INTRODUCTION

Hurricane Katrina created a construction boom for New Orleans when the federal government, insurance companies, developers, and construction firms channeled resources to the area to meet the sudden, intense, and prolonged need to restore the built environment. Many believed that investment in restoring the region would provide a boost to employment, particularly among minority and local construction workers. Instead, the disaster and the construction boom that followed reorganized the construction labor market in such a way that many perceived racial competition for these jobs. Multiple factors contributed to this reorganization. First, in the aftermath of Katrina the local construction labor force was disadvantaged in the competition for both large federal grants for rebuilding city, state, or federal property and for small residential construction jobs. They were disadvantaged because, like most residents, they had been displaced by the disaster and many of their homes and businesses were damaged or lost. A second factor was that their skill set and scale of operation often did not meet the large-scale demand for construction using the most up-to-date materials, permit and zoning regulations and speed to completion. Additionally, the formal and informal rules and regulations of the construction business, especially those related to hiring, were fundamentally changed. Although many of the changes in formal regulations were temporary, they set the stage for the way construction work would be allocated in throughout the recovery. Finally, the most visible factor was the arrival of Latino immigrants and other non-local construction workers and contractors who heightened competition in this employer-regulated construction labor market. In the following section we describe these factors in detail to set the stage for our investigation into how race and nativity became salient features of the construction labor market of New Orleans in the wake of Hurricane Katrina.

Pre-Katrina residents returned to the city gradually, at rates contingent on the damage suffered by their homes, with Black and lower income residents being more likely to have had serious home damage thus delaying their homecoming. The selective processes governing return favored the more socio-economically advantaged, which suggests that a large number of construction workers were less likely to have returned early on. By the time many construction workers returned, jobs in this industry were already filled by post-Katrina non-locals, those who remained in the area during the hurricane, and Latino immigrants, many already in the U.S., who came to find construction employment in both the casual and formal markets. The early and sustained demand for construction labor is evident from employment statistics for New Orleans. Between August and December, 2005, construction employment returned to a pre-Katrina level of about 29,000 workers, and then it rose to a peak of 33,700 workers in June of 2006 as clean-up and related demands climaxed. This increase in construction employment (see Figure 1) occurred even though most industrial sectors suffered losses. The demand for demolition, restoration, and new construction fueled the spike in construction jobs and workers, local and from out-of-town were eager to comply.
Since the initial demand for construction workers, New Orleans’s construction labor force evolved along with the changing demands of disaster recovery. The first stage of disaster recovery involved clean-up debris-removal, building demolition, installation of “blue tarps” on roofs, and repair of urban infrastructure – all construction jobs to be sure, but jobs typically at the lower-rung of the industry in terms of pay and safety. While most jobs in construction have high rates of occupational risk, these particular “clean-up” jobs are prone to higher rates of hazards and dangers and the pay is lower than the more specialized and skilled jobs such as dry walling, roofing, masonry, and carpentry. In the second stage, construction shifted to repairing private homes, businesses, and urban infrastructure, safer and more skilled jobs, but still dangerous work if proper safety equipment and training is not provided. The most recent stage includes the restoration or improvement of hospitals, schools, and public housing projects. The need for skilled workers has grown with each stage, while the demand for low-skilled workers has receded, creating greater opportunities for New Orleans’s pre-Katrina skilled construction labor force and fewer opportunities for post-Katrina workers, many who were new arrivals to the area.

Key federal laws that suspended worker protections while promoting job growth fomented the increase in construction employment initially. Construction companies from throughout the region took full advantage of these regulatory suspensions earning them millions in savings from lower wages and lax regulations. For example, the Federal Emergency Management Agency (FEMA) contracted with large companies to employ workers in debris removal, home demolition, and repairs and improvements to urban infrastructure. The lengthy process for facilitating contracts was sped up by the one-year suspension of the Davis-Bacon Act regulations regarding prevailing wages, and the three-month suspension of the Competition in Contracting Act, which ensures full and open competition, the suspension of Occupational Safety and Health Administration standards, laws regarding employer’s responsibility for identifying employee’s legal status and affirmative action policies. With the stroke of a pen, laws governing worker protections and fair hiring practices were legally ignored, providing employers with a worker boondoggle – the ability to hire at will without regard to prevailing wages, even in the face of a large, willing, and capable local workforce. Even after these suspensions expired, the Department of Labor had very little regulatory capacity to enforce the laws and by then, a culture of non-regulation was deeply in place. Intentionally or not, these conditions facilitated the employment of a large unauthorized Latino immigrant labor force, although there was no way of counting their numbers. Non-immigrant workers also benefitted from the construction boom, although many local workers were disadvantaged by their Hurricane Katrina-related loses and displacement. These circumstances set up a bifurcated labor market between non-locals – who were often though not exclusively Latino immigrants from other states and from Mexico and Central America – and natives, many who were African American (and a small proportion of U.S. born Latinos) from pre-Katrina New Orleans in the initial and subsequent stages of recovery.

Protections for construction workers continued to deteriorate and although the Davis-Bacon Act was restored on November 8, 2005, by that time many of the large
clean-up contracts had been awarded and were thus grandfathered under the Davis-Bacon Act suspension meaning workers could be employed without federal protections throughout the life of the contract. Furthermore, the New Orleans office of the U.S. Department of Labor’s Wage and Hour Division, a federal office which has suffered a long-term decrease in investigators and, consequently, enforcement actions, was out of commission for the first four months after Katrina and was slow to return to normal operations afterward. As a result, federal oversight of wage and hourly violations was non-existent during the first few months of the post-Katrina cleanup and relatively insignificant thereafter as few investigators were hired (check). As a result, wage-theft, or non-payment of wages and other wage and labor violations became a persistent problem in post-Katrina New Orleans, prompting Dennis Kucinich (D-OH), chairman of the Domestic Policy Subcommittee of the Government Reform and Oversight Committee in the House of Representatives, to convene a hearing on the abuses by employers against workers they employed in clean-up operations in June 2007. In addition, in July 2009, City Councilman at Large Arnie Fielkow held a public meeting on the need for a wage claims ordinance to address this on-going problem. The prevalence of wage and hours violations, reported or not, and the lack of federal oversight strongly suggests that workers face a riskier construction labor market in post-Katrina New Orleans.

