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\$15 per Hour or Bust: An Appraisal of the Higher Wages Movement

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In the past two years, cities and states have been establishing and raising minimum wages to wage levels much higher than found in the prior few decades. Minimum wages are on the agenda in many parts of the world, in rich countries and poor.¹

Countries that have minimum wage legislation use a wide variety of methodologies. Australia has a Fair Work Commission that reviews the cost of living and sets an hourly minimum wage by industry every year. In Mexico, a tripartite body of government, employer and union representatives set a daily minimum wage.

In the United States, the federal minimum wage is now \$7.25 an hour, but states are allowed to set their own wage. Currently, twenty-nine states have minimums above the federal, and fifteen states have provisions that increase each year based on inflation. In 2014, state legislators raised minimum wages in ten states, and voters approved wage increases in four states.

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States are also allowed to increase or improve coverage. For example, while domestic workers are not covered under federal wage laws, they are under Hawaii law.

The Fair Labor Standards Act also sets an hourly wage for tipped workers, currently at \$2.13 an hour. Employers are required to make up the difference if the minimum wage plus tips

does not equal the federal minimum wage. In seven states, tipped workers are entitled to the same minimum wage as other workers, with no tip credit (so tipped workers make more than other minimum wage workers, since they get the full minimum wage plus tips). An additional twenty-six states set hourly rates for tipped workers higher than the federal level but still lower than the state minimum for other workers.²

Increasingly, cities are establishing their own citywide minimum wage. However, not all municipalities can do this. Some states are known as “home rule” states, where the State Constitution grants cities and counties the right to govern themselves. But the laws vary and are evolving. In the early 2000s, as the national living wage movement took off, voters in a few cities passed citywide minimum wage laws. These were overturned at the state level in Wisconsin and Louisiana, but the ones in San Francisco and Santa Fe remained. Action at the city level stagnated for about a decade and then re-emerged in the past two years. Since then, eighteen cities and counties in California, Illinois, Maryland, New Mexico, and Washington have passed citywide wage laws, and proposals are in place in at least a half-dozen additional cities.³

Minimum Wages = Living Wages?

U.S. minimum wage rates are not based on a formula that relates to need, but over the past two decades, activists have engaged in modern

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Table 1. Comparison of Wage Rates for Selected Cities.

	Boston, MA	New York, NY	San Francisco, CA	SeaTac, WA
Minimum wage ^a	\$9.00 (up to \$11 on 1/1/2017)	\$8.75 (up to \$9.00 by 12/31/2015)	\$10.74 (up to \$15 by 2018)	\$15.00
Poverty threshold, family of four ^b	\$11.54	\$11.54	\$11.54	\$11.54
Living wage, family of four ^c	\$22.40	\$22.32	\$25.44	\$19.63

^aMinimum wages for Boston and New York City are set by state laws. Minimum wages in San Francisco and SeaTac are set by the city.

^bThe U.S. Census Bureau sets annual poverty thresholds; dividing by 2080 gives an hourly wage. These rates are for 2014, family of four with two children.

^cThe rates are for a family of two adults and two children. Data from MIT Living Wage calculator, <http://livingwage.mit.edu/>.

“living wage campaigns” that raise wages to make it more likely that they could cover basic expenses.

There is no perfect answer to what constitutes a living wage, but at least three methodologies calculate the wages needed for different family sizes and types, varying by region. These three—by the Economic Policy Institute, the Wider Opportunities for Women, and Amy Glasmeier from MIT—all use government data to estimate the cost of a basic budget, without luxuries such as eating out or savings for college. In most estimates, the hourly wage needed for a worker with children is far above the minimum wage. In the 1990s and 2000s, activists pushed to set living wage rates that would at least meet the federal poverty line for a worker with a family of four. Most experts agree that the federal poverty measure is outdated and too low. Still, that rate was far above the minimum wage. Table 1 provides an example of the wages for select cities.

The terms minimum wage and living wage are starting to converge, blurring the lines between minimum and living wage campaigns.

