

As backdoor UAW-Caterpillar negotiations and tax fraud investigation continue

Former Caterpillar worker speaks on 2012 Joliet, Illinois strike betrayal

Marcus Day
13 March 2017

The *World Socialist Web Site* recently spoke with Gareth, a former Caterpillar worker employed at the Joliet facility for 20 years, about the issues he confronted at his plant and the broader struggle facing workers at the mining and construction equipment giant. In particular, he recounted the details of the 2012 strike by members of the International Association of Machinists (IAM) at the Joliet plant.

The lessons of the betrayal of the Joliet strike are highly relevant for members of the United Auto Workers employed at Caterpillar plants nationally. It is nearly two weeks since the contract between Caterpillar and several thousand United Auto Workers (UAW) members expired. Since then, the UAW has ordered workers to continue on the job, while maintaining a total information blackout on the content of their closed-door negotiations with the company.

Caterpillar, having lost \$67 million last year, is in the midst of a worldwide restructuring, laying off tens of thousands and closing multiple plants. It is undoubtedly seeking massive concessions from workers, which the UAW will attempt to sell on the fraudulent basis that it will “keep jobs in the US.” Nonetheless, workers have expressed their overwhelming determination to fight, voting by 93 percent to authorize a strike.

While contract talks continue Caterpillar is facing government scrutiny for flagrantly dodging billions in taxes. Last week, officials from several federal agencies raided Caterpillar’s headquarters and two other facilities, seizing documents and other electronic evidence.

The company is stonewalling attempts by the IRS to recoup nearly \$2 billion in taxes and penalties. That agency, along with a Senate subcommittee investigation, has alleged that Caterpillar avoided taxes on billions by

shifting profits to a parts subsidiary in Switzerland, after working out a nominal corporate tax rate of 4 to 6 percent with the Swiss government.

Last Wednesday, the *New York Times* published an article on a leaked report by Leslie A. Robinson, an accounting professor at Dartmouth College. The report was commissioned by an unnamed federal agency and accuses the company of engaging in deliberate tax fraud.

“Caterpillar did not comply with either U.S. tax law or U.S. financial reporting rules,” the report states. “I believe that the company’s noncompliance with these rules was deliberate and primarily with the intention of maintaining a higher share price. These actions were fraudulent rather than negligent.”

Gareth spoke about the lessons of the struggle at the Joliet plant and the broader issues facing workers. Workers at the Joliet Caterpillar plant work under terms of a separate agreement from members of the UAW employed at other company facilities in Illinois and across the US.

“Anybody that’s worked at Caterpillar is not surprised at all,” said Gareth about the tax fraud case. “If they can put that money into an offshore bank account and not pay taxes, of course they will. It’s just the bottom line. Safety, loyalty be damned—whatever they can do to make more money.”

He discussed his bitter experiences during the 2012 strike at the Caterpillar Joliet plant. At that time nearly 780 workers struck for three-and-a-half months, only to have the IAM force through a painful concessions contract, which has paved the way for the destruction of jobs at the plant.

Gareth said employment at the Joliet plant had been slashed to almost nothing by the time he left. “When I

hired in there were 2,300 shop-floor employees, and we were in five buildings. In 2000, they went down to one building, and when I quit in May last year there were about 200 left working on the floor. Everything else is contract work. I didn't want to hang around and be the last guy there.

"It's really sad to me because I have two sons and I wonder where they're going to work if this keeps going."

"In terms of what they wanted to take from us, for me personally it was my pension. That's why I voted to strike. When I started in 1996, they promised so many things that they didn't follow through with.

"I hired in a month after my 19th birthday. Before that I worked at a Pizza Hut, and on a farm. Caterpillar was my first real job. I didn't have any benchmarks, I just thought, 'This is how you get treated as a worker.'

"I was definitely unsatisfied with [the outcome of the strike]," Gareth said. "It was a complete mess in how it was handled by the union.

"It felt like we were fighting both the union and the company at times. With strike pay, at first it seemed nice to get a little bit to be able to spend while you're out." As the strike continued he said, "People's families were starving, and houses were being repossessed...The only way I was able to hold out and not lose everything was because my father had passed away the year before and left me \$10,000. I burned through all of it.

"Now, I'm not anti-union, but even when I was in the union I wasn't a pro-union guy. I'm not taking away from the past, when unions were called for. But now they are just as bad to me as a big corporation; they are a big corporation.

"I was never going to cross the picket. At the same time, I didn't necessarily hold it against those who did."

Gareth said that he thought Caterpillar planned to double down on its attacks on workers in the current negotiations. In a warning shot, the company announced at the beginning of the year that it was considering ending production at its Aurora, Illinois, plant at the edge of the Chicago suburbs, shifting 800 jobs to plants in Decatur, Illinois, and Arkansas.

"I have a relative who's now retired who worked over at the Aurora plant. After the strike, I asked whether I should go there, and he said, 'You don't want to come here either.'

"We machined a lot of parts in Joliet and then they put them on the tractor in Aurora. I don't foresee them continuing to build them there after they've basically shut down Joliet.

"Caterpillar can cut corners, get cheaper steel, cheaper iron, pay people dirt wages. It never stops, and a lot of that's shareholder driven. Most of it is corporate greed. You can't say you can't afford to pay skilled labor a living wage, and then pay your CEO a multimillion-dollar raise.

"It's not just one guy, it's not just the CEO of CAT, even though he's a ramrod. It's something that affects the whole corporate culture."

Gareth spoke about his politicization over the preceding years under the impact of the downturn of the economy and the struggle to raise a family. Like many workers disgusted with the establishment candidates Hillary Clinton and Donald Trump in the 2016 elections, Gareth was attracted to the campaign of Vermont Senator Bernie Sanders, who called himself a "democratic socialist."

Sander's subsequent decision to throw his support to Clinton, an open shill of Wall Street, opened the door to the election of Trump, who demagogically postured as the champion of American workers on the basis of right-wing America First nationalism and anti-immigrant hysteria.

"I was Bernie Sanders all the way, I really was anti-Hillary and anti-Trump. I don't want to sit here and say everything he said rang true to me, but compared to the other two, he definitely seemed the better option. And there's no way that Clinton was the more popular candidate. Nobody that I knew wanted Hillary Clinton as their president."

He indicated his opposition to the policies being implemented by the Trump administration.

"With Trump, it's easy to joke about his tweets and misspellings, but for me those are more superficial than the worst things he's doing."

He continued, "I guess I'm a lot more political now than I used to be. All I cared about was making enough money to take a girl out and go to the movies. And for 10 of those years I worked at Caterpillar and didn't think about politics much. I'm still probably two or three paychecks away from living paycheck to paycheck. And then you have kids and a family, and have to think about their future. That changes things."



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact