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The Star Press
Pence battles for more oil drilling
August 7, 2008

By Seth Slabaugh

ANDERSON -- A friendly audience greeted Congressman Mike Pence on Wednesday at a town hall meeting here on gas prices.

At the same time, MoveOn members in Muncie began calling for an end to the "Grand Oil Party's" political demonstration -- co-led by Pence -- against high gas prices on the floor of the House.

Pence is taking a two-day break from his protest in Washington, where he is demanding that Congress return from recess to address high gas prices. After presiding over town-hall meetings in Anderson on Wednesday and in Richmond today, Pence plans to return to Washington to renew his demand that House Speaker Nancy Pelosi call a special session.

"I believe there is a bipartisan majority on Capitol Hill to support comprehensive energy reform that would include giving the American people more access to American oil," Pence told the crowd. It's likely that Congress will vote on a comprehensive energy bill this fall, but Pence is asking, "Why wait?"

Pence supports oil drilling in the Arctic National Wildlife Refuge, the Gulf of Mexico, and in the Pacific and Atlantic oceans off the East Coast and West Coast.

Environmental groups including the League of Conservation Voters, Defenders of Wildlife and the Sierra Club maintain that massive drilling in new areas won't produce oil for years and won't lower gas prices by more than a few cents a gallon.

They accuse "friends of big oil" like Pence of seeking to secure drilling access to as much public lands and water as possible before the pro-drilling Bush administration leaves office. Instead, Congress should be cutting oil subsidies, issuing tax rebates to consumers by imposing a windfall profits tax on oil companies, requiring more fuel-efficient cars and investing in alternative energy and renewable fuels, according to drilling critics.

At the town hall meeting, Maggie Thomas, a retired factory worker from Elwood, urged Pence to support more drilling. "Why can't we use the resources we have?" asked Thomas, who added that the majority of Americans agreed with her.

If the House met in special session to vote on a bill to increase drilling, "frankly, that bill wouldn't pass," Pence told Thomas.

However, if the House got the chance to vote on a comprehensive energy bill like the American Energy Act, Pence is confident it would pass. Comprehensive energy legislation would not only give the American people more access to American oil, it also would encourage wind, solar, hydrogen and nuclear power, alternative fuels and more fuel-efficient vehicles, said Pence, adding, "I'm for all of the above."

Pence says the mere passage of such legislation would immediately lower gas prices.

In the past year, Pence has received thousands of dollars in campaign contributions from Ashland Inc., BP Corp. North America, Exxon Mobil, the Petroleum Marketers Association, the Society of Independent Gasoline Marketers and Valero Energy Corp.

"I am a friend of free-market economics and conservative values," Pence said in an interview. "At the time when issues intersect where my conservative values result in a vote that meets the expectation of oil companies, that's a coincidence, not a result of a relationship."

While oil-drilling critics see a connection between record-breaking oil profits and record-breaking gas prices, Pence blames current gas prices on increased global demand for oil in China, India and elsewhere.

"I expect millions of Americans who own oil stocks in their pension and 401 (k) plans to appreciate the profits the oil companies have made," Pence said.

MoveOn members will gather at Pence's Muncie office at noon today to call for an end to his "political theater" on the House floor.

The Economist
Sparring over energy
August 5, 2008

JOHN MCCAIN and Barack Obama have found something they agree upon: it is time to talk about energy. Last week, Mr McCain put out television adverts criticizing Mr Obama on the subject, with one even claiming that the Democrat was somehow responsible for current high oil prices. On Monday August 4th, Mr Obama responded with a speech offering a raft of proposals, and calling Mr McCain too close to Big Oil to be trusted. Between the low blows they have made some serious policy suggestions and produced a lot of fluffy nonsense and posturing. Voters, concerned about the price of energy, have been offered a flurry of confusing proposals.

Mr McCain, for example, says that Mr Obama's opposition to drilling for new oil off the American coast contributes to high prices. Some economists think that to promise exploration there, even though oil would not be produced for years, would bring down prices today, through the mechanism of expectations on the futures market. Mr McCain also favours expanding nuclear power. Both form part of his image as someone willing to make tough calls—and they may make good politics. According to a poll from Pew in June, 60% of respondents thought a priority should be finding new sources of energy, whereas just 34% thought that environmental protection should come first.

