Only national recovery program could win Caterpillar strike

by Susan Johnson

The ultimatum given by Caterpillar to 12,800 striking United Auto Workers (UAW) unionists to return to work by 7:30 a.m. April 6 or be replaced with strikebreakers, signifies a national policy of crushing the UAW. With the Teamsters under strict government "receivership," the UAW is the only remaining major decent-wage union, and therefore an obvious target as the Eastern Establishment mounts an across-the-board attack on wages and entitlements.

That this open union-busting was decided at the highest levels is indicated both by the attempted use of strikebreakers and the extensive media coverage, including the visits to the strikers by presidential candidates Bill Clinton and Jerry Brown. This is the first time since World War II that a major company has thrown strikebreakers at the auto workers.

The company, which is in the midst of a big reorganization due to poor sales last year, has sufficient outsourcing and foreign manufacturing to meet product demand for months to come.

Most bargaining points between the UAW and Caterpillar are relatively minor, such as small pension and health care cuts. The chief issues have been Caterpillar's demands for a non-industrywide contract and for a reduction in the pay of new hirees to $7 an hour, less than half the present entry wage. This last demand in particular would simply dissolve the payscale.

The 16,000 Caterpillar strikers face three formidable problems. Unemployed skilled and semi-skilled workers abound, most with little compunction about being scabs. Another is what role the UAW and AFL-CIO hierarchy will play. And last is the strikers' own lack of vision with respect to restoring the productive economy, without which they are unlikely to win the strike.

The Anglo-American financial elite, typified by the Council on Foreign Relations (CFR) and Paul Volcker's Trilateral Commission, are now making sharp public demands for bitter austerity against wages, entitlements, and services. The theme of the establishment's press and media is suddenly, "Tax consumption to pay for investment." "Investment" is a code word for service on the $25 trillion public and private debt. The *New York Times,* the semi-official organ of the CFR/Trilateral Commission crowd, put the matter succinctly in an April 1 editorial: "Unlike bank bailouts and interest payments on the national debt, money spent on health care will represent a real drain on the economy."

This is the logic of fascism—top-down controls on the economy to transfer payments from middle-class income and industrial outlays to interest and bailouts. Obviously, institutions such as labor unions which might resist such policies become a target for destruction.

Outsourcing and 'financial products'

Caterpillar is an appropriate vehicle for these purposes. The company is far along the road to becoming a marketing and finance company, rather than a producing company which cares about properly maintaining its labor force. It was the first large U.S. corporation to create a joint venture in Japan—with Mitsubishi in 1963—in order to "outsource" parts manufacture, as the auto companies did a decade later.

By 1989, Caterpillar owned manufacturing facilities in 15 locations in 11 foreign countries, representing 28% of the company's work force, not counting dealerships. At the same time, Caterpillar machinery was produced outside the company by contract manufacturers in the U.S., Finland, Norway, South Korea, England, and Germany, while Caterpillar products were manufactured outside the company by licensees in Argentina, India, Malaysia, New Zealand, Communist China, South Africa, South Korea, and Turkey.

Meanwhile in the last decade, the company concentrated on "financial products," an oxymoronic term meaning leasing and other financial paper. The company's total assets in 1981 consisted of $7.2 billion of machinery and engines (facilities and inventory) and $.05 billion in "financial products." By 1991, $9.3 billion was in machinery and engines, and $2.7 in "financial products." As the company outsourced and created "financial products," its employment fell from 83,455 in 1981 to 55,950 in 1991. Worse, its capital expenditures on new facilities and equipment fell from $836 million on $9.2 billion in sales in 1981 to $653 million on $10.2 billion sales in 1991.

Converting Caterpillar from a manufacturing company into a marketing company has been carried out by a board of directors which includes three members of the "post-industrial" CFR: Robert Gilmore, former president and CEO of Caterpillar; Rawleigh Warner, Jr., former Mobil Oil chief; and Louis Gerstner, Jr., former president of American Express and now chairman and CEO of RJR-Nabisco Holdings Corp., an empire of $25 billion indebtedness, who is also a director of AT&T and the New York Times Co.

The push for NAFTA

Caterpillar is a front-rank advocate of the North American Free Trade Agreement (NAFTA), which the Commerce Department estimates would send 1 million U.S. manufacturing jobs to Mexico. Caterpillar's 1991 annual report states: "We also support completion of the General Agreement on Tariffs and Trade and expansion of [NAFTA] to include Mexico. Both GATT and NAFTA will benefit the global trading system."

