

After UAW claimed there was no money to end two-tier wages

## John Deere plans \$5.2 billion takeover of German road construction company

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John Deere, the world's largest agriculture machine company, announced June 1 that it planned to purchase the German-based Wirtgen Group, the largest road construction equipment manufacturer in the world, for \$5.2 billion in cold hard cash. The announcement comes less than two years after Deere and the United Auto Workers (UAW) told hourly workers that the company did not have enough money to raise wages and end the two-tier wage system in the 2015 contract.

Wirtgen produces equipment primarily for road construction and maintenance, manufacturing equipment under five separate brands. Employing between 7,000 to 8,000 workers around the world, it has independent dealers in roughly 100 countries and factories in India, China, and Brazil, with 20 percent of its business handled in the US and the rest overseas. In 2016, the company reported sales of €2.53 billion (\$2.85 billion).

Deere's move to acquire Wirtgen follows a recent general decline in the Iowa-based company's sales over the past three years due to declining agricultural commodity prices, leading to lowered equipment sales. Deere is betting on the Wirtgen acquisition to boost its overall profits. The impetus for the purchase is also in part due to recent promises made by US President Donald Trump to introduce a national program to rebuild roads, bridges and other infrastructure. The proposal is aimed at privatizing public assets and providing a profit windfall to companies like Deere.

During the 2015 negotiations for a new labor agreement, Deere and the UAW rejected out of hand the demands of rank-and-file workers to improve pay and benefits for 11,200 hourly workers. The fact that Deere has \$5 billion or more in available cash on hand

points to the likelihood that Deere has hoarded a stockpile of money over the years, a common practice among major corporations.

Illinois-based Caterpillar is currently the target of an FBI investigation for stashing away billions in offshore tax shelters, although it is also expected to greatly benefit from Trump's corporate tax and infrastructure proposals.

The UAW functions as a wholly owned subsidiary of Deere. For 20 years, Deere workers have endured a two-tier wages and benefits system imposed by the UAW, which pays workers hired after 1997 sharply lower wages for doing the same job. Meanwhile, wages for tier-one workers have barely kept up with inflation. At the time of implementation of the two-tier wage system in 1997, Deere and the UAW told workers it was a temporary sacrifice to maintain profits.

Since then, the UAW and Deere have peddled the same line negotiation after negotiation. During the 2015 negotiation, Deere and the UAW used the downturn in sales to ram through another sellout contract amid charges by workers of union vote-rigging.

Deere's profits have seen a downfall from previous years, however, according to a statement published on Deere's web site, its net income of \$1.94 billion "still represented the sixth-highest total in company history."

Jenny, a worker from Iowa, told the *World Socialist Web Site Autoworker Newsletter*, "It's unfair treatment to workers. Deere can afford to give workers a raise in their paycheck and better benefits, but any company will do anything to not give workers anything. Yes, workers are very tired of being treated unfairly. So, the next contract they will say 'no' to more givebacks.

Enough is enough.”

Asked about the role of the UAW, she said, “UAW leadership are in bed with the management. UAW no longer cares for the workers. UAW has become a company union rather than a workers’ union.”

The planned acquisition of Wirtgen follows a wave of mergers and acquisitions in recent years fueled by the voracious drive by Wall Street for more profit. The global economic slowdown is leading to a brutal competition for a share of a small pool of profits leading to an inevitable consolidation of the global industry and a new wave of plant closings, mass layoffs and wage and benefit cuts. This underscores the need for an internationally coordinated counteroffensive by agricultural, construction and road equipment manufacturing workers around the world.



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