

Fall in quarterly profits paves way for new attacks on Caterpillar workers

Niles Williamson
29 July 2013

Last week, Caterpillar announced a 43 percent decline in second quarter profits over the second quarter of 2013, the result of falling global demand for construction and mining equipment. The fall in profits will result in an escalation in attacks on the living standards of Caterpillar workers across the globe, who will be forced to bear the brunt of the economic slowdown.

The company announced a second quarter profit of \$960 million compared to a \$1.7 billion in the second quarter of 2012. Total sales and revenue declined 16 percent to \$14.6 billion, from \$17.4 billion a year ago. Caterpillar revised its expected 2013 sales revenues downward from between \$57 to \$61 billion to between \$56 and \$58 billion.

The falloff in profits is the result of slowing economic growth in China and Asia, an entrenched economic crisis in Europe, and a stagnant economic “recovery” in the United States, which has resulted in falling demand for raw materials such as coal and the equipment required to obtain them.

In a statement to the media Caterpillar CEO Doug Oberhelman assured big investors that the company would press ahead with its savage cost-cutting campaign to boost profits. “With the sharp reduction in dealer inventory and the decline in mining, 2013 is turning out to be a tough year and we’ve already taken action to reduce costs. During the first half of the year, we’ve had temporary factory shutdowns, rolling layoffs throughout much of the company, reductions in our flexible work force, and we’ve reduced discretionary and program costs. While we’ve taken significant action already, we will be taking additional cost reduction measures in the second half of 2013.”

Caterpillar has been working to increase profits in part by shedding workers and unprofitable assets;

between June 2012 and June of this year the company’s global workforce declined by more than 20,000 employees. The company’s US workforce declined by 4,392, while its non-US workforce declined by 9,902. The sale of company assets, including Bucyrus’ global distribution network, resulted in the loss 6,572 employees.

The company has also laid off 760 production workers at its Decatur, Illinois facility, 1,400 workers at its facility in Gosselies, Belgium, and 200 workers in France. The mass layoffs, plant closures and slashing of wages and benefits enabled the company to clear \$45,000 in profits per Caterpillar employee last year.

The unions, which nominally represent Caterpillar workers, have done nothing to defend their wages, benefits, or jobs. In the United States, this includes the United Auto Workers (UAW), the International Association of Machinists (IAM) and the United Steelworkers (USW). The unions have a long and wretched record of working hand in glove with Caterpillar and other corporations to enforce one concession after another on workers.

Most recently Caterpillar worked with the USW to enforce a six-year concessions contract on approximately 800 workers at its Global Mining facility in South Milwaukee, Wisconsin. The contract established “market-based” wages for new hires as low as \$13.46 an hour and froze wages for current workers for the life of the contract.

After the USW successfully enforced the contract, Caterpillar announced the indefinite layoff of more than 30 percent of the workforce in the plant due to a decline in the demand for mining equipment. The company also announced two one-week furloughs for all support staff and management.

Last May, the company announced plans to close a

recently acquired factory in Toronto, Canada by the middle of next year, throwing 330 workers out of their jobs. In 2012, Caterpillar locked out 425 workers represented by the Canadian Auto Workers (CAW) at its locomotive plant in London, Ontario after they refused to take a 50 percent pay cut. After a month, the company shuttered the plant and moved production to Muncie, Indiana, where workers are being paid only \$12.50 an hour.

While attacking its workers' living standards, Caterpillar has also bought out rivals in the heavy-equipment manufacturing sector. In 2011, Caterpillar purchased Bucyrus Corporation in South Milwaukee for \$8.8 billion, making it the largest acquisition in the company's history.

On July 1 of this year, Caterpillar announced the purchase, for an as-yet undisclosed amount, of Johan Walter Berg AB, a manufacturer of marine propulsion and control systems for large ships headquartered in Hönö, Sweden, which operates production facilities in Sweden and Singapore.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact