

CHEAT TO WIN: THE JOHN DEERE STORY

Net Revenue (2020): [\\$35 billion](#)

CEO Pay (2020): [\\$16 million](#)

Median Employee Pay (2020): [\\$70,743](#)

CEO-to-Worker Pay Ratio: [220-to-1](#)

Federal Lobbying Expenditures (2010-2021): [\\$15.8 million](#)

Taxpayer Subsidies (since 1997): [\\$226 million](#)

Deere & Co. is the largest farm equipment corporation in the world, selling twice as much machinery as its two next-largest competitors combined.¹ Deere controls 53 percent of the U.S. market for large tractors and 60 percent of the U.S. market for farm combines.² These sub-sectoral monopolies help explain Deere's 18 percent share³ of the overall farming equipment market, the largest of any corporation in a market where the four largest operators control 45 percent of all sales.

Deere has also bought up dominant producers of heavy machinery in other sectors. It purchased the largest road construction equipment maker in the world for \$5 billion in 2017, and the world's largest timber harvesting machinery company for an undisclosed sum in 2000.

Deere did not come by this control honestly. It bought market share, used public resources to capture private profit, and engineered elaborate financial shell games to hide its profits from U.S. tax authorities.

¹ Peter Waldman and Lydia Mulvany, "Farmers Fight John Deere Over Who Gets to Fix an \$800,000 Tractor," *Bloomberg*, March 5, 2020.

<https://www.bloomberg.com/news/features/2020-03-05/farmers-fight-john-deere-over-who-gets-to-fix-a-n-800-000-tractor>

² Thomas Jeffrey Horton and Dylan Kirchmeier, "John Deere's Attempted Monopolization of Equipment Repair, and the Digital Agricultural Data Market - Who Will Stand Up for American Farmers?," *CPI Antitrust Chronicle*, Jan. 2020.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3541149

³ Mary K. Hendrickson, Philip H. Howard, Emily M. Miller, and Douglas H. Constance, "The Food System: Concentration and its Impacts," *Family Farm Action Alliance*, May 6, 2021.

<https://farmactionalliance.org/concentrationreport/>

Having negated meaningful competitive pressures, Deere does what monopolists everywhere do: It abuses its size advantage to bully competitors, customers, and workers, prioritizing shareholder interests over all others.

Deere bought its way to market dominance. Though John Deere’s story begins with a genuine breakthrough – the self-scouring steel plough – its modern dominance owes as much to aggressive merger and acquisition strategies as to ingenuity. Deere has been buying up competitors in lieu of inventing its own superior products since the early 20th century, when it decided to buy leading tractor manufacturer Waterloo Gasoline Engine Co. after a few attempts at developing its own competing product. Deere has spent billions on well over a dozen acquisitions and mergers in the past two decades, including the roll-ups of the world’s largest timber-harvesting machinery producer⁴ and the world’s largest road-construction machinery producer⁵, and numerous smaller acquisitions of both equipment makers and automation software companies.

- **Deere used taxpayer-funded research to control the future of the agricultural equipment market.** Deere’s enormous market power is in part a product of the cutting-edge technology built into its agricultural machinery – and Deere gained that technological precision by piggybacking on taxpayer-funded scientific research. Deere had struggled to develop an effective self-guiding system for its machines on its own. So it bought a firm – NavCom – that had a license to use software and data from NASA’s Jet Propulsion Laboratory.⁶ The acquisition gave Deere the ability to build a uniquely precise set of tools, backed not by its own investments in research and innovation but by tapping into cutting-edge work being paid for by the public. Today’s Deere harvests private profit from this taxpayer-provided innovation.

Deere throws its weight around to pre-empt competition and restrict consumer choice.

