Polluters Must Pay by Jeffrey D. Sachs - Project Syndicate

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Jeffrey D. Sachs

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Polluters Must Pay

When BP and its drilling partners caused the Deepwater Horizon oil spill in the Gulf of Mexico in 2010, the United States government demanded that BP finance the cleanup, compensate those who suffered damages, and pay criminal penalties for the violations that led to the disaster. BP has already committed more than $20 billion in remediation and penalties. Based on a settlement last week, BP will now pay the largest criminal penalty in US history – $4.5 billion.

The same standards for environmental cleanup need to be applied to global companies operating in poorer countries, where their power has typically been so great relative to that of governments that many act with impunity, wreaking havoc on the environment with little or no accountability. As we enter a new era of sustainable development, impunity must turn to responsibility. Polluters must pay, whether in rich or poor countries. Major companies need to accept responsibility for their actions.

Nigeria has been Exhibit A of corporate environmental impunity. For decades, major oil companies, including Shell, ExxonMobil, and Chevron, have been producing oil in the Niger Delta, an ecologically fragile environment of freshwater swamp forests, mangroves, lowland rainforests, and coastal barrier islands. This rich habitat supports remarkable biodiversity – or did before the oil companies got there – and more than 30 million local inhabitants, who depend on the local ecosystems for their health and livelihoods.

Twenty years ago, the International Union for Conservation of Nature and Natural Resources classified the Niger Delta as a region of high biodiversity of marine and coastal flora and...
fauna – tree species, fish, birds, and mammals, among other forms of life – and therefore rated it as a very high priority for conservation. Yet it also noted that the region’s biodiversity was under massive threat, with little or no protection.

The global companies operating in the delta have spilled oil and flared natural gas for decades, without regard for the natural environment and the communities impoverished and poisoned by their actions. One estimate puts the cumulative spills over the past 50 years at approximately 10 million barrels – twice the size of the BP spill.

The data are uncertain: there have been many thousands of spills during this period – often poorly documented and their magnitude hidden or simply unmeasured by either the companies or the government. Indeed, just as BP was being hit with new criminal penalties, ExxonMobil announced yet another pipeline leak in the Niger Delta.

The environmental destruction of the delta is part of a larger saga: corrupt companies operating hand in hand with corrupt government officials. The companies routinely bribe officials to gain oil leases, lie about output, evade taxes, and dodge responsibility for the environmental damage that they cause. Nigerian officials have become fabulously wealthy, owing to decades of payoffs by international companies that have plundered the delta’s natural wealth. Shell, the largest foreign operator in the Niger Delta, has been criticized repeatedly for its egregious practices and its unwillingness to be held to account.

Meanwhile, the local population has remained impoverished and beset by diseases caused by unsafe air, poisoned drinking water, and pollution in the food chain. Local lawlessness has led to gang warfare and persistent illegal tapping into the pipelines to steal oil, leading to further massive oil spills and frequent explosions that kill dozens, including innocent bystanders.

In the colonial era, it was the official purpose of imperial power to extract wealth from the administered territories. In the post-colonial period, the methods are better disguised. When oil companies misbehave in Nigeria or elsewhere, they are protected by the power of their home countries. Don’t mess with the companies, they are told by the United States and Europe. Indeed, one of the largest bribes (a reputed $180 million) paid in recent times in Nigeria was by Halliburton, a company tightly intertwined with US political power. (Dick Cheney went from being Halliburton’s CEO to the US vice presidency.)

Last year, the United Nations Environment Program (UNEP) issued a remarkable report on Ogoniland, a major ethnic homeland in the Niger Delta that has been at the epicenter of conflict between local communities and international oil. The report was as scathing as it was scientifically clear. Despite many past promises of a cleanup, Ogoniland remains in environmental agony, impoverished and sickened by the oil industry.

UNEP also offered clear and detailed recommendations, including emergency measures to ensure safe drinking water; cleanup activities targeting the mangroves and soils; public-health studies to identify and counteract the consequences of pollution; and a new regulatory framework.

The world’s governments have recently agreed to move to a new framework for sustainable development, declaring their intention to adopt Sustainable Development Goals at the Rio+20 Summit in June. The SDGs offer a critical opportunity for the world to set clear, compelling standards for government and corporate behavior. Many major companies, including in the oil industry, have expressed their readiness to support sustainable development goals.

