

## The living wage: an idea whose time has come

DEBORAH LITTMAN\*

### Introduction

Every weeknight, a steady stream of young people gather on a quiet side street in Vancouver, British Columbia, waiting for the local Sikh temple to open its doors. The free, nutritious food provided by this temple and others across the city has become a lifeline for a growing number of young people trying to earn enough to get by. One young man explained:

If you're on low income, it's a struggle to eat well, or sometimes to eat at all. Even when we are working full-time, our pay barely covers rent and bills, leaving food far down our list (Interview, July 9, 2013).

The young crowd that fills the dining room at Akali Singh Temple is just a symptom of a growing problem that plagues many supposedly prosperous countries. Over the past 30 years, the link between work and the ability to afford a decent life has been broken around the world.

The recently released New Zealand General Social Survey 2012 found that only 52 percent of New Zealanders felt that they had "more than enough" or "enough" money to meet their everyday need for accommodation, food, clothing, and other necessities (Statistics NZ, 2012: 5). Most telling, 43 percent of *employed* people felt they lacked the money to provide the basics (Statistics New Zealand, 2012). The growth in working poverty, however, is not confined to New Zealand or to Canada. In its most recent report on income inequality, the Organisation for Economic Co-operation and Development (OECD) warned that income inequality and the number of people below the poverty line have both grown over the past two decades. The increase is widespread, affecting three-quarters of the 34 countries in the OECD (OECD, 2013). According to the OECD (2011:6), "increases in household income inequality have been largely driven by changes in the distribution of wages and salaries, which account for 75% of household incomes among working-age adults". With very few exceptions, the wages of the 10 percent best-paid workers have risen while those of the bottom 10 percent have declined in real terms (OECD, 2013).

The human cost of the loss of real wages for those at the bottom was starkly illustrated by a recent Public Broadcasting Service (PBS) documentary which followed two ordinary working class American families over 20 years (PBS, 2013). When filming began, the Neumanns and Stanleys were working at well-paying industrial jobs in Milwaukee, Wisconsin. Their pay allowed them to support their children, buy homes and save for the future, but in the early 1990s, plants in older industrial cities like Milwaukee began closing and moving production overseas in search of cheaper labour, forcing families to start over. For the next 20 years, the Neumanns and Stanleys, and millions like them struggled to stay afloat, piecing together poorly paid jobs with longer hours and no benefits. Despite their hard work, they fell further into poverty. This took a toll on their families and local communities. Children with potential did

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\* Lead Organiser, Metro Vancouver Alliance

not go to college, homes were lost and marriages broke down. Their previously solid neighbourhoods crumbled under the threat of debt, homelessness and crime.

Along with living wage jobs, what these working families lost were the levers put in place by the post-war social contract that had once given them influence over conditions in their workplace and the decisions affecting their communities – strong unions, a local industrial base and a widely shared social and political commitment to the common good (Bruce, 2013). It is the need to rebuild this bargaining power, as part of a wider struggle for a decent society, that has made the living wage “an idea whose time has come” (Cameron as cited in Steward & Loweth, 2010). As Anglican Archbishop of York (UK), John Sentamu (2013) said in a recent debate on welfare reform and the church:

Paying the living wage is not about generosity or charity: it is about fairness and justice. [The road to recovery] is rooted in... the rediscovery of a vision to rebuild community in recognition of our duties to one another. Rediscovering the wellsprings of solidarity

### **Key elements in a living wage campaign**

The idea of a living wage traces its roots to industrial heartlands of Britain, Australia and New Zealand during the 1870s. As trade unions built the capacity to bargain over pay, they began to demand a wage that would allow workers to adequately support themselves and their families. As early as 1899, industrialist Benjamin Seebohm Rowntree developed a method for calculating the living wage based on the cost of essentials in his city of York (Wills, 2009).

The modern incarnation of the living wage campaign was launched in Baltimore in 1992, when Baltimoreans United in Leadership Development (BUILD), a local affiliate of Saul Alinsky’s Industrial Areas Foundation teamed up with public service union AFSCME (American Federation of State, County and Municipal Employees) to persuade the city council to legislate a requirement that that all work done by agencies of the municipality pay a living wage to their workers. This campaign spread to 140 cities across the US and then to the UK in 2001, where it was led by another IAF affiliate, London Citizens. Living wage coalitions launched campaigns in Canada in 2008 (Ivanova & Klein, 2013) and New Zealand in 2012 (Newman, 2014).

