Challenging the Low Wage Economy: Living and Other Wages

Stephen McBride[1] *and Jacob Muirhead*[2]

ABSTRACT: The existence of a low wage sector is nothing new, nor are efforts to resist the conditions experienced by people whose incomes typically fall below the poverty line. In recent decades, under the rubric of neoliberalism structural and political factors in many western states have combined to expand the low wage sector. In policy terms this is represented by intensified efforts to flexibilize the labour market and to impose conditionality for the receipt of social benefits. Various social and political forces have pushed for policies to address issues of low wages and poverty. The paper recognizes the intersection of social and labour market policies but focuses on the latter. It opens with an historical overview of efforts to address low wages that touches on sectoral councils in the U.K, and the Awards system in Australia. It then moves on to analyze contemporary minimum wage policy and campaigns for a living wage. We then turn to the discourses/argumentation associated with these initiatives, and those employed by opposition to them. Our goal is to understand and evaluate the arguments advanced but move beyond discourse to identify the conditions in which particular means of addressing low wages can succeed.

KEYWORDS: Low Incomes; Low Wages; Minimum Wages; Living Wage; Labour

Low wages seem endemic to capitalist economic systems though the size of the low wage sector and its characteristics can vary over time. Explanations of the low waged include systemic accounts, such as that of Marx in which an industrial reserve army of the unemployed and underemployed serves to depress wages generally, or Keynes, for whom deficiencies in aggregate demand could trigger depression with the same effect. Orthodox economic accounts suggest a relationship between possession of human capital, productivity, and wages. Here, the responsibility for being low waged lies with the individual who has neglected to acquire the right amount and type of human capital; and

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1 Stephen McBride is Professor and Canada Research Chair in Public Policy and Globalization in the Department of Political Science at McMaster University.

2 Jacob Muirhead is a PhD student at McMaster University in the Department of Political Science.

who, as a result, is less productive than his or her peers and endures low wages as a consequence. Human capital theory is open to a number of significant objections (see McBride 2000, 172-6) which undermine its value as an explanation of low wages.

Although there has never been a time when low wages were unproblematic in capitalist society, the post-war period in which Keynesian ideas informed public policy, unions tended to be stronger than either before or since, a relatively generous welfare state came into being, and income disparities became somewhat more equal, represented an exceptional era. With its demise, low waged employment has grown in most jurisdictions (see Standing 1999, 208-221). This article focuses on efforts to deal with low wages through statutory minimum wages and, more recently, through living wage campaigns that pressure either government or private employers to pay rates that enable basic survival above the poverty rate. The latter living wage campaigns are a response to the continued and expanding presence of low wage sectors, even in jurisdictions that have statutory minimum wages. Typically, minimum wage rates are at levels that consign their recipients to lives below the poverty level. However, other mechanisms to address the issue have been attempted and we provide a brief historical outline of two of them. In the ongoing battle against low wages and poverty we focus on wages and thus the labour market in this article. However it is important to keep all options in mind and to consider also the intersection between wages and the "social wage", as represented by various income or in-kind supports that are, or could be available to those with insufficient market-generated income. The low waged are part of a larger group comprising all those who have low incomes.

The first alternative method was used in Britain, was to establish Wages Councils in a number of low-waged sectors such as retail, hospitality, social and child care, food processing, cleaning, textiles and clothing and hairdressing. Founded in 1909, (Bayliss, 1962) they were eventually abolished in 1993 under the Conservative government's deregulation of the labour market strategy. Defenders of the councils fought to preserve them based on research findings that they had alleviated low wages and had not cost jobs, as opponents both of the councils and minimum wages generally claimed. Once they were abolished however, it seemed that a national minimum wage had some advantages, not least broader coverage, and support rallied around that option rather than restoration of the councils (Manning 2009; Cabrelli, 2014, 245-6). There was also an institutionalized system of consultation in the public service particularly for lower waged public servants. It took the form of joint consultative mechanisms, commonly referred to as Whitley Councils after their originator, John Whitley, whose committee on the relations between Employers and Employees during World War I recommended a system of regular formal consultative councils involving workers and employers. The councils would be empowered to cover any issue related to pay and conditions of service, and to refer issues to arbitration if agreement could not be reached.

In the UK a civil service Whitley Council was set up in 1919. Surveys of its early records and other efforts to address poverty, reveal often archaic language but issues and arguments that are very current. These apply both to public sector-private sector comparisons and more generally with regard to low pay and what is now termed precarious work. Demands for some kind of living wage had long preceded the Councils. As early as 1893 a resolution in the House of Commons (and restated periodically at later dates) provided that: "no person [employed by certain types of public sector establishments] be engaged at wages insufficient for a proper maintenance…" (cited in White, 1933, 56). Later versions of the resolution extended similar provisions to workers directly employed by the government.

The original motion also advanced the idea that public service employment should provide a model to be emulated by private employers: "conditions of labour as regards hours, wages, insurance against accidents, provision for old age, sickness etc., should be such as to afford an example to private employers throughout the country" (White, 1933, 158). However, the Whitley Councils found it difficult to operationalize such practices. The concept of public sector as model employer was unsuccessfully counterposed to the business argument that the employers should pay what was necessary for recruitment and retention in a market driven system (White, 1933, 158). By 1929 the concept had been dismissed. Staff associations pointed out that almost half post-office employees had pay rates below the recognized poverty standard of living, one that recognized "bare physical efficiency." Similarly the associations noted large number of temporary staff (around 35 per cent in 1929) and significant wage differences between men and women employees in the same pay grades, amounting often to 25 per cent of starting salary and/or salary caps (White, 1933, 162-4).

In Australia, the "awards" system provides another historical model. It has undergone considerable revision in the neoliberal period (see Bray and Macneil, 2011). However, in its pre-1990s heyday, the awards system of compulsory conciliation and arbitration, working through 'labour courts' and tribunals was largely responsible for establishing minimum pay and standards for the Australian workforce (McCallum, 2011). Conciliation was first attempted: if it failed, the labour courts could invoke compulsory arbitration which led to a binding award governing the employers, workers, unions, and employers' associations applicable to the dispute. The awards specified minimum wages and conditions though bargaining above these minima could occur. The result was that: "all employees who employed workers in the relevant industry or craft were obliged to abide by the terms and conditions of employment (McCallum, 2011, 8). Neither state nor Commonwealth level governments were typically involved in legislating minima until the 1990s. Instead they relied on the labour courts to establish these. Although technically confined to the named disputants in an award, awards tended to establish standards which spread beyond those immediately affected to all employees of the listed employers' associations and often became community standards (Bray and Macneil, 2011, 156). Since the deregulatory neoliberal changes of the 1980s and 1990s statutory minimums, mostly at the federal or Commonwealth level, have partially displaced the awards system. Whatever its limitations, however, the awards system significantly contributed tone of the most equal distributions of income in the western world and its erosion coincided with increased inequality (Pusey, 2003, 48).

