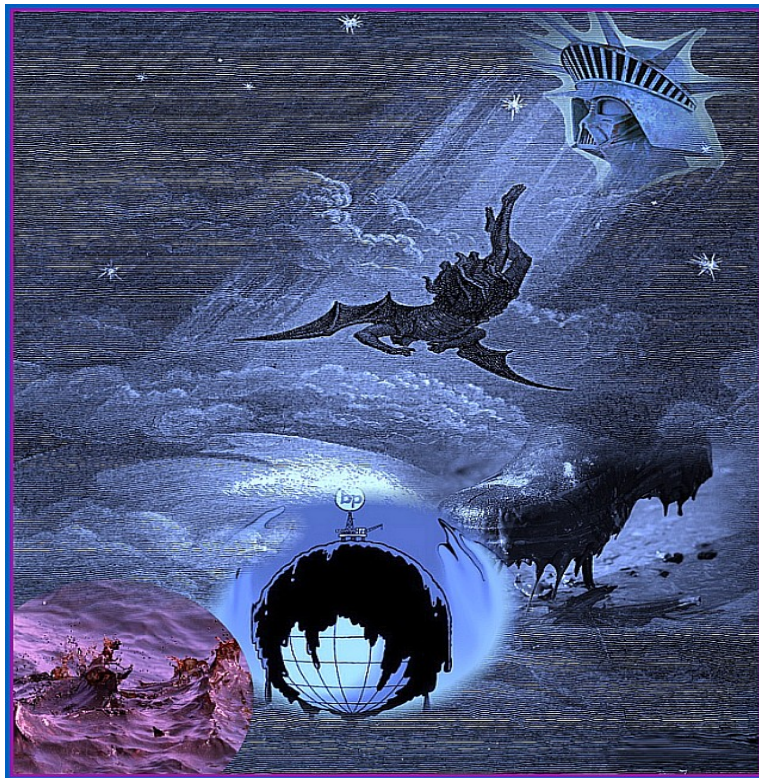


# Business Ethics

EBEBEH1A.4

## “British Petrol”



## British Petroleum – “Deepwater Horizon oil spill”

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# **1. Executive Summary**

The focus of the project you're about to read is on the recently scandal accident case of Deepwater Horizon<sup>1</sup>. It will include a brief explanation on the project, a sample of several pre-selected articles taken from the Internet and analysis over the whole situation that happened in the Mexican Gulf from a Business Ethics perspective. To achieve some clarity on the problem a systematic approach will be used during the problem evaluation where the 6 ethical cycles that are so commonly used in modern Business Ethics will be used.

As a starter in this report you will find a brief introduction of the case.

Then the project continues with a derived Moral Problem statement, Problem Analysis, Options for actions to be used to solve the issue, evaluation over the problem from a ethical point of view, a criticism over the whole situation based on the various ethical theories that business ethics is adherent to as well as an overview over the problem from a Moral point of view. This little research presented here will be over with a Conclusion based on all the input information and all the discussions that emerged accompanying the case. To have our research as realistic as possible we will try look over the Problems that arise with it from the different stakeholder perspectives. However now is the time to say that every research like the one that follows below is always biased and some of the information you will find there might not be able to completely reflect reality. Nevertheless, the report will hopefully shed more perspectives on this serious issue and could help the reader to have a better understanding on the problem as well as options for action to solve the issue.

We truly hope this report will be an enjoyable reading for you.

With all the respect,  
The project authors

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<sup>1</sup> <http://www.guardian.co.uk/environment/bp-oil-spill>

## 2. Introduction

In order to be able to adequately present the information and evaluate on the Deepwater Horizon catastrophe 6 criterias were selected during the phase of selecting data information sources.

The main source of information the articles related to the accident were choosen based on the following criterias:

1. Business Aspect / Financial aspect of the problem
2. Moral nature of the case
3. Ethical aspect according to available and most known ethical theories
4. Social aspect and problem impact on society
5. Political aspect of the problem
6. Relevancy of information (Information trustworthiness)

The basis article used for information on the Deepwater Horizon scandal is included in the appendix of this report.

### General BP information and Deepwater Horizon problem description

BP p.l.c. is one of the world's largest energy companies, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items<sup>2</sup>. The company is headquartered in London, United Kingdom. BP has operation in over 80 countries, over 80300 number of employees and has 22400 service stations around the world<sup>3</sup>. BP group operates in six continent and their products and services are available in more than 100 countries. In the United State BP is considered as the leading producer of oil and natural gas as well as the company is the largest investor company in United State's economy. BP's main headquartered are located in Houston, Texas.

