

# John Deere demands further job cuts through “voluntary separation program”

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On Wednesday, farm equipment giant Deere & Company announced further plans to cut its workforce through a “voluntary separation program.” The announcement was made just prior to the release of Deere’s fourth quarter earnings, which showed lower net income.

The company revealed in August a plan to cut costs and boost profits through “organizational efficiency,” which the *World Socialist Web Site* warned at the time meant new rounds of layoffs and attacks on workers. Since then, 163 Deere workers have been laid off across Iowa and Illinois. Another 100 already temporarily laid off workers have had their layoffs extended and 300 workers have seen their hours and pay cut by being forced to downgrade to lower-level roles.

Deere is seeking once again to make workers sacrifice in the name of boosting profits. In this they can count on the full collaboration of the United Auto Workers (UAW), the nominal bargaining agent for 11,200 Deere workers.

In the fourth quarter, ending November 3, 2019, Deere reported net income of \$722 million, or \$2.27 per share, down from last year’s fourth quarter earnings of \$785 million, or \$2.42 per share.

Deere warned of further decline in sales, threatening more cuts for the coming year. For the 2020 fiscal year, Deere forecast agricultural equipment sales falling between 5 percent and 10 percent and construction equipment sales declining by as much as 15 percent.

“John Deere’s performance reflected continued uncertainties in the agricultural sector,” said John C. May, Deere’s new chief executive officer. “Lingering trade tensions coupled with a year of difficult growing and harvesting conditions have caused many farmers to become cautious about making major investments in

new equipment. Additionally, financial services results have come under pressure due to operating-lease losses.”

Trade war between China and the United States has lowered export incomes of American farmers. According to the American Farm Bureau, in 2017 China imported \$19.5 billion of US farm produce. The following year in 2018, China imported \$9.1 billion worth of US farm produce. Last year, US shipments of soybeans to China fell to a 16-year low as China bought soybeans largely from Brazil.

A record-setting wet growing season played a large factor, decreasing crop yields for large sections of the American farm belt. The US Department of Agriculture reported some 19.4 million insured acres across the United States went unplanted due to the rains, the highest since the government started tracking it in 2007. American farmers filed a total of 535 Chapter 12 bankruptcy filings, a spike of 13 percent, or 60 bankruptcies, in the past 12 months, the highest since 2012.

Under the newly announced “voluntary separation program” certain segments of the salaried workforce are being threatened with possible involuntary layoffs in the future if they don’t quit, or “separate.” Workers who quit will receive a monetary exit package. The program is intended to reduce the proportion of more senior and higher paid workers.

Ken Golden, Deere’s director of global public relations, said, “Some employees working in precision technologies and other new product programs are examples of those who are not eligible. However, for those who are eligible, the program is offered to employees of all tenures of service.” He continued, “Deere is deploying this voluntary separation program to create a leaner, more focused organization that is

more agile and has the skills and competencies needed for the future.”

Deere did not state how many workers would be offered voluntary separation packages. Workers who receive the offer have until the end of the company’s first quarter of the fiscal year 2020 to accept.

Deere is able to slash its workforce knowing full well the UAW will do nothing to oppose it. This is because the UAW operates as an extension of Deere, serving as its managerial arm in enforcing company discipline. In 1997, the UAW imposed a two-tier wages and benefits system, which paid workers hired after 1997 significantly less for doing the same job as those hired before.

Using the same lie also used to ram through sell-out auto contracts, Deere and the UAW told workers the two-tier system was a temporary sacrifice to maintain profits. Since then, Deere has reaped billions.

In 2015, the last UAW-Deere contract negotiation, workers were again told they had to make sacrifices for Deere. The six-year contract imposed by the UAW maintained the hated wage and benefit tier system and increased out-of-pocket healthcare costs. It paved the way for wave after wave of job cuts at the company in the following years. Former UAW-Fiat Chrysler Vice President Norwood Jewell, who has since been sentenced to a token 15 months in prison for his role in the UAW corruption scheme, oversaw the 2015 sellout contract at Deere.

Many Deere workers expressed concerns over potential ballot fraud during the 2015 contract ratification process and called for a recount. At one local, the UAW suspiciously announced the contract was passed by a margin of 51 percent “yes” to 49 percent “no.”

Two years later, after workers were forced to accept a concessionary contract, as the UAW proclaimed, to help Deere stay competitive, the company announced plans to purchase the German-based Wirtgen Group, the largest international road construction equipment maker, for \$5.2 billion in cash.

Meanwhile, in December 2017, President Donald Trump signed the Tax Cuts and Jobs Act, which slashed corporate tax rates from 35 percent to 21 percent. In 2018, Deere, instead of paying taxes, was refunded \$268 million from the US government.

Deere has also engaged in a stock buyback spree,

purchasing \$400 million of its own stock to inflate share prices and boost returns to investors and top executives. Former Deere CEO Samuel Allen received a total compensation of \$18.2 million in fiscal year 2019. Meanwhile, even as Deere continues its attacks on workers, the company has maintained its dividend payouts to its shareholders.

The growing threat to jobs must be met with a counteroffensive by workers. The UAW has again and again demonstrated that it is a bitter enemy of workers, so workers must take this fight into their own hands by forming rank-and-file factory committees independent of the union. Deere workers must appeal to their brothers and sisters at Caterpillar and the Detroit-based auto companies and other sections of workers in the US and globally to organize a united struggle in defense of jobs and living standards.



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