Marathon Petroleum Corp: What are oil workers fighting against?

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21 February 2022

Are you an oil worker? Contact the WSWS and let us know what you think about the extension of the contract, the company's "final offer" and the fight for a nationwide refinery strike.

After national contracts for 30,000 US oil refinery workers expired February 1, the United Steelworkers has kept rank-and-file workers in the dark about negotiations with Marathon Petroleum Corp., the lead corporate negotiator in this round of contract talks. The corporation is demanding workers accept pay increases of just 2 to 3 percent, a major pay cut considering the average inflation rate of 7.5 percent across the US.

Workers must know the enemy which they are up against. Marathon (MPC), based in Findlay, Ohio, is the largest independent market refiner by market value in the US. It operates 16 refineries with a crude oil throughput of 2,913,900 barrels on average every day of the year. It has seen its refining margins increase more than double from last year and revenues have exceeded analysts' estimates by 37 percent, according to Bloomberg. Its fourth-quarter profits in 2021 beat expectations by over double.

Billions in bailout money, mass layoffs for workers

Marathon reported $6.61 billion in profits in 2021, far outpacing 2020 profits of $671 million and approaching profit levels from 2018. Two important contributing factors to the rise of its profits far and above those reported in 2020 were the injection of bailout money from the US federal CARES Act and the corporation's strategy to increase the exploitation of the working class to pay off this debt through mass layoffs.

According to the *Guardian*, Marathon cut 9 percent of jobs at US oil refineries in 2020, laying off 1,920 workers and throwing their families into financial uncertainty in the wake of a deadly pandemic. The cuts were announced as Marathon accepted a $1.1 billion tax refund under the CARES Act which "gave companies tax benefits based on net operating losses." Marathon also spent $2.6 million lobbying the US government to increase tax deductions under the CARES Act in 2020.

Marathon received a total of of $2.1 billion in federal bailout money, including another billion dollars in tax benefits from federal programs intended to protect businesses from the pandemic-induced economic downturn. The website Bailout Watch estimated that in total, Marathon received about $1.1 million in federal money for every worker who was cut from its payroll that year.

Marathon also idled two refineries in 2020 in Gallup, New Mexico, and Martinez, California. The company cited the fall of oil prices and demand for gasoline as the deciding factor behind the job cuts, although the corporation had amassed over $18 billion in gross profits over the years 2018 and 2019 combined.

The United Steelworkers union, which supposedly represents workers but acts as an arm of management in Marathon's US refineries, did nothing to prevent the layoffs which affected hundreds of workers in Texas, Louisiana, Kentucky, Ohio, Minnesota, California and Illinois. Nor did it stop the layoff of nearly 60,000 workers at another 77 oil and gas companies in the US, including major producers Royal Dutch Shell, Chevron and ExxonMobil, after the industry received a total of $8.4 billion in CARES Act tax refunds.

In 2019, the USW also avoided a nationwide strike and pushed through a set of concessions contracts behind the backs of workers that did not include substantial protections for workers' safety or demands for such measures as preventative maintenance, which workers would have fought for to prevent deadly explosions and fires. In 2016, a fire at Marathon's Galveston Bay refinery in Texas City, Texas, injured three contract workers. Marathon settled lawsuits for the damages for $86 million in total, a drop in the hat considering its profits. The Galveston Bay refinery is its most productive operation, where workers produce 585,000 barrels per day.

Marathon's global operations

Across the oil industry, refineries have increasingly relied on the use of cheaper contract labor. Contractors earn lower wages on average and have fewer benefits and job protections than employees of the companies, thus increasing the profitability of the companies. The USW has allowed the corporations to continue this exploitative practice with successive contracts.

Marathon invested much of the federal aid money in aggressive stock buyback programs. Earlier this month, Bloomberg reported that Marathon had completed 55 percent of a $10 billion share buyback program and was "authorized to purchase another $5 billion in stock" this year.

In 2021, Marathon sold its Speedway convenience stores for $21 billion to Japan's Seven & i Holdings Co. Ltd., which also owns majority shares of the 7-11 convenience chain. Before the sale, Speedway CEO Timothy Griffith was compensated $5.8 million in total in 2020.

Marathon sources the majority of petroleum from the US in operations which stretch from the Eagle Ford Group rock formation in Texas to the Bakken formation in North Dakota. A significant supply, about 20 percent as of 2020, is sourced from Equatorial Guinea, a country on the west coast of central Africa which is an important hub for the continent's emerging oil industry.

