

Latin America: Energy Workers in Time of Crisis

By [Prof. James Petras](#)

Global Research, July 18, 2009

18 July 2009

Region: [Latin America & Caribbean](#)

Theme: [Global Economy](#), [Oil and Energy](#)

The situation of the energy sector in Latin America is determined by both internal and external correlations of political forces, the level of class organization and power within the ruling and the working classes, the condition of the world economy and the strength and weakness of US imperialism. The 'situation of the energy sector' refers to several variants in terms of ownership, weight in the economy and distribution of oil revenues within the class structure.

Internal and External Correlation of Forces

The correlation of forces between capitalists and workers in the energy sector in Latin America varies greatly: In Venezuela, the Chavez government, with the backing of the oil workers union, has extended public ownership and distributed oil revenues to the popular classes through food subsidies, universal health and public education programs. At the other extreme in Colombia under President Uribe, private foreign oil companies are increasingly in control, profits are repatriated to the imperial countries or taken out of the country by the domestic elite, government revenues subsidize the oligarchy and government-backed death squads and the military to assassinate and threaten trade union and community leaders.

Between these two poles of the nationalist left and the neo-fascist right, several other variants exist: Social democrat, social liberal and neo-liberal.

Bolivia and Ecuador, under Evo Morales and Rafael Correa, represent the social democratic approach, proposing 'partnerships' between 'state' and foreign capitalist oil companies, which share the profits from exploitation of crude petroleum. The foreign companies still control most or all of the refining and trading and the social democratic government have yet to establish their own 'marketing systems'.

The 'social liberal' policies are found in Brazil and Argentina where the major oil companies are 'state' only in name only, as they are traded on the stock markets in Latin America and Wall Street. State revenue is distributed in an unequal proportion, the bulk used to subsidize the agro-mineral sector and minority share to fund social programs - including basic anti-poverty programs.

The neo-liberal policies are found in Mexico and Peru where former publicly owned oil companies and energy resources have been handed over to foreign oil and energy companies. In Mexico only the militancy of the electrical workers union (SME) has prevented the government from privatizing this strategic industry. Under the neo-liberal regimes the oil and energy revenues have been distributed almost exclusively among the foreign and domestic ruling class and only a minimum 'trickles down' to the workers, peasants and Indian communities in the form of subsistence "poverty programs". Neo-liberal regimes

disinvest and plunder the public enterprises, decreasing their share of production and leaving them with debts, obsolete technology and declining capacity to fulfill overseas obligations.

The Impact of the Economic Boom and Global Recession (2003-2009)

The performance and ownership of the energy sector is influenced by the internal class struggle, the condition of the world economy and the rise and decline of US imperialism. The crisis of neo-liberalism and the popular rebellions between 1999-2005 ended the principal phase of large-scale privatization in many countries of Latin America. The overthrow of the governments of de la Rúa in Argentina, Sanchez de Losado in Bolivia and Noboa and Gutierrez in Ecuador, the defeat of the golpistas in Venezuela (April 2002) and the bosses lockout (December 2002-February 2003) led the radical mass movements to set a new agenda: The re-nationalization of the energy sector – petroleum, the electrical sector, mining and other strategic sectors.

The popular rebellions however, with the exception of Venezuela, did not lead to worker-peasant governments. Instead, center-left middle class-led alliances with the popular classes led to some partial reforms. In Bolivia, Evo Morales increased the role of the state in partnership with 42 foreign-owned oil and gas companies. Kirchner set up a state company but refused to re-nationalize YPF/Repsol in Argentina. In Ecuador, Correa increased taxes on petroleum companies, but the foreign multinational companies still produce 57% of the oil. In Brazil, Lula refused to re-nationalize the privatized enterprises – and the majority of shares in Petrobras have remained in the hands of private investors.

The major struggle against the energy and mining companies' exploitation in Peru, Colombia, Ecuador and Chile were led by the Indian movements and in some cases were supported by petroleum workers and peasant organizations. The reason is clear: The energy companies were not merely exploiting labor, they were destroying their economies and living conditions through massive contamination of the environment and seizure of their traditional.

In Brazil, Lula's large-scale, long-term promotion of huge multi-national sugar plantations and refineries producing ethanol displaced thousands of small farmers and Indian communities and intensified the exploitation of the rural workers. The rural landless workers' movement (MST) and other rural social movements, allied with Lula, engaged in defensive struggles. However, without urban allies, they were unable to defeat the combination of Lula and agro-business.

Urban Workers and Trade Unions

The major driving force in the popular rebellions against neo-liberalism varies in different countries and at different times.

In Ecuador, the oil, mining and factory workers joined the mass peasant movements to overthrow Noboa at the beginning of the decade. In Argentina, the unemployed workers and the middle class led the struggle to overthrow De la Rúa. In Venezuela, the petroleum workers split with a minority supporting the bosses' lockout and the majority took control and operated the wells in support of President Chavez. Throughout the decade, however, the energy sector workers have been organized and militant in defense of their economic sector, opposing privatization and protecting their living standards through mass struggle.

But their presence in the popular rebellions has been scarce. In many cases the leadership of the energy trade unions has supported the center-left regimes in order to secure wage concessions and job protection. In the best of cases, the energy trade unions have engaged in solidarity demonstrations with the mass struggle of the peasants, Indians and unemployed.

Paradoxically, the strong and militant organization of the energy unions has led to economic gains and sectoral reforms, which have led to highly segregated islands of affluence among a mass of urban and rural poor. The past decade has witnessed the decline of the energy workers as a vanguard in the popular rebellions: Other classes have taken their place. This has created a strategic danger because in the course of large-scale privatizations of the energy sector, the workers will fail to secure the support of the rest of the working class and peasants.

While oil exploitation in the Amazon creates 'jobs for oil workers' , it destroys the livelihood of the Indian communities and sets off a deadly conflict between the oil companies and their workers against the mass of artisans, small farmers and Indian communities dependent on farming ,fishing ,and handicrafts in proximity to the petroleum and mining operations..

The World Recession and the Energy Sector

The world crisis cannot be resolved by strikes and protests alone. Even re-nationalization cannot, in itself, create the basis for a national recovery. The only alternative facing the energy sector workers is an internal 'cultural-political revolution' in which they rethink their basic strategy and move beyond sectoral struggles.

The current prolonged deep recession can only be confronted at the national-political level – by a turn to forming a broad-mass political alliance with the popular classes with a strategy for taking state power. In the face of the collapse of capitalism, the trade union struggle is no longer effective. The trade unions can only succeed by taking a decisive turn toward anti-capitalist movements – a turn toward an explicit embrace of socialism.

Today the entire capitalist class has seized control of the state, specifically the state treasury, to finance their survival and recovery at the expense of the workers, peasants, Indians and the urban poor. As the crisis deepens, mass urban and rural rebellion will once again break the bonds of bourgeois hegemony. The question will arise: Will the energy workers be part of a socialist solution or part of the capitalist problem? Will the energy workers return to become part of the vanguard or remain part of the rearguard? What is absolutely clear is that the energy workers occupy a strategic position in the world capitalist system – without petroleum nothing moves, without electricity the bankers cannot count their profits and the investors cannot read their dividend payments.

Never has the capitalist system in its entirety demonstrated today in real life that it is a failed system – neither producing goods and services, nor providing credit and finance, nor employing labor.

Karl Marx's famous phrase comes to mind – 'A specter is haunting the capitalist class: The coming of the socialist revolution'.

Presented at a plenary session of the international meeting of electrical workers in Mexico organized by the Sindicato Mexicano de Electricistas (SME) July 2009

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Prof. James Petras](#)**

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca