Every day, 4.5 million workers are assigned to jobs through temp agencies in Europe and the U.S., but since only 12.5 percent of temps are placed on any given day, the real number of total temporary employees in Europe and the U.S. is closer to 36 million people.[36] More significant than soaring numbers, however, is a major shift under way in the nature of the temporary work industry. Temp agencies are no longer strictly in the business of farming out rent-a-receptionists when the secretary calls in sick. For starters, temps are no longer all that temporary: in the U.S., 29 percent stay at the same posting for a year or more.[37] Their agencies, meanwhile, have become full-service human resource departments for all your no-commitment staffing needs, including accounting, filing, manufacturing and computer services. And according to Bruce Steinberg, director of research at the U.S.-based National Association of Temporary and Staffing Services, "a quiet evolution is taking place throughout the staffing services industry" – rather than renting out workers, the agencies are "providing a complete service solution."[38] What that means is that more companies are contracting out entire functions and divisions – work previously performed in-house – to outside agencies charged not only with staffing but, like the contract factories in the export processing zones, administration and maintenance of the task as well. For instance, in 1993 American Airlines outsourced the ticket counters at twenty-eight U.S. airports to outside agencies. Around 550 ticketing-agent jobs went temp and, in some cases, workers who had earned $40,000 were offered their same jobs back for $16,000.[39] A similar reshuffling took place when UPS decided to turn over its customer-service centers to outside contractors – 5,000 employees earning $10 to $12 an hour were replaced with temps earning between $6.50 and $8.[40]

outsourcing entire functions & divisions

As Tom Peters says, "You're a damn fool if you own it!"[41] Bruce Steinberg concurs: by amputating whole divisions and sloughing them off on "managed services arrangements, the business can concentrate its time, energy and resources on core business while staffing service practices its core competency of managing workers."[42] Hiring and managing workers, in other words, is not the base of a healthy company but a specialized task – somebody else's "core competency" that is better left to the experts, while the real business is tended to by an ever-shrinking number of workers, as the next chapter will show.

Yes, but ... Won't Bill Gates Save Us?

Any discussion of the plight of corporate temps, UPS couriers, outsourced GM workers, Gap greeters, MTV interns and Starbucks "baristas" leads inevitably to the same place: Yes, but ... what about all the great new jobs in the growing high-tech world? For my generation of workers, the legendary riches awaiting technology workers in Seattle and Silicon Valley are the "yes, but" answer to any and all grievances about employment exclusions. Standing in contrast to all the downer stories about layoffs and McJobs is this shimmering digital mecca where fifteen-year-olds design video games for Sega, where AT&T hires hackers just to keep an eye on them and where scores of young workers become millionaires from their lavish stock options. Yes, but ... Bill Gates will make it all okay, won't he?

It was Microsoft, with its famous employee stock-option plan, that developed and fostered the mythology of Silicon Gold, but it is also Microsoft that has done the most to dismantle it. The golden era of the geeks has come and gone, and today's high-tech jobs are as unstable as any other. Part-timers, temps and contractors are rampant in Silicon Valley – a recent labor study of the region estimates that between 27 and 40 percent of the Valley's employees are "contingency workers," and the use of temps there is increasing at twice the rate of the rest of the country. The percentage of Silicon Valley workers employed by temp agencies is nearly three times the national average.[43]

even tech jobs are unstable

And Microsoft, the largest of the software firms, didn't just lead the way to this part-time promised land, it wrote the operating manual. For more than a decade, the company has been busily closing ranks around the programmers who got there first, and banishing as many other employees as it can from that sacred inner circle. Through extensive use of independent contractors, temps and "full-service employment solutions" Microsoft is well on its way to engineering the perfect employee-less corporation, a jigsaw puzzle of outsourced divisions, contract factories and freelance employees. Gates has already converted one-third of his general workforce into temps, and in the Interactive Media Division, where CD-ROMs and Internet products are developed, about half the workers are officially employed by outside "payroll agencies," who deliver tax-free workers like printer cartridges.[44]

Microsoft's two-tier workforce is a microcosm of the job market's New Age new deal. At the center is the high-tech dream: permanent, full-time employees, with benefits and generous stock options, working and playing on the youthful corporate "campus." These Microserfs are cultishly loyal to their corporation, its soaring stock price and its staggering 51 percent operating profit margin ("Show me the money!" they roared at the annual staff meeting in Seattle's Kingdome Stadium in fall 1997).[45] And why shouldn't they be loyal? They earn an average of $220,000 a year, and that's not even factoring in the top five superrich executives.

