A LIVING WAGE – THE CURRENT NEW ZEALAND CAMPAIGN AND THE INTERNATIONAL BACKGROUND

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Abstract

In a paper to LEW10, I asked why the concept of a living wage, formerly prevalent in New Zealand discourse, was no longer a common slogan – and suggested that it might be politic for it to be revived as a campaigning tool in the context of overseas activity. Exactly ten years later, such a campaign, led by the Service and Food Workers Union (SFWU) and with widespread union and community group support, is well under way, inspired partly by successes overseas. For example, the London Olympics used the living wage principle, while many UK local government authorities including the Greater London Council declare themselves to be living wage employers. Many other countries also have active campaigns and jurisdictions where living wages have been adopted.

This paper will first discuss the political, economic, social and industrial relations context and rationales for such a campaign and the progress to date in New Zealand. It will then move on to the definitional, theoretical and practical issues in establishing the quantum of a living wage above the minimum wage, drawing on relevant overseas literature and experience. It will also discuss opposition based on lack of affordability, interference with the market, and employment implications.

Basic definitions are variations on the theme that a living wage represents a minimum income required for a 'decent livelihood', to include the costs of paid work, particularly child care and transport/other directly attributable costs. The major methods of establishing a living wage are similar to those for establishing a poverty line, but must include the in work costs as well as often being based on a slightly more generous standard to ensure that being in paid work has some material benefit above social security minimum standards, in addition to its intrinsic benefits. There are therefore two common methods for calculating a living wage. The first uses relativities to average or median incomes, commonly 60% of the median (the NZ Poverty Measurement Study used 60% of median, equivalent, disposable, household income). The second approach builds up household budgets using one or ideally both of two approaches - published data from expenditure surveys and focus group discussions. Reconciliation or averaging of the two approaches, which often lead to fairly similar results, is common. This paper will discuss these methods, together with issues related to different household structures and regional differences, which make the living wage conceptually and practically more complex than a minimum wage.

Finally, the paper will discuss the relationships, both positive and with some tensions, between the living wage campaign and various other social justice initiatives in the labour market and society generally – to improve paid parental leave, oppose changes to the welfare system, reduce child and general poverty, and reverse the thirty year increase in inequality

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Introduction

In a paper given at this conference ten years ago, I asked why the concept of a living wage, formerly prevalent in New Zealand discourse, was no longer a common slogan – and suggested that it might be politic for it to be revived as a campaigning tool in the context of overseas activity (Hyman, 2003). We now have such a campaign, initiated by the Service and Food Workers Union (SFWU) with widespread union and community group support, inspired partly by successes overseas. For example, the London Olympics used the living wage principle, while many UK local government authorities (currently over 20% of 174 local authorities in England and Wales) including the Greater London Council declare themselves to be living wage employers and cities, with their contractors obliged to pay a living wage. The 2011 levels of the living wage were £7.30 per hour across the UK and £8.30 in London, with close to five million workers being paid less than this, while the national minimum wage for workers aged 21 was £5.93 in 2011, and is now £6.19. (see http://www.independent.co.uk/news/business/news/scandal-of-5m-on-less-than-the-living-wage-8229944.html). A National Living Wage Week, supported by London Mayor Boris Johnson and the Labour party leadership, from November 4 to 11 included the announcement of increased 2012 figures of £7.45 nationally and £8.55 in London.

This paper will first discuss the political, economic, social and industrial relations context and rationales for such a campaign and the progress to date in New Zealand. It will then move on to the definitional, theoretical and practical issues in establishing the quantum of a living wage above the minimum wage, drawing on relevant overseas literature and experience. It will also consider opposition based on lack of affordability, interference with the market, and employment implications and will conclude by discussing the relationships, both positive and with some tensions, between the living wage campaign and various other social justice initiatives in the labour market and society generally – to improve paid parental leave, oppose changes to the welfare system, reduce child and general poverty, and reverse the thirty year increase in inequality.

