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"The Full Fruits of Our Labor": The Rebirth of the Living Wage Movement

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A detailed report by the Women's Educational and Industrial Union of Boston in 1998 revealed that many workers were earning hourly wages far below a "living wage." Employing what they called the "self-sufficiency standard," the activists succeeded in pushing the Boston City Council to pass a living wage ordinance. What many living wage activists did not realize is that this was not the first time the Women's Educational and Industrial Union had been involved in a campaign for living wages. In 1911, the organization released another report, profiling the incomes and expenditures of 450 women workers in Boston.[1] The following year, Massachusetts became the first state to pass a minimum wage law. This is just one example of the many links between the current campaign for living wages and struggles from the past. Labor historians and today's activists have much to learn from one another in this fight for living wages that has been a mainstay of the U.S. labor movement.

EARLY STRUGGLES

In the late 19th century, U.S. workers followed their British comrades in calling for a living wage as it became clear that the system of wage labor would grow. If workers could not abolish the system of wage labor, they would at least fight to make sure that employers paid workers their "full fruits of labor."[2] The fight for a living wage was held on the shop floor, in the struggle for collective bargaining agreements; in the streets, applying public pressure on employers to raise wages; and at the statehouse, in efforts to pass mandated wage floors. Unions also argued in favor of a living wage in order to improve the purchasing power of workers and their families as consumers, and employed consumer-based tactics such as boycotts and the use of the union label.[3] By the late 1930s labor had won the right to organize and bargain contracts and minimum

[1]Louise Marion Bosworth, *The Living Wage of Women Workers: A Study of Incomes and Expenditures of Four Hundred and Fifty Women Workers in the City of Boston*. Prepared under the direction of the Department of Research, Women's Educational and Industrial Union, Boston; ed., with an introduction, by F. Spencer Baldwin (Philadelphia: American Academy of Political and Social Science, 1911).

[2]Lawrence B. Glickman, *A Living Wage: American Workers and the Making of a Consumer Society* (Ithaca: Cornell University Press, 1997), 66.

[3]See Dana Frank, *Purchasing Power: Consumer Organizing, Gender, and the Seattle Labor Movement, 1919–1929* (Cambridge: Cambridge University Press, 1994) and Glickman.

wage laws in numerous states. In 1938 the federal Fair Labor Standards Act (FLSA) was passed, establishing among other things the national minimum wage law.[4]

The passage of the minimum wage was controversial, and the final version passed was weaker than that originally intended. While the administration had proposed 40 cents per hour, the final compromise settled on 25 cents, with 5 cent increases per year until it reached 40 cents per hour. The final version also contained fairly large exemptions: agricultural, retail, domestic, hospital, nursing home, school and college, state and local government and laundry workers were not covered by law.[5] A big weakness of the law was the failure to incorporate provisions for inflation. By not covering all workers, and failing to ensure further automatic adjustments, the minimum wage legislation of the 1930s created an enduring political battle over the level of the wage floor.

Perhaps the greatest loss of the minimum wage struggle was the loss of the "living wage" concept. In the struggles for state and then a federal law, the terms of the debate shifted from a commitment to living wages high enough to sustain a worker and family, to one of a minimum wage floor. By the time of the passage of the FLSA, the stated goals of the minimum wage were to protect workers from ruinous competition, halt the downward spiral of wages and increase purchasing power. Providing a "living wage" or even a "fair wage" was not on the list.

Throughout much of the period after the Second World War, the labor movement was able to keep pressure on Congress to provide periodic increases in the minimum wage. Although the value was never really high enough to allow a worker to support a family comfortably, the real value did rise regularly, setting a stable floor. But workers left out of coverage or kept at minimum wage for many years continued to fight for living wages. A particular struggle that stands out is that of the sanitation workers fighting for living wages and the right to unionize in Memphis in 1968. Other battles, in both the workplace and legislature, called for higher wages for those on the lowest end of the pay scale.

From the late 1970s onward it became clear that the real value of the minimum wage was being steadily eroded. By the early 1990s, following free-market administrations and weaker labor movements, the minimum wage was at $4.25, far below its historic real value and even further below the amount necessary for a full-time worker with a family to reach the federal poverty line. It was in this context that the "modern living wage movement" emerged.

