

Caterpillar to sack 920 workers at FG Wilson, Northern Ireland

Steve James**19 September 2012**

Caterpillar Inc.'s decision to shift production, at its FG Wilson subsidiary, of a line of diesel generators from Northern Ireland to Tianjin Port Free Trade Zone, China, will cost 760 FG Wilson staff and 160 agency workers their jobs in a matter of weeks.

All redundancies are due to be completed by the end of 2012. Another 400 job losses are anticipated before 2014. Many more workers in support industries and local business face unemployment and a collapse in their living standards over the coming months.

Unemployment in Northern Ireland is currently around 8.2 percent, and economic inactivity amongst adults stands at 26.9 percent. Youth unemployment is 23.5 percent, the highest in the UK. More than 40 percent of Northern Ireland unemployed are under 25 years of age.

Larne, a port of only 18,000 people, where most of the job losses are planned, will be particularly badly hit.

In total, FG Wilson owns four factories in Northern Ireland, along with operations in Brazil, China, India and the US. The company is Europe's biggest producer of diesel generators. It was bought out by Caterpillar in 1995.

Caterpillar itself is a major transnational, the world's largest manufacturer of mining and construction equipment, diesel engines and industrial gas turbines. Worldwide, it employs more than 125,000 workers, including 11,000 in Britain and 26,000 across Europe. Currently, it employs 11,000 in China, a figure it intends to double by 2015.

In the second quarter of 2012, the company reported profits of US\$1.7 billion, an increase of 67 percent over the same period in 2011. Sales revenues of more than US\$17 billion were an all-time record and up 22 percent over 2011.

Faced with falling demand in Europe for generators

because of the economic slowdown, Caterpillar is taking advantage of its global reach to switch ever more production to China.

Although sales in China are also falling over recent months, Caterpillar CEO Richard Lavin is reported to view expansion of its Chinese production base as a platform to expand sales to Africa and the Middle East.

The same day that the Northern Ireland job losses were made public, Caterpillar announced a US\$91.5 million investment in Wuxi following an August announcement of two new facilities in the city of Tongzhou. FG Wilson itself opened its plant in Tianjin, near Beijing, in 2009. The company is now shifting production of its 400 series generator to the new plant in a move that has clearly been in preparation for some time.

Caterpillar's shift shows the relative ease with which modern, globally integrated corporations can respond to the deepening economic crisis, by shifting production from one continent to another in pursuit of the most favourable production environments and the greatest concessions from the working class.

Average monthly wages in Tianjin are currently US\$308, with a minimum set at US\$160. The Northern Ireland average is US\$2,530 (£18,720) for full-time and part-time workers.

In every country, the corporate drive to slash wage costs is willingly aided by the trade unions. Universally, their function has resolved to one of attempting to offer sufficient concessions for workers to keep production in this or that location, while betraying and isolating every attempt by workers to defend themselves.

FG Wilson's decision to shift generator production to Tianjin comes only a few weeks after Caterpillar successfully forced through a 20 percent pay cut along

with pension and health concessions on 780 workers at its production plant at Joliet, Illinois.

A three-and-a-half-month strike by the Joliet workers in opposition to Caterpillar's plans was isolated and betrayed by the International Association of Machinists (IAM). Over the duration of the strike, the IAM refused to call sympathy strikes at other Caterpillar plants and did nothing to stop strikebreakers entering the plant.

In Northern Ireland, the Unite trade union's attitude is in no respect different from that of the IAM. Unite has repeatedly made clear its willingness to sacrifice workers' interests to defend Caterpillar's profit margins.

In 2008/2009, Unite allowed FG Wilson to cut pay by 10 percent, while shedding up to 1,000 workers. While staffing levels were increased again in 2010, it was on the basis of a 40 percent increase in productivity and an additional production line.

In July this year, when FG Wilson announced an initial 260 job losses bound up with preparations for the move to China, a Unite spokesman absurdly claimed the news was a "bolt from the blue".

In response to the most recent announcement, Jimmy Kelly, Unite's regional secretary in Ireland, complained that he had been denied the opportunity to offer concessions. Kelly said FG Wilson "has not given its workers or their union representatives the opportunity to negotiate a plan which would have attempted to keep some of the affected workers employed".

Official political response from both sides of the sectarian political divide in Northern Ireland has been to mingle expressions of sympathy with demands for a lower Corporation Tax rate.

Democratic Unionist Party (DUP) finance minister Sammy Wilson admitted that Caterpillar would have shed jobs even if the Corporation Tax was lower, but that "future investors need to know that the rate will be for them." The far-right DUP is pressuring the UK government's new Northern Ireland secretary Theresa Villiers for a quick decision on reducing Northern Ireland tax rate to the 12.5 percent rate in the Irish Republic.

Sinn Fein's Paul Maskey (MP for West Belfast) put forward the same strategy wrapped in an Irish tricolour. He called for "all-Ireland economic development and job creation", which would entail the same unified tax

rate in line with the republic.

For their part, the ex-left Socialist Workers Party, closely allied with Unite, cited a 2009 dispute at car parts maker Visteon as showing the way forward. But the Socialist Worker web site article by a J O'Toole neglected to warn workers of the despicable role being played by Unite during the Visteon dispute, and of the dispute's conclusion.

Despite a determined struggle, including plant occupations, Visteon workers in the end were only able to secure somewhat improved redundancy payments. This was only possible to the extent that workers acted and began to organise independently of Unite in the occupied plants. They were not, however, able to break the isolation that Unite imposed on the dispute.

Nor did O'Toole mention Unite's role in previously pressuring workers to take their pensions out of Ford's pension scheme. As a consequence, Visteon workers have lost up to 50 percent of their pension rights.

O'Toole also sought to channel workers behind the two sectarian parties jointly running Northern Ireland. According to O'Toole, "time and time again when faced with resistance Stormont folded because of pressure from ordinary people."

In reality, to defend jobs and living standards workers are posed with taking up a struggle which is organisationally and, above all, politically independent of both the trade unions, the corporations and the entire disgraceful political apparatus of Northern Ireland.

This means that a fight for decent jobs and living standards is inseparable from a united struggle by working people to reorganise society in their own interests. This is posed in Tianjin, no less than in Larne and Belfast.



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