

# **Living Wage Campaigns in the Economic Policy Arena: Four Case Studies from California**

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**The Phoenix Fund for Workers and Communities, The New World Foundation**

June 1999

## ***Introduction***

Since Baltimore passed the first living wage ordinance in 1994, the living wage movement has become a national phenomenon. Over twenty-five cities and counties have passed living wage ordinances which require private firms who hold contracts with or receive subsidies from local governments to pay wages substantially higher than the federal minimum wage. Surprising both advocates and opponents, living wage ordinances have passed in over 25 cities and counties, and campaigns are underway in at least 50 other localities. The campaigns focus attention on the impact of public expenditures on the labor market, uniting behind the principle that taxpayers' money should not be used to pay poverty wages. By spotlighting the plight of the working poor and providing a mechanism for concrete gains, living wage campaigns have been able to draw diverse constituencies into powerful coalitions and have successfully moved local elected officials to action.

This paper examines two major elements of the living wage movement:  
the effectiveness of the living wage movement as an economic strategy to reverse  
the growing polarization of wages and income in the United States.

the effectiveness of the living wage movement as a political strategy to galvanize community and labor organizations into durable coalitions that can reshape urban politics.

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We first present an overview of the experience of living wage efforts around the country over the last five years. We argue that the most effective initiatives are those that advance living wage ordinances as part of a broad agenda for economic justice, *and* establish ongoing organizations to sustain community-labor policy campaigns. We then present case studies of four organizations carrying out this work in California. In this deeper look at individual cases, we argue that living wage campaigns are most effective when the lead organizations can undertake three simultaneous levels of work: developing policy, assembling coalitions, and building constituencies by empowering affected workers.

### ***An Overview of Living Wage Campaigns***

This section reviews the experience of living wage campaigns, looking first at the implications of living wage initiatives as an economic strategy for reversing income polarization, and then examining their use as a political strategy for building grassroots progressive coalitions.

#### ***The economic strategy:***

A number of commentators have characterized the living wage movement as part of a broader strategy to steer U.S. firms toward a “high road” form of economic

development (Rogers 1996; HRDI 1998). As evidenced by rising income inequality and falling wages, most U.S. firms are on a low road, attempting to compete in the global economy by lowering costs in any way possible—often by reducing wages, health benefits, and job security. In contrast, high-road firms compete by improving product quality, which requires innovation and productivity growth. High-road competition requires trained and motivated workers, and steering firms onto the high road requires public investment to “pave” it—with programs for education and training, improved basic research, high quality public infrastructure, and incentives to encourage highly innovative industry clusters and cooperative industrial relations. As long as low-road firms can thrive on quick returns, with no regard for social costs, they will make it harder for others to risk an upfront investment in social capital. In essence, living wage ordinances are a strategy to close off the low road option.

Closing off the low road is particularly critical at this juncture in the U.S. economy. After the tremendous loss of well-paid manufacturing jobs over the last twenty years, the U.S. economy is experiencing the longest period of economic expansion since the 1960s. This expansion has succeeded in generating new jobs and lowering unemployment, but it has masked the fact that the majority of new jobs are poorly paid, do not provide health insurance or pensions, and are not career jobs (Mishel et al., 1999). Welfare reform only exacerbates pressures on low-wage labor markets and will continue to swell the ranks of the working poor. In this context, living wage ordinances help create minimum standards that raise the income floor for low-wage workers and redirect the future path of the economy.

Living wage standards have both similarities to and differences from minimum wage laws. Their distinguishing feature is that they generally only apply to private sector firms that have particular financial relationships to government, either as contractors, recipients of subsidies or tax breaks, concessionaires, or tenants on publicly-owned property. In contrast, minimum wage laws cover all private and public sector workers in a geographic zone; such wage laws only exist at the state and federal levels in the United

States. With the notable exception of the state of Maryland, living wage legislation to date has been passed only at the local level, covering cities, counties, or smaller public entities such as school boards.

Living wage laws make explicit reference to the wage level needed support a family above poverty level, although the actual wage adopted in an ordinance may depend as much on the politics of the locale as on an objective calculation of living costs. In contrast, state and federal minimum wages have become poverty wages. They are not indexed to inflation and have steadily lost value since the 1960s, when they did represent a livable wage (Spain and Wiley, 1998; Pollin and Luce, 1998; Reich, 1999). For example, if the 1968 minimum wage had kept up with inflation, it would be worth \$7.40 per hour in 1998 dollars, and had it kept up with productivity increases, it would be equal

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to \$11.32 in 1998 dollars. The wage levels established by living wage ordinances in the last five years range from \$7.25 in Duluth, Minnesota to \$10.75 in San Jose (for employers not paying health insurance), all substantially higher than current state and federal minimum wages. Living wage ordinances also incorporate standards for fringe benefits, usually including provisions for health care and vacation and sick days.

There is a clear political trade-off between the number of workers affected by a legal wage standard and the wage level it specifies. While incremental increases in the minimum wage have recently passed in Congress and some states, significant minimum wage increases at the state and federal have been resoundingly defeated<sup>1</sup>. In contrast,

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<sup>1</sup> There have also been failed attempts to pass higher citywide minimum wage laws in Denver and New Orleans. The hybrid of municipal minimum and living wage ordinances is problematic since municipal boundaries are generally smaller than metropolitan economies. This creates incentives for capital to move out of urban centers, and increases the political opposition to this type of ordinance.

living wage measures, which increase the wage level substantially for a smaller number of workers, have eventually passed almost everywhere they have been introduced. By limiting their scope to employers who receive public monies, living wage laws generate fewer strong opponents than a minimum wage law. They also provide a more ironclad “business” rationale for public intervention in the labor market: like other subsidy accountability measures, the living wage can be framed as a matter of guaranteeing a return on public investment, rendering it harder for the business lobby to justify opposition. In addition, some of the costs of increasing wages may be borne by the taxpayer, rather than the employer.

The actual effectiveness of a living wage ordinance for improving the lives of low-income workers depends on several factors, including the scope of coverage, the implementation and enforcement provisions, and the extent to which the ordinance enforcement mechanism incorporates specific policies that aid union organizing.

The scope of coverage is important because bare-bones ordinances affect only a small number of workers. Many living wage ordinances cover only city or county service contractors—this is only a small fraction of the workforce in any locality, amounting to as little as several hundred workers in mid-sized cities such as Oakland. Coverage is further reduced by the fragmentation of local government authority among various agencies and public authorities, so that a living wage policy passed by a city council only covers a small portion of governmental spending in a locality.

The number of workers affected by an ordinance can be increased in a variety of ways. The businesses covered may be broadened from service contractors to include recipients of direct subsidy monies, loans and/or tax breaks, and holders of public leases and concessions. Ordinances in Los Angeles CA, Des Moines IO, Duluth MN, Madison WI, Montgomery County MD, and others all do this to varying degrees (ACORN, 1998a). The ordinance may also be expanded to cover additional agencies, including public authorities (port authorities, airports, and the like), redevelopment agencies, and other local government bodies; this kind of extension is being fought for in Los Angeles

(over the redevelopment agency) and Oakland (over the port authority). Ordinances could include product suppliers as well as service contractors, following the model of universities who have adopted codes of conduct for garments with their school logos.

Implementation is also critical to the actual impact of living wage ordinances on workers. The mechanism for enforcement of the ordinance is the most important dimension of implementation. Government agencies that administer contracts or subsidies may resist interfering with an important relationship to the private sector. In a recent study of the City of Los Angeles, Sander (1998) found that city officials were using loopholes to routinely exempt contractors from compliance with the living wage ordinance. Implementation can be strengthened by drafting the policy to put enforcement tools in the hands of workers and the general public. The Los Angeles ordinance, for instance, was broadened to include “whistle-blower” protections for workers who expose their employers’ violations of the ordinance. And it now provides legal remedies and a private cause of action, allowing workers and the public to sue over violations of the ordinance.

Finally, the effectiveness of living wage ordinances can be increased if they are structured to support union organizing. An ordinance may be targeted to cover groups of workers which unions plan to organize, or who are recently unionized and make below a living wage. An example of the latter targeting strategy is occurring in San Francisco, where a current campaign, if successful, will produce a wage increase for recently unionized home health care workers. Enforcement provisions can also be useful to stimulate organizing, especially when they include a provision and funding for educating covered workers on their new rights.

Living wage ordinances can also be coupled with related laws that improve the climate for unionization, such as “worker retention” and “labor peace” ordinances. These may be separate ordinances, or they may be integrated into a living wage ordinance. They have less chance of success on their own because they do not have the same moral appeal as the living wage concept. However, alongside a living wage ordinance, these clauses

have become an important local strategy to shore up the basic right of workers to organize, a right that has been considerably weakened by national labor law erosion in the past thirty years.

Los Angeles, San Jose, and Oakland have all passed “worker retention” ordinances as part of their living wage campaigns. Retention measures provide for job security at the point when the employer’s contract and/or lease with the public agency expires, by requiring any new contractors to retain the workers of the previous contractor. This policy limits the agency’s incentive to substitute low-wage for high-wage contractors. In a number of cities, including Baltimore and Los Angeles, worker retention combined with living wage laws have actually resulted in the city converting some service jobs back into direct city employment.

San Jose has pioneered a “labor peace” ordinance that requires contractors to avoid costly labor disputes. These provisions give unions a strong lever to negotiate agreements for employer neutrality in the case of an organizing drive, and for an expedited process for union recognition. Labor peace provisions are often linked to language that provides protection against employer harassment of workers who are organizing a union, the so-called “neutrality agreements” that are necessary because of the cumbersome and pro-employer practices of the National Labor Relations Board.

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***The political strategy:***

The living wage movement has been remarkably successful at building bridges between labor and low-income community groups. Though it is too early to draw up a definitive balance sheet, the most important contribution of living wage campaigns may not be specific policies, but rather the creation and strengthening of durable labor-community coalitions.

Coalitions between community organizations and labor unions are still uncommon: the roots of mistrust between labor and low-income community organizations run deep. In the 1960s and 1970s, unions were notorious as participants in business-led “growth coalitions” that encouraged private development and supplied union construction jobs. These coalitions prospered at the expense of working-class communities—especially communities of color—that were displaced by urban renewal and often excluded from union jobs. Labor’s participation in growth coalitions protected current union members in the building trades, but pitted unions and poor communities of color against each other (Mollenkopf, 1983; Molotch, 1976).

After the experience of capital flight and de-industrialization which devastated labor unions and inner-city communities alike in the 1980s, unions and community organizations have begun to reach out to one another and form more inclusive coalitions to advocate for greater accountability in economic development policy. These “growth with equity” coalitions have roots in defensive efforts to confront plant closings in manufacturing industries in the 1980s (Brecher and Costello, 1990; Nissen, 1995). But they have expanded in the 1990s—and new labor-community coalitions have emerged—to address a wider range of economic issues. In particular, many coalitions have developed both policy campaigns and joint labor-community projects to link improved job access, better training, and higher wages for low-wage workers in growing service industries.

A confluence of political and economic circumstances can explain the remarkable capacity of the living wage concept to bring together these previously estranged groups. On the community side, low-income peoples’ organizations have been forced to look for allies as governmental funding for social welfare services and poverty programs shrinks. With decreasing government spending, community organizations not only have fewer opportunities to find funding for their own operations, but also must respond to a constituency that has been broadly affected by the disappearing safety net and the



mushrooming of the low-wage labor market. Welfare reform in particular has focused community-based organizations on the issue of job quality, in addition to job access.

On the labor side, a crisis of declining membership has forced unions to organize in new industries and pursue new strategies for growth (Bronfenbrenner et al., 1998). Changes in union leadership have facilitated a return to organizing, as has an influx of young organizers with experience in other social movements; many of the leaders and staff of today's service sector unions were in fact trained as community organizers (Voss and Sherman, 1998). As unions have "followed the work" into the low-wage service sector, they have increasingly found themselves organizing in the same low-income communities of color as traditional community organizations. The pursuit of part-time, temporary, and other "non-traditional" workers has even led some unions to abandon their conventional focus on the individual workplace and to implement neighborhood- and community-based organizing strategies (Fine, 1998). In addition, the slow but steady rise of people of color and women to positions of leadership within the labor movement has facilitated communication and collaboration with groups that are rooted in communities of color.