The New Zealand Setting

In most of the developed world, earnings differentials have widened substantially over the last thirty years, with New Zealand moving from being one of the most concentrated to one of the most unequal nations in this respect. With such major increases in labour market differentials and concomitant stagnation in real incomes at or below average wages, unions and other social justice advocates have put major emphasis on both employer responsibility and government support for those on low wages, in addition to more general campaigns centred on those both in and out of the labour force, fighting poverty, tightening welfare policies and increasing inequality generally.

The major focus of general campaigns for low paid workers in New Zealand has been the minimum wage, currently $13.50 per hour, rather than a living wage. The minimum wage is an easier target, with its statutory framework under which it must be reviewed by government each year. It is also a straightforward hourly rate applicable to all workers except, controversially, for youth/trainees paid at 80% of the minimum ($10.80). The numbers covered by this exemption will increase from April 2013 under new legislation.

The living wage concept is much more complex conceptually and in practice than a minimum wage. In principle it is simple enough. The International Labour Office's extensive work on the area is based on the following: "The idea of a living wage is that workers and their families should be able to afford a basic, but decent, life style that is considered acceptable by society at its current level of economic development. Workers and their families should be able to live above the poverty level, and be able to participate in social and cultural life" (Anker, 2011, p 5). But in practice this means moving from individual to household and family, with varying numbers of paid workers and dependents, and involving the tax and transfer systems, thus making one simple figure for an hourly rate much more problematic. As the CTU put it in its submission on the 1999 minimum wage review, "It should be noted the minimum wage is not a 'living wage'. A living wage comes from a mix of wages, income support for dependent children, costs of housing and the rest: it is a mix of the industrial and social wage. A minimum wage can never be set at a living wage level because the number of people depending on it, and the other living costs that they face are not settled." They have also (in their 1998 submission) stated that "a benefit-based social standard would not represent an acceptable level of wages or constitute a minimum living wage".

I argued in 2002 that the comparative strength of the minimum code and social wage, compared to the U.S. situation, helped account for the lack of a living wage campaign, together with the decrease in unionisation and union power and the need to prioritise. However, the increasing inequality and stagnation of lower incomes has led to a situation where for many households the minimum wage cannot provide a living wage as defined above, even when combined with government support, particularly Working for Families (WFF), the introduction of which slightly reduced inequality. **"**In the 1980s, income inequality in New Zealand was low by OECD standards. Inequality increased rapidly from 1988 to 1992, followed by a decade of steady increase through to around 2001. The trend was downwards through to 2007" (MSD, 2012, Short Summary, p 2). The most recent trends show a fall in median incomes due to the global economic crisis, a 3% fall between 2009/10 and 2010/11. The fluctuations in inequality measures since 2007 are largely due to stagnation in incomes generally and the fall in investment returns in top deciles rather than any real gains at the bottom. Poverty is still widespread in lower income households, including those with one or more paid workers.

And while the minimum wage has risen each year, increases under National led governments are very small (Hyman, 2003). Hence, given the success of many living wage campaigns overseas, this year a campaign has started in NZ led by the Service and Food Workers Union Nga Ringa Tota (SFWU). It has already attracted significant support in both the union movement and civil society, including many community organisations and church groups. Political parties such as Labour and the Greens are supportive but are not seen as central by the campaign organisation which is based on major grassroots involvement.

The campaign website at http://www.livingwagenz.org.nz/support.php lists 115 organisations in support of the campaign at 31 October. These include unions, community organisations, Pacific and Maori groups, feminist and student groups, individual and umbrella groups of churches (including Caritas and Presbyterian Church of Aotearoa/New Zealand etc), and anti poverty groups including the Child Poverty Action Group. The campaign website links to an impressive set of resources and focuses on obtaining commitments from individual employers and from local government and the public sector – to include contract compliance. Its 'frequently asked questions' section asks:

> *'What could the movement do that would make a difference?'*

And gives these answers:

> *'Businesses commit to the principle of the living wage to support community well-being.*
>
> *All publicly-funded bodies lead by example ensuring their employees are paid a living wage.*
>
> *All publicly-funded bodies incorporate the living wage and job security into their procurement policy and partnerships with social and environmental agencies.'*

Corporates and other ethical employers who can pay should lead the private sector by paying a living wage. (http://www.livingwagenz.org.nz/faq.php)

The Pay Equity Challenge Coalition has also supported the introduction of a living wage, seeing it as a mechanism which could help reduce the gender pay gap. With the large proportion of women in low paid work in areas such as the cleaning and caring sectors, a living wage could improve their situation significantly.

