

Living wages and the welfare state: The Anglo-American social model in transitionShaunWilsonBristol: Polity Press. 2021

PROWSE, Peter <<http://orcid.org/0000-0002-0103-1365>>

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Living Wages and the Welfare State: The Anglo-American Social Model in Transition

Shaun Wilson

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This book is a welcome evaluation of six English-speaking 'liberal' welfare states Australia, Canada, Ireland, New Zealand, and United Kingdom, and the United States, comparing decent minimum wage or living wages. Chapter 1 uses the Kaitz index—a measure that compares the relative value of the minimum wage compared to the median wage. The discussion evaluates how minimum wages influence at least ten per cent of each of the workforce of each nation. The study outlines definitions of statutory minimum wages, actual 'voluntary' living wages, conditions of employment policies and the welfare state interventions providing social security support (Table 1.1 Definitional scope of minimum and living wages. p. 9). A particular comparison is the differentiation between statutory minimum intervention and voluntary 'real' living wage campaigning in and Anglo-American context (including Canada).

Chapter 2 emphasises the lower statutory minimum rates and an emerging share of specific low-income households', weaknesses in collective bargaining and industry bargaining in Anglo-American corporations compared to Australia, Ireland, and New Zealand. The minimum wage workers are predominantly female, younger, and lower qualified. Chapter 3 examines the neoliberal effects on minimum wage and the emerging challenges to the orthodoxy that increased minimum wages reduce employment. This well rehearsed argument against statutory intervention has been found to be incorrect since the establishment of the social democratic intervention in the UK despite earlier predictions that it would increase unemployment and New Zealand's improved rise to 70 per cent of median earnings as a stimulus to their post-Covid economy had a small negative impact on jobs. Establishing a statutory wage floor in the UK with the Low Pay Commission in 1997 preceded the establishment of the Living Wage Foundation (LWF)—an advocate of a 'voluntary' increased minima based on a calculation of the cost of living and a community-based partnership with employers paying the 'voluntary' rate. This UK LWF campaign was inspired by the US (and to an extent) Canadian movement for the community coalition mobilising for a 'Fight for \$15' living wage rate. The 'Fight for \$15' rate was never calculated nor costed but the actual inspiration of the Service Employees International Union (SEIU) who organised strikes in high profile employers such as McDonalds, Walmart, and Amazon. The US living wage campaigns aim to set compulsory wage standards for employers at city, county, and state levels as a response to the US minimum wage still \$7.25 per hour (Luce, 2022). In contrast, the living wage movement in Canada is based on a province and territory has jurisdiction Canadian provinces ranging from C\$11.45 to C\$16 per hour (van Jaarsveld et. al., 2022).

Chapter 4 outlines Card and Krueger's (1993) pioneering challenge to the neo-liberal orthodoxy that minimum wages reduce employment. Their evidence found pay rises in New Jersey's minimum wage did not reduce employment levels in fast-food sectors. This signalled a trend towards increasing levels of minimum wage rates to challenge lower wage floors by wage increases to lower paid, especially to the six countries in the English speaking 'liberal welfare states' in Wilson's study in this book. There was a further concern that despite minimum wage pay increases some employers avoiding paying legal minima rates highlighted by the UK and Australia. There are opportunities for increased tax reform increasing minimum taxation levels for the lower paid with welfare reforms on housing and low-cost childcare to reduce disincentives to work for low paid workers. Wilson discounts the challenge of automation cancelling lower paid worker jobs but highlights union avoidance and lower levels of underfunded wage enforcement and require stronger

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union enforcement. The universal basic income is considered but evaluations in Finland, Ontario, Italy, and Spain appear to be 'liberally administered unemployment benefits aimed at highly disadvantaged jobseekers or families' (p.169).

The conclusion notes that minimum wage intervention is not new but established over a century ago to support low wage sector where sweated industries dominated by women and low union levels of organisation. The US adoption of 'Fight for \$15' builds on coalitions in a nation where the statutory national minimum remains at \$7.25 since 2009 due to restrictive control of Republicans in the US Senate. It remains to be seen if President Biden, with Senate control, will increase the minima to \$15 and public support of over 62 per cent (Dunn, 2021). New Zealand's statutory living wage remains the highest level of the six nations with 70 per cent of the median hourly rate plus low unemployment. However, the trend is moving towards a challenge to the classic orthodoxy that higher minimum wages do not necessarily increase employment and higher living wage floors need to address rising living costs. Australian 'wage boards' set minimum rates that are not covered by collective bargaining, Ireland's wage council sets higher minimum rates and the UK's Low Pay Commission supports sectors that are not covered by collective bargaining, further linked to a 'voluntary' Real Living Wage set by employers registered by the Living Wage Foundation. Social welfare still contributes to living wage employment with social housing, childcare, and incentives for women's participation in employment. This book is essential for comparing living wage internationally for both economists, welfare, and researchers in low pay. It will be the first of many evaluations in wage intervention and low pay globally in the future.

Sources

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