

FALL 2015

ReVista

HARVARD REVIEW OF LATIN AMERICA

ENERGY

OIL, GAS AND BEYOND



Oil, Gas and Beyond

I was waiting for the ship to come in. In fact, so was everyone else in Nicaragua. Gas lines stretched around the block. The supermarket shelves were nearly bare. Lights went out again and again, plunging the country into frequent darkness. Telex machines couldn't work, and we reporters had to depend on the few places with generators to file our stories (for younger readers, this was pre-computer and smart phones). U.S. President Ronald Reagan had imposed a trade blockade on Nicaragua in May 1985. The Soviets were sending oil, dodging the blockade.

We reporters did what we always do: we reported on the ship's arrival. But we also breathed a collective sigh of relief. The arrival of the Soviet ship meant hot showers and light to read by.

Energy is intensely political. It shapes nations and trade and fuels wars and blockades. Energy, I discovered then, is also intensely personal. It shapes our lives on a daily basis. It's not only a matter of how we get around or whether we have enough food to eat; energy production affects the communities that receive it and those that produce it. It shapes attitudes toward gender and race and nationalism and identity. It pollutes the air and the rivers. It offers immense economic opportunities. Or it does both.

You might not think of Latin America and the Caribbean right away as a big energy producer or consumer. But Venezuela stands ninth in global oil production with gas reserves almost triple those of Canada. Three countries—Venezuela, Brazil, and Mexico—account for about 90 percent of the region's oil production. And Latin America and the Caribbean also have the capability to provide abundant alternative and renewable energy sources: wind, solar, geothermal and biomass, among others.

Perhaps because of my experience in Nicaragua, I started to conceive this issue in terms of meta-politics. And there is certainly a lot of politics related to energy in the region: the political upheaval of Brazil as a result of corruption scandals in the national oil company; the turmoil in oil-rich Venezuela; the impact of the semi-privatization of Mexico's oil industry; the targeting of Colombia's energy installations by guerrilla forces in a show of strength in the context of the ongoing peace process.

But then I thought back on how the arrival of oil had been experienced on a very local and personal level. I began to hear stories about the production of energy: what it felt like to grow up in an oil camp, how energy production affects indigenous women in one particular region, how local communities involve themselves in deciding what is done with oil.

And just recently Alvaro Jiménez, Nieman Affiliate at Harvard '09, happened to mention to me that he was starting a website "Crudo Transparente," a site that monitors the Colombian oil industry. Out of curiosity—and as a quick break from proofreading this issue—I took a peek. The site focuses on five areas: local economy, contracts and royalties, environment, security and human rights and ethnic conflicts. I was pleased to see how much overlap there was with the themes I had chosen for this issue of ReVista.

Although the website deals with only one country—Colombia—it felt like an affirmation of the focus I had chosen for this wide-ranging topic. Energy is political. Energy is personal. Energy matters.

June C. Erlick

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Director
Brian Farrell

Executive Director
Ned Strong
ReVista

Editor-in-Chief
June Carolyn Erlick

Copy Editor
Anita Safran

Publication Interns
Isabel Espinosa
Gabriela Farrell
Diego Lasarte

Design
Jane Simon Design

Printer
P+R Publications

Contact Us
1730 Cambridge Street
Cambridge, MA 02138
Telephone: 617-495-5428

Subscriptions, Back Copies and Comments
jerlick@fas.harvard.edu

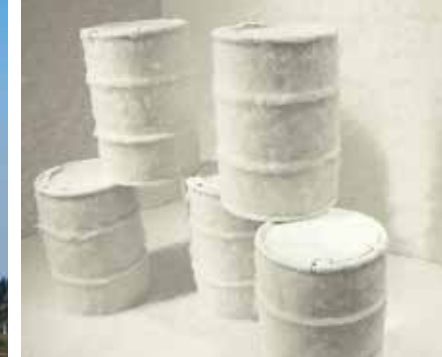
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ON THE COVER

Petrobras Oil Platform
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Life in a Venezuelan Oil Camp

