

US Senate feigns outrage over big oil's windfall profits

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The joint hearing of the US Senate's Energy and Commerce committees on oil profits Wednesday had its comical side. Republican and Democratic lawmakers, many of them millionaires themselves and recipients of fat campaign contributions from the oil companies, feigned dismay and even outrage over the vast sums that have poured into the coffers of big oil—and the pockets of its CEOs—as a result of soaring fuel costs over the past several months.

The exercise recalled nothing so much as the scene from the film “Casablanca” in which Inspector Renault—himself on the take—declares that he is “shocked, shocked to find that gambling is going on here.”

There is a “growing suspicion that oil companies are taking unfair advantage,” blustered Senator Pete Domenici (Republican of New Mexico), “The oil companies owe this country an explanation.” His constituents, he added, think that “they are getting ripped off.”

Among those promoting the hearings were the Senate's multi-millionaire Majority Leader Bill Frist and House Speaker Dennis Hastert, who himself has taken in some \$20,000 in campaign contributions from the oil industry PACs so far this year.

“We expect oil companies to do their part to help ease the pain American families are feeling from high energy prices,” Hastert declared.

Even the White House got in on the act. Bush's press spokesman Scott McClellan told reporters, “Energy prices have been too high and energy companies have realized significant increases in profits. It's important that the private sector be good corporate citizens and invest in the energy infrastructure and support those in need.”

This from an administration that is effectively run by the former Halliburton CEO Dick Cheney and that counted Enron and its CEO Kenneth Lay as among its closest supporters.

One Republican at Wednesday's hearing summoned up genuine anger. “I must tell you, it's not terribly fun defending you,” declared Sen. Larry Craig of Idaho. It may be a dirty job, but at least it pays well. Craig took in close to \$100,000 in contributions from oil and gas companies between 1999 and 2004.

Senator Barbara Boxer (Democrat of California) escalated the rhetorical offensive. She exhibited a chart detailing the multi-million-dollar pay packages going to each of the CEOs. Then, in what must qualify as the understatement of the session, she declared heatedly, “Your sacrifice appears to be nothing.”

Indeed, Lee Raymond, chairman of Exxon Mobil, boasted \$38 million in total compensation in 2004, a figure that could be construed as modest in relation to the \$9.92 billion quarterly profits racked up by the company recently—a record in the history of world capitalism—and the \$96 billion in profits that the industry as a whole is expected to reap in earnings for this year. Exxon's total revenues for the third quarter topped \$100 billion. On an annualized basis, this is slightly less than the total earnings of Australia.

Raymond and the four other big oil CEOs—Chevron, ConocoPhillips, BP America and Shell Oil USA—called to testify at the hearing were hardly contrite about the massive amounts of money that they took in from soaring gas prices and as a result of the disasters suffered by millions in Hurricanes Katrina and Rita. Speculation and profiteering at the expense of the American people is their business and it has been a very good one.

The hearing began with a dispute over whether the five CEOs would be made to rise, raise their right hands and swear to tell the truth. The ritual—associated in the public consciousness with mobsters and people hauled before Congress accused as Communists—was required of tobacco industry executives at Senate hearings on the effects of smoking in the 1990s.

Certainly, there is an unassailable argument to be made that the oil monopolies have inflicted far greater harm upon the people of the US and the world than the tobacco bosses.

A war is being fought in Iraq—at the cost in lives of over 2,050 US soldiers and more than 100,000 Iraqi civilians—to secure for these companies preeminent control over the second largest oil reserves in the world. Moreover, they have been the driving force behind a US policy to deny the threat of global warming and continue on a path that threatens the destruction of life on the planet.

Nonetheless, they were not asked to stand and swear to tell the truth. Republican committee leaders intervened to spare them the indignity. All those campaign contributions have to count for something.

In his testimony, Raymond defended Exxon's gargantuan profits, asserting that they only made up for the oil giant's lean years. Petroleum earnings, he declared "go up and down" from year to year. This year, of course, Exxon's third-quarter earnings went up by an astonishing 75 percent from a year ago.

He went so far as to acknowledge that rising gas prices "have put a strain on Americans' household budgets." For a man who took home \$38 million last year, this is merely a theoretical proposition. For millions of American working people, however, it is a question of having to choose between filling up the gas tank and heating the home or providing food and other basic necessities for themselves and their families.

The government has warned that natural gas prices in the Midwest will skyrocket by 61 percent this winter and home heating oil in the Northeast will likely soar by over 30 percent. The inevitable result will be deepening poverty and deaths from the cold.

A rather modest proposal that the oil companies divert a portion of their windfall profits into the Low Income Heating Assistance Program—a program repeatedly slashed by the Senate itself—got a frigid reception from the big oil CEOs.

"As an industry we feel it is not a good precedent to fund a government program," ConocoPhillips chairman James Mulva, told the Senate panel. He warned that giving money to the poor would only divert it from the quest for new oil to exploit.

As for threats of windfall profit taxes or anti-gouging legislation, the oil executives responded by threatening that any such measures would only produce shortages and higher prices, while driving away investment in new

refineries. That the oil industry has not built a single new refinery in the US for 29 years was not something they bothered to mention.

All of the industry's arguments about the "free market" setting prices is so much hogwash. The soaring cost of energy can be traced in large part to the ever greater monopolization of the oil industry. The process of mergers and acquisitions within the industry that began in the 1990s was driven by the Wall Street's demands for profits, not energy needs. And the industry's decisions remain a matter of producing quarterly profits for investors.

That such methods are incapable of assuring rational distribution of energy supplies has become obvious. Even more evident is the inability of this system to confront the profound dangers posed by global warming, caused by dependence upon fossil fuels.

For the oil companies, the Senate hearing was an opportunity to press for even greater concessions from the government. Chief among them is environmental deregulation. They want Alaska's Arctic National Wildlife Refuge as well as the continental shelves opened to unfettered drilling. They also want the Clean Air Act gutted to make refining cheaper and further boost profits.

There is no prospect of any legislation that will curb energy prices or the profit drive of the oil monopolies emerging from the US Senate. Wednesday's hearing merely served as a stage for members of both parties to pose as critics of the energy industry. That they felt the need to do so is indicative of the growing anxiety within US ruling circles that the connection between soaring corporate profits, on the one hand, and the deepening social crisis confronting the majority of the population, on the other, is becoming dangerously apparent.

While the pretense of the Senate in holding the hearing was farcical, the testimony that was elicited made a strong case for a necessary measure that neither Democrats or Republicans will advocate, much less carry out: the nationalization of the energy industry so that it can be run under public ownership and control in the interest of the entire population.



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