Chapter 05: Talent, Overhiring, Valuation, and Layoffs

From Surveillance Capitalism to AI Imperialism | Chapter 05: Talent, overhiring, valuation, and layoffs

0.1. Abstract

The cleanest version of the layoffs story is not that AI suddenly made technical labor obsolete. Section 174 is a real structural factor. If this reading holds, then the AI boom is also a class story.

0.2. Keywords

Talent, overhiring, valuation, and layoffs; surveillance capitalism; AI imperialism; evidence-based dossier

0.3. Research Question

How does talent, overhiring, valuation, and layoffs function within the dossier's larger argument, and what does the documentary record allow this chapter to establish?

0.4. Scope and Framing Note

This paper examines talent, overhiring, valuation, and layoffs within the broader dossier *From Surveillance Capitalism to AI Imperialism*. It is intentionally written to circulate on its own: necessary context is restated, evidence boundaries are made explicit, and cited material is reproduced in paper-local form rather than delegated to repo navigation. It contributes to the series as a paper that connects the enclosure story to labor correction, balance-sheet pressure, and the financial narratives that stabilized layoffs. Adjacent reinforcement appears in Chapter 04, Chapter 06, Chapter 09, but those cross-references are supportive rather than required for basic comprehension.

0.5. Central Thesis

The cleanest version of the layoffs story is not that AI suddenly made technical labor obsolete. It is that AI arrived as the legitimizing language for a correction that already had deeper causes: pandemic-era overhiring, higher rates, margin pressure, weaker demand, and the tax treatment of research and software spending. The cuts were not born from one machine. They were narrated through one. [1]

0.6. Evidence and Method Note

This paper is derived from the chapter corpus for Chapter 05 and is grounded in the project's structured research OS. It relies on source notes, extracted claims, entity profiles, and timeline events already normalized under the dossier's evidence hierarchy. Documented facts are asserted directly where the record supports them; disputed matters are marked as such; interpretive claims are bounded explicitly; and speculative overreach is isolated in the evidence-boundary appendix.

0.7. Introduction

This paper asks: How does talent, overhiring, valuation, and layoffs function within the dossier's larger argument, and what does the documentary record allow this chapter to establish? Its working answer is clear from the start: The cleanest version of the layoffs story is not that AI suddenly made technical labor obsolete. It is that AI arrived as the legitimizing language for a correction that already had deeper causes: pandemic-era overhiring, higher rates, margin pressure, weaker demand, and the tax treatment of research and software spending. The cuts were not born from one machine. They were narrated through one. [2] The objective is not only to recount developments, but to show why the subject of this chapter belongs inside a structural argument about extraction, enclosure, legitimacy, and reform.

0.8. Historical or Institutional Context

Section `174` is a real structural factor. IRS guidance and congressional repair efforts show that domestic research and software expenses were caught in a more punitive amortization regime after 2021, and Congress itself treated the burden as significant enough to attempt reversal. This is not the whole story, but it is not rhetorical decoration either. [3]

0.9. Main Analysis

The post-pandemic overhiring record is also strong. Executive statements and major reporting across Meta, Amazon, and Salesforce show a later turn toward efficiency, focus, and cost discipline after an earlier period of aggressive expansion. [4]

[1] Sources: Internal Revenue Service, Notice 2023-63: Guidance on Section 1… (2023-09-08; see Appendix A1); Associated Press, Amazon, Salesforce jettison jobs in l… (2023-01-04; see Appendix A2); Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Financial Times, AI exuberance masks broad weakness in… (2024-09-09; see Appendix A4)

[2] Sources: Internal Revenue Service, Notice 2023-63: Guidance on Section 1… (2023-09-08; see Appendix A1); Associated Press, Amazon, Salesforce jettison jobs in l… (2023-01-04; see Appendix A2); Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Financial Times, AI exuberance masks broad weakness in… (2024-09-09; see Appendix A4)

[3] Sources: Internal Revenue Service, Notice 2023-63: Guidance on Section 1… (2023-09-08; see Appendix A1); Congress.gov, H.R. 7024: Tax Relief for American Fa… (2024-01-16; see Appendix A5); Congress.gov / CRS, H.R. 7024: Tax Relief for American Fa… (2024-01-31; see Appendix A6); Congress.gov / Library of Congress, H.R. 7024 text: Deduction for domesti… (2024-03-21; see Appendix A7)

[4] Sources: Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Associated Press, Meta posts lower Q4 profit, announces… (2023-02-01; see Appendix A8); Associated Press, Meta posts sharp profit, revenue incr… (2024-02-01; see Appendix A9); Associated Press, Amazon, Salesforce jettison jobs in l… (2023-01-04; see Appendix A2)

Top-tier reporting ties the broader correction to weaker demand, margin pressure, and investor impatience, not only to AI. That matters because it prevents a monocausal story. The financial correction was already underway before AI became the universal explanation for it. [5]

The BIS annual report adds the macro-financial layer. By June 2026, a major multilateral institution was openly warning that the AI capex race was outrunning earnings and free cash flow, with leverage and financing structures becoming part of the risk profile. The system was promising abundance while leaning on increasingly fragile financial scaffolding. [6]

Interpretation: this is where the dossier's economic thesis sharpens. AI did not invent the correction, but it became the language through which it was justified. The same story that encloses captured human production also helps reclassify labor cuts as technological destiny instead of the outcome of financial structure, policy, and managerial excess. That interpretation supports Chapter 04 by showing how enclosure and labor subordination move together. [7]

0.10. Position Within the Series

This paper sits inside a coordinated 11-paper architecture. Its nearest companions are Chapter 04 (AI arrives when the human raw material already exists), Chapter 06 (AI as a dual-use rhetorical weapon), Chapter 09 (Future if no action is taken). In that series logic, Chapter 05 connects the enclosure story to labor correction, balance-sheet pressure, and the financial narratives that stabilized layoffs.

