

Verizon cashes in on sale of former operations centers in New York

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Verizon New York, one of New York City's largest private employers, has sold buildings which previously housed its operations centers employing hundreds, and in some instances thousands, of workers. Speculative developers have acquired many of these buildings to convert them into ultra-luxury Manhattan residences.

This development is emblematic of the unrelenting rise in social inequality, a trend that has accelerated since the financial crash of 2008. Gentrification, driven in part by billionaires from other parts of the world who see New York real estate as a safe harbor for their assets, has helped to transform much of Manhattan into areas where no worker could possibly live.

Verizon NY is one of the primary providers of telecommunications services in New York City. It is a subsidiary of the telecommunications giant Verizon Communications, the second largest provider of telecom services in the United States.

The significance of the massive real estate deals, which have benefited Verizon to the tune of \$1.5 billion, according to the *Wall Street Journal*, can only be understood in the context of the history of the company over the past few decades.

Verizon is itself an amalgamation of companies, including Bell Atlantic, NYNEX and New York Telephone, legacy companies of the Bell System, which served at one point or another as the providers of basic telephone service in New York City. Like the larger telecom, ATT, Verizon is composed of the remnants of former Bell operating companies spun off after the US Justice Department ordered the Bell System to divest its holdings in 1983.

At the time of divestiture the Bell System, the progenitor of both ATT and Verizon, had more than 1,000,000 employees nationwide. Today, in the wake of automation and the vast changes in the telecommunications industry, Verizon and ATT combined

have approximately 426,000 employees, despite their expansion into areas that did not even exist three decades ago.

Job losses have been driven by advances in technology, including the shift away from wire-line communications to wireless or cellular networks. Jobs such as public telephone coin collector, which once employed a small army of people and vehicles whose task it was to retrieve coins from public phones, have become obsolete and disappeared. Other jobs have partly taken their place, including IT support, programming and development, but many of these have been off-shored to take advantage of lower labor costs.

Management workers are routinely terminated after many years of service with little or no warning in part of what is called a "Reduction in Force," or RIF. Union positions have been eliminated in huge numbers via attrition, but current employees have some job protection through provisions of their current contract, which expires in August 2015. Officials of the union, Communications Workers of America (CWA) Local 1101, have been quietly spreading the word that the company is seeking to end those protections when the contract expires, even though Verizon has as yet made no formal proposal.

In the meantime, workers have been offered early or enhanced pension buyouts, with virtually no new-hires being added to the ranks to replace them.

Despite the many changes, the need still remains for a physical network of fiber-optic cables, switching and power equipment, and to a lesser extent copper wiring on a wide geographical scale to provide telecommunications and video services.

The central office (CO) is the building where telecom providers have traditionally housed the various equipment used to operate voice, data and video networks. From within the CO a vast web of wires and fiber-optic cables span out through the surrounding area to connect

subscribers to the network and to connect to other COs for long-distance transmissions.

In addition to housing the hard assets of the communications network, the larger central office buildings have typically served as work centers for workers in various job titles employed by the company. These may include call centers, offices for engineering personnel, frontline management and sales personnel, and supply lockers for technicians who work in the field.

As technology has reduced the need for employees it has also reduced the need for space in the CO buildings. Electromechanical equipment that once took up entire city blocks has been replaced with new electronic systems that require a tiny fraction of the space.

With a glut of real estate on its hands, Verizon has for the past few years entered into agreements to sell space to real estate speculators and developers. Its former headquarters at 140 West Street, next to One World Trade Center, is having its top 21 floors gutted to build 166 new condominium units. These are expected to start at \$2 million, according to real estate sources. The building will contain a pool, fitness center, yoga room, lounge and wine bar. For the time being, Verizon will retain the lower 10 floors of the building for its own use.

Another Verizon building, in Manhattan's high-priced Chelsea neighborhood, has been sold to JDS Development. The building, which was once used as a training facility and housed call centers and field offices for outside technicians, will become Walker Tower, with apartments being offered starting at \$10 million. A five-bedroom penthouse has already been purchased for \$51 million. Other Verizon buildings in East Midtown have been sold to nearby NYU Langone Medical Center for use as medical offices.

The apartments being developed in some of the Verizon buildings are in many cases being purchased as pieds-à-terre for the super-rich. Many of these buyers will spend very little time in New York, but view the apartments as good investments.

In December 2012, for instance, *Forbes* magazine reported that Ekaterina Rybolovleva, daughter of Russian oligarch Dmitriy Rybolovlev, had paid \$88 million for a Manhattan apartment, a record for a single residence at that time. Several apartments at the 1,000-foot high rise being constructed at 157 West 57th Street, across the street from Carnegie Hall, are already in contract for more than \$90 million.

While Verizon and developers both profit enormously from the real estate frenzy, Verizon workers themselves

face a far different housing picture. Like many other workers in the city, they often have commutes of 90 minutes or longer to and from homes they can afford. Even among better-paid sections of the workforce, such as skilled workers and technicians, there is little or no housing for them in Manhattan.

It is not only housing that is affected. The transformation of sections of Manhattan into a playground for the wealthy has also pushed the cost of a restaurant meal, a theater ticket or entrance into some of the city's cultural institutions to levels that are out of reach for many workers.

Verizon has significantly increased its revenues through its elimination of jobs and making lucrative real estate deals. In a recent press release, the company boasted, "Sixth Consecutive Quarter of Double-Digit Operating Income and Earnings Growth." Operating revenues in the second quarter of 2014 were \$31.5 billion, up 5.7 percent from the previous year.

This has not prevented Verizon from constantly seeking ways in which to extract more profit from its work force. Some Verizon workers report constant pressure to produce more, and say they are often faced with 30-day suspensions for not complying with often-Byzantine work rules.

The CWA, far from representing the interests of the workers, for the most part merely signs off on management intimidation with the indifferent statement, "They can do that."

Verizon's real estate deals are being driven by Wall Street and finance capital. The millionaire shareholders demand ever-increasing returns on Verizon shares, and thus ever-increasing exploitation of Verizon workers. The relentless drive for profit at every major corporate employer is creating an explosive situation in New York City, squeezing workers with unemployment, rising housing costs and health care.



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