After Microsoft announces 10,000 layoffs, CWA union endorses tech giant's multibillion-dollar bid for video game publisher ABK

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In a letter to European regulators, the Communication Workers of America (CWA) union last month spoke in favor of Microsoft's bid to acquire video game giant Activision Blizzard King (ABK) for $68.7 billion. If successful, the acquisition would create the world's second-largest video game company behind the Chinese firm Tencent.

In the letter by CWA President Chris Shelton, sent on February 20 to Margrethe Vestager, Executive Vice President of the European Commission, the union declared it had entered "a dialogue with Microsoft that resulted in an agreement to ensure the workers of Activision Blizzard have a clear path to collective bargaining if the merger is completed." Therefore, "Microsoft's binding commitments will give employees a seat at the table and ensure that the acquisition of Activision Blizzard benefits the company's workers and the broader video game labor market."

The letter to the European Commission follows an earlier letter to the US Federal Trade Commission (FTC) last June along the same lines. "We now support approval of the transaction before you because Microsoft has entered an agreement with CWA to ensure the workers of Activision Blizzard have a clear path to collective bargaining," the union wrote at the time.

Surpassing Sony and Apple, Microsoft would own some of the most popular game franchises, such as Call of Duty, World of Warcraft and Minecraft. The computer software monopoly, based in Redmond, Washington, currently has a market value of $1.85 trillion and is the third most valuable company on Wall Street.

Microsoft's drive to gain a larger share of the global video game market—the industry is forecasted to generate nearly $600 billion annually by 2030—has prompted some of its competitors to object to the deal through the European and US trade regulators.

In December 2022, following early expectations that the European Commission, the executive of the EU, would accept the deal, the FTC filed a lawsuit seeking to block the Microsoft-ABK deal on the grounds that Microsoft would have near-unchallengeable market share, allowing Microsoft to lock consumers into its Xbox gaming ecosystem.

In response on January 17 of this year, the European Commission announced a formal objection to the merger, citing similar concerns as those of the FTC. Microsoft responded by offering concessions to ensure European regulators approve the deal, but objections by regulators persist. For example, the UK competition regulator issued a protest earlier this month.

The CWA's intervention is highly significant. Many video game workers—among the most highly exploited in the software industry, with endless imposed overtime during the "crunch" periods preceding a game's release—have joined or are seeking to join the CWA in order to counter brutal working conditions. In 2020, the CWA launched its Campaign to Organize Digital Employees (CODE) program. It has amassed roughly 3,000 new members at ABK and more across various other tech companies and indie game development studios. In addition to the gaming industry, the CWA unionized 1,200 workers under the Alphabet Workers Union (AWU) in 2021 at Alphabet, Google's parent company.

The calculations of the bureaucrats who control the

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CWA, however, are entirely different from the legitimate and progressive aspirations of the workers. Their support for the merger shows how they seek to use the framework of “collective bargaining” to establish a corporatist relationship with management, exchanging the union leadership’s support for massive profits for access to dues money from workers.

Last year, workers at ABK subsidiary Raven Software went on strike against the firing of 12 quality assurance workers. In addition to their reinstatement, strikers also demanded the resignation of then ABK CEO Bobby Kotick and the board of directors, the conversion of all contractors to full-time employees, improved representation, pay transparency and unbiased third-party audits. Afterwards, workers joined the newly-created Game Workers Alliance, a CWA subsidiary.

The CWA intervened to shut down the strike on January 22, 2022 without any of workers’ demands being met, only four days after Microsoft announced its bid for ABK. Five months later, the CWA signed a neutrality agreement with Microsoft, in which the company agreed not to do anything to deter union organizing efforts. Two weeks after that, the CWA sent its letter to the FTC.

There was a clear quid pro quo at work, in which Microsoft exchanged a neutrality agreement with the CWA in exchange for the bureaucracy’s support for the merger. There are no doubt other concessions that the CWA agreed to which have not been made public yet.

Such deals are often worked out by union officials in exchange for “neutrality agreements.” This included concessions agreed to by the International Association of Machinists in 2008 as part of the deal to bring it into Boeing’s newly acquired plant in Charleston, South Carolina, and a 2014 secret agreement between the United Auto Workers and Volkswagen.

The CWA, which only weeks prior had expanded into Microsoft-owned game company ZeniMax Studios, has hardly said a word about the 10,000 layoffs that Microsoft announced earlier this year. Its only public statement on January did not even make a show of opposing the layoffs, declaring instead that “Members of the ZeniMax worker bargaining committee will be developing proposals that reflect their needs and provide alternatives to layoffs.” In other words, they will propose cuts equal to the cost savings sought in layoffs by Microsoft.

The CWA has sold out one strike after another in companies where it has long had a presence. This includes the shutdown of the strike by 40,000 Verizon workers in 2016 and the strike in 2019 by 22,000 AT&T workers in the US South.

Those tech workers who have joined the CWA or who will decide to join the CWA at Microsoft and ABK will now have to grapple with the problem of the union bureaucracy, which uses them as pawns to establish close and lucrative working ties with management. To fight this, it is necessary to learn from the example of unionized autoworkers, railroad workers and others and form rank-and-file committees to oppose both management and the betrayals of the pro-company union bureaucracy.

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