### BP Company Facts and Information

BP Sales and other operating revenues	\$239 billion (year 2009)
Replacement cost profit	\$14.0 billion (year 2009)
Number of employees	80,300 (at 31 Dec 2009)
Proved reserves	18.3 billion barrels of oil equivalent
Service stations	22400
Exploration and production	Active in 30 countries
Refineries (wholly or partly owned)	16

<sup>2</sup>“BP at Glance”, <http://www.bp.com/sectiongenericarticle.do?categoryId=3&contentId=2006926>

<sup>3</sup> “Key Fact and Figure”, <http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9021229&contentId=7039276>

Refining throughput	42.3 million barrels per day (year 2009)
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On April 20, 2010 there was an explosion on Deepwater Horizon oil drilling platform in the Gulf of Mexico. The explosion resulted in 11 human deaths and a several of people who have been severely injured.

The impact of the explosion caused a big oil spill in the Gulf, which later this incident known as Deepwater Horizon Oil spill or BP oil Spill.

BP denied to be fully responsible for the spill and they claimed that multiple parties (Transocean, Halliburton Co. and Cameron International) has been partially responsible for this accident to happen.

The spill on the Gulf caused a great damage to the environment especially to the wild life nearby the Gulf, and has endangered endangering economy especially on the area of industry and the Gulf's fishing/seafood<sup>5</sup>.

There are also several parties involved in this incident one of which was Transocean. Transocean were BP drilling rig contractor and their services was under lease by BP, The Deepwater Horizon Drilling Rig where the accident occurred was owned by Transocean. The other two companies involved in the accident was Halliburton Co. and Cameron International Corporation. The four corporation including BP were involved in the drilling, equipment manufacture, servicing the Deepwater Horizon, and four of them claimed to share the blame for the Gulf spill. The U.S. Government held BP to be accountable for all the costs related to the cleanup of the area contamination <sup>6</sup>.

BP denied to be fully responsible for the spill and they claimed that multiple parties (Transocean, Halliburton Co. and Cameron) are involved for this accident and failures. However, all the investigation did by several party such as U.S Coast Guard, Mineral Management Service, etc lead to BP. Later on the company accept it and willing to be responsible for the spill. On June 16, BP has a meeting with U.S government and it estimated that BP need to pay 20 billion dollars as compensation for damage caused by the oil spill.

<sup>4</sup><http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9021605&contentId=7040949>

<sup>5</sup> [Gulf Oil Slick Endangering Ecology](http://www.cbs.com/news/flashstreaming/2010/04/30/gulf-oil-slick-endangering-ecology/). [Flash streaming]. CBS Broadcasting. 2010-04-30.  
<http://www.wcco.com/video/?id=78277>. Retrieved 2010-05-01

<sup>6</sup> [http://www.politico.com/politico44/perm/0410/cabinetlevel\\_oil\\_spill\\_meet\\_bcb87e48-b21e-4b72-8716-3d3a87ac7ffa.html](http://www.politico.com/politico44/perm/0410/cabinetlevel_oil_spill_meet_bcb87e48-b21e-4b72-8716-3d3a87ac7ffa.html)

### **3. Moral Problem Statement**

#### **3.1 What the Problem is**

As accounted by the U.S Government BP is the one that is responsible for this damage caused by the oil spill. On June 16, BP agreed to pay 20 Billion dollars. The real damages caused actual costs are probably more than it is currently estimated.

Therefore the U.S government should decide either to make an agreement with BP to pay only the current estimated damage costs or to request for more to solve the situations. Considering that if the company pay more than 20 billion dollars, there are possibilities that the company could go bankrupt<sup>7</sup> and consequently 80,300 employees to lose their job. Moreover, there might be a chain effect on global economy if this situation occurs. On the other hand, the U.S government should also think about the damage of the oil spill since the damages caused are enormous and many stakeholders are affected.

#### **3.2 Who has to act?**

In this case the U.S government is the problem owner, as this accident happened in the United States territory. British is the main party responsible for the damage caused by the accident to the U.S. .

Therefore the U.S government is the main stakeholder who has to act and take decisions to solve the situation.

#### **3.3 Moral Nature of the Problem**

The moral nature of the problem comes with the difficult decision that the U.S. government has to make. If the U.S. government does not obligate the BP company with more money to cover the damages, many of the stakeholders involved in the case will suffer a negative consequences. Nevertheless if the government requires BP to raise funds with more money to mitigate the catastrophe then British Petroleum might be forced to reduce the number of its employees (not being able to pay the salaries).

So the moral problem in our view comes to the questions :

**Should the government ask BP to pay more money as a compensation?  
Which of the two decisions will be the one to cause less negative consequences for all stakeholders involved?**

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<sup>7</sup> <http://www.helium.com/items/1870601-will-bp-go-bankrupt>

## 4 Problem Analysis

### 4.1. Stakeholder and their interests

The stakeholders involved in the offshore oil spill of Gulf of Mexico can be divided by internal and external.