STRATEGIES ADDRESSING LOW-WAGE WORK: THE MINIMUM WAGE

Both examples discussed above have declined or been abolished. In place of them there has been renewed interest in minimum wage provisions and, in light of the perceived deficiencies of that model, in the concept of a living wage. The minimum wage has long been a central public policy used by a variety of states to address low-wage work and economic inequality with varying degrees of success.[3] Originally, the idea emerged as part of the 'anti-sweats' campaigns to protest exploitative working conditions in sweatshops in New Zealand and Australia in the 1890s. Minimum wage systems now are embedded in over 100 countries

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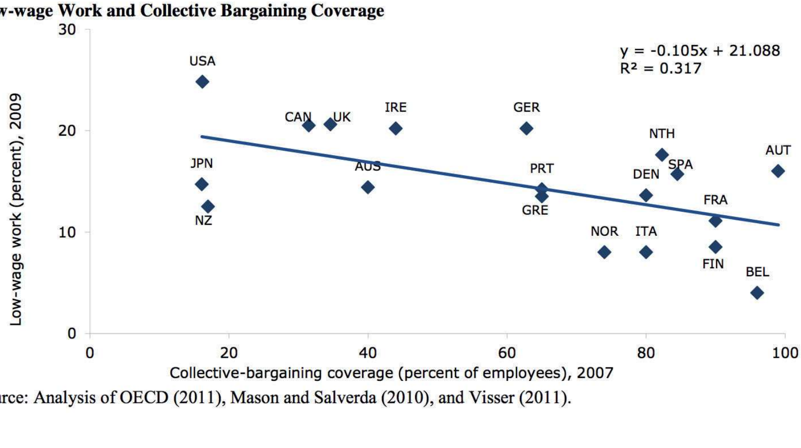
3 Low Wage work has commonly been defined by the Organization for Economic Cooperation and Development (OECD) as full-time work that pays at or less than two-thirds of median full-time earnings. This definition is not the only one, however, and many countries use their own definitions which incorporate different thresholds and vary on whether to include part-time, apprenticeship, young workers, and estimates of the informal economy into their measurements. The OECD, for example, does not include part-time work in its estimate and certainly under-estimates the size of the low-wage economy in countries. See, for example, Damian Grimshaw, 2011.

(Neumark and Wascher, 2008). The historical longevity of the minimum wage as well as its continued centrality in policy discussions around the world speak to the importance of assessing the utility and potential of the idea as a regulatory tool used by states to address and reduce low-wage work. Yet this is no easy task. There is considerable variation in minimum wage policy both historically within countries and also comparatively between them. However, the basic function of all minimum wage policy is to set a minimum market value which employers, by law, cannot go below. Based on this straightforward definition, one can begin to assess the utility of minimum wages through the degree to which they raise wages and their subsequent impact in reducing the size of the low-wage sector in relation to the overall labour market (Schulten, 2014, 13).

There are two distinct approaches to minimum wage regulation. Generally, minimum wage policies differ most significantly in the manner in which they are determined. First, minimum wages can be set universally at the national level or, in federal countries possibly at a sub-national level, and are enforced statutorily through legislation. These minimum wage systems set a common wage floor which applies to all employees unless exceptions are specified relating to age, or industry and historically, gender (Schulten, 2014). Lower minima for young, inexperienced, or workers in industries where tipping is prevalent are example of variations. Universal minimum wage systems are the most common type of minimum wage system. If wage floors are not established through universal statutory legislation, they can be set through a collective bargaining process negotiated either bipartite between employer and union representatives, or tripartite between union, employer and state representatives (Schulten, 2014). Whereas universal national minimum wages tend to be consistent across all sectors of the economy, those negotiated in bipartite and tripartite agreements generally occur at the sectoral or occupational level. Consequently, there is no common wage floor, but instead, a number of different minimum wages. Although this system sounds piecemeal and consequently prone to inequality in the minima that are set, workers in those countries which use a collective bargaining system for minimum wage determination generally do so because they are well-represented by powerful unions, that are highly organized, dense, and provide broad coverage to the majority of workers. In addition, where union density is lower, states using this system often have various ways of extending agreement coverage from specific negotiations to all workers within a sector, whether they are unionized or not (Eldring and Alsos, 2012). Countries with this type of minimum wage-setting system include Finland, Sweden, Denmark, Italy and Austria.

Categorization is not always straight forward, and the two systems are not mutually exclusive as the cases of France and Austria illustrate (Kampelmann et al., 2013, 31, 33). Canada, like most liberal welfare states uses a statutory minimum wage system in order to establish a wage floor (Bernard, 2008; Esping-Anderson, 1990; Rueda & Pontusson, 2000). Minimum wage legalisation has a long history of regulation in Canada at the provincial level as jurisdiction over labour issues falls primarily to the provinces (Ontario Labour Relations Board, 2013), although there is also a separate federal statutory minimum wage in Canada for federally regulated sectors (Benjamin, 2001, 187). Indeed, the provinces first enacted minimum wage legislation in Manitoba and British Columbia in 1918, and this legislation was quickly followed by Nova-Scotia, Ontario, Quebec and Saskatchewan by 1920. Although these minimum wages were initially set only for women in the labour force, all of the provinces mentioned above had extended a minimum wage to include men by 1937 (Human Resources and Skills Development Canada, 2005). Minimum wage policy was enacted by the government primarily in response to public concerns, spearheaded most prominently by the National Council of Women of Canada (McCallum, 1986, 32-34) This cause was also picked up by trade unions that fought to extend minimum wage legislation (McCallum, 1986). Although the achievement of a statutory minimum wage system across the Canadian provinces was a victory for labour activists, these early minimum wage systems still enabled employers to set low minimum wages (McCallum, 1986, 56). As indicated below in Figure 4, these wages remain quite low today, at below 45 percent of the median wage of a full-time worker. This leaves full-time minimum-wage workers in Ontario, for example, earning just 81 percent of the low-income

