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'RIGHT-TO-WORK'
Wrong for New Hampshire

BY GORDON LAFER

As the country strives to recover from the worst recession since the Great Depression, lawmakers in several states are being told that the key to solving their state's unemployment woes is adopting so-called "right-to-work" statutes.

These misleadingly named right-to-work (RTW) laws do not, as some unfamiliar with the term may assume, entail any guarantee of employment for people ready and willing to go to work. Rather, they make it illegal for a group of unionized workers to negotiate a contract that requires each employee who benefits from the contract terms to pay his or her share of the costs of negotiating and policing the contract. By making it harder for workers' organizations to sustain themselves financially, RTW laws aim to undermine unions' bargaining strength.[1] When unions are weakened, wages and benefits decline for all workers—including workers who are not in a union—as competitive pressures on nonunion employers to meet union compensation standards are lessened. Because RTW lowers wages and benefits, weakens workplace protections, and decreases the likelihood that employers will be required to negotiate with their employees, it is advanced as a strategy for attracting new businesses to a state.

In New Hampshire, right-to-work proponents suggest that adopting a right-to-work law will increase both job growth and income growth in the state. State Rep. Will

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Smith (R-New Castle), the author of a proposed right-to-work law (HB 474), argues that the policy "has been shown to bolster job creation and personal income growth."[2]

Smith's assertions appear to be based, in large part, on information supplied by longtime anti-union advocates in the National Right to Work Committee. In testimony in support of HB 474, the committee insisted that there is "overwhelming evidence indicating that right-to-work laws are…economically beneficial."[3] According to Smith, "The data supports our economic argument."[4]

Unfortunately, the claims supplied by the Right to Work Committee are utterly without economic foundation. If a college student presented an analysis similar to the committee's for a graduate thesis, it would be rejected for faulty methodology. In America, anyone is free to advocate a personal ideological agenda, but both legislators and the public at large deserve to know the difference between ideological passion and scientific fact.

In an economy the size of the United States, advocates are always able to selectively choose numbers that seem to illustrate their point of view. But legislators should not rely on anecdotes or cherry-picked numbers when rigorous, statistically scientific analysis is available.

Contrary to what RTW backers have claimed, the scientific analysis of right-to-work laws shows that they lower wages and benefits for both union and nonunion workers alike without exhibiting *any* positive impact on job growth.

The primary challenge confronting the majority of Americans is not that U.S. companies can't compete but rather the severed connection between hard work and fair pay. During the best years of U.S. economic growth, when productivity and profits rose, everyone shared in that prosperity. Over the past 30 years, however, this equation has been disrupted. In today's economy, even when companies are profitable and those at the top benefit richly, the vast majority of Americans are unable to obtain a fair share of the profits generated by their work. So-called right-to-work laws will make this problem worse.

RTW laws are being aggressively promoted across the country, primarily by employer associations and anti-union advocacy groups. Employers are in the business of maximizing returns to shareholders and owners; that's what business is *supposed* to do. If some employers are promoting RTW because they believe it may increase profits by lowering employee pay, they certainly have the right to pursue such a goal. But while maximizing profits may be a logical goal for business owners, New Hampshire's elected officials are charged with maximizing the economic welfare of all the state's residents.

Simply put, at a time of economic need, right-to-work laws are a prescription for further decline.

New Hampshire's economic record is one of the most successful in the country—by almost every measure far more successful than the states with RTW laws. It is understandable that, at a time of crisis, lawmakers look to every possible tool for improving economic performance. A close examination of the track record of RTW laws reveals, however, that RTW laws are not a good potential solution.

What's wrong with the economic argument in support of right-to-work?

The most commonly voiced argument in support of New Hampshire's right-to-work proposal is the claim that, over the past 10 years, "private sector job growth was six times greater in right-to-work states than here in New Hampshire."[5]

This claim is not, in fact, based on the past 10 years, but on the 10 years ending in 2009, perhaps chosen because advocates thought they offered a more dramatic talking point. While it is true that average job growth in the 22 states that have right-to-work laws was higher than in the 28 other states over the past decade, the difference is not nearly as dramatic as has been reported.[6] Most importantly, job growth in New Hampshire during the past 10 years actually outpaced that in a majority of RTW states.

