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SPOTLIGHT

Deere strike cost Q-C more than \$100M

By Dennis Moran, dmoran@qconline.com Jan 28, 2017

99¢ FOR THE FIRST MONTH



January 12, 1987: Skirmishes erupt on the picket lines as Deere white collar workers enter the Harvester Works in Moline. (Photo by Terry Herbig/file)

Dispatch/Argus file photo

It was the longest strike in the history of Deere & Co. and a turning point in local labor relations during an ugly decade.

On Jan. 27, 1987, negotiators reached a labor agreement to end a five-month strike-lockout that idled more than 12,000 United Auto Workers at Deere plants in Illinois, Iowa and three other states -- including more than 3,700 UAW members in the Quad-Cities.

After ratifying the agreement, UAW members returned to Deere on Feb. 2, 1987 -- 163 days after the strike began.

Contract negotiations at Deere and other companies still can be contentious, but there has not been a major strike in the Quad-Cities since 1987.

"John Deere and the UAW have really worked over the years since that time to sustain a strong relationship, and this relationship benefits both the company and our employees," said Ken Golden, Deere's director of global public relations.

"Our UAW employees have a really strong commitment in serving our customers with the quality products we build," he said, "and that has come from the strong relationship we have built."

Hard times on the farm

The 1980s were difficult times for the farm economy and, consequently, agricultural implement manufacturing. At the same time, the industry's long, tense history of labor relations hit a crescendo.

The decade began with a six-month work stoppage against International Harvester. That strike eventually contributed heavily to the breakup of the company and the closure of IH's Farmall plant in Rock Island.

Animosity lingered over which side was most to blame. It's still a good way to start an argument in the Quad-Cities. The consensus is there was plenty of blame to go around.

In total, the Quad-Cities lost more than 20,000 manufacturing jobs in the 1980s -- as well as a lot of support businesses, population, tax revenue and property values. In many ways, the area is still recovering, though there have been many successful efforts to improve employment and economic development.

Those efforts have been bolstered by better labor-management relations at Quad-Cities companies. The 1987 Deere strike provided a wake-up call on how badly a company and its workforce could hurt each other.

"After that, we both recognized we needed to do things differently," said James Hecker, UAW International representative who was a lead negotiator for the union at the time of the strike and up until 2010.

"We both (the UAW and Deere) really decided we needed to have a more collaborative than adversarial relationship -- that sort of mindset," he said. "Over time, it became more collaborative."

Changes in company culture

Mr. Hecker -- who helped create the Quad-City Area Labor-Management Council in 1986 and, later, Vision for the Future -- said there have been "cultural changes in the company and the workforce."

There's now more communications between union representatives and management between contract negotiations, he said. And in continuous improvement programs, supervisors and workers collaborate on work processes, safety and other concerns.

Such programs, Mr. Hecker said, "allowed the workforce to have a say about their jobs instead of being shut out of decisions.

"Now, people listened," he said.

According to Mr. Hecker, the 1987 strike resulted in lost homes, divorces and spikes in alcoholism and drug abuse among UAW members. He also said it cost Deere -- which already was enduring steep losses when the strike began -- many millions of dollars.

When it ended, a market analyst estimated the strike cost the Quad-Cities economy more than \$100 million in cumulative effects.

"I do believe that strike broke the community," said David Buller, CEO of QCALM. He recalled a headline of the time: "Will the last person leaving the Quad-Cities turn out the lights?"

"People were leaving the Quad-Cities," he said.

Strike or lockout?

The way the strike began left a dispute over what to call it.

Contract negotiations broke down in August 1986 after an existing contract had been extended twice. At midnight Aug. 22, the UAW called a "selective strike" against Deere facilities in Milan, Waterloo and Dubuque.

That meant 4,313 UAW members stayed home while about 8,000 went to work at other plants in a strategy some union members questioned and UAW vice president Bill Casstevens declined to explain.

The company wasn't having it. On Aug. 24, Deere ordered the other plants closed and sent all UAW members home.

"The company considers the union's decision to strike these three facilities as a strike against all factories with UAW-represented employees," Deere officials said in a statement. "Therefore, operations of all UAW-represented factories will not resume until the labor dispute is resolved."

That prompted Mr. Hecker to call the event a lockout. Deere disputed it was a lockout and objected to the term.

"Our strategy was trying to do just a selective strike and force a labor agreement," Mr. Hecker said last week. "Obviously, it didn't work. The company responded by locking out everybody else. The work stoppage came to be called either a strike or a strike-lockout, depending whom you asked."

How long would it last

Deere had strong inventories and was in a position to wait out a strike. The company was having a difficult year, with a total loss of \$107 million during the first three quarters.

Workers were feeling the pain, too. At the time, Mr. Casstevens claimed Deere was trying to "emasculate" the UAW members' cost-of-living wage adjustments. The union also wanted better pensions and job security.

Deere officials said its offered contract preserved existing wages, with opportunities for wage increases over the contract's length. "Our UAW-represented workers are among the highest paid manufacturing wage earners in the world," Deere said, adding they would remain so under the proposed contract.

In today's world, it may be hard to picture just how tense labor relations were.

"After the IH strike, the company and union were thinking this thing would spell the end of the company or the end of the union -- 'We have to stand our ground,'" Mr. Buller said. "Neither side could give in because, if they did, it would set their precedent for the future."

On Wednesday, Mr. Hecker said Deere "pushed us to the wall, with concessions we couldn't tolerate, monetary and nonmonetary."

But union leaders didn't foresee the possible length of the work stoppage.

"We had no idea," Mr. Hecker said.

"One of the problems with having, or causing, a strike -- from either side -- you can never guarantee how long they'll last," he said. "Once they get started, they take on a life of their own. Things happen."

Talks broke down. From the beginning of December 1986 until late January 1987, there were no talks at all.

Then Deere enlisted a heavyweight mediator: former U.S. Labor Secretary W.J. "Bill" Usery who, during the 1980s and 1990s, gained a reputation for mediating labor disputes involving postal workers, Chicago teachers, the National Football League and Major League Baseball.

In secret meetings, Mr. Usery got Deere and the UAW together and they hammered out an agreement. The main advantage gained by union members was a job security program that prevented more than 10 percent of UAW workers from being laid off at any one time.

The winner: Quad-Cities future

QCALM had just begun its work, helping dislocated workers and bringing management and labor together to reboot their relationships.

Now, he said, labor and management both are involved in local education programs, such as vocational training schools. Starting in 1997, contracts also got longer -- from three years to six -- to provide more stability.

"Both sides have seen the benefits of working together," Mr. Buller said.

There are still issues.

In 1997, Deere implemented a market-based wage system that has been an issue. Under the system -- sometimes called a "two-tier" system, new employees make significantly less than existing ones. In return, the company brought back many jobs that had been outsourced, Mr. Hecker said.

Today, there aren't many UAW members left at Deere receiving the higher pay level.

Mr. Hecker said the new wage system saved many jobs. And, he said, it was a way to "try to guarantee we had a workforce left in the organization."