Figure 1: **Low-wage Work and Collective Bargaining Coverage**



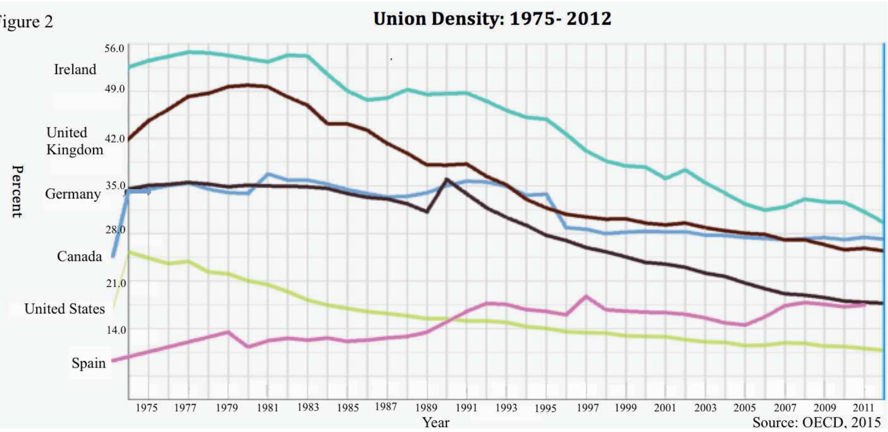
Source: Analysis of OECD (2011), Mason and Salverda (2010), and Visser (2011).

poverty-line measure for the province (Tiessen, 2015, 6), although, the real value of minimum wages has been trending upwards in most provinces over the past decade (Battle, 2011).

Countries that determine minimum wages collectively appear on average to have both more generous wage floors that provide a decent quality of life and also less overall income inequality between top and bottom earners (Kampelmann et al., 2013). Moreover, there is also a correlation between high union coverage and a reduction in the size of the low-wage economy more generally, as seen in Figure 1 (Schmitt, 2012, 3).

Statutory, universal minimum wages tend to be lower, but all encompassing, whereas those produced by a collective bargaining system tend to have higher wage floors and less inequality. These outcomes are dependent on high rates of bargaining coverage to be effective (Kampelmann et al., 2013). This is important to note, as union density and union coverage has been on the decline in the global North, as illustrated in Figure 2, and for this reason the model may have a limited future:

Figure 2



The model of a national statutory minimum has therefore been gaining ground. Ireland, the United Kingdom, and most recently Germany in 2015, all introduced a statutory minimum wage in response to declining union density which has increasingly led to fragmented, decentralized bargaining agreements and the erosion of coverage (Bispinck and Schulten, 2014; Eldring and Alsos, 2012; Schulten, 2014). Indeed, one can see in Figure 1 that these countries all occupy a middle ground in collective-bargaining coverage between unregulated, decentralized labour markets such as the United States, and more regulated centralized labour markets such as Denmark or Finland. The result of falling bargaining coverage in all three countries has been the growth of a low-wage sector, rising inequality and the emergence of a dual economy. Work for unionized workers on the "inside" has remained well paid and secure, while non-unionized work on the "periphery" has become increasingly common, with workers employed in unregulated industries generally defined by low pay, insecure, short-term and flexible employment (Bispinck and Schulten, 2014; Manning, 2013; Milner, 1995; Pothier, 2014). Part of a policy response in all three countries has been a switch to a statutory universal minimum wage that sets a consistent wage floor at the national level without any gaps in coverage.

POTENTIAL OF STATUTORY MINIMUM WAGE SYSTEMS

A great deal of labour market literature has identified an interconnected set of sobering themes: work is becoming increasingly precarious, egalitarian labour market institutions such as unions are in precipitous decline, wages for all but the richest have stagnated, the welfare state is in retrenchment, social benefits are declining and full-time work is being replaced with jobs that are part-time, temporary and low paying (Appelbaum, 2012; Bivens et al., 2014; Branch and Hanley, 2011; Brosnan and Wilkinson, 1988; Hutton, 2003; Milner, 1995; Western and Rosenfield, 2011). Statutory minimum wages have become increasingly important not only because of a general rise in low-paying, poor quality jobs within developed countries, but also because within flexible, deregulated labour markets very few alternative strategies to address low-wage work remain. To provide some indication of the incidence of low-wage work among economies in the Global North, Figure 3 quantifies the absolute numbers and percentage of employees in low paid work within a sample of OECD countries:

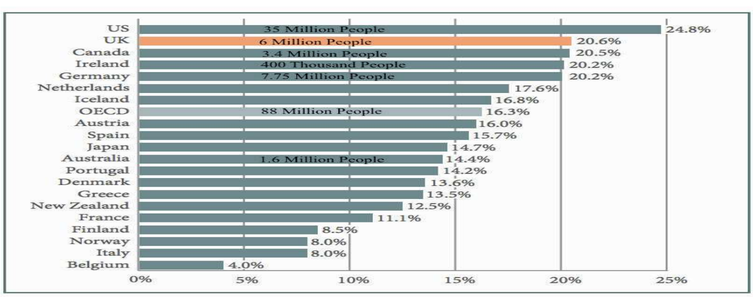
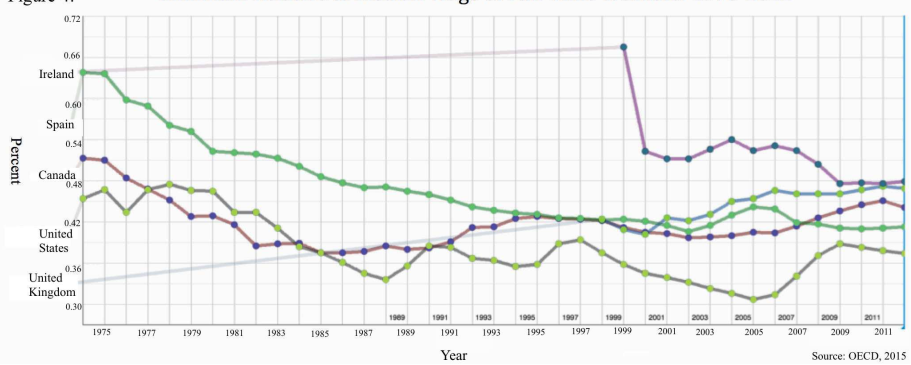


Figure 3: *Share of employees in low-paid work (%)*

Source: OECD Labour Market Statistics (2009);
Mathew Pennycook, (2012). What Price a Living Wage? Resolution Foundation
Note: Low pay is defined by the OECD as earning less than two-thirds of the national gross median hourly wage.