Up through 2012, most city and state minimum wages were still far below the poverty level rate. But now, rates are going up quickly. Suddenly, the terms *minimum wage* and *living wage* are starting to converge, blurring the lines between minimum and living wage campaigns.

Occupy Wall Street and the Wage Surge

After the 2008 economic crisis, it appeared that the living and minimum wage struggle had reached its end. But then in 2011, Occupy Wall Street emerged and provided a catalyst to renew the movement. Occupy was not built from thin air. Instead, it rested on the momentum of other protests and campaigns that had attempted to raise the issue of economic inequality and political democracy around the country, and around the world.⁴ That fall, the New York City Council scheduled the elusive hearing on the Fair Wages Act, and then passed a bill in early 2012.

In November 2012, workers from fast food restaurants walked off the job in a one-day strike in New York City, demanding a \$15-an-hour wage and a union. This wage would be a dramatic increase, more than doubling the current \$7.25 minimum for New York. Suddenly, \$15 was the wage on the table. Fast food worker strikes spread to other cities around the country, spurring the growth of “Fight for 15” campaigns.

In the small city of SeaTac, Washington, a coalition of unions had been working in the airport to raise wages for their members and non-members. They launched a ballot referendum to set a citywide living wage of \$15. They chose \$15 due to the fast food workers’ demands, but also because most airport workers on the West Coast were already earning \$15 or close to it, via living wage ordinances.⁵ The SeaTac ordinance passed by a narrow margin in November 2013.⁶ The next year, the Seattle City Council passed a

\$15 an hour bill (phasing the wage in over several years). San Francisco voters approved \$15 an hour (phased in), and Richmond, California and Chicago both passed \$13 an hour.

Occupy and Fight for \$15

While Occupy was a mobilizing event, the current moment of wage increases can be attributed to several additional factors. First, unions have increasingly turned to the legislative arena to win gains they have not been able to win by striking or workplace organizing. In this sense, the strategy to focus on wage legislation is in many ways a reflection of the declining power of unions—both their failure to organize new groups of low-wage workers, such as in retail and fast food, and their increasing difficulties winning substantial wage increases even for the workers they represent.

Related to that point, labor unions and labor councils have increasingly worked to build coalitions and campaigns at the local and sometimes state level to improve conditions for low-wage workers. These campaigns focused on municipal living wage ordinances, university living wage policies, paid sick days, community benefits agreements, procurement ordinances, and more. The coalitions have been building basic movement infrastructure and networks, learning lessons about legal boundaries and local organizing.

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Third, the upsurge in wage campaigns has re-emerged in the midst of fast food and Wal-mart worker strikes. Occupy is relevant here as well, as it emerged in the same time period that the SEIU's Fight for a Fair Economy (FFE) campaign was underway. FFE was a national effort to build local coalitions and community-wide campaigns to raise wages and improve working conditions, as well as influence elections. In New York, the FFE group was called United NY, and they worked with the non-profit Make

the Road to knock on thousands of doors to talk to people about the economy. It was clear from these conversations that many low-income people worked in fast food, and that conditions in that occupation were particularly bad—low wages, little or no benefits—and often dangerous. United NY, Make the Road, and allies in the SEIU and New York Communities for Change (NYCC) brought together fast food workers to talk about striking. Some of their veteran organizers had advised Occupy activists, and they were, in turn, inspired by Occupy. Lynne Turner writes that United NY was able to “transcend bureaucratic constraints and embrace OWS’s risk-taking and militancy.”⁷

According to Kendall Fells of Fast Food Forward, a group of fast food workers met to decide their demands. They felt the city’s \$10 per hour “living wage” rate was too low to cover basic costs but did not think they could win \$20 an hour. They settled on \$15, with no formula behind it. At the time, the wage seemed unrealistic to many observers, as it was such a large jump from prior minimum and living wage demands.⁸

