

John Deere announces \$1.6 billion in third-quarter profits, enough to pay every UAW-Deere worker \$160,000

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To get in touch with the World Socialist Web Site to discuss forming a rank-and-file committee, John Deere workers can email deerewrfc@gmail.com or text?(484) 514-9797.

On Friday, the world's largest agriculture machinery company, Deere & Company (John Deere), announced surging profits of over \$1.6 billion for the third quarter of the year. The earnings report comes amid the first week of contract talks between Deere and the United Auto Workers (UAW).

Ratified in 2015, the current six-year contract expires on October 1, 2021. The new contract covers 10,100 workers from Deere plants in Illinois, Iowa and Kansas.

Deere's third quarter profits come out to roughly \$160,000 for every one of the 10,100 workers under contract. The company's profits destroy any pretense that there is not enough money to meet the demands of workers. However, the UAW and Deere will nonetheless attempt to impose a concessionary, pro-company contract.

Workers must be warned: Any talk from the company and the UAW that says their sellout contract is the best they can do is a lie.

In its third quarter earnings statement, Deere reported profits of \$1.667 billion for the quarter ending August 1, 2021, a significant increase from last year's third quarter profits of \$811 million.

Deere made a total of \$4.68 billion for the first nine months of the 2021 fiscal year, again a large increase to last year's \$1.993 billion for the same period.

Deere's international net sales and revenues for the third quarter of 2021 increased 29 percent, to \$11.527 billion. Equipment operations net sales were \$10.413 billion for the quarter and \$29.461 billion for the first

nine months of the year, while for the same time period last year they were, respectively, \$7.859 billion and \$22.612 billion.

It is not surprising that Deere has continuously found itself on the Fortune 500 list. Fortune recently described the list as the following, "The name is synonymous with business success. This is the 67th edition of our ranking of America's largest companies. Together, the 500 corporations on this year's list generated \$13.8 trillion in revenue, or some two-thirds of the U.S. economy." Deere was placed 88 out of 500 on the 2021 list.

In February, Deere raised its dividend payout to shareholders to 90 cents a share from 76 cents, an approximate 18 percent increase. "The dividend increase is a reflection of Deere's recent strong performance and it shows our confidence in the company's future direction," bragged John C. May, Deere's chairman of the board, president and chief executive officer, at the time.

On Thursday, Deere announced it was ending its partnership with Hitachi Construction Machinery. Deere and Hitachi previously produced Deere-branded excavators in the Americas. Deere will instead purchase all of the joint-venture factories in Kernersville, North Carolina, Indaiatuba, Brazil, and Langley, British Columbia, Canada and maintain its production of Deere branded excavators there.

Deere will also purchase the intellectual property license to continue manufacturing Deere-branded models and enter a "long-term supply agreement with Hitachi to source and manufacture the current products at existing locations," according to Deere's website.

Deere will spend \$275 million to acquire the factories

and intellectual property.

Earlier this month, Deere spent \$250 million to acquire Bear Flag Robotics, an agriculture technology startup based in Silicon Valley, which focuses on artificial autonomous technology, i.e., artificial intelligence.

In their statement announcing the acquisition, Deere wrote, “The deal accelerates the development and delivery of automation and autonomy on the farm and supports John Deere’s long-term strategy to create smarter machines with advanced technology to support individual customer needs.”

Deere’s efforts to create “smarter machines with advanced technology” includes electric vehicles. Deere is researching new technologies to transition its array of combustion engine-based tractors, combines, mowers and other vehicles to electric.

The impetus for this change is cost. Electric vehicles require simpler mechanical operations that have less parts than traditional vehicles powered by an internal combustion engine. A transition to electric vehicles would require fewer workers to make them and lower payroll costs. Thousands would likely be laid off while Deere’s profits would tick up.

Deere’s massive profits are dependent on the continual driving down of wages and benefits and intensified work. It is relying on the UAW to once again deliver cost savings by imposing a management-dictated contract that will satisfy the demands of investors.

The outcome of this fight is not a foregone conclusion. Many workers have expressed their anger and disgust with the UAW and its sellouts. This anger must be channeled into the development of an organized, rank-and-file-led opposition to Deere and the UAW. The immediate building of rank-and-file committees will provide the basis for workers to conduct a fight for what they need, which includes an end to the tier system, a 30 percent across-the-board wage increase, and an annual cost-of-living raise to make up for rising inflation.

Linking up with Deere workers across the Midwest and their brothers and sisters at Deere plants internationally, this network of rank-and-file committees will become the catalyst of the international working class in a fight back against corporate attacks.



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