Labor-community coalitions have been instrumental in the drafting and passage of all living wage ordinances, although the breadth and depth of involvement on both sides has varied. Campaigns developing from community initiatives have been most sustainable where local community organizations have ties to national networks such as the Association of Community Organizations for Reform Now (ACORN) and the Industrial Areas Foundation (IAF). These networks provide organizing and policy expertise, and have allowed local organizations to learn from the successes and failures of other living wage campaigns. The stronger community initiatives, such as Baltimore,

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have included solid labor participation. The weaker community-based campaigns have had perfunctory or limited labor support, often because little groundwork was laid prior to the push for an ordinance.

A parallel pattern has held where campaigns are chiefly labor initiated. The most sustainable labor-led campaigns have had strong participation from the local AFL-CIO Central Labor Council (CLC), in addition to individual unions. However, where these campaigns fail to generate strong community involvement, the results are minimized. In Detroit, for example, where the CLC drafted and staffed a living wage ballot initiative, the vote was successful, but labor alienated many potential community allies by proceeding without their input and relying almost exclusively on union membership to carry the campaign. In contrast, a number of CLC-led living wage campaigns, as in San Jose and Milwaukee, have integrated their living wage campaigns in a much broader agenda for equitable economic development.

A key variable determining the impact of a living wage coalition, whether initiated from the community or labor side, appears to be whether its campaign is crafted as an ad hoc, short term mobilization around an isolated policy goal, or serves as the cornerstone of a longterm, structured collaboration around a larger economic agenda. While most informal coalitions have had limited success at strengthening labor-community ties or advancing a broad policy agenda (see, e.g., Nissen 1999), coalitions which have institutionalized labor and community input in a formal non-profit organization have had dramatic successes.

At their best, living wage coalitions have evolved into a new form of collaborative organization that is truly a hybrid of labor and community constituencies, and that can integrate strategies for organizing, policy development, and alliance building. In some cases, the living wage coalition has directly generated a new organization, formed only after the start of a campaign, or even after the passage of a policy, as in Oakland. In other

cases, as in Los Angeles, the living wage movement has broadened the mission and constituencies of an already-existing organization.

Another variety of the hybrid organization is illustrated by Sustainable Milwaukee and San Jose's Working Partnerships, both nonprofit organizations started by the Central Labor Councils in their respective counties that incorporate labor and community input in their governance structure. Both these organizations combine strategies to close off the low road, through work on living wage and right-to-organize legislation, and to pave the high road, through involvement in regional training partnerships, labor-management partnerships and innovative attempts to restructure low-wage industries. The living wage work in these organizations adds a significant dimension to this broader agenda by focusing attention on the very lowest end of the labor market and on new union organizing possibilities.

The case studies below illustrate a range of possibilities for strong living wage coalitions that encompass both community and labor participation and that are developing the institutional capacity to reshape local politics and public policy. We have chosen four cases in California, where the density and synergy of living wage work provides us with rich and diverse variations on the theme. These are by no means the only strong examples, either in California or elsewhere, but they do allow the authors to use first hand knowledge as well as interviews and published accounts.

We start with Los Angeles, which has the longest trajectory of the four and provides a dramatic example of how an initial living wage victory may be both broadened to cover an increasing share of the labor market and deepened to encompass workers' rights to organize. We then look at San Jose as a case where a living wage campaign consolidates ongoing coalition building and opens new terrain for organizing among low-wage and contingent workers. The Oakland living wage campaign illustrates the capacity of living wage alliances to go beyond minimum standards to advance job access and training goals that begin to pave the high road. Finally, San Diego is a case of an emerging

living wage campaign that is laying the foundation for united labor and community participation in regional economic policy.

### ***Four Case Studies from California***

#### **Los Angeles**

At first glance, the Los Angeles case illustrates the weakness of the living wage as a policy to reduce low-wage poverty. A year after the ordinance passed in 1997, fewer than 2,500 workers had been affected, partly because compliance is required only when new contracts are negotiated, and partly because of loopholes that allowed the city to resist enforcement of the law (Sander, 1998). However, by the spring of 1999, an amendment that closed loopholes and additional side negotiations with developers of new large-scale real estate projects have together resulted in wage increases for several thousand more workers. Campaigns are also underway to extend the ordinance to Los Angeles's redevelopment agency, to require the Universal City entertainment complex to adopt a living wage, and to pass living wage ordinances in the County of Los Angeles and in Santa Monica's waterfront zone.

If all of these efforts are successful, as many as 20,000 service workers will be lifted out of "L.A.'s mammoth minimum wage ghetto" (Meyerson, 1998). In addition, the living wage campaign has become part of the strategy of a major multi-union organizing campaign at the Los Angeles International Airport, and a multi-firm organizing drive in Santa Monica's high-end hotel cluster.

The Los Angeles living wage initiative has been led by the Los Angeles Alliance for a New Economy (LAANE). LAANE is a non-profit organization created by the Hotel Employees and Restaurant Employees Union (HERE) Local 11 in 1993 with the goal of creating a more favorable climate for organizing low-wage workers in Los Angeles' second largest sector, the tourism industry. LAANE envisioned the living wage issue as a way to improve incomes and support unionization of the industry's low-wage work

force, which is overwhelmingly immigrant, and significantly Latina and Asian-American. Convinced that community support was necessary to move the living wage agenda, LAANE invited representatives from membership-based neighborhood groups, including AGENDA (based in South L.A.), Communities for a Better Environment, a tenants' union, and a number of other community and religious organizations to form the living wage coalition. The coalition created a board with representation from labor, community, and religious organizations, with parallel task forces based in each of these three constituencies.

LAANE's coordinating role allowed it to orchestrate a two-year, multi-level campaign that simultaneously involved policy development, coalition building, and worker education and mobilization. Ties with local universities provided interns for campaign research, and produced credible academic studies. An analysis of the potential fiscal and economic impact of the proposed ordinance by University of California economists gave LAANE solid arguments to defend their position with the City Council. LAANE conferred with groups around the country and developed its own team of lawyers to prepare a carefully crafted ordinance and revise it as politics necessitated.

