

# PEMEX privatization / Downshifting

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PEMEX and downshifting as viewed by Mexican ecologists' consensus

Provided by Miguel Valencia Mulkay

News on the battle on privatizing Mexican oil

President Calderon, who has had close relations for several years with the previous US ambassador in Mexico, Halliburton Co., and the Spanish oil company REPSOL, has triggered a strong debate in Mexico by introducing early this year a bill that proposes to amend oil laws. It would open Mexico's state petroleum monopoly to private companies, mainly foreign. This is in flagrant violation of Article 27 of the Mexican Constitution.

Opposition leader Lopez Obrador, who accuses Calderon of electoral fraud in the 2006 elections, has succeeded in mobilizing public opinion against Calderon's bill. But strong publicity campaigns on radio and television discredit opposition to this bill. Social mobilization encouraged by Lopez Obrador succeeded in halting in May the discussion of this "energy reform" in Congress, until July 22, so that a series of national forums for the Calderon Bill consultation can be held. Calderon hopes to achieve passage of this initiative during the Olympic Games this summer, with the support of his party, the PAN and the old party of corruption, the PRI.

Below is a proposal drafted this year by Mexican environmentalists with regard to Mexican oil. For many Mexicans, losing the battle against privatization could mean the loss of Mexican sovereignty, already very damaged by the effects of globalization. Oil, despite its pollution and depletion, is still crucial for Mexicans.

## A. Oil's Global and International Aspects

1. Oil consumption has devastating effects on the environment. It is a central factor in climate change as well as air, water and soil contamination. In addition, it has annihilating effects on culture, because it alters human conduct: it acts like a drug, destroying the human bond or the social link.
2. Oil extraction, transportation and refining are industrial activities classified as having the greatest risk for catastrophe environmental impact. For instance, there are explosions, spills in rivers, seas, lakes, and in mangroves. The poisonous generation of atmospheric polluting agents, smoke and gases destroy the atmosphere in general. In particular, local biodiversity is diminished.
3. Due to the damages generated by oil consumption, extraction, transport and refining, a radical reduction in oil consumption is called for throughout the world. Worldwide agreements are required to reduce its consumption, through, for example a Kyoto-5 treaty.
4. It is urgent to impose severe worldwide restrictions to car use, airplane travel, high speed trains and highways, as well as on industrial consumption of electricity and gasoline and the pumping of water.
5. It is urgent also to impose severe restrictions on "free trade" in order to relocalize commerce for the consumption and production of basic foods; foster local production and consumption, and restrict fast food consumption.
6. We recognize that the most accessible oil from older wells inevitably begins to drop in extraction, and every year it is more difficult to find and to exploit new reserves worldwide. Cheap oil has passed its peak worldwide both in energy-return and monetary cost and its price rise will cause worldwide economic and political collapse.
7. Because of the above, worldwide tension is becoming acute: The dismemberment of Yugoslavia was oil-related, as was the first Gulf War; the Colombia Plan; U.S. confrontation with Hugo Chavez and Evo Morales, Rafael Correa in Latin America; in Asia, with Russia and China; the Iraq War, and the Iran crisis. These developments reveal the growing petroleum-related crisis the world over. The powerful countries refuse to cut their oil consumption while they can obtain it by force in poor countries. As oil prices go up, militarization, repression and violation to human rights all mount.
8. The U.S. government policies in favor of agro-fuels and the fast growth of these industries also reveal that that cheap oil has come to an end. Nevertheless, agro-fuels do not solve the environmental problems caused by its consumption: On the contrary, they are a false solution, like nuclear energy, with environmental dangers aggravated by questionable management, that increases enormously the risk of world-wide catastrophes.
9. Alternative energies such as solar, wind power, biomass, among others, will not be able to replace oil significantly while oil low enough prices for transportation and subsidies in generation of electricity exist.

10. When worldwide oil prices double and multiply over the present prices, there will be deep changes in energy policy, the economy and the culture of all countries. We will face radical changes in lifestyles and production of energy. We face a complete transformation of the present economic model that is based in oil consumption, as we come to the energy watershed.

11. The policy of decreasing or “downshifting” oil extraction can offer the best way for countries that adopt it. We are close to or within the global oil peak, or zenith, but the effects of peaking can be cushioned by deep-water oil extraction, bituminous sands and by agro-fuel production.

12. The privatization of so-called “natural resources” has been disastrous for the global ecosystem due to the voracious transnational companies, the main beneficiaries of this privatization. They display a hatred and scorn for the local communities, working only for the maximization of profit. This involves the maximum extraction of the oil reserves granted in the minimum time. Examples of this tendency are the privatization of the water by part of transnational companies SUEZ, VEOLIA, VIVENDI, BECHTEL and THAMES, supported by the World Water Council, whose objective is to maximize profit for the transnational companies. Together with their enormous power, they offer the worst kind of management of water, oil, and any other “natural resource” or public service.

These privatizations have generated a worldwide movement against their operations that is manifest in poor countries as well in the rich countries, by the proliferating fights around the world: Natives, farmers, and city folk fight privatization of springs, water and sewage service, dealing with toxic waste, trash collection, communications (television, satellites, telephones), highways, aviation, railroads, medical care, and education. These fights include many that provoked the ecological movement of the 1970s that led to the worldwide fight against depredation, culminating against globalization. Small free enterprise suffered then as now from corporate “free trade,” so the movement against the transnational companies and neoliberalism has resulted in the mobilization of ecological and social organizations all over the world.

The transnational companies are not only mainly responsible for the ecological emergency but for the social crises: overconsumption, violence and other misery, migration; militarism; the violation of human rights, social repression, uprooting of and destruction of the planetary communal property, and the promotion of the genetic manipulation. Risks of worldwide catastrophe come also from “economicism,” “sciencism,” technocracy, among others, are soaring.

