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BP's Dumb Investors Demand Their Dividends

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A TALE OF A BILLION DOLLARS, 20,000 POLICE AND 400 ANARCHISTS

BPs dumb investors demand their dividends

BP investors should stop whining about reduced payments following the Gulf disaster, says **Michael I. Niman**

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There's mounting anger in Britain, where pundits and politicians are charging President Barack Obama with xenophobia and anti-British prejudice. The smoking gun behind this charge is an incident in which Obama referred to BP as "British Petroleum."

For the record, "BP" stands for "British Petroleum," a name Britain's largest corporation adopted in 1954. In 2000, they had a KFC moment and formally changed their name from British Petroleum to simply "BP," which apparently we're now supposed to believe stands for nothing. Shortly after the name change, BP launched a greenwashing campaign using the catchphrase "Beyond Petroleum," though their investments in petroleum alternatives are relatively miniscule.

So no, it's not xenophobic to refer to the company as "British Petroleum." "The criminal enterprise formally known as British Petroleum but now known simply as BP which does not stand for British Petroleum" just doesn't roll easily off the tongue.

This whole issue is just a smokescreen. Many in Britain are simply outraged that Obama suggested that BP may not have the money to pay out dividends to shareholders this quarter. Not being able to pay out dividends, as in not making a profit, is a gross understatement. A month ago I wrote that BP, as a corporation, is financially upside down, with liabilities far exceeding its gross

worth. Put simply, their financial liability for ending life as we knew it in and around the Gulf of Mexico, idling and potentially destroying a quarter of the US fishing industry, decimating tourism and real estate values along nearly 2,000 miles of coastline, causing the extinctions of multiple species and initiating what could be a global domino effect of aquatic die-offs might, perhaps, mean that those folks who own this company might not expect a profit dividend anytime soon – or ever. Pointing this out is not xenophobic. It's reality.

BP's shareholders epitomize the concept of "entitlement mentality." They expect to receive dividends because they always have. They believe that the current model – volunteers combing the sands of Pensacola Beach for tar balls and investors simultaneously receiving their dividends – must be preserved. And like most corporate investors, they probably don't want to know how they earned this money. They just have a right to it. Let's call it "class privilege," a capitalist entitlement mentality.

The corporation is a sociopathological construction existing for one purpose – to accumulate wealth, unconstrained by personal liability, social conscience, respect for life, or any moral barometer. BP personifies this sociopathic profile. It's a serial felon that kills without remorse. If it were human, it would be locked away forever, infamous as Ted

Bundy, who we'd probably still know as "Ted Bundy" even if he change his name to "TB" and advertised himself as "Tony Bennett."

If forced to pay compensation for even a fraction of the damage it has caused, BP will likely go bankrupt. However, BP's shareholders, investors who benefited from years of dividends financed by the same criminal recklessness that sunk the Deepwater Horizon, won't be personally responsible for any of this liability, beyond the loss of their dividends and stock value. That's the magic of the corporation. It's like investing in a real-life Tony Soprano, sharing in his booty, but remaining respectable and legally untouchable should his criminal enterprise come tumbling down.

If I'm not being clear enough here, let me put it this way: BP's investors, the same wankers whining about their dividends, share a collective sociopathology. As individuals and fund managers, they knew their money was invested in a criminal enterprise with a notorious history of felony convictions for doing the very stuff that caused the current catastrophe that's ruining the Gulf of Mexico. But few of them divested. All that mattered was that this mafia reliably paid its quarterly dividends.

Any such dividend payment now, however, amounts to a theft from the people of the Gulf Coast whose livelihoods have been destroyed by BP's actions. Paying dividends now constitutes a mechanism to siphon funds out of the corporation prior to its bankruptcy and accountability. The US Justice Department should demand that all of BP's global assets immediately be frozen in order to prevent BP's owners from pocketing funds that should be going toward paying BP's debt in the Gulf.

Let's look more closely at BP's depraved indifference to life. Most noticeable is the fact that they had no plan for dealing with the sort of predictable catastrophe they caused in the Gulf. To understand what we're dealing with here, imagine a five-gallon bucket filled with water. It's heavy. Some might say very heavy. Now imagine lifting it atop your

head. That's about 24 inches of water above you. Now imagine that bucket extending upward for a mile. That's the type of water pressure at the leaking Deepwater Horizon well head. Now imagine the sea, and another mile of seabed, pressing down on the oil-field, which shoots up through the wellhead. That's the kind of pressure pushing the oil out and up into the Gulf. How to work in this environment, a mile under the sea, and how to cap this sort of pressure in so hostile an environment, the last two months of catastrophic leakage has shown us, is anyone's guess. There was no plan.