LAANE also worked to expand the breadth of its coalition and the strength of alliance partners. It brought the Los Angeles County Federation of Labor into the living wage campaign, aligning the building trades and industrial unions with social justice constituencies for the first time in many years. LAANE helped to start and staff Clergy and Laity United for Economic Justice (CLUE), a circle of progressive religious leaders and congregations that actively supported the living wage campaign and have since played a valuable role in other metropolitan economic policy campaigns, including welfare reform and workfare issues. In addition, LAANE organized workers who would be affected by the ordinance, incorporating them into the campaign in mobilizations and as spokespeople in city council hearings. This was not just a campaign tactic, but rather an integral element of their central objective of building support for union organizing, which we discuss in more depth below.

The campaign overcame concerted business opposition by means of large and frequent mobilizations in the streets and in city council hearings, well prepared research, smart political maneuvering, a patient media strategy, and the inside leadership of the progressive City Council member from Hollywood. Despite a strong Republican mayor who could mobilize the business community, the Los Angeles living wage ordinance ultimately passed on April 1<sup>st</sup>, 1997, with the council voting 11-1 to override a mayoral veto. The campaign had taken substantial resources, with research and public education activities funded largely by foundations, but as LAANE's director notes, the investment was well spent: "The living-wage law took \$300,000 to achieve, but it resulted in \$30

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million a year in increased wages and benefits going directly to poor people" (quoted in Billiteri, 1999).

Provisions of the ordinance included that any new contract, concession agreement or subsidy over \$100,000 has to provide employees with \$7.25 per hour with family health benefits or \$8.50 without, 12 paid days off per year, and 10 unpaid days off per year, with wages to be indexed to inflation. A year later, when concessionaires at the Los Angeles International Airport disputed their coverage under the ordinance, LAANE once again mobilized and successfully won an amendment to make airport coverage explicit and to close a number of other loopholes.

LAANE has particularly tried to shape living wage policy in a way that creates opportunities for union organizing among low-wage workers, with the conviction that unionization provides the most sustained access to health benefits, job security and wage improvements. Yet as LAANE's director argues, living wage requirements alone do not translate into union organizing, but rather need to be deliberately structured to maximize

their usefulness to unions and combined with other policies and points of leverage. The ordinance provides several remedies that can be used to by unions and workers to enforce compliance. It also includes a union “opt out” clause requested by labor that allows specific terms of the ordinance to be superseded by a collective bargaining contract.

The effort has already produced tangible results. First, LAANE was able to negotiate a living wage and a “card-check/neutrality” agreement establishing a fair process for union recognition at a large-scale entertainment and hotel development in Hollywood, in return for city approval of the project and tax breaks. The living wage mandate allowed the coalition to get involved in the development approval process and to directly raise the issue of wages and working conditions. It positioned the coalition so that it could offer support for the development in return for compliance with the living wage and union neutrality in the event of an organizing drive. LAANE has negotiated similar language at other developments, such as the new Dreamworks studio, where a community partner, the Metro Alliance, recently led a landmark victory around job access and training for low-income communities. LAANE is also using the redevelopment leverage point in its on-going campaign to gain card-check/neutrality at the Universal Studios entertainment complex, which is seeking approvals for expansion.

As noted by LAANE’s director, in cities where a living wage “climate” has been created, developers need the support of labor and community coalitions in order to obtain government approval for new projects. The particularly innovative element of the Hollywood deal is that the agreement covers not only the developer but also the developer’s tenants, creating a favorable environment for organizing for the service workers once the development is built.

LAANE has a close working relationship to organizers in a large-scale unionization drive at the Los Angeles International Airport, that is being carried out by HERE and SEIU with the support of the national AFL-CIO. Union organizers and LAANE have used the enforcement provision of the ordinance, which allows a third party to inform and educate affected workers about their rights under the living wage law.

This provision permitted them to gain access to workers at the work site and lay some groundwork for empowering workers to defend their rights. In addition, the unionization drive has benefited from the campaign experience and leadership of skills of several workers at the airport who had been involved in the living wage effort from its inception; one of these workers now serves on LAANE's board of directors.

LAANE is also working to extend a living wage policy to the City of Santa Monica and to do so in a way that makes explicit links to union organizing. There, LAANE has created an organization called Santa Monicans Allied for Responsible Tourism (SMART), directed by a LAANE staff member who has built a base among hotel union members, neighborhood supporters, clergy and local elected officials. Working closely with HERE Local 814, SMART has devised a strategy to promote a living wage ordinance that would cover *all* employers with over 50 employees in Santa Monica's coastal zone, where the high-end tourist hotels are concentrated. In this case, the push to pass the ordinance will be part of the union campaign, so that workers more clearly take ownership of the living wage issue and see the union as their ally.

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Currently, LAANE is working to extend the living wage ordinance to all private firms participating in the city's redevelopment projects, which expend the bulk of the city's business assistance monies. At the same time, it is helping the redevelopment agency work with the developer of the Hollywood project to create a health insurance pool for workers in the development, lowering affected employers' costs of providing insurance to their employees. LAANE is also working to win passage of a living wage ordinance for the County of Los Angeles.

At the same time, LAANE has continued to expand its research capacity in collaboration with local universities, which has greatly enhanced its ability to generate pro-active policy models and to monitor government and industry practices. It has now



embarked on a comprehensive research program to identify all of the subsidies granted by the City of Los Angeles to private businesses (see More et al., 1999), and it is using data from this study to develop proposals for new criteria and processes for the award of subsidies. Above all, LAANE's ability to pressure from the outside while offering creative solutions from the inside vastly increases its credibility and effectiveness.

LAANE's strategy is particularly powerful for the hotel workforce both because the tourism industry is often supported by public money, and because LAANE and HERE have developed a very close working partnership that facilitates strategic coordination and targeting. The strategy has begun to extend to other industries that receive some form of public subsidy, and has benefited workers in SEIU Locals 1877 and 347 (representing airport janitors and city employees), Teamsters Locals 911 and 63 (representing airport parking lot attendants and transit workers), and IATSE (entertainment industry workers). The public subsidy strategy is much less effective for private sector businesses that do not interface with government through contracts, financial assistance, or land use planning decisions. However, the SMART strategy in Santa Monica illustrates at least one case where the living wage concept is being applied to existing private sector firms that do not do business with or receive assistance from local government.

