How the USW refinery contract helps oil companies profit off Trump’s war in Iran

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3 March 2026

Last month’s national pattern agreement covering 30,000 US refinery workers is more than a sellout, with wage increases of just 15 percent over four years, no meaningful safety improvements and no protections against job cuts or automation. For the second contract in a row, the United Steelworkers (USW) bureaucracy is seeking to ram through what amounts to a war contract on refinery workers.

Only three weeks after the deal was announced, the US launched an unprovoked attack on Iran, now spiraling into a regional conflict aimed at dominating global energy supply chains. In January, the Trump administration kidnapped Venezuelan President Nicolás Maduro. Both countries are major oil producers whose principal export partner is China—underscoring that these operations are preparations for a far larger war, including the danger of direct conflict between nuclear-armed powers.

This is the latest in a long line of US regime-change operations driven by the struggle for control over oil. But the present war is a criminal disaster on a far greater scale than Iraq. American workers will pay the price in both blood and treasure. The Trump administration, moreover, refuses to rule out the deployment of ground troops.

Another front in this war is the working class at home, where corporations are carrying out a sweeping assault on jobs and living standards even as Trump tramples democratic rights and floods cities with ICE agents.

Images of refineries erupting in flames in the Persian Gulf find their parallel in the explosions and accidents produced by relentless cost-cutting and speedup in pursuit of profit. Last October, a massive fireball engulfed a refinery in El Segundo, California. More recently, three contract workers suffered burns at ExxonMobil’s refinery in Beaumont, Texas.

The fight of refinery workers against exploitation in the plants is inseparable from the broader struggle of the working class against war—and against the trade union apparatus, which functions as an extension of the oil companies and the government. It requires the building of rank-and-file committees from below to organize workers independently and prepare a counteroffensive against inequality, dictatorship and war.

Oil industry stands to make billions off war

The last national contract, reached in February 2022, was announced on the first day of the war in Ukraine—a US proxy war against Russia. Then-USW President Tom Conway, who met in secret with President Joe Biden during the talks, boasted that the 11 percent deal over four years was a “responsible contract” because it did not contribute to “inflationary pressures.” In other words, it kept wages below inflation, which was then at its highest level in decades.

The US oil industry profited immensely in the aftermath, in large part by stepping in as Europe’s access to Russian energy supplies was curtailed. Today, US oil production stands at record levels—about 13.6 million barrels per day, up from roughly 11.1–11.2 million in 2021.

In the coming years, production is likely to surge further as Trump eliminates remaining drilling restrictions. A recent *Wall Street Journal* editorial board piece, “US LNG [liquefied natural gas] to the World’s Rescue,” even claimed that the US export boom was “saving the world economy.”

The industry also stands to gain from price spikes driven by the threat of disruption in the Strait of Hormuz, through which roughly 20 percent of the world’s oil supply transits. Analysts have warned that prices could rise to $130 or $150 per barrel in a prolonged war, compared to about $67 at the start of the conflict, while statements attributed to Iran’s Islamic Revolutionary Guard Corps have threatened prices as high as $200 per barrel.

At current production levels, $150-a-barrel oil would generate roughly $1.1 billion in additional revenue every day compared with pre-war prices—enough to cover the $2,500 “bonus” for all 30,000 workers in the new contract in about 98 minutes.

The effect of the pattern agreement is to keep workers on the job and production running, ensuring that superprofits continue to flow into the pockets of the oil giants, while workers are made poorer. Economists estimate that every 5 percent increase in oil prices is associated with a 0.1 percentage point rise in inflation. Analysts warn that a prolonged war lasting months could send shockwaves through the economy and potentially trigger a recession.

In that event, the experience of 2008–2009 and 2020 makes clear what would follow: trillions would be mobilized to bail out corporations and the financial markets, while workers would be driven even further backward.

“Capital discipline” to drive “shareholder value”

USW bureaucrats, like their counterparts in other unions, claim that “supply chain security”—that is, the domination of world production and markets by the United States—protects American jobs. After the Supreme Court struck down Trump’s tariffs as unconstitutional, the USW denounced “free trade ideology” and urged Congress to “revamp our trade system,” calling for “tariffs and other trade remedies strategically.” In practice, this means aligning the union apparatus with Trump’s nationalist trade-war agenda, criticizing only the tactical manner in which the tariffs were imposed.

The reality is the opposite. The surge in production has gone hand in hand with the destruction of jobs. About 250,000 oil and gas positions have been eliminated since 2014, according to Bloomberg, driven by

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automation and new technologies. The industry's overriding priority is "capital discipline" to boost "shareholder value." As Chevron told investors: "Capital discipline is at our core, and it positions us to translate higher free cash flow into consistent returns for shareholders."

ExxonMobil's 2025 report to investors states that it is "delivering a more resilient, lower-cost, technology-led business with structurally stronger earnings power, grounded in advantaged assets, disciplined capital allocation, and execution excellence." The company boasts of $15.1 billion in cumulative "structural cost savings" since 2019 and $52 billion in cash flow from operations.

Refineries are running at around 90 percent capacity during peak periods even as the companies slash overall capacity. Last year, the Phillips 66 complex in Los Angeles and the LyondellBasell facility in Houston were shut down. Valero is set to wind down operations at its Benicia, California refinery next month. Business and Industry Connection warns that shrinking capacity could "push inventories for the main transportation fuels, including gasoline, diesel and jet fuel, toward the lowest annual levels since 2000."