Among the internal stakeholders are actually:

1. The BP company :It is not in BP's interest to pay more money than the money that they already paid. Paying more could finish the company and it could be absorbed by other companies , or it just could go into bankruptcy and be dissolved. The only reason that could motivate BP for paying more money is to improve their company image, however they are already spending a lot of money in this in a different way which has nothing to do with the problem.(advertisement campaigns)
2. BP management : This group of stakeholders have the responsibility to make intelligent decisions always focused on how to save the company from bankruptcy . They are also interested to maintain their Job , their salary and their reputation in this order. For this reasons could be of their best interest if the Government won't make the company pay extra money.
3. Company's employees : The employees are interested in keeping their job because most of them would probably have families to take care about, and for that they need a salary. They could also be inhabitants of the areas affected by the catastrophe but this fact is less important for them than to keep their income. Therefore for this reasons they are interested in the company to not pay more money to the government.
4. BP company shareholders : In this group it is possible to differentiate two different kind of stakeholders , the ones who invested a lot of money in the company and the ones who invested small amounts of money; but both groups are interested in not letting the company pay more money because this could reduce their revenues , even stop their revenues, which means that they would have less money to support their families and pay the debts that they could be involved in.
5. Companies whose services and facilities does BP used in their oil extraction activities (Transoceans, Halliburton Co., Cameron International Corporation) : If BP has to pay more money in order to solve the consequences of oil spilling , the cost of the business in the gulf of Mexico will also increase for all the companies which will reduce their profits by subtracting the cost to the incomes generated for the business.
6. The Banks (Case involved company Debts) : Most of the big companies ask for money to the banks in order to find financial support to keep going with their business activities. BP is not an exception to that, therefore if BP goes into Bankruptcy several banks will be affected by this. BP will not be able to afford

the payments of the interest and of the principal amount lent so the banks would have to support not only the cost of not get anything for the money they lend but also they won't get either the money lent. Therefore for this reasons and others related with the confidence of the clients of the bank, the banks are absolutely not interested in BP to pay more money if we suppose that they are not going to get anything out of it.

The external stakeholders are:

1. Nearby residents to Mexican Gulf :  
The inhabitants are interested in BP to pay. If BP doesn't pay it will take longer to them to return to their normal life as they were before the catastrophe.
2. Coast fishers :  
It's of their interest BP to pay for covering the damages to the Gulf. The oil spill have caused them a lot of damage even more than to many of the stakeholders. This is because the oil spill have affected many areas of the main productive factor for the Coast fishers, the sea.
3. Local tourism:  
They are also interested in BP to pay . Focusing in tourism for the beach it is of their interest somebody to clean up all the beaches that now are full of oil dirt from the spilling; otherwise no one would go to the beach and all the tourism companies affected(restaurants next to the beach , travel agencies , windsurf business, nautical business etc..) will suffer the consequences.
4. The U.S. President : He has to evaluate precisely the different consequences of take one decision or another. But there is something clear , he wants the best for his country and the areas that have been affected in his territory (Louisiana, Mississippi, Alabama, Texas and Florida) so maybe his interest his probably that BP pays more money due to BP is an British company and the repercussions of bankruptcy would probably cause less damage in US comparing with the benefits of make them pay more money.
5. Non Government Organizations (Green peace): Green peace is clearly interested in BP to pay without any doubts. The interest of this kind of organization is just about the environment and different fauna and animals and they don't care about the problems of BP unless the consequences are going to affect straight or directly to the environment which is not the case.
6. U. S. Citizens : The majority is interested in BP to pay , but there is a small group of them which might not be interested. This small group are the US citizens which work in BP and other different groups and companies which are doing some business with BP ;for example: Advertisement companies from US which have a contract with BP to manage all the image campaign.
7. American Media : They are interested in BP not to pay. At the current moment BP have a lot of different contracts with different American media due to that BP have invested a lot of money in the American media business for improving their image. Therefore, if BP has to pay out more money to the cause of the disaster they won't be able to afford all the contracts that they have with the American media.



The problem involved stakeholder interests that collide with each others are:

1. The BP company interests for minimizing it's costs for closing the spill conflicts with the Nearby residents of Mexican Gulf to have the spills sealed as quick as possible.
2. The BP management interests to minimize company costs and prevent the company image conflicts with the American media interests to display accurate date on the huge ecologic catastrophe in Deepwater horizon
3. The BP company interests to look for and show external reasons as a bottleneck's of fault conflicts with the other involved BP business partners (Transocean, Halliburton Co, Cameron International Corporation)
4. The BP company interests to keep their business as intact as possible conflicts with the U.S. citizen interests to hold the company responsible for the catastrophe and charge it as a guilty one to follow failsafe procedures.
5. The NGO's as Green Peace interest is to expose the BP company's fault in order to prevent future ecological catastrophe and make BP company as well as other operating in the oil business to implement better safety procedures.
6. The company employees to keep up their salaries raising might get in contradiction with the Government interest to force BP to spend as much money as needed to seal the underwater spill sources immediately. However an extra spending on behalf of British Petroleum might force the company to decrease its employees' salaries.
7. The Government interests to work out the problem quickly contradicts with BP company shareholders interestors which are willing to maximize profit. The Government interest to request BP to pay the real costs for the damages costs contradicts with the copmany investors interests because large portions of the company resources will have to go for finding and implementing a way to solve the Mexican Gulf oil spilling catastrophe.

