

Subcontracting: Silicon Valley's riskiest work

Silicon Valley was built by subcontracted labor. Now subcontractors are fighting back.

Last week, federal contractor Akima fired employee Juli Briskman for flipping the bird to the presidential motorcade as she rode her bicycle around her Northern Virginia neighborhood. Her firing came not long after a contractor, just finishing his last day at Twitter, deactivated President Trump's Twitter feed. (It was restored 11 minutes later.)

In response, whistleblower Edward Snowden, formerly employed by the consulting firm Booz Allen Hamilton and now the most important subcontracted worker of our time, tweeted, "Never underestimate the power of a worker with a conscience."

The Twitter Quitter, Briskman and Snowden all share one thing in common: They were subcontractors for technology firms. These high-profile instances of employee defiance point to a larger trend within the American labor experience, one that has major implications in every facet of our lives — subcontracting workers.

The technology industry has often praised subcontracting by arguing that it helps workers shape their own schedule, or provides an inexpensive and straightforward way to launch entrepreneurial endeavors.

At the same time, however, subcontracted work is also a deeply unpredictable and stressful form of labor. As staffing firms have proliferated, and digital companies like Airbnb and Uber have made it much easier to find work moonlighting, the predominance and expectations of such forms of employment have made it much harder to find a good job with regular pay, predictable hours and workplace rights.

Subcontracting is essentially "fee-for-service" work, in which companies contract with outside firms to provide a specific type of labor. This middleman is then in charge of finding, training and overseeing workers for that business. The primary company pays only for the precise labor it needs from those workers — not for the true costs of providing a fair and protected workplace.

Silicon Valley corporations depend on this practice because it is far cheaper to employ a subcontracted worker than to directly employ someone who has defined workplace rights and negotiating power, receives benefits and is directly protected by state and federal labor laws. Subcontracting forces many of the costs of employing workers onto the workers themselves.

This practice absolves the business benefiting from that work from any risk associated with it.

The use of subcontractors makes it hard to hold the primary business legally responsible when workers are hurt on the job or wages go unpaid. Through subcontracting, companies like Twitter

avoid the cost of keeping workers' bodies healthy and able to work with health insurance and safe workplaces. They can turn the other way when faced with the disastrous health and environmental implications of tech production — everything from repetitive stress injuries to leukemia, from water pollution to coal consumption. Cutting these costs at the expense of workers is precisely what makes subcontracting so profitable and attractive for corporations.

High tech was one of the first industries to subcontract most of its necessary operations. From the earliest days of the Silicon Valley, almost every major technology company has relied on contract employees.

This has historical roots. The Santa Clara Valley, now home to the Silicon Valley, featured a largely agricultural economy before it became a technology hub. As the technology industry grew, it absorbed the permanent class of often-subcontracted agricultural workers, who were primarily women and people of color that had worked in the region's orchards and canneries.

These workers and their families became the new, subcontracted labor force that supported tech's manufacturing and service needs throughout the 1970s, 1980s and 1990s. Despite many efforts, major unions were seldom able to organize technology firms that were not connected with the military, and as those nonmilitary sectors of the tech industry grew to be the majority of the industry, so did the practice of subcontracting.

By the 1970s, subcontractors were building most of high tech's semiconductors and motherboards, disposing its chemical and industrial wastes, and managing its buildings and grounds. While its roots are in the Silicon Valley, this practice has become the norm for the technology industry internationally: Subcontracted workers build hardware outside Shenzhen and Kuala Lumpur, take phone calls in Bangalore and clean offices in New York. Over the past 30 years, this practice has increased across the board in military and government sectors as well.

From the early days of Silicon Valley to the present, subcontracting has made unionization especially difficult. Since the 1960s, any whiff of a unionizing workforce in a subcontracted shop has meant that the contracting company will simply fire the subcontracting firm and all its employees. Employees, in turn, have no recourse, because their rights to union activity are protected only under the terms of their employment with the subcontractor, not the company in charge.

Article continues at link below

UNEMPLOYMENT

Region	October 2016	September 2017	October 2017	Percentage Point Change	
				1 month	12 months
San José MSA	3.9%	3.3%	3.0%	- 0.3	- 0.9
San Francisco MD	3.2%	2.8%	2.6%	- 0.2	- 0.6
California	5.2%	4.7%	4.3%	- 0.4	- 0.9
United States	4.7%	4.1%	3.9%	- 0.2	- 0.8

INDUSTRY EMPLOYMENT

Sector—October 2017	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,098,700	1,125,000	2,223,700	+ 0.7	+ 1.3
Construction	49,300	42,100	91,400	- 0.1	+ 1.0
Manufacturing	166,900	38,300	205,200	- 0.2	+ 2.1
Retail Trade	86,800	80,500	167,300	+ 0.4	- 0.8
Information	78,600	74,100	152,700	+ 0.7	+ 2.8
Professional & Business Services	230,400	271,400	501,800	+ 0.6	- 0.1
Educational Services	45,900	29,800	75,700	+ 6.9	+ 1.9
Health Care & Social Services	123,000	110,400	233,400	+ 0.7	+ 3.9
Hospitality & Leisure	107,400	145,600	253,000	0.0	+ 3.4
Government	97,000	129,900	226,900	+ 1.7	+ 0.5

NOTE: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

9-County San Francisco Bay Area

	Labor Force			Employed			Unemployment		
	October 2016	October 2017	Change	October 2016	October 2017	Change	October 2016	October 2017	Change
California	19,201,500	19,353,400	+ 0.8%	18,193,800	18,516,000	+ 1.8%	5.2%	4.3%	- 0.9
Alameda County	845,000	846,600	+ 0.2%	809,300	818,000	+ 1.1%	4.2%	3.4%	- 0.8
Contra Costa County	560,900	562,200	+ 0.2%	536,500	542,500	+ 1.1%	4.4%	3.5%	- 0.9
Marin County	142,300	144,000	+ 1.2%	137,600	140,300	+ 2.0%	3.3%	2.6%	- 0.7
Napa County	74,800	76,400	+ 2.1%	71,900	73,800	+ 2.6%	3.9%	3.4%	- 0.5
San Francisco County	565,100	568,500	+ 0.6%	546,600	553,200	+ 1.2%	3.3%	2.7%	- 0.6
San Mateo County	452,900	455,800	+ 0.6%	439,200	444,600	+ 1.2%	3.0%	2.5%	- 0.5
Santa Clara County	1,030,800	1,036,800	+ 0.6%	991,700	1,005,900	+ 1.4%	3.8%	3.0%	- 0.8
Solano County	209,200	208,900	- 0.1%	198,200	199,900	+ 0.9%	5.3%	4.3%	- 1.0
Sonoma County	262,300	262,600	+ 0.1%	252,300	254,000	+ 0.7%	3.8%	3.3%	- 0.5
SF Bay Area (sum)	4,143,300	4,161,800	+ 0.4%	3,983,300	4,032,200	+ 1.2%	3.9%	3.1%	- 0.8

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

October 2017 Events

Company	Location	# Affected
Citrix Systems	Santa Clara	94
Symantec Corp.	Mountain View	21
Total		115

WARN SUMMARY

Events YTD [†] :	21
Individuals Affected YTD:	1,755
Individuals Previous YTD [‡] :	1,805

* **WARN: Worker Adjustment and Retraining Notification**
 (notice of mass layoff or closure)

[†] **YTD: Year to Date**
 (Program year: July 1–June 30)

[‡] **Previous YTD:** No data available for San Mateo County, FY2014/15

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database