

Mexico: Energy reform referendum reveals impotence of the PRD

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A non-binding referendum organized by the Party of the Democratic Revolution (PRD) on Mexican President Felipe Calderón's proposed energy reform was held Sunday, July 27 in the Federal District of Mexico City, as well as in nine out of the 31 Mexican states. Behind Calderón's reform is the clear aim of dismantling the state-owned oil company, *Petróleos Mexicanos* (PEMEX). The Associated Press reported that approximately 2 million people voted nationwide, and in Mexico City turnout was as low as 11 percent. The referendum reveals a widespread disaffection among workers with the populist program of the PRD.

The result of the referendum was overwhelmingly against the reform, with close to 90 percent voting against it. Despite overwhelming popular opposition to the measure, the referendum drew only half the turnout the PRD expected, and holds only non-binding status.

The PRD is in the midst of a bitter inter-party factional battle, which has left the party fractured and in a state of disarray (See: "Mexico: Election dispute threatens breakup of PRD"). Media sources have attributed low voter turnout to a boycott of the referendum organized by the National Action Party (PAN) - the party of President Calderón. This is hardly credible, however, considering the widespread hostility to the PAN. The low turnout can only be understood in the context of decreasing support for the PRD by the Mexican working class.

The process of privatizations, of which Calderón's proposal is the latest expression, began in 1985 under the administration of Miguel de la Madrid. The privatization of PEMEX, which marks the end of this era, is an ongoing, although veiled, process. In 2003, the state-run enterprise created "multiple service contracts" (CSMs), which allow private companies to work on natural gas projects, while being paid fees instead of royalties, or being offered profit-sharing. Among other provisions, the current legislation opens up deep sea oil exploration to transnational oil and gas companies.

In a larger sense this measure represents the culmination of the dismantling of concessions to the working class and

peasantry that date back to the regime of President Lázaro Cárdenas in the 1930's.

General Cárdenas presided over the expropriation of Mexican oil from US and British companies in 1938 and organized production under the state-run PEMEX. Caught between the demands of a working class and peasantry that had been radicalized by the Mexican Revolution of 1910-1917 and by the Great Depression, on the one hand, and confronting the intransigence of imperialism, on the other, the Mexican General's hand was forced. The Cárdenas nationalization was the end result of protracted horse trading in which the oil monopolies adamantly refused to make any concessions to the Mexican government. The nationalization was bitterly opposed by the British and US imperialists, who were then the largest consumers of Mexican oil. Under pressure from the Roosevelt government, the companies were well compensated later on.

PEMEX profits currently represent 30-40 percent of government revenues, siphoning needed investment funds from the company. At the same time, despite increased revenues gained through the rising world price of oil, social programs and benefits to the Mexican working class and poor have been savaged, as have many of the other gains of the 1910 Mexican Revolution

The PRD does not oppose privatization in principle, particularly its 'New Left' faction, which is in a struggle for power with former Presidential candidate Andrés Manuel López Obrador's 'United Left' faction. The latter has used the privatization of PEMEX to gain factional advantage inside the PRD and to distract the masses from the fight over living standards and jobs. The campaign to defend PEMEX as a state-owned enterprise itself derives from the nationalistic petty-bourgeois nature of the PRD. Its concern about maintaining the status quo, in the final analysis, has more to do with maintaining the living standards of that section of the PRD elite whose income and privileges are tied to PEMEX and the public sector than with the pressing needs of the working class.

The PRD, whose origins are in the Institutional

Revolutionary Party (PRI), the Stalinist Mexican Communist Party (PCM) and the Mexican Unified Socialist Party (PSUM), draws much of its party leadership from disenchanted PRI members who fled the party. The PRI lost credibility after generations of rampant corruption and due to the party decision to open the economy to foreign transnational companies and globalization. The PRD maintains the left populist rhetoric of the old PRI, while working to funnel any sort of opposition by the Mexican working class back into the realm of bourgeois politics.

The other two primary Mexican bourgeois parties, the PAN and the PRI, favor further privatization of Mexican oil on the pretext that transnational energy companies have the expertise and technology to increase production. As in the case of the Bush administration's call for the further opening of off-shore drilling, Mexican politicians are utilizing the growing energy crisis as an opportunity to offer even more handouts to the energy companies.

Calderón has written his legislation not as an amendment to the constitution, which would require a two-thirds vote in the Senate and Chamber of Deputies to pass, but as changes to the current laws, which require only a simple majority. The tactic undertaken by Calderón not only allows for an easier road to passage, but also allows for popular discontent over privatization to be funneled into the PRD, which ostensibly represents opposition to this plan.

Out of 128 seats in the Senate, the PAN holds 52, the PRI 35, the PRD 31 and the pro-Calderón National Alliance Party (PANAL) 1. Out of 500 seats in the Chamber of Deputies, the PAN holds 207, the PRD 127, the PRI 106 and the PANAL 9. All that is required for the passage of Calderón's oil reform is an agreement between the PAN and a section of the PRI. The PRI, which had initially decided to argue for slight changes in the Calderón proposal, has now put forward its own proposal.

Andrés Manuel López Obrador, who has lost much of the influence he once had within the PRD, has championed the party's anti-Calderón campaign ever since his drawn-out opposition to his defeat in the contentious 2006 presidential election caused a backlash from many inside his own party. Seizing on a politically safe opportunity, he has organized the fight against Calderón's oil reforms through the "Broad Progressive Front" (FAP), which allies the PRD with several "leftist" parties.

Calderón sent his proposal—which, among other reforms, seeks to increase private investment and allows for private ownership and management of refineries—to the Senate on April 8. López Obrador responded by organizing the seizure of both houses of Congress by members of the FAP to prevent immediate passage, and demanded four months of discussion on the legislation. The PAN and PRI wanted to

limit debate to 50 days. PRD deputies capitulated and negotiated the debate down to 71 days, and the occupation was ended with FAP members chanting the Mexican national anthem on their way out.

The agreed upon 71-day debate period has now come to an end. However, passage of legislation will probably be delayed further by the introduction of an alternate PRI proposal. Debates held during this period shed doubt upon the pretext for privatization: the inability of PEMEX to keep up oil production because of a lack of technological and financial resources. Critics of the legislation charge that bureaucratic incompetence and corruption inside PEMEX and the transferring of investment funds to government coffers have paralyzed the state-owned agency. Clearly, neither privatization nor PEMEX's existence in its current form will yield benefits for the poor and working class.

From its inception in 1989, the PRD has time and time again shown itself to be a party that represents big business interests and the financial oligarchs of Mexico. The PRD has flown the flag of political and economic nationalism, and it refuses to offer an alternative plan for Mexico's growing impoverished communities.

Mass opposition to social inequality, corruption, food prices and labor policies has already manifested itself within Mexico. With over half its population living in poverty, and a quarter in extreme poverty, the Mexican masses are losing patience. Under those conditions, both the PRD's call for extended negotiations and the PAN/PRI plan for privatization will have devastating and possibly deadly consequences for the Mexican working class and poor. The Mexican bourgeois political system offers no answers for the continued world crisis of capitalism.

This ongoing situation demonstrates to the Mexican working class the incompatibility of global capitalism with a decent standard of living and fundamental democratic rights. In 1938, Leon Trotsky—who by then was already residing in Mexico—warned Mexican workers of the pitfalls of the creation of a state oil company controlled by bureaucratic forces that would make deals and become political agents of the capitalist class. He advised workers to work within the newly formed PEMEX, but warned that this was no substitute for forging their political independence from the parties of capitalism and fighting for political power based on a socialist perspective. This remains the only way forward in Mexico today.



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