A MOVEMENT RE-EMERGES IN BALTIMORE

In 1994, clergy running food pantries in Baltimore, Maryland, began to realize that more and more of those coming for aid held jobs. Despite the promises of city leaders that local economic development projects would lead to prosperity, poverty still

[4]The National Industrial Recovery Act contained a minimum wage provision in the industry codes, but the Supreme Court struck down the Act in 1935. See Jerold L. Waltman, *The Politics of the Minimum Wage* (Urbana, Illinois: University of Illinois Press, 2000), 31.

[5]The FLSA has had a number of major revisions since its passage in 1938. Retail establishments were not covered until 1961, and then only those with sales of $1 million or more per year. That threshold was lowered to $250,000 in 1966, and raised back to $500,000 in 1989. Hospitals, nursing homes, schools and colleges and laundries were covered in 1966, and domestic and state and local government workers were covered in 1974. For more on the history of the FLSA and its amendments, see Waltman, chapter 2, and the U.S. Department of Labor website at http://www.dol.gov/dol/topic/wages/minimumwage.htm.

plagued the city. Although unemployment was down, working poverty was up. These pastors, all members of the Industrial Areas Foundation (IAF), joined together with the American Federation of State, County and Municipal Employees (AFSCME) to press the mayor to find a solution.

After a lively campaign, the city announced that it could not require all employers to pay higher wages, but that it could extend its prevailing wage law that mandated higher wages for city construction contractors to the service contractors. The plan was to require any firm with a service contract with the city to pay a wage that would eventually be the equivalent of the amount needed for a family of four to meet the federal poverty line. This meant that workers earning the federal minimum of $4.35 in 1994 would receive wage increases that would eventually reach $7.70 over four years.

Although the number of workers expected to receive the wage was small (about 1500), the living wage victory got people's attention. Activists in other cities saw this as a strategy to use the city as leverage to win gains that were not possible to win on the national level. It also allowed them to raise public awareness about the prevalence of low wages and the working poor.

The idea gained attention, and soon campaigns began in other cities around the country. Baltimore was not the first city to pass a living wage policy: for example, the city of Des Moines, Iowa had set a minimum compensation policy for economic development projects in1988, and Gary, Indiana, passed a similar measure in 1991. But in Baltimore, the effort moved from a legislative action to a grassroots campaign.

Baltimore also succeeded in highlighting the limits of the minimum wage and reviving the term "living wage." Activists quickly saw this as a model for building local campaigns that could win. Although the IAF and AFSCME got involved in campaigns in other cities, new campaigns were started by a variety of organizational actors, including the Association of Community Organizations for Reform Now (ACORN), the New Party, a few central labor councils, the Service Employees International Union (SEIU) and the Hotel and Restaurant Employees Union.

Within two years, ordinances had been passed in New York City, Jersey City, Milwaukee and Santa Clara County, California, and a dozen more campaigns were underway. The floodgates were opened in 1997, when Los Angeles passed an ordinance with higher wages and benefits, and covering more categories of workers. Each year, more ordinances were approved. As of early 2002, 82 living wage ordinances are on the books, and approximately 70 campaigns are ongoing. Only a dozen or so ordinances have been defeated.

WHAT DO THE ORDINANCES INCLUDE?

While the Baltimore ordinance was somewhat narrow in scope in that it applied only to firms with city service contracts, newer ordinances have pushed the boundaries of this movement. Living wage activists are finding new ways to cover more types of employers, and to include more in the way of wages or benefits. The result is a movement for living wages that is not easily described, as each campaign and each ordinance is different.

The compromise reached in Baltimore, for example, was an ordinance that applied to private sector firms holding service contracts with the city (such as janitors, bus drivers, school bus monitors and security guards). Subsequent campaigns have been successful in expanding the coverage to other kinds of recipients of city money: firms receiving tax breaks or other subsidies for economic development, firms with concession agreements or leases on city-owned property (such as an airport or port), nonprofits receiving public funds to provide services such as child care or home health care and subcontractors of the above firms. Ordinances are also now covering direct employees such as those working for the city, county, school board or transportation board. In the fall of 2001, a hospital board in San Antonio adopted a living wage policy, setting a minimum wage of $8.25 for all its employees.

Most recently, living wage campaigns have targeted employers based on geography. The Santa Monica, California, ordinance applies to all large employers (defined as $5 million or more in annual revenues) in the city's downtown tourist zone, and in February 2002 voters in New Orleans approved the first citywide minimum wage law (other than Washington, DC), setting a "living wage" of $1 above the federal minimum for all workers in the city's borders.

Living wage campaigns have also spread to college campuses, where students are fighting for (and sometimes winning) higher wages for direct and contracted employees. In fact, it was the sit-in for living wages at Harvard University in April 2001 that brought the movement worldwide attention. The Harvard Living Wage Campaign had been working for over two years to get the administration to agree to pay $10.25 per hour and provide benefits to all direct and subcontracted Harvard employees. Despite the university's massive endowment, it was paying its janitors less than many Boston-area colleges. After a 21 day sit-in and a series of hearings and reports, the administration agreed to meet some of the students' demands, raising wages and reducing outsourcing.[6] A more resounding but less publicized victory occurred at Wesleyan University the year before, where, after a 33 hour sit-in, students won a Code of Conduct which provides campus workers with a living wage and benefits, and pledges neutrality in union organizing efforts. Other longstanding campus campaigns include those at Johns Hopkins, University of Virginia and Brown.[7]

The Harvard sit-in inspired students around the country to start their own campaigns. To date, university administrators have mostly resisted across-the-board living wage agreements. However, students have won some policy changes that help the low-wage workers on their campuses. For example, Princeton University agreed to shift a "significant number of casual workers" to full-time positions with benefits.[8]

Table 1 highlights the diversity of living wage ordinances and the employers they now cover. It is difficult to estimate the number of workers covered by these ordinances, but best guesses suggest the number is in the range of 100,000—only a small percentage of the overall 30–40 million people earning poverty-level wages in the U.S. Still, the number is not insignificant in an age when federal minimum wage increases are so hard to win.

In addition to expanding the coverage of the ordinances, activists are also pushing up the value of the living wage package. Most ordinances now not only include a base minimum wage, but also require employers to provide health benefits or a higher wage.[9]

[6]For more on the Harvard living wage campaign, visit www.livingwagenow.com. There is a new video about the sit-in, called "Occupation," produced by EnMasse films (information on ordering is on the Harvard website).

[7]Jess Walsh, "Living Wage Campaigns Storm the Ivory Tower: Low Wage Workers on Campus," *New Labor Forum* 10, Spring/Summer (2000): 80–89.

[8]Silla Brush, "University Addresses WROC's Concerns," *Daily Princetonian*, 8 March 2001.

[9]Cities are prevented by the Employee Retirement Income Security Act (ERISA) from requiring that employers provide health insurance, and therefore must provide the option of health benefits *or* a higher wage.

TABLE 1. Number of living wage ordinances with selected coverage

Ordinances that cover:	Number	Percentage of total
Service contractors	65	86
Economic assistance recipients	33	43
Direct employees	19	25
Concessionaires, lessees or tenants	8	11
Geographically based employers	2	3
Total ordinances	76	100

Note: This includes ordinances passed through December 2001. Cities for which copies of the ordinance could not be obtained are not included. The table also does not include university living wage ordinances.

About two-thirds of ordinances passed are indexed for inflation and, overall, the level of wages won has gradually increased. In 2001, the average wage won was $8.94, or $10.44 without health benefits.

Many would argue that, although generally tied to the federal poverty line, the ordinances still do not amount to a real living wage, since most analysts agree that the federal poverty measures are inadequate—based on an outdated methodology that does not capture such things as regional variations in cost of living. Organizations such as the Economic Policy Institute have developed alternative methodologies that put living wages closer to $15–20 per hour, as wages that allow for subsistence plus some room for savings.[10] However, it is obviously a tremendous step forward, as the wages won in these campaigns greatly exceed the current federal minimum wage of $5.15 per hour.

Some ordinances include other benefits as well, such as paid days off and unpaid days off, and one even includes a third wage level for pension benefits. Others require employers to hire through community-run hiring halls, and many cities also make worker retention provisions for employees when contracts change hands. The other category of benefits is in the area of employee rights. Ordinances are now including provisions such as: protection from retaliation if workers ask about the living wage law or file a complaint of non-compliance; forbidding employers to use any public money in union busting activities; and allowing cities to deny contracts or subsidies to firms with a history of unfair labor practices

WHAT IS THE APPEAL?

The recent decade has not been one of great social upheaval. Why, then, are the living wage campaigns so popular? Looking at polls, it is clear that there is widespread support for raising the minimum wage in the U.S. Consistently, 60–80% of the population have supported a higher wage for much of the past decade.[11] As inequality continued to rise through much of the 1990s, even with a booming economy, public support for

[10] Heather Boushey, Chauna Brocht, Bethney Gundersen, and Jared Bernstein, *Hardships in America: The Real Story of Working Families* (Washington, DC: Economic Policy Institute, 2001).

[11] In fact, polling data show majority support for raising the minimum wage for most years since 1945 (Waltman, 50).

"economic fairness" increased.[12] With so much money to go around, why should anyone have to work and live in poverty?

The argument was especially potent when attached to city money. Living wage activists pointed out that in the recent past, many of the jobs covered by the ordinances had been unionized public sector jobs with decent wages and stable employment. But city outsourcing had broken the unions and dramatically decreased wages. In many cities, workers who cleaned city hall and library floors were now forced to work two or three jobs to make ends meet.

This was especially outrageous when compared to other city budget items. For example, the estimated cost of raising workers to a living wage in Chicago was less than the city spent on flowers to decorate the city when the Democratic National Convention came to town. Because supporters could frame potential costs associated with a living wage ordinance in the context of larger city budget issues, the coalitions have been very successful at countering an anti-tax opposition. For example, a study of the Baltimore ordinance showed that the cost to taxpayers amounted to 17 cents per year per capita.[13] Living wage ordinances have concentrated benefits and diffuse costs.

Living wage activists have been successful in converting support for higher minimum wages into support for living wages. But it would be a mistake to assume that the public support is only a result of effective organizing. Even before the current movement, there was public support for a minimum wage closer to a living wage. In 1987, 62% of those polled "agreed a lot" and 19% "agreed a little" when asked if employers should pay a full-time worker enough for the worker and his or her family to survive without public assistance.[14]

Building Coalitions and Popular Education

Moving from support of a concept to acting on it is another matter. The motivations behind the campaigns themselves are varied. Beyond the desire to find a handle to raise wages for some workers, others are inspired to start the campaigns because they realize that the issue is one that can win, and one around which coalitions could be built. After a period of fragmentation and single-issue work, activists are eager to connect with local partners that they have never worked with or rarely work with. The living wage appeals to a broad swath of activists, from labor unions to clergy, social workers, students, community organizations, homelessness rights groups, women's organizations, third-party activists and others. Even some business owners support the concept, because they themselves want to pay living wages and do not want to be forced to compete with low-wage firms, or because they do not want the city to subsidize low-wage employers. This has created an opening to build new and strong coalitions on the local level. In some places, the coalitions exist mostly on paper, but in others, the coalitions are real. For example, in Sonoma County, California, active coalition members include the SEIU, the International Brotherhood of Electrical Workers and Carpenters, as well as the Greens and groups such as the Sonoma County Council on Aging, Sonoma County Peace and Justice Center and Women in Action.

[12] See for example a 1998 Gallup Poll, "Have and Have-nots: Perceptions of Fairness and Opportunity." A number of measures suggest that Americans generally support a "reduction in the degree of economic inequality" in the U.S.

[13] Mark Weisbrot and Michelle Sfroza-Roderick, *Baltimore's Living Wage Law: An Analysis of the Fiscal and Economic Costs of Baltimore City Ordinance 442* (Washington, DC: Preamble Center, 1996).

[14] Waltman, 64.

Beyond coalition building, campaigns are a vehicle for popular education around issues of inequality and low wages. Campaigns in Oregon have worked with Just Economics to develop a popular education curriculum for meetings and workshops, to raise awareness around the living wage movement. The Pittsburgh living wage campaign developed a half-hour curriculum that has been used in churches and union halls. Over 200 people are trained to run the workshops, and over 5000 people have attended at least one of the sessions. The Center for Popular Economics developed a full-day workshop for the Harvard Living Wage campaign, helping activists to counter the arguments against a living wage, which has also been used with organizations such as the United Students Against Sweatshops.

