

Reject the USW sellout of S. Milwaukee Caterpillar workers! For an independent struggle by the working class!

Statement of the Socialist Equality Party
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The Socialist Equality Party calls on South Milwaukee CAT workers to reject the sellout deal reached by the United Steelworkers (USW). This should be the beginning of an industry-wide struggle by workers against Caterpillar's global strategy of imposing poverty wages and sweatshop conditions on its workforce.

The six-year contract pushed by the USW includes sweeping wage and benefit concessions on the 800 workers at Caterpillar's Global Mining plant. Workers should treat with contempt the efforts by the company and the USW to bribe them into accepting these givebacks with a \$2,500 ratification bonus and false promises of additional cash payments over the life of the contract.

Steelworkers sub-district director Ross Winklbaur has endorsed this agreement as "one of the better contracts we have seen with Caterpillar." This only demonstrates the hostility of the highly paid USW bureaucrats towards the workers they claim to represent.

The contract condemns new workers hired after May 1, 2013 to "market-based" wages as low as \$13.46 an hour and creates a new category of "interchangeable" workers who can be exploited at management's whim. The creation of this low-paid insecure workforce will put a target on the backs of older, higher-paid workers, who will be subjected to endless harassment and speedup to drive them out.

Workers have had to deal with years of declining living standards since the collapse of the housing market in 2008. Now they will face a six-year wage freeze with incentives only if they meet management's production targets. The proposal for the new Employee Reward Program harkens back to the dark days of the hated piecework system, which was only abolished by the struggle of workers generations ago.

Caterpillar says it is paying higher than market labor

costs. But it has no problem pouring millions into the pockets of corporate executives and wealthy investors. Caterpillar, the world's largest manufacturer of construction and mining equipment, made a record \$5.68 billion in profits in 2012. Chairman and CEO Douglas Oberhelman pulled in a total compensation of \$16.9 million in 2011, a 60 percent increase over his income in 2010, and his pay rose a further 32 percent in 2012 to \$22.4 million dollars.

Under these conditions, the USW has also agreed to:

* **Mandatory overtime:** Workers could be required to work daily and Saturday overtime as Caterpillar desires. The company would be able to reassign workers to different classifications, work areas, or shifts during their overtime assignments.

* **Abolishing retiree health care benefits:** New hires after January 1st 2014 will not be eligible for retiree health care. Those with retiree health care plans will receive payments until the retiree becomes Medicare eligible at age 65. Previously retiree health care provided for a 10 year maximum. The retirement age in the US is 67: therefore workers will only receive retiree health care payments from Caterpillar if they retire early.

* **Elimination of defined benefit pension plan for new hires:** Employees will be pushed into an "enhanced" 401(k) plan, leaving the retirement benefits in the hands of stock market swindlers.

* **Higher health care costs:** Employees' contribution to the health care plan would be set at 18 percent. The health care waiver bonus would be eliminated to encourage employees to move to Caterpillar's more expensive health care plan.

* **More job insecurity:** The prospect of 14 weeks of temporary layoffs. Layoff pay would be \$170 a week. Day at a time lay off pay would be \$85 a day.

Additionally workers will be required to take two weeks of vacation in the summer each year.

That the USW would endorse this rotten contract reveals the real character of this organization. The USW, just like the UAW and IAM, is nothing but a labor syndicate, which profits by offering up its members as cheap labor and blocking any struggle that threatens its corporate paymasters. Bureaucrats like USW International President Leo Gerard (2012 salary \$197,128, plus perks) are opposed to any struggle to defend the working class and are only concerned about maintaining the “labor-management partnership” that assures their privileged upper middle class lifestyle.

The contract proposal follows in lock step with the economic policies of the Obama administration to cut workers’ wages and slash benefits. This policy of “insourcing” was laid out by Obama last year in his visit to Master Lock in Milwaukee, where he stated that “Our job as a nation is to do everything we can to make the decision to in-source more attractive for more companies.” Master Lock workers are now faced with the elimination of retirement benefits and increasing payments to their health care plans.

In other words, the Obama administration--with the full support of the unions--is telling the corporations they do not need to go to Mexico or China for cheap labor. They can get it in Wisconsin, Ohio or Indiana. In exchange for selling out their members, the union officials will continue to collect dues from workers, even if they are living at or near the poverty level.

The contract vote takes place under conditions of the worst crisis of the world capitalist system since the Great Depression. Demand for coal—and mining equipment—has dropped as growth in the Chinese and Australian economies has slowed in response to the continued slump in Europe and the US.

The company is attempting to make up for the decline in revenue and profit by placing downward pressure on labor costs through the slashing of wages and shedding of retirement benefits and health care obligations. The unions--which defend the capitalist system and are opposed to any struggle to unify workers internationally--have facilitated this race to the bottom.

This campaign has been seen most recently in the mass layoff of workers in Gosselies, Belgium, and Northern Ireland, the shuttering of the London, Ontario, Electromotive Diesel plant, and enforcement of major concessions in Joliet, Illinois. More than 100 workers also lost their jobs in Australia, when the company shifted

production of mining trucks from Victoria to Mexico. Caterpillar is planning to lay off up to 300 workers in South Milwaukee and a further 460 at its plant in Decatur, Illinois.

CAT workers are in a struggle not just against one employer but the entire economic and political system. The capitalist system enriches the few at the top at the expense of billions of workers around the planet, from Greece and Cyprus, to Milwaukee and Detroit, who are being forced to accept austerity, wage cuts and the attacks on essential programs like Medicare and Medicaid.

Workers cannot defend their interests through the trade unions or the Democratic Party, which, no less than the Republicans, defends Wall Street and corporate America. CAT workers should make a decisive break with the USW and the Democratic Party and form independent rank and file committees to take the conduct of their struggle out of the hands of the pro-company unions and fight for the full industrial and political mobilization of the working class.

A broad appeal must be made to workers in the Milwaukee metropolitan region, nationally, and internationally to wage such a fight. If the social rights of working people--for secure and good paying jobs, health care, housing, education and a comfortable retirement--are to take precedence over the profits of the rich, then workers must take up the fight for socialism. This includes taking the industrial monopolies and the banks out of the hands of the corporate exploiters and putting them under the democratic control of workers themselves. In this way, economic life can be reorganized to meet human need, not private profit.

We encourage those interested in taking up this fight to contact the Socialist Equality Party today.



To contact the WSWS and the Socialist Equality Party visit:

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