

# Caterpillar announces layoffs at South Milwaukee plant

By Nicholas Russo  
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Days after the United Steelworkers (USW) forced through a six-year concessions contract at Caterpillar's Global Mining facility in South Milwaukee, Wisconsin, on Friday the company announced indefinite layoffs for more than 30 percent of the plant's production workers.

Along with long-term layoffs for around 260 workers beginning on June 24, the company has also announced two one-week furloughs for nearly all employees at the plant, including support staff and management.

The announcement comes only four days after USW Local 1343 narrowly ratified a sellout contract that codified up to 10 weeks of layoffs for workers in each of the six years of the agreement, as well as establishing "market-based" wages for new hires as low as \$13.46 per hour and freezing wages for current workers.

The USW negotiating team endorsed the rotten deal, and fought strenuously for the passage of a contract little different from the one workers had rejected overwhelmingly in April.

In addition to signing off on more than two months of layoffs for workers, the USW leadership endorsed compensation for laid-off workers of \$85 for a one-day layoff and a paltry \$170 for one week. Furloughed workers will be expected to apply for unemployment, which is a maximum of \$363 per week in Wisconsin. For a worker making \$20 an hour, each furlough week amounts to a loss of \$267 per week, or 33 percent of their normal weekly income.

Caterpillar had announced plans to lay off up to 40 percent of production workers prior to the beginning of negotiations with the USW in April. Throughout negotiations the USW made no effort to mount a serious struggle against the slave charter demands of the company, with USW functionaries continually

stating their desire to work with and ensure the success of Caterpillar.

Far from fighting layoffs and cutbacks, the USW leadership worked to help Caterpillar achieve its aims, refusing to call a strike despite the overwhelming rejection of Caterpillar's demands by the rank and file, and ultimately endorsing the concessions contract as "fair."

The layoffs at the South Milwaukee plant come as slowing growth in China, an intensifying economic crisis in Europe, and a stagnant "recovery" in the United States have resulted in reduced demand internationally for raw materials and thus the mining equipment needed to procure them.

Despite making record profits of \$5.68 billion in 2012, Caterpillar cites an expected decline of 15 percent in sales of machines from its South Milwaukee plant as the reason for the pending layoffs. The company says it expects sales of mining equipment to decline overall by about 30 percent.

Layoffs and wage freezes in South Milwaukee are part of Caterpillar's global strategy of imposing poverty wages and sweatshop conditions on its workforce throughout the world. Attacks on workers' living standards are an international phenomenon not unique to Caterpillar.

In the US this has meant the introduction of the two-tier wage system, most significantly with the Obama administration's restructuring of the auto industry with the complicity of the United Auto Workers union (UAW). Obama's policy of "insourcing" translates into progressively lowering the wages of American workers down to those prevailing in the cheap manufacturing centers in countries such as China.

Caterpillar has played its part in this international

attack with the mass layoff of workers in Gosselies, Belgium and in Northern Ireland along with the shuttering of the London, Ontario, Electromotive Diesel plant. More than 100 workers also recently lost their jobs in Australia, when the company shifted production of mining trucks from Victoria to Mexico.

In the US, in addition to the South Milwaukee concessions and layoffs, Caterpillar pushed through major concessions in Joliet, Illinois and is planning to lay off more than 700 workers at its plant in Decatur, Illinois.

The intensifying global crisis of capitalism is unfolding around the world, including in South Milwaukee, where workers are being forced to accept a real decline in wages of more than 6 percent over six years. At the same time, profits of major companies including Caterpillar are at record highs, with CEO Doug Oberhelman seeing his compensation rise 32 percent in 2012 to \$22.4 million.

Rising inequality has been enforced through companies working hand-in-glove with bureaucrats in the unions, from the UAW to the USW. Committed to the defense of capitalism, today these nationalist organizations can defend only their institutional interests, and this means maintaining good relations with management by ensuring the profitability of companies no matter the results for their rank-and-file members.

The result is that unions today are little more than labor-management syndicates, offering up their members to companies at the “market wage.” The continual downward pressure placed on these wages through unemployment and international competition means that workers can expect only sellouts and betrayals as long as they are subordinated to the authority of these pro-capitalist outfits.

To defend their livelihoods, workers must break from these organizations, forming independent rank-and-file committees to lead the international struggle to take the major levers of the economy out of the hands of the wealthy and to place the banks and corporations under the democratic control of the working class.

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