Mass layoffs in tech spread to Meta, corporate parent of Facebook

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Meta Platform, Inc., parent of the popular social media platform Facebook, will begin mass layoffs on Wednesday in what will likely be the biggest of the growing job cuts among high tech firms.

A report in the *Wall Street Journal* on Monday, based on sources familiar with the impending layoffs, said that "many thousands of employees" among the Meta staff of 87,000 will lose their jobs this week. Representatives from the $86 billion global tech monopoly, based in Menlo Park, California, declined to comment on the report.

The layoffs will be the largest staff reduction ever in the 18-year-old company founded and still run by billionaire Mark Zuckerberg. The news comes after several recent reports that Meta was already making job cuts. Meta owns Facebook (2.9 billion users), Instagram (2 billion users) and WhatsApp (2 billion users), the number one, three and four most popular social media platforms in the world.

During an earnings call with investors on October 26, Zuckerberg said the company would "focus our investments on a small number of high priority growth areas," and that means "most of our teams will stay flat or shrink over the next year." Zuckerberg said Meta would end 2023 "either roughly the same size, or even a slightly smaller organization."

In mid-September, the *Wall Street Journal* reported that Meta had begun "quietly nudging out a significant number of staffers" in a drive to cut costs by 10 percent. The report said that the cuts were "expected to be a prelude to deeper cuts," and that the majority of the cost reduction would "come from reduced employment," according to unnamed individuals familiar with the plans.

As far back as July, Zuckerberg told employees during a call that the company was facing one of the "worst downturns that we've seen in recent history" and that workers should prepare to do more work with fewer resources. He added, "Realistically, there are probably a bunch of people at the company who shouldn't be here."

The mass layoffs at Meta/Facebook follow by several days the jobs massacre at Twitter in which half the staff of 7,500 was eliminated by the billionaire and wealthiest man in the world Elon Musk shortly after he assumed private ownership of the microblogging platform. The layoffs were precipitated by a previously existing financial crisis that was exacerbated when advertisers began pulling out of Twitter after Musk took over the company and fired its executive leadership and board of directors.

According to a Crunchbase News summary, 45,000 tech jobs had been eliminated before the cuts at Twitter were announced. Among the tech firms to announce layoffs recently include the rideshare company Lyft (650 jobs or 13 percent), payment processor Stripe (1,120 jobs or 14 percent), Shopify (1,000 jobs or 10 percent), Snap (cutting 1,000 jobs or 20 percent) and Coinbase (1,100 jobs or 18 percent).

Along with Meta, the larger tech corporations Apple, Amazon, Microsoft and Google parent Alphabet have announced a combination of cost-cutting programs and hiring freezes. These five companies combined have lost approximately $3 trillion on the stock market since the beginning of the year and quarterly earnings reports last week drove their collective share values down by $218 billion last Friday alone.

Deliberately driving up unemployment to beat back rising demands for wage increases, the economic slowdown is being brought on by the Federal Reserve. The Fed's six consecutive interest rate increases, including another 0.75 percentage point rise on

November 2, is rapidly impacting the tech industries. These are among the first sections of the working class to be hit by what is coming throughout the rest of the economy in the coming months.

According to an assessment in the *Journal* on October 28: “Tech companies that enjoyed strong growth in the early days of the pandemic are feeling the effects of a new reality of high inflation, rising interest rates, currency headwinds and other issues on their income statements. The slowdown in personal-computer sales and digital advertising seen earlier this year appears to be spreading to areas such as cloud computing that were thought to be resistant to economic weakness.”

The response of the financial oligarchy to the situation is to press the demand for tech workers to pay the price. Zuckerberg and the leadership of Meta are following a script laid out by investor and Altimeter Capital Chief Executive Brad Gerstner.

Gerstner, whose firm has $18 billion under management including 2.5 million Meta shares, issued an open letter to Zuckerberg on October 24 in which he said the company should slash its staff and cut back on its technology development plans such as the much-touted metaverse project.

The investor called for a reduction of the Meta staff by 20 percent or a devastating 17,000 employees. Referring to the change in the borrowing environment, Gerstner wrote, “Like many other companies in a zero-rate world—Meta has drifted into the land of excess—too many people, too many ideas, too little urgency.”

He continued, “It is a poorly kept secret in Silicon Valley that companies ranging from Google to Meta to Twitter to Uber could achieve similar levels of revenue with far fewer people.”

A measure of the ruthlessness of the billionaire elite in demanding the destruction of jobs in tech industries was the fact that the value of Meta stock rose by 3 percent on Monday following the Wall Street Journal report. The shares have lost more than 70 percent of their value so far in 2022.