Others have used the living wage movement as a way to build support for the labor movement. Many coalitions have engaged in labor solidarity efforts, showing up for rallies or picket lines of their union partners. A number of central labor councils have played leadership roles in living wage campaigns, because they feel "it is the right thing to do" and that they need to show the community that the labor movement does not only care about its members.[15]

However, not all union leaders support living wage campaigns. In a few places, unions have stated their reservations, suggesting that if workers win higher wages through legislation, they will have no incentive to join a union. In some instances, unions have expressed fear that a living wage ordinance will take money away from unionized city worker contracts and give it to nonunion contractors. This was the case with AFSCME District Council 37 in New York City, which refused to support a campaign there.[16] Some unionists are hesitant to engage in the more confrontational tactics that some coalitions undertake. For those in the labor movement who are used to doing politics through lobbying or lunch with city council members, the prospect of loud rallies seems a strategy that might harm their relationships with the mayor or council allies. Finally, there are those unions that may support the general concept of the living wage movement but do not want to put resources or effort into something that will not lead to organizing new members.

In some cases, the campaigns are leading to direct gains for unions, either by raising wages for already unionized workers, or by laying the groundwork for successful organizing drives. An example of the former is when the Chicago living wage ordinance was passed, covering home health care workers paid through public funds. The ordinance gave over 500 members of SEIU Local 880 a raise from $5.15 to $7.60 per hour.[17] An example of the latter case is from Tucson, where a living wage ordinance passed but did not cover city workers. The city employees approached the Communication Workers of America (CWA) about forming a union, so that they too could receive a living wage. That effort resulted in a successful recognition campaign, with 1500 city employees forming the Tucson Association of City Employees, a CWA affiliate. With the potential to organize new workers, win raises for already organized workers or generate "goodwill" towards the labor movement in general, most living wage campaigns now have some level of labor participation.

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[15] Stephanie Luce, "Building Political Power and Community Coalitions: The Role of Central Labor Councils in the Living Wage Movement," in *Central Labor Councils and the Revival of American Unionism: Organizing for Justice in Our Communities*, ed. Immanuel Ness and Stuart Eimer (New York: M. E. Sharpe, 2001).

[16] Stephanie Luce, "Life Support: Coalition Building and the Living Wage Movement," *New Labor Forum* 10, Spring/Summer (2002), 81–92.

[17] Luce, 200, 146.

What are the Campaigns Winning?

At first glance, the scope of most living wage ordinances suggests that the campaigns' achievements are quite modest. The number of workers directly affected is a very small proportion of the overall number of those earning poverty wages, and the wage levels won are still below what many would call a living wage. But there are a number of features about the effort that suggest its impact is larger than it might appear.

First, the activists continue to push the limits of what the ordinances entail. A living wage campaign no longer describes one particular type of ordinance, but a multi-faceted group of efforts to raise wages. Future campaigns will continue to push for broader coverage and provisions. Secondly, as the number of workers directly affected increases, so does the number indirectly covered: those not directly covered but who receive "ripple effect" wage increases inside the firm; and those who receive "spillover effect" wage increases in workplaces in the same industry or area, due to upward pressure on wages in the labor market. Thirdly, the campaigns are often stepping stones for other struggles. For example, after wining a citywide ordinance in Boston, the coalition members went on to win a statewide minimum wage increase and a statewide Earned Income Tax Credit. In San Francisco, the living wage campaign helped launch a multi-union organizing drive at San Francisco airport. In Santa Monica, the living wage campaign helped solidify the support for the Green Party, and led to a Green Party member being elected mayor. In Baltimore, the living wage victory helped create the Solidarity Sponsoring Committee, a new organization of low-wage workers that went on to establish its own health care program and worker-run temp agency. Finally, in some cases, the indirect impact has gone far beyond the campaigns themselves. Mayors and council members have jumped on the living wage bandwagon. Boston's Mayor Menino even suggested that the city's living wage amount be raised from $9.11 to $10.25 to be in line with the ordinance in Cambridge and the amount demanded by Harvard students. Not only city leaders but also employers are considering the merits of a living wage. In the last few years, the business press—including *Business Week*, the *Wall Street Journal* and *Entrepreneur* magazine—has published articles favorable to the living wage movement. A growing number of employers extol the benefits of paying a living wage: better morale and lower turnover of the workforce, but also meeting a sense of fairness desired by customers and some management. For example, a prominent Florida-based law firm elected to institute its own $12 per hour living wage policy for all employees nationwide in 2000, at a reported cost of $1 million.[18]