This is "Drill, baby, drill." Pump the oil out of the sea, life be damned. It's another Bush administration legacy – to render regulating agencies impotent and to allow the oil industry to regulate itself. We're a year and a half into the Obama presidency, and I guess he should have shut down the deep-water drilling platforms upon inauguration, at least until his government could establish an honest, diligent regulating regimen to oversee this incredibly dangerous industry. But let's be realistic. If Obama tried this, he'd probably no longer be president. And recent Supreme Court decisions pave the way for BP to buy a candidate to run against him, should he survive until reelection time.

Ironically, the Gulf region Republican political establishment, the folks now blaming Obama for responding to the spill too slowly, was only recently giddily chanting the McCain-Palin mantra of "Drill, baby, drill." The hypocrisy is grotesque.

And with the exception of Florida, the Gulf region electorate overwhelmingly voted for the "Drill, baby, drill" ticket in the 2008 election. Obama's "fuck 'em" response was to give them what they wanted, opening up red states for reckless offshore drilling, while keeping bans in place in blue states that voted for the president. Unfortunately, however, politics is often simpler than reality. We all, it turns out, live on the same planet – unfortunately. While I've never in my life voted for a Republican, I've walked the shoreline in every Gulf state, and like a Republican-voting

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ENTITLEMENT MENTALITY

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Mississippi fisherman, I too love the Gulf of Mexico and mourn the unspeakable death that has befallen it. “Fuck ’em” fucks us all.

So back to BP’s idea of an emergency plan. Their boilerplate filing for what to do in the case of an emergency cites, for example, the threat to walruses should the Deepwater Horizon spill oil into the Gulf of Mexico. Well, I guess the plan worked, as no walruses were killed. That’s because the spill hasn’t reached the New Orleans Zoo. Walruses are an Arctic species. It’s good to see that government regulators were on their toes.

BP is not in business to cap leaking wells. They’re in business to take risks. Poking holes deep into the seabed, one mile down, with absolutely no plan in place to deal with an accident, is what BP does. If the government, which exists to protect the commons from such plunder and desecration, allows oil companies to take such risks, than it’s the government, in whatever country that allows such risks, that has to be ready to step up to the plate and deal with the consequences of their decisions.

By comparison, buildings burn, hence governments maintain fire departments. Off-shore wells spill – 175 times or so in the last 10 years – but instead of having the equivalent of a fire department, we practice a laissez-faire response. Picture property owners in, say, New York City, deciding they didn’t want to pay taxes to support a fire department. That’s the case here. There’s no rescue equipment on hand adequate to deal with the problem. That’s because oil companies didn’t want to pay a tax to support one. In essence, there’s no government, à la Ron Paul. The corporations can regulate themselves, policed by risk factors in the magic free market. Only, in this case, BP got a bit giddy with their hand, and can’t cover their bet. This is casino capitalism, on a rare day when the house loses and burns down, with no fire-fighters or other big-government interferers on hand to quell the flames.

The entitlement wankers are crying that BP, the world’s fourth-largest publically held corporation, is just too big to die. The eco-

nomic fallout from sociopaths not getting their dividends would be too much. But the Gulf of Mexico ecosystem is also too big to die, and I dare say, a hell of a lot more important to the world than BP. But it’s dying in front of us. And the free-market model we’ve been using says BP is going to pay.

Before going off on an anti-British tirade, however, we need to critically examine the neo-colonial relationship we’re accusing the Brits of practicing here. Sure, a London-based corporation is recklessly extracting resources in the US, despoiling our environment, and selling us back our own oil. It sure smells like colonialism. And the stench of colonialism isn’t dampened by British Member of Parliament Richard Ottaway, who recently told the BBC, “We do have to ask ourselves: Is it for the US president to interfere in the operations of an international overseas company?” The fact that these are our former colonial masters just adds salt to the wound.

But the situation is no different than that of American multi-national energy giant, Chevron, and their murderous history of ecocide in Nigeria and Ecuador. It’s a similar story with similar arrogance, involving communities poisoned and destroyed by a corporation operating with a depraved indifference to life. Chevron, like BP, can’t go to jail. And as with BP, its investors want their dividends – and don’t care where they come from.

But unlike the case in the Gulf, the injured populations in Ecuador and Nigeria don’t have the same voice as that of a first-world population, and hence, the Chevron horror story goes on and on, under the global media radar. It seems American shareholders, like their British counterparts, have an entitlement mentality as well. It makes sense. Americans own almost as much BP stock as the British. There are wankers on both sides of the ocean. As the criminal enterprises they invest in destroy more and more ecosystems, they’ll soon be forced to come to terms with the real bankruptcy brought on by an out of control corporate system. You just can’t eat your dividends.

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