Orbiting around this starry-eyed core are between 4,000 and 5,750 temporary workers.[46] The temps work side by side with members of the core group—as technicians, designers and programmers—and perform many of the same jobs. About 1,500 have been with the company for so long they have taken to calling themselves "permatemps." The only way to tell the temps from the "real" Microserfs is by the color of their badges: blue for perms, orange for permatemps.

Like the fleet of part-timers who give UPS the "flexibility" to employ workers only during peak hours, and the contract workers in Cavite who provide their factory owners with the "flexibility" to send them home during dry spells, what thousands of temps means for Microsoft is the freedom to expand and contract its workforce at will. "We use them," says Microsoft personnel officer Doug McKenna, "to provide us with flexibility and to deal with uncertainty."[47]

Trouble began in 1990 when the Internal Revenue Service challenged Microsoft's classification of orange badges as independent contractors, ruling that these people were actually employees of Microsoft and the company should be paying their payroll tax. Based in part on this finding, in 1993 a group of employees classified by Microsoft as contractors launched a lawsuit against the company, claiming they were regular workers and deserved the same benefits and stock options as their permanent colleagues. In July 1997, Microsoft lost the landmark case when an eleven-judge Court of Appeals panel ruled that the freelancers were "common law" employees and had the right to the company's benefits program, to its pension and to its stock-purchasing plan.[48]

Microsoft's response to this setback, however, has not been to add free-

lancers to its payroll but simply to work more assiduously to marginalize the temps. To this end, the company has moved away from hiring "independent contractors" directly. Instead, after employees have been scouted, interviewed and selected by Microsoft, they are instructed to register with one of five payroll agencies that have special arrangements with the company. MicroTemps are then hired through an agency that acts as the official employer: cutting paychecks, withholding income taxes and sometimes providing bare-bones benefits. Laird Post, a principal with management consultant Towers Perrin in Seattle, Washington, explains the legalities of this new arrangement. "It's hard to rationalize legally that the person is not an employee unless they are an employee of someone else"—in Microsoft's case, that someone else is the payroll agency.[49] To make sure that the temps will never again be confused with actual Microsoft workers, they are barred from all extracurricular company functions, including taking part in late-night pizza meals and after-hours parties. And in June 1998 the company introduced a new policy requiring temps who have been on an assignment with the company for a year or more to take a thirty-one-day break before they can take another "temporary" post.[50] As Sharon Decker, Microsoft's director of contingency staffing, explains, "We are refocusing a lot of policies we had in place so everyone understands how a temp should be treated and what is appropriate."[51]

Microsoft Study
hiring

In addition to staffing its campus with permatemps, in 1997 Microsoft initiated a series of moves to disentangle itself from other earthly and cumbersome aspects of running a multibillion-dollar company. "Don't get caught with useless fixed assets," Bob Herbold, Microsoft's chief operating officer, says, explaining his staffing philosophy to a group of shareholders.[52] According to Herbold, pretty much everything but the core functions of programming and product development fall into the "useless fixed assets" category—including the company's sixty-three receptionists, who were laid off, losing benefits and stock options, and told to reapply through the Tascor temp agency. "We were overpaying them," Herbold said.[53]

