

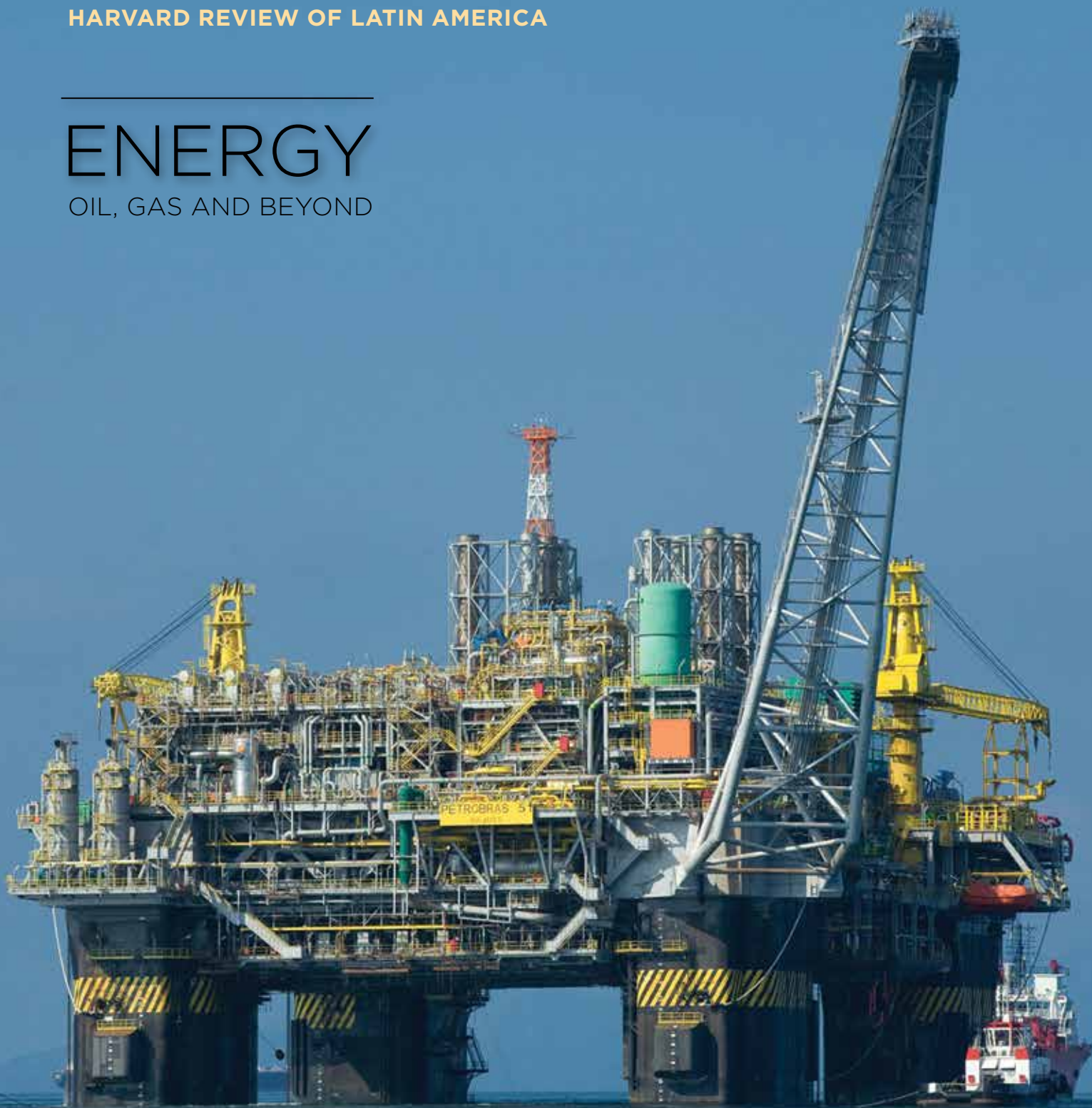
FALL 2015

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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ENERGY

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ON THE COVER

Petrobras Oil Platform
Photo By Ricardo Stuckert/PR
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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

odds with community memory. Former U.S. expatriates were quite vocal about their attachment to Lago and the Lago Colony (1930-1985), their home on the island just north of Venezuela. "In my heart, I know where my true home is and always will be: that small desert island named Aruba," Margie Pate said, remembering her time amongst the 3000 U.S. employees and their families. Eugene Williams agreed, recalling wistfully in 2003 that "when we left Aruba, it was like leaving paradise." These bold assertions only made Mink's experience all the more incomprehensible and, consequently, all the more intriguing. Could secret resentments possibly be hiding behind such fond remembrances?

