

# Mass layoffs at Caterpillar in Belgium

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1 March 2013

On Thursday the management of the US construction equipment manufacturer Caterpillar announced that it was laying off 1,400 workers at its plant in Gosselies, Belgium, which has a total workforce of 3,700. In addition, 190 temporary contracts will not be renewed. In two French plants a further 200 jobs are to be axed.

The plant in Gosselies began operation in 1965 and mainly produces hydraulic excavators and wheel loaders for the European market. The job cuts will have devastating consequences for the city and the entire industrial region of Charleroi. Following the closure of numerous factories, unemployment in the area is around 20 percent.

The company management justified the mass layoffs by citing weak economic growth in Europe. “More fundamentally,” however, are the high costs of production in Belgium, a statement said. “At the moment it would be cheaper for us to import machines to Europe from other group sites than to produce them at Gosselies.”

“These measures though painful are nonetheless to regain competitiveness,” declared the managing director of Caterpillar Belgium, Nicolas Polutnik. The cuts were the only way to secure the existence of the plant beyond 2015, he argued.

Caterpillar made a profit of \$697 million in 2012 and employs about 125,000 workers around the world. The company has imposed brutal attacks on workers in recent years, deliberately playing one factory off against another. In doing so, it has worked closely with the trade unions in the different countries in which it operates, which insists that concessions must be accepted to “save jobs.”

In 2010, the company dismissed 22,000 employees internationally, including 733 in its two French factories in Grenoble and Echirolles. In the same year, it hired an additional one hundred workers for its Gosselies factory, with the worker’s wages largely funded by a government program. According to the unions the government paid up to 1,100 euros per month for each of the affected workers, or about 90 percent of net wages.

In 2011 Caterpillar closed a plant in Ontario, Canada,

after workers rejected demands that they accept a 50 percent cut in wages, from \$28 to \$14 per hour. The group then moved production to Indiana in the US, where it pays workers \$12.50. Last year Caterpillar in Illinois, in collaboration with the union, froze wages for 6 years in the face of bitter opposition from the workforce.

The trade unions are also playing a key role in enforcing redundancies in Gosselies. They work closely together with management and fully support the logic of sponsoring individual plants. In the past they were repeatedly prepared to accept wage cuts and layoffs in order to ensure the profitability of individual factories.

Jean-Marie Hoslet of the Confederation of Christian Trade Unions (CSC) suggested that the management in Gosselies concentrate more on the export of machinery to compete directly on the world market. He explained that his union would wait to see if management had not exaggerated the numbers of layoffs in order to strengthen their hand in negotiations.

Hillal Sor, a spokesman for the General Federation of Belgian Labour (FGTB), the largest union in the country, told the WSWs that it was too early to think about taking action. First of all it was necessary to inform the staff. Next it was necessary to develop alternatives based on redundancy schemes, and finally one could negotiate with the government and management. Prime Minister Elio Di Rupo of the Socialist Party (PS) invited the unions to attend a meeting held yesterday.

Although the unions have filed notice to strike, their comments make clear that any action will be entirely symbolic. The union bureaucrats have already decided in their headquarters to rubber-stamp the layoffs following negotiations.

By isolating workers at individual factories, in different countries and across industries, the unions are creating conditions for a race to the bottom when it comes to workers’ wages and working conditions across Europe.

The attacks at Caterpillars are part of an international offensive against the social rights of workers. In Belgium the steel maker ArcelorMittal has announced the dismissal

of 1,300 workers in Liege, and Ford is seeking to close its work in Genk with the loss of a total of around 10,000 jobs.

In Germany, Hewlett Packard has announced the closure of its Rüsselsheim plant with 1,100 jobs. Commerzbank is to sack 6,000 staff, and the steel giant ThyssenKrupp plans another 3,800 layoffs across Europe. Layoffs have also been announced by Lufthansa, Air Berlin and many other companies.

Experts expect that production “overcapacity” in the European car industry exceeds five million units. To close this gap means the closure of up to 70 plants and the destruction of 115,000 jobs, according to auto industry website autoline.tv.

In addition, workers in Spain, Portugal and Greece, Italy and France are being subjected to new austerity measures imposed by the European Union at the behest of the banks. The official unemployment rate in the euro zone has already reached the record level of 11.7 percent. In Greece, it stands at 27 percent.

There are growing indications of opposition on the part of workers, but the attacks in Europe can only be countered when workers unite internationally to oppose the unions and their logic of playing off workers against one another.

What is needed is the establishment of committees of action in Gosselies, Genk and Liege, which operate completely independently of the unions and establish contact with workers at all other affected plants. The subordination of workers’ wages and jobs to the dictates of profit—the heart of the capitalist system, embraced by the unions—must be countered with an international movement of the working class on the basis of a socialist program.



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