This is not to suggest that employers will come to see the value of the movement and voluntarily agree to pay higher wages, or that activists can rely on elected officials to raise wage standards. Rather, it suggests the power of the movement to affect the public discourse and perceptions of fairness. The idea is also spreading beyond U.S. borders. Of course, the living wage struggle has existed in other countries for many years (such as widespread campaigns in South Africa and Australia). But in the past couple of years, labor leaders and community activists in Japan, England, Israel and Canada have worked with U.S. living wage activists to help extend the fight against low wages in their own countries.

It is in its ability to continue to grow, push to new arenas of worker justice struggles, influence public opinion and build on its own success that the living wage effort seems to have begun to win moderate political reforms.

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[18] Wes Allison, "Candidate's Credo Sketched in Law Firm's Culture," *St Petersburg Times*, 7 April 2002, p. 1B.

WHERE IS THE MOVEMENT HEADED?

In the recession of 2001, it seemed likely that the living wage movement would slow down. But contrary to expectations, it has not lost momentum. Already since September 11, more than a dozen ordinances have passed, and new campaigns continue to develop. Whether or not the recession is over, the demand for living wages will not be stopped easily.

Opponents have taken note and stepped up their efforts to stop the movement. In May 2002, Newt Gingrich sent a letter to many top executives inviting them to an anti-living wage conference co-sponsored with the conservative think tank, the Employment Policies Institute. The invitation lamented that "In 2001 alone, advocates of a free market have lost one living wage battle every 14 days on average." The letter advertised that the workshop would offer "a promising approach to changing the outcomes." Indeed, it appears that Gingrich and his allies see the potential underlying this movement. While the number of workers affected is modest, the indirect effects are possibly enormous. In a number of campaigns, activists have gone beyond basic demands of higher wages to a thorough critique of the market system.

This occurs in part because of the rhetoric used by opponents of the campaigns. In an op-ed against the Harvard living wage campaign, prominent Harvard economist and textbook author Gregory Mankiw wrote that while the goal of raising wages at Harvard may be laudable, it is not possible to "wave a magic wand" to help those at the bottom. Mankiw presented the case as beyond Harvard's control: the market simply will not allow it. "The living wage campaign wants to repeal the law of supply and demand and raise wages by fiat," wrote Mankiw.[19] Others make similar arguments: a *Florida Times-Union* editorial declared: "It takes a huge ego to imagine that you are smarter than the marketplace."[20] In Santa Barbara, the head of the taxpayers association wrote to the mayor to remind the city to consider <u>The Law of Demand</u> (capitals and underline in original), which cannot be repealed.[21]

This kind of language, which says that wages cannot challenge market logic, makes living wage activists begin to ask larger questions about wages and the economy. Harvard students, concerned that the Mankiw textbook was mandatory reading for all first-year students, asked the Center for Popular Economics to help develop materials specifically to rebut what they read in class. In Tucson, Pima County Interfaith Council organizer Jaime Huerta says that their greatest task is to "challenge the 'market is god' mentality" that is so pervasive among opponents *and* potential supporters.

Whether the local efforts for living wages are able to build to a larger struggle that challenges the neoliberal agenda remains to be seen. In the meantime, it is clear that the living wage movement will forge ahead. The recession did not slow it down; neither so far have the tactics of the opposition. Despite occasional losses, the modern day effort for living wages continues to carry the torch of previous struggles.

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[19] N. Gregory Mankiw, "The Cost of a Living Wage: We Can't Ignore Law of Supply and Demand," *Boston Globe*, 24 June 2001.

[20] *Florida Times-Union*, "A Bad Idea," 16 November 2001, p. B-6.

[21] Joe Armendariz, "Why Continue Studying a Bad Idea?," Memo. to Harriet Miller, Mayor of Santa Barbara, 19 September 2001.