The shift from residential construction in the second stage to increases in large scale, post-disaster infrastructure investments in the levee system, schools, police stations and other public facilities is evident from the issuance of building permits. Between September 2006 and August 2007, an average of 912 residential building permits were issued each month. This figure declined to 676 for the same period the next year, and 420 between September 2008 and May 2009. In contrast, since July 2008, FEMA has paid over $800 million for infrastructure repair projects across the five-parish area. In the city of New Orleans, 94 facilities and public works projects were completed as of April 2009, and 113 more were under construction. So, while large-scale infrastructure construction projects continue, the home reconstruction has stalled, similar to other metropolitan areas in the United States, with home sales down 39 percent and new construction down by 48 percent. The large-scale projects have buffered New Orleans from the national downturn in construction, but it also masks the stagnation in the parts of the construction labor market where local workers typically find work.

The construction boom in post-Katrina New Orleans, the housing bust and the ensuing recession in the rest of the country, and the financial lending crisis have all caused fierce competition for construction contracts and unstable employment as a large number of local and out-of-state workers compete for existing jobs. The bidding process for government contracts and the practice of sub-contracting increase competition and drive labor costs down through the excess supply of workers exceeding their demand. Typically, when a general contractor wins a large contract, the company then subcontracts parts of the job to medium sized specialized companies, who further subcontract jobs. This common practice sometimes prevents federal investigators from connecting unscrupulous employers with workers. It also allows employers to seek out and offer subcontracts to groups of workers who compete with each other to offer the lowest wage rate possible. To win a contract or sub-contract, companies bid as low as possible prompting them to cut labor costs. The weak regulatory environment of the city signals to contractors that costs related to worker’s wages, safety and health can all be
trimmed to secure a coveted contract with a construction company. Contractors were overzealous in their efforts to cut labor and other costs enabling a larger profit margin. There are a variety of ways in which contractors cut labor costs at the bidding stage. Contractors may choose to employ non-union labor in order to pay less than the prevailing wage. Contractors can hire workers as independent contractors to avoid paying payroll taxes and benefits, or they avoid documenting their employees at all and just pay workers in cash. Contractors may also hire unauthorized immigrants and pay them less than promised or not pay them at all, a common occurrence among day laborers. Contractors have also avoided safety-related costs by simply neglecting to outfit workers with protective gear or other safety measures or do not bother hiring translators to communicate safety instructions to Spanish speaking workers. These cost-saving measures may result in greater expenses in the long run if the work is not done well, if accidents occur on the job or if regulatory agencies impose sanctions. They also harm the contractor’s reputation and endanger workers.

There are costs to the local community as well. Large federal contractors must follow the 1968 Housing and Urban Development Act’s Section 3 which requires HUD-funded projects to meet goals for contracting, hiring, and training low-income workers. In 2007, the City Council gave the green light to tear down the “Big Four” public housing projects and redevelop them as mixed income housing developments. However, the Housing Authority of New Orleans, which is charged with ensuring compliance with Section 3, exerted little effort to oversee the job and determine whether contractors were in compliance. The failure to comply suggests that jobs, federally mandated to go to low-income and minority workers (ostensibly to locals) likely went elsewhere and not to the pre-Katrina construction and other local minority and low-income workers. Consequently there was no or little investment in the training of new entrants to construction trades, particularly among low-income populations.

New Orleans has become a “recovery machine” in which the interests of local and especially low-income residents and communities have taken second place to the interests of developers, local business elite, and outside construction contractors who hire and fire discriminately and pay wages at rates lower than prevailing market rates. Since Katrina, there have been efforts to clean up City Hall by hiring an inspector general to ensure that recovery dollars were used as mandated and not to line the pockets of politicians and their cronies. The recent landslide election of Mayor Mitch Landrieu, who became the city’s first white mayor since his father left the same office in 1978, suggests that New Orleanians are seeing beyond racial politics and are more unified in their view of the city’s future than they have been for some time. Nevertheless, obtaining work in construction is difficult for many New Orleanians. We set out to understand why this is so.

In the section below, we provide a narrative on how construction workers seek and obtain, or fail to obtain, construction employment in post-Katrina New Orleans. In the following section we enumerate the factors they offer to explain why they have difficulty obtaining employment. We focus on three worker types; day laborers, low-skilled workers, and skilled workers. Our findings suggest a nuanced hiring process in New Orleans divided between the more robust construction work in large infrastructure projects and a less robust residential construction sector that has slowed since the initial tide of construction work growth in the aftermath of Katrina and its cleanup. We find that
most of our respondents worked in the less robust residential construction sector although they tried to find employment in the large infrastructure projects. Their search processes in construction work are structured along race and nativity with day laborers (mostly Latino immigrants without documents) searching for employment at the bottom of the search queue in open-air markets. At the top of the queue are skilled workers, mostly White and African American who belong to unions, have extensive work experience, and have lived in the United States since birth. In the middle are mostly African Americans, U.S. born Latinos, Whites, and immigrants competing for construction jobs alongside other less skilled workers, often also searching in non-traditional venues such as street corners and other open-air markets.

DATA COLLECTION
To understand the state of the construction labor market in New Orleans, our research team traveled to New Orleans in December of 2009. Over the course of two weeks we held both focus group style interviews with various labor groups and several in-depth interviews with independent contractors. We chose to use the focus group method of interviewing because it enabled us to solicit information from many respondents in a limited time frame. The various labor groups included in our focus groups are: day laborers, Latino construction workers, black construction workers, black union workers, and black and white construction trainees in a job corps program. Focus groups lasted 1.5 to 3 hours and held anywhere from 3 to 12 participants per session. A member of our research team acted as a facilitator for each group and guided a conversation that took place between participants. Respondents were asked to speak to each other rather than the facilitator to encourage discussion and debate rather than direct question and answer. For anonymity, participants used false names and were asked to keep all aspects of their focus group discussions confidential. Meetings took place in a rented conference room during evenings and weekend and all participants completed a brief three page demographic survey at the beginning of every session. The in-depth interviews with independent contractors occurred face-to-face and were secured through referrals from the first author’s contacts in New Orleans.

