

John Deere to move some production from Iowa to Mexico, after beating quarterly earnings estimates

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Last Friday, Deere & Company, the global leader in agriculture machinery production in the world, revealed it will be moving tractor cab production from its Tractor and Cab Assembly Operations (TCAO) in Waterloo, Iowa, to Ramos Component Works in Mexico.

Deere is blaming the move on a tight labor market. “The decision to move cab production ensures the company can balance workforce needs within the tight labor market, while also ensuring Waterloo can open up floor space to manufacture new products,” the company said in a statement on Friday.

Currently, some 1,100 production workers and 450 salaried workers work at the Waterloo TCAO. Deere’s move is projected to affect 250 employees, but such an estimate could fluctuate and possibly be much higher depending on the next two years and how the company responds to market conditions. Deere intends to complete the move during the 2024 fiscal year. While Deere insists new product programs will replace cab production in Waterloo, details of these programs have yet to be publicly released.

The announcement by Deere comes two weeks after the company reported its second-quarter profit and revenue, which were well above Wall Street’s expectations despite pressures and shortages in the international supply chain. For the second quarter that ended on May 1, Deere reported a net income of some \$2.1 billion, up from about \$1.8 billion for the second quarter of 2021, with the company seeing a 34 percent increase in net sales. “Deere’s second-quarter performance reflected a continuation of strong demand even as we face supply chain pressures affecting production levels and delivery schedules,” Deere CEO John C. May said in a statement Friday.

Workers should reject with contempt any attempt by the United Auto Workers to stoke hostility toward Mexican workers over Deere’s move.

While Deere’s executives and big shareholders live it up off the profits extracted from the company’s global

workforce, they miss no opportunity to pit workers in various countries against each other, shifting production from one country to another in search of the highest rate of return.

Deere CEO May received a total compensation package of \$19.9 million in 2021, a \$4.3 million raise over his measly \$15.6 million in 2020. Deere shareholders, meanwhile, are being paid handsomely, with the company raising its shareholder dividend payment of \$0.51 in 2012 to \$1.05—and then increasing it another 8 percent to \$1.13 per share! The new payments will begin on August 8.

Deere executives have fattened off their collusion with the UAW, which for decades has worked hand-in-glove with management to strip hard won gains from workers, undermining health care and suppressing wages, all the while scapegoating workers in other countries for the very attacks the union itself helped engineer.

Deere’s continued rise in earnings confirms once again that the union and Deere management lied through their teeth when they told workers nothing more could be won by continuing the strike last fall. Workers were seeking substantial wage increases, the restoration of retiree health care, and other major improvements in their working conditions to offset decades of concessions engineered by the UAW.

Defying both the company and union, Deere workers went on strike October 14, 2021, launching their first strike in 35 years after voting down a tentative agreement endorsed by the UAW by more than 90 percent. Two weeks later, workers voted down a second tentative agreement. The media and the company responded by launching a propaganda campaign to browbeat workers into submission, insisting there was no more money.

The UAW broke its silence only to join the company in threatening workers that they might be fired and replaced if they persisted in their strike and that the contract was management’s best and final offer, a “groundbreaking”

settlement, to use their own words.

Less than two weeks after workers rejected the second contract, the UAW forced workers to vote on a contract that was a mirror image of the previous, but had “modest modifications.”

Under murky conditions, the UAW announced ratification of the contract in November 2021, with the union claiming 61 percent voted in favor.

Throughout the strike the UAW worked tirelessly, not to help workers win a better contract, but to intimate and threaten workers to accept the pro-company contract. The union’s goons were in full force, with Phil Gonterman, the UAW elections chair at Local 281 in Davenport, threatening workers with retaliation who were planning to vote “no.” A worker shared with the WSWs comments from a Facebook group in which Gonterman wrote, “I hope any welder-machinist that talked big and bad about how they were voting it down based on their stupid hampster [sic] wheel brain understanding, doesn’t hate red,” Gonterman wrote after the UAW’s second agreement with Deere was defeated on November 2. “Because I’m going to f**k their lights out for every quality issue. Yeah, you all know who you are.”

Notably, in a reply to a post by Gonterman, Local 281 Vice President Brian Ripple at the Davenport plant suggested that Deere should shift work from its Waterloo, Iowa, operations, where workers had strongly opposed the UAW sellout, to Mexico. “Who’s coming to visit me in Mexico when I’m making Deere equipment in 3 years?” Gonterman wrote. Ripple replied, “I’d say Waterloo might be a better candidate to ship out.”

These filthy statements sought to whip up reactionary nationalist divisions and intimidate workers with threats of outsourcing if the contract was voted down. These are not isolated statements of some loud-mouth individual, but speak directly to the nationalist and chauvinist orientation of the UAW as a whole.

The UAW has sought to cover its crimes against workers by placing blame on workers in other countries. But workers in the US have far more in common with workers in Mexico than they do with the fat cats in the UAW bureaucracy, whose incomes are in the six figures.

In complete opposition to the UAW’s nationalist program of divide and conquer, the Deere Workers Rank-and-File Committee fought for an international strategy of expanding the strike and uniting workers with their brothers and sisters in other countries. Workers won international support from Deere workers during the strike.

In Mannheim, Germany, Deere workers expressed their solidarity and support for the strike in the US, with many German workers claiming they faced similar issues. In Mannheim, workers have been subjected to rounds and

rounds of layoffs, with the company ratcheting up its use of contract and temporary workers with virtually no job protections or security.

The threat by Deere to move production to Mexico underscores the need for workers to adopt an international strategy. The bitter experience of the UAW’s sabotage of the Deere strike must be analyzed and lessons drawn.

Currently, some 1,200 agricultural and construction equipment workers at CNH Industrial in Wisconsin and Iowa have been on strike for a month, determined to win significant improvements to wages, benefits and working conditions. Similar to the Deere strike, the UAW is meeting behind closed doors with management to negotiate a deal that meets none of workers’ demands. However, like the Deere strike, CNH workers have established the CNH Workers Rank-and-File Committee to develop a broader strategy to expand and win the struggle.

Workers at CNH have cited the Deere strike as a source of immense inspiration. Speaking on the Deere strike, a CNH worker said, “It showed the rest of us people, the low-class workers, that it’s time to reach for the sky. John Deere is just about the mirror image, in terms of management and other things, of CNH and Caterpillar.”

For workers to fight and win they must take the initiative through the formation of rank-and-file strike committees at every plant and warehouse. Deere workers should join forces with workers at CNH, Volvo and Mack Trucks, Dana and the Detroit auto companies, as well as transport and logistics workers such as car haulers and rail workers at BNSF and CSX. Only the development of such a mass movement can secure workers’ rights and interests.

To learn more about starting a John Deere Workers Rank-and-File Committee at your workplace, Deere workers can email deerewrfc@gmail.com or text (484) 514-9797.



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