Mass layoffs loom for Silicon Valley service workers

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A recent report by the trade union-aligned Working Partnerships USA organization highlights the impending threat of mass layoffs among lower-wage service workers at Silicon Valley tech companies.

Many have encouraged or instructed their white-collar software developers, engineers, and managers to work from home to fulfil social distancing guidelines. This has led to a reduction in janitorial and security requirements and a shutdown of cafeteria and shuttle transportation services. Layoffs have already begun and may accelerate.

The Working Partnerships report says tech firms in Silicon Valley's Santa Clara and San Mateo Counties employed roughly 14,000 unionized cafeteria, janitorial and security workers, largely through private contracting agencies, before the pandemic. With skyrocketing rents in the area, these workers—whose median wage is one-sixth the median wages paid to white-collar software developers at the big tech companies—are already teetering on the verge of poverty.

It is unclear how many have already been laid off. Google, Facebook and Twitter have continued to pay the furloughed service workers or reassigned them to other duties such as receptionists at the various buildings on campus. However, many other big tech companies, including Microsoft subsidiary Linkedin, Verizon subsidiary Yahoo! and biotech giant Genentech, have laid off janitors, shuttle drivers, cafeteria workers, receptionists and security guards.

The current unemployment rate in Silicon Valley is 9.3 percent, compared to just 2 percent in a pre-pandemic month. The additional mass layoffs of tech service workers would increase local unemployment by more than 10 percent, the report noted.

The report also found:

• Up to 12,000 service workers could lose health insurance coverage, along with family members who depend on the coverage.

• An estimated 6,500 families with children could be at risk of being unable to pay rent.

• An estimated 8,300 renters could be at risk of being unable to pay rent.

Microsoft, which laid off service workers at its Silicon Valley Linkedin office, made $14 billion in profit in a single quarter. Tesla, led by CEO Elon Musk, who just surpassed Bill Gates to become the second richest man in the world, with $127 billion—was the first to lay off blue collar service workers in April, even though it was also one of the first to restart operations in Silicon Valley in May, in defiance of County regulations.

Verizon, which laid off service workers who had been working at the Yahoo! office for several years, made over $4 billion in profits last quarter. Facebook and Google together have the same number of employees as General Motors. But the market capitalization of Facebook and Google is $1.7 trillion, about 41 times that of GM.

The biggest tech companies—Facebook, Apple, Amazon, Alphabet (Google) and Netflix—have raked in it during the pandemic, with stock prices rising over 45 percent year-to-date, hitting historic highs and producing a combined value of over $5.5 trillion. These corporations have also received billions in public subsidies and tax incentives, including at least $654 million in federal COVID-19 relief funds.

The unions that claim to represent these service

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workers, including the Service Employees International Union (SEIU), UNITE HERE and the Communications Workers of America (CWA), have sought to channel workers' anger into fruitless appeals to management and the Democratic Party. UNITE HERE held a protest of laid off workers in early September outside the Yahoo! office after a round of more than 100 layoffs. On November 17, the union held another protest outside the home of Verizon CEO Guru Gowrappan. But the unions have steadfastly opposed any strike action that would quickly pit workers against the Democratic Party, which controls every level of government in California.

Some of those who were laid off as long ago as September have not received unemployment benefits as of mid-November. Erika Sanchez, a Verizon cafeteria worker at the Sunnyvale office interviewed by NBC News, was making $19 an hour or about $38,000 per year. She needs to pay rent and support her son who studies at the University of California, Berkeley. So far, she has not received any unemployment benefits. Like millions across the country, she receives her food through a non-profit and is also trying to make some money selling jewelry and cleaning homes with a friend.

After handing major corporations and Wall Street a multi-trillion-dollar bailout in the bipartisan CARES Act, congressional Democrats and Republicans have allowed federal aid to expire and refused to enact any measures to prevent laid off workers from falling into destitution. On the contrary, both parties are deliberately delaying any future stimulus funds to force workers back to work under perilous conditions despite the rampant pandemic.

The Democratic Party-run California state government has been no more forthcoming with aid to the unemployed. Silicon Valley companies have long lobbied for tax breaks with claims such as UC Berkeley economics professor Enrico Moretti's assertion that each tech job creates five service jobs. As these companies continue to make billions, the Democratic Governor Gavin Newsom has rejected any increase in corporate taxes to fund vital programs to fight the pandemic or provide good jobs for laid off service workers. Nor has the Newsom administration done anything to provide any relief from evictions for laid off workers like Erika Sanchez.

To protect their livelihoods, active and laid off tech service workers must form rank-and-file committees, independent of the unions, to fight for the rehiring of all laid off workers. These committees must base their demands not on what the employers and the government claim is affordable but on what is socially necessary to safely contain the pandemic and ensure dignified lives for all workers. This is necessarily a political struggle against the Democrats, Republicans and the trade unions.

Tech service workers must form the strongest links possible with white-collar workers at their companies as well as service workers, teachers and all other sections of the working class in the US and internationally to carry out this fight. The vast fortunes of Bezos, Musk and the other billionaires must be expropriated, and the tech and telecommunication giants transformed into public utilities. We urge workers to contact the Socialist Equality Party to take up this fight.

To contact the WSWS and the Socialist Equality Party visit:

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