Caterpillar CEO Says Company Will Stay In Illinois

CHICAGO (AP) — Caterpillar's CEO has again criticized Illinois' political leaders and what he calls the state's uncompetitive business environment, while affirming that the heavy equipment maker will keep its headquarters — and thousands of jobs — in Peoria.

Last year, Chief Executive Doug Oberhelman pressed Gov. Pat Quinn to improve the state's economy and noted that the company had out-of-state suitors. Though he said later he was not threatening to leave Illinois, the remarks set off alarms.

"We are staying in Peoria," Oberhelman told the Economic Club of Chicago on Thursday.

Caterpillar Inc., a Fortune 500 company, is the world's largest maker of construction and mining equipment and has factories all over the world. It is also the Peoria area's largest employer with about 3,200 jobs in the downtown headquarters and nearby offices.

Earlier this year, Caterpillar chose a site in Georgia over several sites in Illinois, including Peoria and Galesburg, and other states to relocate the operations of a Japanese tractor- and excavator-building plant that will employ 1,400 people. The company cited, among other things, concerns about Illinois' economy and a massive state government budget deficit.

At Thursday's talk in Chicago, Oberhelman spoke about how much cheaper it is to do business in other states, Crain's Chicago Business reported (http://bit.ly/S7QbMR [1]).

Speaking about similar Cat assembly plants in Illinois and Indiana, he said workers compensation costs were five times lower in Indiana.

"Ninety-five percent of our customers are outside this country," he said. "And we have to be competitive. The word that comes to mind is globalization. It's a bad word today. I certainly understand that. But it has not been a bad word for China."

Oberhelman also said last year's increase in Illinois' state income tax has hurt executive recruitment.

The Caterpillar CEO also leveled more criticism at Illinois' state government and its handling of the economy.

"I just for the life of me struggle with why we elect the same people year after year after year," he said. "I worry about Illinois. A lot of states tell me, 'Doug, why are

you in Illinois.'"

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