Advocates do the public a disservice by focusing on the average performance of such a large and diverse set of state economies. For instance, a recent Indiana Chamber of Commerce publication reports that "states with right-to-work laws have experienced above average economic growth, while states without such laws have seen below average growth."[7] A person reading this statement might conclude that *all* RTW states enjoyed rapid economic growth, while *all* non-RTW or "free-bargaining" states were doomed to sluggishness—that if all the states were lined up in order of growth, the RTW states would be up front and all others at the back of the line. Nothing could be further from the truth.

There is a huge discrepancy in the relative performance of states with and without right-to-work codes over the past decade.[8] For example, while employment grew by almost 19% from 2000 to 2010 in RTW Arizona, employment shrank by nearly 7% in RTW Alabama. Employment growth over the decade was 7.8% in non-RTW New Mexico, or six times the rate of its RTW neighbor, Oklahoma (1.3%).

When one examines the variation among the individual states that make up the Right to Work Committee's average, it becomes clear that the economic growth statistic is highly misleading—driven by a handful of high-growth states such as Nevada, Arizona, and Texas, while much of the rest of the pack saw quite modest growth or even declines. Indeed, the non-RTW free-bargaining states of Washington, Alaska, and New Mexico each saw jobs grow faster than two-thirds of the RTW states. New Hampshire's job growth over the past decade ranked 16th in the nation, outpacing a majority of all right-to-work states.

A similar dynamic underlies right-to-work proponents' claim that, on average, "growth in real per capita incomes in RTW states is substantially higher than both the national average and non-RTW states."[9] This statement is statistically true, but only in the same way that it's true that if Bill Gates walks into a bar, everyone in the bar is suddenly, *on average*, a multimillionaire. The problem with averages presented in the absence of standard deviations is that they create the misleading impression that the average is more or less representative of everyone in the group.

In fact, by reporting only the *average* growth rate for right-to-work states, advocates obscure huge disparities among RTW states.[10] For instance, in 1977-2008, per capita income grew by 82% in North Dakota but by less than half as much (32.5%) in Nevada (**Figure A**). Indeed, Nevadans' income grew more slowly than either the national average or the average of non-RTW states.

Comparing simple averages of two very diverse groups of states gives the misleading impression that right-to-work policy accounts for the diverse growth rates. In truth, four of the five fastest-growing states in 1977–2008 were free-bargaining states, including New Hampshire, whose income grew at a faster pace than all but one right-to-work state.

If states with so-called right-to-work laws can experience either dramatic growth or steep decline, and if both right-to-work and free-bargaining states can foster booming job markets, then something in these states' economies, demographics, or policies *other than RTW* must be driving their growth.

