

Class struggle at Caterpillar: Lessons from the past

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As Caterpillar workers prepare to vote on the latest sellout deal negotiated by the United Auto Workers union, they would do well to review the record of the UAW, which has played an instrumental role in undermining the jobs, wages and working conditions of workers at Caterpillar and throughout the auto industry.

The history of Caterpillar workers' struggles since the 1980s is one of enormous determination and militancy, as well as painful defeats inflicted by the pro-corporate union apparatus. In fact, the 2023 contract proposal—which would entail a major cut to real wages—is only the latest in an unbroken series of concessions contracts imposed on Caterpillar workers by the UAW bureaucracy over the last 40 years.

The UAW has overseen the elimination of tens of thousands of jobs and the vast erosion of wages, benefits and contract rights. From a UAW membership of nearly 50,000 in 1979 at Caterpillar, total UAW membership at CAT now stands at only 7,000. The destruction of jobs has gone hand in hand with a massive erosion of wages and benefits that has left workers struggling to pay bills and without a secure retirement.

Of particular significance were the experiences of the 1990s, when the UAW shut down powerful strikes by Caterpillar workers in 1992 and again in 1995. These were abject capitulations without precedence in the history of the union. The impact of these betrayals are still deeply felt today.

The concessions extracted from workers have vastly enriched Caterpillar, now the world's largest manufacturer of construction and mining equipment, operating over 100 plants worldwide in 18 countries. Often cited as a bellwether of the industrial economy, Caterpillar is a Fortune 100 company and a component of the Dow Jones Average, with annual sales of nearly \$60 billion in 2022.

Caterpillar's origins

The company emerged out of the 1925 merger of the Holt Manufacturing Company and the C. L. Best Tractor Company, creating the California-based Caterpillar Tractor Company. Its historical base of manufacturing has been in the Peoria metropolitan region in central Illinois, although the company's world headquarters was moved to a Chicago suburb (Deerfield) in 2017, and more recently to Irving, Texas in 2022.

The history of union organization at Caterpillar dates back over 90 years, during which time CAT workers have again and again demonstrated their militancy and determination to fight.

In 1942, Caterpillar, with just one manufacturing plant located in Peoria, was first unionized by the radical-led United Farm Equipment Workers union (UFE) one year after the UFE organized farm equipment maker International Harvester. In 1948, the UFE at Caterpillar was decertified by

the leadership of the Congress of Industrial Organizations (CIO) because the local leadership refused to sign a non-communist affidavit. The UAW then won a union certification election to displace the UFE. The UAW, now headed by Walter Reuther, joined in the purge of socialists and left-wing militants who had pioneered the formation of the mass industrial unions.[1]

In 1958, in strikes of seven, eight and nine weeks at Peoria, Decatur and York, Pennsylvania, the UAW won a settlement at Caterpillar patterned after the Big Three auto companies, but failed to win a company-wide master agreement for all Caterpillar plants.

It wasn't until 1970 that the UAW won a company-wide agreement, which management called only a "central agreement." Contracts were settled in 1973 and 1976 without strikes.

In October 1979, Local 974 in Peoria initiated a 10-week, unsanctioned strike that was joined three weeks later by the other seven UAW locals, resulting in a pattern agreement with no major concessions. This was the last contract that did not result in major cuts.

The late 1970s saw a sharp shift in the policy of the US ruling class from that of relative class compromise to one of direct confrontation with the American working class. The change was brought about due to the steady deterioration of the economic position of US capitalism versus its rivals in Europe and Asia, in particular Japan.

While the US had emerged from the destruction of World War II as the world's unchallenged economic power, the revival of its former adversaries, Germany and Japan, undermined the competitive position of American manufacturing, leading to a rising balance of trade deficit.

By the late 1970s, the US ruling elite had concluded that it had to wage war on the jobs and living conditions of the American working class in order to maintain its global position. Democratic President Jimmy Carter appointed former Chase Manhattan banker Paul Volcker as chairman of the US Federal Reserve. Volcker drove up interest rates to record levels, forcing wide sections of US industry into bankruptcy.

The resulting jobs bloodbath was used to undermine the power and militancy of the working class and impose a series of deep wage cuts, beginning with Chrysler in 1979. "The standard of living of the average American worker has to decline," Volcker declared in 1982 (it should be noted that current Fed Chairman Jerome Powell, nominated by Donald Trump and maintained in his position by Biden, has repeatedly declared his admiration for Volcker and his policies).

