

# The Caterpillar strike and the impoverishment of the American working class

Joseph Kishore  
27 July 2012

Nearly four years into the economic crisis that began in the autumn of 2008, corporate America is escalating its offensive against the working class. With the backing of the federal government, it is pursuing a deliberate strategy to establish poverty-level wages with little or no benefits as the national benchmark.

Workers at heavy equipment manufacturer Caterpillar's plant in Joliet, Illinois are striking against Caterpillar management's ruthless determination to pursue this strategy.

Caterpillar—the world's largest manufacturer of construction equipment, with more than 150,000 employees—is demanding that the 700 workers at Joliet, on strike for three months, accept a wage freeze and sharp increases in worker contributions to health care costs. In a move that is deliberately intended to push out older, better-paid workers, the company is also demanding that workers eligible for retirement leave in a year or lose their benefits.

The lowest-paid workers at Caterpillar, one of the first companies to enforce a two-tier wage system, are already paid as little as \$13 an hour. The company wants this to be the standard—and then the basis for even lower wages.

Caterpillar is a global corporation—with operations in China, India, Brazil, Europe, Australia and North America—and it is pursuing an international strategy. Last year, after workers at a London, Ontario plant rejected its demands for a 50 percent wage cut (from \$28 to \$14 an hour), the company simply shut down the factory and moved production to Indiana—where workers are paid \$12.50 an hour.

The assault on the working class has made possible a sharp increase in corporate profits, including a record

\$1.7 billion for the second quarter, announced this week. The surge in profits has not lessened the drive to slash wages, but rather has merely whetted the appetite of corporate management, which is seeking to vastly increase the profitability of American manufacturing by impoverishing the working class.

Commenting on this phenomenon, the *New York Times* recently noted: "Caterpillar is trying to pioneer new territory, seeking steep concessions from its workers even when business is booming."

For the corporate and financial elite, what is involved is not just one company, but a permanent restructuring of class relations. This process, already far advanced by 2008, has been vastly escalated since the onset of the greatest economic crisis since the Great Depression. Mass unemployment is seen as a great "motivating force," requiring workers to accept wages that barely allow for survival—the "new normal."

US steel companies are seeking to reduce their hourly wage and benefit rate by as much as 36 percent after existing contracts expire at the end of August. ArcelorMittal, one of the world's largest steelmakers, also wants, according to the *Wall Street Journal*, "the 'unilateral right' to cut wages during periods of reduced operations and to schedule 32-hour work weeks."

The desired outcome is a situation in which manufacturing workers make little more than service workers. This is already the reality at many companies. At the Three Rivers plant run by auto parts maker American Axle—the scene of a bitter strike in 2008 that was isolated by the United Auto Workers and ended in defeat—new hires start at \$10 an hour. This amounts to about \$21,000 a year—more than \$2,000 below the

official poverty level for a family of four.

Manufacturing labor costs are collapsing, even as productivity soars and the cost of living for working people rises sharply.

The trend is not limited to manufacturing workers. At New York energy giant Con Edison, corporate management organized a lockout of 8,500 workers beginning July 1, with the aim of forcing them to accept a rise in health care costs, an increased retirement age, and a new 401(k)-style pension plan for new hires. Yesterday, an agreement, brokered by the Democratic Party governor, was announced between the union and management, along the lines dictated by the company.

There is no lack of opposition among workers to this assault. Striking workers at Joliet and the locked-out workers at Con Ed have shown great determination. There is widespread sympathy and support throughout the working class for their struggles.

To the fully worked-out strategy of the ruling class, however, workers must respond with their own strategy.

What are the basic premises of such a strategy?

First, a struggle is possible only through an organizational break with the unions, through the formation of independent rank-and-file committees. The word “union” in reference to these organizations is entirely unwarranted, insofar as it refers to the need to unite workers against the corporations. In fact, these organizations—including the International Association of Machinists at Caterpillar’s Joliet plant—have as their essential aim the isolation of any struggle that erupts. They represent not the interests of workers, but a privileged layer of upper-middle-class executives, which operates as an arm of corporate management.

Second, the international strategy of the corporations must be countered by the international strategy of the working class. The companies, with the support of the unions, seek to pit workers in different countries against each other in a downward spiral of wages. Any successful struggle against the corporations must break free from the national constraints imposed by the unions.

Third, the struggle of workers must be a political struggle. Behind the corporations and banks stands the power of the state and both the Democrats and Republicans. Indeed, the signal for the attack on

manufacturing workers in particular was given by the Obama administration, through the forced restructuring of the auto industry in 2009. The bankruptcy of General Motors and Chrysler was utilized to enforce a sharp cut in health care and pensions, while establishing a wage of \$14 an hour for new hires.

Finally, workers must confront the fact that the defense of their rights and interests is not compatible with the existence of capitalism—private ownership of production on the basis of profit. In the ruthless pursuit of their own self-enrichment, the ruling class is merely operating according to the fundamental principles of the economic system it defends.

The alternative to capitalism is socialism—public ownership and democratic control of the economy by the working class, to serve social needs.

There is no easy or simple solution to the situation confronting working people. The establishment of a new, egalitarian basis of social life is impossible outside of mass struggle—of the entire working class internationally. The events of the past year and a half have demonstrated that the capitalist crisis itself gives rise to such struggles, and the initial struggles are only a small taste of what is to come. The United States, at the center of world capitalism, is ripe for social upheaval, which will take on an ever more distinctly working class character.

What is needed above all is the systematic building of a new political leadership in every section of the working class. This is the central strategic aim of the Socialist Equality Party.

The SEP has launched an election campaign—Jerry White for president and Phyllis Scherrer for vice president. The central purpose of this campaign is the building of a new socialist leadership among workers and young people throughout the country. We call on all workers and young people who agree with this perspective to become involved in the campaign, join the SEP and take up the fight for socialism. For more information visit [www.socialequality.com](http://www.socialequality.com).

Joseph Kishore



To contact the WSWP and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**