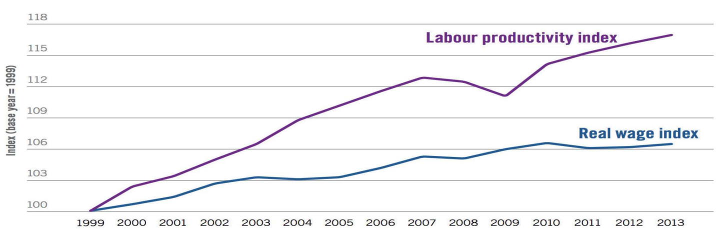
In 2009, over 88 million people within the OECD were employed in low-wage work, and this number has increased since that time as a result of the poor economic conditions that continue to plague many OECD countries and the concentration of post-crisis recovery through the disproportionate growth in low wage jobs. A cursory analysis of statutory minimum wages reveals that they are inadequate in providing a decent standard of living in most cases (OECD, 2015). For example, although there is no commonly accepted definition of what a "fair" minimum wage actually is, both the European Council and the Commission have at various times in the recent past suggested an equitable minimum wage as 60 percent of a full-time median salary (Schulten, 2014). As Figure 4 illustrates, most statutory minimum wages are well below this 60 percent cut-off, ranging between 38 and 48 percent in 2012:

Figure 4: Minimum Relative to Median Wage of Full-Time Workers: 1975-2012



These meagre wages have remained relatively stagnant in terms of real value since 1975, in spite of consistent year on year growth in labour productivity in the Global North. This relationship can be seen in Figure 5:

Figure 5 Trends in growth in average wages and labour productivity in developed economies (index), 1999–2013



Note: Wage growth is calculated as a weighted average of year-on-year growth in average monthly real wages in 36 economies (for a description of the methodology, see Appendix I). Index is based to 1999 because of data availability.
Sources: ILO Global Wage Database; ILO *Trends Econometric Models*, Apr. 2014. Data accessible at: www.ilo.org/gwr-figures

This analysis reveals that though becoming more widespread, minimum wages are an inadequate approach to addressing low wage-work. Systems based on collective bargaining are becoming less feasible in the face of union decline and spotty coverage. Most statutory minimum wage policies are set too low to meaningfully improve the quality of life for those working in low-wage employment, even while the proportion of low-wage work as a percentage of the overall labour force is rising within the OECD.

LOW WAGE DISCOURSES

Neoliberal economic thought and public political discourse suggests that a "fair" wage is simply equal to the marginal revenue product of labour (O'Neill, 2014). The divergence between labour productivity and real wages noted in Figure 5 above is problematic for this perspective. Nevertheless it remains in some version the dominant perspective most often articulated by economists and politicians. A minimum wage, therefore, is seen as a policy that interferes with the functionality of the market. Those against a minimum wage argue that these policies have a net negative effect on the economy. Because minimum wages increase the cost of labour, employers are forced to lay off workers, freeze hiring, increase prices, and reduce hours (Brown et al. 1982; Dolado et al. 1996; Neumark and Wascher, 1992; OECD, 1994;). Moreover, economists have argued that minimum wages also disproportionately affect youth, and those worst off and in possession of the fewest marketable skills (Brown et al. 1992; Scott and Neumark, 2005).

Since the 1990s dissenting economic literature has revealed that minimum wage policies may in fact have no impact on employment, or if they do, it is marginal (Betcherman, 2014; Card and Krueger, 1993; Dolado et al. 1996; Doucouliagos and Stanley, 2009; ILO, 2014; Manning, 2013; Metcalf, 1999). In addition, economic research inspired by the recent financial crisis suggests that not only do minimum wage policies likely do little to hurt employment, but they are also useful counter-cyclical tools that help counteract deflationary spirals, by reducing the burden of after-tax government redistribution, and stimulating overall purchasing power and aggregate demand (ILO, 2014; IMF, 2013a; IMF, 2013b; Kapelmann et al., 2013). Finally, recent evidence most powerfully articulated by Thomas Piketty also suggests that economic inequality is one of the greatest threats to stability in the 21st century. Consequently, much more value has recently been placed on interventionary policies such as the minimum wage which can play a role in reducing inequality (Kapelmann et al., 2013; Piketty, 2014). Although it is difficult to quantify, all of this economic argumentation relating to the minimum wage as a policy tool has been instrumental in the adoption of statutory wage floors in the United Kingdom, Ireland and Germany in 1999, 2000 and 2015 respectively (O'Neill, 2014; Pothier, 2014). It should be noted, however, that although the wage floors set in these three countries are more generous than in the United States, they are guided by cautious economic research that recommends very gradual and modest increases and stipulates clear "optimal" upper limits to the utility of minimum wages before they begin to harm the labour market. Consequently, although these wage floors hover much closer to the 60 percent of full-time employment metric identified by the EU Commission, they nevertheless remain below it.

On January 1st, 2015, Germany introduced its first national minimum wage. The wage itself is determined in large part through the recommendations of a Minimum Wage Commission that is made up primarily of employer and union representatives. Relative to other European and North American countries, the minimum wage level set in January of 2015 was generous (Schulten, 2014). At 58 percent of median full-time income, this places the generosity of Germany's minimum wage second in Europe only to France. Germany's move to a statutory minimum wage was made in order to fill a minimum wage gap left by a collective-bargaining system which had become inadequate in providing coverage and good wages to an adequate proportion of German workers (Eldring and Alsos, 2012). Where the German labour market was once defined by strong unions which negotiated industry wide agreements on behalf of most workers, many negotiations now take place at the plant level, do not meet the legal requirements for government extension and provide irregular coverage between full-time permanent employees and other, less permanent contract and part-time work (Bispinck and Schulten, 2014; Hassel, 2011). Unsurprisingly, both contract and part-time work has been growing in Germany as a percentage of overall employment since the 1980s with part-time work doubling between 1991-2007 (Hassel, 2011, 19). Similarly, the share of low-paid among all workers in Germany increased from 14.5 percent in 1998 to 21.5 percent in 2007 (Hassel, 2011, 20).

