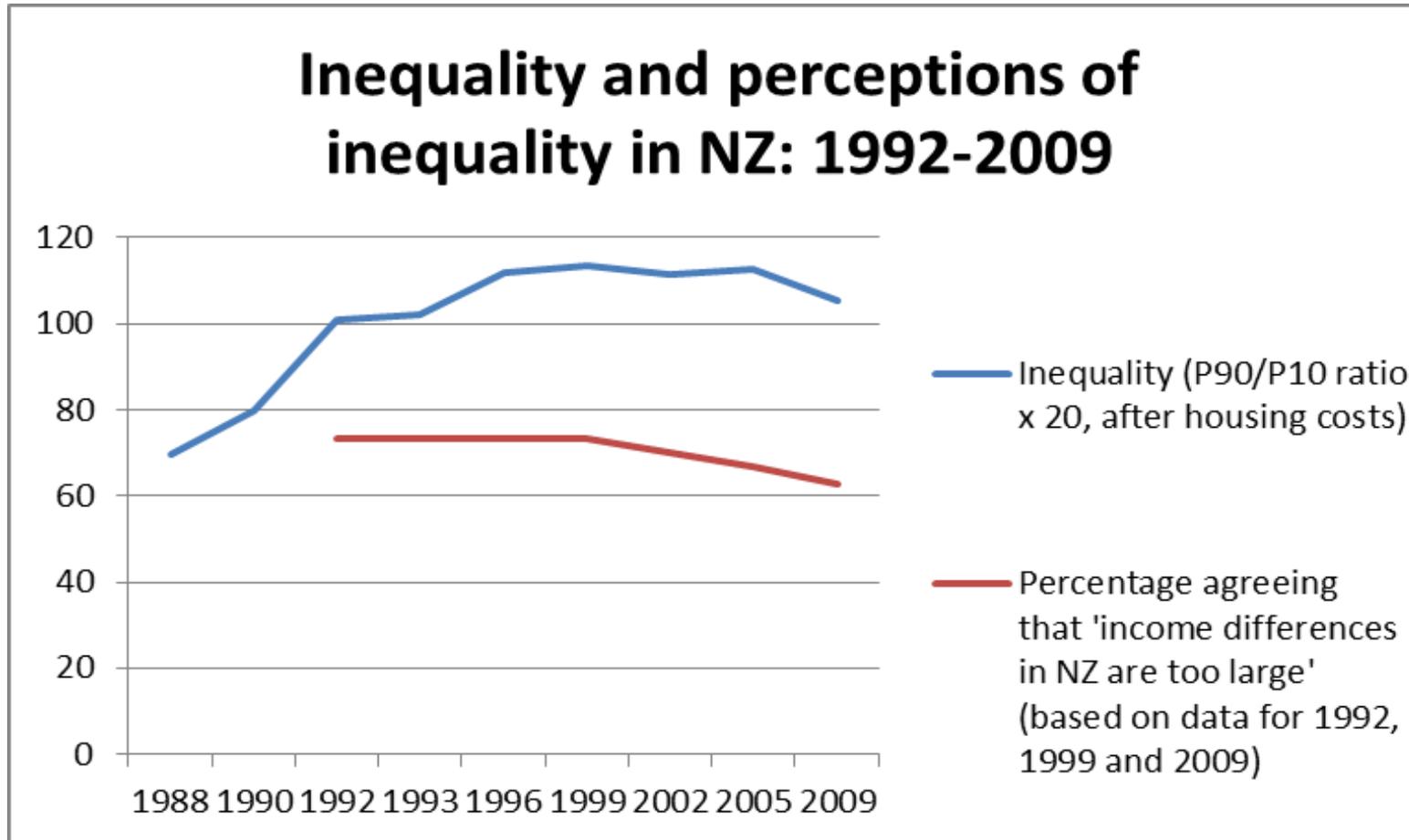




THE LIVING WAGE: ARGUMENTATION & CONTESTATION

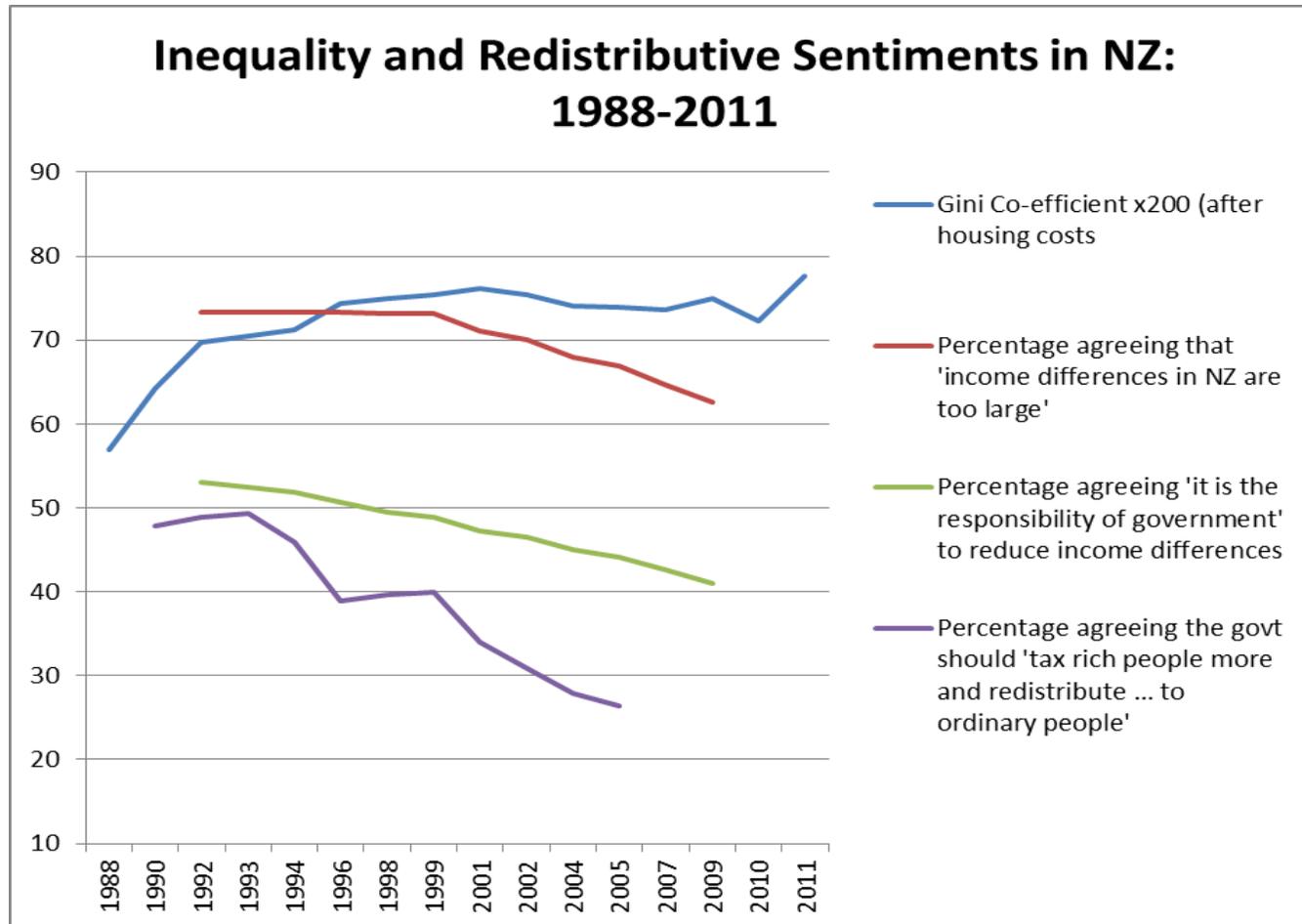
Peter Skilling
AUT University

CONCERN ABOUT INCOME INEQUALITY...



Skilling 2013 (Data from Perry 2011; International Social Survey Project (ISSP) 1992-2009)

BUT AMBIVALENCE OVER REDUCING INEQUALITY



Data from Perry 2013; ISSP
1992-2009; NZES 1992-2008

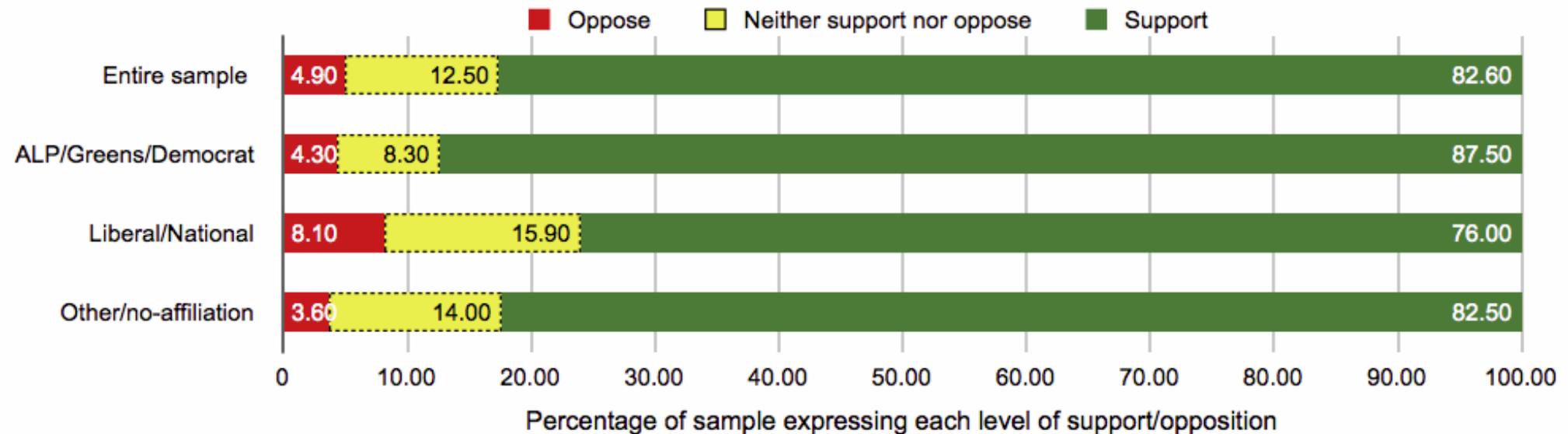
SUPPORT FOR INCREASES 'AT THE BOTTOM'

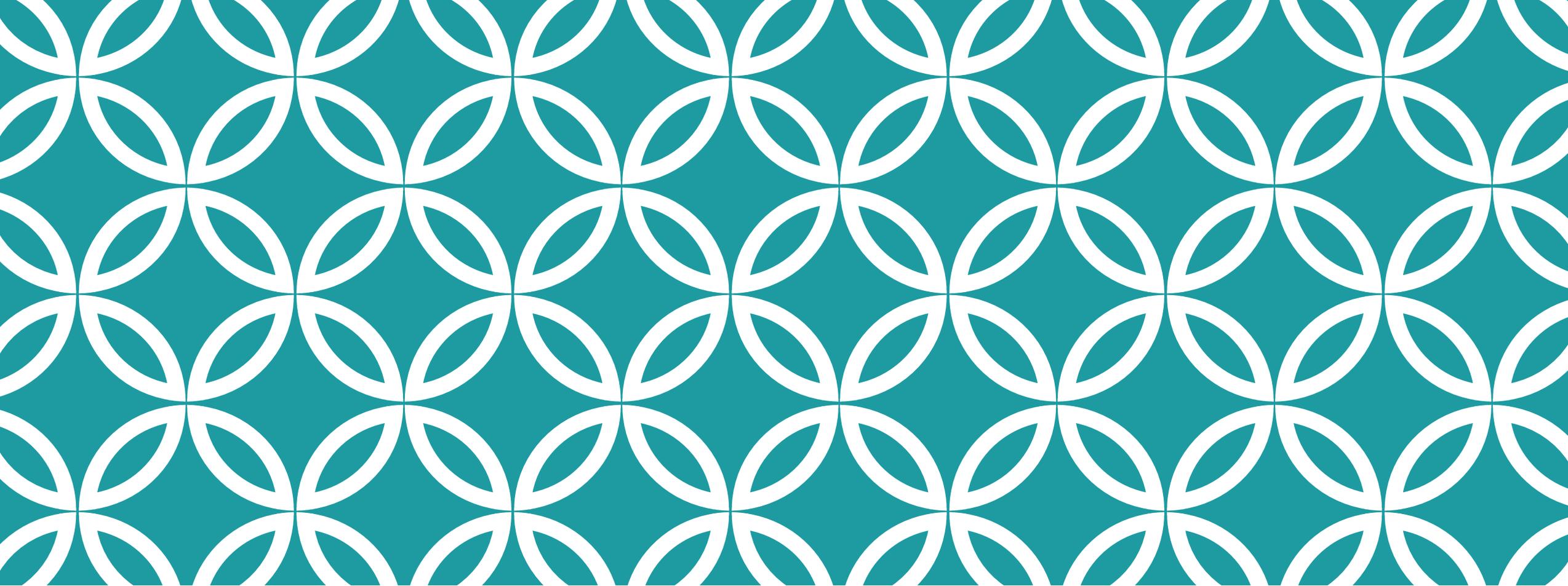
| Beliefs about occupational earnings in New Zealand | | | | | | |
|---|------------------------|-------------------------|----------------------|---|---|--|
| | Deserved Salary | Estimated Salary | Actual Salary | <i>Estimated : Deserved ratio</i> | <i>Actual : Estimated ratio</i> | <i>Actual : Deserved ratio</i> |
| Manual worker | \$39,000 | \$32,550 | \$31,200 | 0.83 | 0.96 | 0.80 |
| CEO | \$241,540 | \$396,760 | \$1,500,000 | 1.64 | 3.78 | 6.21 |
| CEO : Manual worker ratio | 6.2 | 12.2 | 48.1 | | | |

