Microsoft announces 10,000 layoffs as jobs bloodbath in US accelerates

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Tech giant Microsoft announced Wednesday that it will lay off 10,000 workers, or 5 percent of its global workforce, as the wave job cuts in the US tech, banking and retail sectors accelerates.

Microsoft made its job cutting plan public the same day that Amazon began sending out layoff notices to 18,000 workers in the US, Canada and Costa Rica as part of its previously announced move to cut 6 percent of its global workforce.

Microsoft CEO Satya Nadella said the job cuts were needed due to the reduction in demand for computers, software and digital services and the growing global economic downturn. "We are aligning our cost structure with where we see demand," he said. "We're also seeing organizations in every industry and geography exercise caution as some parts of the world are in a recession and other parts are anticipating one."

Bloomberg reported that the Redmond, Washington-based company would eliminate positions at several engineering divisions. The cuts will also hit the HoloLens military goggle division, Xbox Entertainment and Bethesda Game Studios and 343 Industries, the developers of popular video games Starfield and Halo. Some of those who lost their jobs were veterans who had been with Xbox for more than a decade, Bloomberg cited co-workers saying. Nearly 900 jobs are being cut in Washington state alone, according to a state employment filing.

Nadella, whose net worth is estimated at $950 million, was a guest speaker at the World Economic Forum in Davos, Switzerland this week. He told the *Wall Street Journal*, "We in the tech industry will have to get more efficient—it's not about everyone else doing more with less, we will have to do more with less. We will have to show our own productivity gains."

The job-cutting was hailed by Wall Street analysts after a year of declining share values, which has seen Microsoft's market capitalization fall by 30 percent. "It was a rip-the-Band-Aid-off moment from Nadella and Microsoft, and we're seeing it across tech," Wedbush analyst Dan Ives told Yahoo Finance Live. "These companies were spending like 1980's rock stars at a pace that was unsustainable."

The company's stock fell nearly 2 percent after the layoff announcements. It took place a day after Guggenheim Securities downgraded the stock from neutral to sell, the "first bearish analyst rating on the software maker in more than three years," the *Wall Street Journal* reported.

On the web-based forum thelayoff.com, Microsoft and other workers denounced the job cuts.

"My heart goes out to everyone at Microsoft today. This sucks, plain and simple."

"It actually started last week. I can confirm this. Microsoft started to get rid of 'underperforming' employees last week, as I was one of them. No severance."

"[Microsoft] currently has $100b cash on hand. It's gotta be a little... frustrating to get be part of a 5% cut when there's so much free cash sitting around. I know, it's a narrow view of corporate finance, and I don't have the 'big picture,' but... still doesn't sit right with me."

The job cuts also threaten many workers who are part of the H1-B visa program, which allows companies to hire skilled immigrant workers. They now have just 60 days to secure a new job or risk deportation. "It's not just one person's life at stake," Tahmina Watson, founding attorney for Watson Immigration Law in Seattle, told Yahoo Finance Live. "It's their spouses. It's the children who were probably born in the United States—children who came here when they were young, and they know nothing but America as their homes. It's going to be uprooting entire families."

Microsoft and Amazon are only latest tech companies to announce massive job cuts. According to the job placement firm Challenger, Gray and Christmas, the sector announced 52,771 cuts in November 2022—the latest data available—and a total of 80,978 jobs over the course of the year. This was the highest monthly total for the sector since Challenger began keeping data in 2000 and even larger than when the dot.com bubble burst in 2000-01.

• Google parent **Alphabet** is considering 10,000 job cuts, or 6 percent of its global workforce. The company has already announced hundreds of job cuts at its Intrinsic robotics division and Verily Life Science unit.

• Facebook parent **Meta Platforms** is cutting 11,000 jobs, or about 13% of the workforce, and will extend its hiring freeze through the first quarter of 2023.

• Cloud-service company **Salesforce** executives announced earlier this month that they were cutting 8,000 jobs because “we hired too many people.”

• **HP** will cut as many as 6,000 jobs, or 10 percent, over the next three years as declining demand for personal computers has hit profits.

• **Cisco Systems** is cutting 4,000 jobs, or 5 percent of its workforce.

• **Twitter** cut 3,700 jobs after Elon Musk bought the company for $44 billion.

• **Seagate Technology Holdings,** the biggest maker of computer hard drives, is cutting about 3,000 jobs due to a slowdown in hardware spending.

• Chipmaker **Intel** is slowing spending on new plants and is planning job cuts that “could number in the thousands,” according to Bloomberg News. The plan to save $10 billion by 2025 “went over well with investors, who sent the shares up more than 10% on Oct. 28,” Bloomberg reported.

Other job cuts in tech and Internet related companies include: **Carvana** (4,000), **DoorDash** (1,250), Payments company **Stripe** (1,000 jobs), **Lyft** (683), home “flipping” app **Opendoor Technologies** (550), **Peloton Interactive** (500), digital banking start up **Chime** (160), **Adobe** (100) and thousands of jobs at cryptocurrency companies **Coinbase Global, Kraken, Coinbase, Galaxy Digital, Genesis** and **Silvergate Capital Corp.** In addition**,** banking and other financial firms are being hit with major job cuts, including **Goldman Sachs** (3,200), **BNY Mellon** (1,500) and **BlackRock** (500).

Over the last year, the Federal Reserve has shifted from its decades-long policy of providing trillions of dollars in virtually free credit for financial speculation to a regime of rising interest rates. Its aim is to drive up unemployment to beat back the growing struggles of workers to increase their wages to keep up with record high living expenses, fueled by the inflation of the stock market, price-gouging by big business, the criminal response of capitalist governments to the pandemic and the exploding costs of the military buildup against Russia and China.

The Fed’s policy of inflicting “economic pain” of the population is spreading beyond the tech sector. The Commerce Department reported Wednesday that retail sales fell 1.1 percent in December because inflation cut into paychecks, leading to lower consumer spending during the peak holiday buying season. Retailer **Bed, Bath and Beyond** is seeking prospective buyers and lenders and has begun a second round of layoffs among its 32,000-employee workforce. After losing $1.2 billion over the last nine months, the company is expected to file for bankruptcy soon.

Layoffs are also spreading into manufacturing. In late December, US Steel announced 244 layoffs at its tin operation at the Gary Works in northwestern Indiana. Last year, the company idled its entire tin operation at the flagship plant, blaming “market conditions.” This followed the announcement by Stellantis that it would “indefinitely idle” its assembly plant in Belvidere, Illinois and 1,325 workers on February 28.

The brutal attack on jobs by corporations, which made record profits while more than a million people died during the pandemic, along with rising living costs, is fueling growing anger in the working class. The number of strikes last year rose to the highest level in 17 years last year, according to Bloomberg, and involved more than 222,000 workers. In 2023, the contracts of 1.6 million workers are expiring, including at Caterpillar, UPS, the Big Three automakers and Mack Trucks.

The working class is heading into a struggle against the giant corporations, the Biden administration and the pro-corporate trade union bureaucracy, which wants workers to pay for the capitalist economic crisis. To oppose this workers need to expand the national and international network of rank-and-file committees to prepare an industrial counter-offensive, and fuse this with a socialist program to transform the giant corporations into publicly owned utilities, to defend the right to a job and a secure livelihood for all workers.