Based on concern over the composition of the German labour market, an increase in low wage work, and rising income inequality, a number of political parties, including the Social Democratic party began to prioritize a statutory minimum wage. One study estimated that the new wage floor would raise the income of six million workers and affect 15 percent of the German workforce (Pothier, 2014). In explaining such a high initial wage floor, a primary factor has been the role of unions in Germany which are, comparatively speaking, still fairly powerful actors despite their declining membership. Since 2006-2007, the Confederation of German Trade Unions (DGB) has been campaigning for a minimum wage and they also played a key role in turning a statutory minimum wage into a highly salient political issue during the 2013 elections in Germany (Bispinck and Schulten, 2014). During this time, the DGB successfully secured political buy in and support for a minimum wage from the Social Democrats who went on to form a coalition with Angela Merkel's Christian Democrats in part on the condition of minimum wage legislation (Bispinck and Schulten, 2014). The outcome of this protracted union-led campaign for a statutory minimum wage is a wage floor that has potential to reduce the incidence of low-wage work and income inequality in the country. However, given its novelty it is too new for any comprehensive empirical work to have been undertaken regarding its effectiveness.

The British case is also viewed as a success story although the level of income it provides is less impressive. Throughout the 1980s and 1990s, the number of British workers covered by collective pay-setting institutions such as unions or wage councils fell below 50 percent (Milner, 1995). Within a neoliberal political climate which was fiercely free-market, successive British governments during this time-period waged war on organized labour. This led to reduced union strength and coverage, as well as the abolition, in 1993, of bipartite wage councils which set minimum wages for 2.5 million of Britain's poorest (Machin and Manning, 1994). With perhaps the exception of the United States, the magnitude of growth in wage inequality in Britain during this time was unmatched in any other industrialized country (Gosling and Lemieux, 2004; Thornley & Coffey, 1999, 526-527). The sharp growth in poverty and inequality, combined with sustained pressure from trade unions and activists led the Labour government to introduce a nationwide statutory minimum wage in 1999 (Thornley and Coffey, 1999, 528). This national minimum wage was to be monitored by a non-partisan independent expert commission called the British Low Pay Commission (Metcalf, 1999). The wage itself is set each year following the Commission's recommendation (Kampelmann et al., 2013).

The minimum wage in the UK immediately raised the wages of around five percent of the labour force with no noticeable impact on unemployment (Manning, 2013). The British minimum wage has been credited with reducing income inequality, producing higher than average wage increases, and putting more money into the pockets of the approximately 1.5 million low-wage workers who are directly affected by changes in the minimum wage each year (Low-Pay Commission, 2015). In addition, regardless of methodological approach, economic research has shown the minimum wage has had little or no effect on employment rates (Manning, 2013). However, a common criticism of the national minimum wage in the UK is that it too modest and conservative to make a significant impact on low-wage work (Dolton et al., 2010). The wage floor is still one that leaves workers in poverty and the low-wage economy continues to grow in the United Kingdom. This brief overview of minimum wage regulation has discussed the potential of these policies to address low-wages. The conclusions are mixed. Although some collective bargaining systems ensure relatively generous wage floors, these systems, which rely on strong union membership, are becoming rare. Consequently, statutory minimum wages increasingly are the dominant approach to minimum wage regulation. Unfortunately, these systems are generally ungenerous and set very low wage floors that leave many full-time workers employed in poverty.

Overall, economics discourse has become more favourable to minimum wage regulation. In addition, popular opinion towards minimum wage policy as measured through national surveys, has become more positive (see for example, Dugan, 2013; Pew, 2014; Dahlgreen, 2014; Thomas, 2014). Moreover, discourses around minimum wages increasingly are now influenced by historical and philosophical considerations preoccupied with issues of justice, fairness, human dignity, social decency, and the good society (Brennan, 2012; Figart, 2004). These discourses stand at the centre of an increasingly powerful and popular social movement known as the “living wage” movement to which we now turn (Figart, 2004; Luce, 2012).

THE LIVING WAGE MOVEMENT

Trends in the labour market over the past few decades have not been positive for the average worker in the Global North and these pressures have only intensified as a result of the global financial crisis of 2007/2008. Despite increases in labour productivity, the majority of income growth has gone primarily to the top one percent of earners (Alvaredo et al., 2015). Real wages for those in lower income deciles have remained stagnant or fallen. Unions and organized labour typically have nowhere near the same levels of organization, density, power or coverage that they once did (Western and Rosenfield, 2011). The level of social security that welfare states once provided is declining or threatened. Jobs are increasingly temporary, part-time, contract-based, without benefits and low paying (Freeman et al., 2005; Muffels, 2008). In this article, three different strategies to address low-wage work have been outlined: Wages Councils, the Australian Awards system, and minimum wage regulation.

None of these strategies have proven capable of permanently addressing the issue of low-wages in contemporary society.

A relatively new strategy to address low-paying work has attracted a great deal of attention in recent years. This is, the Living Wage movement, (Bennett, 2014; Bernstein, 2005; Clain, 2012; Devinatz, 2013; Figart et al., 2002; Figart, 2001, 2004; Glickman, 1997; Luce, 2004, 2012; Pennycook, 2012; Pollin et al., 2008; Rossi and Curtis, 2013; Adams and Neumark, 2005; Wills and Linneker, 2013). Part of what has made this movement so compelling has been its ability to frame the battle over low-wages normatively. In particular, at the core of the movement is a plea to human decency, solidarity, and underlying concepts of "fairness" based on the simple notion that those who work should not have to work in poverty. The contemporary living wage campaign has deep historical and philosophical roots (Werner and Lim, 2015; Figart, 2004). The term itself developed some profile in late 19th century America, attracting support from organized labour, faith-based organizations and well-known religious, political, and social advocates of the time that came together to demand a "wage level that offers workers the ability to support families, to maintain self-respect and to have both the means and the leisure to participate in the civic life of the nation" (Glickman, 1997, 66).