In the same stroke, Microsoft sliced and diced its Redmond campus and parceled out the pieces (along with employees who wanted to hold on to their jobs) to outside "vendors": Pitney Bowes took over the mail room; the print and copy center is now operated by Xerox personnel; the CD-ROM factory was sold to KAO Information Systems; even the company store was outsourced to Benussen Deutsch & Associates. In this latest round of restructuring, 680 jobs were cut from the payroll and $500 million slashed from the operating budget.[54] With all these contractors on the campus, Herbold noted, "just managing the outsourcers is quite a task" – and there was no reason for Microsoft to get saddled with that useless fixed asset. In a stroke of divestment genius, Microsoft contracted out the task of managing the contractors to Johnson Controls, which also takes care of the campus facilities. "Our revenue has gone up 91 percent and our head count has actually decreased 19 percent," Bob Herbold says proudly. And what did Microsoft do with the savings? "We're plowing them into R&D and we're plowing them into profit, obviously."[55]

"Free Agent Nation"

It must be said that many of Microsoft's high-tech freelancers are hardly defenseless victims of Bill Gates's payroll concoctions, but are freelancers by choice. Like many contractors, the "software gypsies," as high-tech freelancers are sometimes called, have made a conscious decision to put independence and mobility before institutional loyalty and security. Some of them are even what Tom Peters likes to call a "Brand Called You."

A brand called You

Tom Peters's latest management-guru idea is that just as companies must reach branding nirvana by learning to let go of manufacturing and employment, so must individual workers empower themselves by abandoning the idea of being employees. According to this logic, if we are to be successful in the new economy, all of us must self-incorporate into our very own brand – a Brand Called You. Success in the job market will only come when we retrofit ourselves as consultants and service providers, identify our own Brand You equities and lease ourselves out to targeted projects that will in turn increase our individual portfolio of "braggables." "I call the approach Me Inc.," Peters writes. "You're Chairperson/CEO/Entrepreneur-in-Chief of your own professional service firm."[56] Faith Popcorn, the management guru who came to prominence with her 1991 best-seller, *The Popcorn Report*, goes so far as to recommend that we change our names to better "click" with our carefully designed and marketed brand image. *She* did – her name used to be Faith Plotkin.

Even more than Popcorn or Peters, however, it is a man named Daniel H. Pink who is the dean at Brand You U. Pink has seen the growth in temporary and contract work, as well as the rise in self-employment, and has declared the arrival of "Free Agent Nation." Not only is he writing a book by that title, but Pink himself is a proud patriot of the nation. After quitting a prestigious White House job as Al Gore's chief speechwriter, Pink went on a journey in search of fellow "free agents": people who had chosen a life of contracts and freelance gigs over bosses and benefits. What he found, as he relayed in a cover article in *Fast Company*, was the sixties. The citizens of Pink's nation are marketing consultants, headhunters, copywriters and software designers who are all striving to achieve a Zen-like balance of work and personal life. They practice their yoga positions and play with their dogs in their wired home offices, while earning more money – by jumping from one contract to the next – than they did when they were tied to one company and paid a fixed salary. "This is the summer of love revisited, man!" we hear from Bo Rinald, an agent representing a thousand freelance software developers in Silicon Valley.[57] For Pink's free agents, the end of jobs is the baby-boomer dream come true: free-market capitalism without neckties; dropped out of the corporate world in body but plugged-in in spirit. Everyone knows that you can't be a cog in the machine if you work from your living room....

Free agency

A younger – and, of course, hipper – version of Free Agent Nation was articulated in a special work issue of *Details* magazine. For Gen-Xers with MBAs, the future of work is apparently filled with stunningly profitable snowboarding businesses, video-game companies and cool-hunting firms. "Opportunity Rocks!" crowed the headline of an article that laid out the future of work as a nonstop party of extreme self-employment: "Life without jobs, work without bosses, money without salaries, lives without limits."[58] According to the writer, Rob Lieber, "The time of considering yourself an 'employee' has passed. Now it's time to start thinking of yourself as a service provider, hiring out your skills and services to the highest, or most interesting, bidder."[59]