Data from NZ Justice and Equality Survey (NZJES) 2011

SUPPORT FOR INCREASES 'AT THE BOTTOM'

Percentage of respondents supporting a raise to the minimum wage, opposing a raise, and neither supporting nor opposing a raise, segmented by political affiliation (Neal et al., 2011)





TWO SORTS OF ETHICAL ARGUMENTS



TWO SORTS OF ARGUMENTS

Deontological:

On which the question of the living wage is an issue of fairness and justice, rights and duties.

It becomes, primarily, a matter between the parties most directly affected (the low-paid worker and the employer).

Consequentialist:

On which the question of the living wage is assessed in terms of its broader consequences for all affected parties.

So it would now include families, children, other employers, other prospective employees who may now not get a job

DEONTOLOGICAL ARGUMENTS

ACT (2014): “ACT doesn't think it's okay for the state to put up barriers to employment. Nor does ACT think it's okay for the state to intervene to drive up the cost of living.”

People should be paid “what they're worth”, based on the value they're adding, or on supply and demand in the labour market.

Normally associated with business voices, but..

See Andrew Little (NZPD, 19 March 2014): Productivity “has improved by nearly 50 percent in the last 20 years in this country. Real wages, on average, have moved barely 14 percent. If the average wage in this country had actually matched productivity improvements, which is the very thing that Business New Zealand and its acolytes in the National Party call for, the average hourly rate in this country would be between \$7 and \$8 a hour better than it is now.”

CONSEQUENTIALIST ARGUMENTS

Anti-Living Wage voices

Jordan Williams (NZ Taxpayers Union): “Choosing to pay someone more than is necessary for him or her to do the job does not alleviate poverty when the people paying for it include those struggling on the minimum wage.”

and

“The living wage policy will not only burden Aucklanders with higher rates, it also threatens Council workers with the prospect of job losses.”

CONSEQUENTIALIST ARGUMENTS

Pro-Living Wage voices

Fala Haulangi (Living Wage West): “Earning a living wage puts more spending power back into the local economy, which benefits everyone.”

and

Annie Newman (LWA): “Insecurity of work, coupled with low pay consigns many working families to poverty and the price of this poverty is borne by the whole community whether they are poor or not.”

Bill English (2013): Treasury advice shows that the so-called “living wage” is not well targeted to help low-income families and, if implemented, would be likely to cost jobs and be unlikely to lift average wage rates, Finance Minister Bill English says...

“It might sound politically attractive to be able to dial up a pre-selected made-up wage rate, but for higher wages to be sustainable they have to be based on productivity and affordability in real workplaces,” he says.

The “living wage” idea is based on a two-adult, two-child family, yet analysis shows that people in this situation make up only 6 per cent of families earning less than \$18.40 an hour. Almost 80 per cent of those earning less than \$18.40 are people without children, including young people and students.

The analysis shows that the “living wage” would least help low-income families whose welfare support would abate as their income rose. In those cases, the main beneficiary of the living wage would effectively be the Government because it would receive more in tax and pay out less through abated transfers.

“The ‘living wage’ is just one more of the ideas supported by the Labour/Greens opposition that would cost jobs.”