

Foreword

Does someone in your family have a job, and, if so, how much does it pay? For the overwhelming majority of the world's population, how one answers these two questions determines, more than anything else, what one's living standard will be. It follows that a fundamental determinant of human well-being in all countries throughout the world is whether the people who come to work every day, regardless of their occupation, are paid at least a living wage for their efforts. It also follows that creating an abundance of living wage jobs must be a centerpiece of any policy agenda that is genuinely committed to raising living standards for working people and the poor in all countries of the world.

But what exactly do we mean by the term 'living wage'? In his 1997 book *A Living Wage: American Workers and the Making of a Consumer Society*, the historian Lawrence Glickman writes that in the historical development of the living wage movement, supporters used the living wage concept to define a wage level that offers workers 'the ability to support families, to maintain self-respect, and to have both the means and the leisure to participate in the civic life of the nation.' (p. 66) This Glickman definition of a living wage bears a close correspondence with the ideas of the economist Amartya Sen on defining poverty relative to the achievement of what he calls 'capabilities' (for example, in his 2000 book *Development as Freedom*). These capabilities include such things as the ability to read and write, to lead a long and healthy life, to have freedom of movement, and to participate meaningfully in the civic life of the community.

Glickman and Sen provide us with important benchmarks. But they also still leave us with a formidable challenge: how can we translate their broad concepts into actual wage levels? What, in other words, is a wage level in, say, Nairobi, Kenya, or Veracruz, Mexico, that will enable workers in these places to support their families, to maintain self-respect, and to have the capability to participate meaningfully in the civic life of one's community?

Answering this question is the task that Richard Anker and Martha Anker have set for themselves in *Living Wages Around the World: Manual for Measurement*. My bottom-line assessment of their efforts is straightforward: they have been extremely successful. Their work can serve as a reliable and effective resource for establishing living wage standards in all

countries and regions. Let me briefly convey some of the factors that have led me to this conclusion.

Anker and Anker begin their discussion by presenting a definition of living wages that does not fully encompass the broad vision conveyed by Glickman or Sen, but that nevertheless offers the major virtue of being workable. This definition, which has been adopted by the Global Living Wage Coalition, is as follows:

Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events. (Global Living Wage Coalition, 2016)

Working from this definition, they then develop a methodology that can measure what this level of remuneration needs to be. They show that their methodology can be applied in all country and regional settings. This holds even for situations, as will be common throughout the developing world, in which access to reliable statistics on costs of living and prevailing wage structures is limited. The first thing that makes their approach workable is that they use only three expenditure groups to estimate the costs of a basic but decent life style for a worker and her/his family: food, for a low-cost nutritious diet; housing, for basic healthy housing; and other essential expenses for a family, including education and health care. They then add a small margin for sustainability and emergencies. Within this simple framework, they then provide extensive detail on how to determine what constitutes decent consumption levels in each of these categories of necessities. Researchers can work within their framework to make effective use of large amounts of information on, for example, local food prices to generate an overall cost-of-living estimate. But their approach also enables researchers to produce reliable estimates even when only limited data are available. Having shown how to generate reliable regionally specific cost-of-living figures, Anker and Anker then guide readers through all the steps necessary to estimate a wage-rate figure that will constitute a living wage within any regional setting. They next explain how to measure prevailing wages in a region as well as the difference between the regional prevailing wage and their estimate of what should be the region's living wage standard. The last section offers suggestions on how to write a living wage report and to update their estimates over time.

Along the way, they tackle a wide range of important specific issues. These include: how to incorporate taxes and government support programs in establishing what the living wage standard should be; how to treat in kind payments as alternatives to wage payments; how to deal with the

fact that jobs don't always offer people a standard 40-hour workweek; and how to incorporate agricultural work, in which payments are generally not provided in the form of hourly wages. They also walk readers through case studies based on their own projects over several years in Malawi, Kenya, the Dominican Republic and South Africa.

In short, *Living Wages Around the World* is detailed and rigorous while also being simple in its basics and eminently practical. As such, it is capable of effectively supporting wide-ranging efforts to bring higher living standards and greater justice to working people and their families in all regions and countries of the world.

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