

T-Mobile lays off several hundred workers in Washington State

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Seeking to cut costs prior to a merger, T-Mobile—the nation’s fourth largest wireless carrier—announced layoffs last week of several hundred employees at its Bellevue, Washington headquarters. These layoffs follow the cutting of 100 employees from T-Mobile’s marketing department at the beginning of March.

The company refused to release the exact number of job cuts. According to the *Seattle Times*, however, between 200 and 300 operations’ group employees, from administrative assistants to senior vice presidents, were informed of their layoff on Thursday. As of the end of 2012, the wireless carrier employed 4,800 in the Seattle area and 36,000 nationally.

The communications company, owned by global giant Deutsche Telekom, is currently preparing for a merger with Dallas-based MetroPCS, whose stockholders are set to vote soon on the deal. Both the US Department of Justice and the Federal Communications Commission (FCC) have already granted approval for the merger. A previous merger attempt in 2011 was withdrawn after FCC chairman Julius Genachowski opposed the \$39 billion stock and cash purchase of T-Mobile by AT&T. Both Verizon and Sprint, the first and third largest carriers respectively, had strongly opposed the merger. The Justice Department filed a civil lawsuit against the deal citing the adverse impact on competition in the wireless market.

In a first round of job cuts in March of last year, T-Mobile pink-slipped 3,300 call center employees—9 percent of its workforce—shutting down seven call centers and consolidating operations into the remaining 17. It followed up in May with an additional 900 job cuts, ultimately shedding 12 percent of its workers over the year. In its announcement on the latest cuts, T-Mobile stated, “[B]y reducing our cost structure and

streamlining operations, T-Mobile will be able to invest in areas where we anticipate the strongest return: modernizing our 4G network; aggressively pursuing the B2B [business to business] segment; and re-launching our brand.” By the end of 2012 the company had lost 2 million wireless subscribers.

T-Mobile recently announced an overhaul of its service with lower-priced plans. It is also eliminating phone subsidies as well as two-year service contracts in favor of month-to-month charge plans. It also hopes to piggy-back to an enlarged presence among wireless subscribers through the sale of Apple Inc.’s iPhone 5, which it will begin offering on April 12.

According to the *Seattle Times*, “Last year, T-Mobile’s ‘reinvent’ strategy saved \$900 million, of which \$300 million was reinvested.” Under T-Mobile’s “lean and simple business model” the company anticipates nearly \$1 billion in “reinvent” savings by 2015 and another \$1 billion from its merger with MetroPCS. Undoubtedly, a merger of T-Mobile and MetroPCS must lead to a substantial number of layoffs as “savings from realizing efficiencies in common support functions”—i.e., marketing, sales, and back-office departments—are implemented.

The web newsletter *FierceWireless* reported that “T-Mobile and MetroPCS hope to achieve \$6 billion to \$7 billion in post-deal ‘synergies’” with the merger. Last November *FierceWireless* described over 41,000 announced layoffs globally as part of the five biggest job cuts by wireless-related businesses in 2012, with the largest by Nokia Siemens Networks, which planned cuts throughout its global operations of up to 17,000 jobs by the end of 2013.

According to outplacement consulting firm Challenger, Gray & Christmas, job losses for the US telecommunications industry in 2012 totaled 21,858.

Verizon Communication Inc. sought to eliminate 1,200 jobs last summer through a voluntary buyout. The buyout was offered after a bitter two-week strike which the union, the Communication Workers of America (CWA), ended by ordering 44,000 strikers back to work without a new contract. The final agreement contained massive concessions, which Verizon officials described as a package that was substantially the same cost-wise as the one originally presented.

Despite CWA claims that the contract would defend jobs, Verizon has eliminated tens of thousands of workers. Since the year 2000, 43,000 workers represented by the CWA and the International Brotherhood of Electrical workers have lost their jobs. This past January Verizon announced plans to lay off 201 technicians in New Jersey. This would be on top of 336 union workers laid off in the state last year.

These betrayals explain why efforts by the CWA to organize T-Mobile's operations over the last 12 years have failed. Workers realize that the union's role has been to preside over the devastation of jobs, benefits and working conditions. A pithy comment by one worker, RM, makes this clear: "CWA = Company Wins Again...been there."

The CWA's response to the potential job cuts posed by a merger between T-Mobile and MetroPCS has been to write a toothless letter to the FCC warning that "large numbers of job losses" could result.



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