0.11. Counterarguments

This chapter should not imply that executives always lied when they invoked AI. Some reallocation toward AI was clearly real. The stronger, more defensible claim is narrower: AI provided a legitimizing narrative layered on top of a structural correction with multiple preexisting causes. [8]

0.12. Limits of the Evidence

This chapter should not imply that executives always lied when they invoked AI. Some reallocation toward AI was clearly real. The stronger, more defensible claim is narrower: AI provided a legitimizing narrative layered on top of a structural correction with multiple preexisting causes. [9]

0.13. Reform Relevance

If this reading holds, then the AI boom is also a class story. It narrows the protected tier, weakens the technical middle class, and presents downward pressure on labor as the rational price of the

[5]Sources: Financial Times, AI exuberance masks broad weakness in… (2024-09-09; see Appendix A4); Axios, Big Tech layoffs shattered industry,… (2024-01-03; see Appendix A10)

[6]Sources: Bank for International Settlements, Annual Economic Report 2026 (2026-06-28; see Appendix A11)

[7]Sources: Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Financial Times, AI exuberance masks broad weakness in… (2024-09-09; see Appendix A4); Bank for International Settlements, Annual Economic Report 2026 (2026-06-28; see Appendix A11)

[8]Sources: Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Associated Press, Amazon, Salesforce jettison jobs in l… (2023-01-04; see Appendix A2)

[9]Sources: Meta, Mark Zuckerberg's Message to Meta Emp… (2023-03-14; see Appendix A3); Associated Press, Amazon, Salesforce jettison jobs in l… (2023-01-04; see Appendix A2)

future. That strengthens the patrimony argument: a system built from collective human production is being enclosed while many of the humans who made it possible are told the future no longer needs them on equal terms. [10]

0.14. Conclusion

If this reading holds, then the AI boom is also a class story. That contradiction sharpens in the next chapter. In the architecture of this series, Chapter 05 therefore functions as a self-contained argument while also advancing the cumulative path toward the dossier's three reforms.

0.15. Notes

This paper is designed to circulate independently. Public notes point readers to the real external documents first, then to the paper-local appendix entry that explains why each source matters.

The underlying research OS distinguishes among `Documented Fact`, `Disputed Fact`, `Hypothesis / Interpretation`, and `Speculative Narrative Risk`. In Chapter 05, those boundaries remain visible in the prose, in the bibliography, and in the appendix sections that summarize claims and caution points.

0.16. References / Bibliography

1. Internal Revenue Service. Notice 2023-63: Guidance on Section 174 and specified research or experimental expenditures. 2023-09-08. T1 official_notice. Paper appendix: Appendix A1. Corpus companion entry: Source S-075. Audit ID: `irs-notice-2023-63`. Relevance: That Section 174 amortization was not a rumor or niche accounting theory; it was the subject of active IRS guidance.
2. Associated Press. Amazon, Salesforce jettison jobs in latest tech worker purge. 2023-01-04. T2 news_article. Paper appendix: Appendix A2. Corpus companion entry: Source S-008. Audit ID: `ap-amazon-salesforce-tech-purge-2023`. Relevance: That major tech layoffs were publicly tied to pandemic overexpansion and deteriorating macro conditions.
3. Meta. Mark Zuckerberg's Message to Meta Employees. 2023-03-14. T1 company_statement. Paper appendix: Appendix A3. Corpus companion entry: Source S-082. Audit ID: `meta-year-of-efficiency-2023`. Relevance: That Meta itself framed layoffs as part of a structural response to financial conditions and organizational inefficiency.
4. Financial Times. AI exuberance masks broad weakness in tech sector, say investors. 2024-09-09. T2 news_analysis. Paper appendix: Appendix A4. Corpus companion entry: Source S-055. Audit ID: `ft-ai-exuberance-tech-weakness-2024`. Relevance: That AI enthusiasm did not eliminate the broader structural weakness of the sector.
5. Congress.gov. H.R. 7024: Tax Relief for American Families and Workers Act of 2024. 2024-01-16. T1 legislation. Paper appendix: Appendix A5. Corpus companion entry: Source S-042. Audit ID: `congress-hr7024-tax-relief-2024`. Relevance: That Congress formally moved to soften or reverse the immediate impact of Section 174 on domestic research expensing.