The campaign asserts that in the United Kingdom a similar approach has changed the debate about wages. "A broad cross-section of society now accepts that earnings should be based on what workers need to survive and participate in society and not on the market alone. People who work should not live in poverty (http://www.livingwagenz.org.nz/files/LW_Info%20sheet%204.pdf). It points out that living wage campaigns around the world focus largely on the use of public money. "For local and central government the wise and ethical use of public money is good business. In Australia, England, Scotland, the United States and Canada procurement policies are linking the purchase of goods and services to employment practices. New Zealand local and central government can incorporate the living wage and job security in their procurement policies and partnerships with social and environmental agencies" (http://www.livingwagenz.org.nz/files/LW_Info%20sheet%206.pdf).

To date the campaign has been involved mainly in spreading the word and gaining support, but it is now moving on to attempting to quantify what is needed as a living wage. This is being researched by the independent Family Centre Social Policy Research Unit in Lower Hutt and a dollar figure will be announced at a major symposium on precarious work and the living wage in Auckland in February 2013.

Issues in Establishing a Living Wage

The concepts of a basic, but decent, life style and ability to participate in social and cultural life in practice need much theoretical and statistical work and debate, where agreement is unlikely. One major issue is whether the living wage should be simply an amount just above a poverty line – or whether it should be higher. The ILO work equates the two: "The poverty line represents a minimum acceptable living standard. Living wage rate represents the hourly pay rate a full-time worker needs to earn to be able to support a small family at the poverty line (Anker, 2005, p ix). However, a case can be made that there should be a margin between beneficiary incomes and a living wage to be an incentive and reward for being in paid work, in addition to the direct costs of being in paid work being properly included. As benefit incomes should in principle be at or above the poverty line, this would mean that a living wage should, allowing for hours worked and the tax/transfer income effects, yield a higher disposable income, above the poverty line. There are also the issues of margins for immediate emergencies and of lifetime sustainability including the need to save for longer term needs and retirement. The former is usually included in the budgetary approach to basic living needs, but not the latter.

Whatever position is taken on this, the range of methods of estimating dollar amounts for a poverty line or living wage are basically similar, spanning relative and absolute approaches. "Different countries and different researchers set low-income thresholds or poverty lines in a number of different ways. The two broad types of approach are to take proportions of the median or mean of the income distribution as the low-income thresholds (a distributional approach) or to use information from outside the distribution based on budget standards, expenditure data, 'asking the people', or a mixture of all three" (MSD, 2012, appendix 6). Many practical studies do all of this, using focus groups of those living on lower incomes to discuss and build up necessary expenditures and incorporating also survey data, food budgets etc for the absolute approach. This can then be compared with results for the relative approach, where a minimum proportion of median or mean income is estimated, using household equivalences to allow for different household structures, and the impacts of the tax/transfer system incorporated. The issue of households having different numbers in paid work (or equivalent full time work) adds complications when attempting to derive a living wage rather than a poverty line.

Dealing first with the absolute approach, the ILO work (Anker 2005 and 2011) goes into great detail, including the costs to be covered, a margin for unforeseen events to avoid a poverty trap, and the relationship of individual and household measures, allowing for numbers in the household and numbers/hours of earners. It also has many case studies and international comparisons and has an important finding that "living wage rates are around 2/3rds the median wage rate in high income study countries" (Anker, 2005, p xi).