We found 13 stakeholders in this case and there is a conflict interest between Company employees, shareholders, management, Transocean, Halliburton Co., Cameron International Corporation, The Banks and the American media which are not interested in BP to pay and the group of stake holders which are interested in BP to pay that is: inhabitants, U.S. president , Non Government Organizations, U.S. Citizens, Coast fishers and Local Tourism. Whit this we conclude that 7 stakeholders are not interested in BP to pay versus 6 of them that are interested to charge BP with extra money.

## **4.2 Relevant moral values**

Moral values are generally shared values. If we did not have an values in common, it would be exceedingly difficult to agree on any one course of action. But since there is often disagreement as to what is the right thing to do in any situation, we can see that in fact, various values are shared to a greater or lesser

extent. On some values there will be nearly unanimous agreement. On others, there may be considerable disagreement.

In order to solve the Deepwater Horizon quickly and in a “win-win” way, each of problem involved stakeholders should share a certain Moral values like:

1. Responsibility
2. Accountability
3. Accuracy
4. Cooperation
5. Commitment
6. Honesty

The actions of the U.S. Government to solve the issue so far has shown that the U.S. government possesses each one of the aforementioned moral values.

### **4.3 Relevant facts**

BP company oil extraction activities was not matching a good safety standards and as a consequence the Deepwater Horizon drilling platform has exploded. The explosion caused between 35,000 and 60,000 barrels of oil to sink into the sea daily for the time period April 20, 2010 until 19 of September 2010.

The oil spilled in the water has contaminated the Gulf of Mexico.

The Gulf is not cleaned up yet, though the oil spill has just recently been closed. The amount of money spend by BP to compensate the damages so far are 20 million US dollars.

British Petroleum has used external companies for building the platform, sustaining of the oil drilling platform. The companies that could have some kind of relation to the case are (Transoceans, Halliburton Co., Cameron International Corporation).

### **4.4 Uncertain facts & Possible missing facts**

The uncertain and possible missing facts that are related to the case are as follows:

- The real costs of the accident in monetary terms?
- How long it will take for the sea to purify itself with or without external human intervention?
- The exact economic impact that the case brings to the different sectors of economy of U.S. and the global economy?

For instance the unemployment rate might increase in other companies who operate in the Mexican Gulf, or the fishing companies that operate in the region might decide to completely abandon the Mexican Gulf as a target for fishery. This will of course could create stagnation in the local economy within the region.

- We don't know how the industries directly impacted will fare, and we don't know how the effects will trickle down through the rest of the economic and societal ecosystem.
- The real scope of the ecological damages caused by the oil spill?
- The exact technical background of the problem that led to the accident.

## **5. Options for Actions**

### **5.1 Black and white**

- One of the options for the U.S government is to not ask for more money and to keep the current amount of 20 billion dollars paid by BP for the compensations of the damage. Even though the amount of money could not cover all the damages however this amount of money still can cover some of the damages.
- The U.S. Government can choose to charge the company for the estimated costs of the damages caused to both the environment, the other included stakeholders and therefore last but not least to all mankind.

### **5.2 Cooperation Strategy**

- The U.S. Government in cooperation with the BP company help can raise a voluntary funds on a national level, where the citizens of the U.S. can donate money that will go for the recovery of the environmental catastrophe. This kind of decision will be necessary if further monetary obligations to BP might lead to a crisis in both BP as well as generally to the oil refining industry. This decision for action by the U.S. Government would be necessary if the impacts of extra payments to be claimed to British Petroleum in order to deal with the situation might worsen the current severe world economic crisis and affect the oil business as well as the overall country's economy in a negative way. Taking this approach the government could mitigate the consequences from the accident while yet prevent the company from losing its economic creditability.

### **5.3 Cooperative Middle Way Solution**

- Instead of demand for more money to mitigate the damage caused by the oil spill to BP. The U.S. Government can force BP to be charged with certain amount of money, a percentage from BP's yearly revenue (for instance 5% of the company's yearly revenue) to go for covering the damages. This can be done per month or quarterly depending on the company financial status and depending on how such a regulation would be estimated to affect the company operations. This kind of solution could also encourage BP to be more conscious about their corporate social responsibility.