Participants for the focus groups were identified and recruited in various ways. Day laborers, who were primarily Latino, were recruited from a home improvement store that operates as a known informal hiring location and from a Spanish language church event. We also recruited Latino construction workers from their work site and through personal social networks. Black construction workers were recruited from a mayoral debate sponsored by an ex-convicts organization that took place during our field research. We conducted two focus group interviews with participants from a youth job-training program after we interviewed their coordinator who also operates a local design/build company.

All audio recordings of focus group and in-depth interviews were translated, transcribed and imported to a qualitative data analysis program. We then coded all interviews according to a matrix developed collectively among members of the research team. With a database of coded materials we were able to observe patterns related to 1) methods workers use to search for construction work, 2) accounts of finding and keeping employment, and 3) the transition from construction worker to independent contractor. These patterns differ for the three groups – day laborers, low skilled workers, and skilled
workers and are closely associated with their race, nativity and their legal status. In the following section we describe the patterns found for each group of construction workers.

FINDINGS

Strategy or Luck: Finding a Construction Job

Methods of finding employment in the post-Katrina construction labor market differed from the pre-Katrina labor market as a result of the surge in demand, the influx of out-of-state employers, and the arrival of immigrant workers. Prior to Katrina open air markets for laborers were not evident in New Orleans but they became a necessity when the old methods of matching employers and employees no longer worked in the disaster zone. Latino immigrant workers were accustomed to this practice from their experiences in other U.S. cities. Some local New Orleanians also adopted the practice of searching for employment in public spaces, but simultaneously searched for work through social networks, union halls, filling out applications for advertised openings, and simply asking employers for work. Search strategies were strongly related to race, nativity, and skill and day laborers occupy the most precarious position in our hierarchy of construction workers.

Day laborers

In the immediate aftermath of hurricane Katrina, jobs in demolition and clean up were readily available and paid higher than today’s wages for local residents and those attracted to the area from across the region and the hemisphere. Latino immigrants and native-born low skilled workers alike describe the ease of finding a job by lining up at Lee Circle in downtown New Orleans and getting picked up by a contractor (Memo6). This pick-up site was active for about six months after Katrina. There, starting in the early morning crowds of men and a very few women, most of them Central and South American, but also U.S. citizens from all over the country, congregated to await the contractors and business- and home-owners offering construction jobs. As the city repopulated the New Orleans Police Department relocated the pick-up site to Claiborne Avenue and Martin Luther King Boulevard, a less upscale part of town. In addition, smaller spot labor markets have sprung up throughout the metropolitan area, usually near the parking lots of home building supply stores.

In December 2009 the day labor hiring sites that we visited were sparsely populated and the workers who were there looked discouraged. The day laborers in our focus groups were all born in Mexico or Central America (most from Honduras, followed by Mexico), and most had found short-term employment in this manner since shortly after Katrina hit. Almost all of these workers had no legal documents though they had all resided and worked in the United States for several years, many prior to Katrina. For example, one in five (20%) day laborers in our study were pre 2005 arrivals to New Orleans, while the rest arrived in 2005 or thereafter. The men consistently spoke of the dearth of construction jobs and how difficult it was to secure any type of job in the construction industry now compared to the first years after Katrina.

The modal type of job obtained through spot labor markets was low-skilled construction lasting from a single day to a week or two. Some workers had stayed
employed this way for years, while others used pick-up sites as a strategy when their regular job search methods failed to produce employment or they needed to supplement their regular job. Nelson, an immigrant who came to New Orleans from Houston after Katrina reports, “I’ve found work on the corners for the past four years, for a year and a half in Houston, and here the rest of the time I’ve always been on the corners. Here I have always found good jobs…you can work at a job for a month or two weeks, but it is rare that you will find a company looking for employees, but with luck perhaps there are a few who stay with a company.”xvii

In other words, these small scale employers don’t, and probably can’t, offer permanent employment. The residential construction industry is different from large-scale, infrastructure and other building jobs primarily because most employers in this part of the construction sector are small-scale businesses, usually family owned. A residential construction contractor might have a few contracts out to rebuild, refurbish, demolish, clean or otherwise work on a project that requires a small work crew (2-5 men). Obtaining multiple construction jobs is key to survival in this sector. As one job comes to a close, another is beginning, another job might be a third complete, and a fourth might be in the finishing stages. As a result, having a flexible workforce allows residential construction contractors to seamlessly move between jobs by hiring or firing workers at will. The day labor market provides this flexibility.

Although it is rare for day laborers to find permanent employment this way, two brothers we interviewed were lucky to find steady employment with a contractor shortly after they arrived. “Yes, I arrived on the corner and I was there about a week or two, newly arrived, and I think we went with one of the first employers we found and from there we brought more family onto the job. Because, well, he had a lot of work and it seems that it was permanent.”xxix (P12 Memo 1). This exception may prove the rule, since the contractor they encountered liked them and preferred employing these brothers and their family members over picking up unknown workers. Another worker says, “I don’t have any friends who have found permanent work, yes they find work, but only for days, a week, a month. But there is hardly any permanent work.”xx (P10 Memo 1). Most employers who use day laborers only want temporary workers. As we note, there are some exceptions but these exceptions have more to do with being at the right place at the right time (e.g., a corner where an employer is looking for permanent workers), a finding that is consistent with research on day labor that shows most employment in this sector is temporary and unstable.xxi

In a national survey on day labor, most reported a preference for stable, non-day labor work even if the work would pay at minimum wage.xxii Day labor is rarely the preferred method for finding work but it is the only way to do so for workers without local employer contacts or whose usual employer contacts have no work to offer. One day laborer says, “And I have known people who have had their job for a while, for years, and they arrive at a moment that they arrive here, they arrive here perhaps because the job ends, or for x or for whatever as we say, but they always arrive…They have needs just like anyone.”xxiii (P11 Memo 1). By accepting work from unknown employers, day laborers face greater risks than they would with a known employer in an established business. These risks include not getting paid, being
paid less than promised, having the employer report them to Immigration and Customs Enforcement if they are unauthorized immigrants or otherwise being abused on the job.

