AT&T slashes jobs, leaves areas without broadband internet while funneling dividends to Wall Street

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AT&T, the world's largest telecommunications company, is continuing to slash jobs across its business units in spite of strong demand for broadband internet access due to large numbers of people working from home. The company also increased its dividend payments for the 36th consecutive year, paying out approximately $14 billion annually to Wall Street.

AT&T was among the biggest beneficiaries of the Tax Cut and Jobs Act of 2017 pocketing an estimated $42 billion tax windfall. The company repeatedly claimed the tax cut would lead to job growth and major investments in its network. In reality it has cut approximately 41,000 jobs, while failing to roll out new high speed internet services in much of its franchise area. Although AT&T has used the pandemic as a pretext to slash jobs, it had already been cutting on average 4,500 jobs each quarter over the last two years.

Unionized wire line jobs in the Midwestern US have been particularly hard hit by the latest round of job cuts. Thirty-five hundred jobs held by Communications Workers of America (CWA) members have been eliminated in Michigan, Ohio, Wisconsin and Indiana with more cuts planned. On Oct. 1 AT&T stopped taking orders for new installations of its DSL service in the Midwestern states where layoffs have been announced.

The CWA has done nothing to oppose the job cuts other than engage in a various stunts aimed at focusing workers' attention on fruitless appeals to Democratic politicians. One involved a letter writing campaign to AT&T CEO John Stankey by prominent Democrats including Rashida Tlaib and Andy Levin of Michigan, Wisconsin Senator Chris Larson, and the mayor of Youngstown, Ohio, Jamael Tito Brown. The toothless and ineffectual letter pleaded with AT&T to suspend job cuts.

In reality, the CWA is collaborating with the company in enforcing the cuts. Last August, the CWA shut down a strike by 22,000 AT&T workers and forced through a sellout contract which included givebacks on medical coverage and failed to address working conditions and hours, two of the most important issues for workers. This follows its sellout of the Verizon strike in 2016 and the isolation of the Frontier strike in 2018.

Growth of its network and the expansion of the new technologies has been slow while the company has cut back on its legacy services. Wall Street is pressuring AT&T to cut jobs and funnel funds from operations to investors. Earlier this year it announced nearly $6 billion in cuts. According to the *Dallas Morning News* much of the impetus for the cuts came from activist investor Elliott Management, a New York hedge fund that acquired a minority stake in the company in 2019.

AT&T has held back on deploying new higher-speed fiber optic technology in many parts of its service territory even as its outmoded DSL network experiences significant reliability issues. DSL (Digital Subscriber Line), is still the only choice for millions of customers in rural and exurban areas of the country. DSL is a data transmission technology developed in the 1980s and deployed widely in the 1990s by wire-line telephone companies which utilizes sound frequencies above the dynamic range of the human voice to transmit signals over a traditional voice wire line. Using traditional landline phone wiring, it transfers data at rates much slower than coaxial, fiber optics or many wireless options.

Telecom companies tend to avoid investing in new infrastructure in rural areas because in sparsely populated areas miles of infrastructure have to be built to serve relatively few customers. They also tend to avoid impoverished areas where few can afford premium services.

A 2018 report by the US Census found particularly low broadband internet subscription rates in many counties in the upper Plains, the Southwest and South, as well as poorer inner city areas around the country. Affluent areas on both coasts had the highest rates.

The fact that the telecoms have ever provided service to rural or poor areas to begin with was the result of regulations from the 1930s requiring universal service. The industry was allowed to function as a monopoly in profitable areas, so long as it used some of the revenues to provide service to less profitable areas.

In the 1990s the Clinton administration deregulated the telecom industry, thus giving the profit motive even greater influence over how the industry directs its resources while diluting the universal service mandate. As with every other industry, decisions are based not on the needs of the public or even technical and practical considerations, but rather on the short-sighted profit demands of Wall Street.

Building out an advanced fiber-optic network over a wide geographic area can take years to complete, meaning significant upfront capital investments will not provide a return in the short term.

But with Wall Street demanding massive profits each quarter, companies are punished in the form of having their share prices driven down if they do not comply, leaving critical infrastructure investments unfulfilled.

However, this is not unique to AT&T. Verizon, Vodafone, Deutsche Telekom, Telefonica, to name just a few, have all slashed jobs in recent years to increase their profits while failing to make true broadband service available to all.

Telecommunications networks provide the basis for a globally integrated economy, and everything from health care and manufacturing to logistics and education are dependent on them. But the further development and proper maintenance of these networks is impeded by the profit motive, demonstrating the need for workers to fight to place them under public ownership.