

US corporations move to create a part-time, contingent workforce

Jerry White

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Big employers in the US are increasingly using part-time and temporary workers to hold down labor costs, according to the latest figures from the Labor Department. In a trend that has been accelerated over the last two years, corporations are moving to phase out full time positions and create a workforce earning far lower wages and fewer, if any, benefits that can be hired and fired at will.

In November there were a total of 9.2 million “involuntarily part-time” workers in the US. After adding an average of 28,000 new jobs over the previous few months, temporary help services created 39,500 jobs in November, more than any other sector of the economy. Temporary agency jobs accounted for 80 percent of the 50,000 jobs added by private employers last month.

Since the beginning of the year, employers have added a net 307,000 temporary workers, more than a quarter (26.2 percent) of the 1.17 million private sector jobs added in total, according to a December 19 article in the *New York Times*. In the comparable period after the recession of the early 1990s, only 10.9 percent of the private sector jobs added were temporary, and after the downturn earlier this decade, just 7.1 percent were temporary.

“It hints at a structural change,” Allen L. Sinai, chief global economist at the consulting firm Decision Economics told the *Times*. Temporary workers “are becoming an ever more important part of what is going on.”

In a recent interview with the job search web site monster.com, Melanie Holmes, vice president of staffing agency Manpower, said, “The nature of work is changing. Because of technology, we’re able to work anywhere, at any time, and not just from home or from Starbucks, but from India. That’s changed the way

some employers look for employees. They recognize they’re always going to want to have a contingent workforce and to staff up or down to meet their needs.”

Temporary agencies have seen an increase across every sector of the economy, with some reporting a 17 to 20 percent increase in new customers in education, nonprofits, healthcare, manufacturing and financial services. A survey by Staffing Industry Analysts, a Mountain View, California research firm, reported that 68 percent of all temporary workers would rather have permanent employment.

The shift to low-paid and part-time workers is part of a fundamental change in class relations in the US. America’s corporate and financial elite has used the economic crisis—created by their own making—to strip workers of long-standing income and job protections and drastically increase productivity and exploitation. As a result, US corporations are making record profits and are sitting on huge financial reserves. Rather than hiring they are using the cash hoards to pay out bigger executive bonuses, boost share values through stock buybacks and to prepare a new wave of mergers and acquisitions.

Corporate America has received the full support of the Obama administration, which, while handing over trillions in bailouts and tax cuts for the rich, has refused to provide any relief to victims of the economic crisis. The president has repeatedly insisted that only the private sector, not the government, is responsible for creating jobs, even as corporations carry out a hiring boycott and 27 million people remain jobless or underemployed.

According to the Economic Policy Institute, the ratio of job seekers for every available full-time job is 7.1-to-1. With November’s official jobless rate hitting 9.8 percent, unemployment has not dipped below 9

percent for 19 straight months, tying the recession of the early 1980s for the longest stretch on record. Economists expect the jobless rate to remain above 9 percent through all of 2011, if not beyond.

Exploiting the desperate conditions facing workers, US corporations are limiting themselves to hiring part-timers to cut labor costs and introduce “flexibility.” The *Times* writes, “Corporate executives, stung by the depth of the recent downturn, are looking to make it easier to hire and fire workers. And with the cost of health and retirement benefits running high, many companies are looking to reduce that burden. In some cases, companies wrongly classify regular employees as temporary or contract workers in order to save on benefit costs and taxes.”

Increasingly, manufacturing companies, including auto and auto parts makers are relying on temporary workers they can rapidly dispense with if sales decline. With the assistance of the United Auto Workers, the auto industry has increased the use of temporary workers, along with lower-paid new hires earning half the wages of traditional workers.

This is part of an international trend, as corporations and government institute labor “reforms” to strip workers of job protections. According to the International Labor Organization, temporary employment levels grew in absolute terms in all of the industrialized countries over the last decade, led by Japan, which saw the addition of 990,000 temporary workers. There were also large increases in the United Kingdom (+603,000), the United States (+520,000), Germany (+434,000) and France (+279,000).

As the global economic crisis hit, the biggest temporary job losses were recorded in the manufacturing sector of developed countries, most noticeably in the car industry. In Germany, for example, auto companies eliminated the positions of between 100,000 and 150,000 temporary agency workers in the four to six months after October 2008.

With the unemployment rate for college graduates at 5.1 percent—the highest since records began being kept in 1970—many young people have found no prospects other than temporary work. Since leaving school in 2009, Jeff, a college graduate in Chicago, has only had temporary assignments although he has put in over 100 applications for a full time position.

“Since I graduated I’ve worked four different temp

jobs, including for the US Census. The first was for 20 hours a week for a utility company; it was a six-month assignment but it paid so low that I had to take another temporary job in the catering industry. Now I’m working for an online retailer, which said they planned to put me on full time.

“You’re nothing but a commodity, always on call. The temp agency will call you the night before or even a few hours before your assignment—but you never get guaranteed hours. At one job for a catering service, they expected you to invest hundreds of dollars for your own clothes, including a tuxedo, shoes and ties. You get no transportation even if the assignment is 40 miles away. A friend of mine had to travel back and forth for over an hour but they only gave her four hours. She got \$10 an hour, but the temp agency was paid \$19.50 an hour for her services.”

“There are very limited opportunities to work in the field you studied in,” Jeff added. “The only way to get a full time job is to start temporary. I’ve worked in catering and warehouse work and I’ve never heard of a temporary job with benefits. A quarter of the new hires are temps. That is a fundamental change. The companies feel that in a depressed labor market they can get the skills they need from the pool of unemployed workers without paying competitive wages or benefits. It’s all part of the reduction in living standards for the working class.”



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