

New Jersey settles major environmental pollution lawsuit with ExxonMobil

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Recent news accounts, based on confidential informants, indicate that a long-standing lawsuit brought by the state of New Jersey against ExxonMobil Corporation for extensive environmental pollution from oil refineries and petrochemical plants in the northeastern part of the state has been settled for pennies on the dollar.

Since the late 19th century and continuing to the present day, operations at a complex of oil-related facilities have dumped huge amounts of toxic materials, including over 9 million cubic yards of tar, left by accident or design, into more than 1,500 acres of industrial plants in the vicinity of Bayonne and Linden, New Jersey.

A web site devoted to the Bayway, as the area is known, describes the pollution as resulting from “Spilled supplies from pipeline ruptures, tank failures or overflows, and explosions have resulted in widespread groundwater, soil and sediment contamination.” The state’s Department of Environmental Protection (DEP) found that these actions resulted in serious pollution of the wetlands, marshes, meadows and open waters in this area. Over 600 chemical pollutants have been identified.

The state’s lawsuit places the direct cost of cleanup and restoration of the contaminated area at \$2.6 billion, and is asking for another \$6.3 billion in compensatory damages reflecting the public’s loss of use of the contaminated area, for a total of \$8.9 billion. Unofficial reports indicate that the 11-year-old lawsuit, extending across the tenures of four governors, is being quietly settled out of court by the administration of Republican Governor Chris Christie for a mere \$250 million, or less than 3 percent of what the state’s own experts had originally requested. Even if only direct costs are considered, the settlement represents less than 10

percent of the estimated price of cleaning up the mess left by the oil companies, leaving the remaining \$2.35 billion to be paid from public funds or simply left undone.

Court arguments in the case had already been concluded and the company had been found responsible for causing the pollution. All that remained was a ruling from the presiding judge on the size of the penalty, which was reportedly imminent. In the meantime, however, the Christie administration twice requested delays to the announcement of the judgment, stating that a settlement was being negotiated directly between the state and the corporation.

On February 20, state officials informed the judge that a settlement had been reached. The reported agreement, the details of which have not yet been officially disclosed, is intended to preempt the legal process, which was expected to result in a judgment against ExxonMobil much closer to the amount originally sought by the state than that which has been worked out in the Christie deal. Both the administration and the company have refused to comment.

The proposed settlement, which must be approved by the trial judge, constitutes a blatant attempt to let ExxonMobil off with barely a slap on the wrist. Former state officials, who were responsible for originally bringing the lawsuit in 2004, are quoted as stating that the proposed deal is a “betrayal of environmental law enforcement”. The paltry amount of this settlement brings into sharp focus Christie’s hypocrisy. Last fall his administration said in court documents, “The scope of the environmental damage resulting from the discharges is as clear as it is staggering and unprecedented in New Jersey.”

This incident is only the latest New Jersey case in which settlements in environmental cases have been

made for substantially less than what was originally sought. In one example, three companies were sued for causing pollution along the Passaic River. The cleanup plus associated damages were estimated at \$5 billion. The state settled for \$355 million, about 7 percent of costs.

Governor Christie, who styles himself as a “man of the people,” and is known for his brazen arrogance, has a long record of outright support for corporate interests and disdain for the working class.

Among the most egregious examples is the so-called “bridgegate,” in which members of his administration ordered a bogus traffic study that caused massive rush hour traffic delays for several days on the New Jersey side of the George Washington Bridge crossing into Manhattan. The action was apparently taken as political retribution against a local politician who had not supported Christie in his re-election campaign. Christie has denied any responsibility. (See: “New Jersey governor faces deepening crisis over bridge scandal”)

Christie has earned the enmity of many of the state’s coastal residents for grossly underfunding and mismanaging the recovery effort from the devastation of Superstorm Sandy. To add insult to injury, in his constant efforts at self-aggrandizement, Christie diverted money from disaster funds to pay for a video supposedly touting the success of the response effort, but which was effectively a campaign ad for his re-election campaign. In addition, the governor’s budgets have substantially underfunded the state’s public employee pension system, which is now in severe danger of not being able to meet its obligations to retirees. A recent court ruling states that the governor has broken the law by making insufficient payments to the pension system. Christie has proposed cuts in benefits. (See: “Northeastern US states seek to cut public worker pensions”)

While no evidence of a direct connection between Christie’s proposed sweetheart settlement and any actions by ExxonMobil has yet been revealed, the *New York Times* reports that the corporation has made consistent, large donations to the Republican Governors Association, of which Christie was the chair last year. Collectively, the oil and gas industry donated nearly \$18 million to the RGA during the first nine months of 2014, including \$500,000 from Exxon. Currying favor with the energy industry is undoubtedly part of

Christie’s strategy for his widely anticipated bid for the Republican presidential nomination next year.

There is no guarantee that even this paltry settlement will be used for the Bayonne-Linden area cleanup. New Jersey regulations allow the diversion of all but the first \$50 million of such moneys to the general fund. The state is facing a severe budget crisis. The Christie administration, therefore, is free to loot the remaining \$200 million for other purposes, leaving the people and the environment of the area to suffer the consequences of chronic, toxic pollution. Similar actions have been taken by Christie in past environmental cases.

The protection of a major energy corporation from suffering the consequences of its actions represented by the proposed settlement with ExxonMobil is starkly reminiscent of the favorable treatment afforded BP by the Obama administration following the Deepwater Horizon disaster. Whether from the Democrats or the Republicans, people can expect that the energy industry, as well as banks and major corporations in general, will always receive absolute favor from the capitalist political establishment that represents them.



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