

Three reasons why Deere cannot endure a long strike

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More than 10,100 John Deere workers, on strike for more than a month, are voting Wednesday on what the company calls its “last, best and final” offer. Defying the will of the striking workers, the United Auto Workers is forcing workers to vote on a contract that is virtually identical to the one they voted down on November 2.

The John Deere Workers Rank-and-File Committee has called on workers to reject the sellout deal, which ignores workers’ demands for a \$10 an hour wage to make up for 25 years of UAW-backed concessions, as well as fully paid retiree health benefits for every generation of Deere workers. Throughout the US and, in fact, the world workers are looking to the Deere strikers to defy the blackmail by Deere and the union and to press forward and expand their struggle.

The strike has already had a significant impact on Deere, but the UAW is acting to snatch defeat from the jaws of victory.

However, an examination of the company’s situation makes it clear that it cannot weather a long strike. Here are three reasons why:

1. John Deere is in a supply crunch, already costing them \$1.5 billion.

John Deere’s third quarter earnings call with investors was dominated by concerns over “supply constraints.” Joshua Jepsen, director of Investor Relations for Deere, told investors that the “back half of the year” would be riddled with supply disruptions. He continued, “[w]e don’t see that easing up as we get into the fourth quarter and into 2022. So, we think that continues.”

Deere is in a tricky position. It has to deliver products to keep Wall Street investors happy, but for the foreseeable future it is vulnerable to disruption. It had already increased costs before the strike \$1.5 billion due to supply chain problems.

Jepsen continued, “One of the challenges [of the supply crunch] is that it’s a pretty wide variety of issues. It’s not one select issue, from material to labor to logistics across the supply chain, which makes it a little more challenging and also pretty

diverse from a geographic perspective. ... [w]e don’t see that easing up here in the near term.”

Investment bank Morgan Stanley pointedly asked Jepsen what the company was “doing on the procurement side to make sure that you have a consistent supply chain through next year?” Adding, “[y]our guidance does not contemplate a shutdown but what [are you] doing to make sure that there are no significant shutdowns?”

Deere workers are in a powerful position. The company is already dealing with a slew of supply chain issues, and the strike has greatly exacerbated this. Farmers are gearing up to buy new equipment as agricultural prices rise, and therefore demand is high, but Deere is struggling to fulfill its orders.

A local ABC affiliate in Davenport, Iowa, confirmed this from the farmers’ perspective, writing, “Area farmers were concerned about access to farm equipment parts after COVID-19 disrupted the supply chain. ... This delay added stress to farmers, and with the added stress of the strike on supply, one farmer said he’s concerned.” The farmer they interviewed said farmers will be particularly concerned if it goes into 2022, and their stockpiles of equipment run out.

Financial analysts have estimated that Deere has been losing tens of millions in lost revenues and profits every day of the strike. Moreover, the company was struggling to hire and retain workers for months before the walkout, since pay and working conditions have fallen so low that jobs are being sought elsewhere.

Thus, workers find themselves in a particularly advantageous moment to extract significant gains from Deere.

2. John Deere’s plans for “precision agriculture innovation” make it reliant on its skilled workforce.

John Deere has ambitious plans to scale up both its automation and “precision agriculture” units. Over the last few years Deere has spent hundreds of millions purchasing Bear Flag Robotics, an autonomous tractor company, and Blue River Technologies, a machine learning company. In particular, the

company is trying to sell investors on its “Deere Smart Industrial Strategy,” a new company operating model dependent on the “rapid introduction of new technologies.”

How will Deere achieve this “rapid introduction of new technologies” but through its workforce? Is CEO John May going to come down and run the production line? Is that part of his \$15 million a year contract?

Deere’s precision agriculture unit, things like See and Spray and ExactApply, are central to its business model. In particular, it wants to “respond more quickly to changing market conditions.” That is, it wants to be able to scale up production of new technology quickly when there is demand, as in the current situation.

The company is in desperate need of labor, but at the same time, it is a global corporation with vast operations and has threatened to utilize its workforce internationally to undercut the strike. To combat such a transnational giant, workers in the US must appeal directly to their brothers and sisters at Deere plants in other countries for support. Such calls will not go unheeded, as the statements of solidarity from Deere workers in Germany and France have shown.

3. The strike at Deere is and will continue to have a domino effect.

Nationally and internationally, dozens of other strikes and protests are occurring among transit workers, teachers, public sector workers and service workers. Like the fight at Deere, other workers are battling against the ravages of inflation, exhausting work schedules and the lies by corporations and the unions about “nothing being left on the table,” even as big business makes record profits and pays top executives and shareholders massive rewards.

A rejection of the sellout agreement by Deere workers will encourage other workers to stand up and fight. As one academic at Cornell’s School of Industrial and Labor Relations warned, “What will happen is you’ll see more workers going on strike,” Kate Bronfenbrenner told *Yahoo Finance*. “Each time there’s a ripple effect with each one of those, if the John Deere strike isn’t settled, you’re going to see another big group go out. *Strikes are contagious*. [Emphasis added]”

The entry of more workers into struggle against both the corporations and their bought-and-paid-for stooges in the UAW and other pro-company unions will provide Deere workers with the necessary reinforcements to defeat the company.

Management’s refusal to meet workers’ demands thus far is not merely or primarily a product of individual greed or stubbornness. Wall Street and the business-political establishment are exerting significant pressure on the company to “hold” its own line.

Company executives have repeatedly sought to emphasize to Wall Street that it will enact “discipline” in its operations going forward. At its June announcement of its “Smart Industrial” strategy, Deere wrote, “Deere will adopt a more disciplined approach to capital allocation by devoting research and investment dollars to the most promising and profitable opportunities.”

“Discipline,” in Wall Street parlance, means being as cheap and stingy as possible, in particular, in relation to what is spent on workers. When Deere says it will allocate investment dollars to the most “profitable opportunities,” what Deere means is that it is doing whatever it can to avoid spending money, except on those things that make them lots of money.

The pressure from the financial elite is aimed both at continuing the massive flow of wealth pumped out of workers to Deere’s big investors, as well as preventing a significant breakthrough by Deere workers from sparking a tidal wave of strikes against low wages and poor working conditions.

This means that while company executives are flush with cash, the company is not going to easily budge on its labor contract. The company needs its feet to be placed to the fire. A prolonged, implacable and united struggle is needed to force the company to accede to workers’ demands.

The Deere workers find themselves at a particularly favorable juncture, with a number of factors potentially working in their favor. But they also confront significant obstacles and risks on the road to victory, facing in Deere a powerful and experienced adversary, with the UAW working on its behalf.

To win real gains, Deere and other workers looking to fight must take the conduct of their struggles into their own hands and expand the Deere Strike Rank-and-File Solidarity Committee, which has been set up to unify Deere workers with educators, nurses, Amazon workers, auto and auto parts workers, and other workers in the US and internationally.



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