# Coinbase terminates 1,100 employees following 25,000 tech sector layoffs since May

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The US-based cryptocurrency exchange company Coinbase announced mass layoffs and cut over 18 percent of its workforce on Tuesday after it abruptly locked out employees from their work systems. More than 25,000 tech workers have also been laid off since May as the stock market bubble continues to burst.

On Tuesday, Coinbase CEO Brian Armstrong announced in a blog post that the company had terminated 1,100 employees due to a "crypto winter." Cryptocurrency prices, including those for Bitcoin and Ethereum, have crashed by 70 percent amidst the growing global financial instability. Following a record high value of $3 trillion last fall, cryptocurrencies are now worth around $1 trillion.

Hundreds of Coinbase employees in the United States woke up on Tuesday to find that they no longer had access to the company systems, and learned of their termination via an HR note sent to their personal emails. Over 8 percent of the Coinbase employees in India were also part of the global layoffs.

"Yesterday I woke up early to work on a deck and got a weird error message when I tried to start my laptop," said a Coinbase employee on the social media platform LinkedIn. "A quick Google search revealed that Coinbase had cut 18 percent of its workforce."

Another software engineer wrote, "I was also part of the Coinbase 18 percent. My whole org was cut. After three years they broke up with me and my fiance via text message—11 days before our wedding, and a couple months before the birth of our daughter."

White-collar employees affected by the layoffs spanned multiple departments at Coinbase, including hundreds of software engineers, product designers, product managers, customer support workers, recruiters, data scientists, marketing professionals, researchers, analysts and more.

Two weeks ago, Coinbase rescinded hundreds of offers for incoming employees who had quit their previous jobs. Tech workers who came to the United States with a visa suddenly found themselves forced to leave the country.

Armstrong, the billionaire CEO of Coinbase, wrote in a blog post, "We appear to be entering a recession after a 10+ year economic boom. A recession could lead to another crypto winter, and could last for an extended period."

Coinbase's rise was part of a speculative frenzy in cryptocurrencies fueled by the cheap money policy of the Federal Reserve of the last decade followed by decades of attacks on the living standards of the working class.

Armstrong indicated that the company grew too quickly. In the beginning of 2021, Armstrong said the company only had 1,250 employees. By early 2022, that number exceeded over 6,000 employees globally.

Armstrong explained how employees were terminated in the blog post. "If you are affected," he wrote, "you will receive this notification in your personal email, because we made the decision to cut access to Coinbase systems for affected employees. I realize that removal of access will feel sudden and unexpected."

Part of the reason for the abrupt layoffs was the leak of an employee petition for a vote of no confidence in the executive team. The petition's complaints included opposition to the rescinding of "offers to new employees despite promising them that their offers would not be rescinded two weeks earlier, leading to a massive negative reception from the public and the industry at-large."

In response, Armstrong arrogantly dismissed the employee petition publicly on Twitter, saying, "This is really dumb on multiple levels…if you have no confidence in the execs or CEO of a company then why are you working at that company? Quit and find a company to work at that you believe in!"

Armstrong's blog post after the termination of employees went on to callously justify the termination. "Given the number of employees who have access to sensitive customer information," he said, "it was unfortunately the only practical choice, to ensure not even a single person made a rash decision that harmed the business."

### Layoffs mount across the global tech industry

The sudden layoffs at Coinbase follow a surge of layoffs across various tech sector companies, but tech startups specialized in finance and real estate carried out the heaviest layoffs. According to the tech layoff aggregator website Layoffs.fyi, nearly 17,000 were laid off in May, up more than 350 percent from April. At least 8,821 have been laid off in June so far.

Some of the tech companies that laid off dozens to hundreds of workers globally in June so far include Wealthsimple (159),

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Redfin (470), Compass (450), BlockFi (250), Crypto.com (260), OneTrust (950), Stitch Fix (330), Cazoo (750) and Carbon Health (250).

