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### Economy

## Several Iowa labor contracts on table

By **WILLIAM RYBERG**  
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Labor contracts covering about 6,000 of the best blue-collar jobs in Iowa are on the negotiating table as Labor Day dawns in Iowa on Monday.

The contracts have far-reaching implications for the state, said Ann Wagner, a labor analyst with Iowa Workforce Development.

Negotiations between Deere & Co., Iowa's largest manufacturing employer, and the United Auto Workers union began last week in the Quad Cities to replace a six-year contract that expires at midnight Sept. 30.

The contract covers about 5,000 workers at plants that produce farm machinery or construction equipment in Ankeny, Davenport, Dubuque, Ottumwa and Waterloo. Another 2,000 union members, including many Iowans, work at Deere factories in the Illinois Quad Cities.

In Des Moines, negotiators for nearly 1,300 members of Local 310 of the United Steelworkers union are getting ready to resume talks with tire maker Bridgestone/ Firestone Inc., parent company of the Des Moines-based Firestone Agricultural Tire Co.

The Bridgestone/Firestone negotiations, held in St. Louis, also cover 5,000 Steelworkers at plants that make tires and other products in seven other cities. Negotiations have been on hold while the international union negotiated a new contract with Goodyear Tire Co.

The contracts also are important to the state because they set wages and benefits for workers and their families at two major Iowa employers.

Workers and managers at smaller Iowa plants, both union and non-union, will watch the negotiations and the contracts that come from those discussions, said Peter Orazem, an economics professor at Iowa State University.

Unions at smaller Iowa factories may be looking for hints in developing strategies for future negotiations at their own plants, he said.

Non-union employers will be interested in the new contracts because non-union factories do not want too wide of a gap between union and non-union wages and benefits. If pay is too much lower at a non-union plant, it could prompt workers to think about organizing a union, Orazem said.

Many production workers at Firestone and Deere are paid more than \$50,000 a year, compared with the state's average wage of \$29,450 in 2002.

The Deere and Firestone jobs have a significant effect on Iowa's average wage, even though they make up a small part of Iowa's total work force of 1.4 million people.

Iowa's annual average wage would drop by \$370 to \$29,080 if the manufacturing payrolls of the two companies disappeared, said Bob Schutt, a labor market research economist with Iowa Workforce Development.

The negotiations are taking place against the backdrop of signs of a hoped-for turnaround in the depressed farm-equipment market and the loss of manufacturing jobs in Iowa and the nation in recent years because of new technology, imported products or production being moved to plants outside the United States.

The continuing decline in manufacturing jobs is "the gorilla sitting on the table that nobody can do anything about," said Dave Meyer, a professor of management at Central Connecticut State University.

Bob Bianchi, president of Steelworkers Local 310, said a new tentative contract between the union and Goodyear is a breakthrough in protecting American manufacturing jobs.

The Steelworkers plan to use the Goodyear agreement, which still must be ratified by members, as a pattern contract in the rubber industry. That means the union will be asking other tire companies to agree to similar terms.

"It's huge," Bianchi said of the terms of the Goodyear agreement.

Among the key points:

\* No more than 5 percent of tires sold by Goodyear in the United States can be made in other countries.

\* Workers in 12 of 14 plants are protected from layoffs or plant closures during the three-year life of the agreement.

Bianchi did not have an estimate of the number of imported agricultural tires sold by Japanese-owned Bridgestone/Firestone in the United States. But he estimated that imported tires

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account for up to 30 percent of the company's sales of passenger car, truck and heavy equipment tires in the United States.

The Goodyear contract includes no general wage increase, but it continues cost-of-living adjustments that are tied to the Consumer Price Index.

Firestone workers are paid between \$33,000 and \$43,000 a year before overtime. With overtime, however, workers at the highest skill levels could make up to \$65,000 a year.

The Steelworkers' current three-year agreement with Bridgestone/Firestone expired April 23, but workers have remained on the job under an extension of the old agreement.

Negotiations in 1994 broke down, leading to a bitter strike. Talks three years ago resulted in a new contract without a work stoppage. The contract includes a two-tier wage system in which newer workers are paid lower wages and those then ramp up over three years to pay levels of veteran employees.

At Deere, the number of UAW members employed by the company is about 7,000, down from 9,000 in 1997 when the current contract was negotiated. In 1994, Deere employed about 11,000 UAW members.

The current Deere agreement, which expires Oct. 1, also includes a two-tier wage system, but there is no guarantee that new workers will reach the wage levels paid to longtime employees.

Veteran Deere workers are paid between \$35,000 and \$52,000 a year, before overtime, depending on the skill level of their job, according to union figures. When additional compensation such as overtime and incentive pay is figured in, pay for a typical veteran worker can reach \$58,500.

New workers are paid between \$22,000 and \$35,000, depending on the skill level of their jobs. After five years, they can be earning between \$29,000 and \$41,500, union figures show.

Such systems create "organizational haves and have-nots," said Tony Townsend, a business professor at Iowa State University.

The two-tier pay system is on the minds of some Deere workers, too. Some older Deere workers say the system raises questions of fairness and motivation.

At the John Deere Des Moines Works in Ankeny, about 180 workers have been hired since 1997, putting them on the lower wage tier, according to union figures. About 350 workers are on the upper tier.

Veteran worker Reggie Crumes, 56, of Altoona, thinks the system is unfair.

"We've got these new people out there doing the same job we are for half the wages we make," Crumes said.

The two-tier system is not a big issue, however, with Seth Randall, 24, of Melbourne, one of the new workers. He makes about \$14 an hour assembling grain drills.

"I've had a lot of jobs, and this is the best pay I've gotten and the greatest benefits," Randall said.

At both Firestone and Deere, the unions and companies say they hope to reach agreements without a work stoppage.

If the unions and companies settle without strikes, said Wagner, the labor analyst, economic conditions in Iowa stay pretty much as they are.

Strikes, however, would be felt throughout the economy, from retail stores to health care to the businesses that provide supplies or services for the two big companies, she said.

Striking workers could be expected to postpone purchases and put off medical care, Wagner said. Prolonged work stoppages could lead suppliers to lay off workers of their own, and a Deere strike could make it difficult for farmers to get repair parts, she added.

Iowa felt the last big Deere labor dispute, Wagner said. The 5 1/2-month strike/lockout in 1986 and 1987 delayed Iowa's recovery from a nationwide recession, she said.

Strikes now would hurt the state's economy as it tries to regain a foothold after the nation's latest recession, Wagner said.

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By the numbers

United Auto Workers employment at Deere plants in and adjoining Iowa:

**WATERLOO:** 2,470 (tractors, engines, foundry)

**EAST MOLINE, ILL.:** 1,220 (combines)

**DUBUQUE:** 840 (bulldozers, skid steers, backhoes)

**OTTUMWA:** 640 (hay balers, mowers)

**ANKENY:** 530 (cotton pickers, tillage equipment, planters)

**DAVENPORT:** 480 (graders, loaders)

**MOLINE, ILL.:** 455 (planters, seeders)

**MILAN, ILL.:** 170 (distribution center)

United Steel Workers employment at Firestone Agricultural Tire Division in Des Moines:

**WORKERS:** about 1,300

**PRODUCTS:** Tires for tractors and other agricultural equipment and small tires for all-terrain vehicles.

Source:

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