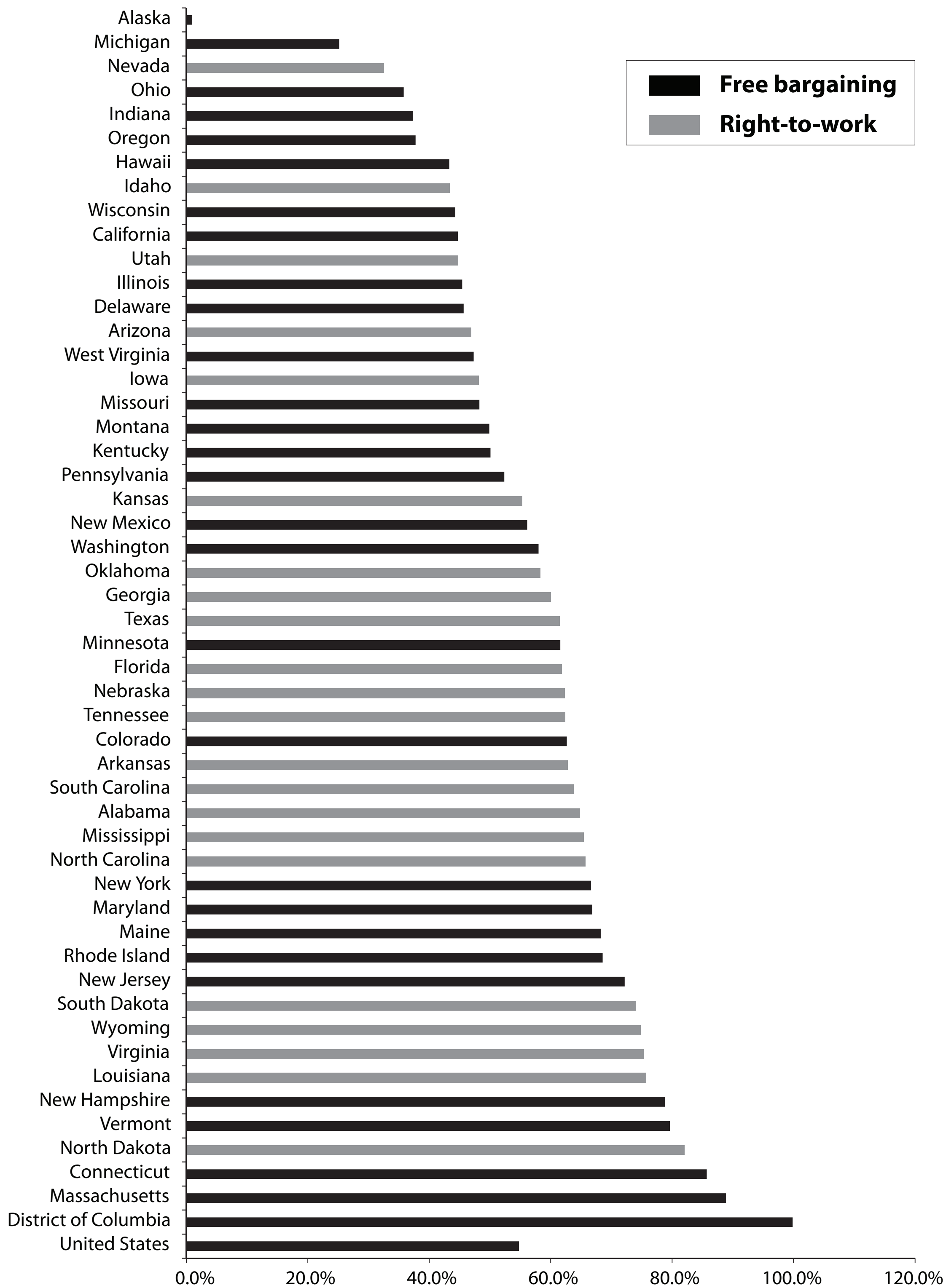
When one examines the facts underlying the averages, it appears that recommending a right-to-work law as a solution to unemployment is on par with suggesting that one increase one's personal wealth by having a beer with Bill Gates in his favorite watering hole.

The importance of serious economic analysis

As seen above, the mere existence of a right-to-work law reveals nothing about the law's relation to the state's economic trajectory. Indeed, the type of arguments trumpeted by right-to-work advocates could easily lead to conclusions opposing right-to-work. Over the past 30 years, for instance, per capita income grew significantly more rapidly in Scandinavia than in the United States.[11] Not only do none of the Scandinavian countries have right-to-work laws, but the share of their employees represented by unions is much higher than anyplace in the United States, ranging from a low of 72% in Norway to a high of 92% in Sweden. Yet corporate lobbies are certainly not suggesting that we emulate Scandinavia by abolishing right-to-work and encouraging increased unionization as a path to economic revival.

FIGURE A

Growth in per capita personal income, by state, 1977-2008



States with right-to-work laws are shown in gray.

SOURCE: Bureau of Economic Analysis.

It is notoriously difficult to isolate the economic impact of a single state policy. But it is incumbent on economists to do everything possible toward this goal before reporting "results" to public officials. Clearly, what both sides of this debate must aim to discover is how right-to-work impacts a state's job growth, all other things being equal. The methodological difficulty rests in defining what "all other things" means. Noticing, for instance, that a given RTW state has experienced faster growth than a given non-RTW state, one might wonder if the difference is due not to the discrepancy in labor laws but rather to the difference in the educational level of the workforce, the proximity of transportation hubs, the cost of real estate, the state's inheritance tax, its natural resources, the quality of its school system, and so on. The list gets very long very quickly.

The history of right-to-work scholarship over the past several decades includes successive efforts to account for more and more of these variables, and to separate out as completely as possible the impact of right-to-work laws from all the other factors that influence a state's economic growth. Over time, as scholars have developed more sophisticated and more comprehensive means of holding "all other things" equal, it has become increasingly clear that right-to-work laws have no positive impact whatsoever on job growth.[12] At the same time, statistically scientific studies show that right-to-work laws have a modest *negative* impact on both wages and benefits, for both union and nonunion employees.

The scientific record: Right-to-work laws lower wages and benefits for everyone

In a recent study, a pair of economists conducted a rigorous statistical analysis to measure the impact of right-to-work laws on wages and benefits (see **Table 1**).[13] Where the "average" numbers publicized by the Right to Work Committee made no attempt to hold "all else equal," this analysis controlled for more than 40 different factors, including the age, race, ethnicity, gender, education, industry, occupation, and cost of living of workers in different states. Thus, this analysis comes as close as possible to holding "all other things equal" in measuring the impact of right-to-work laws. The authors' conclusions are striking:

> *Wages in right-to-work states are 3.2% lower than those in non-RTW states, after controlling for a full complement of individual demographic and socio-economic variables as well as state macroeconomic indicators. Using the average wage in non-RTW states as the base ($22.11), the average full-time, full-year worker in an RTW state makes about $1,500 less annually than a similar worker in a non-RTW state.*
>
> *The rate of employer-sponsored health insurance (ESI) is 2.6 percentage points lower in RTW states compared with non-RTW states, after controlling for individual, job, and state-level characteristics. If workers in non-RTW states were to receive ESI at this lower rate, 2 million fewer workers nationally would be covered.*
>
> *The rate of employer-sponsored pensions is 4.8 percentage points lower in RTW states, using the full complement of control variables in our regression model. If workers in non-RTW states were to receive pensions at this lower rate, 3.8 million fewer workers nationally would have pensions.*
>
> *This briefing paper provides the most comprehensive study to date of the relationship between RTW status and compensation. Using a full set of explanatory variables, including state-level controls, it is clear that our analysis stands apart as being more rigorous than others of this type.*
>
> *Our results apply not just to union members, but to all employees in a state…We measure the particular effects of RTW laws on compensation among workers who are not unionized or covered by union contracts. The wage penalty for nonunionized workers is 3.0%, and the benefit penalty is 2.8 percentage points and 5.3 percentage points for health and pension benefits, respectively. Our results suggest that proposals to advance RTW laws likely come at the expense of workers' wages and benefits, both within and outside of unions.*

Thus, it is clear that the real impact of adopting "right-to-work" laws – all else being equal – is that New Hampshire workers can expect to find their wages lowered and their ability to secure job-based health insurance or pension benefits weakened.

TABLE 1

Impact of right-to-work laws on wages and benefits, 2009 (as shown by scientifically controlled study)

Impact on:	Hourly wages	Health insurance	Retirement plan
All workers	-3.0%	-2.8%	-5.3%
Nonunion workers	-3.2%	-2.6%	-4.8%

NOTE: Analysis controls for age, gender, race, ethnicity, education, marital status, full- or part-time status, urban location, and industry and occupation of employees.

SOURCE: Gould and Shierholz (2011) calculations based on Current Population Survey.

Right-to-work has no positive impact on job growth

When scholars are most rigorous about separating out the impact of right-to-work laws from other factors, the evidence suggests that right-to-work has no effect whatsoever on a state's employment growth. One of the most recent and comprehensive studies estimates the impact of RTW laws while controlling for a wide range of variables, including general economic features of the state economy such as the share of gross state product concentrated in manufacturing and the average wages and educational level of the workforce; state policies such as personal and corporate tax rates; and a range of labor-specific policies including state minimum wage, workers' compensation, and unemployment insurance rates. When these various strands of the the state economy are separated out, the authors report that "right-to-work laws…seem to have no effect on economic activity."[14]

A second recent study compared states with and without right-to-work laws, while controlling for multiple economic variables, including a state's general business climate, in order to separate the impact of right-to-work laws from other economic policies of the state.[15] When the question is thus refined, the author reports that right-to-work laws, in and of themselves, have no statistically significant impact whatsoever on either the rate of job growth or the number of new businesses opened in a state. "An increase in the probability that a state is right-to-work," the study finds, "has no influence on employment, is associated with a decrease in per-capita personal income and wages/salaries, is associated with an increase in proprietors' income, and has no effect on economic growth."[16]

The special case of Oklahoma and the impact of globalization on right-to-work

The failure of right-to-work to increase job growth is particularly evident in the case of Oklahoma, the only state to have adopted a right-to-work law in the past 25 years. Unfortunately, Oklahoma saw no improvement in its unemployment rate after passing right-to-work: its manufacturing sector shrank dramatically, and the number of new companies coming into the state fell by one-third in the decade following adoption of the labor statute. And multiple statistically scientific analyses have concluded that right-to-work has utterly failed to enhance job growth in the state.[17]

One of the problems of basing policy on what happened in the 1970s or 1980s is that we now live in a fundamentally different economy—mostly due to the globalization of trade and production. In the 1970s, low wages may have lured manufacturers from the Northeast and upper Midwest to the South. But in 2011, companies looking for cheap labor are going to China or Mexico, not South Carolina.