The first strike, on November 29, 2012, involved hundreds of workers at fast food locations around New York City. Labor and community allies, including Occupy activists, rallied in support. Jonathan Westin from NYCC reported that the goal was to change industry standards more than improve wages at one franchise store at a time.⁹ They imagined the strikes could either result in joint agreements with employers and/or legislative campaigns at the state or local level to raise wages. But the intermediate steps were not necessarily clear. Instead, they were inspired to help launch protests and see what might unfold.¹⁰

A second, larger strike took place on April 4, 2013. Organizers then helped spread the fast food effort to Chicago, Detroit, St. Louis, Milwaukee, and Seattle over the following months, followed by several days of nationwide strikes in 2013 and 2014. By late 2014, strikes had taken place in over 190 U.S. cities, and actions to show solidarity for fast food workers took place in ninety-three cities in thirty-six countries.¹¹

Other groups of workers were striking as well. Even before the initial fast food worker

strike in 2012, Wal-mart warehouse workers and retail workers began conducting their own job actions. OUR Wal-mart began to coalesce around a demand for a \$25,000 annual salary, to address not only low wages but also a low number of working hours. And by December 2014, airport workers, retail workers, and caregivers were also participating in the short strikes calling for \$15 an hour and a union.

The strikes have not yet had much of a direct impact, although a few employers have announced some improvements. For example, the GAP set its own minimum wage at \$9 per hour, in 2014, going to \$10 by 2015, impacting sixty-five thousand workers in their stores.¹² Wal-mart followed suit, also raising wages up to \$10 by 2016, and also agreed to improve its scheduling system. IKEA announced it would set its minimum at rates set by the MIT living wage calculator, with an average minimum of \$10.76 for a single person, affecting about sixty thousand workers.¹³ In January 2015, the multinational retailer Zara announced that it would raise its minimum wage to \$12 per hour in the United States and offer more full-time positions, after a lengthy campaign by the New York City-based Retail Action Project.

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Furthermore, Nicole Vallesterio Keenan from Puget Sound Sage states that the SeaTac and Seattle campaigns already have had positive impacts in addition to raising wages. First, the campaigns were successful in raising awareness around low-wage worker issues. Second, the campaigns helped unions and community organizations connect with their members who felt excited about the campaigns. Many unions have members who already earn above \$15 but

who felt politically committed to the efforts. Third, the city of Seattle now has an Office of Labor Standards, which will educate workers and businesses about laws, and help enforce minimum wage, paid sick days, and other labor and employment laws.¹⁴

And while the wage campaigns reflect labor's weakness in some ways, it would be a mistake to assume that unions are no longer relevant, or that unions have abandoned traditional organizing and bargaining. In a number of cases, the campaigns are used specifically to initiate or encourage new organizing or strengthen internal organizing.

Workers of the World

Minimum and living wage campaigns are growing in many parts of the world as the low-wage, precarious labor market spreads. For example, Germany adopted its first minimum wage in 2014. For decades, strong unions set wage floors through collective bargaining and co-determination, but as unions weaken and that system erodes, low-wage work has expanded. After some debate, the German Parliament set a minimum wage of 8.50 euros per hour.¹⁵

In China, sixteen provincial and municipal governments increased their minimum wage by mid-2014, by an average of 14.2 percent.¹⁶ A massive strike-wave has affected many parts of the country for the last several years, leading legislators to raise wages to address the instability and growing inequality. The highest wage is now the city wage in Shanghai, and the government there says it plans to raise minimum wages by 40 percent over the next two years to tackle inequality. The hourly rate in Shanghai is now 17 *yuan* an hour, or about \$2.75—higher than the U.S. federal rate for tipped workers!

