John Deere announces layoffs at plants in Illinois and Iowa

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Deere & Company, the farm and heavy equipment giant, announced Tuesday that it was laying off 163 workers at two plants in Illinois and Iowa. Citing lowered revenue forecasts, in August the company announced it would cut costs and seek to increase profits through "organizational efficiency," which the WSWS warned at the time heralded a new round of layoffs and attacks on workers.

The newly announced layoffs have been met with silence by the United Auto Workers union, of whom some 11,200 Deere workers are members.

The UAW, which is in the midst of isolating and starving out 48,000 striking General Motors workers, is no less versed in betraying the struggles of workers at Deere over the last 40 years.

Former UAW-Fiat Chrysler Vice President Norwood Jewell, who has since been sentenced to 15 months in prison for his role in the UAW corruption scheme, orchestrated the 2015 sellout contract at Deere. The UAW used lies and intimidation to get the deal through, desperate to keep the contract struggles at Deere and the Big Three isolated from each other. It only provided self-serving "highlights," not the full contract, and demanded workers vote on the agreement the same day.

Prior to and following the dubious 2015 contract ratification, Deere carried out thousands of layoffs, enabling it to reap billions and record profits on the basis of the deal.

The current layoffs affect workers at Harvester Works in East Moline, Illinois, and Davenport Works in Davenport, Iowa. They will not be the last. The economic "headwinds" confronting Deere will only continue to grow, and Deere is planning to force workers to once again pay for it.

Samuel R. Allen, former Deere chairman and chief executive officer, stated in August, "John Deere's third-quarter results reflected the high degree of uncertainty that continues to overshadow the agricultural sector," stemming from "concerns about export-market access, near-term demand for commodities such as soybeans, and overall crop conditions, have caused many farmers to postpone major equipment purchases."

Ryan D. Campbell, a senior vice president and chief financial officer at Deere, laid out the company's cost-cutting plans: "As these challenges persist, we are now beginning more aggressive actions on our cost structure to create a more efficient and nimble organization.

"These actions, which will involve organizational efficiency, a footprint assessment and an increased focus on investments with the most opportunity for differentiation, are in support of our aspiration to achieve 15 percent structural operating profits by 2022 and will position us to capitalize upon the resumption of replacement demand growth."

Translated into plain English: Deere is planning layoffs, speed-up and other attacks on working conditions in order to further enrich its already immensely wealthy executives and shareholders.

The growing trade war between the US and China has led to a slump in the export of US agricultural goods. The American Farm Bureau reported China imported $9.1 billion worth of U.S. farm produce in 2019, down from $19.5 billion in 2017.

Additionally, the US had a record-setting wet spring which crippled crop yields for large sections of the American farm belt and was followed by hot and dry summer weather, which decreased corn and soybean yields. With decreased exports, American farmers have been reluctant to buy new farm machinery, impacting Deere's bottom line.

Deere's economic woes echo a larger process. On

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Tuesday, the Institute for Supply Management said the US manufacturing sector is in recession, which sent shockwaves across the world as international markets plunged.

As Deere is once again seeking to impose the burden of a growing economic slump onto the backs of workers, it is counting on the support of the UAW.

The UAW functions as a managerial arm of Deere, enforcing company discipline and doing nothing to prevent job cuts. For over 20 years, Deere workers have endured a two-tier wages and benefits system imposed by the UAW in 1997, which pays workers hired after then sharply lower wages for doing the same job.

Using the same filthy line which autoworkers will recognize, at the time of implementation of the tier system in 1997, Deere and the UAW told workers it was a temporary sacrifice to maintain profits.

The 2015 six-year contract at Deere maintained the hated wage and benefit tier system, and imposed increased out-of-pocket healthcare costs. It paved the way for wave after wave of job cuts at the company in the following years.

Workers voiced concerns over potential ballot fraud, with many calling for a recount. In one case, a UAW local suspiciously proclaimed the contract was passed by a margin of 51 percent “yes” to 49 percent “no.”

Less than two years after Deere and the UAW told hourly workers that the company did not have enough money to raise wages and end the two-tier wage system, Deere announced plans to purchase the German-based Wirtgen Group, the largest road construction equipment manufacturer in the world, for $5.2 billion in cash.

In December 2017, President Donald Trump signed the Tax Cuts and Jobs Act, which lowered corporate tax rates from 35 percent to 21 percent. Following this, in 2018, Deere reported pre-tax earnings of $2.15 billion. Instead of paying taxes, it was owed $268 million from the US government for various deductions and credits.

While calling for attacks on workers, Campbell, Deere’s CFO, told shareholders in August that dividends paid out to shareholders would not decrease. He said, “Note that we’ve increased our dividend by 25 percent over the last two years and that further increases will be under consideration as we demonstrate progress to our increased profitability goals.”

Meanwhile, Deere is in the midst of a stock buyback spree, purchasing $400 million of stock to inflate share prices and returns to investors and top executives. Former Deere CEO Allen received total compensation of $18.2 million in fiscal year 2019.

Now, after reaping billions in profits year-after-year, Deere is preparing to ratchet up the attacks on workers. But workers did not create the economic downturn, and their jobs and livelihoods cannot be held hostage for the short-term and often criminal decisions of the corporate and financial elite to enrich themselves at the expense of the rest of society.

Deere workers must begin fighting back now. To do this, it is necessary for workers at Deere to form rank-and-file factory committees independent of the UAW, which is riddled with criminals and bribe-takers.

There is ample sentiment among workers at Deere, Caterpillar, the Big Three auto companies and elsewhere for unity. Deere workers must link up with autoworkers at GM, Ford and Fiat Chrysler, along with other sections of workers in the US and in other countries, in order to carry out a collective fight for the needs of the working class as a whole.

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