

# Google executives dismiss employee demands for pay increases to meet inflation

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In a recent companywide meeting, Google employees demanded across-the-board pay increases to keep pace with inflation. However, the tech workers were told by the management of the nearly \$2 trillion corporate giant that any raises granted would be awarded individually and be based on performance.

In a report based on an audio recording of a special year-end conference on December 7, CNBC reported that the demand for all employees to receive raises was posed by a Google worker on a pre-meeting internal forum and subsequently received 400 upvotes.

The question was considered important enough that the CEO of Google's parent Alphabet, Sundar Pichai, read it aloud to the all-hands meeting. "With the US inflation rates being as high as 7%, some companies are doing blanket salary adjustment to cover just the inflation. Is there any plan for Google to do the same thing?"

Pichai did not answer the question himself but gave the microphone to Frank Wagner, Google's vice president of compensation, and let him tell the workers there would be no cost-of-living increases forthcoming.

Wagner started by beating around the bush, saying, "Inflation does seem to be atop of mind for a lot of folks, and I think one of the reasons is that people are pretty eager to get their compensation awards." He said staff would be sent letters within a week about pay increases for select individuals.

He absurdly attempted to say that Google could not afford a pay increase for everyone. "As I mentioned previously in other meetings, when we see price inflation increasing, we also see increases in the cost of labor or market pay rate. Those have been higher than in the recent past, and our compensation budgets have reflected that."

Finally getting to his point, Wagner said Google does

not want to give "smaller increments to everybody" but instead give award increases and "pay it by performance." He added, "We don't have any plans to do any type of across-the-board type adjustment."

The demand by Google employees for universal cost-of-living increases is part of the growing movement of workers in every industry for improved wages during the devastating economic and health conditions of the coronavirus pandemic and the corresponding record corporate profits and accumulation of massive personal wealth by the billionaire elite.

In October, Alphabet announced its fifth straight quarter of record profits (\$18.9 billion) and set a record for the second quarter in a row in revenue of \$65.1 billion. Throughout the pandemic—thanks in large measure to the continuous infusion of cash into the financial markets by the U.S. Treasury and Federal Reserve Bank—the value of Alphabet stock has nearly tripled from a low of \$1,068 on March 20, 2020, to nearly \$3,000 today. The market capitalization of Alphabet now stands at \$1.95 trillion.

The latest Consumer Price Index (CPI) measurement released by the U.S. Labor Department on December 10 showed a 6.8 percent year-over-year increase, the fastest inflation rate in just over 40 years. Energy prices alone have gone up 33.3 percent, and gasoline is up 58.1 percent over the past year. Food prices are up 6.1 percent, while used car and truck prices have increased by 31.4 percent since November 2020.

While the ruling establishment would like to spin the inflationary cycle as the result of demands by workers for increased wages, rising prices have far more to do with the trillions poured into the financial markets to artificially inflate share values. It is an open secret on Wall Street that corporate executives are pointing to inflationary pressures to raise prices and increase their

profit margins. At the same time, corporations continue to exert downward pressure on costs associated with the labor force.

On November 14, the *Wall Street Journal* reported that higher wage demands and increasing costs for raw materials and freight are being taken advantage of by companies. “Executives are seizing a once in a generation opportunity to raise prices to match and in some cases outpace their own higher expenses, after decades of grinding down costs and prices,” the *Journal* said.

The demand by Google employees for an equitable increase in pay for all workers is a direct rebuff to the corporation’s strategy of providing a one-time cash bonus of \$1,600 after the return-to-office plan was pushed back. The company also offered a \$500 well-being bonus for all employees.

Of course, Alphabet management and Wall Street prefer bonus awards and incentives to increases in base salary, which compound over time. Google, which has always considered itself a bellwether in the tech industry, is attempting to set the standard and beat back any movement by employees for universal pay increases.

In a CNBC broadcast covering the Google employee meeting, one commentator said, “Google just doesn’t want to look like it’s just folding to employees’ demands.” She went on to explain the attitude of the entire ruling establishment to the widespread demands by workers for pay increase. “You have to wonder how much this kind of thing, whether it is a walkout of BuzzFeed employees because they are upset because they haven’t been able to secure their union deal, their wage increases, while they see their CEO make a lot of money from their IPO, you have to wonder if this kind of thing is contagious, and how much the transparency about this kind of frustration could drive other people, other workers, other potential Starbucks workers to unionize, and make this kind of thing spread.”

As these comments make clear, the corporate and financial elite are far more concerned about the contagion of the class struggle spreading than they are about the deadly COVID-19 pandemic. This was the theme in the recent comments of U.S. Federal Reserve Chairman Jerome Powell who complained about the danger of “briskly” rising wages continuing into 2022.

Google, BuzzFeed, Activision Blizzard and other tech

workers are seeking to organize a fightback. This struggle cannot be advanced, however, if it is contained within the corporatist trade unions, which have spent decades subordinating the needs of workers to the profit interests of big business. It is noteworthy that over the last year, pay hikes for non-union workers (4.7 percent from September 2020 to September 2021) were larger than those of unionized workers (3.5 percent over the same period).

Workers at Google and other tech industry corporations should not accept the bogus claims from employers such as Pichai and Wagner that the wealthiest corporations in the world cannot afford pay increases for employees. The struggle to defend lives and living standards must be waged based on an understanding of the nature of the capitalist system and the need for tech workers to organize independent workplace committees to advance their interests. We urge Google and other tech workers to contact the WSWs for assistance in building rank-and-file committees in every workplace to unite with workers in other industries in the US and internationally.

To end capitalist exploitation and the grotesque levels of social inequality the profit system produces, Google and other tech giants should be transformed into public utilities collectively owned and democratically controlled by workers themselves.



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