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INTRODUCTION

On September 21, 2005, several dozen members of the Bloomington, Illinois based Central Illinois Organizing Project (CIOP) gathered outside of the site of U.S. Cellular Coliseum in downtown Bloomington. This group of community activists, religious leaders, union members, and students had one simple demand—that the Bloomington city council guarantee that every worker at the new arena be paid a living wage of at least $9.33 per hour. Unfortunately for CIOP and its activists, the Bloomington city council did not agree to the organization's demand; and city council members have yet to pass a living wage ordinance.

The campaign for a living wage in Bloomington, despite its lack of success, is representative of the national living wage movement which has swept across the United States over the last decade. Since 1994, when Baltimore passed the first living wage ordinance, over 130 cities and counties have adopted similar laws (ACORN, 2006). Although ordinances vary in specifics depending on the municipality, all living wage laws mandate that certain workers in the private sector be paid above a minimum level, typically set at the wage necessary to keep a family's income above the poverty line. Living wage laws usually affect only firms which receive government contracts and/or assistance from municipalities in the form of subsidies, tax support, or developmental grants.

The growth of the living wage movement has been called "the most striking progressive achievement in labor and employment policy in the past 25 years" (Fairris and Reich, 2005: 1). Indeed, living wage campaigns have been very successful in convincing municipalities to adopt laws, and the policy has quickly spread to cities and counties across the United States. Despite the proliferation of living wage laws, however, there has been little research regarding many important issues about these ordinances. Thus, this paper hopes to address two significant topics regarding the living wage. First, this study will determine the factors which lead to the success of living wage campaigns. In addition, this paper will discuss the impact of living wage laws in municipalities with ordinances.

The Success of Living Wage Campaigns

In his influential book *City Limits*, Paul Peterson asserts that municipal governments will not pursue redistributive policies that benefit the poor. As Peterson explains, municipal governments depend on businesses and investors to provide jobs for citizens and to stimulate the local economy. Since businesses usually act independently of local governments and are free to relocate, cities typically compete against each other to attract businesses and investors. In this type of atmosphere, few municipalities will adopt redistributive policies which impose costs on businesses and threaten the health of the local economy (Martin, 2001).

If Peterson's theory is indeed true, why have so many cities adopted a redistributive measure such as the living wage? Scholars point to a variety of factors which have fostered the emergence of the living wage movement. First, although a few municipalities have required all businesses operating within their jurisdictions to pay workers a living wage, the overwhelming majority of ordinances (as well as the ones examined in this paper) apply only to businesses receiving government contracts or subsidies. Since these companies rely on urban markets in order to sell their goods and services and depend on local governments to provide contracts and subsidies, these firms are largely immobile and would be unlikely to relocate if a city were to adopt a living wage policy (Martin, 2001). Thus, unlike other redistributive measures, living wage ordinances will not cause businesses to flee cities. By overcoming the dilemma posed by Peterson, living wage laws have become an attractive policy for urban activists and city councils.

Economic developments during the 1990s also contributed to the rise of the living wage movement. Over the past two decades, the minimum wage has fallen considerably relative to the poverty line. For example, in 1979, the minimum wage stood at 104.3 percent of the poverty line; however, the minimum wage dipped to 70.5 percent of the poverty line by 1989 and recovered to just 78.1 percent by 1996 (Levin-Waldman, 2005). Currently, the minimum wage’s real value stands at only 65 percent of its peak of $7.92 in 1968. Minimum wage earners, thus, struggle to achieve a basic standard of living; and the ranks of the working poor have swollen to approximately 7.2 million Americans (Lipp, 2002). This increase has led many community activists to believe that the minimum wage is no longer effective and that some other wage control is necessary to ensure that employers pay full-time workers a high enough wage so that anyone working a full-time job does not live in poverty (Fairris and Reich, 2005).

Related to the decrease in the real value of the minimum wage is the increase in income inequality. During the 1980s, income inequality within the United States escalated. Furthermore, although the country experienced significant economic growth during the 1990s, this growth did not alleviate the gap between the rich and the poor. Living wage campaigns have gained support, thus, among community groups working with disadvantaged populations since their efforts attempt to decrease the problem of persistent income inequality (Lipp, 2002; Levin-Waldman, 2004). As one study states, living wage laws are appealing because they promote "the notion that in our highly productive modern economic systems all individuals should have a right to an adequate share of the community's produce" (Champlin and Knoedler, 2002: 877).

The emergence of living wage campaigns also corresponds to changes in urban politics. Many large cities have engaged in large-scale urban redevelopment in order to promote economic growth and job opportunities. Most of these development plans, however, focused on amenities aimed at upper class individuals and "invested huge sums of public money into symbolic development projects such as sports stadiums, conventions centers and other arenas" (Levin-Waldeman, 2005; 136). While these facilities hire hundreds of workers, most are employed in low-skill jobs paying low wages. Thus, many living wage activists feel that urban redevelopment comes at the expense of low-wage workers; and as a consequence, many community groups have adopted the call for a living wage so that taxpayer money does not support below-poverty wages (Fairris and Reich, 2005).

At the same time that many cities are promoting urban development, city governments are also working to bring down large municipal budgets by privatizing many city services. Outsourcing city services allows cities to shift from municipal employees, who are typically unionized and receive high-wages, to low-wage workers employed by private firms (Levin-Waldman, 2004). Privatization, thus, has prompted many labor unions to call for living wage ordinances in order to prevent cities from paying workers such low-wages.

Although the privatization of city services, the increase in income inequality, and the failure of urban development to decrease poverty account for the emergence of the living wage movement in general, these factors do not explain why some cities have adopted living wages while others have not. Although the literature on this question is relatively silent, Oren Levin-Waldman investigates this issue in his article, “Cities that Pass Living-Wage Ordinances” (2004). Using data from the Current Population Study (CPS) for 1993 and 2002, Levin-Waldman compares cities which have passed living wage ordinances with those that have not; and from this analysis, Levin-Waldman concludes that many differences exist between the two types of cities. First, Levin-Waldman notes that, in 1993 (prior to the adoption of any living wage laws), income inequality was higher in cities that subsequently implemented living wage laws: the ratio between the average family income of those in the top quintile and those in the bottom quintile was 13.3 for living wage cities and 11.4 for non-living wage cities. Analyzing the demographic differences between the two types of cities, Levin-Waldman concludes that, while racial composition does not seem to factor into the adoption of living wages, the percentage of immigrants within a city does. In particular, cities which have enacted living wage ordinances have higher concentrations of immigrants from Latin America—26.9 percent of the population of living wage cities in 1993 and 24.8 percent in 2002, compared to 10.7 percent of the population in non-living wage cities in 1993 and 14.9 percent in 2002. Education levels also vary between the two types of cities. While 16.3 percent of individuals in non-living wage cities have less than a 12th grade education, 21.9 percent have less than a 12th grade education in living wage cities.

Since cities which have adopted living wage laws have a larger population of immigrants and low-skilled workers, it is not surprising that more individuals in these cities are employed in low-skill sectors, such as durable and nondurable goods industries and services. Conversely, non-living wage municipalities have more citizens working in the high-skill sectors of executive, managerial, and professional occupations.

Isaac Martin also studied the differences between cities which have adopted living wage ordinances and those which have not (2005). According to Martin, the one demographic variable that has a positive and statistically significant impact on the passage of a living wage is a city's population. Martin hypothesizes that larger cities can impose wage requirements more easily because big cities have greater leveraging power over firms. Since businesses in large cities benefit from the city's location, companies are more willing to accept labor market regulations such as living wage laws. Martin also determines that a city's political environment factors into the passage of living wage policy. According to Martin, cities possessing a more politically liberal population, as evidenced by the proportion of residents voting for the Democratic Party in the 1992 presidential election, tend to be more supportive of living wage laws. In contrast, cities located in the South—where, according to Martin, the political culture is typically less labor-friendly—are statistically less likely to enact living wag ordinances.

Finally, Martin tests the importance of the various participants, such as community groups and national organizations, to determine if these groups factor into the success of living wage campaigns. Martin concludes that activist organizations, such as unions, community-based organizations, and local affiliates of national groups like the Association of Community Organizations for Reform Now (ACORN), do not significantly impact the passage of living wage laws when these groups work alone. However, the presence of a coalition of grass-roots organizations has a strong positive influence on the adoption of living wage laws. The living wage campaigns in Minneapolis and St. Paul illustrate this fact. Prior to ACORN's involvement in the two campaigns, local labor unions had been unsuccessful in persuading the cities to enact a living wage statue. However, once ACORN joined with the unions, the campaigns succeeded in winning a living wage ordinance. This finding corresponds to emphasis that many other researchers place on coalitions in successful movements. Although tension occasionally arises within a coalition, scholars point out that the most successful living wage campaigns require the joint effort of labor unions, community groups, and religious organizations (Freeman, 2005; Levi, et al., 2002).

Overall, these observations regarding successful living wage campaigns reveal a general theory about why some municipalities have adopted living wage laws while other cities have not. Cities with certain demographic characteristics, such as high immigrant population, low levels of average education, high income inequality, and a large proportion of low-skill employment opportunities, are more amenable to organizing around policies like the living wage since they are most in need of such a policy. Larger cities are also more likely to adopt living wage ordinances since their governments possess more ability to regulate business, and liberal cities outside the South are also more disposed to adopt these laws. Finally, cities which possess a strong coalition of national and community activist organizations are more likely to enact legislation. These groups are vital to facilitating a successful lobbying campaign. While national organizations serve to promote the diffusion of living wage policy and techniques into new parts of the United States, local networks of active grassroots organizations, such as labor unions, student associations, and community and/or faith-based groups working with disadvantaged populations, are a key ingredient to passing living wage laws since these community groups adapt living wage policies to a particular region.

The Impact of Living Wages

Since living wage laws have only been in existence for a short time, there exists a relatively small body of research concerning their impact. Initially, most of the literature consisted of prospective studies that explored the potential effects of adopting living wage ordinances. While these reports were beneficial to both sides of the living wage debate, these studies by their nature could not reflect the actual observed impact of living wage ordinances. Fortunately, the diffusion of living wage policies has prompted several scholars to study the actual impact of municipal living wage laws.

Even when living wage campaigns have been successful, implementation of living wage laws are often stymied by unsupportive city administrators and businesses. Obviously, the impact of a living wage ordinance will be smaller if a city does not fully implement the law. One study of living wage policies shows that implementation is lowest when city administrators scrutinize covered firms, while implementation is greatest when community organizations are involved in monitoring affected businesses. Implementation is most successful when community organizations act as watchdogs to determine non-compliance (Luce, 2005).

Even without full compliance, living wage ordinances have been effective in raising the wages of covered workers. A study of the Boston living wage ordinance reveals that the wages of covered workers nearly all exceeded $9.25 per hour, the living wage level, after the law was passed. Since this wage increase did not, however, lead to a significant increase in the wages for those making between $9.25 and $11.75 per hour, the study reveals the possibility of wage compression (Brenner, 2005). Similarly, over 90 percent of airport workers in San Francisco saw a wage increase after the San Francisco city council enacted a living wage ordinance; but workers who had previously made less than the living wage saw the greatest increases (Reich, et al., 2005).

One concern that many business groups have about living wage ordinances is that the increased labor costs will create unemployment for low-wage workers. Most studies, however, especially ones analyzing living wage laws that only apply to businesses receiving city contracts, indicate that living wages have not led to decreased employment levels. Stability in employment occurs because labor demand in businesses that perform city services are extremely inelastic, so increases in wages do not cause the quantity demand for labor to fall (Pollin, 2001). One study shows that employment actually increased by 16 percent at San Francisco International Airport after the living wage went into affect in that city, even though airport activity only increased by four percent over the same time period (Reich, et al., 2005). However, some studies do indicate that living wage laws which apply to firms receiving business assistance may result in a decrease in employment. For instance, comparisons between cities which adopted ordinances applying only to contracts and cities which adopted ordinances applying to business assistance show that broader laws have caused a small increase in unemployment. Still, most studies suggest that the unemployment effects of these broader living wage laws are relatively small (Adams and Neumark, 2005; Neumark and Adams, 2003).

Business groups also argue that living wage ordinances will increase business costs so that many small businesses will close or relocate to another city. It is important to note that most living wage laws establish minimum levels of city contracts or subsidies that a business must receive before it is required to pay a living wage. Small businesses, therefore, are generally not covered by living wage laws, so it seems extremely unlikely that the adoption of living wage laws will significantly harm small businesses. Furthermore, while businesses may threaten to move out of cities which pass living wage ordinances, affected firms are tied to city contracts or subsidies and are probably not apt to surrender these lucrative benefits. Indeed, one scholar asserts that no living wage study has ever pointed to a case where a company relocated in response to a living wage law (Pollin, 2001).

Studies show that the additional wage costs of living wage laws are small compared to overall production costs and are generally less than two percent (Pollin and Luce, 1998). The theory of efficiency wages also states that higher wages can induce higher worker productivity and lower employee turnover, ultimately saving businesses money. Although the money saved will not cancel out the increased wage costs, replacement costs for workers can be substantial; and one study found that the median replacement cost for workers covered by living wages was $2,500 (Brenner, 2005). Several studies show that turnover decreased after cities implemented living wages; in the case of covered homecare workers in one city, the turnover rate fell by 57 percent (Howes, 2005).

Mayors and members of city councils often oppose living wage laws out of concern that these laws will increase municipal budgets, which, in turn, will increase taxes. City contracts, however, are awarded through competitive bidding, so businesses are usually willing to accept lower profit margins instead of passing on costs to cities and risk losing a profitable city contract (Levin-Waldman, 2005). Analysis of Boston's living wage ordinance reveals that most covered firms did not respond to the law by increasing prices; in fact, in some cases prices actually decreased (Brenner, 2005). Since living wage laws increase disposable income for workers, cities (as well as other levels of government) can also save money through decreased social services and welfare benefits given to covered employees. Although no studies have examined the impact of living wage laws on the money spent by municipal governments on social services, prospective studies indicate that cities could potentially save a significant amount (Pollin and Luce, 1998).

Finally, it is important to consider the impact of living wage ordinances on poverty levels within cities which have adopted passed legislation. Using citywide analysis, researchers have noted that living wage ordinances have not lowered urban poverty because the laws have too limited a scope (Adams and Neumark, 2005). Estimates show that living wage ordinances only affect between 46,000 and 100,000 workers in the United States; and while this fact helps make living wage ordinances politically attractive, it also means that these laws cannot have a significant impact on overall poverty levels (Freeman, 2005). Therefore, other redistributive policies might be more effective than living wage laws at decreasing urban poverty. Many activists lobby for living wage ordinances, nevertheless, because such laws force businesses to fulfill a moral obligation to pay workers a wage that allows families to maintain a basic standard of living.

CASE STUDIES

Baltimore

In December, 1994, the Baltimore city council passed the first living wage law in the United States, requiring all firms operating under city contractors to pay contract workers at least $6.10 per hour. Since many subsequent living wage campaigns modeled themselves after the Baltimore campaign, many scholars have studied the Baltimore living wage ordinance as an important case study.