Mr Obama has some politics on his side, on the touchy subject of campaign contributions. The Democrat says that his Republican rival is in the pocket of oil companies and notes that contributions to Mr McCain from oil executives rose in the days after his turnaround on offshore drilling. Mr Obama used his speech on Monday, and a new television advertisement, to suggest that Mr McCain is no better than George Bush, an oilman-turned-president. According to a poll by CNN last month voters see oil companies as the biggest culprit behind high oil prices—more so than the war in Iraq, speculators or the ban on offshore drilling. Exxon Mobil's latest quarterly earnings were $11.7 billion, the biggest of any American company ever.

Although oil prices are beginning to drop again, the squeeze has both men seeking villains. Each is also producing ill-considered proposals. Mr Obama says that he would tax oil firms for "windfall profits", and give motorists a rebate ($1,000 for families, $500 for individuals). Such a populist gesture might go down well with voters, but imposing a windfall tax would cause uncertainty in the oil industry and divert funds from investment in production of more oil, thus contributing to higher prices. Another suggestion, to release some oil from the strategic reserve, would bring a temporary benefit at best.

Mr McCain's villains are in government. Not only does government, in hock to tree-huggers, block drilling and the expansion of nuclear power, it also taxes petrol too much. He says that he would give a temporary break in the gasoline tax. But there is nothing to stop the oil companies from simply taking this in the form of higher prices themselves. Even if lower prices were passed on to consumers, if the consequence were then greater demand for petrol and rising prices once more, then producers rather than consumers would benefit from the tax break.

Both candidates are acting as if they do not understand the laws of supply and demand. In truth, each is playing politics. Fortunately, there are some more thoughtful proposals in the mix. Both Mr McCain and Mr Obama support a form of cap-and-trade to limit carbon emissions using market mechanisms (this would probably put up prices, though it should reduce pollution). Both want new investments in alternative sources and improved efficiency. Mr McCain has promised a $300m prize for a breakthrough battery-powered car. Mr Obama has more ambitious goals: $150 billion in investment in clean energy over 10 years, 10% of electricity generation from renewable sources by 2012, and increasing cars' fuel efficiency substantially. He believes that by 2015 there could be 1m cars on the road getting 150 miles to a gallon of gasoline

<u>Associated Press</u>
Obama ad calls for return of windfall profits tax
August 4, 2008

By: Tom Raum

CHICAGO (AP) — Barack Obama's campaign will begin running a television ad Monday that attacks Republican John McCain's energy policies.

"After one president in the pocket of big oil we can't afford another," says the ad, referring to President Bush's previous work in the oil industry.

Obama hoped to emphasize energy and the economy in campaign stops this week in Michigan, Ohio and Indiana, beginning with a speech Monday in Lansing, Mich. Gas prices over $4 a gallon have become a top issue in the presidential contest.

Obama's spot trumpets his proposal to revive a windfall profits tax on energy companies and asserts that McCain favors tax breaks for the oil industry.

"A windfall profits tax on big oil to give families a thousand-dollar rebate," an announcer in the ad says.

Obama has pushed for such a tax to fund $1,000 emergency rebate checks for consumers besieged by high energy costs.

Congress enacted a windfall profits tax in 1980, during an earlier era of high oil prices, but repealed it in 1988 amid concerns the tax was discouraging domestic oil development. Last year, the House approved $18 billion in new taxes on the largest oil companies, but they were blocked by Republicans in the Senate.

The new Obama ad opens with a driver pumping gas. The announcer says, "Every time you fill your tank, the oil companies fill their pockets."

Obama has said recently that he would reluctantly consider accepting some new offshore oil drilling. Obama previously opposed any offshore drilling.

Lately, however, he has cited "very constructive" talks between Senate Republicans and Democrats on this issue. He praised a plan unveiled by a group of Republican and Democratic senators to permit drilling while supporting an effort to convert most vehicles to alternative fuels in 20 years.

McCain's campaign accused the Democrat of flip-flopping. However, the Arizona Democrat recently reversed his own former opposition to drilling on the Outer Continental Shelf.

Both candidates have energy proposals to reduce U.S. dependence on oil. Obama's was first, and its centerpiece is a 10-year, $150 billion spending plan focusing on clean coal technology, further development of plug-in hybrid cars, commercialization of wind and solar power and other measures.

McCain's, which is called the Lexington Project, includes building 45 new nuclear power plants; offering a $300 million prize for major advancement of low-cost, plug-in hybrid or electric car technology; and "encouraging the market" in wind, hydroelectric and solar power. Both he and Obama would cut use of fossil fuels to combat climate change.

