What striking Deere workers are fighting: A profile of the global corporation

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On Sunday, the strike by over 10,000 John Deere workers entered its 10th day. Workers at the agricultural and construction equipment giant's facilities in Iowa, Illinois, Kansas, Georgia and Colorado, rejected a tentative agreement backed by the UAW by a more than 90 percent margin on October 10, launching their first strike in 35 years three days later. The six-year UAW-Deere deal would have kept wages far below inflation while removing pensions for new workers.

With Deere operating over 100 facilities in 30 countries, workers are up against a powerful and experienced corporation which sprawls across the globe.

However, the very expansion and integration of Deere's operations around the world over the last 65 years has linked workers up in an international web of production, which, if successfully leveraged, would be a source of immense strength. According to an investor relations fact sheet, Deere now has 42,100 employees outside the US and Canada, most of whom are involved in equipment operations and constitute a majority of its nearly 70,000-strong global workforce.

John Deere's growth into a global corporation

While the original John Deere, a repairman and tool manufacturer, founded the company in 1837, the transnational corporate behemoth that is Deere today began taking shape in the 20th century.

Although it had opened facilities in Canada earlier, Deere first began expanding its productive operations internationally in earnest in the mid-1950s. In 1956, it bought shares of a tractor company in Mannheim, Germany, where it has a Deere plant today, and purchased land in Monterrey, Mexico, where it would go on to establish multiple operations. Not long after, it would expand into Argentina, Spain, France and South Africa. It would also move into heavy equipment manufacturing, building equipment for construction and tractors, as well as personal gardening equipment. The period of the 1990s and 2000s would see Deere open plants in Russia, India and China, while engaging in an acquisition spree of other companies, including an increasing number of autonomous technology firms in more recent years.

Deere's growth of profits outside of the US and Canada

Since at least 2011, John Deere's sales and profits from equipment operations in the US and Canada have steadily declined, while those outside the US and Canada have increased. The proportion of Deere's net sales from equipment operations outside the US and Canada has grown from approximately 28 percent in 2001 to 42 percent in 2020.

In 2011, Deere's US and Canada equipment operating profits were $3.23 billion. In 2020, it was $2.194 billion, a decline of 67 percent.

The opposite was the case, however, for operating profits for equipment operations outside the US and Canada. In 2011, Deere's equipment operating profits outside of the US and Canada were $967 million. In 2020, they were $1.36 billion.

This has been accompanied by the increase of Deere's equipment net sales in Asia, Africa, Australia, New Zealand and Middle East from $2.7 billion in 2011 to $3.59 billion in 2020.

Deere's growth outside of North America is in part due to emerging markets. In Asia, in particular, the growth of sales is being spurred by the adoption of industrial farming practices, which has also coincided with a colossal migration of peasants and rural toilers to the urban centers, vastly increasing the size of the working class in countries such as China and India. According to the website globenewswire.com, the Asia Pacific agriculture equipment market is predicted to grow at a compound annual growth rate of 5.2 percent between 2019-2025 due to a "transition from conventional methods of farming to mechanized farm practices."

The role of finance capital

Deere's domination of the global market for agricultural machinery—a basic necessity required by nearly all countries for the production of food and other goods—makes it an incredibly lucrative source of profits for the financial elite.

The latest financial results published in August saw Deere bring in profits of over $1.6 billion for the third quarter of its fiscal year alone. Deere forecasted that its net income for fiscal 2021 would be between $5.7 and $5.9 billion, which would be nearly 70 percent higher than its previous annual record of $3.5 billion in 2013.

Around 70 percent of Deere's stock is controlled by institutions, with another 10 percent owned by private equity and venture capital funds, according to the investment website Simply Wall St. Cascade Investment, LLC, an investment vehicle owned by centibillionaire Bill Gates, controls approximately 10 percent of Deere's shares. Combined with The Vanguard Group, Inc., BlackRock, Inc., JPMorgan Chase, and Wellington Management Group, LLP, these large investment firms own close to 30 percent of Deere.

