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Just Wages

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Just Wages



**Our incomes are like our shoes,
if too small,
they gall and pinch us;
but if too large they cause us
to stumble and trip.**

Charles Colton (English Clergyman, 1822)



Distributors of Justice

Living, Equitable and Sustainable Wages

A Tribute to Ruby

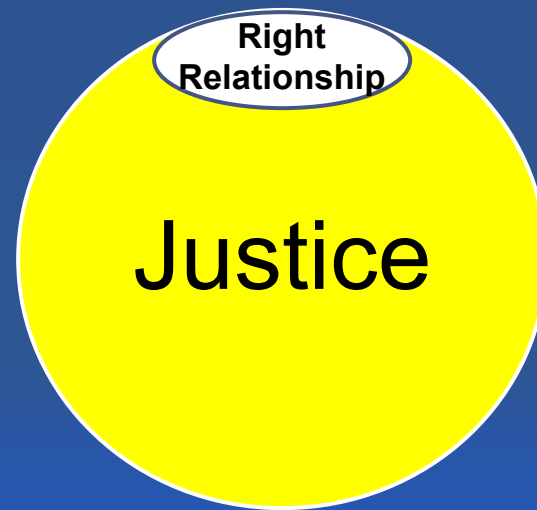
Law School

November 26, 2013



The Logic of Justice

Relationship between Ruby and the Hospital



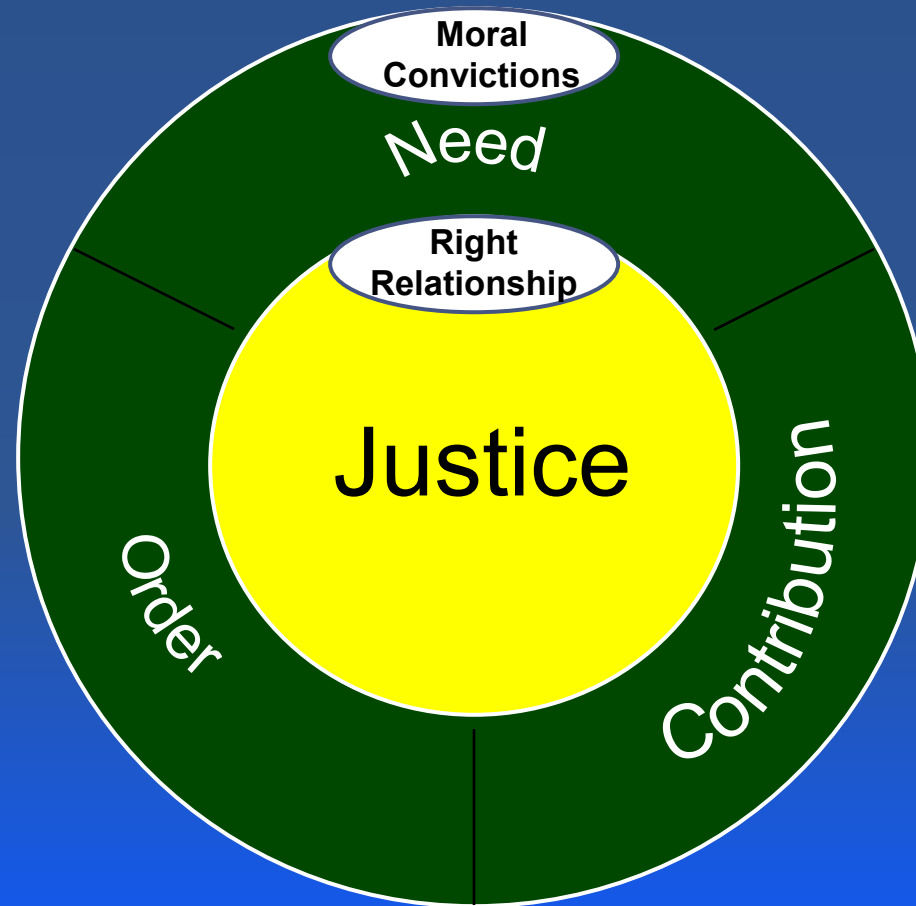


The Wage Relationship

(not just an exchange)

- **Relational Insight:** In order for there to be a “right relationship” between employee and employer, both need to recognize that *work can never be reduced to or exhausted by the pay given*. The wage given can never fully account for the labor done, precisely because work is always “more” than its economic output or instrumental value.

Three Convictions of a Just Wage





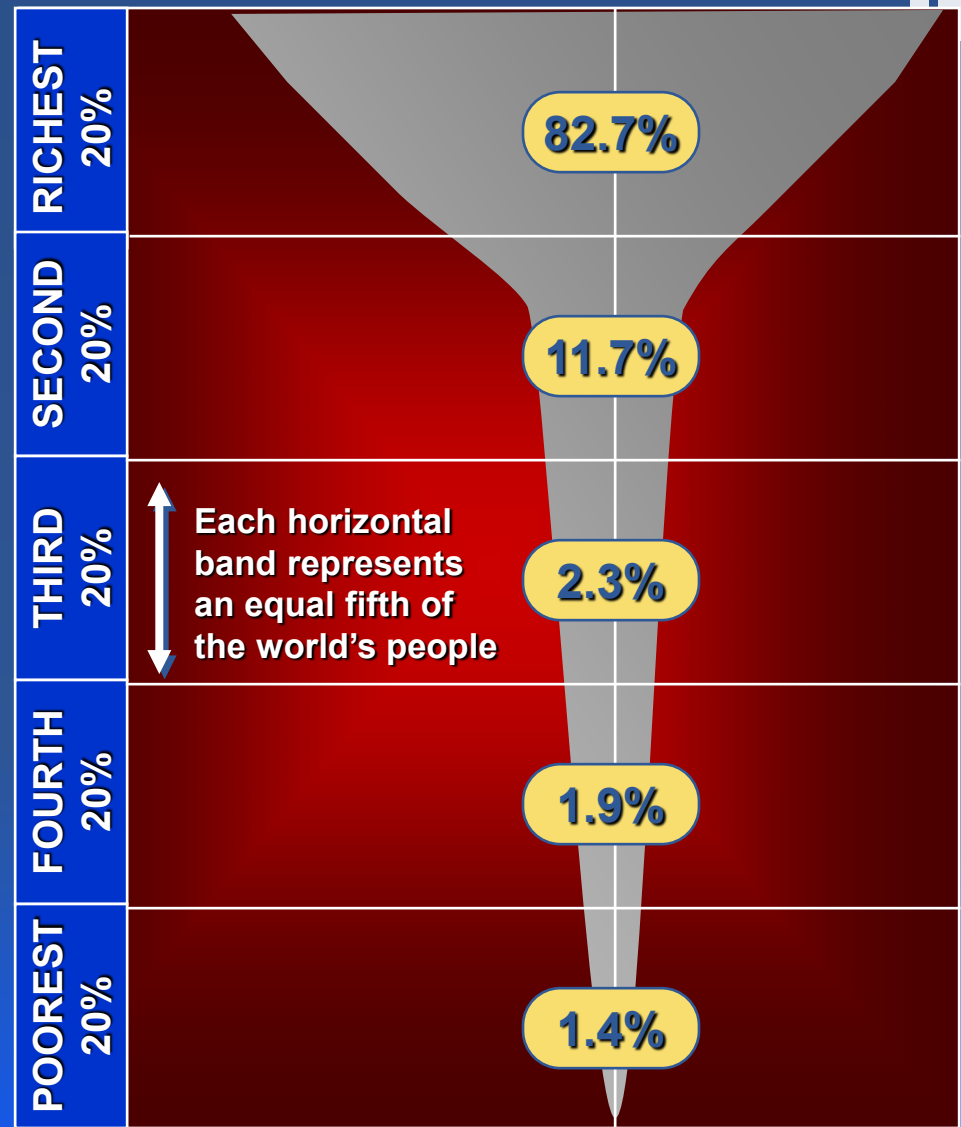
The Conviction of Need and a Living Wage




- A living wage is *the minimum amount due to every independent wage earner by the mere fact that he is a human being with a life to maintain and a personality to develop.*
- A wage that fails to meet the needs of an employee (in particular a full-time adult) is a wage that will struggle to carry the weight of a real relationship and community of persons.

