

Living wage policies and campaigns: Lessons from the United States

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With the expansion of global labour markets, more countries are looking for policy tools to address growing low-wage work and working poverty. Does the “living wage” movement offer a path to reducing poverty and inequality? The term “living wage” was first used in the 1800s, as scholars and activists argued that the spread of wage labour should come with a mandate for employers to pay employees wages high enough to support themselves. (Many assumed a male breadwinner, so called for a living wage high enough for a worker to support themselves and a family). There was never a consensus on how to define a living wage, although several governments and administrative bodies took up the task of developing complex formulas.

In recent times, the term “living wage” has resurfaced in the United States. In the early 1990s, there was much attention on the growth of low-wage jobs. Activists in Baltimore, Maryland pushed their city government to find a policy tool to address the problem. The city passed a “living wage ordinance” that required any firm holding a contract for service work to pay their workers a living wage. The idea spread quickly around the country and today, some 17 years later, there are living wage ordinances in over 140 cities, counties and universities. The campaigns and ordinances vary in terms of how to define a living wage, who they cover, and their impact, but the general “living wage” concept has strong public support.

This paper will review the US living wage movement, including the details of the ordinances and the definition of a living wage. Then, I will review the existing research on the economics and political outcomes of the living wage movement. I will then attempt to draw some lessons from the living wage movement for the United States, and internationally.

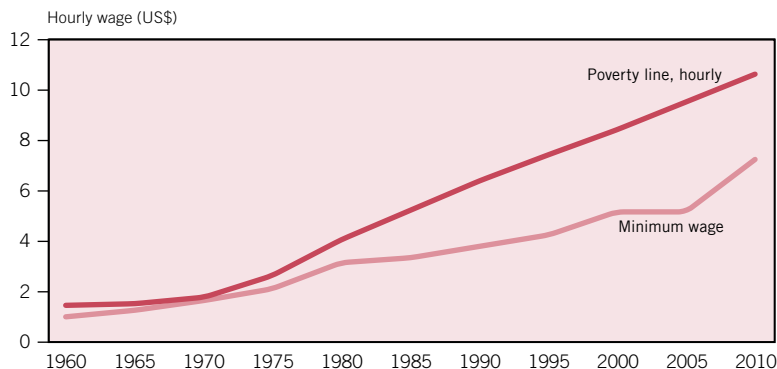
Defining a living wage

There are several approaches used to define a living wage. In the United States there are a few formulas that are used to measure the basic cost of living for different-sized families (e.g., two adults, two children), and by region. The most common are the Basic Family Budget Calculator developed by the Economic Policy Institute, and the Self-Sufficiency Standard, developed by Diana Pierce and the Wider Opportunities for Women. The formulas are similar, and use government data to estimate the minimum costs for housing, food, shelter, transportation, health care, taxes and childcare.

Both formulas come up with annual total income needed to cover basic costs. These can be divided by the number of workers and hours worked for an average hourly wage. For most cases, the result is an hourly wage significantly higher than the federal or state minimum wage.

Living wage activists knew that it would be very difficult to win ordinances with these wage levels. Instead, they chose to campaign for an hourly wage that would allow a worker working full time to meet the federal poverty

Figure 1. Federal minimum wage versus US poverty threshold, 1960 to 2010



Note: Poverty line data is the annual poverty threshold for a family of four (including two children), converted to an hourly rate assuming 2,080 hours of work per year. Poverty thresholds before 1980 are for Male Head of Household, Nonfarm. Data not adjusted for inflation.

Source: United States Department of Labor Wage and Hour Division; United States Census Bureau Poverty Division.

line for a family of three or four. The United States began setting a poverty threshold in the 1960s, based on a formula centred around the caloric needs for different family types. The formula is simple and outdated, and does not vary by region. However, it is adjusted annually for inflation so the level has gone up steadily over the past few decades.

Meanwhile, the US federal minimum wage has not been regularly increased. There is no formula underlying the minimum wage, and it is only raised by an Act of Congress. This happened more frequently in the past, but less so in recent years. By the early 1990s, the value of the minimum wage was significantly below the poverty line (see figure 1). Activists knew that the poverty line was not a real “living wage” and in fact was even an underestimate of poverty. Yet since the poverty level was significantly above the minimum wage, it seemed a reasonable target for living wage campaigns.