### **5.4 Whistle Blowing**

- The U.S. government can take the whistle blower position by distributing to the media information about how costly the damages caused by the oil spill accident are. In that way exposing the total estimated cost that BP should pay. This of course will harm the image of BP as a social responsible company. This situation will probably make the company to be charged with more money to mitigate the damages. Although this situation could cost the BP company a bad image however this will be a necessary step if BP is not willing to hold its corporate responsibility to the stakeholders by either cleaning the Gulf of Mexico or paying for the oil purging procedures.

## 6. Ethical Evaluation

### 6.1 Intuition and Common sense

Based on our intuition we think that BP should pay the total amount possible to solve the problem completely and if that is not possible at least they should pay all the money they can afford even if the company is going into bankrupt. It is morally right that each actor carry on the consequences of their actions. In this case BP as a company (individual organization) has to be hold responsible for all the damages that they have caused due to a wrong decision made inside the company.

### 6.2 Utilitarianism

According to this theory it is only the consequence of action that is morally relevant. Utilitarianism is characterized by the fact that it measures the consequences of actions against one value : human pleasure , happiness or welfare.

#### 6.2.1 Jeremy Bentham and the utility principle (“The greatest happiness for the greatest number”)

That which provides pleasure or avoid pain is good. We can calculate the expected pleasure or pain and can even indicate accurately how much will be produced by a given action. According to Bentham it is possible to draw a Moral Balance sheet in order to measure the pleasure. The action with the best from the table below is the one to be preferred by Utilitarianism.

	Not ask the company for more money	Charge the company for the estimated costs	Cooperative Middle Way Solution
The BP company	5	1	2,5

BP management	5	1	3
Company's employees	5	1	3
BP company shareholders	5	1	2
Transoceans, Halliburton Co., Cameron International Corporation	4	1	2,5
The Banks (Case involved company Debts)	5	1	3
Nearby residents to Mexican Gulf	1	5	3
Coast fishers :	1	5	3
Local tourism:	1	5	3
The U.S. President	1	5	4
Non Government Organizations (Green peace):	1	5	3
U. S. Citizens :	1	5	3
American Media :	4	2	5
TOTAL AMOUNT	39	38	<b>40</b>

In this “utilitarianistic sheet” the interest of the different stakeholders affected in the case has been evaluated in accordance with the different alternatives : 5 means very interested whereas 1 means not interested at all.

Evaluating the different interest of the stakeholders according with the different options given , the Balance sheet above have come with moral conclusion : the cooperative middle way solution is the best option for BP in order to count the pleasure and pain of all the individuals. The total amount in this option is bigger than in the rest which means that this provides the most utility.

### **6.3 John Stuart Mill and the freedom principle.**

Mill’s Theory is different from that Jeremy Bentham in two main respects:

- Qualities must be taken into account.
- Most pleasure is not allow to conflict with nature and dignity.

According to Mill's theory the middle way solution might not be the best option for action :

In this case there are some stakeholders who could be considered more important for the area affected by the oil spill: this stakeholders are: inhabitants, coast fishers, Local tourism, U.S. citizens etc.. We have also to take in consideration according with Mill's theory the unhappiness of the inhabitants if BP doesn't pay more money . A lot of people who work in the companies affected (tourism , coast fishers etc..) will be unemployment, but is not just about this issue. It will be a lot of people unhappy because the environment in which they live have been hardy damaged for a company which took too much risk for the only reason in gain in profit for their own interest.

For this reasons that take in consideration the qualities and the abuse that could be done to minorities , according to Mill's theory the problem owner probably would choose the option for charging the company for the estimated costs.

As a conclusion for the Utilitarianism theories , if the problem owner only consider the consequences for the moral judgment , he would never the option to not ask the company for more money, but is not clear if the decision will be declined for ask for money or a middle way solution.

## **6.4 Kantian's categorical imperative**

### **6.4.1 Universality Principle**

As the essence of Kant universality principle is expressed by the statement:

**“Act only according to that maxim whereby you can at the same time will that it should become a universal law without contradiction.”**

Therefore applying the universal principle to our options for the U.S. Government above the received perspective on the problem will be:

- If the U.S. Government obliges BP to pay more for compensation of the damages caused it will be the morally right thing to do according to the Universality principle. This is the case because The U.S. Government has to ask itself the questions “Is it universally acceptable for every company to cause damages to environment, economy and to third parties as well as to country citizens?”.

The answer to this question according to the universality principle is “NO”, because “What will happen if every company starts maximizing their profits by harming other companies, local citizens, economy and the environment?”.

Therefore according to the universality principle, the right thing to be done by the government to charge BP for all the damages caused to each and every of the stakeholders involved in the accident.