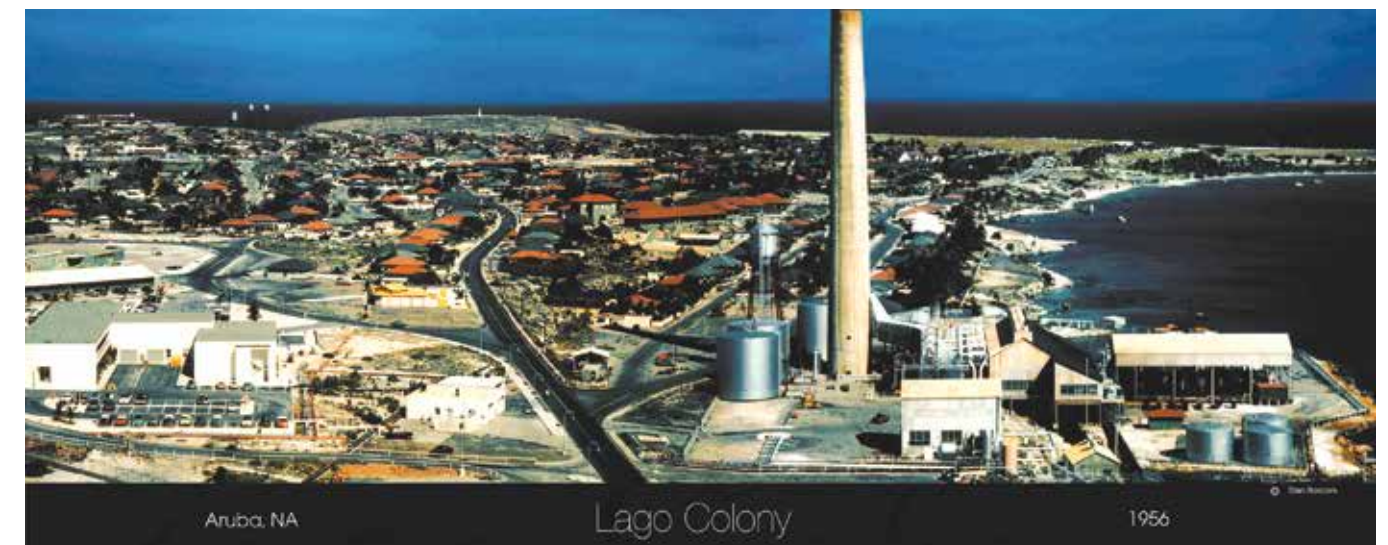
Not everyone, after all, evaluated Colony life quite so positively. Some female "Lagoites" balked at the gendered expectations foisted on them as part of island life. Company policy required teachers and nurses to give up their careers after marriage, presumably to focus on their wifely duties. "I do not do it wisely or well and I need [my husband] so badly to help me [raise our children]," Charlotte Warden wrote plaintively in her diary in 1947. Local residents on the payroll also resented Colony life, though more based on their exclusion from it, not their entrapment within. Local workers earned less money for equal work, prompting

Guyanese draftsman Isaac Chin to complain that "my ceiling as a non-foreign-staff employee was barely above my head" (*Where is Choy?* 2002). Quality of housing openly demonstrated this disparity. Though given their own sports fields, commissaries and houses, Caribbean employees could readily see the luxurious lifestyle of those in the Colony, if only from a distance. Indeed, the company prohibited non-white, non-managers from entering the foreign enclave except to perform the service work such as gardening and cleaning that kept life in the Colony so leisurely. Thus, animosities abounded within and outside the Colony. These examples, however, fail to explain the travails of Walter Mink, the victim of neither sexist expectations nor racial limitations.

Indeed, Mink's grievance went beyond issues of Colony inequality, touching instead on those of company author-

The company dominated the political and economic affairs of Aruba, much like the notorious United Fruit Company of Guatemala.

ity. Lago's local laborers well understood this reality. Many remembered the infamous strike of 1951. Though involving almost half of the refinery's labor force, the protest had ended in failure, gaining only a limited wage increase and resulting in the deportation of several labor leaders. Assistance from the Dutch colonial government had guaranteed Lago's victory. Royal Dutch Marines remained stationed around the refinery throughout the strike, a precaution meant to safeguard the facility that processed over 140 million barrels of Venezuelan crude oil each year, employed over 33% of Aruba's workforce and accounted for over 90% of the island's exports. This economic strength ensured government patronage in the years to come, perpetuating Lago's dominance over unskilled Caribbean workers. Such power did not, however, appear to have affected the lives of Lago's expatriates. These engineers, by virtue of their technical know-how, held more bargaining power vis-à-vis the company. Lago could not, for fear of losing valuable employees, implement the paternalistic practices so commonly associated with company towns (e.g. paying in scrip). Instead, it had to influence the Lagoites in more subtle ways, such as reserving certain community privileges like nicer houses, cars and Christmas trees for those with company standing and senior-



A poster of the Lago Colony in Aruba, 1956.