Champagne Glass

Distribution of
Global Income of
Total Quintiles of
Population
Ranked
by Income



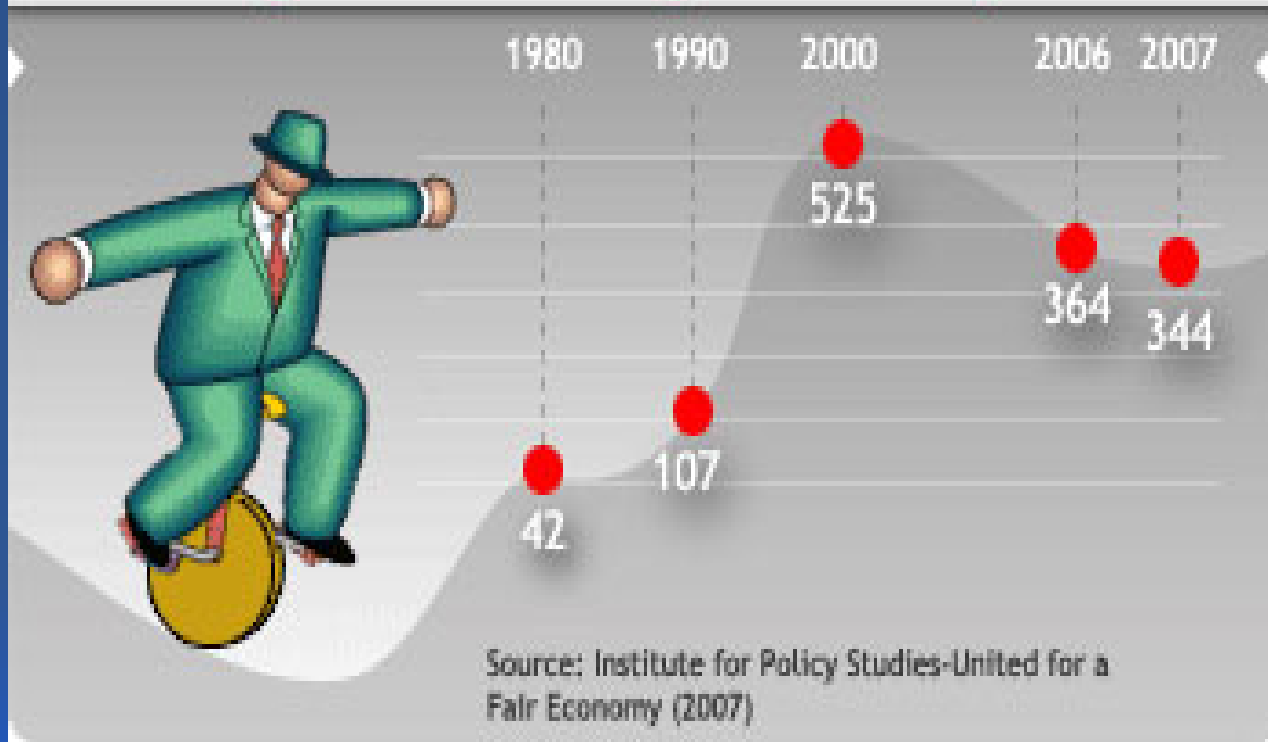


The Conviction of Contribution and an Equitable Wage

- *An equitable wage is the contribution of an employee's productivity and effort within the context of the existing amount of profits and resources of the organization.*