Most US living wage ordinances have set the living wage to the federal poverty line for a full-time worker with a family of three or four, although a few are set at 110 per cent or 120 per cent of that level. Unlike the federal minimum wage, most ordinances require the living wage to be adjusted annually by some cost-of-living measure. And notably, most ordinances set two wage levels. Employers can pay the living wage amount and provide health insurance benefits, or, if they do not provide health insurance, they must pay a higher wage, usually about \$1.50 to \$2.00 an hour more. Table 1 shows the various wage levels for a few cities.

In a few cases, living wage activists launched campaigns to establish citywide minimum wage laws, covering all workers in the city borders (usually exempting very small employers). The right to set municipal wages varies by state. Currently, there are citywide minimum wage laws in four cities, including San Francisco, California, where the minimum wage is set to increase

Table 1. Wage levels, 2011, selected cities

	Boston, Massachusetts	Portland, Oregon	Miami, Florida
Federal minimum wage	7.25	7.25	7.25
State minimum wage	8.00	8.50	7.31
Federal Poverty line for a family of four*	10.63	10.63	10.63
City living wage	13.02	9.50 with health, or 11.26 without	10.58 with health, or 11.83 without
EPI Basic Family Budget for a family of four**	33.13	22.62	23.42

* Data is for 2010. Assumes 2,080 hours of work, for a family of two adults and two children. ** Data is for 2008. Assumes 2,080 hours of work, for a family of two adults and two children.

Source: Author's calculations.

to \$10.24 on 1 January 2012. This highlights the complexity of the discussion because the citywide “minimum wage” rate in this case is higher than the “living wage” in some cities, and suggests that it is not helpful in the US context to focus too closely on the terminology.

Coverage

Living wage ordinances also differ in terms of the firms and workers covered. The earliest ordinances applied to private sector firms holding service contracts with cities. The contractors primarily did work that was once done by city workers, but had been contracted out in an effort to save money. This included jobs such as security guards, school bus drivers and assistants, food service workers, and landscaping.

The ordinances were expanded to include other categories: firms receiving economic development subsidies from the city, firms operating on city-owned property (such as an airport or sports stadium), subcontractors of covered firms, and direct city or county employees. A few universities passed living wage policies that apply to contractors and subcontractors.

Many of the ordinances did not cover many workers, and so activists have been searching for ways to expand the kinds of firms they can include. The city of Los Angeles passed a living wage ordinance that applied to hotels near the airport, and in Chicago activists got a “Big Box” ordinance passed that would require large retailers to pay a living wage – although that was vetoed by the mayor. The movement helped spawn “Community Benefits Agreements” that apply to some large economic development projects. These can include a variety of things built with some public money, such as a new hospital; a new airport or airport expansion; a sports stadium; convention center; or mixed-use development that includes retail, restaurants and office space. In some cities and states, building trades unions were able to win “Project Labor Agreements” which would guarantee that these structures

were built with union labour who were paid union wages. However, those agreements only covered construction and not what happens in the structures after they are built. “Community Benefits Agreements” are a way to build off the Project Labor Agreement concept and add other requirements to the development project, such as a requirement that employers operating in the development remain neutral in a unionization campaign, that the development be environmentally sound, that the development include space for affordable housing, and that all tenants in the development (such as restaurant and retail) pay a living wage. New York City alone spends over \$2 billion a year on economic development programmes, and for the most part there are no wage requirements attached to this spending (Fiscal Policy Institute et al., 2011). Attaching living wage mandates to economic development projects could impact tens of thousands of low-wage workers performing janitorial, retail, food service and clerical work in these developments.

As mentioned above, the living wage movement has supported efforts to raise minimum wages at the city level, but also at the state and federal level. The majority of “living wage” advocates also support raising the federal and state minimum wages, and indexing them to the cost of living. However, it has been very difficult for living wage supporters to influence federal policy. Even when Democrats are in office, there is resistance to raising the minimum wage despite the continued and strong public support. It may be that Democrats who receive large campaign contributions from businesses and industry groups fear repercussions for raising minimum wages. It might also be that they (or their economic advisers) do not ideologically support the concept. Robert Reich writes about the challenges of serving as Secretary of Labor under President Bill Clinton, who was resistant to raising the minimum wage.¹

Because of the difficulties of winning a federal minimum wage increase, living wage advocates focused on the local level where “people power” had a greater chance to combat money. Unions, community and faith groups had better chances to mobilize members to visit City Council members and lobby on a regular basis. At higher levels of government, money plays a bigger role in terms of media (such as television and newspaper ads), and campaign contributions.