Its case studies include the US based Economic Policy Institute (EPI), which has estimated a living wage for 614 American communities and six household sizes, with the recommended core living wage built up from six expenditure groups and assuming a household size of four with both parents working full time. The required data is available mostly from government sources, and taxes and tax credits are allowed for. The cost differences between communities are mainly due to differences in housing, childcare and taxes. A second example is the UK based Center for Research on Social Policy (CRSP), Minimum Income Standard (MIS), 2010, where a living wage has been estimated for the UK for nine household sizes, covering 79% of the population, with the recommended core living wage built up from 15 expenditure groups plus council taxes assuming a household size of four with both parents working full time. The data in this study was based on sequential focus group discussions with budgets from the groups checked by experts. Costs vary by locality only from differences in rent, local taxes and childcare costs. Full and part time work were both considered, with both case studies finding that the level of the living wage needed is similar for a household of four with two children when there are the equivalent of 1.5 full-time workers and no childcare costs included, and when there are two full-time workers and childcare costs. Childcare costs are a very high proportion of total expenditure or costs, 20% in the US study and 33% in the UK one. This has major implications for living wage calculations – most women will not be surprised by the fact that this expense accounts for a large part of a second income. This is likely to be relevant to New Zealand, even though childcare is partly subsidised.

It is important that other costs of being in paid work are included, in addition to childcare. This includes transport and clothing – many of those not in paid work will not incur costs in this area to the extent that those in paid work do. In addition, households where all the adults are in paid work have less time to provide other household services which are time intensive but less expensive than buying in equivalents (such as time on cooking cheaper ingredients having to be substituted by ready made more expensive food).

The 1990s work of the New Zealand Poverty Measurement Project (NZPMP) combined the absolute and relative approaches to poverty measurement, with Charles Waldegrave leading the focus group work for the absolute approach, and Bob Stephens from Victoria University the statistical work for the relative approach. The NZPMP advocated strongly for incorporating the experiential absolute methodology, which "anchors the analysis in the experience of those who live on low and/or inadequate incomes. It has employed a focus group methodology involving a series of meetings with low-income families, during which they estimated minimum adequate household expenditure for different family types. It is their experience and knowledge of living on low incomes which is recognised by the Project as providing a more grounded basis for the establishment of a poverty threshold than that of academics or government bureaucrats, which allows us to know what people really need to live on. This type of approach has also been adopted in other countries" (Waldegrave and Stuart, 1996).

New Zealand has no governmentally set poverty line, but the NZPMP poverty lines, levels, and gaps work using relative incomes has been taken up by the Ministry of Social Development (MSD), under Bryan Perry's leadership, primarily using an international standard of 60% of median income as a benchmark. "The 60% of median threshold (BHC) has been formally adopted by EU member states as the EU's primary measure of income poverty. It is also used by the UK as one of its three indicators in its composite official measure of child poverty." (MSD, 2012, appendix 6). More precisely, the preferred measure is 60% of median, equivalised, disposable, household income after adjusting for housing costs, using the Household Economic Survey (HES). For assessing standards of living, clearly disposable incomes must be used, allowing for the impact of the tax and transfer systems. The force of equivalising incomes is to allow for different household structures. Larger households need higher incomes than smaller ones to have similar standards of living, but there are some economies of scale. Household equivalence scales standardise household incomes in terms of household size and composition so that the relative material well-being of households of different sizes and compositions can be analysed. MSD discussion of the area states that: "while considerable research has been undertaken to try to estimate appropriate values for equivalence scales, no universally accepted 'correct' set of equivalence ratios has emerged." (MSD, 2012, appendix 3). The MSD work uses the 1988 Revised Jensen Scale (RJS), which assigns the first adult a value of 1.0, the second and subsequent adults 0.5 and children 0.3. They consider five scales and conclude that overall trends in inequality and hardship using household incomes are largely unaffected by the choice among the five. However, the choice of scale will influence the dollar amounts and hence the 60% criterion for different household structures.

The annual updating process uses a base year (currently 2007 and moved about every 10 years) by two different methods, using 'moving' and 'fixed' thresholds (for details see MSD, 2012 Report p 92 to 96).