[10] Sources: Internal Revenue Service, Notice 2023-63: Guidance on Section 1… (2023-09-08; see Appendix A1); Bank for International Settlements, Annual Economic Report 2026 (2026-06-28; see Appendix A11); TwinChat, AI Copyright Weights: A New Frontier… (n.d.; see Appendix A12)

6. Congress.gov / CRS. H.R. 7024: Tax Relief for American Families and Workers Act of 2024 (CRS summary). 2024-01-31. T1 legislative_summary. Paper appendix: Appendix A6. Corpus companion entry: Source S-041. Audit ID: `congress-hr7024-summary-2024`. Relevance: That Congress formally treated the post-2021 Section 174 regime as burdensome enough to warrant legislative reversal or postponement.
7. Congress.gov / Library of Congress. H.R. 7024 text: Deduction for domestic research and experimental expenditures. 2024-03-21. T1 bill_text. Paper appendix: Appendix A7. Corpus companion entry: Source S-043. Audit ID: `congress-hr7024-text-2024`. Relevance: That the practical Section 174 fight directly implicated software development, not only laboratory research.
8. Associated Press. Meta posts lower Q4 profit, announces huge stock buyback. 2023-02-01. T2 news_article. Paper appendix: Appendix A8. Corpus companion entry: Source S-013. Audit ID: `ap-meta-q4-2022-overhiring`. Relevance: That a major tech company publicly linked layoffs to pandemic overhiring and slowing post-lockdown growth.
9. Associated Press. Meta posts sharp profit, revenue increase in Q4 thanks to cost cuts and advertising rebound. 2024-02-01. T2 news_article. Paper appendix: Appendix A9. Corpus companion entry: Source S-014. Audit ID: `ap-meta-q4-2023-year-of-efficiency`. Relevance: That Meta's improved financial results were publicly tied to both cost cutting and layoffs, not just to a magical AI turnaround.
10. Axios. Big Tech layoffs shattered industry, worker confidence. 2024-01-03. T3 news_analysis. Paper appendix: Appendix A10. Corpus companion entry: Source S-034. Audit ID: `axios-tech-layoffs-worker-confidence-2024`. Relevance: That the layoff cycle was large enough to materially change worker expectations across the sector.
11. Bank for International Settlements. Annual Economic Report 2026. 2026-06-28. T1 report. Paper appendix: Appendix A11. Corpus companion entry: Source S-036. Audit ID: `bis-annual-economic-report-2026`. Relevance: That a primary multilateral financial institution explicitly warned in June 2026 that the AI capex race was outrunning earnings and free cash flow.
12. TwinChat. AI Copyright Weights: A New Frontier in Intellectual Property Law. n.d.. T3 essay. Paper appendix: Appendix A12. Corpus companion entry: Source S-122. Audit ID: `twinchat-ai-copyright-weights`. Relevance: Supports a key factual or interpretive move inside this paper.

0.17. Appendix A. Source Register for This Paper

0.17.1. Appendix A1. Notice 2023-63: Guidance on Section 174 and specified research or experimental expenditures

Source citation: Notice 2023-63: Guidance on Section 174 and specified research or experimental expenditures **Institution / author:** Internal Revenue Service **Date:** 2023-09-08 **Tier / type:** T1 / official_notice **Why it matters in this paper:** That Section 174 amortization was not a rumor or niche accounting theory; it was the subject of active IRS guidance. **Corpus companion entry:** Source S-075 **Audit ID:** `irs-notice-2023-63`

0.17.2. Appendix A2. Amazon, Salesforce jettison jobs in latest tech worker purge

Source citation: Amazon, Salesforce jettison jobs in latest tech worker purge **Institution / author:** Associated Press **Date:** 2023-01-04 **Tier / type:** T2 / news_article **Why it matters in this paper:** That major tech layoffs were publicly tied to pandemic overexpansion and deteriorating macro conditions. **Corpus companion entry:** Source S-008 **Audit ID:** `ap-amazon-salesforce-tech-purge-2023`

0.17.3. Appendix A3. Mark Zuckerberg's Message to Meta Employees

Source citation: Mark Zuckerberg's Message to Meta Employees **Institution / author:** Meta **Date:** 2023-03-14 **Tier / type:** T1 / company_statement **Why it matters in this paper:** That Meta itself framed layoffs as part of a structural response to financial conditions and organizational inefficiency. **Corpus companion entry:** Source S-082 **Audit ID:** `meta-year-of-efficiency-2023`

0.17.4. Appendix A4. AI exuberance masks broad weakness in tech sector, say investors

Source citation: AI exuberance masks broad weakness in tech sector, say investors **Institution / author:** Financial Times **Date:** 2024-09-09 **Tier / type:** T2 / news_analysis **Why it matters in this paper:** That AI enthusiasm did not eliminate the broader structural weakness of the sector. **Corpus companion entry:** Source S-055 **Audit ID:** `ft-ai-exuberance-tech-weakness-2024`

0.17.5. Appendix A5. H.R. 7024: Tax Relief for American Families and Workers Act of 2024

Source citation: H.R. 7024: Tax Relief for American Families and Workers Act of 2024 **Institution / author:** Congress.gov **Date:** 2024-01-16 **Tier / type:** T1 / legislation **Why it matters in this paper:** That Congress formally moved to soften or reverse the immediate impact of Section 174 on domestic research expensing. **Corpus companion entry:** Source S-042 **Audit ID:** `congress-hr7024-tax-relief-2024`

