

WeWork: Or the Making and Breaking of a \$47 Billion Unicorn—The fantasy of “kibbutz capitalism”

Joanne Laurier
29 June 2022

Written and directed by Jed Rothstein

The documentary *WeWork: Or the Making and Breaking of a \$47 Billion Unicorn*, available on Hulu, concerns the meteoric rise and breathtaking six-week collapse of a real-estate start-up. A “unicorn” is a privately held company valued at over \$1 billion.

Written and directed by Jed Rothstein, the film treats the period from 2008—in the wake of the stock market crash—to 2019, and chronicles the operations of Adam Neumann’s WeWork, in essence, an office rental firm. Billing itself as a revolutionary high-tech company, the enterprise would sign long-term leases on office space, subdivide the latter into smaller areas and then rent those out on a short-term basis. Israeli-born Neumann professed a desire to create a more communal corporate world, which he envisioned as a kind of “capitalist kibbutz.”

The years following the 2008 global financial crisis were marked by speculative parasitism soaring to stratospheric heights. Neumann’s grotesque, New Age company, which he founded with Miguel McKelvey in Soho, New York in 2010, arose within these conditions. Neumann eventually walked away with a \$1.7 billion severance package after a failed Initial Public Offering [IPO] in 2019, at which time the firm’s actual financial state of affairs came to light.

“In retrospect,” the *New Republic* magazine suggested in a November 2020 article, “Neumann’s knack for amassing billions of dollars in venture capital with no viable business model was one of the greatest scams of the twenty-first century.”

WeWork went from two locations in New York City and 450 tenants in 2010 to 800 locations in 111 cities across 29 countries, with 527,000 tenants, by the

second quarter of 2019. The workforce nearly quadrupled from 4,000 employees at the end of 2017 to 15,000.

Rothstein’s documentary interviews a phalanx of former employees, journalists and customers, drawing as well on extensive video footage of Neumann. His pretentious, pie-in-the-sky marketing concepts were crucial for rebranding his company as a pioneering tech company as opposed to a mundane, but risky real estate venture. What stands out is how effectively Neumann was able to manipulate people who thought they were following a prophet, not a garden variety huckster.

He exploited the fact that millennials, many of them economically distressed, weren’t just looking “for a job or a career, they wanted a calling.” His overblown sale pitches were bound up with a self-indulgent, “do what you love” ethos that attracted not only potential employees and customers but also wealthy investors, such as Jamie Dimon of JPMorgan Chase. Other investors included Goldman Sachs, Benchmark Capital, Saudi Arabia’s Public Investment Fund (PIF), Harvard Management Co. (the company that manages Harvard’s endowment funds) and Legend Holdings (the Chinese holding company and controlling shareholder of Lenovo Group), among others.

The *WeWork* documentary contains footage of the firm’s annual summer camp, an alcohol- and rave-filled event, that was mandatory for employees, who were then monitored with wrist trackers. The company segued to WeLive, in which members were invited to live in dorm-type accommodation. Plans were afoot for schools (WeGrow), gyms (WeWork Wellness) and even a colony on Mars.

Neumann even trademarked the word “We.”

WeWork paid him \$5.9 million to license it. The *Wall Street Journal* reported that he took \$700 million out of the company before the failed IPO.

On his way to the top of the dung heap, Neumann had flopped with various money-making schemes, such as retractable heels for women's shoes and infant clothing with knee pads. ("My generation will not accept our babies crawling on the floor with their knees hurting!")

Rebekah Neumann, Adam's wife, a certified Jivamukti yoga instructor and a cousin of actress and professional confusionist Gwyneth Paltrow, guided the company into the mystical realm, claiming the mission was "to elevate the world's consciousness."

According to Equilar, Inc., an executive compensation analysis firm, the 200 highest-paid CEOs at public companies had a median salary of \$18.6 million in 2018. Neumann's consulting fee alone was about ten times that amount.

While lavishing riches on Neumann, the company required cash infusions from SoftBank, a Japan-based conglomerate and WeWork's largest investor. According to the filmmakers, its founder Masayoshi Son encouraged Neumann's outlandish behavior. But in 2019, when the cultish real estate outfit filed an IPO, all the pixie dust vanished.

What emerged was one bizarre account after another of the executive-guru's extravagant spending on homes and jets, as well as his abuse of employees. One believer in Neumann's pabulum tearfully tells the filmmakers that she required therapy to "unwarp" her mind. More to the point, the S-1 filing, the paperwork required to go public, revealed massive losses and unethical business practices.

WeWork's "unicorn" valuation fell from \$47 billion to just \$8 billion, as the hot air balloon deflated.

But despite the job massacre, the Neumanns were given their golden parachute and, according to the documentary, planned to open a private school, Students Of Life For Life, or SOLFL (pronounced "soulful"), but with soul-destroying tuition of \$42,000 a year. In addition to the layoff of some 3,000 employees, the company had to remove over 2,000 phone booths in North American locations that were tainted by formaldehyde.

The blame for this wreckage, says director Jed Rothstein in an interview, lies with "this incentive structure where you're just signing as many deals as

possible and growing as fast as possible, and it's like building a rocket ship as it's flying."

Unfortunately, Rothstein's documentary never looks behind this "incentive structure," or more generally, into the character of the recent epoch.

"The persistent tendency toward the creation of speculative bubbles arises out of deep-rooted contradictions in the development of the world capitalist system, especially bound up with the historical decline in the global position of American capitalism," commented WSWS International Editorial Board Chairman David North in January 2008.

Trillions have been pumped into the financial system by the world's central banks since 2008. The stock markets have climbed and climbed, and ever-more arcane forms of speculation (and swindling) have emerged. What has this apparently unlimited supply of cash produced? The result has been the almost unimaginable concentration of wealth, an explosion of imperialist militarism and violence, the re-emergence of fascism, ferocious attacks on democratic rights and a relentless increase in the exploitation of the working class—in short, the opposite of the kinder, "kibbutz capitalism" promoted by Neumann and company.



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