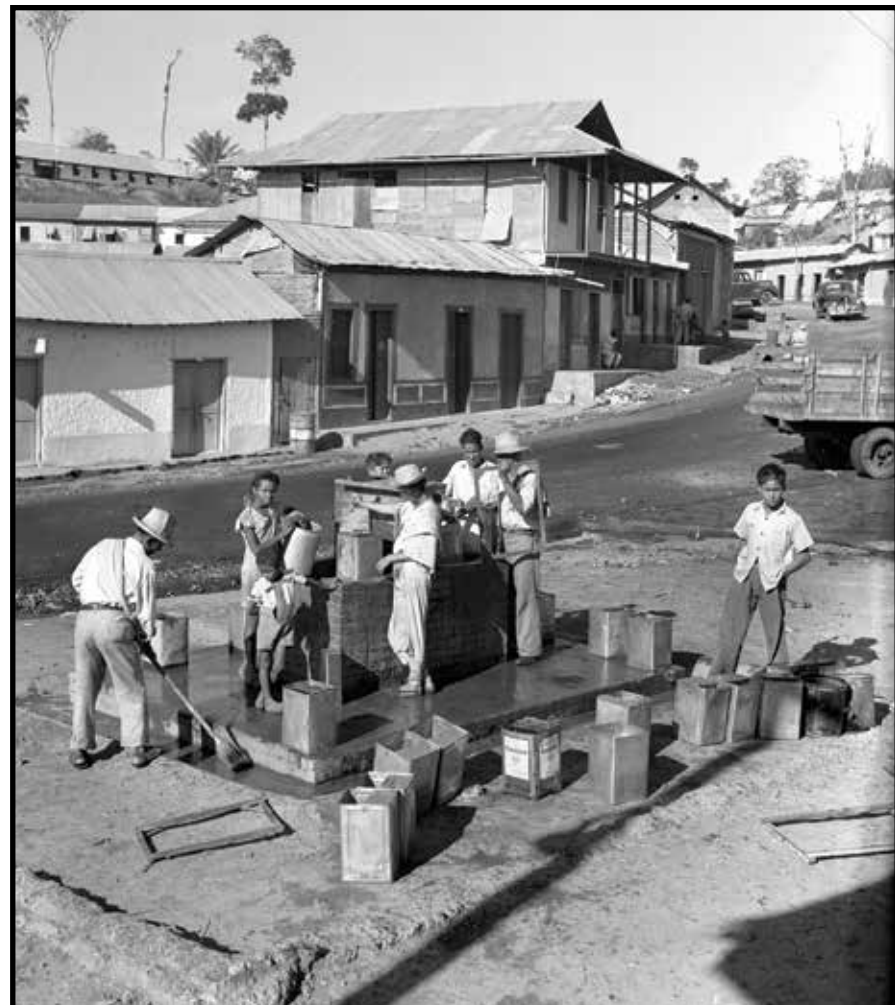
Tío Conejo Meets Uncle Sam

BY MIGUEL TINKER SALAS

I GREW UP IN A VENEZUELAN OIL CAMP. EVER since I can remember, I have heard both Spanish and English spoken all around me or conveyed through music or films. With my family, I ate traditional Venezuelan *arepas*, *cachapas*, *carne mechada* (shredded beef), fried plantain, and black beans, but invitations to dinners at friends' houses often meant sampling curry goat, roti and *thali*, borscht, or U.S.- style barbecues.

In many ways, Caripito, the oil town where I was raised, embodied the changes occurring throughout Venezuela after the discovery of oil. In 1930, the Standard Oil Company of Venezuela built a port facility and began work on a refinery in this town, in the state of Monagas in eastern Venezuela, to process oil from fields in Quiriquire, Jusepin and Temblador. The promise of the oil attracted Venezuelans from throughout the country; many caripiteños (people of Caripito) had roots in the adjacent state of Sucre. In succeeding decades, people from Trinidad, Italy, Lebanon and even a handful of Russian exiles also made their way to Caripito. By 1939, Caripito had a population estimated at about 5,000 people, some 300 of whom were "white Americans." In Caripito, as in most oil camps, to be white increasingly became synonymous with being a U.S. expatriate. By 1960, the total population had soared to a little over 20,000 people.

At an early age I became acutely aware of how different the oil camp experience was from the rest of Venezuela. After several years of living in the residential



enclave, and seeking to avoid the demanding social expectations of the camp, my parents moved to Los Mangos, a neighborhood of Caripito. However, they also recognized the importance of straddling both worlds, and my mother dutifully drove me everyday to the company school and our family selectively participated in many camp activities.

