

Silicon Valley's Wealth Gap

The tech hub is becoming completely unaffordable for the service employees who work there.

By [Michelle Chen](#)

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On Wednesday, scores of cafeteria workers marched outside Intel headquarters and disrupted Silicon Valley with a proletarian manifesto, calling for a union and “a Tech Economy that Works for Everyone.”

This innovation hub isn't as modern as it looks. Beneath its hardware and software, the capital of the digital economy runs on human muscle. Facing retrograde labor conditions in local brick-and-mortar workplaces, advocates want to enact a law to keep the South Bay's Big Tech from crushing its flesh-and-blood workforce.

Silicon Valley Rising (SVR), a grassroots coalition supported by Working Partnerships USA and local community and labor groups, has proposed a local ballot initiative that would, if implemented, bring thousands of low-wage workers opportunities for full-time, stable employment, particularly in low-wage service sectors like cafeteria, custodial, and security contractor jobs.

The “Opportunity to Work” measure would direct companies to give part-time workers an opportunity to work more hours before they hire new part-timers. This would, ideally, ensure that incumbent workers are prioritized in hiring for full-time positions, rather than falling into part-time gig work. With labor distributed evenly across a somewhat smaller but higher quality workforce, SVR argues that the measure would spur a virtuous cycle of improving overall job quality across the bottom of the tech-labor market.

Fast-food worker Sara Delete spoke at the launch of the initiative about the hardships that separate her from the lavish lifestyles of tech professionals: “Every week the number of hours I get changes, so I am never sure what my paycheck will be.... I am constantly worried about being able to provide for my son, cover my rent and pay the bills.”

The initiative, which requires about 19,000 petition signatures to get on November’s ballot, would impose a mild daily penalty on businesses that fail to comply (with exemptions for small firms and economic “hardship”). Silicon Valley Chamber of Commerce CEO Matthew Mahood told The Mercury-News the measure would “create a big obstacle to managing a flexible, part-time workforce.” But that’s the point: Representing the public’s growing disillusionment with the South Bay’s Brave New World, SVR wants tech firms to play by the same rules as other bosses.

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The precarious labor conditions besetting local service workers are especially stunning in light of the heaps of capital that tech

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the generous tax breaks and financial coddling that they often draw from local lawmakers.

According to an analysis by Working Partnerships, Santa Clara County's wealth gap has expanded amid a flush of tech investment: "From 2000 to 2010, real median household income in the Valley has fallen by 19 percent—more than three times the national decline." Housing costs have surged with the gentrification and displacement of longstanding working-class communities.

Meanwhile, next door to the hub of the Knowledge Economy, a local public-school district's budget bled about \$15 million between 2007 and 2011. About a fifth of Silicon Valley high school students do not graduate on time.

In recent years, as local manufacturing jobs have collapsed, precarity has ballooned alongside the tech bubble. Part-time underemployment has swollen since the recession, with about 64,000 residents now working part-time or irregular hours. They are generally excluded from benefits like employer-sponsored healthcare, and shut out of job-promotion opportunities. Although the vast majority of programmers have paid medical leave, more than half of security guards and maintenance workers risk losing pay if they stay home to care for sick family members. These workers are also often hired through subcontracted agencies, rendering them even more vulnerable to exploitation and abuse.

Class and race divides overlap throughout Big Tech's hierarchy. Software developers may pull in more than \$60 an hour, while their office's janitor takes home under \$12. Though blacks and Latinos dominate these low-wage service occupations, they "comprise just 3 to 4 percent of the core tech workforce."

There have been some positive changes in recent months spurred by rising labor activism in Silicon Valley. Pushing for a more humane vision of progress in the tech industry, labor unions have instigated successful campaigns among various service workers, including the unionization of shuttle-bus drivers with the Teamsters and a successful pressure campaign led by SEIU–United Service Workers West to force Apple to stop subcontracting with low-wage security service providers and instead directly hire security guards under more equitable conditions. Public pressure has goaded some individual firms to proactively respond to workforce inequalities: Facebook has agreed to raise wages for contractors, and Microsoft will move to offer 15 annual vacation and paid sick days for employees of hundreds of contractors and vendors.

These gains have been incremental, however, and given the astronomical growth that tech firms are experiencing, labor groups are mobilizing to organize workplaces while seeking policy interventions that raise standards for the entire workforce. And the focus on protecting labor rights benefits even the professional class, which has suffered its own problems with economic inequity, facing stubborn racial and gender disparities in employment, ferocious stress in the corporate culture, and the exploitation of temporary immigrant guestworkers as substitutes for domestic tech staffers.

Carrie Gleason of the Center for Popular Democracy said via e-mail that the initiative was “historic—the first work hours ballot initiative ever.” Her group advocates for comprehensive fair-scheduling regulations, like mandatory compensation rules to effectively penalize employers that unfairly cut hours, and ending erratic scheduling practices. As both salaried and wage

workers face a proliferation of unstable contingent work arrangements, such measures have been proposed on the national level and recently enacted in San Francisco's retail sector. But by raising baseline standards for decent work, Gleason adds, “this ballot measure is a real solution for those in part-time jobs who want the opportunity to work more.”

Silicon Valley may represent the vanguard of the “new economy,” but it’s the hidden workers, in the margins of tech’s economic landscape, that represent the real future of labor. Despite the buzz around crowdsourcing and cloud work, service jobs remain the digital economy’s hyper-local social anchor—labor that can’t be offshored. When Santa Clara’s working parents can’t earn enough to raise the next crop of “makers,” the economy is heading for a system failure. ●

I COMMENT

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Michelle Chen is a contributing writer for *The Nation*.

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