The 60% threshold not only has international backing as above but is also supported by the earlier NZPMP work. Their focus group research with low-income householders in the early 1990s found that budgets for minimum adequate income that allow a household to live independently without recourse to a foodbank equated to around 60% of the median household income (Stephens and Waldegrave, 2001). However, common sense and the focus group work indicate regional variations in costs. In Auckland for example the budget information suggested a higher threshold of around 66% of the median, with a lower figure for rural areas (ibid). There are precedents for regional differences in living wage levels in the United Kingdom, as mentioned earlier. A 'London weighting' has also been common in some wage structures at all levels for many decades.

The Family Centre estimates of a living wage now under way will, like the earlier NZPMP work, use a combination of the relative and absolute approaches, for the latter using both focus group budgets and published data. The experience of Charles Waldegrave from the Family Centre with the earlier work will be invaluable.

Detailed Case Study

The Greater London Authority is a useful case study, with the tax/benefit structures and calculation methods for the relative approach quite similar to those in New Zealand, and full detail given in appendices (Greater London Authority, 2011). For both the relative and absolute approaches, calculations cover four different household structures - two adult households with two children aged ten and four, one adult households with two children aged ten and four, couples without children, and single people without children, with various patterns of full and part time work for the parent(s). Clearly this is only a subset of all households, but already involves a substantial number of cases, eleven in all. While ideally the full range would be covered, including larger households, this is a practicable compromise.

The Living Wage is defined as “a wage that achieves an adequate level of warmth and shelter, a healthy palatable diet, social integration and avoidance of chronic stress for earners and their dependents” (ibid, p 57). The absolute approach (Basic Living Costs) is based on detailed mainly published data, with the assumptions clearly laid out, rather than combining this with focus group results. It estimates a ‘Low Cost but Acceptable’ (LCA) budget for a selection of typical or model families and calculates the wage required to meet those costs. Various data sources are used – for example for housing, the Chartered Institute of Public Finance and Accountancy publishes for each London borough the average council rent on a three-bedroom property and the number of such dwellings in the council stock, while the Tenant Services Authority has similar data for other social housing. Surveys were also conducted of private rental costs with appropriate weightings used for the proportions of population groups in each type of housing. Official statistics published regional price estimates for standard shopping baskets only until 2004 so national price increases for each component had to be used for updating. The extent to which similar data are available here for combining/comparing with the focus group results will be part of the research needed to calculate an appropriate level for a living wage in New Zealand.

The cost data for 2011, the seventh annual report, are as in previous years summarised in five broad groups, shopping basket, housing, council tax, transport, and childcare. Childcare costs varied from zero where there was a parent not in paid work, through an intermediate level covering part time work to a high average of £240.69 per week for a sole parent or both parents in full time paid work – childcare costs for sole parent households can be over 40% of total costs. The lowest total cost estimates were £239.27 for a single person with no children to a high of £634.28 in a two parent household with children, and both parents in paid work. Childcare was the most crucial difference between households, but housing, transport and the shopping basket also differed significantly by numbers in the household and in paid work. Total weekly costs were then translated to an hourly rate before tax, after allowing for the fact that part of the budget would come from the benefit system – giving a weighted average figure of £6.85 per hour across the different household types.

The Income Distribution (relative) approach in the London work is almost identical to the NZPMP approach discussed above, based on UK wide household income data. The official Government poverty threshold level is 60% of median income and this is the standard adopted, although data on the disposable equivalised household income needed to achieve 65% and 70% of the median is also given for the four basic household types. The four household types are then divided into the eleven more detailed household structures allowing for the working status of the parents, the impacts of the tax and benefit systems are incorporated, and the hourly wage required to achieve 60% of the median calculated at £7.65, again as a weighted average of different figures for various household types.

The method of deriving a single figure from the various amounts needed by different household structures is, as mentioned above, to take a simple weighted average, based on numbers of households in London in each group. This is of course problematic, but given that employers can hardly be asked to pay different amounts for the same work according to household structure, some such averaging is inevitable in any Living Wage calculation.