0.17.6. Appendix A6. H.R. 7024: Tax Relief for American Families and Workers Act of 2024 (CRS summary)

Source citation: H.R. 7024: Tax Relief for American Families and Workers Act of 2024 (CRS summary) **Institution / author:** Congress.gov / CRS **Date:** 2024-01-31 **Tier / type:** T1 / legislative_summary **Why it matters in this paper:** That Congress formally treated the post-2021 Section 174 regime as burdensome enough to warrant legislative reversal or postponement. **Corpus companion entry:** Source S-041 **Audit ID:** `congress-hr7024-summary-2024`

0.17.7. Appendix A7. H.R. 7024 text: Deduction for domestic research and experimental expenditures

Source citation: H.R. 7024 text: Deduction for domestic research and experimental expenditures **Institution / author:** Congress.gov / Library of Congress **Date:** 2024-03-21 **Tier / type:** T1 /

bill_text **Why it matters in this paper:** That the practical Section 174 fight directly implicated software development, not only laboratory research. **Corpus companion entry:** Source S-043 **Audit ID:** `congress-hr7024-text-2024`

0.17.8. Appendix A8. Meta posts lower Q4 profit, announces huge stock buyback

Source citation: Meta posts lower Q4 profit, announces huge stock buyback **Institution / author:** Associated Press **Date:** 2023-02-01 **Tier / type:** T2 / news_article **Why it matters in this paper:** That a major tech company publicly linked layoffs to pandemic overhiring and slowing post-lockdown growth. **Corpus companion entry:** Source S-013 **Audit ID:** `ap-meta-q4-2022-overhiring`

0.17.9. Appendix A9. Meta posts sharp profit, revenue increase in Q4 thanks to cost cuts and advertising rebound

Source citation: Meta posts sharp profit, revenue increase in Q4 thanks to cost cuts and advertising rebound **Institution / author:** Associated Press **Date:** 2024-02-01 **Tier / type:** T2 / news_article **Why it matters in this paper:** That Meta's improved financial results were publicly tied to both cost cutting and layoffs, not just to a magical AI turnaround. **Corpus companion entry:** Source S-014 **Audit ID:** `ap-meta-q4-2023-year-of-efficiency`

0.17.10. Appendix A10. Big Tech layoffs shattered industry, worker confidence

Source citation: Big Tech layoffs shattered industry, worker confidence **Institution / author:** Axios **Date:** 2024-01-03 **Tier / type:** T3 / news_analysis **Why it matters in this paper:** That the layoff cycle was large enough to materially change worker expectations across the sector. **Corpus companion entry:** Source S-034 **Audit ID:** `axios-tech-layoffs-worker-confidence-2024`

0.17.11. Appendix A11. Annual Economic Report 2026

Source citation: Annual Economic Report 2026 **Institution / author:** Bank for International Settlements **Date:** 2026-06-28 **Tier / type:** T1 / report **Why it matters in this paper:** That a primary multilateral financial institution explicitly warned in June 2026 that the AI capex race was outrunning earnings and free cash flow. **Corpus companion entry:** Source S-036 **Audit ID:** `bis-annual-economic-report-2026`

0.17.12. Appendix A12. AI Copyright Weights: A New Frontier in Intellectual Property Law

Source citation: AI Copyright Weights: A New Frontier in Intellectual Property Law **Institution / author:** TwinChat **Date:** n.d. **Tier / type:** T3 / essay **Why it matters in this paper:** Supports a key factual or interpretive move inside this paper. **Corpus companion entry:** Source S-122 **Audit ID:** `twinchat-ai-copyright-weights`

0.18. Appendix B. Claims Used in This Paper

0.18.1. Appendix B1. Major tech layoffs were publicly tied to pandemic overexpansion and deteriorating...

Claim statement: That major tech layoffs were publicly tied to pandemic overexpansion and deteriorating macro conditions. **Evidence status:** Documented Fact **Source support:** Appendix A2 **Corpus companion entry:** Claim C-022 **Audit Claim ID:** `ap-amazon-salesforce-tech-purge-2023-05-talent-hoarding-section174-layoffs-claim-01`

0.18.2. Appendix B2. Efficiency language was already being used by top executives in early 2023, befor...

Claim statement: That efficiency language was already being used by top executives in early 2023, before later AI-centered narratives became even more prominent. **Evidence status:** Documented Fact **Source support:** Appendix A2 **Corpus companion entry:** Claim C-023 **Audit Claim ID:** `ap-amazon-salesforce-tech-purge-2023-05-talent-hoarding-section174-layoffs-claim-02`

0.18.3. Appendix B3. Chapter 5 can frame layoffs as part of a structural correction involving cost dis...

Claim statement: That Chapter 5 can frame layoffs as part of a structural correction involving cost discipline and margin protection, not only as a pure automation story. **Evidence status:** Documented Fact **Source support:** Appendix A2 **Corpus companion entry:** Claim C-024 **Audit Claim ID:** `ap-amazon-salesforce-tech-purge-2023-05-talent-hoarding-section174-layoffs-claim-03`

0.18.4. Appendix B4. A major tech company publicly linked layoffs to pandemic overhiring and slowing p...

Claim statement: That a major tech company publicly linked layoffs to pandemic overhiring and slowing post-lockdown growth. **Evidence status:** Documented Fact **Source support:** Appendix A8 **Corpus companion entry:** Claim C-037 **Audit Claim ID:** `ap-meta-q4-2022-overhiring-claim-01`

