his plan for a BP escrow account of up to \$20 billion that the oil giant will come up with over four years. The sum, even in the unlikely event it is ever paid in full, does not even begin to approach what would be required to deal with the crisis.

Though Obama said the escrow, the Independent Claims Facility (ICF), did not represent a cap on BP liability, most analysts expect that it will serve precisely that purpose. In words carefully tuned to financial markets on Wall Street and the City of London, Obama declared, “BP is a strong and viable company and it is in all of our interests that it remain so.”

Markets took measure of the ICF, bouncing BP share values upwards after a sharp decline over the previous weeks. With an estimated \$30 billion in operating cash flow next year and enough oil reserves to supply the US market by itself for two years, BP will have little trouble meeting the \$20 billion—even should it be required to do so.

“Add cash lying around in bank accounts and in short-term investments and BP could raise \$25 billion without breaking much of a sweat,” the AP notes. “The US government will become insolvent before BP does,” Bruce Lanni, a stock analyst with Nollenberg Capital Partners, told AP. One UK investor cited by the *Financial Times* remarked that BP was now a buying opportunity. “If the escrow fund is adequate, \$20bn against the value of BP’s assets is minimal.”

On Thursday came Hayward’s appearance before a US House Energy Committee meeting focused on internal documents that clearly illustrate BP’s criminal negligence

in the lead-up to the disaster. This event was aimed to give vent to popular anger, as politicians—themselves intimately tied to the oil industry and implicated in the deregulation of the economy that led to the disaster—would take turns grilling Hayward, by now a despised symbol of corporate power. Instead, secure in the knowledge that BP will face no real consequences, Hayward blithely dismissed virtually every question, informing the congressmen that the company’s own, internal investigation took precedent.

One Republican congressman, Joe Barton of Texas, went so far as to twice apologize to Hayward for BP’s supposed suffering at the hands of the Obama administration and its ICF escrow, which he called a “shakedown.”

The US media seized on Barton’s comment on Thursday and Friday to ponder whether or not Obama had, in fact, “gone too far” in his alleged rough handling of BP, bringing the week’s propaganda campaign to a miserably dishonest end.

The *New York Times* led the charge. Writer David Sanger presented the escrow account as a “display of raw arm-twisting” that might raise questions over “the power of government overreach.” The *Times* worried that Obama could appear “viscerally antibusiness” or to be “at war with American-style capitalism.” This of a president who has overseen the largest handover of public money to financial concerns in history!

In fact the operating principle of Obama’s response to the disaster from the outset has been to defend BP and the oil industry as a whole. Just as there were no consequences for Goldman Sachs, JP Morgan, and the other finance houses who wrecked the world economy for their own enrichment—they are doing better than ever—there will be no consequences for BP. Indeed, two months since the beginning of the greatest environmental disaster in US history, not a single person has even been fired—let alone charged with a crime.

Whatever the attempts by the administration and the media to turn the page on public opinion, however, facts are stubborn things. Hours before Obama’s Tuesday speech, government scientists revealed that oil is gushing into the Gulf at a pace of 60,000 barrels per day—12 times the rate BP and White House had clung to for weeks.

Heavy crude is lapping up on the coasts of four states. Entire industries have been shut down, wiping out tens of thousands of jobs. Species face annihilation.

What the events of the past week make clear is that opposition to the crimes of BP and of the corporate elite as a whole can find no expression through their bought-and-paid-for representatives in the two big business parties.

The working class must intervene as an independent force. There is no possibility of confronting the catastrophe in the Gulf outside of this.

As a first step, the assets of BP must be immediately seized and used to mount an emergency response. Even these resources, however, will be inadequate to deal with the economic and ecological catastrophe. The crisis in the Gulf requires the mobilization of social resources on a vast scale, including the hiring of hundreds of thousands of workers, scientists and engineers.

Trillions can be made available to the banks overnight when it is a matter of bailing out the accounts of the super-rich. However, when it comes to problems affecting millions of people—education, health care, and now ecological devastation—the claim is that there is simply “no money” to be found. In fact, the freeing up of resources for these urgent necessities requires the nationalization of the giant banks and corporations and their subordination to the democratic control of the working class.

A rational solution to the crisis is impossible so long as society remains under the stranglehold of the corporate and financial elite. The Gulf oil disaster is a demonstration of the bankruptcy of the capitalist system and the urgent necessity for socialism.

Tom Eley



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact