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# Wage War

Despite a setback, momentum for a living wage increases

BY KELLY CANDAELE AND PETER DREIER

Santa Monica, California—Business groups from across the country poured nearly \$1.5 million into a war chest to oppose Santa Monica's living wage law, resulting on November 5 in a temporary setback for the national movement to lift the working poor out of poverty.

Despite the defeat in Santa Monica—losing by 750 votes out of 26,000 cast (a 51 percent to 49 percent margin)—the living wage movement has a powerful momentum. In the past seven years, more than 90 cities and counties have passed laws requiring companies that do business with the municipal government to pay a “living wage.” As Santa Monica suffered its defeat, New York City passed its first living wage law, and Chicago significantly strengthened its own. Campaigns in about 100 other cities across the country are in progress.

Major national hotel and restaurant chains, along with conservative political forces, viewed Santa Monica as a crucial battleground for stopping the spread of strong living wage laws. The *Wall Street Journal* editorialized before the election that, if passed, the Santa Monica law would become, dangerously, “the model for the nation.” What made the Santa Monica law unique is that it applied to private firms who do not have contracts with or direct subsidies from the city. It raised the stakes.

The law would have improved the pay and benefits for 2,000 employees in the area, requiring businesses that gross more than \$5 million a year within a “coastal zone,” which includes Santa Monica's famous beach and pier, to pay workers at least \$10.50 an hour. If the employer didn't provide health benefits, the minimum pay would have been \$12.25.

A coalition of labor, religious organizations and community groups called Santa Monicans Allied for Responsible Tourism (SMART) conducted an extensive six-week grassroots campaign, with hundreds of volunteers walking precincts and working the phones six days a week. The effort won the support of major community and religious leaders and top Democratic politicians like Rep. Henry Waxman and state Sen. Sheila Kuehl, as well as 120 economists from around the country.

Living wage opponents, by contrast, had little community support and thus relied on a deluge of deceptive direct mail pieces. The hotel-sponsored campaign culminated with several blatantly misleading slate mailers, including one implying that top Democratic leaders were urging voters to reject Measure JJ. Waxman and California Democratic Party Chairman Art Torres, who were both pictured in the mailer—titled the

“Democratic Voters Ballot Guide”—reiterated their support for Measure JJ in statements released before the election. But the SMART activists lacked the money and time to counteract the disinformation campaign.

The business-backed campaign also cynically appealed to Santa Monicans’ generally liberal views by claiming that the living wage proposal “discriminated,” implying the law would treat some Santa Monicans as second-class citizens. Of course, the law did discriminate—in favor of low-wage employees, mostly immigrants, who worked in the city’s upscale restaurants and hotels, which rent rooms for more than \$500 a night. A city-sponsored report found that the typical low-wage worker in Santa Monica had a family income of \$20,000 to \$26,000, no health insurance and a 1.5-hour commute.

During the last few days before the election, the business group even hired Latino day laborers to stand at street corners and freeway exits holding “Oppose JJ” signs.

Despite these obstacles, the SMART activists pledged to try again. “This election was not a referendum on the living wage,” says the Rev. Sandie Richards, a longtime leader of Santa Monica’s living wage movement, “it was a case study in how far large corporations will go to deny workers a living wage. We know that this community strongly supports the living wage and the right of working people to provide for their families in dignity.”

Nearly 33 million Americans live below the official poverty line—now \$18,104 a year for a family of four—and the nation’s poverty rate, 11.7 percent, increased last year for the first time in a decade. The last federal minimum wage increase was in 1997, when it jumped from \$4.75 to \$5.15 an hour. Today, someone working full-time for a minimum wage makes just \$10,712 a year. Every year without a minimum wage increase means that a minimum wage paycheck buys less than it did the year before. In fact, to have the purchasing power it had in 1968, the minimum wage would now have to be more than \$8 an hour.

Because of Congress’ failure to act, cities and states have taken matters into their own hands. Last February, voters in New Orleans approved the first-ever citywide minimum wage—pegged at \$1 over the federal standard—by a margin of 63 percent to 37 percent (a Louisiana court has thrown out the law). Eleven states, including California, have enacted minimum wage laws with thresholds higher than the federal standard. Washington State’s law requires its minimum wage—currently at \$6.90 per hour, the highest in the nation—to grow with inflation.

With Republicans now in control in Congress, few political analysts expect to see an increase in the federal minimum wage on the national agenda. But it should certainly be a central plank in the Democrats’ alternative agenda as they gear up for the 2004 elections, particularly as the Republicans become increasingly vulnerable on domestic economic issues.

Low wage workers suffered a temporary setback in Santa Monica on Election Day, but the living wage movement—and the broader crusade for raising the wages and hopes of

the working poor—continues.

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