However, not finding work has a different set of risks. Idle workers at the day labor pick up sites often compete aggressively for the few employers who approach them, which sometimes results in fist fights and arguments. Some workers, usually a very small number, without jobs pass time consuming alcohol, which may fuel conflict. Nearby business owners and neighbors may complain to police, who surveil and harass the workers. And of course the greatest risk of remaining jobless is poverty and its deleterious affect on the workers. In the context of declining demand for construction work, searching for employment at spot labor markets is risky and poorly remunerated. Even in a booming economy, searching for employment in this manner is also risky, unstable, and poorly paid.

Native-born low-skill workers

Low skill workers search for construction work using almost every means available, such as help wanted ads, internet job searches, temporary agencies, posting flyers, knocking on doors, inquiring with friends, family, and simply going to places of employment, including day labor. No single method is consistently successful which explains the repertoire of job search activity among low-skill workers. One worker describes the multiple search activities he undertakes: “I catch the bus and go look for work. I’ll go to the temp service… I look in the newspaper. But I find work. If I don’t do that I’ll catch a Greyhound bus and go up to North Louisiana, Shreveport, Alexandria, or … go to Houston. I find work…I go ask around and I find some work. I don’t find it, like, right away.” (P3 Memo 8). A female laborer says, “I ride around looking, going to different places I see them working, go over there, ask them are they hiring or whatever. They’ll tell you to fill out an application or whatever.” Moderator: “And do they call you back when you do that?” Female: “Recently, well yeah, they have, but now it just stopped. We just haven’t been working.” (P3 Memo 9). These anonymous and seemingly random searches, in which applicants are unknown to employers, are the main search methods these low skill workers discussed.

Even for low-skilled workers who participate and enroll in job training programs, successfully obtaining permanent employment in construction is difficult. The young men and women enrolled in the job training program were asked about their usual search strategies in our focus group. They held the following conversation:

“Male: You can go to the company itself, you can go on the Internet, or you can go to the temp service. All of them will take applications.
Moderator: Okay, and have you gotten jobs that way?
Male: Well, I can say so far as me going to the company and having to talk with the head man, like the bosses, yes, I have gotten jobs that way, going into the company, but through a temp service, no, and off the Internet, no.
Male: It’s hard to look for jobs out here. Well, I looked for this job [with the job training program] online. So, you know, I placed a place here but it is really, really hard to get [hired] on.
Male: I look online, on the computer.
Moderator: Okay, and have you found a job that way?
Male: Fast food jobs, but no, no, not a construction job.

Although these workers preferred higher paid construction work, they would accept any kind of work they found, especially if the work was consistent.

Some low-skill workers had used temporary staffing agencies to find employment but they complained of nepotism and crime in these agencies. One respondent felt that work was only offered to those with personal connections to the manager. But more alarming was the accusation that temporary agencies were dealing drugs as well as allocating employment. Workers who would sell drugs and accept their pay in drugs were preferred over those who wanted to get paid by check. This respondent says, “They had favoritism for the ones that … will sell their drugs for them, making money. No, that’s they favorite ones, you know? They making money for them plus they working.” (P3 Memo 8). In New Orleans, even this relatively anonymous search strategy was rank with cronyism.

As we already noted, some low skill workers resort to searching for construction work at day labor hiring sites – a practice learned in the immediate aftermath of Katrina when many New Orleanians searched for construction employment at Lee Circle or at the dozen or so open-air markets that sprang up. Although Latinos were most numerous at these pick-up sites, non-Latinos also used it such as the following African American worker “…All these people surrounding Lee Circle and, you know … I just couldn’t believe this stuff, man…And so I did like everybody else did, I lined up, stood up, had my old work clothes on, told them I was ready to work. They said, “I need 20 men.” I said, “What we doing, sir?” “Well, you gonna be gutting houses.” I said, “How much you paying?” $10.00 an hour, $11.00, $12.00. So okay, well, good. And that’s how I got into this work thing with Katrina.” (P3 Memo 6). But even low skill native born workers soliciting work this way face the risk of non-payment of wages that Latino immigrants also face when working for an unknown employer and over time, the reputation of spot markets, the frequent abuses by employers, and the difficulty in securing employment has relegated this job search to the bottom of the construction job search hierarchy.

Native born low skill workers have additional strategies for finding income, if not steady employment. One of the job training program participants says, “Usually what I do I put in a whole bunch of applications and hopefully like one follow through from that. If one don’t follow through you gotta hustle, I mean, because most likely you not gonna get a call back. It’ll be very rare that you get a call back from somebody…” (P1 Memo 10). By hustle, this young man means finding an alternative income generating activity. He continues, “[H]ustling is anything that consists of getting money. If you got to cut grass of the different lawns, you don’t even have to have your own company, you can have your own lawnmower but you can hustle to get that money. If you got to trade off something to get money, you got to get that money; you know what I’m saying?… Now, if you ain’t getting it then you definitely not living.” These inexperienced and poorly educated low skill workers have little to offer their employers, and while they may gain skills through the job training program and some limited work experience, they don’t necessarily believe it will get them a job.
The most effective way of finding work is through social networks. A woman laborer explains, “By word of mouth and people that I know, that’s how I get a lot of jobs that I get… I was dating a guy, he was in it and he would do everything and he would let me work.” *(P3 Memo 7)*. But most low skill workers do not know people who can get them jobs. One worker complained that although he had graduated from a high school that was being rebuilt with recovery funds no one at the work site would talk to him about finding a job. He said, “[T]hey called the police, yeah, at [the school]. I graduated [from] that school... And I said, “Man, you can’t do this. Man, look, I’m from this school, it’s my school here. I can show you a picture of me graduating from the school.” His friend interrupted, “Your school, your neighborhood, and you want to help rebuild.” He continues, “Yeah, you know, and we can’t get no job, what’s going on?” *(12.18.09 NLC)*. Another worker, when asked why he can’t get a steady full-time jobs says, “It seems like when I go apply for a full-time job and they can do an extensive background check on me… I don’t have no jail record, no criminal record. But it’s just like they don’t trust … they get this mentality of judging you…, and they get to the point they don’t trust blacks… I can put an application at Lowe’s and they may work me for a couple days, a week, and ain’t nothing wrong. But then again, they thought “I’m getting this distrust”… and then they’ll lay me off.” *(12.18.09 NLC)*. Social networks are key to obtaining work; contacts can provide personal references, information about work availability, and strategies on where, when, and how to apply for a particular construction job. Without the social networks that produce trust between employers and employees, these workers are unable to find and keep work.