The Fox Forum

Please Define What a 'Windfall Profits' Tax Is…

August 4, 2008

By: Betsy Newmark
High School History and Government Teacher/Blogger

Liberals like to bleat about the oil companies making "windfall profits" as if there is some point when making a profit is bad. So the Wall Street Journal asks what the definition is of a "windfall profit." This is important to know because Senator Obama has proposed giving each American family a stimulus check of $1000 paid for by a windfall profits tax on the oil companies. He is presently running an ad touting his plan.

"After one president in the pocket of big oil we can't afford another," says the ad, referring to President Bush's previous work in the oil industry.

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Some enterprising reporter should ask him how he defines windfall profits. Perhaps he has a similar approach to American business as his colleague from Illinois, Senator Durbin, who said that "The oil companies need to know that there is a limit on how much profit they can take in this economy."

So what is the right amount of profit for an American company today? The WSJ tries out several definitions.

Take Exxon Mobil, which on Thursday reported the highest quarterly profit ever and is the main target of any "windfall" tax surcharge. Yet if its profits are at record highs, its tax bills are already at record highs too. Between 2003 and 2007, Exxon paid $64.7 billion in U.S. taxes, exceeding its after-tax U.S. earnings by more than $19 billion. That sounds like a government windfall to us, but perhaps we're missing some Obama-Durbin business subtlety.

Maybe they have in mind profit margins as a percentage of sales. Yet by that standard Exxon's profits don't seem so large. Exxon's profit margin stood at 10% for 2007, which is hardly out of line with the oil and gas industry average of 8.3%, or the 8.9% for U.S. manufacturing (excluding the sputtering auto makers).

If that's what constitutes windfall profits, most of corporate America would qualify. Take aerospace or machinery — both 8.2% in 2007. Chemicals had an average margin of 12.7%. Computers: 13.7%. Electronics and appliances: 14.5%. Pharmaceuticals (18.4%) and beverages and tobacco (19.1%) round out the Census Bureau's industry rankings. The latter two double the returns of Big Oil, though of course government has already became a tacit shareholder in Big Tobacco through the various legal settlements that guarantee a revenue stream for years to come.

In a tax bill on oil earlier this summer, no fewer than 51 Senators voted to impose a 25% windfall tax on a U.S.-based oil company whose profits grew by more than 10% in a single year and wasn't investing enough in "renewable" energy. This suggests that a windfall is defined by profits growing too fast. No one knows where that 10% came from, besides political convenience. But if 10% is the new standard, the tech industry is going to have to rethink its growth arc. So will LG, the electronics company, which saw its profits grow by 505% in 2007. Abbott Laboratories hit 110%…..

General Electric profits by investing in the alternative energy technology that Mr. Obama says Congress should subsidize even more heavily than it already does. GE's profit margin in 2007 was 10.3%, about the same as profiteering Exxon's. Private-equity shops like Khosla Ventures and Kleiner Perkins, which recently hired Al Gore, also invest in alternative energy start-ups, though they keep their margins to themselves. We can safely assume their profits are lofty, much like those of George Soros's investment funds.

So is Senator Obama planning to tax all these other businesses? Is his plan for growing America's economy to say that we need to tax excess profits from any American business that grows fast and does well and then redistribute that money to average American folk? What does he think such a plan would do for the GDP over the long run? Does he not think that companies would react to such a tax plan and how would their reactions affect the growth of the overall economy? These are all questions that reporters who thought just a minute about what his demonization of the oil industry and his desire to tax their "windfall profits" would mean.

Perhaps the Democrats' only concern is with companies that supply much-needed products to the American consumer such as oil. Well, by that definition, we could borrow from Jim Lindgren's sarcastic proposal for a windfall profits tax on farmers. Farmers certainly have been doing well recently.

The U.S. Department of Agriculture estimates that net cash farm income nationwide will hit a record $96.6 billion this year — up 10% from last year and 40% from 2006

And companies that supply farmers have also had a good year.

Farmers aren't the only ones making money from the run-up in commodity prices. Companies that sell things to farmers, everything from fertilizer to seed to tractors, are reporting healthy profits, too.

Terra Industries (TRA), a major fertilizer supplier, reported that its fourth-quarter 2007 profit jumped by six times over the year before.

Deere (DE)— which makes tractors, harvesters and other farm equipment — reported record quarterly earnings. Agricultural equipment sales were up 33%.

