

Job losses in Gulf region could reach 100,000 or more

Josué Olmos
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A July 19 report by Moody's Analytics estimates that as many as 100,000 jobs and \$7.4 billion could be lost in the Gulf region as a direct result of the BP oil spill. These numbers represent the high end of the estimated impact of the BP oil spill in the Gulf, according to the company.

This more pessimistic assessment assumes that that oil continues gushing and that President Obama's new deepwater drilling moratorium continues through December. A more optimistic assessment, that the spill is completely halted within the next month and that none of the beaches on the Florida panhandle will be closed, leads the report to estimate that at least 17,000 jobs and \$1.2 billion could be lost.

The economic impact of the oil spill, the report states, would be felt most heavily in Louisiana and Florida. Louisiana's \$3 billion fishing industry and Florida's tourism industry, which reports nearly 70 million visitors yearly and \$57 billion in revenues, both have been decimated as a direct result of the spill.

The Moody's estimates, however, may significantly underestimate the economic impact of the spill. They do not include many of the secondary impacts and costs of the spill as it reverberates throughout the economy.

A June report by Dr. Sean Snaith, Director of the University of Central Florida Institute for Economic Competitiveness, estimated that in a "nightmare" scenario—a 50 percent drop in tourism from the Florida panhandle to the Keys—195,000 jobs could be lost and costs could be as high as \$10 billion in the state of Florida alone.

In a more modest estimate, including a 10 percent drop in tourism, Snaith estimated 39,000 jobs lost and costs of \$2.2 billion in the state of Florida.

Speaking to the WSWWS, Snaith said that if the news that the spill has been stopped is true, the numbers

could be closer to the more modest estimate from his report. "The negative impact on much of the panhandle," he said, "has already been established. Much of the tourism revenue for the year in that area is lost." Cities like Pensacola will be particularly hurt.

Asked about claims facility administrator Kenneth Feinberg's decision to rule out settlement claims by those who have been "indirectly" affected by the spill, Snaith said that he is not surprised. The losses in industries that will be indirectly affected are difficult to quantify. "Individuals will have little to no legal recourse against BP, but class action suits may have more of a chance," he added.

Feinberg has already warned fishermen in Louisiana against civil suits, saying that they will have greater luck going through the settlement process. Given the amount of claims that have been rejected and reduced due to strict documentation requirements, the high-powered attorneys BP will undoubtedly bring to the table, and the experience of those affected by the Exxon-Valdez spill, the civil route will offer little recourse for workers in the Gulf.

"Another area of the Florida's economy that could be badly hurt," Snaith said, "is real estate, though the data is still unclear." Snaith said home values will likely face further decline. Florida's real estate market has already been devastated by foreclosures—the state is second in the nation in foreclosures behind California—and steep drops in median home values.

Snaith concluded that much uncertainty still exists over how large an impact the spill will have on the lives of workers and the economy of the Gulf region.

Unemployment numbers in four of the five Gulf-region states have all risen since the spill began on April 20 (with Louisiana's remaining even). Tourism and fishing would normally bring higher seasonal

employment in much of the region. Economists, however, have warned that the official numbers don't yet reveal the full impact of the spill.

The devastation of the Gulf is occurring in a region that has never recovered from the damage of Hurricane Katrina in 2005, and comes in the midst of the greatest economic crisis to hit the US since the Great Depression.



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