The privatization of the oil activities has not represented economic or environmental improvement in any country, but has generated enormous damages to the countries that have adopted it, as it is the case of Argentina, Brazil, Bolivia, Ecuador and Venezuela and the scandalous case of Russia and the republics that were part of the Soviet Union.

At the same time there is a worldwide tendency towards state ownership of the oil wealth, such as by the Arab countries. They have bought most of the stock in their national companies, like Russia has done. The famous seven sisters, today five: EXXON, SHELL, BRITISH OIL, CHEVRON-TEXACO AND TOTAL, are seemingly in decay.

13. The state ownership of so-called “natural resources” has not been necessarily beneficial for the countries that have adopted it: The economy has become petrolized, its economic benefits have been wasted by voracious national industrialists and by corrupt, irresponsible and uprooted politicians and technocrats and bureaucrats. The privatization in the world has been facilitated by the bad management of natural resources of the state companies. However, the tendency towards state-owned oil companies (90% of the control of the world-wide reserves belong to state companies) has had as its main foundation the defense of the interests of the nation state, as opposed to the denationalizing tendencies of the globalization or geopolitics.

14. The world today struggles with an impasse, a deadlock. The national-ownership factor and the force of the market in both cases leads us to the same dilemma: the destruction of the ecosystem and the social fabric. Downshift has been proposed by some social groups around the world as an alternative. In the case of petroleum as the fundamental element of the social and environmental planetary disaster, the call to downshift or decrease consumption is absolutely vital.

## B. National aspects of Petroleum

1. The energy policy in force in Mexico that uses fossil hydrocarbons in excess and that is implemented under the assumption that it will foster economic growth by means of an abusive extraction of petroleum, has turned out to be a great mistake, a disaster in social and ecological terms.

The sociocultural disaster manifests itself by the emergence of a society excessively unjust, violent, corrupt predatory, self-destructive, divided, brutal, ill of health, disillusioned, conformist, depressed, uncreative, authoritarian, vulnerable and dependent on foreign power. It all produces a great migration flow.

The ecological disaster manifests itself in the contamination of rivers, seas, lagoons, grounds, air, water, loss of biodiversity, among other catastrophes. This policy has turned out to be a great aberration to our history. In the last half

century, Mexico has lost most of its natural and cultural wealth, due to the political disaster generated by cheap petroleum, by the “destructive economy” (according to the expression of the writer Uslar Pietri). The cities, towns and zones with oil operations (Minatitlán, Coatzacoalcos, Poza Rica, Altamira, Salamanca, Tula, Campeche, Tabasco, Veracruz) give account of this historic disaster, this “destructive economy.” The excessive petroleum extraction verifies this when in the long term its operation is counter-productive for the great majority of the population in Mexico’s experience.

2. A radical change in the Mexican energy policy is imperative for taking into account the exhaustion of global cheap petroleum. In coming years it will be more and more expensive until it becomes prohibitive -- until very recently assumed to happen in some decades -- as predicted by the Theory of Peak Oil formulated by geophysicist M. King Hubbert. We face the emergency of climatic change and its terrible threat for humanity and its increasing costs; we face the destruction of the world’s and regional ecosystems by the contamination of the air, water and ground; the loss of biodiversity, the forests; the death of rivers, lakes, lagoons, mangroves, seas, etc.; to the destruction of our culture and the quality of life of all Mexicans. This consumerist petroleum model means great inequity, wastefulness and exaggerated consumption by few people, as opposed to the misery of the great majority, jeopardizing peace and integrity of the communities, towns and cities of Mexico.

3. The radical change in the Mexican energy policy must, to be effective, radically reduce petroleum extraction, to stop trying to extract in the shortest time possible. The objective should be to extract 80% less oil than we extract today, as soon as possible.

4. In order to obtain this objective, the application of a policy of reduction, or radical decrease in the hydrocarbon exports, should be to achieve zero exports in a few years.

5. In order to obtain the objective of reduction or radical decrease in Mexico’s petroleum extraction, it is indispensable to apply rationing and high energy tariffs for natural gas, gasoline, electricity. Total rejection of nuclear plants, as an alternative for energy generation, is necessary.

6. In addition to tariffs, progressive price increases of hydrocarbon energy that reduce industrial consumption of natural gas, gasoline and electricity, and in individual consumption to make airplane and highway travel sufficiently expensive.

7. In order to meet the objective of radical reduction or decrease in the internal consumption of petroleum in Mexico, it is essential to apply to a policy of subsidy to the installation and operation of local, communitarian development for the generation of alternative energies: solar, wind power, biomass, and subsidies for the installing local, communitarian techniques for generation of electricity and heating, cooling and transport.

8. Unanimous rejection of the deep water oil extraction, to the export of hydrocarbons and the alliances, supports, contracts with any type of foreign companies is indispensable: saying “No” to privatization.

9. In order to facilitate the policies of reduction or radical decrease, it is necessary to create in Mexico local networks of information for reflection and action in which these subjects (Petroleum Peak, Global Heating, Energy and Fairness, Slower Living, Resistance to Globalization, Relocalization of production and consumption, Decreasing consumption, Downshifting, among others), so that in each municipality of the country an independent group exists that relates to other independent groups of other municipalities, to succeed with these tasks.

Mexico, DF. 7 April 2008

¡DESCRECIMIENTO O COLAPSO!

(¡DOWNSHIFT OR COLAPSE!)

Signed:

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Acción inmediata frente al Pico del Petróleo y al Cambio Climático

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