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## Regular Work in an Irregular Economy

### Ending the temp agencies' control of low-wage labor markets

CARMEN MARTINO AND DAVID BENSMAN | September 22, 2008

Imagine that you are a young person trying to find your first full-time job in New Brunswick, New Jersey, a small city about 35 miles southwest of New York. You don't want to work in a restaurant or a fast-food joint, because they won't give you enough hours to make a living, and they don't provide benefits. There aren't many full-time opportunities in your neighborhoods, because most factories and warehouses have left town for the suburbs. Commuting to suburban regions where there are more employers is impractical; mass transit is inadequate, you can't afford a decent car, and fuel prices are high.

If you are a Latino worker, your only option is to register at one of the labor agencies that have flocked to your neighborhood in recent years. One is probably within walking distance, with a big sign saying, "Workers wanted." Most of these labor agencies are organized along racial and ethnic lines. If you're African American, chances are there won't be a labor agency for you nearby. These firms locate where desired workers live; most employers request Latinos, who are promoted as reliable, compliant -- and often desperate.

If you are serious about finding work, you arrive at the temp office at 6 A.M. and begin your wait. At 7, the boss begins issuing work orders; if you're lucky, you'll be told the name of the company where you'll work that day. Nothing's in writing: not your assignment, not your pay rate, not the length of your contract.

For most jobs, you'll be paid the minimum wage, and you can forget health insurance or other benefits. The pay is not only low; it's unpredictable. You don't know whether you'll have six hours of work or eight, and you don't know whether you'll be paid the advertised rate or less, without explanation. The agency issues you a separate check for each job you work that week, and somehow, when your hours for all the jobs are added up, you're never paid the overtime rate.

This system is also costly to you. The agency -- or the business that rents space at the agency office -- charges you \$1 to \$2 to cash each check, and since your neighborhood has no bank where you can open an account, you have to pay. For your transportation, the agency deducts \$7 per day, regardless of how far you are going and no matter how long you have to wait for the van to pick you up before and after work or how many stops it makes on the way to the workplace. Many of the vans are overcrowded, old, and unsafe; their drivers may be unqualified or unlicensed; and they're still getting into well-publicized accidents, despite the "van safety" law passed by the New Jersey legislature.

When you get to the workplace -- it makes little difference whether it's a well-known company's warehouse or the backroom of a local grocery store -- you will receive little training or instructions. Whether you are unloading trucks, filling pallets, digging a ditch, or cleaning a bathroom, your chances of working with dangerous materials are high, but you're not told about any hazards to which you may be exposed. If you are injured, you won't be paid for your time out of work, regardless of whether or not the agency has paid its workers'-compensation insurance. And more than likely, you won't know your rights under the state's laws, because no one has told you what they are.

At the end of the day, you wait for the van to take you back to the agency office. You may have to wait an hour or two, for which you won't be paid, and if the van never shows, you'll have to walk home or pay for a cab. Whatever the case, your van fee will still be deducted from your paycheck, and after the fees for check cashing and transportation have been deducted, more than a third of your earnings are gone.

Next week won't be any better; there are no job ladders in the temporary-labor industry, no pay increases, no paths to permanent employment. (You have to sign a form agreeing not to go to work for the agency's client.) When you tire of the temp agency and you go back out on the job market, you'll find once again that few full-time jobs are available at any wage rate.

And street-corner day labor also feeds into ethnic stereotypes and fuels anti-immigrant feelings. It is in the interest of everyone -- except exploitive businesses -- to regularize these employment relations.

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The exploitation of today's temporary low-wage labor markets is made possible by several factors. One is the impact of residential segregation, which

separates workers from job opportunities, rendering them dependent on the agencies, which have a near-monopoly of jobs that can add up to full-time work.