As the living wage movement gained momentum, activists began to focus on state-level minimum wage campaigns – either through statewide legislation, or by putting the measure on the ballot. Statewide ballot initiatives can be difficult and expensive to win, as the influence of money is great here too, but despite some intensive countercampaigns, all the minimum

1. When he was running for President against George Bush in 2004, John Kerry refused to be associated with the ongoing campaign to raise the minimum wage in Florida. That ballot initiative went on to win in every county in Florida, while John Kerry’s loss in that state was likely the difference in his winning the presidency.

wage initiatives on state ballots in recent years have won.² Between 2004 and 2006, 25 states increased their minimum wage, and six states had for the first time attached cost-of-living increases. That momentum led to the federal government finally raising the level from \$5.15 to \$7.25 in three steps, from 2007 to 2009.

However, given that most states, and the federal government, still do not automatically increase minimum wages with the cost of living, the real value of the wages has been eroding, and activists are again looking to raise state and federal minimum wages in the next few years.

Research: What is the impact?

Because of the variety in the kinds of living wage ordinances and what they cover, it is difficult to estimate the number of firms or workers impacted by the movement. In fact, in my own work I found that not all cities have implemented the ordinances – some have been repealed, or blocked, but others are only weakly enforced and city administrators grant waivers. Therefore, the most reliable information we have about the ordinances are case studies of particular cities.

In almost every campaign, opponents claim that setting a living wage will have negative consequences – including increased unemployment, increased costs for city contracts translating into higher taxes, and a decrease in the number of firms bidding on contracts and moving into the city.

The debate on the impacts has taken place on a number of levels. First, opponents rely on standard neoclassical models and predictions. Proponents initially relied on Keynesian models to predict positive impacts from wage floors. Both sides also attempted prospective studies to estimate the potential impact of the ordinance.

After the ordinances had been in place for a while, researchers conducted empirical studies to assess the impacts. These fell into a few methodological categories.

1. Surveys and interviews. Scholars in Los Angeles, San Francisco, New England, and Baltimore conducted surveys with covered employers and workers, to assess the impacts of the living wage (e.g. Fairris, 2005; Reich, Hall and Jacobs, 2005; Brenner and Luce, 2005). Elmore (2003) interviewed city administrators to assess the costs and impacts on cities.

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2. Republicans realize that a minimum wage measure on the ballot can increase voter turnout, and that turnout is likely to increase votes for Democratic candidates. Therefore, in some states Republican legislators promoted bills to increase state minimum wages through the legislature, to divert efforts to put the issue on the ballot during the Presidential or Congressional election.

2. Contract evaluation. Other studies examined specific patterns in city contracting to determine whether the number of bidders, or the price or content of contracts, changed from before and after the living wage (Weisbrot and Sforza-Roderick, 1996; Niedt et al., 1999; Brenner and Luce, 2005).
3. CPS analysis. Neumark and colleagues used government data to analyze whether the living wage ordinances had an impact on unemployment and poverty rates in cities with ordinances compared to those without (Neumark, 2002; Adams and Neumark, 2005). This work has been critiqued by Brenner, Wicks-Lim and Pollin (2002) due to several methodological concerns, primarily in using a large government data set to measure the impact of a very targeted law.
4. City studies. A few cities have conducted their own evaluation of the impact, as mandated by the ordinance. These assess the impact of the wage on contract bidding and costs. Some also survey employers.

The studies have various results but the overwhelming conclusion of the empirical studies is that the ordinances have not had the negative outcomes predicted by opponents. None of the studies find examples of employment loss.

The exception is a set of studies by economist David Neumark and colleagues, which rely on CPS data. Neumark and Adams (2005) find that cities with living wage ordinances experienced a slight increase in unemployment, along with a slight drop in poverty, compared to cities without living wage ordinances. However, the authors note that the main impact of their finding comes from the cities that cover economic development projects. Brenner, Wicks-Lim and Pollin (2002) challenge these findings, highlighting that the economic development piece covers very few projects, as only a handful of living wage ordinances include this provision, and only a few cities have actually implemented the living wage requirement on development projects. When they attempt to control for the implementation effects and look more specifically at particular ordinances, Adams and Neumark (2005) find that “the evidence does not point unambiguously in one direction, and is not statistically overwhelming”.