0.18.5. Appendix B5. Efficiency rhetoric was already being layered onto a revenue slowdown and investo...

Claim statement: That efficiency rhetoric was already being layered onto a revenue slowdown and investor pressure over unprofitable strategic bets. **Evidence status:** Documented Fact **Source support:** Appendix A8 **Corpus companion entry:** Claim C-038 **Audit Claim ID:** `ap-meta-q4-2022-overhiring-claim-02`

0.18.6. Appendix B6. Metaverse losses were part of the financial backdrop to Meta's workforce correction

Claim statement: That metaverse losses were part of the financial backdrop to Meta's workforce correction. **Evidence status:** Documented Fact **Source support:** Appendix A8 **Corpus companion entry:** Claim C-039 **Audit Claim ID:** `ap-meta-q4-2022-overhiring-claim-03`

0.18.7. Appendix B7. Meta's improved financial results were publicly tied to both cost cutting and lay...

Claim statement: That Meta's improved financial results were publicly tied to both cost cutting and layoffs, not just to a magical AI turnaround. **Evidence status:** Documented Fact **Source support:** Appendix A9 **Corpus companion entry:** Claim C-040 **Audit Claim ID:** `ap-meta-q4-2023-year-of-efficiency-claim-01`

0.18.8. Appendix B8. AI hiring resumed selectively even after a broad labor correction, reinforcing th...

Claim statement: That AI hiring resumed selectively even after a broad labor correction, reinforcing the idea of reallocation rather than simple technological replacement. **Evidence status:** Documented Fact **Source support:** Appendix A9 **Corpus companion entry:** Claim C-041 **Audit Claim ID:** `ap-meta-q4-2023-year-of-efficiency-claim-02`

0.18.9. Appendix B9. Metaverse-related losses remained large even as the company regained investor con...

Claim statement: That metaverse-related losses remained large even as the company regained investor confidence. **Evidence status:** Documented Fact **Source support:** Appendix A9 **Corpus companion entry:** Claim C-042 **Audit Claim ID:** `ap-meta-q4-2023-year-of-efficiency-claim-03`

0.18.10. Appendix B10. The layoff cycle was large enough to materially change worker expectations across...

Claim statement: That the layoff cycle was large enough to materially change worker expectations across the sector. **Evidence status:** Documented Fact **Source support:** Appendix A10 **Corpus companion entry:** Claim C-102 **Audit Claim ID:** `axios-tech-layoffs-worker-confidence-2024-05-talent`

0.18.11. Appendix B11. Chapter 5 can discuss the correction as a broad labor-market event rather than a...

Claim statement: That Chapter 5 can discuss the correction as a broad labor-market event rather than a collection of isolated firm stories. **Evidence status:** Documented Fact **Source support:** Appendix A10 **Corpus companion entry:** Claim C-103 **Audit Claim ID:** `axios-tech-layoffs-worker-confidence-2024-05-talent-hoarding-section174-layoffs-claim-02`

0.18.12. Appendix B12. A primary multilateral financial institution explicitly warned in June 2026 that...

Claim statement: That a primary multilateral financial institution explicitly warned in June 2026 that the AI capex race was outrunning earnings and free cash flow. **Evidence status:** Documented Fact **Source support:** Appendix A11 **Corpus companion entry:** Claim C-107 **Audit Claim ID:** `bis-annual-economic-report-2026-05-talent-hoarding-section174-layoffs-claim-01`

0.18.13. Appendix B13. Debt issuance, leverage, opaque financing structures, and circular financing belo...

Claim statement: That debt issuance, leverage, opaque financing structures, and circular financing belong to the documented risk structure of the AI buildout. **Evidence status:** Documented Fact **Source support:** Appendix A11 **Corpus companion entry:** Claim C-108 **Audit Claim ID:** `bis-annual-economic-report-2026-05-talent-hoarding-section174-layoffs-claim-02`

0.18.14. Appendix B14. Chapter 05 can support the thesis of structural correction and financial overhang...

Claim statement: That Chapter 05 can support the thesis of structural correction and financial overhang without relying only on opinion pieces or market chatter. **Evidence status:** Documented Fact **Source support:** Appendix A11 **Corpus companion entry:** Claim C-109 **Audit Claim ID:** `bis-annual-economic-report-2026-05-talent-hoarding-section174-layoffs-claim-03`

0.18.15. Appendix B15. Chapters 06, 09, and 10 can discuss the "cheap AI" narrative against a documented...

Claim statement: That Chapters 06, 09, and 10 can discuss the "cheap AI" narrative against a documented backdrop of subsidy-like financing pressure and fragile commercial returns. **Evidence status:** Documented Fact **Source support:** Appendix A11 **Corpus companion entry:** Claim C-110 **Audit Claim ID:** `bis-annual-economic-report-2026-05-talent-hoarding-section174-layoffs-claim-`

