

BP alone should and must handle all costs

The biggest story in the country right now is the oil spill in the Gulf of Mexico.

So naturally I would like to talk about the federal deficit.

•BP made almost \$14 billion in profits last year. The market value of the company is currently around \$114 billion – down about 15 percent since the Deepwater Horizon platform sank approximately seven weeks ago.

So far, the actual cost of the spill has been around \$1 billion. BP predicts that eventually the total expense incurred could reach \$12.5 billion or about 80 percent more than the Exxon Valdez disaster in 1989.

•Tony Hayward, BP's CEO, made close to \$4.5 million last year (base salary plus bonuses). Since this fiasco will no doubt impact the "bonus" part of his compensation, he is probably as motivated as anyone to resolve the situation and "get his life back."

There are important lessons to be learned here.

First, the oil spill should help clarify the appropriate role of government – which is not to interfere in the market, but to protect the public from the consequences of dangerous and unethical business practices.

Second, it is obvious that proper oversight could have prevented this tragedy – without violating the basic laws of supply and demand that should always form the basis for legitimate commerce.

All political and economic systems must be monitored and regulated. What they do not need is artificial manipulation and external control. There is a huge difference.

The real crime will be if American taxpayers are asked to pay for any part of the cleanup effort. The process should not add one dollar to the national deficit.

The full financial responsibility for dealing with this mess rests squarely with BP. They obviously have the resources to get the job done.

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