After oil was discovered in 1914, Venezuelan production was concentrated in the interior of the country, where infrastructure and sanitary conditions had improved little since the 19th century. To ensure operations, foreign companies took charge of basic services including electricity, water, sewage, roads, housing, health services, schooling and a commissary. In these rural areas, the companies supplanted the state, and local communities became dependent on foreign enterprises for basic services.

Standard Oil Company of Venezuela (later Creole Petroleum, a subsidiary of Standard Oil Company of New Jersey),

and Shell Oil built residential camps to house their employees. In classic Jim Crow fashion, the companies created distinct areas for foreigners, typically white U.S. employees or "senior staff," Venezuelan professionals or "junior" staff, and more modest housing for workers. The senior staff clubs included a pool, golf course, tennis and basketball courts, as well as bowling alleys while the workers club typically had a baseball field, a *bolas criollas* court (bocce), a bar and a dance floor. In spite of this hierarchy, by the 1950s the camps became symbols of U.S.-sponsored "modernity," with orderly communities, higher salaries and access to a full range of services that sharply contrasted with conditions found in the local Venezuelan settlements.

The camps represented an improvised and largely transitory society made up of residents from different parts of the United States and Venezuela. The camps allowed Venezuelans to interact with people from other regions, races



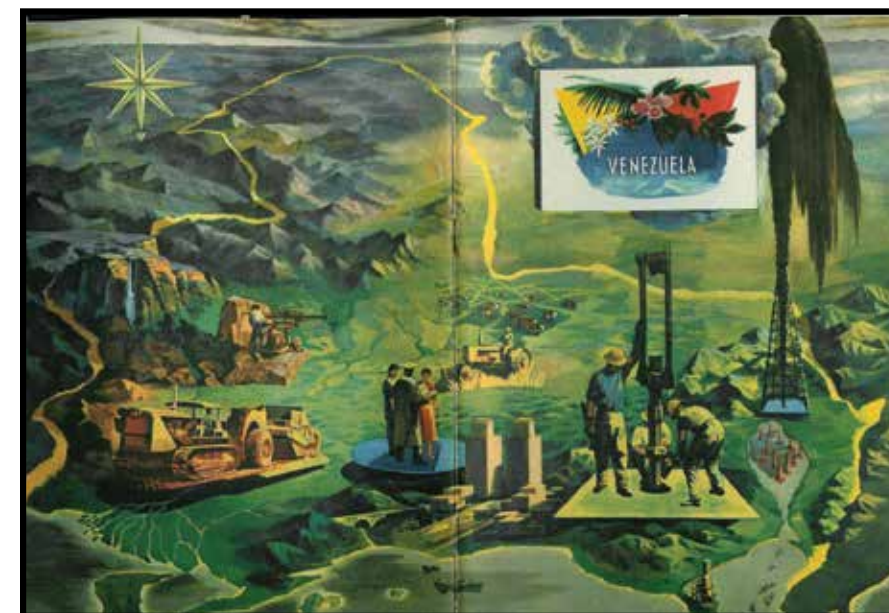
and countries. With few if any roots to the local community, workers were frequently transferred between camps, and the company promoted an *esprit de corps* among its employees that centered on an all-encompassing corporate culture. Company practices favored hiring family members, thus handing down values such as the "American way of life" from generation to generation.

Yet despite their artificial nature, the camps left an enduring legacy in Venezuelan culture and society. For the generations that worked in the oil industry, the camps reinforced their image as a privileged sector of Venezuelan society. Just as importantly, the camps were sites of cultural and social exchange, with the "American way of life" influencing everything from politics to values. Those employed in the industry expected the Venezuelan state to be the guardian of this distinctive lifestyle. Many residents retained a collective nostalgia for the experience of the camps, overlooking the racial and social hierarchy that prevailed and the detachment that existed from Venezuelan society.