In an effort to examine the impact of living wage requirements on economic development projects, Lester and Jacobs (2010) use the National Establishment Time Series data set to compare employment in cities with living wage ordinances for economic development versus cities that do not have such ordinances. The authors find no evidence for the hypothesis that the living wage negatively impacts employment.

While the evidence shows the total costs are relatively low, it also shows that while impactful for individual workers, the living wage ordinances do not address a range of problems related to poverty. The living wage raises the hourly wage but not necessarily the hours worked, although Brenner and Luce (2005) did find evidence that some employers covered by the Boston

ordinance were converting some part-time jobs to full time. However, the hourly wage is generally only enough to raise a worker to the poverty line even with full-time work, so the ordinances are not yet capturing “living wages” if that is understood to mean annual income high enough to cover basic costs.

Studies also suggest the limited coverage of the ordinances. Los Angeles has one of the broader ordinances, which covers about 10,000 workers (Fairris, 2005). The L.A. metropolitan area has a labour force of approximately 6.5 million. About 27 per cent of all US workers earn hourly wages below the poverty line. If the proportion is similar in Los Angeles (and there is reason to believe the proportion is higher, given its higher than average poverty rate), there are almost 1.8 million workers earning poverty wages. The living wage ordinance covers only a small fraction.

Expansion of the movement

Despite the limited reach of the living wage to cover large numbers of workers or address poverty on a major scale, the concept remains popular, and continues to spread. In the United States there is a campaign to expand the living wage requirement to large economic development projects in New York, and a number of universities have ongoing campaigns. Activists are again pushing to raise and index state minimum wages. Restaurant workers are working to address minimum wages for tipped workers, who are only entitled to \$2.13 per hour under the federal law.

The “living wage” has spread internationally as well, with variations of living wage campaigns in the United Kingdom, Canada, and Japan. The London Living Wage Campaign has targeted private sector employers, and according to the campaign, has won living wages at over 100 employers since 2001, resulting in 70 million pounds sterling in higher wages for over 10,000 families.

“Living wages” are up for discussion in global South countries as well, from South Africa to Bangladesh to China, where a team of law professors and students just completed the first living wage study to contribute to the debate about the level of minimum wages.

Lessons learned for the United States

After more than 15 years, what can we say about the living wage movement in the United States? What is the evaluation of the strengths and weaknesses of the movement?

The outcomes of the living wage movement are mixed. On the positive side, the campaigns have been enormously successful. In a period of declining

union power, falling or stagnating average wages, and a conservative political climate, living wage campaigns have had a remarkable success rate. Very few campaigns have lost, and the vast majority has passed in city councils or county boards, or voter referendum – despite fairly rigorous opposition. There are over 140 living wage ordinances in existence around the country, in large and small cities, and every region of the country. Neither political party supports the living wage idea as a party, and in most cities the campaigns begin with most city leaders and administrators, as well as business groups and the major newspapers, opposed. Through steady organizing and hard work, usually over several years, the campaigns have been able to craft new coalitions and pressure their elected officials to pass legislation supported by the majority of voters.

The living wage can have a large impact on workers who receive the raise. Opponents claim that low-wage workers are primarily teenagers looking for extra cash on the side, but living wage researchers found that the median workers covered are in their 30s, work full time, and have been working in their jobs for quite some time. These workers are disproportionately female and not white. The workers surveyed in Boston were disproportionately poor before the ordinance was passed. On average, the living wage raised earnings by \$6,950 per year for covered workers who stayed with the same employer before and after the ordinance – from \$21,770 to \$28,720, or a 32 per cent increase (Brenner and Luce, 2005). The ordinances do not lead to the negative outcomes predicted by opponents.

On the other hand, the ordinances are not always enough to raise workers out of poverty, and still do not reach enough workers. They are difficult to enforce and, in fact, have been repealed or blocked in some cities. Where implementation is more successful, it requires constant effort by workers or worker organizations to monitor employers and the city.

Are the campaigns effective? This depends on the goal. As a solution to low-wage labour markets and working poverty, they may be a help but are incomplete. The economic impact literature suggests that they have concentrated benefits with diffuse costs.

