

Campaign Strategy Newsletter 61 June 2010

Evolution of the Gulf Oil Spill Scandal

To imagine what it's like if you are (or were) a fish in large areas of the Gulf of Mexico right now, read this graphic account of a dive into the 'water':

<http://www.stuff.co.nz/world/americas/3794450/Diver-sees-only-oil-in-Gulf>. A good example of 'taking you there'.

Even before the oil spill, the Gulf suffered huge undersea dead zones caused by massive run off of nitrogen compounds and other pollutants, mainly caused by effluent from American intensive agriculture (eg hog/pig farming for cheap meat production), flowing down the Mississippi. These zones [1] lack oxygen and already extended to 6-7,000 square miles from the Mississippi Delta to the coast of Texas. Nobody yet knows the extent of the impact of the oil although it is said by some scientists to have created 'dead zones' and a submerged oil plume 15 miles long, five miles wide and 300 feet thick [2].

Whether this, or the impact on wildlife, or on human fishing livelihoods, is seen as 'awful' depends on your point of view. What you care about. Awfulness is the first factor in my 'Scandal Equation', and although it may seem tangential, all campaigners on whatever topics can draw insights from the evolving 'scandal' in the Gulf.

For the Scandal Equation see http://www.campaignstrategy.org/advanced_2.html and scandal section under 'new book' at www.campaignstrategy.org/bookindex.html

Maximising Awfulness

Right now BP seems to be doing a pretty good job in maximising the perceived awfulness for those who do care about these things, by quibbling about how bad the impact is [3]. No doubt some in BP know the PR industry formula for such events: CAR - Concern (express/show Concern first), Action (say/show what Action you are taking), Reassurance (now you can Reassure about it being 'unusual' or 'not so big' etc -- never do it the other way around). But until the full 'body count' is in, it's not yet time for reassurance about impacts, and probably not BP's job anyway. By arguing about whether undersea oil is in a 'plume' or a 'cloud' or how big it is or how damaging it might be, BP simply undoes any expression of concern.

Undermining Their Own Credibility

Then by claiming not to understand why there might be a run on its shares - "*BP is Not Aware of Any Reason for Share Price Movement*" it said [4] on 10 June - BP simply looks out of touch or disingenuous. If the people in BP aren't aware of the reason, then they must be about the only people in the share-owning world who haven't noticed what is going on. This doesn't engender trust or credibility.

Indeed BP is also falling foul of the requirements of the 'Credibility Triangle' [5] - in which objectives, activities and resources must balance like the legs of a three legged stool. If there are lots of resources and lots of activities but you aren't achieving the objective, you look incompetent. If not every resource is being used to address the objective then your good faith is questioned. BP seems to have been failing on both fronts.

From Tragedy to Scandal

After awfulness, the next factor in the scandal equation is 'what could be done', divided by 'what is being done'. Simply put, if everything that could be done, is done, then awful is still awful but it's an awful tragedy, not an awful scandal. This has been the principal focus of criticism of BP - rightly or wrongly - in the US in particular, and the implicit basis of attack by President Obama in particular.

Moreover this is where the news could get much worse for BP, and for other oil companies intent on exploiting 'hard to reach' oil, such as that of the West of Shetland 'Atlantic Frontier' in the UK [6], and in the sensitive Arctic and in the extremely deep water off the Falklands

Campaign Strategy Newsletter 61 June 2010

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(Malvinas) in the Southern Ocean. Not only may the awfulness of the Gulf of Mexico impacts prompt moratoria or even closure of areas [7] but it is likely to raise demands that the companies are much better prepared.

At the time of writing BP seems to be moving a FPSO, a Floating Production and Storage and offloading vessel and a 130,000 tonne shuttle tanker, from west of Shetland to the Gulf of Mexico, presumably to transport any captured oil [8]. The FPSOs connect by a long 'umbilical chord' pipeline to the well head on the seabed - while campaigning on the Atlantic Frontier with Greenpeace we argued that these were inherently dangerous. That area is known for its occasional giant waves - in even deeper water (eg Falklands) it may be even more difficult to put right any accidents. At any event it doesn't look good if your only available bit of kit to fix the problem in the relatively benign Gulf of Mexico has to be moved at 14 knots all the way from Scotland. A bit like a fire brigade whose only available fire engine is thousands of miles away.

Immoral Profits

In its usual formulation, the final part of the scandal equation is 'immoral profit' being made from the 'awful' thing. In the case of a bureaucracy it can be simply inaction - the immorality of "anything for a quiet life". Hence in this case the sacking of the Head of the US Minerals Management Service Helen Birnbaum [9], who oversaw the apparently cosy and relaxed oil-government system in the US.

So in this case, although it may have 'nothing to do with' the oil spill, were BP to now announce massive profits, or almost any profits, that would make the scandal worse. (The US Justice Department apparently may try to force BP not to pay a dividend - that could actually help BP). BP needs to wear sack cloth as well as putting right its wrong, and as everyone knows that cannot be fully put right, BP needs to be seen to change.