Average CEO to Average Worker Pay Ratio



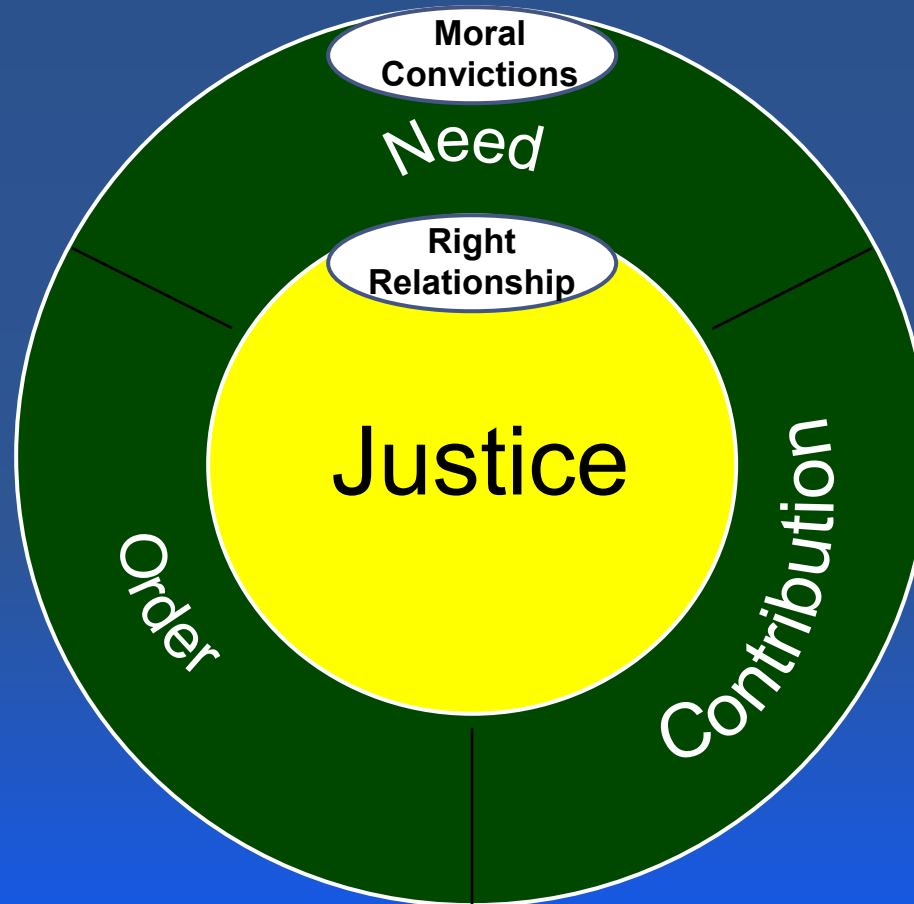
Source: Institute for Policy Studies-United for a Fair Economy (2007)



The Conviction of Economic Order and a Sustainable Wage

- A sustainable wage *is the organization's ability to pay wages that is sustainable for the economic health of the organization as a whole.*

Managing the Tension



Reell Case

- **Market Wage:**
\$7 an hour, \$14,000 a year
- **Living Wage:**
\$11 an hour, \$22,500 a year
- **Gap:**
How to make up the difference?



A Response

- **Living Wage** and Distributors of Justice
 - Target Wage:
- **Equitable Wage** and the Principle of Subsidiarity
 - Redesigning Work: Teach, Equip, Trust
- **Sustainable Wage** and Prudential Judgment
 - Labor Rates vs Labor Costs:





Recap



- A Just Wage is not only an Exchange or a Contract, but it is part of a *Relationship*.
- Because it is a relationship, the price of the wage does not exhaust the work that is done.
- This relationship when it is guided by the three convictions of need, contribution and order, should create a stronger community at work that will be more mission driven and identity focused.



Possibilities Forward



- **Living Wage Policy:**
 - **Target Wage :** distance between a market wage and a living wage—developing associates skill level and contribution.
 - **Index Benefits to Salary:** make benefits more affordable to lower paid employees **or** create a solidarity fund for unusual situations that lower paid employees face.
- **Equitable Wage (variable Pay):**
 - **Bonuses:** reward everyone as well as recognize the talent and sacrifices of leaders in the organization.
 - **Equity Ratio as Guide**
 - **Employee Ownership**
 - **Be on Guard of Disordering Incentives**
- **Sustainable Wage**
 - **Percentage of labor cost to business**



Indirect and Direct Employer



- **Direct Employer:** the one who pays the wages
- **Indirect Employer:** Indirect employers include institutions and persons such as the state, unions, community groups, and any other intermediary group in the community that can have some effect on compensation. The most obvious and influential indirect employer is the state.
- **Examples of Indirect Employers:** Minimum Wage, Collective Bargaining, Living Wage Campaigns, Boycotts, etc.





Roots of Justice



- Hebrew *mišpāt* (justice) and *ṣĕdāqâ* (righteous) in the Old Testament “refer to the fulfillment of responsibilities that arise out of particular relationships within the community” – relationships between employer and employee, ruler and people, husband and wife, parent and child, etc.
- Latin *ius* means not “my private rights” but “right relationships.”

Justice



ius



Right



Individualistic

Communitarian

Rights as claims

Right relationships

**Autonomous
Individuals**

**Community of
Persons**