I admit to being lured by the sirens of free agency myself. About four years ago, I quit my job as a magazine editor to go freelance, and like Pink I've never looked back. Of course I love the fact that no one boss controls my every working hour (that privilege is now spread around to dozens of people), that I'm not subject to the arbitrary edicts of petty managers and, most important, that I can work in my pajamas if I feel like it. I know from first-hand experience that freelance life can indeed mean freedom, just as part time, for others, can live up to its promise of genuine flexibility. Pink has a point when he says of free agency, "This is a legitimate way to work – it isn't some poor laid-off slob struggling to find his way back to the corporate bosom."[60] However, there's a problem when it's people like Pink – or other freelance writers overly euphoric about working in their pajamas – who hold themselves up as living proof that divestment from corporate employment is a win-win formula. And it does seem as if most of the major articles about the joys of freelancing have been written by successful freelance writers under the impression that they themselves represent the millions of contractors, temps, freelancers, part-timers and the self-employed. But writing, because of its solitary nature and low overhead, is one of the very few professions that are genuinely compatible with homework, and study after study shows that it is absurd to equate the experience of being a freelance journalist, or having your own advertising company, with that of being a temp secretary at Microsoft or a contract factory worker in Cavite. On the whole, casualization pans out as the worst of both worlds: monotonous work at lower wages, with no benefits or security, and even less control over scheduling.

The bottom line is that the advantages and drawbacks of contract and contingency work have a simple correlation to the class of the individuals doing the work: the higher up they are on the income scale, the more chance they have to leverage their comings and goings. The further down they are, the more vulnerable they are to being yanked around and bargained even lower. The top 20 percent of wage earners tend to more or less maintain their high wages whether they are in full-time jobs or on freelance contracts. But according to a 1997 U.S. study, 52 percent of women in nonstandard work arrangements are being paid "poverty-level wages" – compared with only 27.6 percent in the full-time female worker population being paid those

temporary & contract work only profitable for upper classes

low wages. In other words, most nonstandard workers aren't members of Free Agent Nation. According to the study, "58.2 per cent are in the lowest quality work arrangements – jobs with substantial pay penalties and few benefits relative to full-time standard workers." (See Table 10.7, Appendix, page 477.)[61] Furthermore, the real wages of temp workers in the U.S. actually went down, on average, by 14.7 percent between 1989 and 1994.[62] In Canada, nonpermanent jobs pay one-third less than permanent jobs, and 30 percent of nonpermanent employees work irregular hours.[63] Clearly, temping puts the most vulnerable workforce further at risk, and no matter what *Details* says, it doesn't rock.

Moreover, there is a direct cause-and-effect relationship between the free agents skipping and hopping on the top rungs of the corporate ladder, and the agents hanging off the bottom who have been "freed" of such pesky burdens as security and benefits. Nobody is more liberated, after all, than the CEOs themselves, who, like Nike's cabal of Über-athletes, have formed their own Dream Team to be traded back and forth between companies whenever some star power is needed to boost Wall Street morale. Temp CEOs, as writer Clive Thompson calls them, now shuttle from multinational to multinational, staying for an average term of only five years, collecting multimillion-dollar incentive packages on the way in, and multimillion-dollar golden handshakes on the way out.[64] "Companies are changing executives like baseball managers," says John Challenger, executive vice president of the outplacement firm Challenger, Gray & Christmas. "The replacement will typically arrive like a SWAT team and sweep out the old and restaff with his or her own people."[65] When "Chainsaw" Al Dunlap was appointed CEO of Sunbeam in July 1996, Scott Graham, an analyst at Oppenheimer & Co., commented, "This is like the Lakers signing Shaquille O'Neal."[66]

The two extreme poles of workplace transience – represented by the contractor in Cavite afraid of flying factories, and the temp CEO unveiling restructuring plans in New York – work together like a global seesaw. Since the CEO superstars earn their reputation on Wall Street through such kamikaze missions as auctioning off their company's entire manufacturing base or initiating a grandiose merger that will save millions of dollars in job duplication, the more mobile the CEOs become, the more unstable the position of