*Native-born skilled workers*

Skilled workers are finding that the construction trade unions are an unreliable source of employment. This is an important finding because trade unions have long been considered an important source of steady, well paying, including benefits in the construction industry. Several of our informants were union members who were now independent contractors doing residential buildings instead of the large government contracts that the unions had been able to provide. Some have also become employers, albeit informal, by pulling in their friends, relatives, or others when a job opens up and there is a need for additional workers. These workers rely more and more on social networks and luck, which usually means being at the right place at the right time, such as finding work at the local bar. A union worker says, “Everybody got somebody they’re friends with owns a little beer parlor somewhere around town. And you believe me; I’ve gotten more jobs out of the barroom ... than I ever got out the union office... But that’s the truth. You know, that’s how you network. You one of the fellows, you know?” *(Memo 12 Quote 5)* When one member of the network finds a job, he pulls his friends onto the job with him whenever possible. One worker says, “For this area, we gotta almost network amongst ourselves, like, if I get a job, you know, couple of guys out of work; I’ll pull them in with me. That’s how we do most of the time... We call each other up, “Hey, you got something?” Give me a day or two. We work like that. *(Memo 12 Quote)*. These trusted networks are an important means for finding acceptable work.

One benefit of working within a local network is the insurance this provides to workers that they will get paid. Many of our respondents referred to out of state contractors who run off without completing a contract, paying their workers, or doing
anything other than collecting money. One worker says, “I kind of try to stick with the same people that I know… before Katrina. … Even a lot of times I’ve got chances that I get more work, but just the doubt… I’d just rather let it pass, let somebody [else] get messed up. And as long as I’ve got something going on, I won’t take the chance.” (Memo 12 Quote 3). These networks are based on long-standing relationships. An African-American contractor reports that when he needs work… “I call my old contractors up who’s not doing much or they call me… We friends. We grew up together. All my contractors are real personal friends. They’re not just contractors. We eat at each other’s tables. We go fishing together. We go hunting together. I mean we tell jokes together. … We just happen to be in the same business. I grew up under these guys. I was a kid playing in the sand pile with most of these contractors… They call me for the brickwork. I call them for the iron. I call them for whatever. So it’s just a one hand wash the other type deal.” (Memo 12 Quote 4). But these networks did not necessarily include the winners of the large government rebuilding contracts – the other part of the equation that describes the post-Katrina construction economy.

When skilled workers who work as independent contractors reach the limits of their social networks they seek out new work and their search is very reminiscent of the seemingly “try anything” approach described for the native-born low skilled workers in the previous section. For example, one pre-Katrina Honduran painting contractor says, “Well, [I] just go to the houses, calling to the sign they had in the front of the house, and sometime I have to wait hours until they get to the jobsite. Because most of the time, when you call them and you tell them you are a contractor and you’re looking for work, it’s easy for them to say on the phone, “I got somebody else, I don’t have time,” or, “Give me the phone and I’ll call you later.” So, a lot of time I’m sitting in a car waiting for them, and that way I can approach them face-to-face.” (Memo 12 Quote 2). But competition among contractors is driving down prices. The same contractor says, “Since [there’s] no work out there, they’ve got more people knocking on people’s houses and asking the owners, “Can I do the drywall for you?” You say, “Yeah, my last [offer was] $5,000.00. Can you beat that?” They say, “Okay, I’ll do it for $4,000.00.” “Okay, that’s good. Let me call you back in a week.” They keep dropping the prices so bad. I think now it’s kind of more [based on] how much people you know, how much they know about the good work you do, and how much insurance you carry, and all that.” (Memo 13 Quote 2). In other words, potential employers can choose among the low bids and still get a reliable contractor – if they are careful – even in a depressed market.

A few skilled workers reported that they also supplement their income with temporary or day labor work. For example, one union bricklayer who is also an experienced waiter complains the pay for this supplementary work has gone down since Katrina. He says, “…the [hotels] pay $25.00 or $30.00 per head … but the temp services are only giving you $8.00 or $10.00. They’re doubling up on what they’re getting off of you, but you doing the work, you see? … I feel like I can demand $14.00, $15.00 an hour. At one time I [worked at] four hotels and two catering companies, okay?” (P2:97-107). Although a few had found day labor employment at Lee Circle after Katrina, the African American respondents where adamant that they largely stay away from corners because they believe they would be targeted or deemed suspicious because of their skin color. One respondent explains “I know full well that I’ve been blessed to have been born here and not have to stand on the corner. But to be perfectly honest with you, I don’t
believe you could stand on the corner. If you put 75 black guys standing in front of the Home Depot on Elysian Fields, I guarantee you’d have 90 policemen there in about 15 minutes. “(Memo 14 Quote 2). Instead they prefer temporary staffing agencies, even if the pay is likely to be lower, because they are more likely to find work and not be harassed.

Skill level, search methods, race and nativity are strongly related to how construction workers search for, and possibly find, employment. Day laborers, who are mostly unauthorized Latino immigrants, accept that they are not likely to find steady employment with a single employer because of their legal status and the rapidly deteriorating reputation of on the spot, open-air hiring sites. Nevertheless, these respondents indicated that although jobs were not steady, there were usually sufficient opportunities on the corners to provide for ones’ needs. However this acceptance of irregular employment may be explained by the willingness of Latino day laborers to accept dangerous and poor working conditions, in contrast to low-skill, native-born African American workers in our sample who were less willing to tolerate this type of work — they don’t have to worry about language issues, legal documents, and are more likely to know their work, civil, and human rights, including fair labor standards and practices. Furthermore, native-born African-American workers felt that the police would not allow them to search for work on day labor hiring sites or if they tried to do so they would not be hired because of their race. The more skilled construction workers, who were mostly African-Americans and Latinos, could typically rely on their social networks and reputation to find employment, particularly when the construction trades were doing so poorly. Skilled construction workers did not state that their race constrained how they searched although it is likely that their social networks were stratified by race and that their legal status provided a layer of security that they didn’t have to worry about. Union members often expressed allegiance to the unions because the hiring process was transparent and therefore less prone to discrimination. At the time of our focus groups and interviews in December 2009, which was four and a half years after Katrina and in the middle of a local and national slow down in the construction sector; all our respondents were having difficulty finding work. In the next section we investigate how workers explained the obstacles to finding a construction job, not just at the time of the interviews, but in the post-Katrina context.