Caripito was typical of this oil town culture. The same ships that navigated the San Juan River to load oil also brought an array of U.S. fruits and canned products for sale in the camp commissary. I still recall the amazement of eating individually wrapped red Washington apples for the first time, or savoring crisp Mexican tortillas that came in vacuum-sealed metal cans. Long before McDonalds appeared in Venezuela, the soda fountain at the company club regularly served the "all American meal" consisting of hamburgers, fries, and Coke. The Venezuelan diet quickly incorporated U.S. culinary preferences and tastes.

Like other children in the camps, I went to a bilingual company school that incorporated both the Venezuelan and U.S.-mandated curriculum. To a certain extent,

Opposite page: workers dig a well in Caripito; This page from top: a Venezuelan work crew takes a break in Caripito; a Coca Cola machine at a Shell gas station reflects the prevailing "American way of life"; a Venezuelan work crew poses on the way to work in Caripito.



Opposite page: A young Venezuelan woman looks pensively out of her humble abode, which is posted with an ad for orange soda. Expatriates often overlooked the prevailing racial and social hierarchies. Above: a colorful road map produced by Citibank Venezuela in the 1950s.

exposure to a bicultural milieu shaped the consciousness and personal sensibilities of people like myself who inhabited the camps or its environs. Beyond simply the ability to speak both languages, the camps conveyed the importance of dealing with difference. This experience, however, was not shared equally, and it usually fell on the Venezuelans to learn English. Besides understanding English, familiarity with U.S. norms and customs proved essential for Venezuelans seeking to advance in the company. Interacting with foreigners became natural, but so did the imposition of a social racial hierarchy reinforced by U.S. expatriates at the top of the social order.

Festivities in oil camps highlighted the extent to which the camps represented self-contained enclaves of U.S. culture in the heart of Venezuela. Seldom if ever questioned, the pervasive influence of the U.S. oil industry made political and cultural ties with the north appear normal. Celebrations of the 4th of July melded with Venezuelan independence on the 5th of July, becoming shared events that allowed politicians and company officials to make largely perfunctory claims of solidarity. Expatriates, especially from Texas, saw

the occasion as an opportunity to prepare Southwest-style barbecues where local beer flowed freely. Uncle Sam, the benevolent father figure that later morphed into a symbol of U.S. imperialism, mixed freely with *Tío Conejo*, a shrewd rabbit from a Venezuelan folk tale who regularly outwits his tiger nemesis, *Tío Tigre*.

Other festivities, however, diverged from Venezuelan traditions for which no parallel activity existed. During Halloween, children dressed as Mickey Mouse, cowboys, ghosts and witches wandered throughout the senior camp asking for candy from befuddled Venezuelans. Thanksgiving celebrations by the U.S. expatriate community, which often included public gatherings, and the consumption of frozen turkeys imported from the United States, remained an exclusively foreign activity. Venezuelans outside of the oil industry had no connection to these events. A traditional Christmas in Venezuela had always included building a Nativity scene, but in the oil camps, this practice was slowly displaced by ornament-laden imported pine trees. To add to the festive mood, the oil company typically decorated a nearby oil well or water tower with colored lights in the shape of a Christmas

tree, with adjacent loudspeakers playing seasonal melodies.

Shortwave radios allowed expatriates—and some oil camp Venezuelans—to keep track of events in the United States and important news quickly spread. This was long before the Internet or cable television made speedy news a fact of life. I can recall seeing my U.S. teacher at the Cristóbal Mendoza grammar school break down in tears when the school loudspeaker announced the assassination of President John F. Kennedy.

Another way of connecting to U.S. culture was through movies shown at the camp club; Spanish subtitles allowed the Venezuelan audience to follow the action without paying second thought to the overt racism present in many of the U.S. Westerns that stereotyped Mexicans and Native Americans. Many of my U.S. classmates at the camp shared LP records that came with a coonskin cap, plastic musket, and powder horn and recounted the exploits of Davy Crockett starring Fess Parker.

Venezuelans who did not live in the camp or work in oil sought entertainment in the San Luis movie house in La Sabana across from the Creole Petroleum refinery. I straddled both worlds, and loved to watch Mexican cowboy (charros) films or the comedy of Cantinflas and Tin Tan in the old-fashioned movie house that featured a range of seating from common wooden benches to higher-priced chairs. Outside the theater, my friends and I looked forward to savoring corn empanadas *de cazón* (dried shark), a local favorite in eastern Venezuela, made by an Afro-Venezuelan woman.