CEOs paid so much to make tough decisions

the broader workforce will be. As Daniel Pink points out, the word "freelance" is derived from the age when mercenary soldiers rented themselves – and their lances – out for battle. "The free lancers roamed from assignment to assignment – killing people for money."[67] Granted it's a little dramatic, but it's not a half-bad job description for today's free-agent executives. In fact, it is the precise reason CEO salaries skyrocketed during the years that layoffs were at their most ruthless. Ira T. Kay, author of *CEO Pay and Shareholder Value*, knows why. Writing in *The Wall Street Journal*, Kay points out that the exorbitant salaries American companies have taken to paying their CEOs is a "crucial factor making the U.S. economy the most competitive in the world" because without juicy bonuses company heads would have "no economic incentive to face up to difficult management decisions, such as layoffs." In other words, as satirist Wayne Grytting retorted, we are "supporting those executive bonuses so we can get . . . fired."[68]

It's a fair enough equation, particularly in the U.S. According to the AFL-CIO, "the CEOs of the 30 companies with the largest announced layoffs saw their salaries, bonuses, and long-term compensation increase by 67.3 per cent."[69] The man responsible for the most layoffs in 1997 – Eastman Kodak CEO George Fisher, who cut 20,100 jobs – received an options grant that same year estimated to be worth $60 million.[70] And the highest-paid man in the world in 1997 was Sanford Wiell, who earned $230 million as head of the Travelers Group. The first thing Wiell did in 1998 was announce that Travelers would merge with Citicorp, a move that, while sending stock prices soaring, is expected to throw thousands out of work. In the same spirit, John Smith, the General Motors chairman implementing those 82,000 job cuts discussed in the last chapter, received a $2.54 million bonus in 1997 that was tied to the company's record earnings.[71]

There are many others in the business community who, unlike Ira T. Kay, are appalled by the amounts executives have been paying themselves in recent years. In *Business Week*, Jennifer Reingold writes with some disgust, "Good, bad, or indifferent, virtually anyone who spent time in the corner office of a large public company in 1997 saw his or her net worth rise by at least several million."[72] For Reingold, the injustice lies in the fact that CEOs are able to collect raises and bonuses even when their company's stock price

CEO bonuses

drops and shareholders take a hit. For instance, Ray Irani, CEO of Occidental Petroleum, collected $101 million in compensation in 1997, the same year that the company lost $390 million.

This camp of market watchers has been pushing for CEO remuneration to be directly linked to stock performance; in other words, "You make us rich, you get a healthy cut. But if we take a hit, then you take one too." Though this system protects stockholders from the greed of ineffective executives, it actually puts ordinary workers at even greater risk, by creating direct incentives for the quick and dirty layoffs that are always sure to rally stock prices and bring on the bonuses. For instance, at Caterpillar – the model of the incentive-driven corporation – executives get paid in stocks that have consistently been inflated by massive plant closures and worker wage rollbacks. What is emerging out of this growing trend of tying executive pay to stock performance is a corporate culture so damaged that workers must often be fired or shortchanged for the boss to get paid.

bonus on stocks bad for workers

This last point raises the most interesting question of all, I think, about the long-term effect of the brand-name multinationals' divestment of the jobs business. From Starbucks to Microsoft, from Caterpillar to Citibank, the correlation between profit and job growth is in the process of being severed. As Buzz Hargrove, president of the Canadian Auto Workers, says, "Workers can work harder, their employers can be more successful, but – and downsizing and outsourcing are only one example – the link between overall economic success and the guaranteed sharing in that success is weaker than ever before."[73] We know what this means in the short term: record profits, giddy shareholders and no seats left in business class. But what does it mean in the slightly longer term? What of the workers who fell off the payroll, whose bosses are voices on the phone at employment agencies, who lost their reason to take pride in their company's good fortune? Is it possible that the corporate sector, by fleeing from jobs, is unwittingly pouring fuel on the fire of its own opposition movement?