But rather than hearing demagogic attacks from Democrats on their nasty profits, Congress just voted them, over Bush's veto, a pork-filled bill to give them more government money. As Bush said about the bill,

"Farm income is expected to exceed the 10-year average by 50% this year, yet Congress' bill asks American taxpayers to subsidize the incomes of married farmers who earn $1.5 million per year," he said in a statement Tuesday.

So the oil companies get demonized and the farmers get government handouts. Go figure.

As the WSJ concluded, the definition of a "windfall profit" is certainly case-dependent.

The point isn't that these folks (other than Mr. Clinton) have something to apologize for, or that these firms are somehow more "deserving" of windfall tax extortion than Big Oil. The point is that what constitutes an abnormal profit is entirely arbitrary. It is in the eye of the political beholder, who is usually looking to soak some unpopular business. In other words, a windfall is nothing more than a profit earned by a business that some politician dislikes. And a tax on that profit is merely a form of politically motivated expropriation.

It's what politicians do in Venezuela, not in a free country.

But that is the plan of Senator Obama and many of his Democratic supporters. They have a very skewed idea of how our economic system should work. The only constant seems to be to try to score political points in demagoguery without much concern for the overall effects of such a tax.

Perhaps it is time for a little history lesson before the Obama administration pushes through this return to Carter economics. The last time we had a windfall profits tax on oil was in 1980 and, as might have been predicted if the politicians then had understood a bit of economics, was exactly the opposite of what the country needed, as Jonathan Williams explained a couple of years ago when there was also talk of such a tax on the oil companies.

Numerous lawmakers, from Senate Minority Leader Harry Reid (D-Nev.) to Sen. Arlen Specter (R-Pa.), are lining up to support a new federal windfall profits tax, with the aim of redistributing profits from "greedy" oil companies.

But lawmakers could benefit from a history lesson. The last time this country experimented with such a tax was the Crude Oil Windfall Profit Tax Act of 1980. According to a 1990 Congressional Research Service study, the tax depressed the domestic oil industry, increased foreign imports and raised only a tiny fraction of the revenue forecasted. It stunted domestic production of oil by 3% to 6% and created a surge in foreign imports, from 8% to 16%.

Politicians calling oil companies "greedy" is more than a little ironic. Tax Foundation studies have shown that state and federal treasuries profit handsomely from oil industry sales. The average American motorist pays taxes of 46 cents a gallon on gasoline, of which 18.4 cents a gallon goes to the federal government. States and localities pocket the rest.

The nation's energy companies are already providing a "windfall" of taxes. According to Department of Energy data, from 1977 to 2004, federal and state governments extracted $397 billion by taxing the profits of the largest oil companies and an additional $1.1 trillion in taxes at the pump. In today's dollars, that's $2.2 trillion – enough to buy a Toyota Prius for every household in the nation.

In fact, oil companies have paid in taxes more than three times what they earned in profits during those 28 years.

As the oil industry brings in record profits, it also pays record taxes that average 39% worldwide, even after accounting for special deductions and credits. That compares with a 33% average tax rate for other industries.

In 2005, Chevron, ConocoPhillips and Exxon Mobil paid more than $158 billion in total worldwide taxes. This gargantuan tax bill nearly equals the entire economic output of Iran and surpasses the total gross domestic product of 150 of the 184 countries ranked by the World Bank.

It would be unfair and absurd to tax workers at different rates, based merely on the industry they work in. Similarly, it makes no sense to tax an industry punitively based on the volatility of its profits. Oil will always be a boom-or-bust business.

I sure hope that someone will ask Obama, perhaps in a debate, why he supports the idea of a windfall profits tax on the oil companies even though the last time that happened, gas prices went up and our imports of foreign oil also increased. Perhaps Senator Obama would give a similar response that he gave in the ABC debate when Charlie Gibson asked him if he still supported an increase in capital gains taxes even though, in the past, a decrease in capital gains taxes has driven up the revenue the government gets. Senator Obama's response was illuminating. He wasn't interested in the economics of his proposed actions, but in the perceived "fairness" of taxes and business.

In other words, a critical part of Sen. Obama's strategy for reigning in high gasoline prices is to subsidize gasoline consumption and more heavily tax its production. This plan - which increases the demand for gasoline and reduces its supply - makes as much sense as trying to put out a fire by dowsing it with jet fuel.