In 2000, Baltimore's population of 651,154 placed it among the top 20 largest cities in the United States. Demographically, the city's largest ethnic group, compromising 64.3 percent of the population, is African-American, while less than two percent of Baltimore's residents are of Latino origin (U.S. Census Bureau, 2006). In terms of education, in 1990, Baltimore had a greater percentage of individuals with less than a 12th grade education than the corresponding statistic for the entire state of Maryland (37.6 percent versus 33.3 percent). Prior to 1994, employment opportunities in the professional and technical sectors increased while opportunities in low-skill sectors decreased, resulting in increased income inequality (Levin-Waldman, 2005). While Baltimore shares several demographics characteristics commonly found in cities that enacted living wage policies (large population, low educational attainment, and rising income inequality), it does not share all such characteristics (for instance, a small immigrant population from Latin America).

Baltimore is considered an overwhelming stronghold for the Democratic Party. Democrats dominate every level of city government, and currently all three of Baltimore's U.S. Congressmen and its mayor, Martin O'Malley, are Democrats. When the living wage ordinance was passed in 1994, then-mayor Kurt Schmoke was also a Democrat. Hence, the city's liberal political culture made Baltimore more receptive to the passage of a living wage law.

The living wage campaign in Baltimore emerged in early 1994, largely in response to a proposed urban redevelopment plan for Baltimore's Inner Harbor. Like many other cities, Baltimore was hoping to revitalize its center city and to spark economic growth by providing large subsidies to firms willing to locate in the Inner Harbor (Levi, et al., 2002). At the same time, an increasing city budget had prompted Baltimore's city council to reduce municipal expenditures by privatizing many city services (Levin-Waldman, 2005). Many activists worried that, although the combination of these two policies would generate growth, low-income families would not benefit from the economic development.

Amidst this environment, Baltimoreans United for Leadership Development (BUILD), an affiliate of the national organization Industrial Areas Foundation (IAF) and consisting of 46 Baltimore churches, struggled to ensure that citywide economic progress would extend to the working poor. BUILD joined with the American Federation of State, County and Municipal Employees (AFSCME) in May 1994 to campaign for a living wage of $7.70 per hour for workers covered by city contracts. Although the law faced tough opposition from businesses and wavering commitment from Mayor Schmoke, the city council ultimately passed a living wage ordinance in December 1994 (Levin-Waldman, 2005). This ordinance initially set the living wage at $6.10 per hour, while mandating annual increases over the next four years so that the wage reached $7.70 per hour by July 1999 (Pollin and Luce, 1998). Since then, Baltimore's living wage has been pegged to the inflation rate, and it currently sits at $9.06 per hour.

At the time of the living wage's enactment, firms throughout the city argued that the law would create unemployment and increase costs for businesses. In fact, three years after the passage of the law, many contractors opposed to the policy were still not paying their employees a living wage (Levin-Waldman, 2005). However, studies of Baltimore's living wage ordinance indicate that businesses' concerns have been largely unfounded. Overall, the law covered less than 1,000 workers in Baltimore. Although the average number of bids per city contract fell from 6.6 to 5.4 the year after the living wage went into effect, the total cost of winning contract bids fell from $19.33 million dollars to $18.86 in inflation-adjusted dollars (Pollin and Luce, 1998). A study conducted in 1999 also revealed that the ordinance caused almost no increase in the cost of city contracts (Niedt, et al., 1999).

Interviews with firms covered by the living wage ordinance indicate that most firms felt the law did not have a negative impact. Furthermore, none of the firms interviewed a year after the establishment of a living wage reported decreasing employment levels (Pollin and Luce, 1998). Interviews conducted with 26 employees receiving wage increases under the ordinance revealed that only one individual worked fewer hours, although the reason for this decrease is unknown. In addition, more than half of the workers viewed work more favorably (Niedt, et al., 1999). Although no studies have examined the impact of Baltimore's living wage on employee absenteeism and turnover, this increased positive attitude toward work seems to support an increase in worker productivity.

