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BUILDING FINANCIAL STABILITY

The Living Wage Movement: Potential Implications for the Working Poor

Fred Brooks

In December 1994, the mayor of Baltimore signed Council Bill 716, requiring businesses with large city contracts to pay their employees a minimum wage of \$6.10 per hour. At the time, this was almost \$2.00/hour more than the \$4.25 federal minimum wage. The first living wage law in the USA passed as a result of a year-long campaign organized by the American Federation of State, County, and Municipal Employees (AFSCME) and a coalition of faith-based community groups called Baltimoreans United in Leadership Development (BUILD). As a direct result of the new law, people like Charles Riggs, who cleaned up Oriole Park at Camden Yards, received an almost 50% pay raise. Although Riggs was employed full-time, he had been living in a homeless shelter because he was unable to afford rent out of his minimum wage job (Reynolds & Kern, 2003).

Since the Baltimore ordinance passed in 1994, over 200 other coalitions have formed in cities across the USA, launching feisty, often hotly contested campaigns for living wage ordinances. Although some campaigns lost, most of them won, resulting in 140 new living wage laws (Caplan, 2006). The movement has even expanded overseas, with ongoing campaigns being waged in the United Kingdom, Australia, New Zealand, and Canada (Luce, 2005).

In 1997 (p. 1), economist Robert Kuttner observed: "The living-wage movement is the most interesting and (under-

reported) grassroots enterprise to emerge since the civil rights movement . . . signaling a resurgence of local activism around pocketbook issues." The tremendous growth and success of living wage campaigns over the last 10 years suggest Kuttner's observation was prescient. In dozens of cities where living wage coalitions have won (or

sometimes lost), the coalitions have continued to grow and tackle numerous other issues such as health insurance, immigrants' rights, expanding of state earned income tax credits, monitoring of living wage ordinances, and statewide increases in the minimum wage. The combined impact of all this organizing around economic justice issues appears to have had a trickle-up effect on the 2006 midterm elections, congressional priorities for 2007, and the 2008 presidential election. In the 2006 election,

voters in six states—Arizona, Missouri, Colorado, Ohio, Montana, and Nevada—overwhelmingly passed ballot initiatives raising the minimum wage by \$1.00 to \$1.70 an hour and indexed them to inflation (Atlas & Dreier, 2006). The U.S. House of Representatives passed legislation to raise the federal minimum wage during the first 100 hours of the January 2007 opening session. Candidates for the 2008 presidential election are unabashedly proposing plans for universal health insurance without fear of being called socialists (Leibovich, 2007).

If the movement continues to grow over the next 10–20 years, it might be in a position to influence government and corporate policy enough to halt or reverse the trends of stagnating wages, rising inequality, and increasing numbers of working poor families.

It is far too early to tell if the national political tide is turning away from the neoliberal mantra that markets and the private sector can solve all of our economic and social problems, but if history looks back at this time period as the beginning of a shift toward policies friendlier to the working poor, the living wage movement can probably take a significant amount of credit for helping push the country in that direction. In this commentary, I argue that the living wage movement, broadly conceived in all its iterations and spin-off organizations, is the most potent current progressive force challenging stagnant wages and the precipitous growth of inequality in the USA. As evidence to support this argument, I highlight the following two aspects of the living wage movement: (a) its remarkable growth and success rates and (b) its ability to create large, diverse, sustainable coalitions that remain in place after campaign victories (or defeats) and take on new issues. I agree with Reynolds and Kern's (2003) position that the living wage movement is the beginning of a movement for economic democracy in the USA. If the movement continues to grow over the next 10–20 years, it might be in a position to influence government and corporate policy enough to halt or reverse the trends of stagnating wages, rising inequality, and increasing numbers of working poor families.

Context for the Living Wage Movement: Stagnant Wages and Rising Inequality

Average hourly wages for nonsupervisory personnel peaked in 1973 at \$15.71 (in constant 2001 dollars) and, with the exception of an increase in the late 1990s, the overall trend for wages has been slowly declining or stagnant for 30 years. The average wage for nonsupervisory personnel was \$14.31 in 2001 (Pollin, 2005). The purchasing power of the minimum wage peaked in 1968. In 1996, even after the increase of the minimum wage to \$5.15/hour, the purchasing power of the minimum wage was 30% below its peak in 1968 (Reynolds & Kern, 2003). In 2006, the value of the minimum wage was at its lowest level since 1955 (Bernstein & Shapiro, 2006). An astonishing feature of the stagnation in wages and the decline of the minimum wage over the past 30 years is the fact that both the U.S. economy and worker productivity have increased significantly over the same time period (Reynolds & Kern). For most of the last century, thanks to a strong labor movement, wages and the minimum wage tended to grow with a rising gross domestic product and worker productivity. This has not happened over the last 30 years. In 2001, worker productivity was roughly 80% higher than when the minimum wage peaked in 1968. If the minimum wage had kept pace with worker productivity, it would be at least \$14.65 today (Pollin).