Hence from the above conclusions according to Kant's to the universality principle the company should be charged for all the damages caused.

- The cooperative strategy option to open voluntary funds whether the U.S. Government and BP company cooperate to campaign, is an acceptable option in perspective of the universality principle, because it answers the question, “Do we want every government and it's company to cooperate for solving problems of a national scale?”, then certainly according to universality the answer is “YES”, therefore this option is in tandem with the principle.
- Furthermore the cooperative middle way solution, to charge the British Petroleum company with a percentage of their earnings is not an acceptable option if the problem is again evaluated according to universality principle. It's not an acceptable option in that perspective because then the U.S. Government has to answer the question “Is it appropriate that every government starts charging a percentage of the company's revenue to deal with its problems ?”, then most likely the answer will be again “NO” and thus this is not really an option.

#### **6.4.2 Reciprocity Principle**

The second categorical imperative states:

**“Act as to treat humanity, whether in your own person or in that of any other, in every case as an end, never as means only”**

While elaborating on the Deepwater Horizon accident and the U.S. Government's position to choose a proper option for solving the huge problem and its consequences in accordance with the up-mentioned principle, the U.S. Government should consider each and every individuals involved somehow in both the accident and its consequences and each individual's right not to be used as a mean for succeeding in the goal of resolving the accident post effects. This principle also stands about respecting each of the individuals involved within the case and their right for informed choice. For instance the BP company CEO, management, employees and the company surroundings should be given the choice to make an informed decision under the specific situational circumstances and not to be used just as a mean to succeed in the goal of cleaning the spill contamination by the government.

On the other hand the BP company itself as a main responsible party for the oil spilling catastrophe should have informed each and every stakeholder about the risk of platform explosion. Doing so BP would have given each and every one of the stakeholders involved to take a rational decision. Therefore by hiding



information from the government, the local fishers, local citizens and by the humanity itself BP has breached the second categorical imperative standing for respect of the individual. It left all the stakeholders being as an uninformed victims and observers of the huge catastrophe and its consequences.

As U.S. government is the one who has to take the final decision now on how to deal with the problem, if the government is willing to act in accordance with Kant's "reciprocity principle", what they should do is to call for a meeting with all the stakeholders that has suffered from the accident and let them come with a suggestions for a possible options on how to charge the main responsible stakeholder (e.g. BP). After this option are established what the U.S. government can do is to let the British Petroleum to choose the exact option which will be the most suitable for the company in terms of financial welfare as well as to the company employees. That way the government will be in accordance with the Kant's second categorical imperative and let BP to make an informed decision and thus not just use them as a mean to achieve the goal.

### **6.5 Virtue Ethics (Deepwater Horizon Oil Spill)**

"Virtue ethics is based on a notion of humankind in which people's characters can be shaped by proper nurture and education, and by following good examples"<sup>8</sup>. The main point in that sentence is about the development of the person into morally good and responsible so that they can lead a good life. To achieve that it is essential for individual to developing good character traits, both intellectual and personal character traits, and this characteristics are called virtues. To solve the problem on this case with Virtues Ethics, the virtues agent, in this case the U.S government needs specific virtues. The options that they will choose will be based on the virtues that they possess.

Based on virtue ethics, to determine whether an action is morally acceptable, this assumption is made: "An action is morally acceptable if and only if that action is what a virtuous agent would do in circumstances". According to that assumption, to determine which action that the U.S government will choose based on the virtue ethics, we should define how the virtuous government will act according to this situation. Generally, the virtuous government will put on responsibility to help their citizen, their people, environment and society. Therefore, the virtue is responsibility.

If the U.S. government acts according to Virtue Ethics, they will act in accordance to what a virtuous government would act. In this case, the U.S government as a virtual government must choose to charge the company for the estimated costs of the damages caused to both the environment, the other included stakeholders.

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<sup>8</sup>[http://www.livet.nl/sheets/sheets\\_the\\_ethical\\_cycle.ppt](http://www.livet.nl/sheets/sheets_the_ethical_cycle.ppt)

Therefore, the Government need professional virtues so they could choose the best options as possible. There are several professional virtues that the U.S government need to possess in general. To solve the problem with caution and good judgment one of the professional virtues that they need is prudence. Other professional virtues that they need are Responsibility and Trust. Responsibility means that they need to solve this problem with the desire to help in dealing with the caused damages. And as the responsible government trust is needed in order that they can be trusted to solve this problem thoroughly. Based on all the professional virtues mentioned before, maybe the best options for the government to solve this problem based on virtues ethics is the Cooperation Strategy. Where the government could raise a voluntary funds on a national level and the citizens of the U.S. can donate money that will go for the recovery of the environmental catastrophe. With that options, the damages caused by the oil spill can be fully mitigated and at the same time will prevent the company from internal crisis. That way the U.S. government can show its responsibility and trustworthiness not only before its citizens but also to the companies and corporations.

