Brazil’s Workers Party government mobilizes troops against striking oil workers

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Striking oil workers and their supporters battled Brazilian army troops in Río de Janeiro on Monday. The army and security forces fired tear gas and rubber bullets. Five protesters were wounded. The troops had been mobilized to seal off the beachfront hotel in which the rights to exploit a major offshore oil field were being auctioned off and to disperse protesters demanding the suspension of the sale.

Brazilian President Dilma Rousseff (PT, Workers Party) had issued a decree last Friday mobilizing over 1,100 troops to suppress protests by striking employees of Petrobras, the national oil company, in opposition to the privatization of the Libra oil field. Libra is a large offshore oil field, estimated to hold between eight and 12 billion barrels of oil, deep below the ocean’s surface, under a thick salt layer. Once fully operational in about a decade, the Libra field is expected to produce 1.4 million barrels per day.

In addition to the army troops the government also assigned the paramilitary police of the National Public Security Force (Força Nacional de Segurança Pública, FNSP) to counter the strikers. The FNSP was organized in 2004 by former President Luiz Inácio Lula da Silva to combat drug gangs.

Petrobras workers across Brazil walked off their jobs on October 17 and occupied the Ministry of Mines and Energy in Brasilia. Strike leaders reported 90 percent participation by oil workers and that the strike had paralyzed 15 platforms responsible for 80 percent of Petrobras’ output. Also affected are all of Petrobras’ 22 refineries. On Friday there were protest marches in Río and in São Paulo.

The oil workers union (Federação Única dos Petroleiros, FUP) claims that the strike enjoys the support of administrative and contingent workers (terceirização). In alliance with the FUP is the FNP (Federação Nacional dos Petroleiros), a smaller, “radical” federation of five Petrobras trade unions.

In addition to the demand for the suspension of the Libra auction, FUP and FNP also demanded a 7.68 percent increase in wages (1.5 percent above the rate of inflation) and the scrapping of proposed legislation that would pave the way for the employment of contingent workers throughout the company.

This is the first time that the armed forces have been mobilized against domestic protests since the PT took power in 2003; it brings to mind the repressive measures of the military regime that ruled the country between 1964 and 1985. In mobilizing the troops, Rousseff, once a left opponent, and victim, of the dictatorship, is deliberately taking an action that demonstrates her government’s loyalty to foreign and domestic capital and its willingness to use all necessary force to defend their interests against the working class.

Eleven firms had shown interest in the Libra oil field auction, including the Anglo Dutch Shell, and France’s Total, Spain’s Repsol, China’s state-owned CNPC and CNOOC, India’s Oil and Natural Gas Corp, Colombia’s Ecopetrol, PETRONAS from Malaysia, and Japan’s Mitsui investment group.

In the end, a four-firm consortium—Total, Shell, CNPC and CNOOC—made the only bid and thereby secured the exploration rights. Total, Shell will each get a 20 percent stake, the two Chinese companies will each get 10 percent, while Petrobras, which is charged with Libra’s management and exploitation, retains 40 percent.

Initially, the Brazilian government had expected some 40 separate oil firms to participate in the auction; US and British energy conglomerates such as Exxon, Chevron and BP bowed out, deciding not to join the bidding.

This was attributed largely to calculations that the terms offered by Brasilia—including an up-front $6.8 billion signing bonus, Petrobras’ retaining control of operations as well as ownership of the oil—were less profitable than what could be secured elsewhere, particularly in Africa.

The absence of the US companies was also tied to the cooling of relations between Washington and Brazil in the wake of the Snowden revelations that the NSA had spied on Rousseff and her staff and had been carrying out industrial espionage against Petrobras.

In September, shortly after the espionage became public, FUP officials, aware of the potential mass public outcry, advised the Rousseff administration against the participation of US capital in the sale of Libra concessions. “Given the evidence that the US government spying … North American companies have an advantage,” a declaration prepared by the union warned, adding that, “the FUP expects the Brazilian government to take all necessary measures to protect Petrobras and national sovereignty.”

