

Caterpillar slashes jobs in Illinois, rewards corporate shareholders

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On Monday, earth-moving equipment manufacturer Caterpillar, Inc. announced that workers at its plant in Pontiac, Illinois would be issued layoff notices. The corporation did not report on the details of the number of layoffs or which jobs would be cut.

The latest round of layoffs comes after the company laid off an undisclosed number of workers and employees worldwide in late April, including managers, production and support workers, and contract workers at facilities in Aurora, Decatur and Peoria in Illinois as well as some workers in Minnesota in the US.

In March, Caterpillar slashed jobs at its KK Building in East Peoria and idled its iron foundry in Mapleton, Illinois.

The layoffs this year are the result of decisions made after reports of decreased sales and earnings by the company attributed to falling demand because of the impact of the COVID-19 pandemic on global production. They were imposed “to reduce costs due to the impact of the COVID-19 pandemic and to improve our competitiveness during this period of economic uncertainty,” according to company spokesperson Kate Kenny in the *Peoria Journal Star*.

Through the layoffs, the corporation is forcing the burden of the economic crisis onto the backs of the workers, whose labor generates profits for its wealthy shareholders in the ruling elite.

After the March layoffs were announced, Caterpillar reported a \$500 million distribution of dividends to shareholders. The quarterly dividends of \$1.03 per share were voted on by the board of directors even after it pulled its 2020 financial outlook in response to the effects of the pandemic. Caterpillar is one of many US-based corporations that have laid off workers and cut jobs and pay since the pandemic took hold in the US, as it continued to pay out dividends to investors.

Caterpillar has subjected workers to relentless job and wage cuts to pay for its financial downfall. After a downslide in revenues and profits in the final quarter of 2015, the corporation moved to cut 5,000 jobs worldwide, in addition to 5,000 more planned by the end of 2018, a boon of \$1.5 billion annually in savings. Nearly half, or 2,300, of those jobs bled in 2015 were Illinois workers, through layoffs and forced early retirement.

Workers at the Pontiac plant build fuel system components for engines. Caterpillar acquired the plant in 1978 and introduced robot technology in the 1980s to vastly increase economic output and expand the exploitation of workers. In 2018, nearly 1,300 full-time and contract workers worked at the plant, which is the largest private sector employer in the small city of 11,931.

The layoffs will further devastate the working-class residents in the area, who have suffered increasing economic blight over the past two decades. The 2000 US Census reported a poverty rate of 11.7 percent in the city, shooting up to 19.8 percent in 2017, compared to 12.6 percent in the rest of Illinois. Over one quarter, or 26.8 percent, of children in the city live below the poverty level, compared to 16.8 percent in the rest of the state.

The metropolitan area in which the city sits has seen a 7.7 percent increase in unemployment from May 2019 (3.2 percent) to May 2020 (10.9 percent). Unemployment statewide reached 14.7 percent in May, an increase of over 11 percent from the past year.

The United Auto Workers (UAW) will do nothing to protect workers’ right to a job in the face of mounting unemployment, despite Local 2096 officially “representing” them in the plant.

In 2017, the UAW pushed through a massive concessions contract that many Illinois Caterpillar workers suspected was passed fraudulently. Leading up to the betrayal, the UAW defied a 93 percent strike vote and then rushed the contract vote without adequate time for

workers to study the deal.

Despite widespread opposition by workers in Peoria and Decatur, Illinois, the six-year contract escalated job cuts, increased health care costs for workers, and extended a wage freeze for senior workers to 15 years.

In 2016, UAW Local 2096 forced workers at the Pontiac plant to take pay cuts between \$1.50 and \$3.93 per hour, a loss of up to \$8,000 per year for a worker, in order to “bring new jobs” and keep the plant open, according to UAW Bargaining Chairman Jim Myer.

In reality, the UAW’s class-collaboration policies did nothing but destroy the livelihoods of workers for the benefit of the corporation, which raked in a \$1.6 million tax abatement and capital incentive deal from the local Livingston County Board in return for deepening the exploitation of the working class.

The UAW sought to isolate Caterpillar workers locally and internationally, pitting them against one another and their fellow workers who struggled against the same corporation across the world. Later that year, after the contract was pushed through, Caterpillar moved ahead with the announcement of plant closures and layoffs in Aurora and Montgomery, Illinois.

In Belgium, the ACV-CSC-Metea union aided the company in closing its plant in Gosselies in 2017. The following year, Caterpillar completed the closure of 20 industrial sites throughout the US and Europe, laying off 20,000 workers.

The situation facing Caterpillar workers in Illinois is mirrored by the working class worldwide. Workers at Fiat Chrysler in Sterling Heights and Jefferson North Assembly plants have already established rank-and-file safety committees independent of the company and union to fight for better working conditions. Last Thursday workers at Jefferson North shut down production after three workers tested positive for COVID-19.

An independent, international political movement and program, of, by and for the working class, is needed to unify the struggle for these basic rights. It is above all a political struggle against the capitalist system for the program of international socialism and equality for all.

Both big-business parties in the state of Illinois have thrown strong support behind the heavy equipment manufacturer. Multimillionaire former CEO Doug Oberhelman was one of the earliest financial supporters of former Illinois Republican Governor and hedge fund manager Bruce Rauner, citing Rauner’s plans to make cuts to the state budget to benefit corporations in return for Caterpillar keeping its headquarters in the state.

Current Illinois Democratic Governor and corporate billionaire J.B. Pritzker deemed Caterpillar’s manufacturing operations as an essential industry after stay-at-home orders were executed in the state on March 21, an act of criminal negligence that put thousands of workers at risk for contracting and spreading COVID-19 in order to fulfill the corporations’ drive for profit.

The UAW stayed silent on this violation of workers’ right to a safe workplace. Local 974 President Randy Diehl kowtowed to corporate management by stating on Facebook that “[t]he UAW does not have the authority to force Caterpillar to shut down. This is a Caterpillar decision that is allowed by the federal government.”

There was no legitimate reason for Caterpillar to continue operations during the lockdown, other than to keep cash flowing into the stock markets and banks. The corporation reported \$3.19 billion in profit globally for the first quarter of 2020, despite agonizing over a drop in sales. Its stock price has risen to \$126.06 from an annual low of \$95.50 per share in March, before Pritzker excluded it from the list of businesses that would shut down under the state’s order.

Illinois moves ahead with its economic reopening plan in spite of being one of 36 states reported by CNN to have an upward trend of new daily cases since June 23. State health officials indicated Wednesday that “it’s really a matter of personal responsibility, rather than policy, right now,” according to ABC7 News. In other words, state officials have no intention of reverting to more restrictive social distancing measures, blatantly disregarding public health in order to fuel the dying capitalist economy.

The Socialist Equality Party in Illinois is fighting for the workers’ democratic right for a party that represents its struggle against the corporate ruling class to appear on the ballot for the 2020 general election in Illinois. Sign our petition today to put the SEP’s Presidential and Vice-Presidential candidates Joe Kishore and Norissa Santa Cruz on the ballot in Illinois.



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