## **6.6 Care ethics**

In care ethics, the mutual responsibility and care for each other are an important aspects .For that reason in this case , it is important that the government choose for one decision considering the consequences and taking care about the people that could be damaged for this decision taken. Therefore if the government opt for the decision of making BP to pay they have to take care about the employees that might be loose their Job for this. So then According to this theory it's important that the government set up a reemployment program, in case that BP goes into bankrupt and the employees get fired. As a conclusion of this theory the most relevant fact for making a decision is the possible cost of taking care about the individuals prejudicated injured or damaged after the decision has been taken, so for this reason evaluating the possible cost of taking care of repercussions in individuals because of the impact of the decision the most appropriate deccision in acordance with the theory would be to opt fo the middle way solution or maybe for make BP to pay.,because by the other hand the cost of taking care for the catastrophe could be much higher.

## **7. Reflection**

### **7.1 Criticism on Ethical Theories**

#### **Criticism on Utilitarianism**

The main criticism of consequentialism is that it would allow any action in pursuit of a good cause, even actions that most people would say were clearly morally wrong, such as torture, killing children, genocide, etc.

A major problem with Utilitarianism is that it's too much concentrated on the consequence and rather under-estimates the whole process that leads to the consequence.

Like for instance, if the Bentham's utilitarianistic perspective if the oil spill is taken, then the only thing that will be of importance for a pure consequentialist will be the outcome of the whole catastrophe to be beneficial for the majority. For instance, let's suppose that the Gulf and the beaches are not cleaned up and most of the fishes and sea fauna dies, but yet all of the involved stakeholders receive a monetary obligation about the damages to their business. In that case according to Utilitarianism, this situation will be pleasurable for the majority of the stakeholders and therefore will be of the best for everyone thus it can be considered good. However if we consider the long term influence of the contamination on the sea, the climate, the environmental cycles etc., this could have a devastating consequences. Therefore another major pitfall with this theory is that it concentrates on only one of the sides of the “coin” and doesn't include all the problems aspects.

Some other problems with the utilitarianism ethical theory lays in the fact that it is impossible that happiness is objectively quantified or measured, that there is no way of calculating a trade-off between intensity and extent, or intensity and probability (etc), or comparing happiness to suffering.

#### **Critics on Kant's Categorical Imperative (Universality Principle & The Respect Principle)**

The main problem with Kant's deontological ethics is that it's a very selfish one, this kind of ethics is a good way of “avoiding your hands gets dirty” (in a moral sense), for instance the situation with the huge contamination of the sea in the Mexican Gulf requires a very quick and rational decision in order to minimize the negative impact on the stakeholders and the sea environment. However if the problem is approached through Kant's categorical imperative principle it's very likely that the cleaning of the sea process is seriously slowed down, since each and every decision that required to be changed has to be made in a way that it doesn't contradict with the universality principle. Since the Kant's categorical imperative is very much fixed not on the consequence but the actions that leads to the outcome, then it will be nearly for each and every action by either U.S.

Government, BP or the other stakeholders involved to take actions which are only concerned on the current situation. Moreover using Kant's theory ethical approach is merely impossible to be used for prognosis of future outcomes, therefore for instance building a long term strategy is almost impossible with Kant's approach towards problem. As most strategies are more concentrated on the outcome, more than the mean then it's obvious that for building a long term strategy to solve the problem using Kant's ethical principles by either the U.S. Government or British Petroleum will be hardly possible.

Another leak of Kant theory if applied is that according to the categorical imperative, the option of not fully charging BP for the damages is acceptable even though if that will leave thousands of the local fisherman and local economies to starve.

### **Criticism on Virtue Ethics**

Virtue ethics doesn't give a clear guidance on how to act in specific circumstances. It doesn't also provide with clear answer on the question 'Is the environment intrinsically valuable? The lack of moral rules or a method of addressing dilemmas is of main concern, along with that there is uncertainty about how to decide on what the virtues are.

A major problem with this theory is the difficulty of establishing the nature of the virtues. Different people, cultures and societies often have vastly different opinions on what constitutes a virtue. For example, many would have once considered a virtuous woman to be quiet, servile, and industrious. This conception of female virtue no longer holds true in many modern societies.

Virtue Ethics also rejects moral absolutes such as 'Do not lie', but at the same time values the virtue of honesty. Virtue ethics is not determined to deal with the actions, it's more concerned about the intrinsic the virtues, rather than the actions and therefore it lacks objective measurement criteria.

Because of the lack of measurement criteria as well as the different definitions for various people of a virtue on the virtue it's impossible to really apply a virtue ethics approach to solve the Deepwater Horizon case. There is no common base for a virtue that every stakeholder involved in the case possess or stick to.

