

# Contract deadline approaches for Verizon and AT&T workers

Samuel Davidson, Maria Kovalenko  
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Labor agreements covering tens of thousands of workers at the nation's two largest telecommunication companies expire in early August. Workers face a struggle not only against Verizon and AT&T but also the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW), which have long served the telecom giants.

The contract covering 38,000 workers at Verizon expires August 1. The contract covering 22,000 workers at AT&T southeast division expires on August 6.

Over the last 35 years, the CWA and the IBEW have collaborated in the destruction of over 300,000 jobs and relentless speedup for those who remain. In addition, the unions have overseen the establishment of two-tier wages and benefits and the vast expansion of the use of term, temporary and contract labor. The unions have also pushed workers into cost-cutting competition against each other, not only between companies but also within corporate divisions.

In 2011, the CWA and IBEW called off a strike at Verizon after just two weeks without obtaining a contract. The unions then worked to demobilize and demoralize workers and after a year pushed through a deal that cut health care and established two-tier health benefits and pensions. The agreement also removed job protections, leading to the destruction of 6,000 jobs since 2011.

The sellout also gave the company power, in any future strike, to terminate workers for supposed picket line violations, including the alleged use of "hate speech" and any action that "impedes or interferes with the operation of a company vehicle."

The CWA and IBEW are prepared to accept further health and pension cuts along with more job cuts. The companies want to eliminate defined benefit health

benefits and replace them with a stipend that workers would use to buy health insurance on private health care exchanges. An email sent by Verizon officials warned employees that continuing the current coverage would trigger the 40 percent "Cadillac tax" under Obama's Affordable Care Act. Verizon concluded its email: "ask family and friends who work for other employers what their plans provide."

One of the main purposes of Obamacare—which was supported by both the CWA and IBEW—was to shift health care costs from corporations onto the backs of workers.

Both Verizon and AT&T are also seeking to replace the defined benefit pension plan with a 401(k)-style plan, which is already in place for a large number of workers. In another company email Verizon officials complained that the current pension plan is "out of sync with the benefits offered by the vast majority of American employers."

The companies are also planning to expand electronic monitoring, including the use of GPS tracking to push for greater productivity. This technology, which the CWA has previously agreed to, has allowed the companies to victimize and fire workers for the slightest infractions.

The CWA just signed a contract at AT&T Legacy division which allows the company to eliminate 500 of the current 3,600 workers. The contract also imposes higher health care premiums and co-pays on workers.

The steady cost cutting has produced vast profits for the corporations. From 2010 through 2014 AT&T has reported \$55.53 billion in profits. During the same period Verizon has made \$26.9 billion in profits.

In 2014, AT&T CEO Randall Stephenson pocketed \$23.9 million, 681 times the annual wage of an average telecom worker. Lowell McAdam, the CEO of Verizon,

made over \$18 million, 519 times that of the average worker. Over the last five years, the CEOs of both companies made over \$100 million.

While the landline business is still making enormous profits and Verizon's FIOS fiber optic service is expanding, these have become a smaller share of the companies' overall revenue. Wall Street investors are demanding that companies cut costs and increase productivity in order to extract the same rate of profit from the wireline and wireless sides of the business.

There is great anger among workers after years of job cuts, concessions and productivity increases. As among autoworkers and other US workers who have suffered through the longest period of wage stagnation since the Great Depression, there is a widespread determination to win significant improvements.

Far from fighting to defend their members, the CWA and the IBEW have made their priority the gaining of new members in the growing wireless business. In exchange for a deal that would allow them to collect dues from these lower paid workers, the unions are more than willing to hand over the hard won gains of current and retired workers.

Both AT&T and Verizon have received strong support from the Obama administration and both big business parties in the form of tax cuts, deregulation and the granting of billions of dollars worth of public air waves for pennies on the dollar. Meanwhile the government has rejected any requirements to provide public access to wireless or broadband service, both necessities of modern life. As a result, over half the country, mainly low income and rural areas, lack reliable broadband Internet access.

Far from suffering the losses they have imposed on workers, the CWA and IBEW executives have not lost a dime. Former CWA President Larry Cohen made over \$199,000 in 2013. Annie Hill, the secretary-treasurer, earned \$176,607, while Dennis Trainor, vice president of District 1, was paid \$156,470. Edwin Hill, who heads the IBEW, pocketed \$400,000 in 2013 and Salvatore Chilia, the secretary-treasurer, made \$348,000.

Both unions also have vast investments. The CWA controls assets worth \$564 million, with most of it in real estate, stocks and treasury bonds. The IBEW has total assets of \$508 million. Both unions are more concerned about defending these assets, and the profits

and income they make from them, at the expense of the workers they claim to represent.

The Socialist Equality Party urges workers to draw the necessary conclusions and to build new organizations of struggle, controlled by the rank and file and independent of the pro-company unions and the big business parties.

*The authors also recommend:*

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