Chevron strike in seventh week as oil industry announces first quarter profit bonanza

Gabriel Black
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Oil companies around the world are announcing massive first-quarter profits amidst the surging cost of oil and natural gas.

Chevron, the $307 billion global oil company, quadrupled its profits in the first quarter of 2022. It made $6.5 billion in the first three months of 2022, up from $1.7 billion the year before. In the meantime, the energy giant has refused to budge on its demands that Chevron refinery workers in Richmond, California, who have been on strike since March 21, accept a deep cut in real wages.

ExxonMobil, the largest private oil company in the United States, doubled its profits. The company registered $5.48 billion in profits. This came even though ExxonMobil has effectively given up its Russian operations—for the current moment—losing $3.4 billion of revenue. Overall, Exxon made $90.5 billion in revenue, about $30 billion more compared to the same quarter last year.

Internationally, the Italian oil behemoth Eni saw its profits surge by more than 1,000 percent—as its net profit increased from 0.27 billion euros in the first quarter of last year to 3.27 billion euros this quarter. Meanwhile, Saudi Arabia has announced that booming oil revenues drove its economic growth the fastest it has seen in a decade—a 9.6 percent year-on-year increase in GDP.

These massive profits are the result of the surge in the price of oil and natural gas. The average monthly price of the West Texas Intermediate benchmark price for crude oil rose from $64 in March 2021 to $100 in March 2022.

The price of oil has risen for a variety of reasons. Demand continues to recover following the initial lockdowns at the beginning of the pandemic in Spring 2020 that decimated oil prices.

Although demand is expected to return to pre-pandemic levels next year, the oil companies have barely increased production, refusing to rehire the thousands of workers they laid off or reopen the refineries they closed when oil prices tanked. The gap between supply and demand has driven up oil and gas prices, allowing the companies to reap huge profits while oil workers are worked to the bone, and the working class consumers are punished at the pump.

The US Federal Reserve also continues its policies of pumping $120 billion of digital cash into financial markets to prop up the speculative activity of the ultra-rich, a part of a global policy of easy money and low interest rates that drives up costs.

On top of this, the US-NATO proxy war against Russia in Ukraine has further driven the price of oil higher, especially as sanctions have been levied by the United States against Russia.

While the oil companies are making near-record profits, this excess money is neither going to workers nor towards substantial new investments.

Chevron and ExxonMobil, for example, have both announced massive shareholder buyback programs. Exxon said it would triple its buyback program to $30 billion a year. Chevron will now have a record buyback program of $10 billion a year.

Buybacks effectively take the value created by workers in their workplace and funnel that money directly into shareholders' pockets. It is a completely parasitic use of profit that diverts funds from new hiring and investment and into the hand the super-rich.

Warren Buffett, the fifth richest person in the world, just substantially increased his share of Chevron and Occidental Petroleum. Through his company Berkshire Hathaway, Buffett now owns $26 billion worth of Chevron, one-twelfth of the company. He also bought $7 billion worth of Occidental Petroleum in March.

Buffett is also a major shareholder of BNSF railroad, which is conducting a brutal attack on the jobs and working conditions of locomotive engineers and other railway workers. This includes the imposition of a new punitive attendance policy aimed at purging the railroad of higher-paid experienced workers.

The refusal of Chevron, Marathon, ExxonMobil and other big refiners to rehire thousands of laid off workers has led to chronic, unsafe understaffing at refineries around the country.

"The company puts our lives in danger to save pennies," Tom, a striking oil refinery worker in Richmond, California, told the WSWS. "They don't hire enough. Because of this, we are forced in a lot, and this causes fatigue. Your sleep suffers. Your family life suffers. And when you're on stand-by, you can't have a life."

Tens of thousands of refinery and petrochemical workers were prepared to strike when their contracts ran out on February 1. But the United Steelworkers (USW) union collaborated with the Biden administration to block the strike by 30,000 workers, which would have undermined the White House's efforts to ramp up for war against Russia.

After weeks in which the USW claimed it was miles apart from an agreement with Marathon, the lead negotiator for the oil industry, USW President Tom Conway suddenly announced a deal, which he boasted, "does not add to inflationary pressures."

In fact, the agreement was a steal for the oil companies. It included an average annual raise of only 3 percent over four years, which amounts to a huge pay cut in real terms given the 40-year high inflation rate of 8.5 percent. At the same time, the deal did nothing to force the companies to rehire workers and end the understaffing and overtime policies, which endanger workers and rob them of their family lives and health.

While the USW conducted a campaign of lies and intimidation, including forcing workers to revote on the contract if they rejected it the first time, 500 Chevron workers in Richmond, California, threw a wrench into the efforts by the USW to push through this pro-company deal.

After Richmond workers voted down two local contracts pushed by the USW, which were based on the national sellout deal, the union was forced to call a strike. From the beginning of the walkout, Conway and the rest of the USW have deliberately isolated the Chevron workers, kept them on starvation-level strike benefits and kept workers in the dark about ongoing "negotiations."

In fact, the only talks going on between the oil bosses and the USW are about how best to wear down the strikers and impose the company's dictates. In an effort to conceal this conspiracy from workers, the USW is organizing toothless publicity stunts, including a protest tomorrow in Beverly Hills, California, at a conference where Chevron Executive Vice President Mark Nelson is speaking.

Left in the hands of the USW, Chevron workers will face the same fate as the 600 workers at ExxonMobil's Beaumont, Texas, refinery earlier this year. The USW deliberately isolated the Beaumont workers, who were locked out for 10 months, and then pushed through a contract that gutted their living standards and job security, including quadrupling the probationary period for new hires.

That is why Chevron workers must take the conduct of this battle into their own hands through the formation of a rank-and-file strike committee. This committee must break through the enforced isolation of the strike by the USW and fight for common action by oil workers and broader sections of the working class.

This committee should reach out to the tens of thousands of nurses and health care workers at Stanford Health Care, University of California, Kaiser, Sutter and other hospitals throughout California who are fighting the corporations and their own pro-company unions. Tens of thousands of dockworkers on the West Coast are also facing a huge fight against the port owners and the Biden administration when their contract runs out on July 1.

At the same time, the struggle against Chevron and the oil industry can only be waged through a united fight of all oil and gas workers. This means campaigning for a national strike to overturn the industry-wide sellout agreement and fight for the demands workers need for substantial wage increases, cost-of-living protections and the hiring of thousands of full-time workers to end understaffing and burnout.

To join the Oil Workers Rank-and-File Committee, email oilworkersrfc@gmail.com.