

What do BP and the Banks Have In Common? The Era of Corporate Anarchy

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On the occasion of the BP oil spill disaster, President Obama's delivered an Oval Office speech last night—a masterpiece of milquetoast faux-outrage. The speech was all about “clean energy” and “ending our dependence on fossil fuels”. Faced with the BP oil spill—likely the most severe environmental disaster ever—this was President Obama's response: Polite outrage, and vague plans to “get tough”, “set aside just compensation” and “do something”.

President Obama missed what the BP oil spill disaster is really about. Though unquestionably an environmental disaster, the BP oil spill is much much more.

The BP oil spill is part of the same problem as the financial crisis: The BP oil spill and the banking crisis are two examples of the era we are living in, the era of corporate anarchy.

In a nutshell, in this era of corporate anarchy, corporations do not have to abide by any rules—none at all. Legal, moral, ethical, even financial rules are irrelevant. They have all been rescinded in the pursuit of profit—literally nothing else matters.

As a result, corporations currently exist in a state of almost pure anarchy—but an anarchy directly related to their size: The larger the corporation, the greater its absolute freedom to do and act as it pleases. That's why so many medium-sized corporations are hell-bent on growth over profits: The biggest of them all, like BP and Goldman Sachs, live in a positively Hobbesian State of Nature, free to do as they please, with nary a consequence.

The added bonus to this, though, is that the largest corporations have convinced the governments and the people of the “Too Big To Fail” fallacy—they have convinced the world that if they cease to exist, the sky will fall atop our collective heads. So if they fail, they must be saved—without argument, without penalty, and without reform.

Let's take BP: British Petroleum caused the Deepwater Horizon oil spill in the Gulf of Mexico. There were various Federal Government agencies charged with supervising their operations—but all of those agencies deferred to BP, before the accident. As a large corporation—one of the largest oil companies in the world—BP operated more or less without any Government supervision. As is emerging, because of this lax and toothless supervision, safety rules and procedures were ignored. Insane risks were taken. No safety contingency plans were drawn up.

From what some memos are saying, disaster was inevitable.

Once the accident happened, BP controlled the information it released concerning the disaster. BP unilaterally decided not to proceed with an immediate top-kill of the well—instead, BP risked a wider disaster, in order to save the oil field by drilling a “relief well”. BP’s reasoning was simple: By implementing an immediate top-kill, BP would have sacrificed the oil field (and lost its investment) in order to save the environment. BP did not do this. Instead, it tried to stretch out the process, so as to salvage the oil field (and the profits) with the “relief well”. But when it became impossible to hide the extent of the damage—when the smell of oil permeated the clear skies of Louisiana a hundred miles from the site of the spill—BP tried to implement the top-kill. We know how that ended.

Where was Authority? Where was Someone In Charge? The fact was, there was no one in charge. There was no one supervising—or at any rate, the ones who were supposed to be supervising had had their teeth yanked. And BP knew it—so they did whatever they wanted, regardless of the risks, or the costs.

Worst of all, BP realizes that, if it finally cannot get a handle on the oil spill disaster, they can simply fob it off on the U.S. Government—in other words, the people of the United States will wind up cleaning BP’s mess. BP knows that no one will hold it accountable—BP knows that it will get away with it.

No one was holding the banks accountable either. It’s no accident that American and European banks nearly went broke, but banks here in Chile sailed along smoothly: That’s because banks here are regulated up the wazoo. They literally can’t fart without an independent banking inspector supervising them, and then getting a stamped form in triplicate. When Chile’s banks went bust in the crisis of 1980, it put paid to any illusions that the banks knew what they were doing—the government bailed out the banks then, but kept them under glass ever after.

But in Europe and America, the story was the Greenspan Put. Easy Al was so convinced that the banks would “self-regulate” that he pulled the teeth of the Fed, the banks regulatory agency, and let the “free market” have its way.

With this free pass, what do you think the banks did? They went anarchic—they invented all sorts of clever “financial products” that exponentially increased risk, rather than mitigating it. We all saw how that movie ended. When Lehman busted and the credit markets froze, a slap-dash improvised “rescue package” was drawn up, then the \$700 billion TARP, then Quantitative Easing, all of these efforts lubed up with a lot of talk to “strengthening the regulatory environment” and “protecting the financial markets”.

The upshot? The banks did whatever they pleased—with no supervision. And when their recklessness led inevitably to the catastrophe in the Fall of ‘08, the banks got bailed out—with no repercussions. The biggest ones even managed to turn a profit off the tax payer-funded bail-outs!

Even after the worst of the crisis—when the effects of no regulation and no supervision were clearly understood—nothing happened. The zero-regulation, zero-supervision regime continued.

This isn’t the case for people, for individuals: People are regulated, people are controlled. Individuals are supervised and limited in what they can do and say—and no one complains. On the contrary—everyone is relieved, because it protects us all from the unreasonable

behavior of an individual.

As an individual, I am limited in countless ways, from the trivial, like jaywalking, to the severe, like murder. I can't even speak up and yell "Fire!" in a crowded theater—I would be arrested for inciting a panic, the general good of avoiding a potentially lethal stampede overriding my need to express myself by yelling "Fire!" when there is none.

Curiously, individuals—ordinary people—are being supervised and regulated more and more stringently. Yet at the same time, corporations are becoming more and more free to do as they please. No one notices how strange this is—we have even lost the social framework to even talk about regulating and supervising corporations, because too many foolish pundits equate supervision and regulation with Socialism. Yet curiously, personal freedom is being chipped away, day by day, without a peep from these pundits.

Meanwhile, the banks run amok.

Meanwhile, BP runs amok.

We can look at other industries—Big Pharma, for one—but there's no real need: Big Pharma will fit the same pattern as BP and the banks. Get so big that you can do whatever you want, and no one will challenge you, not even the government. Carry out practices that will inevitably create a crisis—like unsafe drilling, like toxic bonds—and be confident that you will be bailed out.

Bailed out, and allowed to continue, unfettered. "Allowed" to continue, unfettered? I'm sorry, I mis-spoke: Encouraged to continue, unfettered.

This era of corporate anarchy is reaching a crisis point—we can all sense it. Yet the leadership in the United States and Europe is making no effort to solve the root problem. Perhaps they don't see the problem. Perhaps they are beholden to corporate masters. Whatever the case, in his speech, President Obama made ridiculous references to "clean energy" while ignoring the cause of the BP oil spill disaster, the cause of the financial crisis, the cause of the spiralling health-care costs—the corporate anarchy that underlines them all.

This era of corporate anarchy is wrecking the world—literally, if you've been tuning in to images of the oil billowing out a mile down in the Gulf of Mexico.

I think we are at the fork in the road: One path leads to revolutionary change, if not outright revolution. The other, appeasement and stasis, as the corporations grind the country down.

My own sense is, there will be no revolutionary change. The corporations won. They won when they convinced the best and brightest—of which I used to be—that the only path to success was through a corporate career. No necessarily through for-profit corporations—Lefties never seem to quite get how pernicious and corporatist the non-profits really are; or perhaps they do know, but are clever enough not to criticize them, since those non-profits and NGO's pay for their meals.

Obama is a corporatist—he's one of Them. So there'll be more bullshit talk about "clean energy" and "energy independence", while the root cause—corporate anarchy—is left undisturbed.

Once again: Thank God I no longer live in America. It's too sad a thing, to watch while a great nation slowly goes down the tubes.

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