Obstacles to employment

In this section, we look at three labor groups, (1) African-American and Latino low-skill construction workers (not day laborers), (2) African-American skilled union workers, and (3) African-American and Latino independent contractors. We find that a common barrier to employment voiced by our respondents was competition and underbidding by non-local contractors and workers. Multiple factors contribute to this competition, though nearly everyone expressed the belief that competition was occurring because Latino immigrant workers accepted lower wages than the local workers. In addition, some respondents mentioned the lack of state regulations of employer labor violations. Others suggested that the self-regulation of the construction labor market by locals who were concerned for their reputations and incomes was undermined by fly-by-night contractors who underbid them, did shoddy work, and often paid workers in cash or
not at all. Furthermore, locals had a difficult time being hired by out-of-state contractors. But more generally, there was a feeling that the subcontracting of construction work was out of control and had forced contractors to cut corners, especially with respect to labor. Often, however, this competition was explained as a local versus non-local dynamic, with non-locals most often being identified as Latino immigrants, Texas contractors, or both.

The union workers in particular were very knowledgeable about the lack of regulation that allowed a free market atmosphere to thrive. One said, “Because Louisiana is a right to work state … you can just walk in and say, “I’m a contractor”… That’s what happened after Katrina. A lot of people just put a sign on the side of their truck and boom. That’s why a lot of people got ripped off… A person licensed and bonded, they can handle these jobs in case something happen. They get sued they can pay it off the insurance company. But a person coming in there with nothing, just coming in there with their face, that’s it. They [say], “I can do this.” Now you taking a chance with that…”

Another believed that Katrina was used by politicians to further erode worker protections. He says, “[I]n ’84 they did the right to work thing and all that good stuff, but they did still have laws in place to help you… then this Katrina disaster came along and it just wiped out everything. I truly believe … the powers that be have used this disaster to not only wipe out the organized labor movement, but to actually begin to turn this place into a third world country. And I think whatever happens here in the South is gonna spread.”

This lack of regulation resulted in lower quality work in many cases and, in the worst case, no work being done at all when a shady contractor simply takes the money and runs. Local construction contractors, who charged more for their work and hired local workers, had difficulty competing against these outside, fly-by-night contractors who were primarily concerned with cost cutting (usually on labor) and larger profit margins.

Before the hurricane, construction was a small employment sector in New Orleans in which established local companies dominated. One contractor, a non-New Orleanian who started working in construction in 2001, found it difficult to enter the construction market without name recognition and reputation. He said, “If your last name is like, Poree, Gauthier, or …Ellis, and even if you're outside of the big Ellis Construction company, but your last name is Ellis and you're in construction and you're proposing to do a job, there's this sort of "Are you related to Ellis Construction?" "Oh, yeah, that's my brother or cousin and we split." So now you are almost as equal as Ellis Construction.”

To bid for jobs competitively this contractor lowered labor costs by hiring untrained local youth (usually paid at minimum wage or slightly above) to do the site preparation and serve as helpers to the more skilled workers he hired to build. This strategy was not unlike the post-Katrina strategy of hiring less expensive immigrant workers (often day laborers) for the unskilled work to save labor costs, except that this employer was also investing in the local labor force and building relationships with local construction workers and contractors.

During normal times, the construction industry has several mechanisms for reproducing skilled construction workers within a labor market. Among those are apprenticeship programs in the building trades unions, job training programs for disadvantaged youth, and the Housing and Urban Development Act’s Section 3 which is intended to ensure that employment or contracting opportunities generated by HUD funds gives preferences to low- and very low-income people and businesses residing in the
community where the project is located. \(^{xxv}\)

This includes rehabilitation of housing projects, including the “Big Four” housing projects that were condemned after Hurricane Katrina. \(^{xxvi}\)

Several construction workers complained that they were not able to find employment with the contractors who were rebuilding these sites. For example, a union bricklayer reported that he couldn’t get hired because contractors preferred to bring in their own crews, ““[A company building the mixed income housing at the former site of a housing project] came from Dallas and I went over and met Fernando… And I asked him for a job, I told him I had about ten of my friends, we were all out of work and we’d like to work that. And …this is what he asked me … “Well, where are you from?” I said, “Right here, New Orleans.” He said, “No, no, no. Jalisco.” I said, “Jalisco, Mexico?” He said, “I only hire my own people.” Everybody that laid a brick on that job came from Jalisco, Mexico…he was saving jobs for his family…the big question is, how did he get a contract?... Somebody say they goes back and bid low, but it still goes back to the politicians…It all works back to the Cheney and George Bush. All these contractors live in Texas, that’s their offices.” (P2: 1748-1777).

New Orleans workers are familiar with nepotism and understand how it works for and against one’s interests, depending on who is in political office. But this is a missed opportunity to help local residents with the recovery.

Low skill workers also found it hard to establish a work relationship with employers in the post-Katrina labor market, relationships that could lead to permanent or semi-permanent employment. For example, one low-skill youth in the job training program recounts that he volunteered for a week as a carpenter’s assistant in order to gain the confidence of an out-of-state contractor, “[There was] a lot of work at the time, so I had volunteered to show what I’m capable of doing. And once he saw what I was capable of doing he hired me.” The work lasted eight months, but once it was done, the contractor left town and didn’t call again (P1: 0145).

When the job training group was asked why they aren’t hired by out of state employers they mentioned several factors: One said, “I feel they scared of us, offended by us.” Another said, “They will feel like we aren’t qualified…to handle our own city or handle our own means of rebuilding.” Another added, “[T]hey gonna let the Mexicans work because they … gonna take anything that [the employers] give them.” (P1: 1187-1201). Not only did these potential workers lack contact with employers, they felt they were not well regarded by employers, who tended to prefer more passive immigrant laborers.