In June 1991, the godfather of NAFTA, Clayton Yeutter, was appointed to the Caterpillar board. As U.S. Trade Representative, he was the architect of the U.S.-Canada Free Trade Agreement. Yeutter is also a member of the CFR, and is Domestic Policy Director for the White House.

The media within hundreds of miles of Peoria, Illinois have gleefully broadcast the 30,000 job application requests from would-be strikebreakers. At last report, about 100 union members have crossed the picket lines, as the company prepares for hiring and training. Local talk-show callers attack the strikers for jeopardizing their own well-paid jobs, and say they would take those jobs for $5 an hour less. The average machinist's wage in this part of the country is $8 an hour; ads in the local press offer as little as $5.50 an hour for eight years' machinist experience.

The lack of social solidarity, or social morality, among Americans makes it easy to hire permanent scabs, as the strikers realize. In general, no strike in a depression can win unless it is supported by the non-striking population, and then only if that population and the strikers have some common ground for a higher purpose, such as a program for rebuilding the nation's industry, would such social solidarity be cemented.

The strikers must also worry about the motives of the UAW's Solidarity House headquarters and of the top levels of the AFL-CIO. A year ago, the UAW top brass quashed powerful rank-and-file agitation against NAFTA. First, the orders came from Solidarity House and the AFL-CIO to stop the protests, then before Labor Day the UAW leadership abruptly mounted a health-care fight to pull the activists away from NAFTA.

In January, after announcing that it will close 26 factories, General Motors began a vicious bargaining with local UAW leaders, offering them a reprieve if they gave up their national contract. GM cracked the Arlington, Texas UAW, while Solidarity House gave tacit approval. Even more disorienting is the UAW policy in the Caterpillar strike, which began Nov. 7 with a selective strike at two plants. When Caterpillar responded with a lockout, the UAW failed to pull all Caterpillar workers out—and still hasn't.

In March, before the Caterpillar ultimatum, picketers in Peoria complained to this reporter that the UAW leadership "won't tell us what's going on." Why is the leadership conducting this strike as a simple trade-union action, which can only end in defeat? Will even a mobilization of the AFL-CIO to support the strike merely focus union militants on Caterpillar and blind them to the "cold shock" slashing of living standards gearing up in Washington, D.C.?

Note that senior labor leaders themselves belong to the CFR, the Trilateral Commission, and the fanatically pro-austerity Brookings Institution, including AFL-CIO president Lane Kirkland and AFL-CIO vice president Sol Chaikin of the Ladies Garment Workers.

When Bill Clinton met the Caterpillar strikers on April 8, he did not promise to support them—not surprising in view of his anti-labor record. He did endorse mediation; the company wants federal government mediation, while UAW chief Owen Bieber wants "private mediation." Under depression conditions, mediation means a step toward scrapping collective bargaining, in favor of corporatist controls.

Some strikers greeted Clinton with enthusiasm, as they did Mr. Corporatism, Jerry Brown, later in the week. Worn down by five months of $100-per-week strike pay, and surrounded by tens of thousands of eager scabs, they cheered when Clinton endorsed a congressional bill to prohibit a company from hiring permanent strikebreakers. Under present circumstances, such a bill, if it ever passed, would be used to hasten the corporate stampede south of the border.

Job creation

The fundamental problem the strikers must address is the creation of agro-industrial jobs—not just to reduce the numbers of potential scabs, but for the nation and world. In the immediate case of Caterpillar, the company's boast that 59% of its sales were made outside the United States chiefly reflects the decade-long downturn in domestic sales, which turned much worse in the depression dip beginning 1991.

Local UAW officials are worried about the company's large-scale reorganization into eight "profit centers," designed to reduce production because of the depression, and also about the prospects of jobs being sent to Mexico and other Ibero-American countries even if NAFTA is defeated. Caterpillar's low levels of capital investment and the marketing of "financial products" is further proof that management intends a sharp reduction in output, especially in the United States.

How many Caterpillar strikers voted for Democratic presidential candidate Lyndon LaRouche in the March 17 Illinois primary? What industry but earth-moving equipment could benefit more from the LaRouche program to issue $600 billion in federal credit for infrastructure, and LaRouche's Productive Triangle Plan for rebuilding eastern Europe?