0.18.16. Appendix B16. Congress formally treated the post-2021 Section 174 regime as burdensome enough t...

Claim statement: That Congress formally treated the post-2021 Section 174 regime as burdensome enough to warrant legislative reversal or postponement. **Evidence status:** Documented Fact **Source support:** Appendix A6 **Corpus companion entry:** Claim C-123 **Audit Claim ID:** `congress-hr7024-summary-2024-05-talent-hoarding-section174-layoffs-claim-01`

0.18.17. Appendix B17. The practical effect of the existing rule can be described in plain English: firm...

Claim statement: That the practical effect of the existing rule can be described in plain English: firms were being pushed into five-year deduction treatment for domestic research costs until the proposed relief would restore expensing through 2025. **Evidence status:** Documented Fact **Source support:** Appendix A6 **Corpus companion entry:** Claim C-124 **Audit Claim ID:** `congress-hr7024-summary-2024-05-talent-hoarding-section174-layoffs-claim-02`

0.18.18. Appendix B18. Chapter 5 can treat Section 174 as a material structural factor in the post-pande...

Claim statement: That Chapter 5 can treat Section 174 as a material structural factor in the post-pandemic correction without pretending it was the only cause of layoffs. **Evidence status:** Documented Fact **Source support:** Appendix A6 **Corpus companion entry:** Claim C-125 **Audit Claim ID:** `congress-hr7024-summary-2024-05-talent-hoarding-section174-layoffs-claim-03`

0.18.19. Appendix B19. Congress formally moved to soften or reverse the immediate impact of Section 174...

Claim statement: That Congress formally moved to soften or reverse the immediate impact of Section 174 on domestic research expensing. **Evidence status:** Documented Fact **Source support:** Appendix A5 **Corpus companion entry:** Claim C-126 **Audit Claim ID:** `congress-hr7024-tax-relief-2024-claim-01`

0.18.20. Appendix B20. The practical consequences of Section 174 were concrete enough to generate a seri...

Claim statement: That the practical consequences of Section 174 were concrete enough to generate a serious legislative response. **Evidence status:** Documented Fact **Source support:** Appendix A5 **Corpus companion entry:** Claim C-127 **Audit Claim ID:** `congress-hr7024-tax-relief-2024-claim-02`

0.18.21. Appendix B21. Chapter 5 can frame Section 174 as a live business issue rather than an after-the...

Claim statement: That Chapter 5 can frame Section 174 as a live business issue rather than an after-the-fact excuse invented by commentators. **Evidence status:** Documented Fact **Source support:** Appendix A5 **Corpus companion entry:** Claim C-128 **Audit Claim ID:** `congress-hr7024-tax-relief-2024-claim-03`

0.18.22. Appendix B22. The practical Section 174 fight directly implicated software development, not onl...

Claim statement: That the practical Section 174 fight directly implicated software development, not only laboratory research. **Evidence status:** Documented Fact **Source support:** Appendix A7 **Corpus companion entry:** Claim C-129 **Audit Claim ID:** `congress-hr7024-text-2024-05-talent-hoarding-section174-layoffs-claim-01`

0.18.23. Appendix B23. The legislative response was not vague rhetoric; it proposed specific statutory l...

Claim statement: That the legislative response was not vague rhetoric; it proposed specific statutory language restoring domestic deductions and naming software explicitly. **Evidence status:** Documented Fact **Source support:** Appendix A7 **Corpus companion entry:** Claim C-130 **Audit Claim ID:** `congress-hr7024-text-2024-05-talent-hoarding-section174-layoffs-claim-02`

0.18.24. Appendix B24. Chapter 5 can connect the accounting treatment of software and R&D spending to th...

Claim statement: That Chapter 5 can connect the accounting treatment of software and R&D spending to the financial environment of large tech employers. **Evidence status:** Documented Fact **Source support:** Appendix A7 **Corpus companion entry:** Claim C-131 **Audit Claim ID:** `congress-hr7024-text-2024-05-talent-hoarding-section174-layoffs-claim-03`

0.18.25. Appendix B25. AI enthusiasm did not eliminate the broader structural weakness of the sector

Claim statement: That AI enthusiasm did not eliminate the broader structural weakness of the sector. **Evidence status:** Documented Fact **Source support:** Appendix A4 **Corpus companion entry:** Claim C-173 **Audit Claim ID:** `ft-ai-exuberance-tech-weakness-2024-05-talent-hoarding-sec`

0.18.26. Appendix B26. A serious T2 source explicitly connects post-pandemic overhiring, weak demand, an...

Claim statement: That a serious `T2` source explicitly connects post-pandemic overhiring, weak demand, and investment reallocation to the industry's ongoing malaise. **Evidence status:** Documented Fact **Source support:** Appendix A4 **Corpus companion entry:** Claim C-174 **Audit Claim ID:** `ft-ai-exuberance-tech-weakness-2024-05-talent-hoarding-section174-layoffs-claim-02`

0.18.27. Appendix B27. Chapter 5 can argue AI was layered onto an existing correction rather than causin...

Claim statement: That Chapter 5 can argue AI was layered onto an existing correction rather than causing it from scratch. **Evidence status:** Documented Fact **Source support:** Appendix A4 **Corpus companion entry:** Claim C-175 **Audit Claim ID:** `ft-ai-exuberance-tech-weakness-2024-05-talent-hoarding-section174-layoffs-claim-03`