Statistics show a widening gap between rich and poor in the USA over the past 35 years. According to Krugman

(2006a), since the late 1970s, the incomes of the richest 1% of Americans have doubled, while the incomes of those in the 95th percentile have risen less than 1% a year. The current gap between the middle class and the wealthy is the widest it has been since the 1920s (Krugman, 2007).

Nationwide there are 30–40 million people earning poverty-level wages (Luce, 2002; Shulman, 2003). Since the federal poverty guidelines are widely criticized for underestimating poverty (Economic Policy Institute, 2001; Pearce & Brooks, 2002), there are probably closer to 60–80 million people in the USA living in families with incomes below a basic self-sufficiency standard.

While the cost of living has skyrocketed, incomes for average working people have stagnated, and the rich are getting richer. The U.S. Congress has raised its own wages seven years straight, while refusing to raise the minimum wage for the poorest workers in the USA. The value of the minimum wage is at a 50-year low. In this context, it is easy to see why, over the past dozen years, unions, churches, community organizations, and numerous other organizations concerned with economic justice have come together in over 200 cities to launch campaigns for living wages.

Growth and Success of the Living Wage Movement

Although the current living wage movement began in 1994 in Baltimore, the term “living wage” and worker campaigns fighting for a livable wage date back to the late 19th century (see Luce, 2002). A true living wage allows workers and their families to be self-sufficient at a basic-needs level (food, housing, clothing, transportation—with no frills). Since this is an ideal goal to shoot for, and most organizers are pragmatic, the wage rate that living wage campaigns typically work to win is somewhere between the minimum wage and a true self-sufficiency wage. Issues like the local economy, prevailing wages, cost of living, politics, and perception of the coalition's strength are all considered in determining the wage amount to fight for in a living wage campaign. Since these issues vary widely across the country, the hourly wage rates won in ordinances vary widely from \$6.25 in Milwaukee County, Wisconsin, to \$14.00 in Santa Barbara, California (Living Wage Resource Center, 2006).

A living wage ordinance, passed by a city, legislates that jobs with companies holding large city contracts, and (sometimes) jobs with companies receiving significant financial support from the city (through tax abatements, bond financing, grants, or loans), must pay a specified hourly rate that is typically well above the \$5.15 federal minimum wage. Living wage ordinances sometimes require higher wage levels for employers not offering health insurance. Since most living wage ordinances apply only to companies with city contracts or receiving financial aid from

cities, they apply to a fixed number of jobs. The original living wage ordinance in Baltimore raised the wages for an estimated 2,000–3,000 workers (Reynolds & Kern, 2003). Obviously, the larger the city and the more sweeping the ordinance, the more jobs that are affected by the living wage ordinance. For example, the Los Angeles living wage ordinance raised the wages of an estimated 10,000 workers (Fairris, Runsten, Briones, & Goodheart, 2005).

Living wage coalitions typically consist of 50–100 community organizations, labor unions, faith-based organizations, progressive legal organizations, and other economic justice nonprofits. Although no two campaigns are exactly alike in terms of strategy and tactics, most campaigns involve grassroots efforts from coalition members applying pressure to city council persons and the mayor to introduce, pass, and sign a living wage ordinance. Campaigns usually involve a combination of tactics, including door-to-door canvassing, public hearings, rallies, and sometimes direct actions on the mayor or city council persons. For case studies of seven different types of living wage campaigns and a step-by-step organizing guide, see Reynolds and Kern (2003).

What is widely considered to be the boldest experiment with a living wage is happening in Santa Fe, New Mexico. The city council in Santa Fe passed a bill requiring all businesses in the city limits to pay a minimum wage of \$9.50 per hour. This is the highest minimum wage rate in the entire country, and it has raised the wages of an estimated 9,000 workers (Gertner, 2006).

The reason all of this living wage organizing deserves to be called a social movement is because of the rapid growth and remarkable success rate of independent living wage campaigns over the past dozen years. Since Baltimore passed the first modern living wage ordinance in 1994, over 200 other coalitions have formed in cities, counties, states, and college campuses to fight for living wage ordinances. Over 140 campaigns succeeded in passing living wage ordinances (Living Wage Resource Center, 2006). These campaigns are a direct challenge to the neoliberal political economy that has dominated policy-making over the past 30 years. Features of neoliberal policy include privatization, tax cutting, downsizing, deregulation, outsourcing, and a general outlook that markets are better than government intervention in solving social and

economic problems. The primary economic development policies most cities and states use to attract industry is offering maximum tax breaks to companies and advertising low labor costs. In this context, 140 new living wage ordinances are quite a backlash to recent trends in the political economy. David Neumark, a policy fellow at the Public Policy Institute of California and a critic of living wage campaigns, stated, “I think what the living wage movement has done in the past 11 years is incredible. How many other issues are there where progressives have been this successful? I can’t think of one” (Gertner, 2006, p. 40).

Public Debate and Sustainable Coalitions

Although most living wage laws are rather limited in scope, one of the most interesting features of the living

wage movement is its broader economic justice goals that go beyond 140 local ordinances raising the wages of 250,000 low-wage workers. Beyond the instrumental goal of passing living wage ordinances, a second goal is to build progressive coalitions that will outlast the immediate campaign and work on other campaigns. In many cities, living wage coalitions have stayed together and won multiple campaigns after passing a living wage law. Another goal involves creating a public debate about economic justice issues, jobs, and the working poor. The summa-

tive effect of these broader goals is to build a national movement for economic justice that can potentially influence federal policy and corporations, revitalize labor unions, and ultimately halt or reverse the trends of stagnant wages and increasing inequality.

Public Debate

Living wage campaigns are premised on several ideas about economic justice that appear to have wide support with the public but challenge the conventional wisdom of economists. First is the idea that anyone who works full-time should not have to raise a family in poverty. A second premise is that jobs supported by public dollars should pay people a living wage. Living wage supporters argue that aside from it being morally wrong for publicly subsidized jobs to pay poverty wages, the public pays twice if individuals earning poverty wages end up seeking government support through food stamps, housing vouchers, or health

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TABLE 1. *Permanent Coalitions and New Organizations Inspired by Living-Wage Campaigns*

CITY OR STATE	ORGANIZATION	PURPOSE/ISSUES
Chicago	Grassroots Collaborative	Continues to wage campaigns for social and economic justice in areas such as child health insurance, immigrants' rights, statewide minimum wage increase, and a Chicago big-box ordinance (would require big-box stores to pay living wages)
Baltimore	Solidarity Sponsoring Committee	Organizes workers affected by living-wage law into a de facto union to implement and enforce a living-wage law
Los Angeles	Los Angeles Alliance for a New Economy (LAANE)	Performs research, hosts media events, and offers staff support to support union organizing efforts, and holds legislative campaigns
Boston	ACORN, AFL-CIO, Boston Central Labor Council	Community-labor coalition working on statewide and legislative issues such as increasing minimum wage and the state Earned Income Tax Credit
Georgia	Georgia Living-Wage Coalition	Statewide organization formed by the Living-Wage Coalitions in Atlanta and Athens; works on legislative issues such as minimum wage and corporate accountability
Milwaukee	Campaign for a Sustainable Milwaukee	Campaigns for economic justice, good jobs, environmental issues, education, transportation, sustainable development

Note. Information for all cities except for Atlanta and Chicago is from Reynolds & Kern, 2003.

care without insurance (Reynolds & Kern, 2003). Living wage proponents are not against public and charitable services, they just believe that people working full-time should earn enough to not have to visit food banks or live in homeless shelters. An impetus for the original living wage campaign in Baltimore was the observation by clergy of increasing numbers of employed clients at local food pantries (Luce, 2002).

Living wage supporters argue that what a person earns is a moral issue as much as an economic issue (Gertner, 2006). This position directly challenges the normative, conventional wisdom of most economists who believe that wages should be determined by market forces and not government intervention. This debate erupts in the USA every time the federal government considers raising the minimum wage. Since the federal government did not raise the minimum wage between 1996 and 2007—and, in that same time period, 140 cities have passed living wage laws and 28 states have raised their minimum wages (Atlas & Dreier, 2006; Caplan, 2006)—this debate has been played out primarily in cities and states rather than at the federal level. Results from the 2006 election suggest that this is changing. As previously mentioned, voters in six states approved increases in the minimum wage, and the House passed a bill to increase the federal minimum wage during the first 100 hours of its 2007 legislative session.

Typically, any time the government attempts to legislate what businesses must pay employees, it is contested by the business community and its assorted allies. Living wage ordinances are often opposed by chambers of commerce, the National Restaurant Association, large retail companies, and most newspaper editorial boards and mayors (Luce, 2005). The primary arguments presented by those opposing living wage ordinances is that the laws will cause

affected employers to hire fewer workers and will be a disincentive for companies to locate in cities (Reynolds & Kern, 2003; Levin-Waldman, 2005). Opponents also argue that the cost of city services will go up, costing taxpayers additional money. Most empirical research suggests that living wage laws have not significantly increased the costs of city contracts or budgets and that few jobs have been lost because of the new laws (see Thompson & Chapman, 2006, for a review of empirical literature on the economic impact of living wage ordinances).

Coalitions and Building an Economic Democracy Movement

Goals of social action organizing go beyond winning issues and include building power and sustainable structures (Rothman, 2001). Good campaigns build membership, attract resources, capture the attention of the media, build power, and create new alliances, all of which set the stage for bigger and better campaigns (Campbell, 1979). A remarkable feature of the living wage movement is that, in many cities, the coalitions have remained in place (or transformed into statewide coalitions), attracted resources (and, in some cases, paid staff), become stronger, and continued to win victories on a wide range of social and economic justice issues. Living wage coalitions have given birth to numerous new organizations. These permanent coalitions and new organizations take different forms and are tackling a variety of issues, including implementation/monitoring of living wage laws, expanding living wage and minimum wage campaigns statewide, increasing the uptake of the Child Health Insurance Program (CHIP), and research and media work to support union organizing. It is beyond the scope of this paper to give details for all of these coalition

efforts (see Reynolds & Kern, 2003, for 12 case examples). Table 1 highlights the organizations created in six cities and the types of issues they are working on.

A major critique of the left in general, and of progressive organizations in particular, is the fragmentation of numerous groups that each fight for a narrow cause and have difficulty finding common ground to accomplish broader progressive goals (Bobo, Kendall, & Max, 2001). Evidence from living wage campaigns in over 200 cities suggests this may be changing. Living wage campaigns have created large, broad, diverse coalitions to work on an economic justice issue that has broad appeal. In many cities, the living wage coalition has become the largest progressive force in town and has created permanent coalitions and spin-off organizations. If living wage campaigns are the genesis of a movement in the 21st century to fight inequality and create economic democracy in the USA, it makes sense for social work to be actively involved in this movement.

Implications for Social Work

The living wage movement is compatible with the *Code of Ethics of the National Association of Social Workers* (NASW, 2007) about the professional responsibilities of social workers to take stands on economic justice issues and to participate in policies and movements that benefit the poor and oppressed. The living wage movement and the coalitions/organizations left in the wake of many campaigns offer multiple opportunities for social work involvement in the areas of practice, education, and research. If there is an active living wage campaign in your city, social work practitioners, students, and professors can attend meetings and actions, join committees, assume leadership responsibilities, and help build the campaign. Social workers often work in agencies with low-income clients who might benefit from a living wage ordinance. Most campaigns need more participation from people who might benefit from a living wage ordinance. Social workers should encourage their clients' involvement by inviting them to meetings and actions. Social workers can also get their agencies to endorse and participate in living wage campaigns.

Living wage campaigns provide terrific education opportunities for social work students. Professors teaching community social work, macro practice, and policy or covering economic justice issues in any course can easily include course content on the living wage movement. In 2007, a wide variety of reading materials exist on living wage campaigns, ranging from newspaper and scholarly journal articles to entire books. Professors teaching community organizing might want to consider as a textbook the organizing manual by David Reynolds and Jen Kern (2003), which includes numerous case studies plus a step-by-step guide to creating a living wage campaign.

Living wage campaigns present numerous opportunities for social work research. Virtually all living wage campaigns need participatory action research on city contracts, wages paid by contractors, and financial incentives that cities offer private companies. Since there are now 140 living wage ordinances in effect, there is a need for more impact and program evaluation studies. To date, the majority of research on living wage ordinances has been defensive—assessing ordinances' effects on the local economy and city finances. There is a need for more offensive research, which would assess the impacts of living wage ordinances on wages, incomes, and quality of life for low-income families.

Conclusion

For much of the 20th century—thanks to a vibrant labor movement—real wages grew in tandem with the U.S. economy and productivity. During these times, millions of families moved from the ranks of the working poor to the middle class. Krugman (2006b) argues that, although many variables influence inequality, there is a correlation between the dominant ideology of the people in power in the federal government and whether inequality increases or decreases. According to Krugman, the dominant ideology for the past quarter century has been biased in favor of the rich and hostile toward the poor. The policies created by those in power have directly contributed to stagnant wages and rising inequality. If Krugman is correct, inequality will not decline until a grassroots movement puts in power people who represent the interests of average working people and who believe their jobs as politicians are to reduce inequality, not exacerbate it.

In 2007, the living wage movement is still young and is far from changing the dominant ideology in Washington, DC. But if the living wage movement continues to grow and transform itself as robustly as it has over the past dozen years, it just might have the power to change the dominant ideology from the current one that ignores working poverty to one that is committed to ending it. Whether this becomes a reality or not, it makes sense for social workers—and others concerned about economic justice—to be involved in this nascent movement to reduce inequality in the USA.

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