

Chevron, the USW, and the threat of war: What striking oil workers need to know

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Are you a striking Chevron worker or worker at another refinery or petrochemical plant? Contact us to discuss your struggle and the fight to expand the Richmond strike.

Five hundred Chevron oil refinery workers in Richmond, California, are striking against a sellout four-year contract agreed to by the United Steelworkers (USW) and the major oil companies. These strikers are part of 30,000 oil and gas workers whose three-year USW contract expired on February 1.

Over the last month, the USW has bullied most workers into accepting the national contract, which, when inflation is considered, amounts to a substantial wage cut. At some locals, workers voted it down only to be handed effectively the same thing a week later by the USW. In Richmond, where workers face some of the highest gas, housing and health care prices in the nation, workers have taken a stand and voted down a local contract patterned after the national deal. The USW has responded by largely blacking out any information about the walkout and isolating the striking workers from tens of thousands of their co-workers at oil and petrochemical facilities across the country, including those owned by Chevron in California, Texas and other states.

The USW has collaborated with the Democratic Party to prevent a major struggle. On February 22, the president of the USW, Tom Conway, met with US President Joe Biden in a closed-door meeting aimed at ensuring no disruption to oil supplies amidst the outbreak of war in Ukraine. This follows similar efforts by the Biden administration to outlaw major industrial strikes, such as by BNSF rail-freight workers and West Coast dockworkers, as the drive to war against Russia intensifies. Biden wants working-class struggles suppressed, and wages kept to a minimum, as the cost-of-living increases. He is also opposed to popular opposition to war from emerging.

Oil workers have been told the lie this is the best contract they will get, that there is no more money, and that a strike would not work.

Nothing could be further from the truth.

Chevron is stuffed with riches, the USW has hundreds of millions of dollars it could—but refuses to—support striking workers with, and millions of workers across the country would look to oil workers for leadership in a broader fight of the working class against low wages, high prices, and war.

Chevron's billions

Chevron is the second-largest oil company in the United States, and the fourth-largest private oil company in the world. In 2021, it took in \$162.4 billion of revenue, up from \$94.4 billion in 2020.

The total worth of Chevron, at the time of writing, is \$319 billion. A recent article by *Yahoo Finance*, "Chevron is an Incredible Growth

Stock," notes that this year Chevron's "earnings per share," or EPS, will surge 57.4 percent. Chevron expects to be making money hand over fist as oil prices rise, even above the industry average EPS increase of 42 percent.

Chevron also sits on growing piles of cash. Chevron has had a 75 percent increase in cash year-on-year, beating the industry average of 46 percent.

This last month, Chevron's shares increased 20 percent. Investors are licking their chops. They see a new prolonged boom in the oil industry and wish to cash in.

The CEO of Chevron, Michael Wirth, was awarded \$33.1 million in compensation in 2019. His salary alone could fund major pay raises at the Richmond refinery. Pierre Breber, the chief financial officer, made \$11 million that year.

While the compensation of these CEOs has gone down slightly during the pandemic (Wirth was paid "just" \$29 million in 2020), payroll at Chevron dropped nearly 6,000 employees amidst the downturn. Now, as oil prices rise, and boom times return, executive pay will too. At the same time, workers face exhausting hours because the company refuses to hire more full-time workers.

The executive salaries pale in comparison, however, to the billions of dollars the company is giving outright to its shareholders. Chevron announced in March that it would double its share buyback program to as much as \$10 billion every year. Stock buybacks are ways of transferring corporate earnings to shareholders by inflating the stock market value. What could oil workers do with \$10 billion every year?

The USW is holding onto hundreds of millions of dollars that could support striking workers

The latest USW Department of Labor filing shows the union holding \$1,514,966,265 worth of assets. Where are these one-and-a-half billion dollars when workers need to strike?

Some \$1.1 billion are in assets like stocks and bonds that could be sold to support striking workers. A total of **\$168.8 million** is cash on-hand that could be immediately used to support a massive nationwide strike of oil workers against this contract, which is a wage cut.

In the latest reporting period, which goes from March 2020 to March 2021, the USW states that it spent \$113 million on new investments.

The truth is that the USW has the money but refuses to use it to support striking workers. The USW is not unique. The trade unions have long since ceased being democratic organs of the working class defending workers' livelihoods. Major unions in the US, like the United Auto Workers and the American Federation of Teachers, have worked single-mindedly to ram through sellout contracts and shutdown strikes, while

their top bureaucrats get paid hundreds of thousands of dollars. The betrayal of the steelworker strike at Allegheny Technologies (ATI) last year is a case-in-point of the role the USW has played in starving and isolating workers while they go on strike.

Striking Chevron refinery workers have allies not just in the United States but around the world. This includes the tens of thousands of refinery and petrochemical workers in the US—most of whom are angered by the sellout contract—and 42,000 Chevron workers across the world. This includes in the United States workers on 11,000 oil and gas wells, including two major offshore rigs in the Gulf of Mexico, as well as refineries outside of Richmond, including El Segundo, California; Pasadena, Texas; Oak Point, Louisiana; and Salt Lake City, Utah.