Equatorial Guinea is the most unequal country in the world, with a tiny elite grown wealthy through the country's oil wealth while much of the population leads a subsistence lifestyle. The country's president, Teodoro Obiang, came to power in 1979 after deposing his uncle's presidency in a coup d'état which killed up to 400 people, and is widely suspected of skimming off the top of the country’s oil wealth to add to his personal fortune of some $600 million.

Marathon’s global operations

Marathon’s Board of Directors is a roster of super-rich corporate executives and faithful servants of US imperialism and the interests of US energy corporations.

Marathon President and CEO Michael Hennigan’s total compensation was $15.5 million in 2020, more than doubling his 2019 compensation of $7.7 million before taking the position as Marathon’s CEO. Before that, he was CEO of Marathon’s logistics, storage and natural gas processing subsidiary MPLX.

In 2018, Marathon acquired Andeavor for $23 billion, an independent refinery and oil company based out of San Antonio, Texas, with operations in the western US. After the acquisition, Marathon became the largest petroleum refinery operator in the US. Kim Rucker, former executive vice president, general counsel and secretary of Andeavor, now has a position on Marathon’s board of directors.

Also on Marathon’s board is lobbyist and career Democratic Party politician Evan Bayh, an Indiana senator from 1999–2011, Indiana governor from 1989–1997 and former secretary of state of Indiana. When he left politics to pursue corporate lobbying, Bayh’s wealth soared to between $13.9 and $48 million.

During his time in Congress he served on several boards including Banking, Housing and Urban Affairs; Armed Services; Energy and Natural Resources; and the Select Committee on Intelligence. Bayh is now a shill for banks and the energy corporations, lobbying in the interests of top executives for tax breaks and loosening of environmental and financial regulations.

Another member of Marathon’s board with interests tied to American imperialism and its wars abroad is Abdulaziz Alkhayyal, retired senior vice president of industrial relations of Saudi Aramco who worked for the company from 1981 to 2014. Saudi Aramco is a Saudi Arabian public petroleum and natural gas company that is one of the largest companies in the world by revenue and owns the world’s second-largest proven crude oil reserves. The company’s business interests were served by the American-led offensive Operation Desert Shield in Iraq from 1990–91, during which it began to expand into the Asian market.

Alkhayyal also has a position on the board of directors of Halliburton, a major oilfield services company. The company was made infamous for its nepotistic and highly profitable ties to the Bush administration through its former CEO-turned-US Vice President Dick Cheney. In 2013, *Business Insider* reported that Halliburton was given a total of $39.5 billion in contracts related to the US invasion of Iraq over the course of the war.

The geopolitics of the oil and gas industry

Control of the world’s oil and gas resources is no less a central objective of American imperialism today than it was in the decision to launch the war in Iraq in 2003. Just as claims of “weapons of mass destruction” served as a screen to seize Iraq’s oil wealth, a major factor in the campaign by the United States against Russia is not its nonexistent respect for the national sovereignty of Ukraine or any other country, but control over the immense oil and gas resources of Russia, the world’s largest exporter of natural gas.

In particular, the United States is determined to sabotage the Nord Stream 2 pipeline connecting Russia with Germany, which would provide capacity to nearly double Russian gas exports to Europe. This is unacceptable for the United States not only because it would undercut American competition but because it would also threaten US dominance in Europe.

A war in Ukraine could virtually halt Russian gas supplies to Europe, causing massive shortages. Biden has attempted to reassure Europe by claiming that US suppliers could help make up the difference. In a speech last week, Biden declared that his administration was “taking active steps to alleviate the pressure on our own energy markets and offset rising prices.” He continued, “We’re coordinating with major energy producers. We’re prepared to deploy all the tools and authority at our disposal to provide relief at the gas pump.”

This statement must be taken as a warning by refinery workers that the Biden administration is prepared to intervene on behalf of Marathon and the other oil companies in order to keep production going, including by moving against a strike. There can be no doubt that not only the White House but the Pentagon is following the contract talks between the USW and Marathon extremely carefully.

Conclusion

This is what workers are up against. Marathon is a powerful company, but oil workers are more powerful. The global scale of the oil industry’s operations mean that they have allies all over the planet among the international working class. Just as Marathon has its own international strategy, workers must develop their own international strategy based on the unity of the working class across the world.

But to actualize this power, workers cannot allow negotiations to remain under the control of the USW. The next step is the fight to build rank-and-file committees that will link up workers across the United States and worldwide to demand oversight over contract negotiations and formulate and fight for their demands as a class against the interests of the companies, banks and Wall Street.