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It is still unclear whether or not the living wage issue is an umbrella issue that can maintain an on-going coalition. Early participants such as low-income housing or environmental justice groups have become less active because they are concentrating on their own issues. This centrifugal tendency has partly been avoided in LAANE's campaigns directed at large-scale real estate development projects, where the organization

has been able to build local support committees with neighborhood groups concerned about job access, low-income housing and other linkage issues.

LAANE has carved out a niche in Los Angeles by focusing on “closing off the low road,” and works closely with labor and community allies in this arena of economic justice. It has not yet ventured beyond this arena to “pave the high road,” leaving involvement in worker training to other organizations and working only with the progressive low-wage unions who are actively organizing. However, it has used the carrot as well as the stick, by partnering with government and business in strategic instances to find solutions to the real problems of raising standards in a low-road competitive regional economy.

In sum, LAANE has stretched the living wage issue both in breadth and depth. It has increased the number of workers whose wages have gone up by extending its coverage to more categories of workers and more public funding streams. It has revitalized old social justice allies in the religious and labor communities, and linked them to new constituencies of the working poor, especially immigrant communities. LAANE has opened up new leverage points for social policy, and for government and corporate accountability. It has also changed the climate for organizing low-wage service workers in the tourism industry and directly aided in union campaigns.

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## **San Jose**

Working Partnerships USA (WPUSA), which led a successful Living Wage campaign in San Jose in 1998, represents another important model of a broad initiative to promote equitable economic development. Started in 1995 by the South Bay Labor Council as an independent but closely allied non-profit organization, WPUSA illustrates

the potential of central labor councils to become anchor institutions that can develop and maintain durable community-labor coalitions. Located in the heart of the Silicon Valley, WPUSA is a pivotal advocate for working people in a region that generates enormous wealth, but also tremendous inequality and a growing population of the working poor.

The living wage effort in San Jose is part of a much broader agenda to not only close off the low-road, but also pave the high road by restructuring low-wage industries. WPUSA's multi-faceted approach includes: incubating policy initiatives to reshape the high tech economy on behalf of working families, building political strength to influence government and corporate action, and creating institutions to implement new forms of workforce development and trade unionism.

WPUSA launched a living wage campaign in 1997, and in late 1998, the San Jose City Council passed the most comprehensive ordinance in the nation to date, by coupling it with labor peace and worker retention language<sup>2</sup>. The living wage effort is not only creating better labor standards for a segment of the region's workforce, but also helping unions organize, and inserting the job quality issue into many new arenas of government decision-making and public debate.

WPUSA's living wage campaign, like its other projects, used an integrated strategy that combined research, policy development, grassroots education and leadership development. This integration grows directly out of the institutional capacity WPUSA has built in recent years. For example, the living wage campaign's opening salvo was an in-depth study of the growing wage and income divide in the Silicon Valley, written by the organization's staff researcher (see Benner, 1998). By developing a set of alternative economic indicators measuring the well-being of working families, the report illustrated that the commonly used measures of aggregate business and employment growth hid the

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<sup>2</sup> The organization had experimented early on with the idea of leveraging public monies to improve wages in private firms. One of their first campaigns was a successful effort to pass a county ordinance that required employers who received a state tax break administered by the county of Santa Clara County to pay their workers ten dollars an hour.

social costs of high tech development. Using a well-conceived media strategy, the report garnered substantial attention and helped begin to shift the debate about economic development in the region.

The living wage campaign also was able to draw upon its work with the Labor Community Leadership Institute, a joint program of WPUSA and San Jose State University that educates neighborhood activists, union officers, clergy, local elected officials and civic leaders on politics and economic development in the Silicon Valley. Several of the class meetings in the 1997 course were dedicated to the living wage strategy, and participants became important leaders in the campaign.

WPUSA's Community Economic Blueprint Project also fueled living wage momentum. This project has developed a participatory planning process in which unions and community-based organizations came together to work out a long range working families agenda for San Jose on a wide variety of urban issues, such as housing, health, school improvement, environmental concerns, and employment. Through an intensive one-day training session on the living wage, WPUSA was able to connect with over 50 union members and community activists in the Blueprint Project. Moreover, WPUSA has lent its resources to help organize and engage parallel networks of clergy, service providers, and neighborhood associations.

Each of these initiatives helped to build the Living Wage Organizing Committee, which in addition to labor leaders, included the Interfaith Alliance, the Green Party, the Silicon Valley Toxics Coalition, an immigrant rights organization, ACORN, and other community organizations. The Committee carried out numerous mobilizations and actions, including a Labor Day speak-out in which coalition members addressed 50 congregations and gathered 4,000 postcards in favor of the ordinance. The Organizing Committee was also able to gain the support of the Hispanic and Vietnamese Chambers of Commerce, pointing out the benefits of increased income in their customer base. Countering strong opposition from the *San Jose Mercury News* and the business

community, the coalition was successful because of the broad and diverse base it mobilized, which included the mayor and key city council members.

**WPUSA is exploring new avenues to elevate the living wage concept into a comprehensive policy...that would inject accountability criteria for labor market outcomes into all arenas of government decision-making.**

The San Jose ordinance was coupled with strong labor peace and worker retention ordinances, as well as a union “opt out” clause similar to the Los Angeles ordinance. The labor peace agreement gives the City of San Jose a policy tool to encourage service contractors and subsidy recipients to negotiate card-check/neutrality agreements, by allowing it to favor businesses who are unlikely to become engaged in costly labor disputes.

In addition, the ordinance strengthened language already in the city’s contract award process, which states that there should be “third tier review” for all city contracts. Third tier review requires that the city base its choice of contractors on a third tier of criteria that concerns wages, benefits and other outcomes for workers—in addition to first and second tier criteria concerning the cost and quality of the service provided. It is too soon to evaluate the capacity of the labor peace language to aid unionization, but early indicators show some of its potential. For example, the third tier review process has already helped unions gain neutrality agreements at two new hotel developments in San Jose.