But activists have used living wage campaign to achieve other goals. This includes at least three major outcomes: (1) building new alliances and coalitions among those working to address problems associated with low-wage work; (2) influencing the national dialogue and debate about low-wage jobs; and (3) assisting in unionization efforts.

The first goal – building new alliances and coalitions – is probably where living wage campaigns have had their greatest impact. Union leaders and community activists note that they have pursued campaigns sometimes specifically for the purpose of building alliances between groups that had not necessarily worked together in the past. For example, in Boston, Massachusetts, the living wage campaign helped develop strong connections between the primarily African-American low-wage organization ACORN,

and the historically white trade unions. The Los Angeles living wage campaign helped create a new organization called Clergy and Laity United for Economic Justice (CLUE), which is an interfaith organization that works with low-wage workers. In many cases, the living wage campaign was a popular idea that could easily unite unions, community organizations, faith-based organizations, students, poverty advocates and others. In some cities it was unions that took the main initiative to start the campaign and build a coalition, such as with the hotel workers' union in Los Angeles or the National Education Association union in Ithaca, New York. In other cities community groups like ACORN or the Industrial Areas Foundation were the initiators. Not all of these coalitions stayed together but many did, and some went on to campaign for and win other kinds of policies, such as "paid sick days" ordinances, earned income tax credits, and protection against wage theft.

It is difficult to measure the impact of the living wage movement on the national discourse. A search of major newspapers showed a dramatic increase in the use of the term "living wage" from 1990 to 2002 (Luce, 2004), and a number of outspoken living wage opponents reversed their position after the movement had gained some success. This is perhaps surprising given that opponents of the living wage, such as the Chamber of Commerce, Heritage Foundation, and policy-makers, have maintained a steady barrage of criticism for the idea of minimum wage and living wage. The Mayor of St Paul, Minnesota said the living wage bill was the "fastest way to kill jobs", and the proposal was "dumb and dangerous" (Ojeda-Zapata, 1995), and a Deputy Mayor in Los Angeles claimed that if the ordinance passed then "entire industries could be wiped out or move overseas" (Pollin, 1998). The Mayor of New York City, Michael Bloomberg, has likened the living wage proposal there to Communism, stating: "The last time people tried to set rates, basically, was in the Soviet Union. And that didn't work out very well" (Blau, 2011).

Despite this, public polling data show consistent support for both minimum wage and living wage increases over the past several decades. The polls do not ask questions in a consistent way, making it difficult to show whether support has increased or decreased. However, a sampling of polls on living wage campaign shows that support remains high. For example, a May 2011 poll shows 78 per cent of New York voters support the living wage proposal (including 56 per cent of Republicans) and at least 72 per cent of Baltimore residents were in support of a living wage proposal there in 2010.

The third outcome of the living wage movement is the relationship with union revitalization efforts. Some unions have played an active role in living wage campaigns – particularly those that represent low-wage workers such as UNITE HERE, and SEIU, but other unions have been active in some places, as have labour bodies such as Central Labour Councils. The participation of unions has depended in part on particular goals of the local and the kinds of workers covered by the campaign. This involves at least three categories:

- (a) Workers already unionized. In a few cases, living wage ordinances have impacted workers already covered by a union contract, but who had been unable to bargain for higher wages on their own. With a living wage ordinance or policy in place, the union benefits by getting additional leverage to raise wages. Some examples include child care workers in Chicago, home health-care workers in New York and food service workers on college campuses.

The National Education Association has used living wage campaigns to push for higher wages for unionized teachers, assistants and other school workers who often make wages close to minimum. In Ithaca, New York, paraprofessionals – aides who worked with special education students – were earning \$6.35 an hour, and launched a living wage campaign during union negotiations to demand raises up to \$11.50. In the end they did not win their full demand, but did get a new three-year contract with starting wages 50 per cent higher.³

- (b) Specific workers trying to unionize. Living wage campaigns have been used to assist union organizing drives, such as with hotel workers in several cities. When Sheraton wanted to build a new hotel in Petaluma, California, they asked the city for a loan of up to \$2.75 million. The Sonoma County Living Wage Coalition launched a campaign to demand that the loan come with the requirement that the hotel remain neutral in any unionization campaign. The Council and hotel agreed, and after some time the union UNITE HERE was able to win an election for representation, and then a first contract (Morris, 2006).

