

# Uber lays off 6,700 white-collar workers as it continues restructuring

Shuvu Batta  
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Uber has carried out the layoff of 6,700 full time employees; 3,000 on May 18 and another 3,700 on May 6, and the shutdown of 45 offices. This action comes in response to an 80 percent drop in rides due to the outbreak of COVID-19, leading to a drastic drop in the company's share values. Since it announced the layoffs, Uber's stock has sharply risen. On the May 18 announcement shares rose 3.8 percent.

CEO Dara Khosrowshahi (net worth of at least \$200 million) took the cynical step of renouncing his salary for 2020 in supposed solidarity with the workers he fired. Khosrowshahi was previously the CEO of Expedia Group, a member of the board of directors of BET.com, Hotels.com, and served on the board of the *New York Times*. He was tasked with the job of "cleaning up" Uber's public image after co-founder and former CEO Travis Kalanick stepped down after being caught on video insulting an Uber driver. Kalanick, seated as a passenger with two young women, responded to the driver's concerns on fare cuts by responding "Some people don't like to take responsibility for their own actions."

The firings account for a 25 percent reduction of full-time employees for Uber and the company says more firings will follow. The cuts in jobs and closure of offices is a result of the company's decision to shut down its program Incubator, envisioned as a means to utilize the mental labor of employees and independent startups to develop products and services on top of Uber's platform. Uber has also discontinued and is looking for alternatives for its program Uber Works, which sought to pair gig workers with small businesses in need of temporary labor.

The layoffs are expected to save the company over \$1 billion per year. Uber is seeking to utilize these savings to expand its food delivery business; the company is

currently in talks to buy its rival Grubhub.

Alongside Uber, the rideshare company Lyft announced layoffs of over 1,000 employees, and Uber's Middle Eastern subsidiary Careem has slashed headcount by over 30 percent and suspended its bus transport app.

The job cuts are among Uber's white-collar labor force such as customer service representatives and recruitment agents, to whom the company will be providing severance pay. The layoffs mark a continuation of Uber's attacks on its entire workforce. The brunt of this attack has been shouldered by Uber drivers, a 3 million-strong force globally at the beginning of 2020, who are not classified as employees but as "independent contractors." This designation allows the multi-billion dollar company to evade providing the bulk of its workforce with benefits and securities such as health insurance. These workers collectively made 6.9 billion trips for Uber in 2019, creating over \$14 billion in revenue for the company.

With the drastic decrease in rides and the high risk of COVID-19 infection, working for Uber is no longer a sustainable venture for the majority of drivers. Drivers are increasingly reliant on unemployment benefits, although many have been unable to collect jobless pay due to being classified as self employed.

Michael O'Dell, a driver in Columbus Ohio told National Public Radio, "I have really cut my driving down, probably like 90 percent. If I do need available cash to pay a bill or two or even buy food, I'll go out and drive for a little bit. But I definitely don't put the time into it like I normally did, because I'm not going to get good rides." As for unemployment, "I've been applying every week, every single week I get denied regular unemployment."

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According to a 1,000 person survey of California Uber and Lyft drivers commissioned by the Service Employees International Union (SEIU), two-thirds of respondents said they may not be able to pay their May rent or mortgage and nearly half will need food assistance this month.

Under these conditions, 100 workers staged a caravan protest outside Uber's headquarters in San Francisco on May 11. The protest was organized by We Drive Progress, a group under the arm of the SEIU. On the part of the union, which is notorious for maintaining substandard pay for service workers while pocketing their dues payments, the action amounted to merely a token protest designed to release workers' anger. The SEIU action was directed toward appealing to the conscience of Uber executives. It asked the company to comply with gig worker protections law AB 5, pay into the California unemployment insurance fund and drop the ballot initiative that Uber along with Lyft and DoorDash aims to use to keep gig workers classified as independent contractors. Meanwhile, Uber has indicated that it will further escalate layoffs and restructuring.

The SEIU, in spite of having 1.9 million members, primarily in healthcare, has not organized a single mass strike despite the fact the hundreds of thousands of nurses and other essential workers are being exposed to COVID-19 due to a lack of adequate personal protective equipment. Recently in Illinois, the union forced 10,000 nursing home workers to remain on the job with poverty wages and no serious protections against COVID-19. On top of this, millions of dollars of dues collected by the union goes towards funding Democratic Party politicians. In 2016, it gave over \$17 million worth of workers' dues to the Super PAC United We Can, which then spent over a million dollars to support the election of war hawk and corporate stooge Hillary Clinton.

Uber workers are determined to resist the ongoing decimation of their jobs and income. They will not find leadership in the pro corporate unions. The Socialist

Equality Party and the *World Socialist Web Site* call for the building of factory and workplace committees to mobilize the independent strength of workers in a fight to defend jobs and basic workplace protections.



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