Overall, the success of Baltimore's living wage law set the stage for future campaigns and ordinances. Like many other living wage campaigns, the Baltimore campaign consisted of a coalition of labor unions, religious groups, and a nationally-affiliated community organization working in a large, liberal city with significant income inequality and low educational attainment. The ensuing ordinance was successful in raising the wages of nearly 1,000 workers above the poverty line without having significant negative consequences.

Los Angeles

Like Baltimore, Los Angeles was among the first municipalities to enact a living wage law—the city council unanimously approved the ordinance on March 18, 1997. However, the Los Angeles ordinance differed significantly from the Baltimore law in that it not only covered firms working under city contracts, but is also applied to businesses receiving subsidies from the city government (ACORN, 2006).

As the second largest city in the United States, Los Angeles boasted a population of 3.69 million residents in 2000. The city is also home to one of the most diverse urban populations in the United States, with Hispanics and Latinos being the largest ethnic group residing in the city (46.53 percent). Almost one million Los Angeles residents were born in Latin America, making this group the largest foreign-born population in the city (U.S. Census Bureau, 2006). Los Angeles also has a high proportion of citizens with less than a 12th grade education (39.8 percent in 1990), which is slightly more than the state of California as a whole (36.0 percent in 1990). Compared to other cities, Los Angeles has a relatively low percentage of low-skill jobs; therefore, the percentage of workers in low-skill jobs does not seem to be an impetus to the living wage ordinance (Levin-Waldman, 2005).

Although the office of mayor is officially non-partisan in Los Angeles, the current mayor, Antonio Villaraigosa, is affiliated with the Democratic Party. However, the mayor's office has frequently switched between Democrats and Republicans; and in 1997, the office belonged to Republican Richard J. Riordan. While the city's congressional delegation is split between Democrats and Republicans, the city has supported a Democratic presidential candidate in every election since 1984 (Leip, 2006).

When Mayor Riordan took office in 1993, he "stressed the need for the city to be run like a business," and thus, he began contracting basic city services to private firms (Levin-Waldman, 2005: 156). The mayor's goal of cutting city jobs and privatizing services concerned many labor unions and community organizations active in Los Angeles. In 1996, the AFL-CIO joined with a progressive community organization, the Los Angeles Alliance for a New Economy (LAANE), to support a living wage for workers employed by firms operating under city contracts as well as companies receiving development subsidies from the city. Although this coalition lacked a nationally-affiliated community organization, many labor unions (such as SEIU, UFCW, and AFSCME) and religious groups (such as the Clergy and Laity United for Economic Justice) quickly joined the coalition (Levin-Waldman, 2005).

The proposed living wage ordinance faced stiff business opposition based mainly on the fact that the law would cover firms receiving business assistance in addition to those holding city contracts. Fortunately for the campaign, a progressive city councilwoman, Jackie Goldberg, supported the ordinance and pushed it through the council (Levi, et al., 2002). Ultimately, the council voted unanimously to adopt the ordinance, which required businesses receiving city contracts greater than $25,000, or financial assistance of over $100,000 annually, to pay workers at least $7.25 per hour. In addition, the law forced these firms to offer healthcare benefits to workers (or pay an additional $1.25 wage premium) and to provide covered workers with 12 paid days off annually (Pollin and Luce, 1998). The living wage rate in Los Angeles was also indexed to inflation, and it has subsequently increased to $9.08 per hour (ACORN, 2006).

The impact of the Los Angeles living wage ordinance was significant for the living wage movement since the city's law reached a broader set of workers than previous ordinances. Nevertheless, the law only affected approximately 7,000 workers out of a city of 3.69 million (Murray, 2001). Studies comparing firms affected by the ordinance to unaffected firms indicate that Los Angeles' living wage law has significantly raised wages for covered workers. By 2002, living wage establishments had increased their wages for low-income workers by $2.39, while non-living wage establishment had increased their wages for similar workers by only $0.73, a statistically significant difference of $1.66. When surveyed, most firms affected by the living wage law indicated that they would not have increased wages if there had not been a living wage ordinance. Furthermore, although no significant difference in healthcare benefits exists between living wage firms and non-living wage firms, workers at living wage companies receive an additional two paid days off per year, a result determined to be statistically significant (Fairris, 2005).