The unions had no progressive answer to this shift in ruling class policy because of their nationalist program and pro-capitalist perspective, expressed most concretely in their alliance with the Democratic Party, one of the two parties of Wall Street and US imperialism.

The election of Republican Ronald Reagan in 1980 heralded a dramatic escalation of the ruling class counteroffensive against workers. In 1981, Reagan fired the striking PATCO Air Traffic Controllers with the tacit agreement of the AFL-CIO national union federation, which sent pilots and machinists across their picket lines. This devastating defeat unleashed

a wave of union-busting without precedent in US history, the impact of which is still felt in the vast decline in living standards and working conditions.

As the *World Socialist Web Site* explained:

The PATCO defeat established a pattern for every strike that followed in the 1980s and through the early 1990s. At Phelps Dodge, Greyhound, United Airlines, AT Massey, Hormel, Caterpillar, etc., workers carried on militant and bitter struggles. It was not for lack of fight that these and other strikes in the period went down to defeat. Rather, in each case the union bureaucracy consciously worked to isolate, demoralize and defeat the strikers.

In 1980, Caterpillar came close to bankruptcy as it faced intense competition from Japan-based heavy equipment maker Komatsu. In response, Caterpillar resorted to layoffs, provoking bitter resistance from workers.

It was in this context that the Caterpillar strike of 1982-83 took place. The seven-and-a-half month strike was the longest company-wide strike in the history of the UAW to that point. In April 1983, a major concessions contract was pushed through when then-UAW Vice President Stephen Yokich brought a contract to a vote which had already been overwhelmingly rejected by the UAW bargaining committee. As reported by the *Bulletin*, the newspaper of the Workers League and a forerunner of the WSWs, the deal contained a three-year pay freeze and a limited cost-of-living increase, which passed amid substantial rank-and-file opposition. Immediately after ratification, Caterpillar carried out thousands of layoffs, facing no resistance from the UAW leadership.

The 1982-83 strike was shut down so as not to interfere with the 1983 UAW Constitutional Convention, where the leadership headed by President Douglas Fraser officially adopted the corporatist program of union-management collaboration.

Based on the lie that workers had no interests that were distinct from or antagonistic to those of the corporations, the program of corporatism was used to shore up the competitive position of American capitalism at the expense of workers' jobs and living standards. The UAW and other unions collaborated directly with management to prevent strikes, suppress wages and impose a drastic restructuring of industry.

At the same time, the wealth of the union bureaucracy was effectively detached from any meaningful connection with the living standards of workers. As workers' jobs were decimated, the UAW apparatus acquired new income streams, including a vast expansion of "joint" labor-management programs, through which billions of dollars of corporate cash have been funneled since the 1980s.

The UAW leadership at Caterpillar adopted the same corporatist outlook, stressing union-management collaboration to increase corporate "competitiveness" at the expense of workers' living standards. In comments to the *Washington Post* in 1994, UAW Local 974 President Jerry Brown recalled, "I bought all that stuff. We did it. We made them global-class competitors." [2]

In 1986, the UAW agreed to a concessionary contract at CAT without a strike. The contract again froze wages and imposed a huge reduction in job classifications, from 418 down to just 50 at the Peoria plant, paving the way for further layoffs. The deal provocatively pitted higher seniority workers against lower seniority workers over jobs, agreeing to the layoffs of lower seniority workers to make room for laid off veteran workers.

These concessions were not enough to satisfy the appetite of Caterpillar management, now headed by CEO Donald Fites, which sought outright wage cuts and the complete gutting of working conditions. In this, Fites was not just representing the interests of Caterpillar shareholders, but the

American ruling class as a whole, which achieved a vast enrichment by driving up stock prices based on the ever-greater exploitation and impoverishment of the working class, both in the US and globally.

Over the following decades, the concessions the UAW helped impose on Caterpillar workers pioneered similar cuts across the auto industry.

The 1990s Caterpillar strikes

Caterpillar workers launched their next strike in November 1991 after the company refused to meet the pattern settlement reached by the UAW with Deere & Co. CAT management instead demanded deep concessions, including a multi-tier pay structure that would reduce wages—then averaging \$17 an hour—for some positions by as much as 43 percent.

After five-and-a-half months on the picket lines, the UAW abruptly called off the strike on April 14, 1992, and sent workers back to work on the company's terms after management announced it would hire permanent strikebreakers. The surrender was a historic betrayal, marking a significant milestone in the degeneration of the UAW.