The second factor is the collusion of employers, who rely on the firms to provide them with cheap labor without strings -- maximum flexibility, minimum responsibility. Employers don't have to worry about paying workers' comp fees, Social Security taxes, or payroll and benefit administration. They don't have to pay for idle hours, job training, or unemployment insurance. Recruiting fees are eliminated, background checks avoided, and the threat of unionization nullified.

The third and most important factor in the exploitation of low-wage labor markets is the complicity of government. Exploitation is so intense in low-wage labor markets because the temporary-labor industry has been exempted from the regulations imposed on equally exploitative employment agencies before the New Deal.

For more than a century, American reformers worked to regularize the employment relationship -- with laws on wages, hours, health and safety, unemployment compensation, and procedural rights. Today's labor agencies serve industry's desire to return to the 19th century.

While union hiring halls are strictly regulated to prevent discrimination against nonunion workers, over the past 20 years employer associations succeeded in lobbying state legislatures around the country to give labor agencies the freedom to maneuver around laws. Decisions by Bush administration?appointed regulators and courts nullified decisions by the National Labor Relations Board that would eliminate abuses.

As a result, the temporary-employment industry controls today's low-wage labor markets. Temp firms are able to meet the needs of their business clients for the positions they have contracted to fill, across whole industries and regions throughout the country. And as long as the industry is able to manage and dominate low-wage labor and consistently meet fluctuating client-firm demands, it will continue to play the role of gatekeeper for bad jobs that are increasingly the only form of employment available to larger numbers of low-skilled workers. Given the incentives that are built into the agency/client-firm relationship, it is highly unlikely that low-wage temp jobs could ever be anything more than dead-end jobs for most workers.

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The cure for this portion of low-wage America is not very different from the remedy for other low-wage jobs -- unions. If temp workers could figure out how to persistently disrupt regional low-wage labor markets, they could force client firms to recognize union hiring halls as logical alternatives for maintaining a consistent and efficient supply of labor.

In the past when hiring halls provided the best option, it was because they accepted all the employers' fluctuating and erratic work schedules and labor demands as a given. Instead of demanding more stable work, union hiring halls sought to raise wages and equalize work opportunities so that the greatest number of members were able to enjoy consistent pay and improved work conditions.

Unlike for-profit temp agencies that are driven by the need to hold down wages in order to skim more profits off of the hourly rate of each temp worker (for themselves and their client firms), the union hiring hall's primary goal is to equalize work, raise wages, and improve conditions -- a process that can ultimately turn bad jobs into good ones, as has happened in Las Vegas' culinary industry and the warehouses of the Bay area. Unions also have a much better record than private temp agencies do of resisting racial and ethnic stereotyping and sorting of workers, and of providing more equal opportunities across racial lines.

How could we force employers to abandon temp agencies and sign agreements with union hiring halls? To answer that question, we need to go back to those somewhat-isolated neighborhoods where significant portions of the current low-wage labor force live. In recent months we have had the opportunity to hear immigrant Latino workers talk about their jobs. Nearly all of them have at one time or another worked for temp agencies -- many of them still do. Among current and former temps exists a strong and deep-seated dislike for agencies, or as one former temp put it, "Agencies are shit!" Such anti-agency sentiments are not isolated and could, over time, be used as a catalyst for raising worker expectations and strategically organizing union hiring halls.

It might also be possible to create hiring halls in more diverse communities where the agencies have established recruitment centers at client-firm sites. Here, the demands for hiring-hall recognition might look more like traditional on-site union-organizing campaigns. However, even in these situations, disrupting the flow of labor will only be effective if workers can mobilize the support of their neighbors.

In some industries where full-time staff employed by the client firm work side-by-side with temp workers and reside in the same communities, the efforts to organize hiring halls might create a spillover effect that leads to more traditional union-organizing campaigns and union contracts on an industry-wide scale. That, in turn, would help break down the current stifling division between "permanent" and "temporary" work forces.

We need to reform the defects of low-wage America from the ground up. Replacing street-corner hiring and storefront temp agencies with union hiring halls is a good place to start.

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