While each local campaign has followed its own trajectory, there are certain principles that have become central to the movement’s success. Each campaign has made an effort to build a broad consensus around the need for a living wage by appealing to mutual self-interest of a diverse set of actors while holding politicians and employers accountable to the wider community. Most important, living wage campaigns have sought to reframe the debate around pay, moving from a strictly market-based analysis to one based on social justice and the common good.

### **Recognising that low pay hurts the whole community**

Living wage campaigners have argued that pay which falls below a living wage level not only detracts from the quality of life of individual workers, but has a detrimental effect on the whole community and the public purse. Though the percentages vary by country, approximately 40-60 percent of poor children

across the UK, US, Canada and New Zealand live in households where at least one person is in paid employment (Perry, 2013; Aldridge, Kenway, MacInnes & Parekh, 2012). Poor children do less well in school, have reduced life chances and are more likely to be physically or mentally ill (UNISON, 2010).

When the adults in the family have to work long hours or work two or three jobs to pay the bills, they are unlikely to have time to spend with their family, much less to help out at their children's school, join a tenants' association or participate in community activities. Numerous studies have highlighted the connection between low pay and greater problems of crime and disorder, ill health, wasted skills, low levels of democracy, skyrocketing debt and an impoverished civil society. (The Marmot Review, 2010; Mishel & Shierholz, 2013). As Wilkinson and Pickett (2009) powerfully argue in their book *The Spirit Level*, all strata of society suffer the negative consequences of income inequality, not just those at the bottom.

### **Building coalition**

If the whole community is damaged by low pay, it stands to reason that the whole community has a stake in securing a living wage for the lowest paid workers. By understanding the impact of low pay on different sectors of the community, living wage campaigns have built wide coalitions of union, faith and community groups. They have found allies amongst politicians, professionals and business leaders convinced by the benefits that a living wage can bring. Coalitions play an important role in overcoming the fragmentation that has separated different groups of workers – contract workers from in-house staff, migrants from indigenous workers, better paid workers from their lower paid colleagues. Working in coalition also helps to build links between unionised workers and those who benefit from their services. Too often union gains have been portrayed as being at the expense of the public good. Where trade unions can work alongside civil society organisations, they wield much stronger influence.

Coalitions can also bring a different kind of pressure to bear on recalcitrant employers, helping to rebuild the lost bargaining power discussed above. At the outset of the UK living wage campaign in 2003, the Trust Board at Homerton Hospital in East London refused to meet the union branch to discuss the pay of staff working for a private contractor because the Trust did not directly employ those workers. However, when more than 60 people from local churches, schools and mosques, organised under the banner of the East London Communities Organisation, asked for a meeting, the Board was compelled to agree. Instead of the 'usual suspects' addressing the Board, the workers' case was put forward by Sister Marie Mooney, a nun from a local Catholic church and hospital chaplain. Her powerful condemnation of the Trust for its shabby treatment of the cleaners carried weight because she represented both the moral authority of the church and local community the hospital was meant to serve. The meeting turned the tide and over the next two years the union was able to bring cleaners at Homerton and three other hospital trusts onto full National Health Service terms and conditions, with salaries above the living wage, as well as access to sick pay and pensions (Donne, Littman & Wakefield, 2010).

### **Making the primary employer responsible**

Employment policies of privatisation and subcontracting have been major contributors to the low wage economy. The contracting out of a growing range of services, from cleaning to payroll has allowed the

primary employer – the school, hospital, local authority or private business – to avoid responsibility for the welfare of the people doing their work. This increasingly distant relationship between worker and employer has also weakened traditional forms of union organising and collective bargaining. As Prof. Jane Wills (2009: 41) put it:

The workers might be down the corridor cleaning the loo or they might be thousands of miles away at the end of a complex supply chain sewing jeans in a factory in a free trade zone, but they no longer feature in the consciousness of the people that benefit from their work.

Living wage campaigners have demanded that the ‘real employers’ take responsibility for all of those who work for them, whether directly or indirectly. Where employers have proved reluctant, campaigns have used creative actions – rallies, concerts, flash mobs, shareholder interventions and community hearings – to bring pressure to bear, often with great success.

### **Not just for the good times**

Far from the post-2008 economic downturn being a time to retreat on low pay, campaigners argue that the living wage campaign is needed now more than ever. As lawyer Helena Kennedy (2009: 4) wrote:

The current recession could easily be appropriated to provide a smokescreen for legislators and employers to freeze the lowest wages of those in most need who have played no part in engendering the economic crisis that is hitting them and their families so badly. This would be beyond folly; it would be commercially dangerous and socially short-sighted.

