

# Caterpillar handed investors \$6.7 billion in 2022, while demanding more concessions from workers in next contract

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*Work at Caterpillar? We want to hear from you: Fill out the form at the end to tell us about your working conditions and what you think workers should be fighting for.*

On Tuesday, global construction and mining equipment manufacturer Caterpillar announced its fourth-quarter and full-year earnings for 2022. The earnings report showed substantial sales increases and strong profitability over the previous year, which the company utilized to reward its investors with a \$6.7 billion payout via share buybacks and dividends. Since 2018, Caterpillar has distributed more than \$23 billion to its investors, or roughly \$12.6 million every day.

The bonanza for Caterpillar's shareholders—dominated by major investment firms like the Vanguard Group, State Street Global Advisors and BlackRock—comes at the same time that the company is preparing to demand a new round of concessions from nearly 7,000 US workers in the United Auto Workers union whose six-year contract with CAT expires on March 1. The workers, for their part, are seeking to win major improvements in wages, benefits, paid time off and working conditions, and reverse years of givebacks overseen by the UAW bureaucracy. On Friday, workers voted by a near-unanimous 98.6 percent to authorize a strike.

“Our global team delivered one of the best years in our nearly 100-year history, including record full-year adjusted profit per share,” CEO Jim Umpleby said in a statement accompanying the earnings release. Although the figure was not included in the latest earnings report, Umpleby no doubt received a handsome payout himself last year; between 2019-2021, he took in more than \$72.5 million in combined salary and other

compensation, according to the company's financial filings.

Responding to the earnings report, one Caterpillar worker in East Peoria told the WSWs sarcastically: “Looks like they'll be able to afford some good help.”

Caterpillar's fourth-quarter revenue rose to \$16.6 billion, up 20 percent compared to the same period last year, buoyed by continued price increases. Revenue ended up 17 percent for 2022 overall, hitting \$59.4 billion. The company's prices have risen 14 percent recently, the highest rise in a decade, according to a report by a Bank of America research analyst cited by Reuters.

The company also reported a strong year-over-year growth in operating profit, rising 15 percent to \$7.9 billion.

In addition to a record-high full-year profit per share, adjusted operating profit margins also rose to an all-time high, hitting a robust 17 percent in the fourth quarter.

The company projected further growth in revenue and profit in the coming year, stating that it expected higher prices to “more than offset manufacturing costs.”

However, in an indication of the headwinds posed by the broader economic and political crisis, profit per share saw a sizable decline year over year in the fourth quarter and missed financial analysts' estimates, falling 29 percent to \$2.79 a share. Executives attributed the drop-off in fourth quarter earnings to elevated material and freight costs from ongoing supply chain problems, as well as unfavorable foreign exchange rates with the US dollar. Wall Street reacted negatively to the news, driving the company's share price down sharply before it recovered somewhat, remaining 5 percent below its

recent all-time high.

Significantly, no reference was made in the company's conference call with financial analysts Tuesday to the looming UAW contract expiration or the possibility of a strike. Wall Street representatives likely have little doubt that Caterpillar management is preparing an aggressive response to a walkout, based on the company's well-known reputation for its no-holds-barred approach to its workforce.

The company has seen years of strong profitability based on the long-term suppression of labor costs, which it has wrung out of its global workforce by combining ruthless strikebreaking and reliance on the pro-corporate trade union bureaucracies. In 2017, the UAW pushed through a six-year contract over widespread opposition—with the largest local voting it down—which sanctioned the closure of the company's plant in Aurora, Illinois, and provided only two 2 percent annual wage increases.

Summing up what workers are looking to win in the approaching contract struggle, one Caterpillar worker told the WSWS, "More y time [paid time off]. More vacation days. More pay. Better retirement benefits."

Another veteran worker in the Peoria area told the WSWS: "What they paid out to the shareholders alone would pay for all our demands. Restore pensions, wage increase, COLA, profit sharing, health care, everything.

"Of course it has never been a matter of 'CAN they.' It's strictly a question of 'WILL they.' With undisguised contempt they snap their fingers in our face and say 'you don't deserve it.'

"At our 'start of shift' meeting today, one of the talking points was a year-end summary of safety 'incidents' for 2022. 433 for Mapleton facility alone. Including x number of recordable injuries, x number of first aid visits, x number of burns, and so on. No mention of the two fatalities."

In 2022, Steven Dierkes, a 39-year-old worker at Caterpillar's Mapleton, Illinois, foundry, fell into a vat of molten metal after being on the job less than two weeks.

The Occupational Health and Safety Administration (OSHA) said in a report following its investigation that the death was attributable to Caterpillar's "willful" safety violation and "failure to meet its legal responsibilities to ensure the safety and health of

workers" but fined the company only \$145,027—roughly equivalent to just two days' pay for the company's CEO. The death was the second at the foundry in just six months.

Concluding, the Caterpillar worker said, "We simply do not register in their minds as living things, let alone human beings."

The struggle at Caterpillar, in contrast to previous years, is taking place amid a renewed eruption of the class struggle internationally, which is increasingly taking the form of a rebellion against the corrupt trade union bureaucracies. Over the course of the past two years, workers in the UAW have repeatedly voted to reject pro-corporate contracts negotiated and endorsed by union executives, including by overwhelming 90 percent margins at Volvo Trucks and John Deere in 2021.

The urgent task facing Caterpillar workers is to begin organizing now to take control of the struggle into their hands, and appeal for support throughout the working class for a common fight. Will Lehman, a Mack Trucks worker and socialist candidate for UAW International president, has won broad support among workers based on his call to abolish the UAW bureaucracy and transfer power to workers on the shop floor, through the establishment of a vast network of rank-and-file committees. To discuss forming a rank-and-file committee at Caterpillar, contact the WSWS today.



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