The UAW ended the strike because it feared an explosive response by workers if the company attempted to bring strikebreakers into the plants. The UAW feared that such an eruption would disrupt its relationship with corporate management and interfere with its campaign for the election of a Democratic president. On April 13, the AFL-CIO and UAW officially endorsed Bill Clinton, the governor of the right-to-work state of Arkansas and a tool of anti-union corporations Tyson and Walmart, for the Democratic presidential nomination. The next day, the UAW called off the Caterpillar strike.

To cover up their own surrender to Caterpillar, the UAW bureaucracy attempted to blame the defeat on rank-and-file workers, claiming they had to call off the strike because so many strikers were about to break ranks and go back to work. This was a despicable slander of workers who stayed on the picket lines for 150 days, and a lie made by high-salaried union bureaucrats who never missed a paycheck during the strike. The real scabs were the union officials in the UAW who would not even call out the entire UAW membership at Caterpillar, let alone the hundreds of thousands of members in the auto and heavy equipment industries who had a huge stake in the outcome of the struggle. The bureaucrats also kept striking workers on starvation-level strike pay even though they were sitting on a strike fund worth \$800 million.

Writing at the time, the *Bulletin* stated:

The calling off of the strike against Caterpillar is a monstrous betrayal by the UAW bureaucracy and a historic defeat for the American labor movement. It is the latest and worst of a whole series of defeated strikes over the past decade, the destruction of PATCO in 1981 to the smashing of unions at Phelps Dodge, Hormel, Greyhound and Eastern Airlines. It is a warning to the entire working class that the labor movement faces destruction unless there is a revolution in its policies and leadership.

The responsibility for this defeat rests entirely with the good for nothing leadership of the United Auto Workers. What is supposedly the most powerful union in the United States—with nearly a million members, with a strike fund of close to \$800 million, with hordes of full time officials—has been exposed as an impotent shell. [3]

Drawing the broader conclusions from the debacle, the *Bulletin* placed

the Caterpillar defeat as the product of the increasing international integration of capitalist production, which fatally undermined all the old workers' organizations based on their defense of capitalism and the capitalist nation-state system. They included not only the unions, but the Stalinist bureaucracy in the Soviet Union and the reformist social democratic and labor parties.

The 1991-92 strike coincided with fundamental transitions taking place in world politics and the global economy. The strike began less than two months before the Stalinist bureaucracy carried out the dissolution of the Soviet Union, restoring capitalism, looting the Soviet economy, and destroying the social gains of the working class.

Simmering rank-and-file anger among rank-and-file Caterpillar workers erupted in the form of a series of brief wildcat strikes in subsequent years.

In 1994, following the victimizations of dozens of workers, the UAW was forced to sanction another official strike by more than 10,000 Caterpillar workers, still working without a contract since 1991. This time the walkout lasted for a record 17 months.

Caterpillar responded by mobilizing management strikebreakers to maintain production. For its part, the UAW isolated the Caterpillar workers again, refusing to mobilize support from workers at Deere, Case, or at the plants of the Detroit automakers.

As a consequence, the strike steadily weakened, with thousands of strikers disgusted with the treachery of the UAW returning to work. Many strikers lost their homes, cars and life savings. Marriages broke up and the stress sent some to early graves.

The UAW again called off the strike, despite an overwhelming vote by Caterpillar workers to reject management's concession demands.

Workers defeated another attempt to ram through the concessions in 1998 before the UAW was able to narrowly force through the cuts on the second try, but only after they obtained amnesty for workers victimized during the past strikes.

While a defeat for workers, the contract was a victory for the UAW apparatus, which secured the resumption of the automatic dues checkoff, which had been previously suspended by Caterpillar. Management also agreed to drop a case before the US Supreme Court where it sought to get out of paying the wages of top UAW officials at Caterpillar. Significantly, the Detroit automakers sided with the UAW on this.

Further concessions followed. In 2005, Caterpillar demanded and received an expanded two-tier wage structure, with new workers receiving substantially less pay than current workers hired before 2005. Most significantly, the contract ended the company's fully paid defined benefit pension plan for new hires. The two-tier structure and the ending of pensions would be subsequently imposed by the UAW on workers throughout the auto industry.

In addition, workers were forced for the first time to begin paying a portion of the cost of their health insurance premiums, which the company had previously covered entirely.