WPUSA is exploring new avenues to elevate the living wage concept into a comprehensive policy and practice that would inject accountability criteria for labor market outcomes into all arenas of government decision-making. The notion is that *whenever* the government makes a decision that influences private economic activity, one of the criteria it should use is the quality of the jobs that are created. While a living wage ordinance requires labor standards for firms that have a financial relationship with a local government, a broader policy would extend this requirement to government land use and

other regulatory decisions. One current example is the case of a telecommunications company that refuses to honor a neutrality agreement signed by its parent firm. The labor council is arguing that the company should respect San Jose's living wage and labor peace standards because its business depends on an exclusive franchise granted by the City of San Jose.

Implementing this broader accountability notion requires gaining political influence and educating elected officials about how to use these new labor policy tools. The San Jose experience shows the potential of a central labor council to lead such an effort. As the political director of the South Bay Labor Council noted, the council has a key role in educating both its union affiliates and local elected officials about all the ways in which government decisions affect the labor market. With respect to local elected officials, the labor council is beginning to focus its endorsement process on candidates' willingness to educate themselves and use these new tools to improve labor market conditions. On the union side, the council helps affiliates who are organizing take full advantage of these new points of leverage in their organizing campaigns and in their political action programs.

WPUSA is using public accountability criteria in other policy and programmatic arenas as well. A new "urban sprawl" project will address the widespread bidding wars between local governments who compete for retail development because it generates sales tax revenues. The result of this "fiscalization of land use" is excessive retail development that encourages sprawl and creates low-wage service jobs. Seeking common ground between environmentalists and labor, the project will carry out research to document the problem and build a policy campaign to implement solutions.

The living wage notion has also contributed to WPUSA's work in paving the high road. WPUSA's new project on temporary work hopes to restructure the temporary personnel industry by demonstrating that firms can pay a living wage and still be competitive. WPUSA has started a non-profit temp agency that will compete with for-profit temp agencies by providing the same rate for its services while paying workers \$10 an hour with health benefits. In addition, it is experimenting with a new form of unionism

by starting a temporary workers' association that seeks to represent workers and to provide them with portable health and other benefit plans. Finally, it hopes to force the temp industry to adopt a code of conduct that includes a living wage standard. While this project is embryonic, it has captured the attention of policy-makers and foundations because of its innovative and multi-pronged effort to restructure a significant, and rapidly growing, low-wage industry.

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The most dramatic achievement of WPUSA has been its capacity to vastly expand the traditional role of the central labor council and to decisively reposition the labor movement as a social justice ally to the community. WPUSA has become a powerful advocate for all working people in the Silicon Valley through its ingenuity in experimenting with new forms of unionism, its ability to envision alternative economic strategies, and its capacity to move an agenda politically. The living wage campaign and related WPUSA initiatives have contributed to a new kind of unionism by generating and galvanizing new coalition partners, shifting the public debate about economic policy toward social outcomes, and by providing a set of powerful policy tools for unions and elected officials to address labor market conditions. The impact of this work is beginning to be felt in state politics as well, where WPUSA is introducing its framework for “high road” development to the new administration and legislature (see Benner, Brownstein, and Dean, 1999).

## **Oakland**

The Oakland example illustrates the power of the living wage issue to create a social movement infrastructure that followed from, rather than preceded, a legislative victory. When the Oakland ordinance passed in April 1998, it covered by all estimates fewer than 500 workers. The bill had been propelled forward by uncontested City Council support, but its proponents were tentative allies and the next steps were not yet defined.

However, the East Bay Living Wage Coalition, which spearheaded the ordinance campaign, continued to meet after its victory and created a non-profit organization, the East Bay Alliance for a Sustainable Economy (EBASE), to monitor enforcement of the ordinance and to staff ongoing campaign work. A year after the ordinance passed, the Coalition has launched a campaign to extend the living wage to business tenants of the city's port department, and as part of this campaign, it has brokered a path breaking job access agreement between the building trades unions and low-income, mostly African-American community organizations. By continuing to work together, the Coalition has been able to broaden and deepen its base within the local labor movement and has created a promising partnership with community groups.

In Oakland, the living wage campaign was initiated in late 1996 by ACORN, which convened a series of meetings with local unions and community organizations to back the campaign. ACORN also independently organized public actions to draw attention to the plight of low-wage workers who worked for city-subsidized employers, several of whom had broken job creation promises or defaulted on city loans. ACORN's protest actions and requests for information about city subsidies drew the attention of city officials, who began to promote the idea of a living wage ordinance.

As a campaign coalition emerged, ACORN presented a first draft policy modeled on an ordinance that had been passed by the Denver city council. HERE Local 2850 provided legal advice from the team who had worked on the Los Angeles ordinance. The living wage ordinance that was ultimately proposed for Oakland included provisions from



both the Denver and Los Angeles models, with input from fifteen unions, churches, and community-based organizations.

The unions and ACORN mobilized their members to support the Oakland living wage ordinance, which passed the City Council unanimously on April 7, 1998. The ordinance applies to firms that hold service contracts or leases over \$25,000, and to firms that receive \$100,000 or more in city subsidies and loans during a twelve month period. The mandated wage for employees of these firms is \$8.00 per hour with family health benefits, or \$9.25 without, and is indexed to inflation; the ordinance also mandates a minimum of twelve paid days off per year and ten additional unpaid sick days. The enforcement provisions of the ordinance include a formal complaint procedure and a private right of action for employees. At the time it passed, it was the highest living wage in the country.

The development of Oakland's living wage ordinance had a rocky start, precisely because it involved coordination among membership organizations that did not have longstanding relationships or common agendas. In fact, supportive city officials were

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asked early on to slow down the process of policy development until the coalition could come to agreement. Tensions emerged between labor and community leaders over how to share leadership as well as over specific policy issues. One of the sticking points was the issue of a first-source hiring provision that would have in effect given ACORN members preference for jobs covered by the ordinance. SEIU and HERE locals representing low-wage hotel and janitorial workers believed that this policy would be used to circumvent

established union hiring halls. Rather than working out an alternative that could have channeled ACORN members into union jobs, the coalition agreed to drop the provision. Despite these disagreements, the coalition hung together: Oakland has always had a strong labor movement and strong African-American community organizations, and both labor and community leaders recognized that the others' participation was necessary to pass a meaningful ordinance.