The two ‘poverty threshold wage estimates’ from the absolute and relative approaches were averaged to give a figure of £7.25. The final Living Wage of £8.30 is obtained by adding 15% to this. This addition is based on the argument that only standard living costs have been included with no allowance for high one off needs and emergencies. The 15% addition is therefore to attempt to ensure that unforeseen events do not throw households into poverty. Means-tested benefits (tax credits, housing benefits and council tax benefits) are additional to the living wage: without them, the equivalent Living Wage figure would have needed to be about £10.40 per hour, rather than £8.30. The National Minimum Wage is £6.19. It was estimated that about 90% of London full-time workers earned more than £8.30, 4% between £7.25 and £8.30, and 6% below £7.25. Part-time workers were much worse paid, with the equivalent proportions estimated at 60%, 11% and 29%. About one sixth of all workers earned less than the living wage level (ibid p 7).

In London, this is not just a theoretical exercise. The Mayor’s introduction to the 2011 report included the affirmation that the figure of $8.30 “will be implemented by the GLA Group as contracts allow”, and recorded that “with 14 Higher Education institutions in London either paying the London Living Wage or committed to implementing it when contracts are renewed, there are now over 100 London-based employers signed up to the Living Wage” (p 5). Clearly in London, there is considerable momentum to implementation, with this spreading elsewhere. In 2010, 12 major London private sector employers signed up to pay the London Living Wage, including leading financial services companies UBS, JP Morgan, Goldman Sachs, Bank of America, and Merrill Lynch, and several international law firms. KPMG has a UK turnover of £1.6bn and employs over 5,000 staff in two large London Offices, as well as using over 250 contract staff such as cleaners, caterers, mailroom staff, and security guards. The Head of Facilities at KPMG, was quoted as saying "We have been paying the Living Wage since 2006 and have found that it really pays off. Since its introduction, staff turnover has reduced and productivity has increased as attitudes are now more flexible and positive. Paying the Living Wage is not just a moral issue – we have found that it also makes good business sense" (ibid p 31). The Greater London Authority itself has over 3,000 workers on contracts incorporating the Living Wage while several London Boroughs have also signed up and the report claims that the campaign has lifted over 6,500 families out of poverty (ibid, p 32).

Concerns about the Living Wage Concept

Opposition to a living wage as at least an ideal minimum which employers should strive to pay are based largely on some or all of affordability issues, interference with the market in recommending an above market clearing wage for the lowest wage jobs, and employment implications on the basis of orthodox wage/employment tradeoffs at the bottom of the market – as with opposition to the existence or raising of statutory minimum wages. The voluntary nature of the living wage should weaken such opposition, although also reducing the impact, which will depend on takeup.

The orthodox economics wage/employment tradeoff is based on the belief that labour markets are perfectly competitive, with wages simply reflecting productivity and exploitation of employees a myth. Treasury has over many years used the same arguments, being committed to the 'wages as a price' view, with little attention to 'wages as a living', or 'wages as a social practice' (Mutari et al, 2001). For example: "A minimum wage has distortionary effects in the labour market which are likely to hinder long term employment prospects and harm the very workers that the policy is designed to assist... It is not obvious whether workers being paid a low wage are being exploited, or whether they are receiving an amount which is appropriate, given the training they are receiving and their current productivity... (Minimum wage regulation) does not pass a cost/benefit test... It is likely that its objectives could be better achieved by other means, such as income assistance" (New Zealand Treasury, 1987, p 288/290). Treasury's submissions on the minimum wage each year have scarcely been modified, if at all, by an increasing literature questioning the wage/employment tradeoff. For example in the latest round, it recommended an increase of less than the rate of inflation from $13 to only $13.30 as "this modest increase in the minimum wage rates seeks to … minimise the risks of any negative employment impact" (New Zealand Treasury, 2012, p 22).

