

# UAW imposes massive real wage cuts at Caterpillar

Marcus Day  
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The latest sellout engineered by the United Auto Workers (UAW) bureaucracy at Caterpillar bears important lessons for the entire working class.

On Sunday, the UAW announced the passage of a new six-year contract with Caterpillar, the world's largest construction and mining equipment manufacturer. The UAW's declaration that the deal was ratified came amid determined opposition among workers, along with suspicions that the announced vote total was fraudulent.

The defining characteristic of the UAW's deal is the massive attack on real wages it entails. The contract includes a 19 percent total wage increase over six years: a 7 percent raise at ratification, followed by 4 percent raises in alternating years. If the current US inflation rate of 6 percent holds, the contract will mean a reduction in workers' real wages of close to 20 percent by 2029.

Beyond the cut to real wages, the agreement will satisfy none of workers' basic needs related to health care, retirement, or working conditions.

The UAW apparatus did everything it could to conceal these basic facts from workers in the run-up to ratification votes last weekend.

For months, union officials kept workers in the dark on the details of their discussions with management. Defying demands for a walkout and workers' 99 percent strike authorization vote, the UAW announced a tentative agreement shortly after midnight on March 1, just as the previous six-year contract expired.

The UAW machinery then proceeded to carry out a campaign to secure the passage of the agreement by withholding information, lying and threatening. Denouncing the contract that emerged as illegitimate, the Caterpillar Workers Rank-and-File Committee explained in a statement Tuesday, "The deal is the product of an undemocratic operation carried out by the UAW officialdom on behalf of management and counter to workers' interests."

Workers were given just four pages of contract "highlights," which sought to present the 100-plus page agreement in the best possible light. The UAW's Solidarity House headquarters ordered locals to not provide electronic copies of the deal to workers, declaring they could only view it in person at the union halls—knowing full well that this would prevent the vast majority of workers from studying and fully understanding the contract.

Union officials sought to convince workers that the agreement was "the best they could get." Workers were told that if they rejected the deal, they would face a worse contract, plant closures or the prospect of a drawn-out, isolated strike.

The UAW apparatus carried out its latest betrayal on behalf of a broader policy of the ruling class. In the US and internationally, capitalist governments are seeking to offload the costs of their economic crisis and wars onto the working class.

In the first half of 2022, real wages fell globally by 0.9 percent, the first such decline in the 21st century, according to a report in November by the International Labor Organization.

In "advanced" and "emerging" economies alike, wages have failed to keep up with rapidly rising prices over the past two years, which have been driven by corporate profiteering, the funneling of money into the markets, the disastrous impact of the pandemic, and the escalating war against Russia in Ukraine.

In Japan, real wages fell 4.1 percent in January from a year earlier, the largest decline in nearly a decade. In the United Kingdom, real pay was down 3.2 percent year-over-year in December. And in the US, real average hourly earnings were down 1.2 percent in January compared to last year.

As in the 1970s, skyrocketing prices are fueling the growth of the class struggle, as more and more workers

fight to afford even basic necessities.

The Federal Reserve and other central banks have responded to the growing push for higher wages in the working class by swiftly increasing interest rates, hoping thereby to drive up unemployment and suppress workers' resistance. This policy has been coupled, particularly on the part of the Biden administration, with an ever-greater reliance on the union bureaucracy to block or isolate strikes and impose pro-corporate contract terms.

The abrupt shift away from free-money policies towards high interest rates, however, is threatening to trigger an even greater economic crisis, as shown most recently in the collapse of Silicon Valley Bank and the ensuing explosive instability in global financial markets. On Wednesday, liquidity in US Treasury markets "came under immense strain," nearing that of the early days of the pandemic in March 2020, the *Wall Street Journal* reported.

The response of the ruling class as it confronts an intractable crisis is this: imperialist war abroad and class war at home.

The US and its NATO allies have spent the last year funneling tens of billions of dollars in military assistance into Ukraine in order to inflict a strategic defeat on Russia. At the same time, Washington is preparing to go to war with China, with the Biden administration proposing a record-breaking \$1 trillion military budget this year, sure to rise as it makes its way through Congress.

The capitalist governments in Europe and the United States are seeking to impose the cost of their predatory wars on the working class, through cuts to social spending, the suppression of wages, and the ratcheting up of exploitation.

The aim of the financial oligarchy and its political representatives is to impose conditions of a "war-time economy," through labor discipline and the suppression of the class struggle, invoking a fraudulent "national interest" as justification. This was of particular importance at Caterpillar, which is the recipient of billions of dollars in US military contracts and is a major supplier of tractors and other equipment to the Pentagon.

But the same processes that are driving the ruling class towards war and repression have placed the working class on the road to revolutionary struggles.

Strikes and other protests are gathering pace in Europe. More than 400,000 teachers, university workers and junior doctors have struck in United Kingdom this week, demanding higher pay increases. France has seen strikes

by millions of workers in recent weeks against President Macron's efforts to raise the retirement age. In the US and Canada, nearly 170,000 autoworkers at Ford, General Motors and Stellantis face major contract battles this year, as well as hundreds of thousands of workers at UPS this summer.

At Caterpillar, the most determined and conscious opposition to the UAW's efforts to impose another pro-company agreement came from the Caterpillar Workers Rank-and-File Committee, formed by a group of militant workers in February. In statements read by thousands of workers, the rank-and-file committee put forth a program based on workers' needs, including a 50 percent wage increase, protection against inflation, a massive reduction in health care costs, pensions, and more.

Throughout the struggle, the committee countered the propaganda of both management and the corrupt UAW bureaucracy, and served as an organizing center to inform workers of what was actually taking place.

Critically, the Caterpillar Rank-and-File Committee rejected the artificial divisions used to pit workers against each other, appealing for support from white collar and non-union workers, as well as Deere, CNH and autoworkers. Moreover, the committee—allying itself with the International Workers Alliance of Rank-and-File Committees—has articulated an international perspective, insisting that Cat workers can only take on the transnational company successfully if they unify and coordinate their struggles with workers globally.

As the Caterpillar Rank-and-File Committee explained in its statement Tuesday, "The vote this weekend is not the end of the fight, but only its beginning." The crucial task is to expand the network of rank-and-file committees in every factory and workplace, and arm these fighting organizations with a program that will ensure that the needs of the working class, not private profit, determine how society's resources are organized.



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