The basic question of what constitutes a living wage has led to the development of a number of complex calculators to quantify this number to an exact monetary amount in given locations at a particular time[4] (Rossi and Curtis, 2013). These are important components of living wage campaigns though the intuitive ideas behind the campaigns are hardly technical. The modern iteration of the Living Wage movement began in Baltimore, Maryland in 1994. The impetus was straightforward. Throughout the early 1990s, soup kitchens run by religious workers operating in the Baltimore area began to notice two things. First, there was a rising demand for their services. Second, many of those who visited the kitchen or homeless shelter with their families were people who worked (Pollin et al., 2008). The conclusion drawn was that people with families and jobs should not have to work in poverty and bring their families to soup kitchens. Over the next two decades over 140 Living Wage campaigns were won in the United States alone. In the intervening period, the movement also expanded to the United Kingdom (2001),

4 See, for example, the "Living Wage Calculator" developed by Dr. Amy Glasmeier of the Massachusetts Institute of Technology and in partnership with Penn State's Living Wage Project available at: http://livingwage.mit.edu/pages/about.

Canada (2010)[5], New Zealand (2014)[6] Ireland (2013-2014)[7] and more recently it has also spread to South and South East Asia. The campaigns have been a response to mitigate the impact of union jobs lost because of increasing privatization in the public sector. They are also a grassroots response to minimum wages that failed to meet basic living requirements. Additionally, they were a response to rising income inequality and wage stagnation in the bottom few income deciles. Finally, they were a means of organizing low-wage workers in a post-union economy (Bernstein, 2005; Levin-Waldman, 2005; Luce, 2004). Living Wage campaigns have often focused on the municipal level which provides more direct access to the policy process than other levels of government where campaigns have made less headway (Bernstein, 2005; Luce, 2004, 2012).

The specific demands made by Living Wage campaigns differ depending on geographical location and country. Nevertheless, Living Wage campaigns tend to model their initial campaign strategies on the basic income requirements for a family of three or four that includes the average cost of child care, food, healthcare, transportation, clothing, and other basic necessities while also taking into consideration cost of living and rent in different geographic locations (Brennan, 2012; Rossi and Curtis, 2013, 122). Using these calculations, campaigns emerge with an income that is generally double the statutory minimum wage, and also includes benefits (Pollin et al., 2008). Advocates argue that these sophisticated models are far more reflective of a basic income than those articulated in relation to state poverty measurements which are generally simplistic and outdated (Rossi and Curtis, 2013). This is the case in the United States at least, which calculates the poverty line based only on the caloric needs of various sized families while excluding all other costs (U.S Department of Health and Human Services, 2014; Luce, 2012, 13). Once operationalized, living wages can differ in a variety of ways in terms of how they function, which groups or geographic areas they cover, and under what conditions they come into effect. Conceptually, however, the vast majority of living wage policy falls into three broad categories.

The first Living Wage model is by far the most dispersed and has been operationalized in nearly 150 American cities. Outside the United States, it has had much less impact, although notably, it is also used by the city of London in the United Kingdom, as well as in the city of New

5 See for example Brennan, Jordan. 2012. *Enhancing Democratic Citizenship, Deepening Distributive Justice: The Living Wage Movement* Toronto: Canadian Centre for Policy Alternatives.

6 See, for example, Living Wage New Zealand at http://www.livingwage.org.nz

7 See, for example, Living Wage, Republic of Ireland at http://www.livingwage.ie

Westminster, Canada (Brennan, 2012; Pollin, 2008; Wills and Linneker, 2013). This particular model operates through municipal ordinances that might best be described as targeted ordinances. This is because they function quite narrowly at the municipal level to affect only those workers whose jobs can be traced to public money (Luce, 2004; 45). Specifically, they require any actor who interacts in some financial capacity with the municipality to pay their workers a living wage. These ordinances can be targeted towards businesses contracting with the city, businesses which receive economic subsidies from the municipality, subcontractors who work alongside principal contractors on city contracts, businesses which borrow financially from the city, and finally municipal departments themselves (Luce, 2004; 45). Given their narrow target parameters, the impact of these ordinances is typically fairly low, directly affecting only one or two percent of a municipality's overall labour force (Bernstein, 2005; 117). Although the generosity of these ordinances varies from city to city, generally, they require employers to pay wages above the poverty line and also require employers to provide benefits for workers. In addition, these ordinances are often not automatic, and it is quite common that they include minimum requirement conditions before they come into effect. As an example, many municipal wage ordinances only apply to city contracts valued at $100,000 or more (Bernstein, 2005; 107).

A second Living Wage model is operationalized through municipal ordinances as well, but instead of targeting businesses involved financially with the municipality, these ordinances have much broader coverage and affect all businesses within the political boundaries of the municipality. Essentially, these geographically oriented living wage ordinances are functionally equivalent in terms of how they operate, to statutory minimum wage regulation at the state or federal level. These geographic ordinances set a wage floor for the entire municipality and all businesses within it are required to pay their employees a living wage (Pollin et al., 2008). Currently, these living wage ordinances are operative only within a small number of cities in the United States although this number has grown more quickly recently. Among larger American cities, they exist in Chicago (2014), Los Angeles (2015), Oakland (2014), Sante Fe (2003), San Francisco (2003), Seattle (2014), Washington D.C, (2013), and campaigns with a high probability of success are also currently underway in New York and Portland[8]. Given its broad coverage, this type of Living Wage model has had a much greater impact on low-wage work than

8 For more information, see the National Employment Law Project's website at http://www.nelp.org/content/uploads/City-Minimum-Wage-Recent-Trends-Economic-Evidence.pdf

targeted municipal ordinances, although they are less common within the United States, and do not exist outside of it as of yet. In addition, it should be noted that these geographic living wage ordinances while relatively generous in relation to the federal minimum wage in America, typically do not provide workers with a living wage income.