On similar lines the defence of widening inequality, observed throughout the capitalist world, but particularly in New Zealand, is based on the neoclassical rationale of required higher returns to scarce skills, with top salaries reflecting high productivity, responsibility, and performance in an increasingly complex and technologically advanced environment with international competition for these skills. However, many commentators challenge the market's verdicts on worth. For example, commenting on the fall in value of the U.S. minimum wage from 50% to under 40% of the average, it can be argued that "the widening of earnings inequality is less the result of natural changes in the distribution of skills or the logic of labor markets than a reflection of shifts in relative power between owner of capital and wage and salary workers" (Kuttner, 1997, p 85).

Further there are strong arguments based on the claim that increasing wages can and often does lead to increased productivity, with a large and growing literature on x-efficiency. "Higher wages per se need not generate falling real income per person or decreasing employment, which is a key concern of the detractors of both minimum and living wages. On the contrary, higher wages can generate higher levels of material wellbeing. Higher wages can be expected to induce x-efficiency and technological change cost offsets… A living wage greater than a free market wage wherein, for example, labor is vested with relatively weak bargaining capacity, cannot be predicted to generate economic harm as it must in the conventional economic model" (Altman, 2012). The behavioural model in Altman's paper is supplemented by a comparison of Wal-Mart and Costco employment practices in US retailing. Costco, the fourth-largest U.S. retailer, pays employers much higher wages and greater benefits than does Wal-Mart, with a recent average hourly wage of $17 against $9.68. Costco's labour turnover was 50% lower than that of Wal-Mart and productivity higher, while Costco's returns were better than that of Standard and Poor's 500 average returns and than Wal-Mart. He argues that this supports the behavioural model which "suggests multiple paths of corporate governance with no economic (market driven) imperative to any of the possible paths. The Costco-type path appears to be viable and sustainable, providing workers a higher level of material wellbeing. The issues mentioned in this section are discussed more fully in Hyman (1999 and 2003).

Relationships with Other Social Justice Campaigns

The increased inequality and high levels of poverty in New Zealand together with many recent controversial government responses to world economic crisis and instability have resulted in opposition centred on social justice critiques and policy suggestions for the labour market and society generally. Many of the organisations named above as being in support of the Living Wage Campaign are also active in campaigns to reduce child poverty and oppose some recent and prospective changes to the welfare system, for example. However, there can be some tension between campaigns, depending on priorities. For example, the Expert Advisory Group on Solutions to Child Poverty (EAG) has recently consulted on its issues and options paper on solutions to child poverty in New Zealand, which include many suggested improvements for low income families in the welfare and health areas (EAG, 2012). In the labour market area, while it rightly argued that increasing parents' employment earnings was the most important way to move children out of poverty, it did not consider that raising the minimum wage was a priority in achieving this and also opposed the proposed extension from 14 to 26 weeks paid parental leave. The minimum wage was claimed to be relatively high, a position already rejected in this paper. Abatement issues on benefits/tax credits such as Working For Families and housing assistance were also part of the rationale for their position, in that the lowest earners with children would gain little overall from an increase where benefits are withdrawn. With reducing child poverty its only priority, limited government budgets, and beneficiary families and children disproportionately experiencing high levels of poverty, the EAG's position can be understood, but nevertheless about 40% of children in poverty in 2010 came from working families. It seemed unfortunate to many active in the living wage movement and other social justice activists that it might be seen as actively undermining a parallel campaign and possibly giving ammunition for neither group to succeed, given that one key plank of EAG's proposals, that of a universal child benefit, already appears to have been ruled out by government. The extent to which the social welfare system, the employer or neither should be responsible for adequate living standards is bound to remain contentious. Social welfare top ups may be partially subsidising employers and reducing the pressure on them to pay adequate wages.

Conclusion

The New Zealand campaign for a living wage is gathering momentum and a few employers are sympathetic, in addition to the expected social justice advocates. Many theoretical, practical and political difficulties stand in the way of establishing appropriate level(s) and widespread adoption. Central and local government - and their procurement and contract policies - are the first targets, with political and financial constraints mountainous to climb. However, precedents from overseas where successes have been achieved are promising for its proponents and the strength of its support make the campaign unlikely to wither.

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