

[The Media's Top 10 Economic Myths of 2008 \(No.9\)](#) [1]

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9. Gas at \$4-a-gallon, blame the oil companies.

Media myth: Oil companies and CEOs were a favorite media target in 2008, but the monopolistic oil cartel that does manipulate oil prices was rarely scrutinized.

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When gas hit 4 bucks a gallon, who got the blame? Not the oil cartels, that's for sure.

When oil prices climbed to more than \$100 a barrel, journalists were looking for someone to blame for Americans' "pain at the pump." They called "Big Oil" companies "thieves" and accused them of reaping "excessive profits" driven by "greed." But the networks ignored one of the leading causes of high gas prices ? the hostile leaders of the world oil cartel ? the Organization of Petroleum Exporting Countries (OPEC).

On [NBC's May 15 "Today,"](#) [4] host Matt Lauer [interviewed](#) [4] ExxonMobil CEO Rex Tillerson. Lauer quizzed Tillerson on oil companies' profit margins and higher gas prices, but Lauer didn't ask Tillerson about other factors that affect the price of gas, like the Lieberman-Warner climate-change bill.

"Most analysts say prices at the pump will get even worse during the summer driving season," Lauer said, "but the oil companies are posting huge profits." He noted that ExxonMobil, made a \$10.9-billion profit in the first quarter of 2008, and asked Tillerson a question from "Today" viewer "Elaine in Pennsylvania":

"How can you justify the record profits you're making when people can't afford to put gas in their cars to go to work?"

In response, Tillerson pointed out that Exxon's profits are not large because of high profit margins, but because of high volume. "[W]hen you take our profit of \$40 billion [in 2007], that's 10 cents on every dollar of revenue that we generate," he said. "That puts us about in the middle of most Fortune 500 companies, so we're not at the top in terms of profit per revenue; we're not at the bottom." **[Click 'read more' to continue]**

In truth, the law of supply and demand mostly determines the price of a commodity like oil. The rapidly growing economies of China and India demanded ever-increasing amounts of oil, jacking up prices. When demand contracted because of the economic slowdown and high prices the bubble burst and prices collapsed.

But if the media must have villains, it could have looked to someone who actually does manipulate prices: OPEC. Western oil companies must rely on OPEC nations for much of their product. When OPEC meets and decides to curtail oil production, the price of oil to all those companies ? and everyone else ? goes up.

The Business & Media Institute found that the networks ran [14 times more stories](#) ^[5] about oil companies' profits than OPEC profits. Reporters also overlooked the anti-American hostility of some OPEC nations.

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