There have been active efforts to raise minimum wages and/or pass living wage policies in a wide range of countries, including Bangladesh, Cambodia, Canada, Great Britain, India, Ireland, Israel, New Zealand, Nigeria, and South Africa. These are difficult to generalize, as they are occurring in the global north and south, in wealthy countries and poor, with weak unions and relatively strong ones. The

approaches and methodologies vary greatly by country. However, the underlying issues are similar. In each case, policymakers feel the need to keep wages low, or eliminate wage standards altogether, to create a positive “business climate” and attract and retain investors. The notion of “flexibility” is a main plank of neoliberal reform, and few governments have been able to escape these pressures. In each case, opponents claim that setting or raising minimum wages will lead to unemployment as employers will be forced to cut jobs. But research increasingly confirms it is possible to raise minimum wages without an adverse impact on employment or prices. The ILO has been more focused on minimum wages as well, investing resources into studies on best methodologies for establishing a minimum wage, and noting that the minimum wage has become “a crucial battlefield for labor in the current period” and that “the battle for a living wage is a global one.”¹⁷

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There have been a few efforts to link wage struggles across regions and borders. The Asia Floor Wage campaign attempts to unite garment worker unions and labor NGOs in Asian countries to coordinate their wage campaigns so employers cannot easily pit workers of one country against another.¹⁸ The governments of India, Nepal, Sri Lanka, and the Philippines have been working to establish a common minimum wage for guestworkers who work in the Gulf countries. And in the United States, two counties in Maryland worked with Washington, D.C. to create a regional minimum wage in 2014.¹⁹

An Uncertain Road Ahead

The upsurge in activity around wages is promising for workers and worker organizations, but there is a long way to go. First, the wages won are not necessarily going to lift workers out of poverty. As Table 1 shows, the living wage

needed for a worker with a family is usually higher than even the bold \$15-per-hour figure. Some might suggest that a second wage earner in a household could solve that problem, but in fact, the wages of a second wage earner are often entirely wiped out by childcare costs.

Second, there are still those without any employment. And many low-wage workers struggle to find full-time hours. With underemployment at record levels, the hourly wage needed to make a living income must be even higher.

Third, wage campaigns can have the side effect of dividing low-income people into the “deserving poor” and the “non-deserving poor.” Some of the campaign rhetoric focuses on “hardworking” people, which could suggest that those without jobs are not entitled to better conditions. Although voters and politicians passed living wage ordinances and minimum wage increases, they have also approved measures to further criminalize poverty, such as anti-panhandling ordinances.

Finally, it is worth noting that while workers have had some success getting wage increases through strikes and organizing, it has been much more difficult to win unions. As Harold Meyerson wrote in a recent op-ed, it is easier to win a wage increase for a hundred thousand workers than a union for four thousand.²⁰ Employers and politicians likely realize the costs of raising wages at the bottom is relatively minor and, in fact, can have positive outcomes including reduced turnover, higher productivity, and increased aggregate demand. Ceding power to workers is another matter and one that will not be won easily. For this reason, living wage activists must keep wage campaigns in perspective. They are not a solution to poverty and not even necessarily a solution to growing precariousness in labor markets. Instead, they should be understood as a tool for improving conditions in the short-term, but more importantly, as a way to bring workers and their allies together in broader struggles for power.