The importance of oil to the U.S. economy and military thrust Venezuela into the midst of the Cold War. In 1962, Peace Corp volunteers were assigned to Caripito to teach English in secondary schools and promote U.S. values. In case their efforts failed, Green Beret advisors gathered intelligence and trained the Venezuelan National Guard. In 1962, guerrillas launched an offensive in eastern Venezuela. The U.S. military advisors assigned to Caripito asked my local Scout troop to report on “suspicious activity,” includ-

ing spent cartridges we might find as we hiked through the rainforest. To assuage discontent, the town's poor also received sacks of grain from the Alliance for Progress and from Caritas, a Catholic charity. As I accompanied my parents into some of the poorest neighborhoods of Caripito to distribute food packages it became evident that oil had not benefited all sectors of society equally. The camps highlighted the existence of two Venezuelas, one benefiting from oil, and one for which the promise of oil remained elusive.

Oil never fully transformed Venezuela, but rather it created the illusion of modernity in a country where high levels of inequality persisted. The camps became a tangible symbol of this disparity. Local residents resented the inequities in lifestyle; businesses complained about closed markets; the government worried about divided loyalties; and the left viewed them as part of U.S. exploitation of Venezuela's labor and resources. During the 1970s, popular protest singer Ali Primera wrote *Perdóname Tío Juan (Forgive me Uncle John)*:

Es que usted no se ha paseado
por un campo petrolero/ usted no ve que
se llevan
lo que es de nuestra tierra/
y sólo nos van dejando
miseria y sudor de obrero/
y sólo nos van dejando/
miseria y sudor de obrero. (You have not
visited an oil camp, you do not see that
they take what belongs to our land, and
all they leave us is misery and the sweat
of our worker's and all they leave us is
misery and the sweat of workers.)

Having successfully created a trained and acculturated labor force imbued with company values, even the oil companies believed the camps had outlived their usefulness. Despite their eventual integration into local communities, the lived experiences of those employed in the industry coalesced with the perspectives of middle- and upper-classes that viewed oil as the guarantor of their status. Attempts to recapture the illusory sense of modernity



Top: Escuela Cristobal Mendoza Caripito; the author of this article is sitting on the floor, second from the right, wearing a bow tie and white shirt; the washing machine is emblematic of the type of modern purchase made possible by the booming Venezuelan oil industry.

experienced during this period inform many of the political divisions that characterize contemporary Venezuela.

Miguel Tinker Salas is Professor of Latin American History and Chicano/a Latino/a Studies at Pomona College in Claremont, California. He is the author of Venezuela, What Everyone Needs to Know (Oxford University Press, 2015) and The Enduring Legacy: Oil, Culture and Society in Venezuela (Duke University Press, 2009), among other books.

Behind the Corporate Veil

Company Control in the Lago Colony of Aruba

BY KODY JACKSON

IT BEGAN AS MOST THINGS DO THESE DAYS, WITH a simple Google search. Looking to flesh out my graduate seminar paper on the Lago Oil & Transport Company of Aruba, I typed the company's name into that infamous search bar and prayed that those fickle gods of the Internet might have pity on me, a humble researcher. The title of a domestic court case caught my eye among the results. "Richard Mink v. Lago Oil & Transport Co. (05/02/66)," it announced promisingly, so I clicked on the link and began reading. An appeal before the Supreme Court of New York, "Mink v. Lago" held some startling allegations. Walter Mink, a U.S. citizen and former Lago employee, was suing the Aruban refiner for "improper medical care" given to his newborn son Richard in 1956. In the midst of a simple procedure, company doctors had misplaced an intravenous feeding tube, leading to disastrous consequences. "The fluid," Mink explained emotionally in a 1965 court affidavit, "was not fed into the vein but into some other part of [Richard's] lower right extremity...his ankle bones were literally 'washed away.'" Lago doctors eventually had to amputate Richard's right leg to prevent infection. It was a tragedy, the elder Mink maintained, leaving his son "sick, sore, lame, and disabled...and still suffer[ing] great physical pain and mental anguish." He concluded his suit asking for \$325,000 on the basis of his son's disability and his own hardship.

This case was shocking, not only because of the lurid details of medical malpractice, but also because it stood at