Tens of billions raked in over the last four years have gone overwhelmingly to dividends and share buybacks. In 2024, ExxonMobil distributed $36 billion to shareholders, compared with $34.4 billion in free cash flow (and $55.0 billion in cash flow from operations). In 2025, shareholder payouts topped $37 billion.

Decades of layoffs and consolidations have drastically reduced the workforce. Of those who remain, a majority are contractors, with fewer benefits and protections. Twelve-hour shifts for seven consecutive days are not uncommon. Even among regular employees and USW members, the 40-hour week and eight-hour day are largely a thing of the past. Many facilities use the "DuPont" schedule, under which workers labor 12-hour shifts, with one week each month reaching 72 hours.

New AI-based production monitoring systems, predictive maintenance technologies and drone inspections threaten to eliminate still more jobs. Across the economy, this is only the tip of the spear of a broader assault on employment, with US companies announcing 1.2 million layoffs last year.

At BP Whiting in northwest Indiana, management is demanding even worse terms than the national pattern, including the elimination of 100 jobs out of roughly 800 and forcing workers to sign away legal rights related to automation. The contract framework isolates workers plant by plant, leaving them to fight alone—just as the USW did at Chevron in Richmond, California, and ExxonMobil in Beaumont, Texas, in 2021–2022. It would give the companies a green light to dispense even with national bargaining, dividing and conquering workers facility by facility.

Sabotage by the union bureaucracy

From an economic standpoint, workers possess immense leverage. Thirty thousand refinery workers operate roughly two-thirds of US refining capacity. For a world market already disrupted by war, there is no immediate substitute for US output except the limited drawdown of the Strategic Petroleum Reserve.

Workers also have powerful leverage to halt the war because the refineries supply fuel for the US military. The US Air Force consumes between 1.5 billion and 2 billion gallons of aviation fuel annually—roughly 10 percent of all aviation fuel used in the United States—and about half of that is purchased domestically. Recent one-year contracts awarded to Marathon, Chevron, Valero and Phillips 66 have a combined value of $1.3 billion.

The USW's priority is propping up the capitalist economy. But the full scope of its role can only be understood in the context of the upsurge in class struggle, with strikes across healthcare and education set to begin this year. In the aftermath of the Minnesota killings of Renee Good and Alex Pretti, a general strike became an issue of national discussion.

The response of the union bureaucracy has been to consciously try to disrupt and sabotage a movement in the direction of a general strike. Officials from other unions mouthed support for protests while refusing to call any action and diverting anger into consumer boycotts.

The role of the union bureaucracy in war is to impose peace on the home front. In 2024, Biden called the AFL-CIO his "domestic NATO." This formulation expresses not only his policy but the essential function of the union apparatus since the no-strike pledges during World War II.

Workers are told their interests are bound up with the defense of "American" interests in war. In reality, the bureaucracy's interests are bound up with defending their six-figure salaries—financed from workers' dues—and their close relations with the corporate-controlled political parties.

Who is Roxanne Brown, the new USW president?

The bureaucracy's parasitic social interests are shown in the person of the new USW president, Roxanne Brown, who took office at the start of the month, replacing David McCall. While Brown took over after the refinery agreement was reached, she served as second-in-command during talks and was the face of what little public messaging the USW carried out during the talks.

Brown is a creature of the state. She built her career as an official in the USW's policy and legislative department, having been hired in 2007 as an assistant legislative director. She is also a vice president on the AFL-CIO Executive Council. She is listed as an "expert" on the website of the National Endowment for Democracy, long a front group for US State Department operations carried out in collaboration with sections of the union bureaucracy. Their site also lists her as a board member of Georgetown University's Institute of International Economic Law and the Bipartisan Policy Center's Direct Air Capture Advisory Council.

Brown was chosen for her extensive, largely behind-the-scenes connections with politicians and government offices. She would almost certainly have been deeply involved in Conway's closed-door meetings with Biden in 2022. In her role as USW vice president at large, she earned $273,697 in 2024.

Her elevation reflects the total estrangement of the bureaucracy from the rank and file. She and her slate were elected unopposed because they were the only candidates to reach the nominating threshold from local unions—a fact the apparatus attempted to obscure by emphasizing that she is the first black woman to head the union. She has never worked a single day in a refinery or steel mill.

In June 2020, Brown testified before the Congressional Ways and Means Subcommittee. Her testimony on the "lessons" of the coronavirus pandemic, delivered while the pandemic was still in its early stages and much of US industry remained on lockdown, highlighted the "sacrifices" made by workers who stayed on the job and became infected. The priority was not saving lives but ensuring that the pandemic's impact on supply chains did not undermine "our country." She warned that "our country faces a larger deficit in manufacturing that could undermine our national security, lead to additional shortages of vital goods, and leave our nation exposed to a global marketplace with a strengthened Chinese economy."

The invocation of "our country" and "our national security" is aimed at papering over the chasm between the interests of the working class and

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the profit interests of the corporations that actually determine policy.

Conclusions

The fight by refinery workers against the oil companies is inseparable from the fight against war. The USW “negotiated” this contract to assist US imperialism in the lead-up to war. There is no doubt that the Trump administration, like the Biden administration before it, was closely following the talks and receiving regular updates, while workers were left completely in the dark.

Contracts patterned after the national deal must be rejected. But that is only a start. Workers must organize independently and in opposition to the union apparatus. This points to the urgency of developing rank-and-file committees to provide independent initiative and prepare collective action.

The logic of the movement underway is in the direction of a general strike against the Trump administration. This perspective emerges with increasing urgency with each passing day of the war. It must be consciously prepared through new organizations and structures genuinely controlled by workers themselves.

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