Coalition work and direct, member-based organizing are often seen as opposing strategies. As the Oakland living wage campaign progressed, they came to be seen as complementary: what held this coalition together was the promise that the ordinance would work to broaden the base of the member organizations in the workplace and in the community. For ACORN and other community-based allies, the campaign itself became a way to recruit new members. For labor unions, the policy promised to help future organizing by gaining new points of leverage over firms affected by the law.

For both labor and community partners, the appeal of the campaign also became the prospect of building ongoing relationships. After the passage of the ordinance, Coalition members moved to formalize their partnership in order to meet several challenges. The ordinance contains enforcement provisions modeled on the Los Angeles law, which depend on continual independent monitoring. And, as coalition members agreed, the scope of the ordinance needed to be broadened in order to have a real impact on the Oakland economy.

In early 1999, HERE Local 2850 contributed resources to aid in the start-up of the East Bay Alliance for a Sustainable Economy (EBASE), a separate non-profit organization modeled on LAANE, with a steering committee of labor and community organizations drawn from the Coalition. EBASE will be responsible for monitoring compliance with the living wage ordinance on behalf of the Coalition. It is also working to broaden the base of the Coalition through outreach to religious, environmental justice, student and youth, and immigrant constituencies.

On the policy front, EBASE has launched a campaign for another living wage ordinance that will cover the Port of Oakland, a quasi-autonomous jurisdiction within the City. The Port is often described by city leaders as “the economic engine of Oakland,” and has planned a two billion dollar capital improvement project to double the size of the airport, build new maritime cargo terminals, dredge the bay to accommodate larger ships, and develop commercial real estate along several miles of waterfront. Several thousand more workers will experience higher wages if the ordinance is extended to the Port. Several thousand new jobs may be opened to unionization, including a new hotel being targeted by HERE. The port campaign has already brought several new unions and community-based organizations into the Coalition, now called CAP (Coalition for an Accountable Port). CAP is currently staffed by EBASE, but its agenda is clearly driven by agreements among HERE, the Alameda Building Trades Council, the International Longshore and Warehouse Union, ACORN and several West Oakland grassroots community groups who neighbor the Port.

The most striking outcome of CAP’s work to date has been the successful conclusion of an innovative Project Labor Agreement (PLA) between the building trades unions and the Port that will cover two billion dollars in capital improvements planned for the next five years. The PLA will contain specific provisions to guarantee apprenticeship opportunities for low-income Oakland residents. The Port had been under pressure by the non-union contractors association to avoid using union labor, and in the past had succeeded in playing minority contractors off against a mostly-white union. In this case, African American community groups overwhelmingly supported the PLA,

**CAP and EBASE expand labor’s notion of “collective bargaining” beyond the workplace and the employer to include negotiation with community groups and government agencies over the direction of the port and the regional economy.**

arguing that it would create good jobs and a career ladder for their constituents. This alliance was only possible because HERE and EBASE had already built relationships of trust with a number of mostly African-American community groups during the living wage campaign in 1998. By achieving an inclusive industry-financed apprenticeship system, EBASE is paving the high road for the next generation of trade workers.

In sum, EBASE's recent experiences illustrate how the creation of institutions with a voice from both labor and community can go well beyond an initial living wage ordinance to set a larger agenda. EBASE has quickly developed a community-labor alliance that is creating new labor market structures, expanding living wage coverage, and supporting organizing goals.

The ability of EBASE to bring the high-wage construction and maritime unions into a coalition concerned with economic justice for low-wage workers is also transforming the Oakland labor movement. CAP and EBASE expand labor's notion of "collective bargaining" beyond the workplace and the employer to include negotiation with community groups and government agencies over the direction of the port and the regional economy. By bringing this coalition to a new level, EBASE is repositioning even the historically conservative and exclusionary parts of the labor movement as allies for minority and immigrant constituencies in their struggle for economic justice. It is also contributing to a revitalization of the best of labor's own traditions: solidarity across craft lines between high-wage and low-wage workers.

## **San Diego**

The volume of "best practices" now achieved by the lead organizations of the living wage movement are finding good use in an emerging experience in San Diego. The living wage initiative there is being led by the Center on Policy Initiatives (CPI), a non-profit organization created by progressive labor leaders in San Diego in 1997 and modeled after similar non-profits created by the San Jose and Milwaukee Central Labor Councils.

While building on the lessons learned in other coalitions, CPI faces the formidable task of molding its strategy to the particular circumstances of a border regional economy and a conservative political climate.

San Diego is characterized by the dramatic polarization of income seen in the rest of California, expressed as a widening gulf between the affluent Anglo population and low-income communities of color, most significantly, the large Chicano and Mexicano populations that supply the low-wage workforce. San Diego is also distinguished by a very anti-union political environment, a sparse field of community-based organizations, low levels of political participation and representation among the poor, and elected officials who accept the equation that a good business climate equals low taxes and little government regulation. Realizing that without an enormous amount of groundwork, a living wage ordinance would be readily defeated, CPI has designed a longer-term strategy to position itself to carry out a successful living wage campaign several years in the future.

CPI's first step has been to produce a sophisticated academic study on income and opportunity in San Diego, carefully documenting the high rates of poverty, even among working families, and the polarization of income, persistent even during the present sustained economic expansion (see Marcelli and Joassart, 1998). Using the report as the opening for an education campaign, CPI has started to build relationships with potential community and labor allies in the County. It is also developing circles of support among clergy and the city's vast campus population. Simultaneously, the organization has launched a media campaign to highlight San Diego's social disparities and begin the call for policy remedies.

Secondly, CPI has begun to advocate for accountability measures at the new downtown ballpark complex, a massive redevelopment project for new housing, commercial space, and entertainment, which was authorized by a voter referendum and will receive substantial subsidies from the City of San Diego. CPI convinced the City to

undertake a jobs impact report, which will estimate not only the number of jobs, but the quality of the jobs the complex is expected to create. By targeting a highly visible new

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development project, CPI can bring the issue of subsidy accountability to the media spotlight, and build community and labor support for the living wage issue.

In the legislative arena, CPI is planning to follow the environmental movement's strategy of legislating the "right to know" before trying to mandate actual standards. In the economic arena, the right to know concerns public disclosure about the impact of public contracts and subsidies on private sector jobs. If disclosure proves what CPI projects, the information will show that under current policy, public expenditures contribute to the growth of poverty wage jobs.