Deere's stock price and its shareholders have massively benefited from the cheap-money policies of the Federal Reserve, which has maintained interest rates close to zero and continues to purchase $120 billion worth of bonds every month. Since the bottom of the market in March 2020, Deere's stock price has more than tripled, rising from $111 to $340, with a market capitalization now exceeding $100 billion.

Deere's board of directors includes some of America's significant representatives of the corporate and political elite, such as Alan Heuberger, a senior investment manager at BMGI (Bill and Melinda Gates Investments, the private family investment fund of the billionaire couple); Dmitri L. Stockton, former top executive of General Electric and GE Asset Management Inc.; Tami A. Erwin, executive vice president at Verizon; Gregory R. Page, retired CEO and chairman of agribusiness giant Cargill; Charles O. (Chad) Holliday, Jr., retired CEO and chairman of chemical company DuPont; and Michael O. Johanns, a Republican retired US Senator from Nebraska and former US Secretary of Agriculture.

While wages for Deere workers have eroded for years and health care benefits and pensions have been steadily stripped away, the wealth of Deere's directors, executives and shareholders has ballooned. According to Deere's definitive proxy statements filed with the Securities and Exchange Commission (SEC), the average director compensation has risen from roughly $200,000 in 2010 to $310,000 in 2020, an increase of 55 percent. Of course, this reported income is likely only a small portion of the money accruing to Deere's executive board.

Meanwhile, Deere's current Chairman and CEO John C. May received a total compensation of $15,588,384 in 2020—a rise of 160 percent compared to his pay the previous year and 220 times the median Deere employee pay of $70,743.

The John Deere strike and the need for an international strategy

The strike by Deere workers in the United States has international consequences for the company. Two of its plants in Iowa produce all types of parts for Deere's products across the world. But the strike has put a wrench in the company's production of parts, putting pressure on its margins.

Parts sales are of growing importance to Deere's bottom line. From 2011 to 2020, net parts sales rose from $4.5 billion to $6.8 billion. The volume of parts sales also increased in this period. In 2011, parts constituted 15 percent of total equipment sales. In 2020, they consisted of 22 percent.

The strike threatens a shortage of parts required to repair farm equipment in the United States as harvest season is still under way. This means a potential decline of agricultural exports—which amount to billions of dollars—to China and other countries as crops cannot be harvested and are left to rot.

This places striking John Deere workers in the United States in a powerful position. However, they nevertheless confront a massive and cutthroat corporation which is operating with a global strategy and determined to break their strike.

More than Deere's own profits are on the line. Immense pressure is being brought to bear on the company by both Wall Street and the political establishment, who wish to prevent at all costs any section of the working class breaking out of the decades-long low-wage regime. The ruling class fears that one clear victory by workers will spark a social upheaval throughout the US. Thus, Deere is seeking to utilize all the tools at its disposal—state repression and court injunctions, strikebreakers, and, most of all, counting on its partners in the UAW to sabotage workers' struggle.

But anger within the working class is already at a boiling point, with the walkout at Deere part of the largest strike wave in decades. The overwhelming no vote by Deere workers is a manifestation of a fightback by workers against the UAW's and Deere's years of clawing away at wages, benefits and rights. The rebellion by Deere workers has led to the formation of the John Deere Workers Rank-and-File Committee, initiated by workers independently of the UAW.

The international character of John Deere requires workers adopt their own international strategy to fight it.

Where Deere workers in other countries have learned of the strike in the US, the immediate response has been one of solidarity. In Mannheim, Germany, Deere workers last week voiced their support for the strike in the US, recognizing they were fighting against similar issues. In Mannheim, workers have been subjected to repeated rounds of layoffs, with the company increasingly utilizing contract and temporary workers with virtually no job protections.

Deere workers have already taken the first steps in establishing the John Deere Workers Rank-and-File Committee, which has appealed to Deere workers in other countries to join their fight. Rank-and-file committees must now be expanded to every Deere factory and warehouse in the United States and across the world, linking up with autoworkers, Volvo workers, Dana parts workers, Caterpillar and Case workers, and beyond, taking up a global strategy to overturn the decades of corporate attacks.