

Three things striking Deere workers need to know about the company's finances

Marcus Day

4 November 2021

Deere and Company has responded to workers' courageous rejection of its second tentative agreement with the United Auto Workers Tuesday by carrying out a media blitz aimed at intimidating opposition and sowing divisions among workers.

Deere's chief administrative officer, Marc Howze, has stated the deal was the "best and final offer," claiming the company is unable to spend anything more. "There was maybe a sense that because we were able to reach an agreement as fast as we could, maybe there's something left on table. Well, there's not."

The company, awash in record profits, is attempting to foster a media narrative that the 10,000 strikers are greedy, while exaggerating the average amount it pays workers and absurdly presenting its own coffers as empty.

Adopting the tone of a stern patriarch who has to speak slowly to a wayward child to make himself understood, Deere has stated that it will reach out to workers directly to "educate" them on the deal. "We want to make sure they understand the value of the agreement, to make sure they understand that there is nothing to be gained by continuing to hold out," Howze has said.

At the same time, Deere is working behind the scenes with the UAW's executives to find a way to quickly enforce the rejected contract, or something largely similar. The UAW has kept workers entirely in the dark on its talks with the company since the vote, saying only in a short statement that it was meeting with Deere to "discuss next steps."

The UAW, which gave its full backing to the last tentative agreement, has predictably done nothing to counter Deere's propaganda campaign. On the contrary, its own officials had served as PR reps for the company in the run-up to the vote, seeking to persuade workers that it was the best they could expect and that there was no more money available.

In every significant struggle by the working class for major advances—whether for the eight-hour day, pensions, health benefits, health and safety protections, or other basic rights—the representatives of the ruling class have always sought to cynically and falsely present workers' demands as "unrealistic" and wasteful extravagances.

But the facts are on the side of workers, who are rightly insisting they deserve to be paid far more and have secure

retirements.

1. Deere could pay workers \$25 more an hour and have billions in cash left over

Since the 2015 contract, Deere has taken in over *\$185 billion* in total sales and revenue and has reaped nearly *\$17 billion* in profit. If not for the complex and interconnected labor of thousands of workers around the world, including not just workers at Deere but parts workers for its suppliers, none of this wealth would have been produced.

Financial analysts have projected the company's high level of profitability will continue. Based in part on the intense levels of exploitation it has been able to enact with the help of the UAW, Deere increased its profit margin during the pandemic, and it is projected to remain "elevated" over the next two years. Currently close to 13 percent, the margin is forecast to exceed 15 percent till near the end of 2023, Bloomberg has reported.

Deere had over \$7.6 billion in cash and cash equivalents as of August 1, according to its most recent quarterly earnings report. *Less than half that amount*, \$3 billion, would be more than enough to pay each of the 10,000 workers on strike an additional \$25 an hour over the next six years.

Looked at another way, Deere could pay 65,000 of its hourly and white-collar employees globally an additional \$10 an hour and still have billions left over in profit each year.

2. Deere is squandering billions on big shareholders

Since 2016, Deere has spent nearly \$10 billion on dividends and share repurchases, benefiting its biggest shareholders.

Deere's yearly dividend has increased by over 67 percent since 2015, rising from \$2.40 per share to \$4.02. With nearly 80 percent of Deere's stock held by institutions, large financial firms such as BlackRock and JP Morgan Investment

Management would have seen tens of millions more dollars in returns per year.

Deere stated in its latest proxy statement for investors that that it has routed “more than half of cash flow from our operations to investors through dividends and net share repurchases since 2004.” Significant portions of the remaining funds have been utilized by Deere in its monopolistic acquisitions of potential competitors and new technologies.

The company’s share price has also surged since the onset of the pandemic and has risen more quickly than the S&P 500 index overall this year, massively inflating the wealth of both its investors and its top executives.

3. Average compensation for Deere’s top execs grew 40 percent in four years

From 2016 to 2020, average compensation for “named executive officers,” such as its group presidents and chief information and financial officers, rose from \$4.5 million to \$6.3 million, an increase over 40 percent, according to the company’s proxy statements.

In 2020, Deere paid its CEO and five other top executives over \$47 million combined. As has been widely reported, CEO John C. May saw his pay jump 160 percent from 2019 to 2020, topping \$15 million.

The other senior executives included:

- Ryan D. Campbell, Senior Vice President and Chief Financial Officer: \$5,617,011
- Mary K. W. Jones, Senior Vice President, General Counsel & Worldwide Public Affairs: \$6,397,093
- Rajesh Kalathur, President, John Deere Financial and Chief Information Officer: \$6,512,641
- Cory J. Reed, President, Worldwide Agriculture & Turf Division, Production & Precision Agriculture, Americas and Australia: \$6,192,669
- James M. Field, Former President, Worldwide Construction & Forestry and Power Systems: \$6,812,256

Howze himself, although his compensation is not listed on the company’s disclosures, has an estimated net worth of at least \$23.64 million, according to Benzinga, a financial media outlet, based on a review of his sale of Deere shares.

Needless to say, none of Deere’s executives has to worry about lack of access to quality health care in retirement, or the myriad other daily problems the company’s tens of thousands of workers internationally confront.

The harsh line adopted by Deere in relation to the strikers is an expression of weakness, not strength. The company is desperate to find some means of breaking workers’ resolve and solidarity in advance of its fourth quarter earnings report later this month.

The nervousness in ruling circles is not simply over the strike at Deere, but what it portends—the eruption of an uncontrollable movement of workers in the US and in other countries, in rebellion against the decades-long corporate attacks on wages and benefits.

Thus, Gabriel Winant, a University of Chicago historian, told *Bloomberg Law*, “Thirty-five years ago, workers at Deere lost a lockout and took a deal that froze and reduced wages. Today they rejected an offer that starts with a 10% raise. It’s the biggest downward shift in the economic balance of power in my lifetime.”

The so-called “unions” such as the UAW, having spent the last 40 years integrating themselves into management, are seeking to ensure that the “balance of power” remains with their corporate paymasters. At Deere, the UAW is attempting to foster an atmosphere of demoralization and fatalism, falsely suggesting that strikers are losing the support of the community, in order to prevent workers from consolidating and broadening their struggle.

But there is growing support in the working class for the Deere strikers because of their resolve to win even larger gains. On Thursday, Deere workers in Mannheim, Germany, expressed their support and solidarity for the brothers and sisters in the US.

The Deere Workers Rank-and-File Committee has emerged as the most intransigent and organized expression of workers’ desire to win a better future for themselves and their families. The committee has called for an expansion of the strike and solidarity actions by autoworkers and other workers in the US, as well as full income for striking workers and an end to the UAW’s information blackout.

A Deere worker in Des Moines told the WSWS, “I voted no and I feel proud, because to stand up to someone like that because of everything they’re saying and doing, it’s a big thing. A lot of people I’m talking to feel like they did something right.”

He said that what was required was workers organizing independently of the UAW at each plant, noting that, ironically, “That’s what the unions did before, they went and recruited people. But as far as I see it now, the point of the union, they’re obsolete. They don’t do what they’re supposed to do. So we have to come up with something better, not just at John Deere, but in other industries.”

Take the next step by contacting the Deere Rank-and-File Committee by emailing deerewrffc@gmail.com or texting (484) 514-9797.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact