

# Tech giants discuss restructuring amid mass layoffs and pay cuts

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IBM confirmed May 21 that it will lay off an unspecified number of workers across the United States. The company refused to confirm how many employees are impacted but the *Wall Street Journal*, among others, reported the layoffs will hit several thousand workers.

The announcement from IBM follows thousands of layoffs announced by Uber, Lyft, Airbnb, Trip Advisor and others, as well as almost 60,000 workers at more than 450 startups globally. At many other companies, workers endure cuts in wages and benefits in an attempt to avoid job losses.

Now a debate has emerged among the tech giants on the benefits of remote working for corporations. It began with a statement from Twitter CEO, Jack Dorsey, telling employees they can work from home “forever.” Dorsey said Twitter had been working toward more flexible working long before the pandemic. Jack Kelly, a senior contributor at *Forbes* promptly cautioned May 13, “Before you celebrate, there’s a catch.”

Though describing the policy as “well-intentioned,” Kelly noted, “Once people work from home, there will be an employment arbitrage occurring. Companies will quickly realize that they don’t have to draw upon job seekers from their immediate vicinity. They could hire people nationwide.”

Most technology workers today are employed at offices in some of the most expensive cities in the US, such as San Francisco, New York and Boston. Tech companies competing for skilled workers have up to now been forced to pay relatively high salaries with good benefits.

This is all about to change. Along with Twitter, Square, also run by Jack Dorsey, and Coinbase are among other San Francisco companies announcing

permanent work policies. As companies are restructured as virtual offices, employers will be looking to purchase the skills they need at the lowest price possible, inevitably leading to the displacement of workers living in the more expensive areas.

Facebook CEO Mark Zuckerberg said he expects about half of Facebook’s 50,000 employees to work from home in five to 10 years.

In a video conference Thursday, May 21, Zuckerberg said the company will “aggressively” ramp up the hiring of remote workers. He added that those who choose to work where the cost of living is less should expect to be paid less.

“That means if you live in a location where the cost of living is dramatically lower, or the cost of labor is lower, then salaries do tend to be somewhat lower in those places,” Zuckerberg said.

A recent survey of San Francisco Bay Area tech workers found that two-thirds would consider moving out of the area if they could work remotely. A one-bedroom apartment in San Francisco costs on average of \$3,550 a month. The average starting tech salary of \$91,738 a year means workers are paying out a large percentage of their paycheck in rent alone.

Announcing the new remote work initiative, Zuckerberg said employees working remotely must notify Facebook if they move to a new area before January 1, 2021. “We’ll adjust salary to your location at that point,” he said, adding, “There’ll be severe ramifications for people who are not honest about this.”

Zuckerberg has a net worth of over \$87.8 billion, increased by more than \$30 billion since the COVID-19 shelter-in-place orders were issued. *Forbes* ranks Zuckerberg as the world’s fourth-richest person. Zuckerberg’s net worth is greater than the GDP of Jordan, Nicaragua and Barbados, combined. He lives in

a 5,000-square-foot estate in Palo Alto which he purchased for \$7 million in 2011. This is just one of the 10 homes he owns. This is the man who insists that workers moving to a less expensive location must expect a pay cut.

Why should a lower cost of living inevitably mean a lower salary for workers? Do workers produce less for Zuckerberg by being able to enjoy an improvement in their standard of living?

A typical worker in Facebook's Menlo Park-based office can make as much as \$228,651 per year. Facebook's annual profit per employee is \$634,694. Facebook makes more per employee than any other major tech company on the Fortune 500 list, according to a 2019 report from Post Beyond, which analyzed financial data to rank companies based on the highest profits per employee.

With the move towards permanent remote working, Facebook will not only save on employee salaries but also on massive real estate costs and office perks intended to keep workers in the office for as many hours as possible, such as free gourmet food and laundry services. But Zuckerberg insists that if workers relocate and pay less in rent, the difference must go towards Facebook's profits and the enrichment of shareholders.

Zuckerberg is not acting here as an individual but as a representative of a financial elite that will seize every opportunity to increase corporate profit at the expense of workers.

For those jobs that can be done remotely, employers will seek the cheapest labor costs. For those that can't, such as data center operations and maintaining the communications infrastructure, workers will be forced to continue to work in unsafe conditions.

Throughout 2019 there were reports of trade unions seeking to organize tech workers. In March this year it was reported that high-tech workers at Kickstarter in Brooklyn voted 47-36 to organize in the Office of Professional Employees International Union (OPEIU). The United Communications Workers of America (CWA) launched a campaign to organize in the video gaming and tech industry.

Tech workers should examine the history of these organizations that have a proven record of betraying workers' struggles in the sectors they have traditionally organized. Most recently, the CWA shut down the six-

day strike of 22,000 AT&T workers across nine southern states in August 2019. (See: CWA shuts down strike of 22,000 AT&T workers across US South.)

The desire on the part of tech workers to organize is both healthy and necessary but the organizing attempts on the part of the corporatist unions are a trap. Remote workers will face increasing attacks and drives for further exploitation while those who can't work remotely will be forced back into offices and their lives threatened.

Tech workers should study the program of the Socialist Equality Party and read our statement: Build rank-and-file factory and workplace committees to prevent transmission of the COVID-19 virus and save lives!



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