0.18.28. Appendix B28. Section 174 amortization was not a rumor or niche accounting theory; it was the s...

Claim statement: That Section 174 amortization was not a rumor or niche accounting theory; it was the subject of active IRS guidance. **Evidence status:** Documented Fact **Source support:** Appendix A1 **Corpus companion entry:** Claim C-240 **Audit Claim ID:** `irs-notice-2023-63-claim-01`

0.18.29. Appendix B29. U.S. firms with research-heavy cost structures had to account for a changed tax t...

Claim statement: That U.S. firms with research-heavy cost structures had to account for a changed tax treatment of those expenditures. **Evidence status:** Documented Fact **Source support:** Appendix A1 **Corpus companion entry:** Claim C-241 **Audit Claim ID:** `irs-notice-2023-63-claim-02`

0.18.30. Appendix B30. Chapter 5 can legitimately treat Section 174 as one documented structural factor...

Claim statement: That Chapter 5 can legitimately treat Section 174 as one documented structural factor in the financial environment facing software and R&D-heavy companies. **Evidence status:** Documented Fact **Source support:** Appendix A1 **Corpus companion entry:** Claim C-242 **Audit Claim ID:** `irs-notice-2023-63-claim-03`

0.18.31. Appendix B31. Meta itself framed layoffs as part of a structural response to financial conditio...

Claim statement: That Meta itself framed layoffs as part of a structural response to financial conditions and organizational inefficiency. **Evidence status:** Documented Fact **Source support:** Appendix A3 **Corpus companion entry:** Claim C-272 **Audit Claim ID:** `meta-year-of-efficiency-2023-claim-01`

0.18.32. Appendix B32. AI investment was presented alongside workforce reduction, not as a later justifi...

Claim statement: That AI investment was presented alongside workforce reduction, not as a later justification invented by outsiders. **Evidence status:** Documented Fact **Source support:** Appendix A3 **Corpus companion entry:** Claim C-273 **Audit Claim ID:** `meta-year-of-efficiency-2023-claim-02`

0.18.33. Appendix B33. Interest rates, regulation, and margin discipline were explicit parts of the comp...

Claim statement: That interest rates, regulation, and margin discipline were explicit parts of the company's own explanation. **Evidence status:** Documented Fact **Source support:** Appendix A3 **Corpus companion entry:** Claim C-274 **Audit Claim ID:** `meta-year-of-efficiency-2023-claim-03`

0.18.34. Appendix B34. AI was often used as a legitimizing narrative layered on top of an existing struc...

Claim statement: That AI was often used as a legitimizing narrative layered on top of an existing structural correction driven by overhiring, rates, margin pressure, and tax-treatment shifts rather than as the sole cause of the cuts. **Evidence status:** Hypothesis / Interpretation **Source support:** Appendix A1, Appendix A3, Appendix A4, Appendix A11 **Corpus companion entry:** Claim C-431 **Audit Claim ID:** `vector05-legitimizing-narrative-synthesis-claim-01`

0.18.35. Appendix B35. AI alone caused the post-pandemic tech layoff cycle or fully explains wage compre...

Claim statement: That AI alone caused the post-pandemic tech layoff cycle or fully explains wage compression and labor insecurity across the sector. **Evidence status:** Speculative Narrative

Risk **Source support:** Appendix A1, Appendix A8, Appendix A11 **Corpus companion entry:** Claim C-430 **Audit Claim ID:** `vector05-ai-alone-caused-layoffs-overclaim-claim-01`

0.19. Appendix C. Timeline Slice

0.19.1. Appendix C1. 2023-01-04: Amazon and Salesforce tie layoffs to overhiring and cost structure

Event summary: Amazon and Salesforce tie layoffs to overhiring and cost structure **Event date:** 2023-01-04 **Source support:** Appendix A2 **Corpus companion entry:** Event T-020 **Audit Event ID:** `event-amazon-salesforce-purge-2023-01-04`

0.19.2. Appendix C2. 2023-03-14: Meta announces deeper cuts in its Year of Efficiency

Event summary: Meta announces deeper cuts in its Year of Efficiency **Event date:** 2023-03-14 **Source support:** Appendix A3 **Corpus companion entry:** Event T-022 **Audit Event ID:** `event-meta-efficiency-2023-03-14`

0.19.3. Appendix C3. 2023-09-08: The IRS issues Notice 2023-63 on Section 174 expenditures

Event summary: The IRS issues Notice 2023-63 on Section 174 expenditures **Event date:** 2023-09-08 **Source support:** Appendix A1 **Corpus companion entry:** Event T-029 **Audit Event ID:** `event-irs-section174-2023-09-08`

0.19.4. Appendix C4. 2024-01-31: The House passes H.R. 7024 with Section 174 relief language

Event summary: The House passes H.R. 7024 with Section 174 relief language **Event date:** 2024-01-31 **Source support:** Appendix A5 **Corpus companion entry:** Event T-038 **Audit Event ID:** `event-hr7024-passed-house-2024-01-31`

0.19.5. Appendix C5. 2024-01-31: Congressional summary explains temporary domestic R&D expensing relief

Event summary: Congressional summary explains temporary domestic R&D expensing relief **Event date:** 2024-01-31 **Source support:** Appendix A6 **Corpus companion entry:** Event T-039 **Audit Event ID:** `event-hr7024-summary-2024-01-31`