Cleaning up the Niger Delta would provide the strongest possible example of a new age of accountability. Shell, Chevron, ExxonMobil, and other major oil companies should step forward and help to fund the necessary cleanup, ushering in a new era of responsibility.
The Nigerian government’s own accountability is on the line as well. It is heartening that several Nigerian senators have recently been in the forefront of efforts to strengthen the rule of law in the oil sector.

The cleanup of the Niger Delta provides an ideal opportunity for Nigeria, the oil industry, and the international community to show convincingly that a new age has dawned. From now on, sustainable development must not be a mere slogan, but rather an operational approach to global governance and well-being on a strained and crowded planet.

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1. Commented

margaret beresford 13 December 2012

Sorry, your arguments melt away when you purposely forget to deal with the multitude of trade agreements including the TPP which aims to dictate corporate economic avarice over every nation's government's constitution and countries existing policies. How sustainable is it when local, state and federal levels can no longer enact any protective environmental laws, encourage any small or growing business with domestic contract, where voting for
levels of governance is over-riding by foreign corporations investor rights to profit at the expense of the countries people and economic self determination. In Canada we were lied to and signed NAFTA, now instead of free economic competition we are faced with badly managed foreign companies using NAFTA's mandate to guarantee that any and all foreign companies MUST make profits for investor at the exclusion of national sovereignty, protection of national resources, the denial of any sustainable competition. To date we will be paying 1.8 billion dollars to pay for outside corporate malfeasance, flagrant pollution, bad management decisions of corporations in other countries branches, no allowance for national innovation, etc. etc. How did so many of the invasive vulture trade agreements seem to skirt your vigilant beam?????? I as a global taxpayer are frankly fed up with the piling lies and just maybe see that if these lies are to continue we can operate with impunity while continuing to steal every tax dollar from our nation government in the guise of free theft trade of the only markets left to plunder -- local, state and federal taxpayers of each and every country need to demand:

Carol Maczinsky 28 November 2012

Mr. Sachs, let's get the facts straight. The Americans use the world to load off their financial crime waste, the Americans use the world to pay for their corporate oil crimes. Actually BP didn't cause the Deepwater Horizon Oil spill but its US contractor Transocean. Only that Transocean has no end customer related business. The ruthless exploitation of BP sends a strong signal and explains why the Germans are right to go for the renewables. Just imagine how many solar plants you could built with 25 billion $.

John Brian Shannon @@JBSCanada 26 November 2012

Hi Jeffery,

This is a fine article and thank you for covering this travesty, which occurs on a large scale and is largely hidden from the public view.

I would gladly forego charging oil executives and corrupt government leaders with criminal charges -- if doing so would drop opposition within those quarters to the actual cleanup and remediation of contaminated land and waterways, once a spill has occurred.

John Brian Shannon @@JBSCanada 27 November 2012

Typo correction in my above comment -- bottom of the 5th paragraph should read:

"...-- this should disqualify that company and its executives from any criminal lawsuits..."

Thank you, JBS

From my point of view, when a spill occurs (whether caused by negligence, act of nature, terrorism, or anything else) if the oil company comes forward right away, issues a press release, informs the relevant government authorities, and begins work on cleanup and remediation right away -- this should qualify that company and its executives from any criminal lawsuits regarding that particular spill. Period, end.

Zsolt Hermann 26 November 2012

Humans do not act without motivation. When there is a need to change the prevalent attitude, approach people can either use negative or positive motivation. Usually when significant change is required applying negative motivation can be successful to wake people up and introduce "fear" keeping them aligned with the new direction. But if long term, sustainable change a positive motivation is required, otherwise as "fear" fades people start finding the ways avoiding punishment, going around it, the desired direction is lost. And positive motivation can only come from a global education program to all layers, cultures and ages of the contributors.
That is what it is going to take to ensure proper cleanup of inevitable oil spills to come and the present-day oil spills which are still pouring oil today, into lakes and rivers and valuable lands.

Thank you for the opportunity to comment, Jeffery.

Cheers, JBS

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