

Bill Kaplan: Fight inflation, get tough with Big Oil

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Gas prices have soared in the U.S. and Europe. Why? Big Oil's taking advantage of supply and demand. Russia's aggression against Ukraine resulted in less Russian oil for the West because of sanctions. Moreover, many are feeling safer to commute to work and travel because of effective vaccines and few pandemic restrictions. Less oil meant higher prices just as demand rose.

However, Big Oil, flying the pirate flag, couldn't resist exploiting the situation. "The latest earnings announcements from the oil sector seem to back up the argument that oil companies are sitting on their hands to keep prices and profits high" (New Yorker). Exxon and Chevron have reported billions more in profits for 2022. But Big Oil is not using thousands of federal permits to drill for oil. Instead, companies are using their profits to pay shareholders higher dividends and for stock buybacks to boost share price.

The Washington Post editorialized a rebuke to Big Oil: "(T)heir soaring profits may please Wall Street, but they harm American families as well as the broader effort to end the war in Ukraine" (profiteering). Same for Europe. Similar outrageous record profits for BP and Shell with stock buybacks. Britain's Conservative government felt public anger and saw the light, imposing a 25 percent windfall tax on Big Oil profits. Much of the revenue will be used to help "low-income households struggling with a sharp spike in the cost of living" (Washington Post). Why not in the U.S.?

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Wisconsin Democratic Senator Tammy Baldwin introduced remedial legislation "to

curb profiteering by oil companies and provide Americans relief from rising gas prices.” Baldwin said: “Wisconsin is feeling the Putin price hike at the pump and we cannot afford to have big oil corporations taking advantage of market disruptions to pump up their profits. I support this legislation because it can provide some economic relief to working families and help put their pocketbooks ahead of more profits for big oil.”

Baldwin and her Senate Democratic colleagues have proposed a windfall profits tax on Big Oil: “Revenue raised from the windfall profits of big oil companies will be returned to consumers in the form of a quarterly rebate, which would phase out for single filers who earn more than \$75,000 in annual income and joint filers who earn more than \$150,000.” Once again, Senator Baldwin leads with legislative action. Baldwin’s bill is not radical. If a British Conservative government can embrace a windfall tax on Big Oil profits why not the GOP?

Wisconsin GOP Senator Ron Johnson, running for reelection, has been campaigning on rising gas prices and fear. However, as usual he has no legislative solution, just crocodile tears: “But, you know, when I talk to people at the gas station, I mean, they are upset.” However, all millionaire Johnson offers is obstruction and bombast. If Johnson is serious about fighting inflation he should support Baldwin’s windfall profits tax on Big Oil. Follow the British Conservative government’s example. Past time to get tough with Big Oil.

- Kaplan wrote a guest column from Washington, D.C., for the Wisconsin State Journal from 1995 - 2009.