



Basis Points – May 24, 2022

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Above the Fold

There's a Major Shift Occurring With Tech Employers — Could It Reverberate?

With the recent (still pending) Musk buyout of Twitter, some tech venture capitalists are looking to him to spark a change in the way tech companies are managed. Musk is known for demanding quite a bit from his employees, as well as himself. Stories of Musk sleeping under his desk prior to important product pushes have surfaced over the years, alongside stories of him threatening to fire interns for standing around while waiting for coffee. That said, tech companies have long been accused of coddling their employees, and some think that Musk, and the changing economy, may change this culture.

The job market is still as tight as it ever has been, and employees are aware of the power they hold these days. Workers are much more willing to jump ship if they feel they can make more money somewhere else. And with how companies currently are hiring employees, workers aren't shying away from demanding higher wages, remote work positions and much more. This trend is even more prevalent in the tech industry, with many contesting that tech employees are already overpaid with too much leniency.

Despite an overly tight labor market, many large tech companies have actually announced hiring freezes and layoffs to come in the near future, so it appears this culture may already be changing. [Marc Andreessen](#), co-founder of the venture capitalist firm Andreessen Horowitz, tweeted, "Good big companies are overstaffed by 2x. And some of the big tech companies may be overstaffed by 4x or more." There are rumors floating that Musk was planning to drop nearly 75% of the current Twitter staff, but a leaked presentation shows he plans to let go of fewer than 1,000 of the current 8,000 employees and plans to hire thousands more after that. Even with those plans being leaked, it seems that tech owners and CEOs are actively changing the culture of being bullied by their own employees, and running their companies with a little less leniency than before.

Three Things

How Might a Major Pilot Shortage Affect You?

As summer approaches, Americans are looking to go enjoy their vacations freely for the first time since the pandemic. The problem is that there aren't enough pilots to meet the demand. Airlines are doing everything they can to get more pilots in the air, but it may not be enough for the immediate need. Companies like United and American Airlines are urging flight schools to let them hire pilots with only 750 flight hours rather than the traditional 1,500 flight hours. They are also pushing to have the bachelor's degree requirement lifted from hiring pilots and increasing the pilot retirement age from 65 to 67. The hope is to get more qualified pilots in the air and keep them there to reduce the number of delays and cancellations this summer.

Lumber Prices Finally Go on Sale

Lumber prices have climbed steadily for the last couple of years following the pandemic, but it appears they are on their way back down. Existing home sales dropped for the third straight month and mortgage rates remain over 5%. This has caused a decrease in demand for new homes as the housing market continues to struggle. Builders are feeling the pressure as demand continues to drop even in a season traditionally known for seeing a rise in homebuilding activity. The good news is that whenever the housing market begins to normalize, lumber may still be affordable enough to get new homes built at costs similar to pre-pandemic building costs.

Apple Looks Outside China for Production Opportunities

Apple is looking to India and Vietnam for production opportunities as China's strict COVID-19 policies, power outages and other factors continue to disrupt business. The tech giant has a massive influence in countries that have manufacturing plants. This allows them to potentially make changes other companies wouldn't have the influence to make happen. The only country that could match China in the sheer workforce, is India. The problem here lies in the strained relationship between India and China following border disputes in 2020. There would be no way for Apple to completely retreat from manufacturing in China because the country accounts for 20% of global sales. While it may take a few years for the company to establish quality manufacturing in other countries that can reduce its total reliance on China, Apple is clearly taking the steps to get that ball rolling.

In the Know

Happy Birthday, Brooklyn Bridge!

On May 24, 1883, the Brooklyn Bridge opened for the first time. John Augustus Roebling was the engineer responsible for designing and starting construction on the Brooklyn Bridge. He also created his own method for weaving cables, which turned out to be a key constructional component in the massive suspension bridge. After a tragic accident during the construction of the bridge, John Roebling passed away, leaving his son, Washington Roebling, to run the project. The bridge still stands today and is considered a historical national landmark.

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