

As BP claims success in capping well

Gulf economy in ruins

By Tom Eley
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After 86 days of oil gushing into the Gulf of Mexico, BP on Tuesday claimed initial success in temporarily capping the Macondo well about 50 miles off the coast from Venice, Louisiana.

Whether or not the latest effort to stave off the gusher will succeed is not yet clear. This depends on whether damage to the well casing beneath the ocean's floor has taken place. If so, it will indicate that the disaster is far worse than understood even now, raising the possibility that the well cannot be stopped until pressure from its multibillion-gallon undersea reservoir subsides—a catastrophe, in other words, that could carry on for years.

Yet even should this nightmare situation be averted, the BP Gulf disaster is already the worst oil spill and among the worst ecological catastrophes in world history. Since the April 20 explosion on the Deepwater Horizon oil rig, which killed 11 workers, somewhere between 150 million and 357 million gallons have been dumped into the Gulf of Mexico, according to a range of BP, government, and scientific estimates. The vast majority of this oil is still in the Gulf, either in a noncontiguous and constantly altering slick that stretches nearly 600 miles, or in massive plumes of underwater hydrocarbons moved by the Gulf's currents and eddies.

If the well is successfully capped, one can be certain that the US media will drop the story, “concerned” politicians will wind down their investigations, and BP and the oil industry as a whole will go back to raking in enormous profits on reckless drilling operations.

But what will be left of the Gulf?

The region faces a social, economic, and ecological catastrophe from which it will never recover under the current political set-up, dominated by two big-business parties and a government that at every level does the bidding of the financial and corporate elite. This basic fact has been amply demonstrated by the response to the spill itself, which from the beginning took as its

overriding concerns the financial preservation of BP and the demands of the oil industry.

Even were it to be fully funded, the \$20 billion escrow established by BP and overseen by ruling class “fixer” Kenneth Feinberg would only represent a drop in the bucket when measured against the catastrophe in the Gulf and even against the assets and revenue of BP, which before the disaster was one of the five largest corporations in the world. The fund, to be established over four years, represents “neither a floor nor a ceiling” on BP's damages, according to the White House, and is very likely to be made up for by the company's disaster-related tax write-offs.

The escrow in fact aims to preserve BP's financial wellbeing, a fact well known in Washington and financial circles and made clear enough by Feinberg. Obama's appointed “claims czar” has already spelled out, if not in so many words, that the vast majority of Gulf residents will not see a dime from BP. Excluded from compensation, according to Feinberg, will be those “indirectly” affected by the “perception” of the spill such as retailers and homeowners who have lost their businesses or seen their home values plummet, but who cannot demonstrate physical contact with an oil slick.

Also shut out will be fishermen who operated on a cash basis, perhaps the majority of Louisiana's fishing industry, most of which has already been shut down due to the likelihood of contamination of fisheries. Among those in both the commercial and sport fishing industries who depended upon cash exchanges are hourly workers, a number of Native American tribes along the coast, and the large Vietnamese immigrant population in southern Louisiana.

Speaking Thursday in Louisiana on a tour of the Gulf Coast, Feinberg also revealed that he would not reimburse local and state governments that have mobilized resources to fight the spill.

“The leak has taxed parish resources that have already undergone more than a year of belt-tightening in a faltering economy, [Jefferson Parish President Steve] Theriot said,” according to one local press account. “His administration and the Sheriff’s Office have spent roughly \$1.5 million on top of the \$1 million BP already gave. Overtime for public employees and sheriff’s deputies accounts for the bulk of the spending, which is likely to continue for the foreseeable future.”

The devastation in the Gulf comes in the midst of the greatest economic crisis since the Great Depression and in a region that never recovered from the damage caused by Hurricane Katrina in 2005.

How many jobs have been lost? How many businesses have failed? What will happen to tax revenue in Louisiana, Mississippi, Alabama, Florida, and Texas—states that are already taking the axe to social spending and government jobs?

Even before the oil spill, in the first quarter of 2010, these five states saw declines in tax revenues, according to the Rockefeller Institute of Government. And the Center for Budget and Policy Priorities forecasts major 2011 deficits for each of the Gulf States, according to a Reuters analysis. “The projected fiscal 2011 budget gaps for Gulf states total at least \$11 billion, including ones for Florida of \$4.7 billion, Texas of \$4.6 billion, and Louisiana at \$1 billion,” it reports.

Counties and cities, whose tax receipts are heavily based on property evaluations, will also suffer. Reuters notes that Escambia County, on Florida’s Panhandle, had already seen property tax revenue plummet due to the housing collapse, which has hit Florida particularly hard. This forced a \$24 million reduction in spending.

Yet as catastrophic as the immediate impact has been, it will likely pale in comparison to the long-term economic consequences.

“Right now tax revenues are a secondary issue to the economic growth over the long term,” commented Mark McMullen of Moody’s economy.com. “What’s scary is: when will it bounce back? And what will be the lasting damage to the economy and government coffers?”

University of Florida economist Sean Snaith has estimated that Florida’s tourist economy will lose up to 39,000 jobs and at least \$2.2 billion in business due to the spill. While President Obama has encouraged Americans to visit Gulf Coast beaches, pronouncing them “safe and clean,” in point of fact the level of toxicity in the water may change from day to day with the movement of slicks and plumes. Few will book vacations under such

conditions.

On top of the damage to state and local revenues as well as the fishing, tourism, shipping, oil, and housing industries, there is a potential for a public health care crisis, according to a new report from the Center for American Progress.

The report lists a number of public health risks. Co-author Lesley Russell points to early warning signs: cleanup workers and residents who have inhaled fumes or come into contact with dispersants and oil have reported becoming sick. Due to a BP gag order backed by the White House, it is unknown how many cleanup workers who have fallen ill and what their symptoms are.

Residents of the Gulf will likely see increased instances of long-term and chronic conditions such as endocrine and fertility problems, respiratory sicknesses, post-traumatic stress syndrome, sickness resulting from toxic seafood, and cancer, according to the study.

Separately, Lawrence Palinkas, a University of Southern California anthropologist who studies the mental health impact of the Exxon Valdez oil spill of 1989, warned that the traumatic affects of the Gulf oil disaster will last for years. Palinkas found that in affected Alaskan communities, the incidents of Post Traumatic Stress Disorder (PTSD) and other psychiatric problems were 360 percent higher than in the general population one year after the spill.

“The major issue that we may be addressing for years to come is not just the physical health effects of the oil spill, but the mental health impacts,” Palinkas warned at a meeting at the Tulane University Medical School in New Orleans on Thursday. Even worse was the psychological suffering among cleanup workers, he said.

Louisiana and Mississippi have each requested \$10 million from BP to deal with mental health consequences of the catastrophe. BP has yet to respond.

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