### **Criticism on Care Ethics**

Care ethics can be observed to be philosophically vague, because it doesn't really prescribe an "ultimate medicine" to deal with emerging problems. This ethical theory doesn't clearly state what the "care" in care ethics stands for. In different situation the care that comes with care ethics is differently interpreted. Care ethics is not really normative, the whole philosophy in care ethics assumes that caring is a good thing by itself, it doesn't define nowhere what really can be considered "good" or "bad" it lacks norms. Lastly care ethics doesn't give us a clear clue on how we're supposed to act in particular situations and that's in direct contrast with the other two ethical theories Kantian Ethics and Utilitarianism. Again pitfall with the theory is that just like many other ethical theories care ethics doesn't give us a measurement system we can use to approach issues.

**Does an ethical framework provide reasons that support my intuitive opinion ?**

We took in consideration Kant's theory as the most important theory for supporting our decision based on our intuition. We have made an universal law which develop like this:

Would I want everybody not to carry with the consequences of their actions? If no one is responsible of their actions no one would have the obligation to behave correctly or maybe thinking in consequences before making a decision so then everybody could do whatever they want without any restrictions or punishment , consequently the world could be a madness .by this reasoning this argument we can make up an universal principle : I want everybody to carry with the consequences of their actions.

So for this main reason it is important for us that BP carry with the consequences of all the damage produced because of wrongs decisions made inside the company but it is not just because is a duty. We also take in consideration in our intuitive decision the utilitarianism theory. If the problem owner (the government)do not act this way other gas companies could also take too much risk in oil extraction because they could think that the punishment if something fail is not that high. Therefore taking the decision of asking for more money to BP the problem owner also is preventing future irresponsible actions by transferring the message letting the companies know that the punishment for taking too much risk to the environment will be an absolutely ruin for a company. According to our intuition is also important to the care ethics theory. The government cannot just decide for making BP carry all the consequences, because there is a big relationship between BP and their employees. So the government should take care about what is going to happen with the employees. Maybe should start reemployment program for the us citizens affected .

**Does an ethical framework succeed in selecting those features of a situation that are morally relevant?**

Although different theories focus on different aspects of situations, In our case, all the theories helps us in selecting the morally relevant options. Consequentialism draws attention more to how consequences of actions may be morally relevant. Although Utilitarianistic theory as known focus on the consequence and rather under-estimates the whole process that leads to the consequence, however, in this case, the theory si a very good tool to provide us with a tool for one possible option.

Deontological theory more focus about the moral importance of promises, rights and obligations. Although the aspect of universalistic and reciprocity principle of Kant's is different, basically both principle leading to possible morally relevant conclusion or options for solving this problem. Thus, this ethical framework also succeed in selecting the features that are morally relevant.

And virtues ethics may remind us that certain character traits can be morally relevant. To solve this situation based on the virtue ethics the U.S government need certain virtues, as we mentioned on the previous chapter that the virtues that the government need is essential to solve the problem in morally relevant. Therefore, with the virtues that we mentioned on previous chapter we believe that this theory succeed in selecting the morally relevant options.

## **8. Moral acceptable Action**

All the theories are leading to the morally relevant way in solving the problem however each theories has different approach and perspective to achieve that. We will define the moral acceptable action based on all the theories and also taking in consideration our own intuition.

According to Utilitarianistic theory, it can be concluded that the cooperative middle way solution or the first options(which BP need to pay more money) would be the most suitable one. On the other hand, Deontology, particularly on universalistic principle concludes that BP also need to pay more for the mitigation of the oil spill. On the Virtue Ethics aspect says that cooperation strategy is a suitable options for U.S government. Lastly in accordance with Care ethics theory the option that fits is to charge BP with more money.

As a conclusion taking in consideration all this aforementioned theories and our own intuition the moral acceptable action is defined as follows:

BP has to be charged for the damages it caused with the accident, nevertheless the charged extra money from the company should be according to the financial capacity of the company. The above research as a foundation and our personal intuition founds that a middle way solution will be the best for this. The U.S. government will have to take from BP's profit for at least a few years until the recovery of the damages will be complete. Anyhow the portion of the company earnings which has to be taken will be established after considering the different facts as could be share market, shareholders renewal, BP financial statement, employees as well as the other aspects in a direct relationship with BP. It is not recommendable that British Petroleum to be charged with more money than the company can actually afford in order to solve the catastrophe. It is a common interest for the happiness of everyone that BP don't go into bankruptcy because

probably if the company continues its operations will be of a mutual benefit for stakeholder involved. For the reasons given in this evaluation BP has to agree with the plan imposed by the government otherwise the government will be in his right to make an intervention in the company .There is not point to put the company in bankruptcy if that is not completely necessary.

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