CPI is also working within the labor movement to help convince the higher wage unions that it is in their interest to support policies and practices that are inclusive and that defend the rights of both union members and unorganized workers. CPI has begun to work with the building trades to help them create pre-apprenticeship programs that open up opportunities for women and minorities for careers in union construction jobs. Support for living wage issues from the building trades is essential both because of their political clout, and because a united labor and community position can create a better climate for unionization for both the construction and operation for new large-scale developments that receive public subsidies.

Like its exemplar organizations, CPI has used the living wage goal to create a broad platform for policy and alliance building activity. Its work will be an important test case for applying the strategy in a relatively hostile, but rapidly changing political environment. As CPI helps to create more of an “equity climate,” its work will also test

the capacity of community and labor partners to organize new low-income constituencies within the labor market and the political process.

### ***Conclusions***

Several lessons may be drawn from the experiences of living wage campaigns.

One clear lesson is that successful living wage campaigns require the participation of both labor and community organizations. Although the scope of labor and community participation has varied from case to case, neither partner has been able to pass such a policy without significant buy-in from the other. The partnership has benefited both sides by providing additional clout and access to leaders with different experiences and areas of expertise. Successful collaboration on a living wage campaign requires that both labor and community organizations participate in policy development, in order to ensure that the provisions of the ordinance meet the specific interests of their respective memberships. In the best of cases, ordinances include specific policy language that provides tools to help labor unions and community organizations build their membership bases. In this respect, successful living wage coalitions have integrated policy development and constituency-based organizing.

It is also apparent that there are several ways to maximize the economic impact of living wage campaigns. Although the establishment of a wage standard for municipal service contractors alone will have little impact on reducing poverty or improving opportunity in a low-wage labor market, living wage ordinances may be broadened to cover more categories of workers and expanded to apply to more agencies. In Los Angeles and Oakland, the passage of an initial living wage ordinance has been a springboard for further extensions of the living wage model. A gradual process of extending coverage may in fact be the only means to achieve breadth, given the fragmentation of local government and the sheer number of different public funding streams in an urban economy.

Despite the fragmentation of public spending in U.S. cities, the total amount of public money that flows into cities through all these channels suggests that the living wage concept ultimately might have a structural impact on the labor market. If all the private firms that are contractors or suppliers to, tenants of, or recipients of assistance from all government agencies and spending streams were required to meet strong labor standards, the total effect could be considerable. Would it be large enough to exert upwards pressure on low-wage labor markets? Since government expenditures are well over 20 percent of GDP in the United States, there is good reason to think that the impact would be substantial.

**The most successful living wage efforts are contributing...not only by strengthening the voice of working people in regional politics, but also by giving local policy-makers new tools to shape regional economic development.**

Beyond the enactment of local living wage standards, the living wage effort could expand the scope of coverage by using local living wage campaigns to build momentum for an increase the minimum wage at the federal or state level. The apparent popularity of the living wage movement, rooted in its appeal to widely held values of fairness and accountability, implies that the policy leverage to enact labor market standards lies in control over public money. If the living wage movement continues to meet with such success, however, it might effect a shift in the political climate that could make significant state or federal minimum wage victories possible. Some advocates have argued that the movement, by championing the idea of a “living wage” in the public mind, will have precisely this effect; but to our knowledge, no leaders of the living wage movement have yet taken on this battle.

The California living wage efforts documented here have chosen to deepen their work locally and regionally, rather than to take the fight for minimum wages to the state or federal levels. This regional focus seems to offer a particularly fruitful avenue for social change. This is the case in part because labor and community alliances are able to



exert substantial political influence in specific urban areas, compared to the national or state arenas. But more importantly, it is because finding high road solutions seems to depend on building customized partnerships and institutions that deal with the problems and possibilities of particular clusters of firms, industries and labor markets within a specific regional economy.

The most successful living wage efforts are contributing to this process not only by strengthening the voice of working people in regional politics, but also by giving local policy-makers new tools to shape regional economic development. The living wage campaigns have activated new points of leverage for local governments to affect private sector behavior. In this context, an important component of living wage work is educating elected officials who are committed to “growth with equity” on how to use this leverage.

**The glue that holds these policy and organizing strategies together lies in the new organizations themselves, and specifically in their ability to combine independence from a particular constituency with strong participation by constituency-based organizations.**

In addition to inventing new tools for local policy-makers, the living wage efforts have helped build and strengthen community and labor institutions. They have established or strengthened organizations such as LAANE, WPUSA, EBASE, and CPI, which institutionalize the partnership between community and labor, formalizing decision-making processes and mediating conflicts within the coalition.

Within regional economies, these new organizations are creating an infrastructure for generating innovative applied research and model policy initiatives, and for the ongoing enforcement and evaluation of new policies. By linking their policy campaigns to new strategies for constituency organizing, these labor and community alliances are creating avenues for popular participation and education that help their policy agendas succeed while they build unions and community organizations. The combination of

policy and grassroots capacity-building enables these new organizations to bring multiple parties together—unions, community organizations, corporations and government—on a more equal footing to negotiate social policy.

The glue that holds these policy and organizing strategies together lies in the new organizations themselves, and specifically in their ability to combine independence from a particular constituency with strong participation by constituency-based organizations. As organizations with their own staff and funding, they are well positioned to broker creative compromises among coalition partners—particularly where conflicts threaten to divide the membership along “labor vs. community” lines.

Moreover, the establishment of a formal partnership helps the coalition to mount cumulative campaigns and draw in wider and wider circles. Durable coalitions have helped to change patterns of alliance, altering how labor and community organizations understand their interests and their relationship to one another. The examples illustrate the potential of these organizations to bring even high-wage unions into solidarity with low-wage workers of color. Coalitions that can endure and grow are essential if labor

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and community groups are to advance policies that build on the living wage concept—and ultimately impact economic standards and opportunities across whole labor markets.

In an era of globalization and government devolution, we need new institutions to rebuild the social contract and to reassert democratic goals of equity and inclusion. For both economic and political reasons, the future of workers and communities is tied to labor markets and industry clusters that are regional in scope. The organizations that have grown out of the enduring living wage campaigns provide exciting examples and a promising framework for steering regional economic development onto the high road in the coming decades.

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