

As inflation surges, France's TotalEnergies posts €18 billion super-profits

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On July 28, French energy giant TotalEnergies announced more than €17.7 billion in profit (\$18.8 billion) in the first half of 2022, a three-fold increase over the same period last year. The corporation has invoked increased oil and gas prices driven by the NATO-Russia war in Ukraine to justify a huge spike in fuel prices. In reality, it is using the Ukraine crisis to extract billions from the pockets of workers in France and internationally.

This phenomena is not limited to just Total or France. Multiple oil and energy corporations posted record profits in the second quarter of 2022. In just three months, ExxonMobile made profits of \$17.9 billion, Chevron \$11.6 billion, and Shell Oil \$11.6 billion.

The 6.1 percent inflation rate recorded in France at the end of July is the highest ever. Fuel prices have been one of the principal drivers of rising costs. National averages for petrol prices peaked at €2.12 per liter in early June before reaching €1.85 per liter at the beginning of August, an increase of €0.30 from a year ago.

Although French president Emmanuel Macron demagogically denounced “war profiteers” who would seek to use the war in Ukraine to increase profits at June’s G7 meeting, his government is giving its full support to Total’s war profiteering.

In a Senate debate, as a motion to place a pitiful “exceptional solidarity contribution” on Total’s record profits was rejected, Economy and Finance Minister Bruno Le Maire defended Total. He said that businesses also “bear the burden of inflation,” claiming that the “best way for a company to [aid society] is not to be taxed, but to increase the salaries of its employees.”

Both claims are preposterous. Total’s year-on-year profit increase of over 300 percent in the first six

months of 2022 is 50 times larger than France’s 6.1 percent inflation rate. Meanwhile, Total Energy has not increased workers’ salaries by a cent despite inflation; since 2020, the corporation has cut 6,500 jobs internationally, including 1,100 in France.

Analyzing Total’s “super profits” and tax evasion practices, economist Maxime Combes explains how its “profits are increasing at all stages of its production process, without the corporation having to change anything in its production process.” That is, Total’s record profits are driven automatically by the rise of oil on global financial markets. Besides the increased exploitation of its workforce by refusing to grant them raises as prices surge, it has not taken any action to obtain these windfall profits.

Total’s record 2022 profits follow its “tax optimization” policy, popular with most multinational corporations operating in France, where they declare engineered losses in France while enjoying billions in profit in countries with lower tax rates. As a result, Total has not paid a single euro in French corporation tax in the last 24 months due to losses in 2020 (although it still paid out €7.6 billion to its shareholders in that year).

To placate rising popular anger over blatant price-gouging of the population, Total executives promised an insulting 20-centime reduction in fuel prices from September 1 to November 1. With their pockets already stuffed with ill-gotten billions, Total’s executives and shareholders will walk away massively enriched despite this pitiful measure.

There is no indication that consumer fuel and energy prices or Total’s record profits will decline anytime soon. According to the International Energy Agency (IEA), energy multinationals could see “excess profits of up to €200 billion in the European Union in 2022.”

According to Combes, this could see Total's own profits reaching €35 billion for the year.

Total is not the only corporation funneling billions in profits to shareholders whilst the great mass of the population suffers amid the pandemic, runaway inflation, and the economic fallout of the war between NATO and Russia in Ukraine.

Last week, corporations listed on the CAC-40 Paris stock market announced a record €174 billion in profits in 2021, over double the €80 billion recorded in 2019 before the COVID-19 pandemic. This is almost double the record profits of €100 billion recorded in 2007, on the eve of the 2008 financial meltdown.

Alongside Total, the most profitable corporations were the Vivendi media group, which made over €24.6 billion; and luxury group LVMH, owned by France's richest man Bernard Arnault, which made €12.7 billion.

Despite the automotive industry being plagued with a semi-conductor shortage for over three years, automaker Stellantis, which operates multiple factories in France, posted profits of €18 billion in 2021, a 34 percent increase on the previous year.

Alongside Total, corporate profits are continuing to surge in 2022 despite record inflation, the economic impacts of the war in Ukraine, and warnings of an impending recession in France and throughout the eurozone. In the first quarter, LVMH announced a profit of €6.5 billion in the first quarter of 2022, a 23 percent increase on 2021. Stellantis reported profits of €8 billion for the first six months of the year.

Across the globe, the ruling class is acting on the motto "never let a good crisis go to waste." Following the first, and to date only proper lockdown against COVID-19, in May 2020 European corporations were bailed out for hundreds of billions of dollars with the approval of the CGT and other Franco-German unions.

Alongside the implementation of a back-to-work policy, which has led to millions of deaths and multiple waves of the virus, this created the conditions for a massive surge in the stock market, record corporate profits, and an unprecedented increase in the wealth of the super-rich. Amid rising inflation, the war in Ukraine, and an impending recession, this process is only accelerating.

Both internationally and in France, the ruling class has never had it so good. In just one telling example,

during the pandemic and accompanying economic crisis, France's richest man, Bernard Arnault, has seen his wealth more than double from \$76 billion in 2020, to \$166 billion on August 1, 2022, according to Forbes wealth tracker.

On the other hand, the working class is facing rising costs, alongside cuts to already grossly inadequate social support. In response to inflation, the Macron government passed a 4 percent increase in retirement pensions and family allowances, an effective cut given the 6.1 percent inflation rate.

Though Total's profits are widely viewed with outrage and disgust, no major party has proposed any measure that questions, let alone threatens, the ability of corporate executives to hoard billions. Had the political theatre of the dead-on-arrival "solidarity contribution" passed the National Assembly and Senate, it would have been no more than a drop in the bucket of the hundreds of billions funneled to the super-rich every year.

As is the case with the super profits of oil companies the world over, Total's ability to hold the entire population to ransom for fuel, and run away with billions, reflects the reality of class rule in France. Capitalist governments ruthlessly defend the unimaginable wealth of the super-rich while social misery grows among working people. This corrupt regime can only be overturned by the establishment of workers' power and socialism, and the end of the anarchic profit system.



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