

US telecom Verizon to cut 12,000 jobs this week

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US telecommunications giant Verizon plans to eliminate 12,000 jobs through buyouts this Friday in one of the largest such operations the company has carried out in years. The job destruction is targeted primarily at workers in Verizon's northeastern territory, from Virginia to Massachusetts.

The action is a continuation of Verizon's drive to cut costs in its landline business, as revenues from that sphere continue to fall, despite the introduction of its fiber-optic Internet and cable television services.

The company, the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) have been negotiating severance packages for several months in an effort to entice workers to leave. The package includes a \$50,000 bonus plus \$2,200 for every year of service up to 40 years. This means that the workers with the most seniority would receive a \$138,000 severance package.

Verizon sent out the offer in early June, and workers had until the middle of the month to notify the company of their decision to accept the offer. Reports indicate that Verizon was flooded with between 20,000 and 24,000 people wanting to leave. Last week union representatives began calling workers to inform them that only those who had been declared 'surplus' by the company would receive the extra severance package.

"People are really upset," said a switching equipment technician in Pittsburgh, who was herself planning to take the offer. "That is the equivalent of two years' pay, and everybody used up all of their personal days thinking that they were going to retire. Now they are being told they may not get it."

Many other workers eligible to take the severance package were reluctant because they feared that Verizon would cut health care benefits for its retired unionized workers just as it did for its lower-level

management employees a few years ago.

The company has yet to release information on precisely how many workers applied for the offer, and how many will receive it. While for workers with 40 years on the job, \$138,000 is a substantial sum, many of those leaving are younger workers who are taking the package because the company has said that it will lay off people if it did not get enough "volunteers".

The CWA and IBEW represent about 70,000 workers in the affected areas, meaning that nearly one in six of their members' jobs will be eliminated. Both the unions and the company have stated that the jobs of workers who take the offer will not be replaced.

Verizon is also moving ahead with plans to sell its landline business in 14 states to Frontier, in which it is the primary shareholder. The company is selling its services in rural states so that it can realign its price structure and cut wages and benefits.

Verizon claims that it needs to make the job cuts because of its declining landline business. Since 2000 the company has seen the number of its landlines shrink from 40 million to fewer than 30 million. Many of the departing customers have gone to cell phones and cable companies, which have also begun to offer Internet and telephone services. A survey of young adults shows that less than half of those with telephone service have a landline.

Verizon's strategy for countering the declining wire line business has been to build a fiber-optic network through which they can deliver high speed Internet and cable television. However, the costs have been far greater than expected. At the same time, technological innovation has allowed the cable television companies to expand into the Internet and telephone business as well. In addition, the cable companies have been able to under-price Verizon primarily because their workforce

is paid substantially less and receives fewer benefits.

For its part the CWA and the IBEW have accepted the destruction of jobs as a necessary condition to help Verizon compete in the shrinking landline business. The CWA has never seriously sought to organize workers at Verizon wireless, let alone in the cable television industry. Nor has it fought for the right of workers to transfer to the growing wireless sector of the company.

For several years, Verizon has accepted the CWA's demand that it recognize the union if the latter receives 50 percent or more of the people at a given job site to sign a card saying they want to join the union. However, for understandable reasons considering its history of sell-outs, the CWA has made few inroads.

Verizon's profits fell 29 percent in the first quarter of 2010, most of that the result of a one-time tax charge. Last year Verizon cut 17,000 jobs and in 2008 cut another 13,000 workers. The majority of these cuts have centered on the lower-level management workforce without any regard to seniority.

Last year, Ivan Seidenberg, Verizon's CEO, made over \$17.5 million, or about 550 times the wages of the average worker.



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