In some cases living wage coalitions also provided community support for union drives of workers not covered by the ordinance, such as when city workers in Tucson, Arizona organized after watching the living wage campaign take place. Some workers contacted one of the unions active in the campaign and asked how to get union representation for themselves (Luce, 2004).

- (c) Unions using living wage campaigns to change standards by industry. The current New York living wage campaign is being championed primarily by the Retail Workers and Department Store Union. The ordinance would apply to developments in the city that receive public money to build things like shopping malls. Theoretically, the living wage would be a way to raise wages in an industry that is very hard to organize and has a low union density. The Santa Monica, California living wage would have applied to large retail, hotel and restaurants in the downtown. That also would have helped the hotel workers union organize hotels where they been fighting for years to start a union. When union density is low and wages are at the minimum, employers fight particularly hard to keep unions out.

3. Interview of New York State paraeducator Debbie Minnick with the author in 2011.

One theory is that once employers are mandated to pay the higher wage, they – or neighbouring employers – may not fight so hard to keep the union out.

Some unions have pushed for a “union opt-out” clauses in living wage ordinances. This would allow the employer to not pay the living wage if both an employer and union agree to this. Unions say this could be beneficial because they might use this as leverage: they can make an offer to an employer to accept the union and union contract, and perhaps pay a lower wage – providing they agree to provide other things, such as longer hours, job security, grievance procedures, and other benefits. Some skeptics worry that this could be an incentive for dishonest unions to sign bad contracts with employers. In reality, it is difficult to find a case where this has been used despite being in place in some ordinances for over a decade.

Lessons in the international context

Given the increased interest in living wages around the world, what lessons from the US movement might be helpful elsewhere? This section discusses a few findings that might be applicable for those working to establish living wages elsewhere.

Methodology. The methodology for calculating minimum wages, living wages, and poverty levels differs dramatically by country. Even the form of payment differs, as some countries set minimum wages based on hourly rates whereas others set them by week or month. The US case suggests that it is a mistake to get pulled into too much technical debate about the methodology or formula. There will never be one correct formula to establish a “living wage” as even the stronger methodologies note strong variation in family size and geography – let alone the physical characteristics of the worker. Debates that get too technical will most likely leave workers out of the decision making and wage setting. This is relevant for the second lesson.

Implementation. The US case shows that living wage implementation and enforcement is not easy, and the more that workers themselves have some agency and power to help with the enforcement, the better (Luce, 2004). If workers themselves have little or no voice in wage setting, they may be less likely to understand their rights, and less likely to be effective in working to enforce their rights. In my research, I found that the cities that had the best implementation shared two characteristics. First, they had gone through lengthy and contentious campaigns (rather than quick-fix technical revision of city code, for example). These long campaigns helped workers and their organizations develop the capacity to monitor and fight on wage issues. In most cases, employers would try to get exemptions or avoid paying the living wage after the ordinance was enacted. Workers and their organizations that have developed the capacity to fight employers had a better chance of winning implementation.

Second, the cities with stronger implementation had at least one “outside” force involved in monitoring and enforcement. This could be an official Implementation Task Force that includes city, worker and employer representatives, or it could be a union that monitors and pressures the city. But there is almost no case where the city does a good job of enforcement on its own. Many city administrators are themselves opposed to living wage ordinances as they see their main task as creating a “friendly business climate”. Other city administrators might support the living wage, but feel powerless to enforce it in the face of employer threats. Outside forces can increase the capacity of the city to enforce the laws.

Expect a fight. The first two lessons highlight a third, which is that at least in the US case, workers and unions should not expect to win living wages without a serious fight. As much as technical debates and academic research can help us advance our understanding of wage levels, the living wage campaign has been highly contested, particularly on ideological grounds. In the United States, neither political party has embraced the notion of regular increases to the minimum wage, let alone establishing living wages. Local campaigns encounter consistent opposition from the Chamber of Commerce, most Mayors, and most major newspapers. Employer organizations fight against wage laws, and fight harder the more expansive the potential coverage. Over the past few decades, the mainstream economic research has shifted from a strong critique of minimum wage laws to a mixed, and even positive evaluation. Economists have used “natural experiments” to test the impacts of minimum wage laws and find that, at best, they help low-wage workers at minimal cost and, at worst, have little impact in either direction. Yet in recent years the prominent Heritage Foundation has argued that the 2007 federal minimum wage increase was a cause of high unemployment in the wake of the 2008 economic crash, and a number of conservative politicians have called for eliminating wage mandates on the grounds that they interfere with the free market, hurt the poor and lead to large job loss. The state of New Hampshire repealed its state minimum wage law in September 2011, with the House Speaker calling minimum wage laws “job-killing regulation” (*International Business Times*, 2011).