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Notes

1. For more background on minimum wages globally, see International Labour Office, "Minimum Wage Systems," International Labour Conference, 103rd Session, 2014.
2. The laws are complicated, and the rates can vary within a state, for example, different rates for large and small employers, or different rates by industry.
3. National Employment Law Project.
4. Ruth Milkman, Stephanie Luce, and Penny Lewis, *Changing the Subject: A Bottom-up Account of Occupy Wall Street in New York City* (New York: Murphy Institute, CUNY, 2013).
5. Interview with Nicole Vallesterio Keenan, January 23, 2015. Keenan says the third criteria for choosing \$15 at SeaTac was related to what the minimum wage would be had it kept pace with worker productivity over the past few decades.
6. Opponents challenged the law, and the courts ruled that the city law could not apply to the airport, but the rest of the bill stands.
7. Lynne Turner, "United New York: Fighting for a Fair Economy in 'The Year of the Protestor,'" in *New Labor in New York: Precarious Workers and the Future of the Labor Movement*, ed. Ruth Milkman and Ed Ott (Ithaca: Cornell University Press, 2014), 88–109.
8. Claire Zillman, "Fast Food Workers' \$15 Demand: How Aiming High Launched a Social Movement," *Fortune*, December 4, 2014, available at <http://fortune.com/2014/12/04/fast-food-workers-15-demand-how-aiming-high-launched-a-social-movement/>.
9. Alice Hines, "Fast Food Strikes in NYC Hit Wendy's, Burger King, McDonald's As Workers Demand Better Pay," *Huffington Post*, November 29, 2012, available at http://www.huffingtonpost.com/2012/11/29/fast-food-strikes-nyc_n_2213548.html.
10. Micah Uetricht, "Fast Food Strikes Hit a Record 58 Cities, As Campaign's Tactics Are Debated," *In These Times*, August 30, 2013, available at http://inthesetimes.com/working/entry/15540/fast_food_strikes_in_record_58_cities.
11. The official Bureau of Labor Statistics data on work stoppages actually show a downturn in strike activity over 2013 and 2014, but that only tracks stoppages of 1,000 or more workers. Fast food and retail strikes do not appear on this list, and therefore, we have no official statistics. Laura Shin, "Fight for a \$15 Minimum Wage Spreads to New Industries, 190 Cities," *Forbes*, December 4, 2014, available at <http://www.forbes.com/sites/laurashin/2014/12/04/fight-for-a-15-minimum-wage-spreads-to-new-industries-190-cities/>.
12. Bryan Cronan, "IKEA, Gap, and Eight More Companies that Pay Higher than Minimum Wage," *The Christian Science Monitor*, June 26, 2014, available at <http://www.csmonitor.com/Business/2014/0626/IKEA-Gap-and-eight-more-companies-that-pay-higher-than-minimum-wage/Gap>.
13. Dave Jamieson, "Ikea to Raise Minimum Wage for U.S. Workers with Tie to Living Wage Calculator," *Huffington Post*, June 26, 2014, available at http://www.huffingtonpost.com/2014/06/25/ikea-minimum-wage_n_5531040.html?utm_hp_ref=dc&ir=DC.
14. Interview with Nicole Vallesterio Keenan, January 23, 2015.
15. This was around the same time the European Commission, European Central Bank, and International Monetary Fund were calling on countries to reduce their minimum wages by up to 25 percent to receive aid packages and deal with the European debt crisis. *BBC News Business*, "Germany Approves First-Ever National Minimum Wage," July 3, 2014, available at <http://www.bbc.com/news/business-28140594>; Pierre Laliberté, "Social Justice and Growth: The Role of the Minimum Wage," *International Journal of Labour Research* 4, no. 1 (2012), available at <http://apirnet.ilo.org/resources/social-justice-and-growth-the-role-of-the-minimum-wage>.
16. Laura He, "China's Minimum Wage Rising as Rich-Poor Gap Widens," *MarketWatch*, July 28, 2014, available at <http://www.marketwatch.com/story/chinas-minimum-wage-rising-as-rich-poor-gap-widens-2014-07-28>.
17. Dan Cunniah, "Foreword," in "Social Justice and Growth," 5–6.
18. In particular, this approach was to agree on a shared methodology for setting a floor wage. This allows countries to fight for different wage amounts, but the formula (based on local cost of living) is shared. See Anannya Bhattacharjee, Sarita Gupta, and Stephanie Luce, "Raising the Floor: The Movement for a Living Wage in Asia," *New Labor Forum* 18, no. 3 (2009): 71.

19. See Stephanie Luce, *Labor Movements: Global Perspectives* (Cambridge, UK: Polity Press, 2014).
20. Harold Meyerson, "Labor's New Reality—It's Easier to Raise Wages for 100,000 than to Unionize 4,000," *Los Angeles Times*, December 7, 2014, available at <http://www.latimes.com/opinion/op-ed/la-oe-meyerson-labor-organizing-20141208-story.html>.

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