On the rare occasion that a competitor’s sales growth begins to threaten Deere’s dominance, executives do not stoop to worrying about product quality or customer satisfaction. They simply tap their enormous financial power to quell the threat. Deere dealers are reportedly receiving “unpublished financial incentives” for taking a specific

⁴ Rental Equipment Register Staff, “Deere Completes Timberjack Acquisition,” *Rental Equipment Register*, June 1, 2000. <https://www.rermag.com/mag/article/20937035/deere-completes-timberjack-acquisition>

⁵ Deere & Company, “Deere to acquire the Wirtgen Group, the global leader in road construction equipment,” *Cision PR Newswire*, June 1 2017. <https://www.prnewswire.com/news-releases/deere-to-acquire-the-wirtgen-group-the-global-leader-in-road-construction-equipment-300466603.html>

⁶ Gina Anderson, NASA Website, “How NASA and John Deere Helped Tractors Drive Themselves,” April 18, 2018. https://www.nasa.gov/feature/directorates/spacetech/spinoff/john_deere

brand of tractor as a trade-in – meaning that executives are spending money to artificially shrink an upstart’s market share despite an unfavorable trend in customer demand.⁷

Deere also prohibits farmers from doing their own repairs on Deere equipment. Farm machinery is now so technologized that even a basic repair job requires interacting with software that Deere owns. It is zealous about its copyrights on that code – which forces farmers to pay a Deere dealer to fix things rather than maintaining their equipment on their own.⁸

Deere cuts workers out of its success in order to feed profit back to investors. Deere recorded a record \$4.7 billion in profit over the first three quarters of 2021. It spent \$1.7 billion of that on stock buybacks, while rejecting workers’ requests for benefits to be restored to their previous levels. The rejected contract offer that sparked the current strike offered raises of roughly 6 percent,⁹ while Deere’s stock price is up almost 40 percent¹⁰ over the past year. Executives refused to restore pension, health care, and other retirement benefits that had been staples of its labor model until the 1990s.¹¹

Deere hides its profits from U.S. tax officials through an elaborate system of international shell corporations. Deere maintains at least 5 international subsidiaries in tax haven countries like Luxembourg and Switzerland. It had roughly \$6 billion parked in these offshore tax havens as of 2017. Despite reporting \$2.2 billion in U.S. revenue in 2018, it reported owing \$0 in U.S. income tax and sought a \$268 million tax refund.¹²

⁷ Ben Thorpe, “How Afraid is John Deere of Fendt’s Growing U.S. Market Share?,” *Farm Equipment*, June 7, 2021. <https://www.farm-equipment.com/blogs/6-opinions-columns/post/19416-how-afraid-is-john-deere-of-fendts-growing-us-market-share>

⁸ Peter Waldman, Lydia Mulvany, “Farmers Fight John Deere Over Who Gets to Fix an \$800,000 Tractor,” *Bloomberg*, March 5, 2020. <https://www.bloomberg.com/news/features/2020-03-05/farmers-fight-john-deere-over-who-gets-to-fix-a-n-800-000-tractor>

⁹ Aaron Gregg, “More than 10,000 John Deere Workers on strike after rejecting contract,” *Washington Post*, October 14, 2021. <https://www.washingtonpost.com/business/2021/10/14/john-deere-workers-strike/>

¹⁰ John Deere stock price, October 14, 2020 - October 14, 2021, Google Finance, Accessed October 14, 2021. https://www.google.com/finance/quote/DE:NYSE?sa=X&ved=2ahUKewjnsLL_xMrzAhXhrHIEHRb3CgUQ3ecFegQIChAU&window=1Y

¹¹ Michael Sainato, “Over 10,000 John Deere workers strike after ‘years’ of poor treatment,” *The Guardian*, October 14, 2021. <https://www.theguardian.com/us-news/2021/oct/14/john-deere-workers-strike-contract-union>

¹² Kathryn Kranhold, “You paid taxes. These corporations didn’t,” *The Center for Public Integrity*, April 11, 2019. <https://publicintegrity.org/inequality-poverty-opportunity/taxes/trumps-tax-cuts/you-paid-taxes-these-corporations-didnt/>