Despite strong public support for setting and raising wage floors, the campaign to win them in any meaningful sense will likely be difficult. Living wage advocates have won their campaigns, despite the opposition, through a combination of factors: relying on empirical economic research to show that wage mandates can be helpful and not harmful to the economy; appealing to moral arguments via faith-based organizations and leaders; making arguments for responsible use of public money (i.e. requiring firms to meet certain standards in order to receive contracts or subsidies); showing support from a segment of businesses which themselves pay a living wage; and showing consistent and solid support from a wide range of voters. The campaigns usually take several years and repeated rallies, marches, lobby visits, one-on-one meetings with City Council members, and other tactics to win. In the end, what

is most persuasive to policy-makers is probably not the economic studies but the potential that tens of thousands of voters may not re-elect you if you do not support the living wage.

Worker organizing. Some unions have been able to use the living wage as a way to strengthen their relations to low-wage workers, to raise the floor, to assert their right to intervene in labour market regulation, and sometimes to organize new groups of workers. At the same time, a few unions in the US have opposed the ordinances. Some public sector unions have argued that living wage ordinances divert money from unionized workers to non-union workers in the public sector. Others have argued that living wage legislation could be a threat to organizing as workers might not see the need to join a union if they can get higher wages and health benefits through legislation. In some cities, the building trades unions have opposed the ordinances that would apply to retail and restaurant workers in subsidized developments. For example, a representative from Painters union in New York testified against the living wage proposal there, arguing that such an ordinance would discourage development and fewer projects would be built – resulting in fewer jobs.

There are not enough cases to make solid conclusions about the relationship between living wage campaigns and unionization, but anecdotal observation suggests that where unions have embraced the campaign, it has benefited them through new organizing or winning higher wages for already organized workers. Where they oppose it, it has hurt them, in that it has resulted in increased negative public opinion about “greedy unions”. Ken Jacobs, an organizer with the San Francisco campaign, states that this was the exact outcome at the San Francisco airport, where the unions that worked for the living wage ended up benefiting from it, while those that opposed did not (Luce, 2004).

Legal constraints. Finally, the campaign for living wages will involve not only technical debates about the economics of the living wage, but political debates about rights and laws. When the Baltimore living wage campaign was initiated, city officials told activists that it was not legally possible to affect wages at the municipal level. They ostensibly agreed with activists that working poverty was a problem in the city but insisted it had to be addressed at the state or federal level. By pushing, activists were able to come up with an angle that opened the door to living wages, by attaching them to government contracting. Over the next 17 years, living wage activists continued to push the boundaries of what was “possible” under the law. This has not always resulted in victory, and in some cases the opposition fought back to get new laws in place to restrict the space for wage laws. For example, a number of states passed “pre-emption” laws at the state level after living wage campaigns were underway, or ordinances passed. After voters in New Orleans passed a citywide minimum wage law in 1998, the restaurant and hotel lobbies got a law passed at the state level, overruling the city’s right to do so. The law was challenged in court but in the end the State Supreme Court ruled that the new law held.

There is no doubt that establishing wage mandates in a global labour market will also involve legal challenges. Trade laws and international institutions like the World Trade Organization primarily give capital greater rights vis-à-vis labour and local governments. Global supply chains cross multiple jurisdictions, making it difficult to apply regulations. Research shows that it would be quite difficult for many employers to pay a living wage to their direct employees as long as they are themselves restricted in their ability to bargain for higher prices for the goods or services they provide to multinational corporations. No matter what the law says in any country or municipality, the living wage might not be possible within one country.

The living wage movement asks: What rights do cities and states have to set wage mandates? What are the restrictions on these rights? What is the role of workers and their organizations in wage determination? Who sets the rules and regulations for labour markets, and how?

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