A third type of Living Wage model does not operate through mandated and legally enforceable municipal ordinance, but rather through voluntarily adoption by businesses themselves. These living wage models have been most successful in the United Kingdom, but are also found in Canada, Ireland, New Zealand, and to a lesser extent, the United States. Although initial description of these living wage models as voluntary conjures up images of goodwill, corporate social responsibility and amicable cooperation, successful campaigns are also often the result of protracted struggles that rely on public naming, shaming and blaming (Moore, 2015). For example, a Living Wage campaign currently underway in the United Kingdom has targeted the English Premier League (EPL), and the Manchester City football club in particular. This football club pays its players an average of £100,000 per week, and has just recently secured a £5.1 billion television contract, however, as advocates involved in this campaign point out, the club refuses to pay an army of contract workers more than the statutory minimum wage. In this respect, it is not out of a sense of noblesse oblige that Manchester City is responding to calls for a living wage. Rather, the football club is responding to the public outcry that has been conjured up through a highly visible Living Wage campaign (Moore, 2015). Despite this example, relationships between businesses and living wage advocates are generally less antagonistic in these models and voluntary cooperation is much more common (Wills and Linneker, 2013).

The UK Living Wage movement began in London in 2001 (Wills and Linneker, 2013). London Citizens (now Citizens UK), is a broad-based community coalition composed of over 300 education, faith-based, union and volunteer organizations (CitizensUK, 2015, 3). It is credited with beginning the British iteration of the Living Wage movement and was directly inspired by the success of the American movement and in close consultation with living wage advocates from Baltimore throughout 2001 (Wills and Linneker, 2013, 188). Given this shared history, the British and American Living Wage movements share some similarities in terms of their approach. For example, one of Citizens UK's first campaign victories was to ensure that the city of London would require a living wage be paid to any jobs that were connected with public money. However, there are key differences between the British and American Living Wage movements. First, living wage campaigns in the UK are much more focused on encouraging voluntary participation by municipalities and businesses in providing a living wage to employees. In this respect, far less emphasis is placed on achieving living wage ordinances through law, and much more attention has been placed on developing collaborative partnerships with employers, trade unions, and municipalities. CitizensUK describes itself as a broad-based community coalition, and its membership is primarily faith and education based with some union participation. Reportedly, there has been real tension between trade union leaders and Citizens UK stemming from secular antipathy based on popular perceptions of misogyny, authoritarianism and homophobia associated with faith groups (Wills et al., 2009, 448). This tension is not as visible in the United States, where faith (Christianity) plays a more powerful role in politics, and religious groups have a much longer history of strong community activism, often working alongside organized labour activists (Wills et al., 2009, 450-451).

Second, different strategies to ensure compliance and participation with living wages have evolved in the UK. In particular, an accreditation system developed by CitizensUK helps to monitor and ensure company compliance. Perhaps even more important, this accreditation body also incentivizes companies to participate by turning living wage accreditation into a desirable club-like good (Jensen and Wills, 2013). Currently, about 1000 employers have become accredited (Coulson and Bonner, 2015, 2). Finally, the Living Wage movement is far more centralized in the UK, as a result of CitizenUK's clear and continued leadership within the movement. They have been involved in every major development in the UK Living Wage movement. They spearheaded the creation of a living wage accreditation body and they have also monopolized control over setting and determining a living wage for London, and also nationally (Wills and Linneker, 2013). The movement that originated in London in 2001, has now spread outwards and includes all of England as well as Scotland (Coulson and Bonner, 2015, 4). This is different than in the United States, where living wages reached through campaigns differ from place to place and are the outcome of individual, isolated contests.

Although there is evidence that the British living wage movement has had some success in securing living wages for low-income workers, clearly voluntary participation has not been effective enough (Pennycook, 2012). In fact, since 2001, it is estimated that the movement has secured a living wage for approximately 60,000 workers out of a low-wage labour force of around six million workers. The main business participants in the movement to this date have been public sector employers and large financial firms in the city of London. A common feature of many private sector participants in this respect is that they have very few low-wage workers and therefore benefit disproportionately from accreditation (Pennycook, 2012).

The development of Canada's living wage movement began in the mid-2000s. The movement is especially well organized in British Columbia, where New Westminster became the first municipality in Canada to agree to a Living Wage for itself and its contracts in 2011, and more recently the city of Vancouver agreed to become a Living Wage employer (Aubry, 2010; Kieltyka, 2015; Ogle, 2015). The origins of the movement, like the American and the British are explained by opposition to the growing low-wage economy (Aubry, 2010; Ivanova & Klein, 2015; Johnstone & Cooper, 2013; Richards et al., 2008). In particular, it is generally accepted that like the US and the UK, the Canadian Living Wage movement was spurred on by exceptionally low minimum wage rates and declining social benefits throughout the 1980s and 1990s (Aubry, 2010, 30-31). In the case of British Columbia in particular, a strong catalyst for the Living Wage movement was also the sudden privatization of unionized jobs for public sector cleaners and cooks in the British Columbian healthcare sector (Aubry, 2010). The Canadian Living Wage movement shares a number of similarities with both the British and the American movements and as a result, can be regarded as sort of hybrid. Like the American experience, the Canadian Living Wage movement is relatively fragmented being loosely coordinated by a variety of think tanks, NGO's, unions, faith-based organizations and academics from across the country. However, in terms of approach, the Canadian movement is more closely aligned with the UK Living Wage movement. For example, like CitizensUK, Canadian activists have sought to pressure municipalities and corporations alike by educating them on the benefits of Living Wages, as they relate to things like worker performance, improved corporate reputation, improved community health and so forth (First Call, 2014).

POTENTIAL OF LIVING WAGE CAMPAIGNS

During a time of declining union strength and a conservative political climate defined by austere policies and stagnating wages for low-income workers, Living Wage campaigns have been successful both in terms of the sheer number of campaign victories they have enjoyed, but also in their ability to provide affected low-wage workers with improved salaries and benefits (Luce, 2004, 2012; Pollin et al. 2012). Living Wage campaigns in the UK estimate they have generated an additional £210 million for 60,000 workers between May of 2011 and November of 2014 (Coulson and Bonner, 2015, 6). In the United States, an old estimate in 2002 analyzing narrowly focused municipal ordinances cited 100,000-250,000 impacted workers although with the introduction of geographic ordinances with much wider coverage, this number is now certainly much higher and in the millions (Devintas, 2013). Further, Pollin et al. (2008) indicate that the average real wage increase for a narrow municipal ordinance in Boston saw real wages rise 25 percent on average. In addition, Reich et al. (2014) indicate that geographic living wage ordinances in the United States hover anywhere from 14 percent to 106 percent above the federal minimum wage.

