

Oil giants reap record profits from war, pandemic and skyrocketing prices

Jacob Crosse
2 August 2022

As working class families the world over struggle to afford basic necessities amid historic inflation, driven by the pandemic and the US-NATO war against Russia in Ukraine, the world's largest multinational oil corporations are announcing record profits.

Over the past week, the six major multinational oil giants—ExxonMobil, Chevron, Shell, BP, TotalEnergies and Eni—reported combined profits of over \$64 billion in the second quarter alone. The orgy of profiteering is not limited to the six major oil companies. The smaller US companies Valero, Phillips 66 and Hess posted a massive combined quarterly profit of \$8.62 billion.

In total, these nine companies reported over \$72 billion in profits over three months. The oil companies, by and large, have refused to increase production, driving gas prices in the United States earlier this summer to an average of \$5 a gallon and siphoning billions from working class families into their coffers. While the price of a gallon of gas has dipped somewhat in the last month to a nationwide average of \$4.19 a gallon, this is still over a dollar more than the \$3.17 recorded at this same time last year.

Every day during this period, the oil companies made \$800 million in profit, or about \$33.3 million an hour.

An analysis by the Natural Resources Defense Council (NRDC), an environmental lobbying group that tracks the profits of the 15 largest oil and gas companies in the United States, found that compared to the same period in 2021, oil company profits grew “a staggering 242 percent.”

The largest private oil company in the United States, ExxonMobil, reported a second-quarter profit of nearly

\$17.9 billion, which represents a year-to-year increase of 226 percent, according to the NRDC. Overall, ExxonMobil has reported over \$23.3 billion in profits this year alone.

Chevron reported a second-quarter profit of \$11.62 billion, a 277 percent year increase from a year ago. The United Steelworkers union played a key role in the company's massive profit increase through its isolation and betrayal of Chevron workers' struggles for improved wages and working conditions, including its sellout in June of a strike by 500 oil workers in Richmond, California.

UK-based Shell reported a second-quarter profit of \$17.85 billion, a 107 percent increase from last year, bringing this year's total profits to date to over \$20 billion.

Italian-based oil giant Eni reported a second-quarter adjusted net profit of \$3.88 billion, a year-to-year improvement of nearly \$1 billion.

French-based TotalEnergies likewise posted an all-time-high second-quarter profit of \$9.8 billion, nearly a three-fold increase from last year. This figure topped the company's previous high set in 2008, when the price of a barrel of oil (Brent Crude) was \$147, roughly \$47 more than current prices.

The profit figures exceeded Wall Street expectations and left investors and oil billionaires salivating at the prospect of stock buybacks and increased dividend payments. Instead of using their ill-gotten profits to hire more workers, increase wages or invest in new technologies to improve safety and combat the impact

of climate change, all of the oil companies announced a new round of stock buybacks.

Industry publication RigZone.com notes that TotalEnergies already “bought back \$2 billion of its shares” in the second quarter, and “will do so again in the third quarter.” The publication continued: “The board of directors of the company also approved the distribution of the second dividend in 2022, 5 percent higher year-on-year.”

Similarly, BP has spent \$3.9 billion on stock buybacks in the first half of the year and announced another \$3.5 billion buyback for the third quarter. The *New York Times* reported that the company would “devote 60 percent of its ‘surplus cash flow’ this year to share buybacks,” and raise the stock dividend by 10 percent.

ExxonMobil has already spent \$7.6 billion on dividends and share purchases through the second quarter.

The *New York Times* reported Tuesday that BP, Chevron, ExxonMobil, Shell and TotalEnergies have collectively spent some \$25 billion in the first half of the year buying back their own shares.

While the portfolios of major oil company shareholders are booming, American families are falling deeper into debt, unable to keep up with record cost-of-living increases and soaring interest payments fueled by the Federal Reserve’s rate-hiking program. At the same time, the Fed is deliberately engineering a slowdown in economic activity in order to drive up unemployment and undermine workers’ struggles for higher wages and better working conditions.

On Tuesday, the New York Federal Reserve reported that US household debt exceeded \$16 trillion for the first time ever. It noted that credit card balances increased by \$46 billion last year.

According to CNN, in the past year overall credit card debt has “jumped by \$100 billion, or 13 percent, the biggest percentage increased in more than 20 years.”

The oil companies’ price-gouging and profiteering in the midst of mass death from the pandemic and the escalating US-NATO war against Russia underscores

the necessity for the working class to take possession not only of fuel, but also of food, medicine and all the other essentials of modern life to use for the betterment of all of humanity, not the enrichment of privileged idle few.

This means a conscious and united fight by the working class to put an end to the profit system and reorganize economic life on socialist foundations.



To contact the WSWWS and the Socialist Equality Party visit:

wsws.org/contact