Big oil, food giants, restaurant chains reap windfall profits as US real wages plunge

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With one week remaining before the US midterm elections, President Joe Biden has taken to denouncing the oil monopolies for "war profiteering" and price-gouging. On Monday, he took time out from traveling around the country to boost the faltering campaigns of Democratic House and Senate members and candidates for state offices to attack the record profits reported last week by oil and gas companies as "outrageous" and threaten the imposition of an excess profit tax.

"It's time for these companies to stop war profiteering, meet their responsibilities to this country, give the American people a break and still do very well," he told reporters at the White House.

It is all too obvious that Biden's bluster against corporate profit-gouging is prompted by polls showing that soaring prices for basic necessities is the biggest concern driving voters in elections that may very well shift control of one or both chambers of Congress, as well as much of the country's electoral machinery, to Trump's fascistic Republicans.

Nobody knows better than Biden that there is no possibility of getting an excess profits tax through Congress, even should it remain under Democratic control.

The oil magnates responded contemptuously to Biden's threat. Mike Sommers, president of the American Petroleum Institute, stated, "Rather than taking credit for price declines and shifting blame for price increases, the Biden administration should get serious about addressing the supply-and-demand imbalance that has caused higher gas prices and created long-term energy challenges."

In other words, it should lift the minimal restraints on the fossil fuel industry and give it an even freer rein to pollute and profit from the impact of the US-NATO war against Russia.

Last Friday, Exxon Mobil and Chevron, the largest US oil companies, reported record or near-record profits for the July-September quarter of 2022. Exxon's profit of nearly $20 billion was a record for any quarter and 10 percent higher than the previous record, set the quarter before. Chevron's profit of $11.2 billion was slightly less than the previous quarter's record amount.

On Thursday, the two biggest European producers, Shell and TotalEnergies, reported that their profits had more than doubled from the third quarter of 2021.

The five biggest oil companies took in more than $50 billion in profits in the second quarter of this year, and the International Energy Agency reported that the net income of the world's oil and gas producers will double this year from last to a record $4 trillion. "Today's high fossil fuel prices have generated an unprecedented windfall for producers," the agency stated.

Rather than using some of their windfall profits to reduce prices or increase production, the oil giants have raised dividends and carried out massive stock buybacks to enrich their big investors. On Friday, Exxon Mobil raised its stock dividend, citing its commitment to "return excess cash" to shareholders.

Biden has released some 165 million barrels of oil from the Strategic Petroleum Reserve and prices at the pump have receded in recent weeks from their previous highs, but they remain more than 13 percent higher than at the end of 2021.

The energy industry is not alone in taking advantage of the inflationary spiral, rooted in decades of central bank handouts to Wall Street and exacerbated by supply chain disruptions triggered by US-NATO proxy war against Russia in Ukraine, to reap windfall profits.

The *New York Times* on Monday reported that major food companies and restaurant chains have driven up their profits by charging the public far more than what was needed to cover their increased costs.

The article noted that over the past year, the price of food eaten at home has increased 13 percent, according to the Bureau of Labor Statistics (BLS). Basic staples have risen far more than the 8.2 percent year-over-year increase in the Consumer Price Index.

Cereals and bakery goods are up 16.2 percent. Dairy products have shot up by 15.9 percent.

A dozen eggs that could have been purchased for $1.83 in 2021 now cost $2.17.

Meanwhile, the profits of major food companies have risen even faster than the prices they charge. Last month, PepsiCo, whose prices for drinks and chips were up 17 percent from year-earlier levels, reported that its third-quarter profit grew by more than 20 percent. Coca-Cola reported a profit increase of 14 percent from the previous year.

Many restaurant chains are likewise reaping super-profits on the basis of inflated prices. The *Times* article focused on Chipotle Mexican Grill, which reported that its prices by the end of 2022 would be nearly 15 percent higher than a year earlier. It reported a nearly 28 percent increase in its profits in the latest quarter as compared to the same quarter last year.

The newspaper quoted Kyle Herrig, president of advocacy group Accountable.Us as saying, “The [earnings] calls tell us corporations have used inflation, the pandemic and supply chain challenges as an excuse to exaggerate their own costs and then nickel and dime consumers.”

Housing costs are likewise soaring, further eroding workers’ purchasing power. According to the latest report on inflation, issued last month by the BLS, the cost of renting a primary residence rose this year by 7.2 percent through September, more than double the usual annual increase of around 3 percent.

The average 30-year fixed-rate mortgage has topped 7 percent, due mainly to the rapid increase in interest rates imposed by the Federal Reserve to slow down economic growth and drive up unemployment—a central component of the ruling class war against workers’ wage struggles. This is the highest mortgage rate since the Great Recession of 2008.

With the national median asking price for a home at $435,050—itself prohibitive for most workers—mortgage payments today are nearly $1,000 a month higher than in August of 2021.

Biden’s feigned outrage over corporate price- and profit-gouging cannot conceal the fact that his administration is working relentlessly with the trade union apparatuses to impose the full inflationary impact of the war in Ukraine, for which the White House and Congress have already allotted over $50 billion, on the working class. With the support of both big business parties, Biden has joined with the rail and West Coast dock workers’ union leaderships to block 22,000 longshoremen and 120,000 railroaders, who have voted overwhelmingly to strike and rejected pro-company contracts, to exercise their right to strike.

The result has been a devastating decline in the real earnings of US workers.

Last month, the BLS reported that real hourly and weekly earnings for all employees decreased 0.1 percent from August to September, seasonally adjusted. Year over year, real hourly earnings fell 3 percent, while real weekly earnings declined even more, 3.9 percent, due to a decrease in the average workweek.

According to a study released in October by the Federal Reserve Bank of Dallas, the decline in real wages for US workers is even more severe. The authors of the study wrote:

> We find that a majority of employed workers’ real (inflation-adjusted) wages have failed to keep up with inflation in the past year. For these workers, the median decline in real wages is a little more than 8.5 percent. Taken together, these outcomes appear to be the most severe faced by employed workers over the past 25 years…
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> While the past 25 years have witnessed episodes that show either a greater incidence or larger magnitude of real wage declines, the current time period is unparalleled in terms of the challenge employed workers face.