Brent Spar Parallels

That is the lesson - we must be seen to change - which Shell drew from the 1995 Brent Spar incident. In uncanny parallels to the Spar, faced with huge public disapproval for an industry which has always been closely embraced by governments, politicians have responded by trying to distance themselves from BP and the spill. Obama's people have been making noises about BP's future operating - or not - in America. That is what happened with the 'Spar in Germany: Shell were told by the German Government that they were 'losing their licence to operate'.

A year after the 'Spar we (Greenpeace) chose to confront the oil industry over the Atlantic Frontier [10] drilling expansion (on climate grounds - a campaign also run in the American Arctic and in Australia). We focused on BP partly because of their prominence in the operation but also because they had a significant solar pv operation - significant in the renewables world, tiny compared to BP's oil business. Both BP and Shell responded by increasing investment in renewables. At *New Scientist* Fred Pearce wrote [11] in 1997 "*Anybody who believes that Shell's recent announcement of a \$500m investment in photovoltaics is unconnected with the Brent Spar fracas is being very naive*".

Both BP and Shell wanted to reposition themselves as 'Beyond Petroleum' - and of course neither carried it through. Both for example are now up in the Albertan Tar Sands, an operation even more environmentally damaging than deep water offshore oil.

One reason we picked a fight with the oil industry on climate back in the late 1990s was to try and force them to make the running on alternatives - as governments listened to big oil in a way they did not to small energy companies (or NGOs). That worked but without governments placing a limit on exploitation of fossil fuel reserves, oil companies are only bet-hedging when it comes to what finances they put into wind, solar or other renewables.

Campaign Strategy Newsletter 61 June 2010 Evolution of the Gulf Oil Spill Scandal

Expect Leaks

So when you watch the evolution of the Gulf spill disaster, watch out for the scandal factor in operation. Expect more attempts to enquire into what more could have been done (especially from the US political classes and Obama), and some sort of 'change' at BP. Expect more attempts to play down the damage - though that is where many more 'ordinary people' could turn against them. And expect the media to go on the hunt for the last multiplier in the equation - secrecy. Anything kept secret in such a situation, further multiplies the scandal. Look out for more leaks.

The Role of Banking

Finally, the Gulf Spill scandal offers two examples of the power of Context, often discussed in previous Newsletters [12]. Today's US government has an added incentive to seek distance from the oil industry, BP (hence the 'British' rhetoric) and the spill, albeit an indirect one, and that is down to banking. That's the first example.

After decades of embracing the financial services sector almost as economic miracle workers, the experience of the 2008-9 financial crisis rendered things Wall Street and bank-like, politically toxic. Politicians in many democracies then used punitive bank-bashing, at least at a rhetorical level, as a way to wash their hands of responsibility and to get onside with the victims.

Successive American Administrations have been at least as close to Big Oil as they have to Big Banking, and with that sore still running, there is added reason for Obama to want to be seen to bash oil. Whether campaigners can turn this to any tactical or strategic advantage largely depends on whether they can push any iconic choices into the media which offer political advantage. Cometh the hour, cometh the dialectic. You can hope.

The second plays to BP's advantage, and that's simply that outside America, the World Cup is going to be the number one news story. Luckily for BP, they don't seem to be a major sponsor.

[1] see eg http://news.mongabay.com/2008/0814-hance_hypoxia.html

[2] <http://www.newsinferno.com/archives/21028> and wall Street journal <http://online.wsj.com>
'Scientists find signs of dead zones in sea'

[3] "The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume." www.guardian.co.uk/business/2010/may/13/bp-boss-admits-mistakes-gulf-oil-spill. And on Sky News: "The environmental impact of this disaster is likely to be very, very modest."

[4] <http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062827>

[5] pp 27 - 30 in How To Win Campaigns, Chris Rose, Earthscan 2005

[6] see from 2000 <http://www.greenpeace.org.uk/climate/oil-exploration-in-the-atlantic-frontier> and 97-8 archive site <http://www.gpuk.org/atlantic/>

[7] eg Arctic - <http://www.msnbc.msn.com/id/37370226/> -

http://www.wwf.org.uk/wwf_articles.cfm?unewsid=3934

[8] <http://bittooth.blogspot.com/2010/06/deepwater-oil-spill-of-plumes-and.html>

[9] http://www.msnbc.msn.com/id/37377018/ns/gulf_oil_spill/

[10] see *The Turning of the Spar*, Chris Rose, Greenpeace 1998 - available at

http://www.nhbs.com/the_turning_of_the_spar_tefno_78313.html and [6] op cit

[11] Dear Greenpeace, Fred Pearce, *New Scientist* 15 November 1997, www.newscientist.com

[12] see Campaign Strategy document store at documents.campaignstrategy.org

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HOW TO WIN CAMPAIGNS pub April 7 2005 Earthscan by Chris Rose see

http://www.amazon.co.uk/exec/obidos/ASIN/1853839620/ref=ed_ra_of_dp/202-6151204-2796606 or from <http://www.earthscan.co.uk/?tabid=102418>