

Verizon to buy Yahoo for \$4.8 billion

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26 July 2016

Less than two months after the Communications Workers of America (CWA) sold out the 45-day strike by 39,000 workers, Verizon has announced a deal to purchase Internet company Yahoo Inc. for \$4.8 billion. Verizon will pay out another \$1.1 billion to cash out Yahoo's restricted stock.

The acquisition of Yahoo, which still requires approval from federal regulators, follows Verizon's purchase of online service provider AOL last year for \$4.4 billion. Yahoo will now be combined with AOL, creating the third-largest digital advertising company after Google and Facebook. As part of the agreement, Yahoo CEO Marissa Mayer could net a \$55 million severance package.

The multi-billion-dollar deal for Yahoo follows by less than six weeks the ratification of the contract settlement between Verizon and the CWA, which was brokered by Obama's Labor Department. The CWA ended the walkout on the basis of a sellout agreement that included a totally inadequate 10.9 percent pay increase over four years and imposed hundreds of millions of dollars in additional health care costs onto workers.

While the CWA claimed at the time of the contract ratification that it had extracted every dime it could from management, the Yahoo deal demonstrates Verizon has cash to burn. It won a five-month bidding war for Yahoo against other wealthy investors, including rival AT&T and a consortium led by Quicken Loan founder Dan Gilbert and a number of private equity firms.

The Yahoo deal further demonstrates the absolute subservience of the CWA to Verizon management. While shifting hundreds of millions of health care costs onto the shoulders of workers the recent contract settlement will allow management to streamline its operations as it prepares to shed its landline business and focus on more profitable sectors.

Verizon workers and retirees contacted by the *World Socialist Web Site* expressed anger over the company's multi-billion payout for Yahoo under conditions where they are facing cuts.

A Verizon retiree from Pennsylvania said, "What I am upset about is they are selling off their landline business and that money is going to buy Yahoo. It is spiraling down. They are taking the employees and the retirees down.

"They have increased the number of top level executives and they are getting paid all that big money and they are taking it from us. Wall Street sets the agenda. Corporate executives look out for each other."

The worker said that since the ratification of the contract more information has come to light about the concessions contained in the agreement. "They told the retirees there would be no additional costs. But instead they upped the deductibles. Doctor visits used to be paid at 70 percent. Now that is down to 50 percent. We are paying higher deductibles and getting fewer services. This all went into effect July 17.

"I am really disgusted. This has got to stop."

A Verizon worker from New York with 28 years on the job said, "It sounds like they kept us out on strike for seven weeks so they could save money."

She spoke about the situation since the end of the strike. "They have been pushing older workers out. I think that's the plan. Verizon doesn't care about us anymore. They care about the money."

A veteran Verizon worker from New York City told the *WSWS*, "The company has plenty of money. It seems to really stand out considering the company was demanding cost savings on health care. They have deep pockets. They always have.

"It demonstrates the complicity of the union. We have still not seen the contract. The lies of the CWA are now starting to wear thin. Many workers were hopeful that it would turn out to be a good contract. Those

hopes are being dashed. It is clear we gained nothing from the strike.

“Workers were fired during the strike for ‘hate speech’ and still haven’t been brought back. Union officials are going around collecting money to assist them with expenses. Why are they putting this on us when the CWA has hundreds of millions in their defense fund? Workers are angry about that.

“I think they are planning to drop their whole wireline operation. They are trying to monopolize control of the Internet while they are allowing their landline business to deteriorate. Even their cell phone coverage is spotty in some areas of the state.”

The Yahoo deal further confirms the assessment made by the *WSWS Verizon Strike Newsletter* about the rotten character of the contract settlement. Indeed, in the wake of the strike Verizon executives openly gloated over the huge cost savings and “flexibility” it achieved through the sellout agreement.

At every step of the way in the contract negotiations the CWA worked to put maximum pressure on the workers and minimum pressure on management. It waited eight months to call a strike to give Verizon plenty of time to prepare its strikebreaking plans. When it did call a strike it kept workers isolated, extending the contract of AT&T West and other telecom workers while Verizon workers struck.

The CWA subordinated the entire conduct of the strike to maneuvers with Democratic politicians and Vermont Senator Bernie Sanders, even waiting to launch the walkout to coincide with the New York state Democratic Party primary. The CWA endorsement of Sanders, a self-described “democratic socialist,” was aimed at giving the union bureaucracy a “left” cover while trapping workers within the pro-corporate Democratic Party. As the *WSWS* warned, Sanders then threw his support behind Hillary Clinton, a tool of Wall Street and corporations like Verizon.

As for the other Democratic “allies” of the Verizon workers, New York City Mayor Bill de Blasio showed his true colors by mobilizing hundreds of police to protect strikebreakers. Later, the Obama administration intervened in support of an injunction barring the picketing of hotels housing scabs. US Secretary of Labor Thomas Perez then stepped in to convene closed-door talks aimed at shutting down the strike before it became a rallying point for a far wider struggle of the

working class against wage stagnation and Obama’s policy of shifting health and pension costs onto the backs of workers.

Meanwhile, some 16,000 AT&T West workers are still without a contract more than three months after the expiration of their previous agreement.



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