Some argue that Living Wage campaigns can benefit organized labour (Bernstein, 2005; Devintas, 2013; Luce, 2004 for two interrelated reasons. The first lies in the potential of Living Wage campaigns to create cross-social movement alliances between organized labour and local living wage activists. At a time when unions have been criticized as overly rigid and narrowly self-interested, Living Wage campaigns can provide unions with a broader platform to develop long term and enduring coalitions with community allies pursuing social and economic justice (Freeman, 2005). Second, Living Wage campaigns can potentially increase awareness of organized labour among non-unionized workers. For example, in both Baltimore and Los Angeles, the campaigns for a Living Wage ordinance have been followed by unionization efforts for affected workers (Nissen, 2000, 38; Bernstein, 2005; Devintas, 2013; Luce, 2004).

A review of the economic literature on the impact of all three living wage models outlined above finds only marginal negative economic impacts in terms of price increases, employment loss, business closure or lost contracts due to a more hostile business environment (Bernstein, 2005; Devintas, 2013; Fairris and Reich, 2005; Pennycook, 2012; Pollin et al. 2008; Pollin and Wicks-Lim, 2015). In fact, regardless of the methodology or data set used, the overall aggregated cost of living wage ordinances is between one or two percent of an employers total costs (Devintas, 2013). Living wages generally do not have harmful employment effects.[9] They can and do lead to cost savings for businesses as a result of increased worker retention, decreased absenteeism, improved morale and productivity, the ability to provide longer training, and improved customer service (Devintas, 2013; Flint et al., 2013; Pollin et al., 2008). A recent study comparing turnover rates of employers moving to a living wage indicated a 25 percent reduction on average (Wills and Linneker, 2013).

9 However, a few studies have shown significant negative employment effects for low-income earners in some cases (Adams and Neumark, 2003, 2004, 2005).

Perhaps most important, however, is the Living Wage movement's normative appeal. Indeed, the International Labour Organization has specifically identified the potential of the Living Wage movement as a watershed concept capable of uniting the world's labour movement in relation to the shared vision people have with respect to the good life, economic justice and a living wage (Laliberté, 2012; 10). As Wills and Linneker point out, the flexibility of the living wage movement to be "translated across space" and be "reconfigured wherever it lands to take root" while still reframing wages as a moral and social justice issue is remarkable (2013, 184).

Despite their potential, Living Wage campaigns nevertheless have weaknesses. Universal minimum wages at living wage levels would obviously be a better solution. How to get there remains a key political challenge. For now, the proportion of workers covered by living wages around the world is very low. Even in the United States where the campaign is most advanced, the total impact of the Living Wage including all three Living Wage models may currently impact a few million workers out of a low-wage labour force of 35 or 40 million. In the United Kingdom, the total number of workers affected is 60,000 low-wage workers out of about six million (Jensen and Wills, 2013). An additional limitation of Living Wage campaigns raised is the real difficulty in ordinance implementation (Luce 2004). For a variety of reasons, municipalities do not do a good job of enacting Living Wage ordinances following successful campaigns. Relatedly, municipalities are also fairly poor at monitoring compliance, or enforcing ordinances following violations (Luce, 2004). And, of course, even to the extent they are successful, living wages only address part of the low-*income* problem, that which results from low *wages*. The broader issue of low incomes and the adequacy of the social wage is not addressed by this strategy and can be a source of tension between different social movements (Bennett, 2014; Cornish, 2012, 6-7).

CONCLUSION

A significant sector of low waged workers seems endemic to capitalist economies. Its existence, and that of an involuntarily unwaged sector outside the labour market arguably exerts a depressing effect on all wages. Nonetheless, continual efforts have been made to at least alleviate the conditions of low waged employees. These include wages councils, the awards system, minimum wages of either statutory of collectively bargained types, and living wages. Each mode has advantages and disadvantages. For example, universal statutory minimum wages provide the most coverage, but typically at rates that hover below the poverty line. Collectively bargained minimum wages have tended to be more adequate than statutory ones but their coverage is less, and they depend for their success on strong trade unions. But unionization rates and union power have been in decline throughout the neoliberal period so the preconditions for sustaining, still less expanding such systems may no longer exist. Living wages have enormous ideological appeal – the idea that someone working full-time should earn enough to live on resonates with basic concepts of fairness. However, coverage is spotty and in conditions where full-time, full-year work is declining, the hourly rates that express what a living wage is may fall short of an adequate standard of living. As with so much else in the labour market the low wage issue could be more easily addressed in conditions of full-employment.

All these modes of dealing with low wages have enjoyed some success, at least for a time, yet none have seriously dented the low waged sector. Precluding any enduring and widespread reduction in the low wage economy, in this respect, are the deeply embedded structural and systemic features of contemporary labour markets. In order to successfully reduce the low wage economy, potential solutions must overcome the increasingly common precariousness of work, the highly concentrated power of capital, the high and enduring levels of unemployment which exert downward pressure on wages and the neoliberal architecture which informs the majority of public policy.

How might this happen? Some have made the argument that the growth of low-waged work is an inevitable, epiphenomenal consequence of economic globalization, and technological innovation and consequently difficult to control. While these factors have certainly played an important role in shaping labour markets, the role of politics must not be under-estimated. The war on organized labour and the dismantling of labour laws over the past few decades has been an explicitly political project. These decisions have hindered pro-labour opposition from the left, and contributed significantly to the construction and advancement of a low wage economy dependent on reserves of cheap labour. One way of alleviating the problem of low waged conditions would seem to lie in a revived trade union movement with the strength to push back against a political and corporate elite interested in maintaining the structural conditions necessary for the mass reproduction of cheap labour. However, the rebirth of organized labour in such impressive fashion seems highly unlikely, at least for the present.

Despite its shortcomings, The Living Wage movement can contribute to an effective pro-labour agenda. The movement has widespread ideational appeal that resonates across the political spectrum and considerable mobilization has occurred around its demands. With that said, it is clear that the Living Wage movement is still in the embryonic stages and that the structural and political conditions required for the widespread adoption of living wages currently do not exist. The open question yet to be answered, therefore, remains whether the ideological appeal of the living wage can prevail within neoliberal labour markets whose current structural conditions lead to a systematic mass reproduction of cheap labour.

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