Folks, this is all a very dangerous approach to the economy. If we're going to impose taxes based on some politician's idea of fairness and whichever industry can be demonized to score partisan advantages, we will be endangering our entire economic system and minimizing economic growth. First it was Big Tobacco. Now Big Oil. Tomorrow perhaps, Big Pharmaceuticals. Can Big Tech or Big Food be far behind on the target list? And remember, companies don't pay these taxes out of the goodness of their souls. They pass along the taxes to consumers. Soon Big Consumers will be paying for all this.

Chicago Tribune
$11,680,000,000 (8/1/08)
August 1, 2008

By: David Greising and Emma Graves Fitzsimmons

Exxon Mobil Corp. reported the richest corporate operating profit in history, prompting a critical outburst from presidential candidate Barack Obama and fueling simmering public fury about high-priced gasoline.

Despite the record, investors pushed the company's stock price down because they had expected a fatter result than Exxon's $11.68 billion second-quarter operating profit. The world's biggest company said the cut-off of supply from Venezuela and disruptions in Nigeria were among negative factors that kept profit from rising higher.

Obama, the presumptive Democratic presidential candidate, linked Exxon's record profit with Republican rival John McCain's plan to eliminate the federal tax on gasoline.

"While Senator McCain's plan has succeeded in helping his campaign raise over $1 million from oil and gas company executives and employees just last month, it won't lower gas prices or end our dangerous dependence on foreign oil," Obama said in a statement released by his campaign.

McCain had no immediate response to Exxon's earnings or Obama's statement. The earnings report seemed likely to add momentum to a push by Democrats on Capitol Hill to revive the windfall-profits tax on oil companies, a tax that was imposed in 1980 but eliminated in 1988 after oil exploration and gasoline prices both fell.

Consumers such as Kris Langton have been taking record oil company profits personally.

"It's disgusting they're making so much while people like me can't afford to go anywhere," said Langton, a retail store manager who grimaced Thursday as she paid $4.09 a gallon for gas at a Tinley Park Mobil station.

She has canceled a camping trip to Michigan and has barely used season passes to the Six Flags Great America amusement park because the round trip costs $50 in gas.

Cutting off her gas purchase at less than 2.5 gallons, Langton said, "This $10 will get me to the grocery store and to work in the morning."

Oil consultant Peter Beutel said much of the public outrage is misdirected.

"Do these record profits show what horrible a company Exxon is, charging so much money?" Beutel asked. "Not really. This just reflects the price of the oil in the ground."

For Wall Street, though, Exxon's blockbuster quarterly number failed to obscure signs of trouble in the company's underlying business. Excluding the loss of its Venezuela assets and the impact of a strike in Nigeria, Exxon's global production still was down 3 percent from the year-ago quarter.

Costs are rising too. Exxon's refining margins fell 54 percent, to $1.55 billion, a factor that contributed to the 4.7 percent decline in the price of Exxon Mobil stock Thursday.

Crude prices down lately

Oil prices have dropped by more than $20 a barrel since they peaked at $147.27 a barrel in early July. But Thursday's industry results—Royal Dutch Shell reported a 33 percent profit jump to $11.6 billion—were logged before prices fell.

A Democrat-sponsored bill to impose a windfall-profits tax, expected to take in as much as $12 billion from oil companies this year, in June fell short of the votes needed to force a debate on the Senate floor.

The windfall tax of the 1980s raised $79 billion, well below its proponents' estimates. Oil industry economists blamed the tax for contributing to a decline in exploration and drilling.

Democrats in Congress are focusing on efforts to beef up the Commodity Futures Trading Commission, which oversees energy trading in the U.S. Experts testifying to Congress have estimated that speculation may add up to $30 to the price of a barrel of oil.

Republicans, meanwhile, are pushing to increase U.S. production of oil. McCain has called for increased offshore drilling and acknowledged he might reconsider his long-standing opposition to drilling in the Arctic National Wildlife Refuge.

Political issue

Record industry profits seem likely to raise the urgency of gas prices as a political issue.

Felicia and Corey McLoughlin of Plainfield on Thursday traded in their Dodge Durango SUV for a more fuel-efficient minivan. Gas at more than $100 a tank just got to be too much.

"We should be drilling here—that's why gas prices are so high," said Corey McLoughlin. "We're too reliant on other countries."

Mark Buche, a home builder in the south suburbs who paid $130 to gas up his Ford van at Gas City, is less sympathetic.

He limits trips in his second car and asks his children to walk to places instead of driving to them.

"I want an explanation in black and white," Buche said. "Why do they need to make all this money when the economy is hurting? Can't they just take home a little less?"