Istanbul-based Getir, a food delivery service, laid off 4,480 workers in May, one of the largest layoffs in the global tech sector. Swedish financial tech company Klarna laid off 700. India-based healthcare startup MFine laid off 600. The US-based startup Carvana that delivered used cars laid off over 2,500 workers.

One of the largest layoffs in the past six months was the unraveling of mortgage-lending technology firm Better.com, which has laid off over 3,900 workers since last December. Vishal Garag, the CEO of the company, fired over 900 workers via a Zoom video call. The shocking announcement was followed by insults by Garag, who told employees they were not working hard enough. On the anonymous employee app Blind, Garag went on to trash workers who spoke out, calling one angry worker an "ingrate."

The wave of layoffs in the tech industry, reminiscent of the early days of the collapse of the dot-com bubble in the early 2000s, are part of the unraveling of the stock market in the last few months and part of the deepening crisis of the global capitalist financial system. Most of these companies were drunk on venture capital funding, burning cash to grow quickly while seeking quick returns in the stock market rally during the pandemic.

The business models most tech startups relied on with venture capital funding meant spending more than they brought in from revenue, with the expectation of delayed profitability up to a decade later. But with financial liquidity in the markets drying up and global recessionary fears looming with skyrocketing inflation and central banks raising interest rates, the tech-heavy NASDAQ has suffered heavy losses, with investors and shareholders selling stocks in companies that do not bring immediate returns.

**"The music has stopped"**

In the past two years alone, capitalist governments across the globe, including chiefly in the United States, threw trillions at the financial system to boost the profits of corporations and the financial banks in response to the pandemic. The response of the ruling class in every country to the pandemic was not to protect the world's population from mass death, but to ensure that the frenzied speculation and profits extracted from the working class did not stop. Millions across the world have died while Wall Street soared.

But as commentators such as Lee Reiners, a former Federal Reserve official, have observed, "the music has stopped." Corporate debt has ballooned to over $11 trillion. The turbulence in Wall Street and the financial house of cards are rapidly coming apart at the seams as the pandemic has destroyed the global supply chain of labor and the US-NATO conflict in Ukraine against Russia has accelerated inflationary tendencies across the globe and caused food, gasoline and other commodities to surge in price.

The latest measure of inflation in the US, at 8.6 percent year over year, caused the Federal Reserve to increase interest rates. The chief target of the interest rate hikes is not curbing inflation, but above all to stop the drive for higher wages by workers in the US and internationally against decades of wage stagnation.

The turbulence among tech startups and the collapse of cryptocurrency startups in particular has made CEOs more vocal in their attacks on their workforce. Jesse Powell, the CEO of the cryptocurrency exchange KrakenFX, responded to growing internal employee frustration on a number of issues. "I entertained debate for a bit," Powell said in a tweet, warning, "Back to dictatorship."

Elon Musk, the CEO of Tesla, recently announced he would cut 10 percent of Tesla's white-collar workforce. The billionaire sociopath, who has endorsed the fascistic Ron DeSantis for president, is currently negotiating a deal to purchase the social media platform Twitter for $44 billion, and hinted in a virtual town hall meeting to Twitter employees that he intends to carry out layoffs at Twitter as well. "Right now the costs exceed revenue," he said. His rambling and delusional speech that spanned topics from aliens to how he intends to improve the platform was widely ridiculed by Twitter employees, according to leaked reports.

While Wall Street and the financial aristocracy intend to make workers pay for its money-mad crisis, the working class is responding across the globe with a wave of strikes in the US and internationally. White-collar tech workers facing layoffs should turn to broad sections of the industrial working class currently gearing up for the beginning of a hot summer of mass struggle and take up the fight against the capitalist profit system that can only offer war, mass death and attacks on the living standards of the population.

*Are you a tech worker facing layoffs? Contact us by filling out the form below and tell us how you've been impacted by the layoffs. All comments will only be published anonymously.*

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