Prospective studies completed shortly before the passage of Los Angeles' living wage ordinance estimated that the average worker would receive an additional $1.82 per hour, which would result in an average of $23,725 in extra annual costs for the typical firm. Citywide, this would equal an additional $23.7 million in wage costs. Combining these wage costs with the predicted direct costs associated with the healthcare and paid days-off provisions, the citywide cost would total $54.7 million dollars, or $54,785 per company. Although spillover costs of Los Angeles' living wage law are hard to determine, estimates predict that these costs would amount to approximately $13.4 million citywide. Hence, total direct and indirect costs would equal $68.2 million for all affected firms in Los Angeles. Although this number may seem large, it represents only 1.5 percent of the total costs for the goods and services produced by living wage firms. While relative cost increases will vary by type of industry, studies predict that the costs in nearly all industries will increase by less than one percent (Pollin and Luce, 1998).

While the costs imposed by Los Angeles' living wage ordinance have been relatively small for most firms, these costs have seemed to cause some unemployment for low-skill workers in Los Angeles. Eighteen percent of companies surveyed claim to have decreased employment levels in response to the living wage. Although the validity of this result depends on a firm's ability to determine what levels of employment would have existed in the absence of a living wage law, this decrease in employment implies an elasticity of demand for low-wage workers of -0.10. On the other hand, the living wage ordinance has also created productivity gains for impacted firms. While worker turnover decreased for both impacted and non-impacted firms, the decline in turnover for living-wage firms was statistically larger than the decline for non-living wage firms. This difference is nearly entirely attributed to the presence of a living wage (Fairris, 2005).

Finally, it is important to address the impact of the living wage ordinance on Los Angeles' budget. A prospective study estimates that if all costs created by the living wage were passed along to the city, the annual budget would increase by 2.1 percent. However, it is highly unlikely that this would occur since the competitive bidding process would force firms to absorb much of the costs. Given that the estimated profit margin for affected firms is between 10-18 percent, it seems likely that firms could reduce profits to absorb the costs. In addition, city government would save money by providing fewer social services to workers covered by the living wage, further lowering the impact of the living wage ordinance on the city's budget (Pollin and Luce, 1998).

Conclusion

The case studies of Baltimore and Los Angeles help to shed light on some of the issues regarding living wage ordinances in the United States. While sharing some characteristics, such as large populations and low-education levels, the two cities are also very different demographically, especially with regard to their minority populations. Since neither city exactly fits the "profile" of living wage cities proposed by some scholars, their divergence from what is considered typical suggests that adoption of living wage ordinances is not solely dependent upon specific urban characteristics. However, the two case studies do provide a glimpse into the multiple factors leading to the success of living wage campaigns. In both cases, specific mayoral and/or city council decisions prompted community groups to call for living wages; and in both cities, the success of the campaigns was dependent upon the formation of a coalition lobbying effort. The case studies of Baltimore and Los Angeles further show that successful living wage campaigns produce positive results. In both cities, living wage laws have been effective in raising wages for covered workers without producing significant negative consequences. Neither city experienced large increases in city budgets, and covered businesses in both cities saw only slight additional costs relative to overall production costs due to the living wage laws. While there is no evidence of decreased employment in Baltimore, there was a small increase in unemployment in Los Angeles, indicating that broader living wage laws may produce some loss of jobs.

Despite the findings in this paper, it is clear that more research is need on living wage laws. Additional studies on the political aspects of living wage campaigns are needed to determine why cities choose to adopt living wage ordinances. Also, most empirical research on these laws examines large cities which offer greater samples of covered workers. As living wage campaigns and ordinances spread to small-sized cities, such as Bloomington, Illinois, it is important that scholars consider the impact of living wages on these municipalities.

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