Black service staff serve white kids at a camp ice cream fountain.

ity. The skills of foreign engineers thus shielded them from the full weight of corporate power.

Or did they? The full story of “Mink v. Lago” hints at the true extent of Lago’s authority over its expatriate staff. Though beginning as a junior engineer in 1949, Walter Mink quickly rose through company ranks, eventually becoming a supervisor within the Marine Department. In 1957, upper management selected him for a prestigious taskforce examining off-the-job safety. The middling manager was particularly qualified for the role, and not just because of his rising ascendancy within the Lago operation: his son Richard had suffered that fateful accident the previous year. Initially, the medical malpractice seemed to have little effect on Mink’s relationship with his employer. He still worked for the company; Lago had assumed all medical expenses, promising to cover future treatment. The refinery upheld its part of the bargain, but only until Mink’s retirement in 1963. In the midst of corporate downsizing and scrupulous penny-pinching, Lago appears to have discontinued its medical payments. Mink sought legal redress, but not through the Aruban courts. What island official, after all, would dare prosecute the company that, in effect, paid his salary?

To try and elude this extensive influence, Mink launched his suit in Queens County, New York. He offered an inventive argument as to how a court in New York could prosecute alleged wrongdoing committed in Aruba. Because of the extensive business conducted between Standard Oil of New Jersey (Lago’s New York-based parent corporation) and its Lago subsidiary, Mink claimed, the two companies were one and the same, separated only by a “fictitious corporation veil.” This argument, while imaginative, ultimately failed to persuade the judges. They ruled Lago and Standard Oil separate entities, dismissing Mink’s case based on a “lack of jurisdiction.”

This verdict illustrated the breadth of corporate control at the Lago Refinery and within the Lago Colony. The company dominated the political and economic affairs of Aruba, much like the notorious United Fruit Company of Guatemala. Indeed, such authority undergirded the very existence of the refinery and its staff enclave, government concessions given to Lago because of its economic value. Corporate patronage, therefore, joined the beautiful bungalows and pristine beaches as things essential to expatriate life, realities that made their time in the Colony possible, even enjoyable. Perhaps the most valuable aspect of this company power, however, was not its extent but its invisibility. The true extent of Lago’s authority remained largely unseen in the Colony, hidden behind the fond memories of expatriate living, the extensive privilege enjoyed in comparison to local laborers and, according to Mink at least, the false corporate veil separating Lago and Standard Oil of New Jersey.

Kody Jackson is a graduate student in History at the University of Texas in Austin. He studies religious movements in the Americas and U.S. Americans abroad in different capacities (business, missionary work, etc.). He would like to thank Dr. Jacqueline Jones and the Briscoe Center for American History for their assistance with this article.

Añelo and Vaca Muerta

Opportunity or Threat?

BY MARIANA BARRERA

AÑELO, A ONCE FORGOTTEN TOWN 600 MILES southwest of Buenos Aires, Argentina, is now in the middle of an oil boom as a result of the discovery of the Vaca Muerta shale field. My first experience there, in February 2014, was terrifying, and it plunged me right into Añelo’s way of life.

Añelo has an unusual and sharp geographic slope that splits the town into two areas with different altitudes. The industrial park and the new urban development are located on the high plateau. By the time I first visited the town, the upland was already cleaned of brush, smoothed and divided into lots for several oil companies that fenced in their areas where trucks and cranes operated. Signs along the side of the road pointed to exploration areas in Vaca Muerta, the world’s second largest shale gas reserve and fourth largest shale oil reserve.

Upon my arrival and after a five-hour interview in the local mayor’s office, he very kindly offered to drive me in his pickup to the town’s new industrial park. I immediately accepted his offer since my small car did not have enough power to make the climb on its own.

Along the way, the mayor told me about his expectations, projects and dreams for this part of the town. “Here’s where we are going to build the airport,” he boasted. I found it hard to imagine an airport in the middle of this Patagonian desert; for now, highly congested, unpaved streets were the only signs of urban development. Meanwhile, just like every other researcher, I registered everything I saw with my camera. There was a lot with a company truck, a makeshift house, and an Argentine flag. I leaned out of the window of the mayor’s pickup and snapped a couple