Politico
Obama's 'emergency' economic plan
August 1, 2008

By: Mike Allen

Sen. Barack Obama (D-Ill.) on Friday announced an “Emergency Economic Plan” that would give families a stimulus check of $1,000 each, funded in part by what his presidential campaign calls “windfall profits from Big Oil.”

Details are in this six-page policy paper.
The first part of Obama’s plan is an emergency energy rebate ($500 to individual workers, $1,000 to families) as soon as this fall.

“This rebate will be enough to offset the increased cost of gas for a working family over the next four months,” Obama said. “Or, if you live in a state where it gets very cold in the winter, it will be enough to cover the entire increase in your heating bills. Or you could use the rebate for any of your other bills or even to pay down debt

Separately, Obama’s plan includes a $50 billion stimulus package that his campaign claims would save more than 1 million jobs.

Half of the money would go to state governments, which are facing big budget shortfalls, and half would be used for national infrastructure, including replenishing the Highway Trust Fund, rebuilding roads and bridges, and repairing schools.

Obama announced his plan 27 minutes after a Labor Department report showed unemployment hit a four-year high of 5.7 percent in July — the highest rate since March 2004, when it was 5.8 percent.

“We need to do more,” Obama said in a statement. “That’s why today I’m announcing a two-part emergency plan to help struggling families make ends meet and get our economy back on track.

McCain reacted to the surprisingly dour jobs report with a two-paragraph statement: "Across this country, Americans are hurting and today's job numbers are just the latest reminder of the economic challenges we face. ... Unlike Sen. Obama, I do not believe that raising taxes is the answer to our economic problems. There is no surer way to force jobs overseas than to raise taxes on businesses.”

Obama announced his plan for a windfall profits tax on oil companies on June 9 in Raleigh, N.C., as he launched a two-week economic tour after clinching the Democratic nomination.

Friday’s proposal says Obama “is proposing to offset the cost of his emergency energy rebates over the next five years by enacting a windfall profits tax on big oil companies.”

“Obama simply asks that big oil companies contribute a reasonable share of the windfall profits they receive from high oil prices over the next five years to pay for emergency assistance for families right now,” the campaign says.

Bangor Daily News
Windfall Oil Tax
June 20, 2008

The U.S. Senate tried but failed to pass a windfall tax on oil company profits earlier this month, with Democrats unable to muster enough support from across the aisle to withstand a threatened Republican filibuster and White House veto.

The arguments in favor of the tax were based on the same assumption that guides most U.S. tax policy - those able to pay more should do so. The measure would have imposed a 25 percent tax rate on the five largest oil companies whose profits were deemed "unreasonable." Those companies collectively netted $36 billion in the first three months of the year. The tax, if it had been approved, would have landed the government $10 billion to $12 billion.

In addition, the measure would have eliminated $17 billion in tax breaks currently extended to Big Oil, and would have curtailed energy speculation and price gouging.

Republicans, such as Texas Sen. Kay Bailey Hutchison, said the tax would not work and described a previous effort, the 1980 windfall oil tax, as "an abject failure."

Whether the tax would have "succeeded" or not begs for some definition. If it brought in the projected revenue, that money could have been used for a host of initiatives, such as tax incentives for people buying hybrid vehicles and improving the insulation of their homes, and funding home heating assistance programs such as LIHEAP.

The tax would not have reduced prices at the pump, but it would put oil companies on notice that further government intervention in the market could follow. One might imagine an oil company executive lighting another cigar, sipping brandy and laughing at such an implied threat, but recent actions by the industry to polish its image suggest otherwise.

A TV ad campaign for the industry asks: "If you're wondering who owns 'Big Oil,' chances are good the answer is 'you do.' If you have a mutual fund account, and 55 million U.S. households do, there's a good chance it invests in oil and natural gas stocks. If you have an IRA or personal retirement account, and 45 million U.S households do, there's a good chance it invests in energy stocks. ... [T]he bulk of 'Big Oil' benefactors are hardworking men and women across America."

Citgo launched a similar campaign to remind customers its stations are individually owned, while Exxon-Mobil took another tack, announcing it would sell its retail gas stations and focus on wholesale distribution.

A windfall profits tax may be more of a knee-jerk reaction than a measured and proven fix of the current oil crisis - more punitive than corrective. But a true shortage of supply would mean prices increased to compensate for a lower volume of oil and gas sales. That is not the case. Profits are increasing as steeply as are the costs to consumers, so the government is justified in taking action.