Internationally, Chevron employs workers in Australia at its massive Barrow Island plant in Western Australia, the Niger Delta, Angola, Kazakhstan, and in the North Sea. No effort has been made whatsoever by the USW to connect striking Chevron refinery workers to their natural allies globally.

The global geopolitical situation makes now an *ideal* time for an oil strike

Today, oil markets are as tight as they were in the lead-up to the 2008 financial crisis. Major energy firms warn of a major supply–demand shock that will keep oil prices high for a while.

The Biden administration directly intervened in the USW contract negotiation with Marathon (which was representing 12 different oil refinery companies) precisely because his administration was afraid of the power oil workers wield.

The strike comes amidst a surge of class struggle across the US and the world. With more than 1 million dead from the pandemic, soaring costs of living, and deepening inequality, teachers, auto workers, health care workers, railroad and other transportation workers have been carrying out strikes and struggles across the country.

A national strike of oil refinery workers would immediately shock oil prices. The two central demands of oil workers, a substantial raise to combat inflation and the end to a grueling, unsafe work schedule, would become front and center in national politics. These demands would be met with immense sympathy among working people, who know that rising gas prices are caused by price-gouging corporations not workers. Last year, a report found that half of American workers do not earn enough money to afford a one-bedroom rental. Inflation has surged by 7.9 percent in the last year, with wages lagging.

Chevron’s role in the drive to war

The Biden administration seeks to avoid an oil strike not only because it opposes demands of workers for higher wages, but because it is recklessly provoking a war with Russia, even if this threatens to erupt into a nuclear war that would destroy the planet.

The giant oil corporations are part of the vast military industrial complex, which profits from war. Included on Chevron’s board of directors are the ex-CEOs of Lockheed Martin and Northrop Grumman, two of the most important companies in the global arms industry. Both companies’ stock prices have surged in the last three months as war broke out.

Major executives from Amtrak, Caterpillar, Ford Motor, The Aerospace

Corporation, and Sempra Energy also sit on the board. Sempra Energy, a builder of natural gas infrastructure, has recently been identified by the financial press to be a major beneficiary of the drive to war against Russia. It plans to increase liquefied natural gas (LNG) output by about 60 percent in the next five years, LNG that will replace Russian oil in the European market.

In addition to profiteering from pushing Russian exports out of the European markets, Chevron oil executives are no doubt excited over the possibility of a US regime-change operation in Moscow that would give US corporations control over Russia’s vast oil and natural gas reserves.

Chevron has longstanding interests in Russian oil and gas, particularly in providing technology for the development of Russian fields. Chevron holds a 15 percent stake in the Caspian Pipeline Consortium (CPC). The CPC moves over 1 percent of the world’s oil every day from Kazakhstan to Russia.

Previously, Chevron played an important role in the US invasion of Iraq. Former Chevron Vice President Norm Szydlowski served as a liaison between the US government and the Iraqi oil ministry, starting in 2003, as the US facilitated corporate development of Iraqi oil fields in the aftermath of the invasion. Ultimately, Chevron was outbid by ExxonMobil in taking a share of Iraq’s production.

Chevron workers in Richmond cannot fight this giant corporation and the Biden administration on their own. Workers throughout California, including striking Sacramento teachers, 50,000 supermarket workers who have voted to strike, oil workers and other workers across the country must unite in common strike action.

The allies of striking Chevron workers are not the Democratic politicians who spout empty words about “labor solidarity” before supporting strikebreaking laws, budget cuts and war, but the tens of millions of workers in the US and internationally who oppose inequality, war and the danger of dictatorship.

To unite with these workers, Chevron workers must take the conduct of the struggle out of the hands of the pro-capitalist and pro-war USW. Workers across the United States have formed the Oil Workers Rank-and-File Committee (OWRFC) to oppose the sellout contract signed by the USW. The committee has called for the overturning of this illegitimate contract, which was imposed through lies and intimidation by the USW, and the launching of a national strike to win the demands of the Chevron workers and all oil refinery and petrochemical workers.

Striking Chevron workers should contact and join the OWRFC, which is democratically controlled by oil and gas workers, and is based on the demands that workers need, not what the corporate executives, bought-off union officials and big business politicians claim is affordable.

This includes: a 40 percent raise and the restoration of Cost-of-Living Adjustments (COLA); abolition of forced overtime and the restoration of the eight-hour day; expansion of paid time off; fully paid medical benefits; the hiring of more full-time workers. In addition, the committee fights for the establishment of worker-run health and safety committees and the abolition of corrupt joint “labor”–management committees; workers’ control over production rates and input over capital expenditures; fully paid pensions and retiree medical benefits after 25 years of service; and the elevation of contractors to full-time positions with the same pay and benefits.

The struggle for these just demands must be fused with the fight against war and to transform the vast energy monopolies into publicly owned utilities, under the democratic control and collective ownership of the working class.

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Socialist Equality Party visit:

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