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Venezuela

The oil curse

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In Venezuela, politics and oil policy are synonymous. Indeed, oil is today the main concern of the USA. What happens in Venezuela has, then, world repercussions.

[<https://npa31.org/IMG/jpg/35venoil.jpg>]

Venezuela is one of the main oil producers of the world, the fifth biggest world exporter, the only American member of OPEC and the second biggest oil supplier to the US, behind Saudi Arabia.

The known reserves of non-conventional, extra heavy petroleum are equivalent to the reserves of Saudi Arabia. Oil represents 50% of tax receipts and 80% of Venezuela's exports. From his arrival in power, Chavez had said he wanted to make oil the motor of a new Venezuelan economy at the service of the whole of the population.

The attempted coup of April 2002 and the attempts at destabilizing the Chavez government fit into the imperialist strategy to control the oil resources. After the attacks of September 11, 2001 and the suspicions of Saudi financing of the Al-Qa'ida network, the US realized that the Saudi monarchy is an increasingly unreliable ally for their energy supplies. Hence the necessity of controlling other oil reserves, which explains the military intervention in Afghanistan and the desire to gain control of Iraqi oil reserves. Venezuela fits into this geopolitical agenda, just like Plan Colombia.

Under the leadership of Hugo Chavez and Ali Rodriguez, [1] the role of OPEC has been considerably strengthened and the price of oil per barrel has risen from 8 to 30 dollars.

The best allies of the US were found until December 2002 at the head of Venezuela's national oil company, PDVSA. With the private media, they are the spearhead of opposition to Chavez. Paradoxically, it was with the nationalization of the oil industry by Carlos Andres Perez in 1976 that the problems began. The new directors were the Venezuelan managers of the big foreign companies who had until then been responsible for oil exploitation. Rather than changing the political economy of oil, they would manage PDVSA as they managed their private companies. The national company would behave like a trans-national private enterprise, one of whose central objectives would be to escape state control. Rather than managing the reserves to benefit future generations, the strategy adopted was to sell as much as possible. Venezuela did not respect its production quotas, thus reducing the price per barrel to 7 dollars.

In 1976, for each barrel of oil exported, 80% of receipts ended up in state coffers; in 2000 it was only 20%. The brunt of the oil surplus value escaped the state through many mechanisms. The most important of them was the so-called policy of internationalization of oil.

Venezuela's most significant strategic reserves are in extra heavy petroleum, the richest in terms of by-products but also the most difficult to refine. PDVSA directors invested massively abroad in refineries supposedly specializing in petroleum of this type. Today, the PDVSA owns 8 refineries in the USA, Venezuela becoming the first country in the South to export its capital to the North. A network of 15,000 franchises exists in the USA for the sale of Venezuelan products. These investments escape state control and allow profits to escape the Venezuelan tax system. . Since Chavez came to power, the government has demanded the opening of PDVSA books so as to subject them to an audit - which the directors have consistently refused.

While particularly high salaries are paid to PDVSA's top managers, this policy extends to nearly all the company's permanent employees, who have become the best-paid wage earners in Venezuela. As a consequence PDVSA

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workers are more linked to the survival of the system than to the working class. Thus, when the PDVSA directors and the trade union confederation, historically and organically linked to the AD, the pivotal party of the old political regime, decided to halt oil production, the permanent workers to a large extent supported the 'strike'.

The PDVSA temporary workers refused to bend to this strategy of strangulation of the country. These workers are members of Fedepetrol, one of the most important trade union federations in the CTV, which has since the beginning refused to follow the employers' strike movement.

The response of the Chavez government from December 2002 onwards has been firm. Oil has become an element of national security and emergency measures have been taken. The militarization of the sites has put an end to the sabotage of the managers and technicians. All those who had left their posts or participated in sabotage were dismissed - around 15,000 people. These dismissals are justified by the fact that the strike was a political strike with an insurrectional character.

"The proof that all this bureaucracy was not needed is the fact that the oil industry has resumed production without the dismissed workers", said Ali Rodriguez in February. In fact the company is essentially being run by the temporary employees, with the active participation of Fedepetrol. This has allowed the latter's secretary general, Rafael Rosales, to demand that the government establish a new type of co-management of the company with its rank and file employees.

[1] Ali Rodriguez, a former guerrilla, has specialized in the analysis of the oil industry. He has served as Chavez's minister of energy and Venezuela's representative at OPEC and is currently director of the PDVSA.