One way contractors avoid regulation is to subcontract. For large federal jobs, general contractors are required to hire a payroll company to make sure that everyone gets paid what they are owed and benefits and taxes are withheld. The payroll is reviewed by the city’s Department of Labor inspectors to ensure the city received those taxes. Having a payroll stub also provides evidence that benefits and taxes have been paid in the worker’s name. Several union construction workers asserted that general contractors were subcontracting to independent contractors to avoid complying with these regulations (P2: 935:979). Independent contractors accepted a lump sum for their work and are expected to pay taxes out of their own earnings. The layers of subcontracting, workers’ earnings decrease, they lose health and retirement benefits, and taxes and social security contributions are likely to go unpaid.

Subcontracting also makes it easier for companies to offer rates lower than the prevailing wage. One owner of a multi-generation family masonry business complained
that since Katrina he couldn’t make a living subcontracting. He said, “… a year after Katrina when the government money started coming … I looked at all the lists … and each job contractor was from Texas and they brought their own people. The jobs right there by the St. Bernard [housing] project, right there by my house where I grew up. … I went and talked to [Andy] about their contract…Andy [said he] would love to give me the contract but he will only give it to me for $300.00 a thousand… When you lay your thousandth brick you’ll get your check. Which is nuts because a man can’t lay no thousand bricks in one day. [You pay for] two pallets of bricks and … the bricklayer … and your laborers… Now that don’t leave me anything…I’m in the negative as a matter of fact…. So it don’t pay me to go to work…Now you have to go try to do stuff under the table to try to make it work, just to be real life.” P5: (15:27). He attributed the low rates being offered to Latino immigrant workers, who didn’t have the expenses of local residents.

This fierce competition was expressed in both economic and racial terms. Some respondents attributed this competition to the contractors’ preferences for a cheaper Latino labor force, while others attributed it to the Latinos themselves for accepting lower wages. One African-American union bricklayer said, “[After Katrina]…they … started with the outside contractors that are bringing in the Mexicans, and like I said, whereas I could get $14.00, you know, with your trade they’re getting three Mexicans, you understand, for maybe $6.00, if they pay them…” (P2: lines 119-137). Another respondent didn’t make this distinction between contractors and workers and said, “But when the immigrants came down here they started underbidding…we worked too but when they underbid they start blocking the people that been here that really needs it” Memo 21 Quote 4. A pre-Katrina Honduran respondent also reported this saying, “entonces de todo la gente la mayor parte han sido los mexicanos y los salvadoreños que llegan aquí y se tu cobras diez dólares por la hora vienen ellos y lo hacen por ocho. Si tu cobras cien dólares ellos lo hacen por cincuenta” (Memo 20 Quote 2). In fact, almost all our respondents perceived that they had lost work to Latino immigrants because they underbid established locals.

Discussion

In the wake of Hurricane Katrina many journalists, academics, and locals reported on the arrival of Latino immigrants, the prolonged displacement of the low-income and black residents of the city, and the possibilities for racial tension between these two groups. Apart from Mayor C. Ray Nagin’s inflammatory comments about “Mexicans overrunning the city” and New Orleans being a “chocolate city” there was relatively little tension evident to most observers. While social distance between Latino immigrants and the native born is common, a local study found that the majority of African American residents generally were comfortable with Latinos in the workplace, neighborhood and elsewhere, although only a minority of Latinos reciprocated these feelings. The majority of both groups felt that securing employment was a major problem and that both groups could set aside their differences and work together on jobs.xxvii

Since most Latino immigrants came to work in construction-related occupations, we interviewed a range of construction workers who were most likely to experience inter-group contact in their employment. In our paper, we discuss the themes that emerged
with respect to questions about searching for and obtaining employment in construction-related occupations. We found that search methods and success in finding employment are related to skills, race, and nativity, but these are filtered through the structures that govern the post-Katrina labor market.

Our analysis of job search methods finds that employer connections are key to finding employment. Latino day laborers and African-American low skill workers are socially and institutionally isolated from employers and therefore use relatively anonymous search strategies and if all else fails, they search for work at day labor hiring sites. While day labor pick-up sites initially afford Latino immigrants ample employment, they are also subject to the risks of non-payment of wages and other forms of employer abuse. In addition, because of their legal status and competition from other workers, most day laborers find themselves in a weak bargaining position. This resonates with William Julius Wilson’s research on the isolation of inner-city African-American workers who have difficulty finding steady, well-paid employment.

However, many of the skilled construction workers referred to having been raised in housing projects and other low-income neighborhoods in New Orleans and still being able to find their way into better paid construction work in part because of pressures to diversify the construction trades, and federal regulations mandating fair hiring practices for large federal contracts. In the 1970s and 80s when many of these workers were first starting out they found apprenticeships with the union and were trained by their fathers, who often had been trained in building trades by their own fathers. The deterioration of New Orleans economy, the worsening of conditions in public housing and the rise in the crime rate may all have contributed to cutting off these network-based trajectories out of those neighborhoods. In addition, many of the social networks established prior to Katrina disappeared in the post-Katrina era – they disappeared because many never returned to the area, others died or were unable to recover from the losses due to the natural disaster, and others left the industry.

While the skilled construction workers are better able to use their unions and social networks to find employment, they are still isolated from the extra-local construction contractors. They find that their reputations, their union membership, and their social networks do not hold the same weight when they search for work. In fact, some feel that being a local is a strike against them. For this reason, the skilled workers are paying attention to whether out of state contractors comply with HUD Section 3 which guarantees employment to public housing residents. An alternative to finding work through the union or through social networks, however, is to find work outside of construction. Many of the skilled construction workers report working in New Orleans’ hospitality services or retail sales when construction work is not available.

When construction workers explain their disadvantaged position in the New Orleans labor market, and particularly vis-à-vis the extra-local employers, they almost uniformly refer to the Latino immigrants and their acceptance of lower wages. While local African-American and Latino construction workers acknowledge that the contractors, many of them Texans, have a preference for Latino immigrants, this preference still boils down to a choice of Latino immigrants over local construction workers. This pattern has been described aptly as Black exclusion and Brown exploitation by Keron Blair, the director of the New Orleans Interfaith Worker Justice Center, in an interview with the first author.
Job competition is a long-standing academic debate that primarily shows negligible impacts at the national level. However, the evidence becomes cloudy when you look at local or regional impacts of increased immigrant workers and their impacts on minority, especially black and Latino workers. Most findings show negligible or small impacts on U.S. born Latinos and to a lesser extent, on African Americans. Industry specific studies provide an equally mixed, but in some cases a troubling picture in which Latino immigrants depress wages and as a result, displace local workers. Interethnic conflict between black and Latino immigrants in the case of New Orleans’ construction industry involves competition between Latino immigrants and African Americans. This competition is politically (and economically) explosive because of the impact of the enormous immigrant inflow from Mexico and Central America not only to New Orleans, but also to other regions of the United States. In the context of race and inequality in America, this conflict presents a vexing dilemma.

