

## **Distemper**

*Temporary work may dim future employment prospects.*

IS ANY job better than no job? Some research has suggested that unemployed workers should take up any job they can get, including temporary work, as a bridge to higher-paying employment. But what may be good for the economy, reducing the drain on government coffers, may be bad for the individuals concerned. In a forthcoming paper in the American Economic Journal: Applied Economics, David Autor of the Massachusetts Institute of Technology and Susan Houseman of the W.E. Upjohn Institute for Employment Research in Michigan show that taking up temporary work after a spell of unemployment can hurt future earnings.

The authors looked at data from Detroit's "Work First" welfare-to-work initiative, which uses placement agencies to put low-skilled unemployed people into paid jobs. They then assessed participants' earnings and job tenure before and after their involvement in the programme.

The results revealed huge differences in average outcomes for people placed into temporary work and those placed directly with an employer. Participants who got a full-time job enjoyed, on average, increased job stability and saw annual earnings rise by almost \$2,000 above their previous income two years after taking up their post. Those who were placed into temp work saw their average job tenure decline and their yearly earnings drop by around \$1,000.

An obvious possibility is that better candidates are more likely to get full-time jobs. But "Work First" candidates are assigned to placement agencies on a rotating basis, and these agencies, in turn, have different propensities to put jobseekers into either temporary or full-time work. The assignment of candidates to types of job is, in effect, random.

A better explanation is employment stability. Temporary jobs usually end too quickly to have a durable positive effect on the earnings of participants before, in Mr Autor's words, "the process of unemployment, discouragement, and job search begins anew." Whether the study's findings apply in times of sustained high unemployment, such as now, is less clear. The number of temporary workers in America jumped for the fifth consecutive month in February, even as payrolls fell by 36,000 jobs. Holding out for full-time work is a lot easier when employers are hiring.

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