Encouragingly, a growing number of public and private sector employers are heeding this warning, recognising that job cuts and low pay will further deepen the recession by taking demand out of the economy. A powerful business case has emerged from the experience of employers who have found that paying a living wage provides real, tangible benefits to their organisations. According to Guy Stallart, Facilities Manager for KPMG Europe, the decision to ensure that all of the company’s contract staff were paid a living wage led to a sharp reduction in turnover, raised staff morale and productivity and improved service (Stallart, 2009). Matt Sparkes, Global Head of Corporate Responsibility at Linklaters, a leading UK corporate law firm, asserts that paying the living wage is “not just the right thing to do, it makes absolute business sense. It ensures that we attract and retain the best and most motivated people, whether directly employed by us or by others” (Sparkes, 2013).

Figures compiled by Queen Mary University London estimate that, in the UK alone, over £100m has been added to the pay of almost 15,000 low paid workers between 2005 and 2012 as a direct result of living wage campaigns in local authorities, museums, universities, hospitals and voluntary organisations, as well as a growing and impressive number of high profile private companies. An additional 100,000 workers benefited from living wage jobs over the six weeks of the London Olympics in 2012 (Wills, 2013). One in five UK local authorities have now adopted living wage policies, even without the pressure of a campaign and in the face of reduced public funding. Much more will have been gained through upward pressure of the living wage on the ‘going rate’ in low paid sectors.

## **Focus on the social wage**

The living wage calculation is based on the cost of all the items needed by a worker and their family to meet their basic needs. The figure includes both the money going into a worker's pocket and the 'social wage', the goods and services accessed as a public right, such as schools, healthcare, libraries and recreational facilities, and state transfer payments of various kinds. The more that is available through the social wage, the less is needed in cash terms to support a family. Thus, campaigns for the preservation or expansion of the social wage can be seen as part of a living wage campaign. For example, in British Columbia, childcare is the second most costly item in the living wage budget, making the campaign for a \$10 a day daycare programme a natural extension of the living wage movement (Ivanova & Klein, 2013). Focus on the social wage has the potential to expand the living wage coalition and provide smaller, interim victories to be achieved when a global living wage policy still seems a distant prospect.

## **Gaining public support**

The idea of a living wage has overcome initial opposition to gain increasing traction from business leaders and politicians across the political spectrum (see, for example, Vancity Credit Union, 2011; Mullholland & Wintour, 2012). In 2010, UK Prime Minister David Cameron declared the living wage an idea "whose time has come." Both of London's elected Mayors, Ken Livingstone (Labour) and Boris Johnson (Conservative), have been vocal advocates, as has current UK Labour Party leader, Ed Miliband (Pennycott & Lawton, 2013). In 2012, Mayor of Wellington, New Zealand, Cecilia Wade-Brown (2013) explained her council's decision to adopt a living wage, saying, "we want a successful high-growth, high-value economy in Wellington. The Living Wage is the income necessary to enable more workers and their families to participate in society" (Wellington City Council, 2013).

What has shifted the political landscape has been the slow, painstaking work done in organising low-paid workers seeking a decent living standard. It meant building community support for the campaign and hammering on the doors of employers and politicians over and over again, using powerful stories and imaginative actions. Not only does this get across the message that this is the right thing to do, but it shows that there is power – diverse, vocal and well organised – behind the demand for a living wage.

## **Conclusion**

The living wage campaign has made enormous strides since its inception in Baltimore in 1992. Millions of dollars and pounds of additional income are now flowing into the pockets of workers in cities and businesses that have adopted living wage policies, and this money is taking thousands of families out of poverty and helping to boost fragile local economies. The campaign has gained strong backers in government, public authorities, and business who have seen the moral and practical benefits of paying a living wage.

The living wage campaign has also helped to forge powerful, sustainable coalitions of community organisations and unions who are willing to put themselves on the line in defence of low paid workers. Most important, it has begun rebuilding the bargaining power lost over the last three decades and

reframed the argument about pay. Instead of focusing on ‘what the market will bear?’, we are asking ‘what kind of communities do we want to live in?’

Philosopher Michael Sandell (2012: 203) sums it up when he says:

In the end, the question of markets is really a question about how we want to live together. Do we want a society where everything is up for sale? Or are there certain moral and civic goods that markets do not honor and money cannot buy?

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