

# Caterpillar workers strike in Joliet, Illinois

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After rejecting a new six-year contract, machinists at a Caterpillar plant in Joliet, Illinois went on strike early Tuesday morning. Nearly 800 workers at the hydraulics parts plant, who voted to strike by a margin of 94 percent Sunday, now face what could be a brutal, drawn-out struggle against the global heavy equipment manufacturer.

Emerging details of the proposal indicate that workers in the plant were to have wages and benefits cut across-the-board. Through the next six years wages were to be frozen for employees with over seven years experience, while newer workers would receive “market-based wage adjustments,” i.e., substantial de facto wage cuts in both scenarios. The contract also purportedly doubles the cost of health care premiums for all workers, and eliminates pension and cost-of-living increases.

In return for these massive concessions, Caterpillar had cynically included a one-time \$5,000 signing bonus. In addition, future pay increases will be tied to a so-called incentive-based bonus system. The new pay scheme would be akin to a brutal piecework system, in which in the name of improving “competitiveness” more production will be squeezed out of workers for less pay, injuries will rise and workers will be pit against each other.

By Tuesday afternoon, when dozens of workers had formed a picket line at the plant’s entrance, Caterpillar posted summary details of the contract online with the \$5,000 bonus specifically crossed out in red (<http://jolietbargainingupdates.cat.com>), making it clear management was punishing workers for rejecting the concessions contract.

Wage-cutting at the Joliet plant had in fact already been underway before the newest contract proposal. Between 250 and 300 newer hires were brought in as “second-tier” workers under the previous contract signed by the International Association of Machinists

(IAM) on wages of roughly \$13 an hour. Older workers at the plant have traditionally earned around \$28 an hour.

The strike comes at a time when Caterpillar—the world’s largest manufacturer of mining and construction equipment, diesel engines, and industrial gas turbines—is earning record profits. In 2011, the company generated \$4.9 billion in earnings, with over \$60 billion in revenue. In the first quarter of 2012, Caterpillar has already generated \$1.5 billion in profit. The CEO and chairman, Doug Oberhelman, was given a total compensation increase of over 60 percent in 2011, taking home \$16.9 million.

Analysts predict an even larger boom in sales and demand for Caterpillar products in the coming period. A January report by the *Bloomberg* news agency predicted that growth in Caterpillar’s construction equipment division would rise significantly in the coming year, driven by growth in the mining sector.

At the Joliet plant, which produces hydraulic components and systems for mining and construction vehicles, workers on the picket line have been quick to point to the vast disparities between top management and its workforce. Speaking to NBC Chicago, worker Rich Shelton stated, “The company is not playing fair. They have made record profits in the 16 years that I’ve been here, and they feel that it’s not necessary to share it with the people that actually make them the money.”

Another worker, Corey Jones, stated, “I’ve never felt so disrespected in my life. We all have families to feed and the CEO is getting this huge bonus, and I feel like he’s taking away from us to pay for his bonus.”

Speaking to Chicago-based WGN News, another machinist said, “The company is making all this money. They want to raise all these benefits; take benefits away. But they don’t want to increase the pay. It’s almost like they want us to work for free.”

In response to the strike action, Caterpillar

immediately brought in replacement workers, continued production, and has given no indication that it wants to resume negotiations. In a statement released to the press, a Caterpillar representative declared, “Caterpillar has work plans, a process, policies and people ready to be deployed in the event of any business interruption whether it’s a tornado, a fire or a labor strike.”

The machinists’ strike in Joliet comes two and a half months after the closure of the Caterpillar locomotive assembly plant in London, Ontario. At the beginning of the year, 465 production workers were locked out for opposing company demands for a 55 percent pay cut and reductions in pension benefits. While the workers fought courageously, their struggle was isolated by the Canadian Auto Workers (CAW) and led to defeat.

Caterpillar then proceeded to shift assembly operations across the border to Muncie, Indiana, where workers will be paid \$12.50 an hour, less than half the pay of their Canadian counterparts, with virtually no benefits.

The US unions, including the United Auto Workers and the IAM, did nothing to support the fight of the Ontario Caterpillar workers. On the contrary, based on their reactionary perspective of “Buy American,” the UAW and IAM have spent the last three decades accepting concession after concession in order to lower labor costs in the US and undercut workers in other countries.

Hostile to any common struggle by workers around the world, the US-based unions favored the closure of the Canadian plant. In order to bolster their declining dues income, the IAM and UAW are fully backing President Obama’s policy of “in-sourcing,” i.e., slashing labor costs in order to entice manufacturers like Caterpillar to shift production back to the US.

The history of betrayed struggles at Caterpillar should be taken as a warning by striking machinists in Joliet. In 1992, Caterpillar workers—members of the UAW—struck for five months and ownership ultimately threatened to replace the entire body of 12,500 striking workers. In what the *New York Times* then referred to as a “milestone” and “a new stage in attacks on unions by corporations,” the UAW capitulated, telling their membership to return to work under the existing terms of the contract. Over 10,000 Caterpillar workers also struck for 17 months between 1994-95 only to be sent

back to work under orders of the UAW, with no new contract.

The record of the IAM is no less treacherous. During the Caterpillar strikes of the 1990s, the IAM ordered its members at the Joliet plant to continue working while UAW members manned picket lines in nearby Peoria, Aurora and Decatur, Illinois. The union has its own share of isolated and betrayed strikes, from the Eastern Airlines strike in 1989 to the 57-day walkout at airplane manufacturer Boeing in 2008.

Championing “labor-management partnership,” the IAM recently pushed through a four-year contract extension with Boeing—nine months before the contract expiration—that was hailed by management for increasing production and containing costs. “To say we haven’t worked well with our unions over the last couple of years would be a stretch,” said Jim Albaugh, chief executive of Boeing Commercial Airplanes.

The prerequisite for any serious struggle by Caterpillar workers is a rejection of the nationalist and pro-company policies of the IAM and other unions, and their campaign for the reelection of President Obama. Workers in Joliet will have to take the conduct of the strike out of the hands of the IAM by forming rank-and-file committees to mobilize Caterpillar workers in the US and internationally—and broader sections of the working class—against the global corporation’s attack on jobs and living standards.



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