In 2011, the UAW rammed through another concessionary six-year contract covering 9,500 CAT workers. In this agreement, tier-one workers lost fully paid company pensions and wage increases and were hit with huge increases in health care payments.

Tier-two workers got only "market based" wage increases that were set at the whim of management. The contract paved the way for plants in Memphis, Tennessee and York, Pennsylvania to be closed, exempting those facilities from language limiting plant closures.

The UAW claimed the deal was the best they could get, despite the fact that Caterpillar was making massive profits, including \$968 million in the fourth quarter of 2010 alone.

Management continued its attack in 2012 when Caterpillar locked out workers at its London, Ontario locomotive plant on January 1. The company demanded massive concessions, including a 55 percent pay cut, the elimination of the current pension plan and the elimination of overtime

rate and a raft of other provocative cuts.

After seven weeks, Caterpillar announced it would close the plant and shift work to a non-union facility in Muncie, Indiana at half the pay. The Canadian Auto Workers union capitulated to management, agreeing to the closure of the plant in exchange for a paltry severance package. The CAW limited its "opposition" to nationalist calls to defend "Canadian jobs" and appeals to big business politicians, not to brother Caterpillar workers or autoworkers in the US and globally.

Also in 2012, nearly 800 Caterpillar workers in Joliet, Illinois, members of the International Association of Machinist, struck for over three months. The IAM, after isolating the strike, forced through a contract on the company's terms, arguing that concessions were necessary to "save jobs." The company would later proceed to close the plant anyway in 2019.

In 2013, the United Steelworkers on the second try forced through a concessions contract on 800 workers at Caterpillar's South Milwaukee plant. The deal included a six-year wage and pension freeze, pay-for-performance and "market-based" wages for new hires as low as \$13.46 an hour.

What conclusions for today

Once again, Caterpillar workers again confront a decisive battle. Since the 80s and 90s, however, conditions have fundamentally changed. The situation today is immensely more favorable for workers to make a decisive breakthrough.

As David North, chairman of the WSWS International Editorial Board, explained in 2021, after Volvo Trucks workers in Virginia voted down a second UAW-endorsed contract by a stunning 91 percent:

In history there is such a thing as retribution. For all the crimes committed by capitalism against the working class over the past 40 years, the ruling class, in the very process of attacking the working class and vastly enriching itself, has overseen a vast expansion and integration of the capitalist system of production. The most significant and revolutionary outcome of this process—driven by staggering advances in science and technology—is the massive growth in the global working class.

Continuing, North wrote that "however difficult, protracted and painful the process,"

the American working class is coming to recognize ever more clearly that it is part of a massive global social force, consisting of billions of people. Moreover, the communications technologies that have emerged in recent decades have provided workers with access to invaluable information that enables them to see through the misinformation and outright lies of their treacherous leaders. These technologies have placed at the disposal of workers powerful new weapons in the organization and prosecution of the class struggle. They are now able to contact each other and coordinate their struggles not only beyond their local, regional and national environment. Workers can establish connections, exchange information and initiate actions on a global scale. [See Volvo Truck workers in Virginia return to the picket lines: A turning point in the US and global class struggle]

Since 2021, this process has made significant further developments. Caterpillar workers, along with autoworkers, rail workers and other sections of the working class, increasingly see themselves as part of this “massive global social force,” and are striving to overcome the obstacles to unifying their struggles. The pandemic, skyrocketing inflation and the relentless deterioration of working conditions, all amid soaring corporate profits and the wealth of the super-rich, has fueled a widespread radicalization among workers.

A key conclusion that must be drawn from these past experiences is that workers must take the conduct of their fight out of the hands of the corrupt and pro-company UAW apparatus through the building and expansion of the Caterpillar Workers Rank-and-File Committee.

Moreover, involved in the fight at Caterpillar is not just a battle against one company, but a part of a growing international movement of the working class, a political struggle against the whole corporate and financial setup. The WSWS and the International Workers Alliance of Rank-and-File Committees is giving this movement a conscious perspective and leadership.

Notes

[1] *Yellow Steel: The Story of the Earthmoving Equipment Industry*, By William R. Haycraft, University of Illinois Press, 2000

[2] *Washington Post*, Strike At ‘Cat’ Becomes Stand For Way Of Life, By Edward Walsh July 3, 1994

[3] *Betrayal at Caterpillar*, Mehring books, 1992



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