An article in the Buenos Aires daily *Página 12* suggested that a Chinese-Petrobras alliance counterbalances this latest interference on the part of US imperialism.

Following the mass demonstrations of June and the heating up of workers' protests, particularly by teachers, since then, the Rousseff administration has become very sensitive to popular sentiment. In the midst of the June protests, the Brazilian president had promised that the government would invest revenue from the sale of oil leases into education and other social programs. In addition to the nearly $7 billion obtained upfront for the Libra bid, over the life of the reserve, the state expects hundreds of billions in revenue.

However, Petrobras is highly "leveraged," with some $16 billion in debt. For that reason, on October 3, credit rater Moody's downgraded Petrobras' credit rating from A3, to Baa1. The Moody's announcement nearly assured that the company might downgrade Petrobras even further, a signal to Rousseff not to siphon Petrobras' funds away, and to place Petrobras bondholders ahead of social needs.

Petrobras, created in 1953 under the presidency of the right-wing bourgeois nationalist Getulio Vargas, monopolized oil exploration, extraction and refining up until 1997, when the privatization process began with the sale of company shares on the stock exchange. Petrobras remains today under government control in name only. It issues shares of stock and is thus committed to guaranteeing the profits of private capital. It is a convenient fiction that the government has control over the company because it owns some 55 percent of its common [voting] shares. Yet the government only controls about 33 percent of the company's capital. Over 60 percent of the oil company's profits are distributed to foreign holders of Petrobras equity capital, voting and non-voting. Real control lies with them. Petrobras' transnational operations include projects in the Gulf of México, Chile, Argentina, Bolivia, and Paraguay.

The power of international investors was made evident on October 14, when Energy Minister Edion Lobao agreed that Petrobras would raise gasoline prices to the world price, thus boosting share value at the expense of the Brazilian economy. Fuel prices had been capped by the Brazilian government out of increasing concern about inflationary pressures and depressed consumer spending.

Accompanying the shift of Petrobras to private investors has been an explosion in contingent workers and the deterioration of working conditions. About three-fourths of its labor force is employed on a part-time, temporary basis (*terceirização*) by more than 100 subcontractors, often in dangerous conditions with little or no benefits and at low wages. Pending legislation would downgrade working conditions even further, allowing for the subcontracting of virtually every job in Petrobras.

The use of contingent labor by Petrobras began in the 90s and continues in the present. About 40,000 full time jobs have been destroyed, fully half of Petrobras' 1990s work force. In this transformation of the workforce, Petrobras counted on the collaboration of the FUP, which undermined workers' opposition to the destruction of full-time jobs by channeling it through the courts. The FUP and the CUT (*Central Única dos Trabalhadores*), to which it belongs, represent the so-called "new union movement" (*novo sindicalismo)* pioneered by Lula. They are fully integrated into the PT apparatus, subsidized by the government, and independent of workers' dues; typically union officials are rewarded with lucrative government posts.

Acting as cheerleaders for this strike is the Brazilian pseudo-left. The Brazilian PSTU (United Socialist Workers Party) presented the oil workers' strike and the mass opposition to the sale of the off-shore exploration rights as a struggle for the "true sovereignty of Brazil."

The PSTU proposed a unified national strike of oil workers to pressure president Rousseff to allow Libra to remain in the hands of Petrobras and to re-nationalize the company. Its role is to create false illusions among workers in both the trade unions and the PT government in Brasilia.

Notwithstanding the size of its economy, and the oil bonanza of its offshore fields, Brazil remains an oppressed nation dominated by international capital. Its ruling class, forced to zig-zag between imperialism and the transnational financial groups that hold its resources hostage on the one hand, and its own working class on the other, makes use of the repressive apparatus of police and military forces, and of "workers parties" such as the PT, the corporatist trade unions and fake lefts such as the PSTU.

Each of those organizations plays a role to divert and betray the struggle of the working class to meet the needs of the vast majority through the development of oil wealth and other natural resources and distributing it to society as a whole. For this it must build its own party and take the road of revolution and socialism.