On the one hand, there is a commitment to eliminating the grave (and historical) economic problems facing African Americans, and by extension, to other minorities. At the same time, there is a cherished tradition in our country as a nation of immigrants though the current and volatile national debate over this topic is focused on legal versus undocumented immigration. But it wasn’t long ago that the debate focused on job and other impacts as a result of increased immigration. Because new immigrants (mostly from Latin America and Asia) belong to populations that historically were victims of discrimination, and to varying degrees they continue to experiences unfair treatment in the labor market, educational institutions, and politics, the principals of improving inequality for minority groups and welcoming new immigrants clash when newcomers compete for jobs with African Americans and other U.S. born minorities. The challenge in New Orleans or for the rest of the United States should not involve choosing on principle over the other. To confront racial inequality and discrimination in the construction market among African Americans and U.S. born Latinos and to develop a sensible immigration policy requires acknowledging the very real and material conflicts over scarce resources, particularly employment opportunities in construction. At the same time, poor employment outcomes cannot be seen merely as an immigration-related problem but rather as a nuanced, evolving, and increasingly unequal and discriminatory labor market that results in black exclusion and Latino exploitation.

As we show in our paper, African Americans are excluded (or disadvantaged severely) from many construction employment opportunities in the day labor market, and among jobs occupied by low skill native workers and skilled native workers. To be sure, their exclusion matters most in the skilled and low skilled construction occupations where better prospects for permanent work, better pay, and job experience might be had. Their exclusion in day labor work, a market in New Orleans that has deteriorated significantly is likely negligible in the short and long-term. Because of their documented status, African Americans enjoy a distinct advantage over undocumented Latino workers searching for employment prospects in New Orleans. Black labor market exclusion is complicated and not primarily the burden of Latino immigrants. On the other hand, Latino exploitation is prevalent in day labor and low skill work primarily because of lax regulations and practices, undocumented status, and unscrupulous employers who have made millions by hiring Latino immigrants and paying them poorly or not at all.
Policies and practices that were implemented in Hurricane Katrina’s wake produced this racial antagonism. In this research we have identified several of them. The suspension of federal regulations governing the construction labor market, including the bidding process for government contracts and the employer verification of legal status, sent a critical signal to construction companies that this would be an employer regulated labor market. These regulatory suspensions, and the damage suffered by local construction businesses and displacement of local workers, made large regional general contractors more competitive in the bidding process. These extra-local companies were able to bring in their own crews, and to a large degree excluded local construction workers from these employment opportunities. While New Orleanians may have benefitted from having employment, not to mention updating their skills and expanding their scale of operations, they were instead pushed to the side. The usual ways of doing business through unions and social networks – a pattern that is not exclusive to New Orleans – did not work as effectively in the post-Katrina environment. Indeed, the expansion of the practice of subcontracting drove construction workers to make a difficult choice between intensified self-exploitation and exit from their chosen occupation.

Two lessons can be learned from this investigation. First, while labor market competition in construction is often viewed in terms of race and nativity – terms which are not entirely unjustified – there is more to the story. This labor market competition – or more aptly Black exclusion and Brown exploitation – is produced by employers and the regulatory institutions that govern or fail to govern them. Second, without producing incentives for employers to maintain a wage floor, invest in the local labor force, and maintain safety and labor standards, they will opt instead to increase their profits and find the cheapest and most pliant labor available. The question for New Orleanians is how to reintroduce and enforce these regulations.
Figure 1. Employment change in New Orleans MSA, 2005-09

Table 1: New Orleans Metro Economy, Key Economic Sectors, June 2009

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Total Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>107,800</td>
</tr>
<tr>
<td>Government</td>
<td>82,800</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>68,700</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>68,000</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>66,200</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>35,800</td>
</tr>
<tr>
<td>Construction</td>
<td>31,900</td>
</tr>
</tbody>
</table>


http://www.bls.gov/eag/eag.la_neworleans_msa.htm#eag_la_neworleans_msa.f.1 Note that these figures only include those in formal employment relationships, not those who are working off the books.


x Hearing on Adequacy of Labor Law Enforcement in New Orleans,


xv Mostly immigrant men from Latin America who search for temporary, daily employment in open-air markets such as street curbs, in front of home improvement stores, and nearby busy thoroughfares and roundabouts. See Valenzuela (2003) for a review of day labor work.

“Yo los 4 años solo aquí en la esquina he conseguido los trabajos, en Houston año y medio, y aquí del resto siempre en las esquinas, siempre ahí he conseguido buenos trabajo... el trabajo solo se puede para un mes digamos encontrar trabajo en la esquina, para un mes, o 15 días; pero es raro que llegue ahí alguna compañía a buscar personal ahí y con suerte tal vez hay unos que sí se quedan, se quedan en compañía.”

“...las compañías no se van para las esquinas, son patrones independientes los que iban a buscar.”

“Si, en la esquina llegue y estuve como una semana recién venido, quince días y creo que fuimos uno de los primeros que encontremos un patrón y de allí fuimos entrando de mas familiares de trabajar. Porque a pues si a lo fue dando para trabajar y el trabajo que se miraba que estaba permanente.”

“Yo no tengo amigos que han encontrado un trabajo permanente, sí consiguen, pero solamente por días hasta una semana, un mes solamente, pero permanente casi no hay.”


“Y yo he conocido a personas que han tenido su trabajo por tiempo por anos, y llegan al momento que llegan allí, llegan allí porque tal vez se les termino el trabajo, o por x o por cómo se dicen nosotros, pero siempre llegan. No, no, son bien llegados son seres humanos. Tienen necesidad como también uno tiene.”


Personal communication from Angela Anderson, Housing Authority of New Orleans, Vice President of Contracts and Compliance. September 3, 2010.