0.19.6. Appendix C6. 2024-03-21: H.R. 7024 text explicitly covers domestic R&D deductions and software

Event summary: H.R. 7024 text explicitly covers domestic R&D deductions and software **Event date:** 2024-03-21 **Source support:** Appendix A7 **Corpus companion entry:** Event T-046 **Audit Event ID:** `event-hr7024-text-2024-03-21`

0.19.7. Appendix C7. 2024-09-09: Financial Times says AI exuberance masks broader tech weakness

Event summary: Financial Times says AI exuberance masks broader tech weakness **Event date:** 2024-09-09 **Source support:** Appendix A4 **Corpus companion entry:** Event T-054 **Audit Event ID:** `event-ft-tech-weakness-ai-2024-09-09`

0.20. Appendix D. Relevant Entities

0.20.1. Appendix D1. Reality Labs

Entity type: business_unit **Role in this paper:** Actor relevant to 12_cambridge_analytica_meta_metaverse_r 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A8, Appendix A9 **Corpus companion entry:** Entity E-031 **Audit Entity ID:** `org-reality-labs`

0.20.2. Appendix D2. Salesforce

Entity type: company **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A2, Appendix A10 **Corpus companion entry:** Entity E-033 **Audit Entity ID:** `org-salesforce`

0.20.3. Appendix D3. Internal Revenue Service

Entity type: government **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A1 **Corpus companion entry:** Entity E-023 **Audit Entity ID:** `org-irs`

0.20.4. Appendix D4. U.S. Congress / Congress.gov / CRS

Entity type: government **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A5, Appendix A6, Appendix A7 **Corpus companion entry:** Entity E-036 **Audit Entity ID:** `org-us-congress`

0.20.5. Appendix D5. Andy Jassy

Entity type: person **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A2 **Corpus companion entry:** Entity E-042 **Audit Entity ID:** `person-andy-jassy`

0.20.6. Appendix D6. Marc Benioff

Entity type: person **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs. **Relevant sources in this paper:** Appendix A2 **Corpus companion entry:** Entity E-053 **Audit Entity ID:** `person-marc-benioff`

0.20.7. Appendix D7. Mark Zuckerberg

Entity type: person **Role in this paper:** Actor relevant to 05_talent_hoarding_section174_layoffs, 08_power_networks_legitimacy_capture, 09_future_if_unchecked, 12_cambridge_analytica_meta_metaverse_

Relevant sources in this paper: Appendix A3 **Corpus companion entry:** Entity E-054 **Audit Entity ID:** `person-mark-zuckerberg`

0.21. Appendix E. Evidence Boundaries

0.21.1. Appendix E1. Disputed Matters

- None registered for this paper.

0.21.2. Appendix E2. Interpretive Boundaries

- Appendix B34: That AI was often used as a legitimizing narrative layered on top of an existing structural correction driven by overhiring, rates, margin pressure, and tax-treatment shifts rather than as the sole cause of the cuts.

0.21.3. Appendix E3. Speculative Narrative Risks

- Appendix B35: That AI alone caused the post-pandemic tech layoff cycle or fully explains wage compression and labor insecurity across the sector.

0.21.4. Appendix E4. Sensitive or Review-Worthy Note Flags

- Appendix A2. Companion note: Note N-039. Risk flag: low. Note focus: That major tech layoffs were publicly tied to pandemic overexpansion and deteriorating macro conditions.
- Appendix A8. Companion note: Note N-040. Risk flag: low. Note focus: That a major tech company publicly linked layoffs to pandemic overhiring and slowing post-lockdown growth.
- Appendix A9. Companion note: Note N-041. Risk flag: low. Note focus: That Meta's improved financial results were publicly tied to both cost cutting and layoffs, not just to a magical AI turnaround.
- Appendix A10. Companion note: Note N-042. Risk flag: medium. Note focus: That the layoff cycle was large enough to materially change worker expectations across the sector.
- Appendix A11. Companion note: Note N-043. Risk flag: review. Note focus: That a primary multilateral financial institution explicitly warned in June 2026 that the AI capex race was outrunning earnings and free cash flow.
- Appendix A6. Companion note: Note N-044. Risk flag: low. Note focus: That Congress formally treated the post-2021 Section 174 regime as burdensome enough to warrant legislative reversal or postponement.
- Appendix A5. Companion note: Note N-045. Risk flag: low. Note focus: That Congress formally moved to soften or reverse the immediate impact of Section 174 on domestic research expensing.
- Appendix A7. Companion note: Note N-046. Risk flag: low. Note focus: That the practical Section 174 fight directly implicated software development, not only laboratory research.
- Appendix A4. Companion note: Note N-047. Risk flag: low. Note focus: That AI enthusiasm did not eliminate the broader structural weakness of the sector.
- Appendix A1. Companion note: Note N-048. Risk flag: medium. Note focus: That Section 174 amortization was not a rumor or niche accounting theory; it was the subject of active IRS guidance.

- Appendix A3. Companion note: Note N-049. Risk flag: medium. Note focus: That Meta itself framed layoffs as part of a structural response to financial conditions and organizational inefficiency.