As US oil strike reaches one month, companies sit on billions in profits

Kevin Martinez
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The strike by 6,500 oil refinery workers in the US will complete its fourth week on Sunday. Negotiations between the lead industry bargainer Shell and the United Steelworkers (USW) are set to begin again on Wednesday, after companies halted discussions earlier this month over a new three-year agreement covering a total of 30,000 workers.

In taking a hard line against the workers, the companies are relying on the USW, which continues to limit the strike amidst growing calls from oil workers for the entire industry to be called out. Production continues at most plants, including those on strike. The resumption of negotiations is an indication that the USW is seeking to reach an agreement as quickly as possible to prevent the strike from getting out of its control.

The line of the oil companies has remained the same: there is no money for safety improvements or better wages and benefits. Nothing can stand in the way of increased profits and the increased use of casual laborers. Yet the companies themselves are among the most profitable multinational corporations in the world, with deep ties to the Obama administration and the federal government.

Big Oil generates enormous profits in both annual and quarterly earnings. While profits for some of the oil giants were lower in the last quarter of 2014 due to slumping oil prices, the income generated from refineries has actually increased. According to one report, refineries at ExxonMobil generated $1 million in profit every two hours during the third quarter of last year.

ExxonMobil is the largest oil company and also the world’s fifth largest company, worth $407 billion in 2014. Overall, ExxonMobil’s profits last year were more than $32 billion.

The bulk of this money has been used not for investment, but rather has been distributed to shareholders and the financial markets through dividends and stock buybacks. In the first half of 2014 alone, ExxonMobil spent $11.7 billion in these financial operations, though investors were upset when it announced plans to reduce stock buybacks from $3 billion to $1 billion earlier this year.

Aside from handouts to investors, a substantial portion of the companies’ revenues are delivered to top executives. The CEO of ExxonMobil, Rex W. Tillerson, made $40.3 million in 2012, including a salary of $2.57 million, a $4.59 million bonus, and stock awards worth $19.63 million. His compensation declined to “only” $28.1 million in 2013.

From 2011 to 2012, Tillerson was a member of the Executive Committee of The Business Council, an elite club of business leaders who influence government policy.

A similar pattern can be seen at the other oil giants. Royal Dutch Shell reportedly made $15 billion in profits in 2014 and is amongst the largest oil companies in the world. Chevron was worth $253 billion in 2013, and its CEO John S. Watson received a salary of $32 million.

The oil companies have the full backing of the state and the Obama administration. In an unreported move late last year, Obama provided a windfall to the oil companies by allowing the export of light crude oil. Despite a 40 year ban on the sale of crude oil, the companies can now sell it on the international market where it is more expensive.

The relatively unknown Bureau of Industry and Security allowed oil companies to rebrand their crude oil as “condensate” and bypass the ban. Much of the crude oil is the product of hydraulic fracking and could sell for as much as $15 to $30 a barrel more on the world market, which could amount to $15 to $30 million a day.

The crude oil is more explosive than processed oil and has led to many accidents, including the train derailment and explosion in Lac-Megantic, Canada that killed 47 people. Stabilization of oil costs money and thus is a drain on profits. In addition, the Obama administration has allowed companies to blend tar sands oil with the crude oil, paving the way for more fracking in the US and Canada.

In the 2014 election cycle, the major oil companies contributed $29.4 million to congressional candidates and $8 million to presidential campaigns. While most of the money went to Republicans, Democrats also received a healthy share.

In addition to campaign contributions, the oil and gas industry spent over $140 million lobbying Congress in 2014. They spent the same amount every year going back to 2009, when the oil lobby spent over $170 million. Spending by outside groups not officially related to Big Oil but tied to it skyrocketed after the Supreme Court's pro-corporate *Citizens United* ruling.

There is also a revolving door in the government between official positions and the corporate world. According to Taxpayers for Common Sense, of the 763 Big Oil lobbyists in 2013, 60 percent were former members of Congress and congressional staff.