



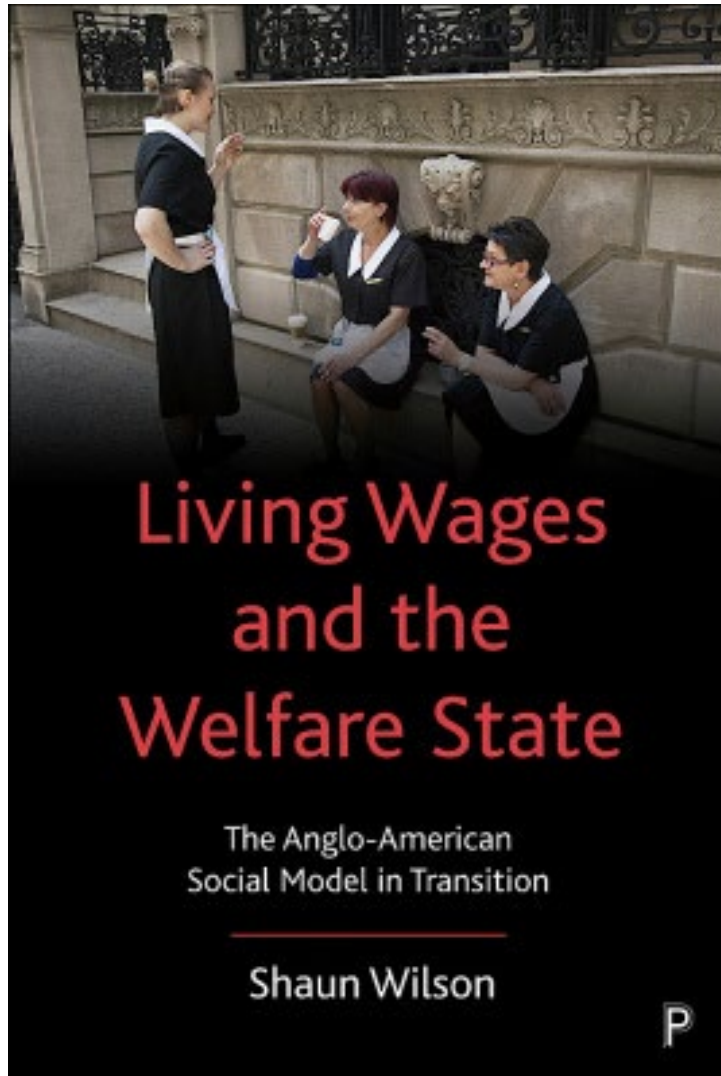
The Future of the Centre-Left and the Welfare State

Book launches – Rob and Shaun

John Curtin Institute of Public Policy, Curtin University, 26
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Living wages and the welfare state



where social-democratic progress is less institutionalised

Liberal states contrast between progressive momentum in Canada and NZ and regression and conflict in Australia, the UK, and the US.

Labour movement weakness is a key variable, partly because the 'power resources' of the redistributive coalition have been damaged. Replacement institutions and progressive liberal voter blocs important, but not enough to prevent rising inequality.

Living wages and the welfare state

The problem confronted in the book

- Social-liberal model of competitive labour markets and modest redistributive measures for wage-earners = a very limited utopia
- **BUT**: too much working poverty in the US and UK and damage to job quality (at all levels). Latter affects everywhere (dualisation or fragmentation)
- Tax resistant voters and a weakened egalitarian coalition (Piketty) in both an electoral and industrial sense
- Where's the hope and progressive potential?

Living wages and the welfare state

Industrial, social, and intellectual challenges to low minimum wages:

- Decades-long expansion of service economy in liberal welfare states—plenty of workers in part-time work (women) and increasingly, moderate skilled workers in fragmented low wage labour markets
- New working class: women, new migrant workers, and in the US, quite a lot of blue-collar workers.
- Card and Krueger's *Myth and Measurement* shattered the low minimum wage orthodoxy in the 1990s and scholars like Dube have taken the econometrics for 'living' wages further.
- Rising interest in monopsonistic power of employers: neo-classical frameworks meets neo-Marxist analysis of capitalist labour markets.

Employment rates, part-time share (OECD 2021 data)



	<i>employment</i>
Netherlands	80.9
Iceland	79.3
New Zealand	79.1
Switzerland	78.6
Japan	78.0
Germany	75.9
Norway	75.9
Denmark	75.4
Sweden	75.4
United Kingdom	75.1
Australia	74.8
Czech Republic	73.9
Canada	73.8
Estonia	73.0
Hungary	72.9
Finland	72.8
Russia	72.0
Austria	71.9
Lithuania	71.7
Slovenia	71.7
G7	70.7
Portugal	70.1
Poland	70.0
United States	69.7
Latvia	69.7
Luxembourg	69.7
Slovak Republic	68.9
Ireland	68.5
European Union (68.0

	part-time
Netherlands	36.9
Switzerland	26.7
Indonesia	25.9
Japan	25.8
Australia	25.5
United Kingdom	22.4
Germany	22.0
Norway	19.9
Austria	19.7
New Zealand	19.7
Ireland	19.1
Denmark	18.6
Canada	18.0
Italy	17.9
Mexico	17.7
Costa Rica	17.7
G7	17.6
Iceland	16.9
OECD - Total	16.7
Belgium	16.7
Chile	16.1
Korea	15.4
European Union (15.1
Colombia	14.6
Brazil	14.4
Israel	14.3
Finland	14.1
Sweden	14.1
France	13.1

Living wages and the welfare state

Are the breakthroughs real?

- UK consensus over high wage floor has led to strong wages growth—a lasting benefit of Blair/Brown Labour
- US Senate has refused to go near US15 but Democratic progress at state level has produced modest redistribution to working class.
- Florida's support for USD15 in 2020, and vote for Trump, highlights the potential for living wage approaches to build new electoral and social coalitions.
- New Zealand Labour has 'used' minimum wages to increase increase living standards of low-wage workers to close to liberal welfare state average.
- Australia: a story of stagnation under post WC institutional conditions

Living wages and the welfare state

Limitations and cautions

- Living wages are more than hourly wage floors and can be achieved through a variety of collective/industrial instruments (beyond legislative minimums)
- But living wage campaigns are popular and highlight the broader potential of living wage welfare states
- It's true that wages alone cannot address the universal welfare needs of advanced societies.
- The question of how to combine wage floors, full employment, and income redistribution is therefore crucial.
- In Australia: we see four related problems: under-employment, underclass of temporary migrant workers, high housing costs, and diverse working-class family formations.
- It's unlikely a basic income approach or a living wage approach alone can address these problems but politicising minimum living standards floor almost certainly involves redistributive struggles.
- Unions remain the central actor in power resources of welfare state, but a progressive social-liberal gender coalition is an independent source of power.

Living wages and the welfare state

Social democracy and progressive potentials of living wages:

- Predistribution is central to US versus Europe, and to Australia/NZ stories
- *Australian monopsony power*: Problems of IR in Australia too large for this talk but award wages can be revived as progressive floors and benefit system can be renovated to improve 'reservation wages'/ job matching/ industry dev.
- A 'rival' to basic income approaches in the liberal model (understandable focus on anti poverty floors) but some compatibility

Table 6.1: Comparing liberal, living wage, and social democratic welfare states

	Conservative liberal	Living wage liberal	Social democratic
Minimum wages	Low	Higher wage floors, adjusted for living costs	High wage floors achieved by industry bargaining
Welfare support	Time limited and/or low replacement rate; workfare focused	EITC-style tax credit or partial basic income	Universalism/social insurance
Social services	Mix of public and private	Universal basic services (housing and childcare)	Universal with some privatisation
Collective wage-earner institutions	Weak with an enterprise focus	Similar to liberal model or wages boards	Union-coordinated industry bargaining
Employment policies	Economic cycle	Job guarantee and/ or expanded labour market policies	Large public sector and active labour market policies