This, indeed, is the experience of Oklahoma, the one state to adopt a right-to-work law in the post-NAFTA era. Even for those manufacturers seeking cheap labor, the right-to-work advantage has proven no advantage at all when states are competing with the cheapest labor forces on the globe. In the years since right-to-work was adopted in Oklahoma, for instance, more than 160 Oklahoma employers announced mass layoffs, and more than 100 facilities closed their doors in the face of lower-wage competition abroad.[18] It is estimated that, from 2001 to 2008, trade with China alone reduced the number of Oklahoma jobs by more than 20,000.[19]

Will right-to-work attract new businesses to New Hampshire?

The central claim of right-to-work proponents is that, by lowering wages and benefits, such laws attract outside employers who otherwise would not consider locating in the state. This argument has been made in states across the country. But the actual evidence suggests that right-to-work will have no impact on attracting new business.

Rep. Smith said that, as a member of the Finance Committee, he has been informed that half of all large companies that would otherwise consider locating in New Hampshire reject the state because it lacks a right-to-work law.[20] Yet the source of such data is not clear. New Hampshire Commissioner of Resources and Economic Development George Bald, whose office is charged with recruiting new companies to the state, reports that "it [right-to-Work] is never an issue with companies."[21]

Two of the specific sources that Smith cited in support of the notion that businesses avoid states without RTW laws—presumably supplied by the Right to Work Committee—are well known in RTW debates. First, Smith reported that "executives from Fantus Consulting, one of the nation's leading business relocation consulting firms… report that over 50% of companies planning to move automatically eliminate states lacking a right-to-work law."[22] Legislators hearing this account might believe that this report is current. In fact, Fantus Consulting has not existed for 15 years, and the study cited by Smith was conducted in 1977.[23]

Similarly, the second source reported by Smith is the testimony of Elizabeth Morris, an anti-union consultant in Texas, who told Oklahoma legislators in 2001 that if their state adopted a right-to-work law, they would see a 90% increase in the number of firms considering locating in the state.[24] Morris herself never presented any survey data to back up her assertion. But the reality of Oklahoma shows that her assertions, while heartfelt, had no basis in economic reality. Not only was there no dramatic increase in the number of new firms coming into the state, the rate of new arrivals actually *decreased* following the adoption of right-to-work. In the decade preceding right-to-work, Oklahoma welcomed an average of 48 new firms per year, creating a total of nearly 6,500 new jobs each year during the 1990s. In the 10 years that the state has operated under its RTW law, however, the average number of firms and jobs brought into the state has been one-third lower than when Oklahoma was a non-RTW state.[25]

Listening to employers

Ours is a very big economy, and it's always possible to find anecdotes on any side of an issue—including statements of business owners who say that they prefer a unionized workforce.[26] But there is no reason for legislators to make policy based on anecdotal stories when there is actual survey data available. There is no single comprehensive survey of employers' location decisions. But the data we do have—conducted by business location professionals, not by political advocates—indicate that right-to-work has no measurable effect in attracting employers.

A Brookings Institution study of large corporations' location decisions, based in part on interviews with prominent corporate location consultants, found that right-to-work laws figured nowhere in the typical decision process of big businesses.[27]

Even small manufacturers—those thought most likely to base location decisions on low wages and the absence of unions don't identify right-to-work as an important criterion in deciding where to locate plants. *Area Development* magazine conducts an annual survey, asking primarily small manufacturers to rank the factors that most influence their decisions about where to locate facilities. Right-to-work is not even close to being the controlling factor in their decisions. In 2009, it was ranked 14th in importance, after such factors as highway accessibility, available land, and construction costs. Indeed, in the years for which *Area Developmen*t reports data, right-to-work has never made it into the top 10 most important factors shaping location decisions.[28]

Most importantly, *Site Selection* magazine reports that the best locations for the type of high-tech industries that are now a priority of most states' recruitment efforts are uniformly found in non-RTW states. The 2010 State New Economy Index—measuring each state's economic dynamism, technological innovation, digital transformation, knowledge jobs, and integration into global trade—ranked non-RTW Massachusetts, Washington, Maryland, New Jersey, and Connecticut as the most desirable and best positioned locations for the globally competitive industries of the 21st century. Nine of the top 10 ranked states are free-bargaining states; New Hampshire is ranked 11th in the nation, ahead of every so-called right-to-work state except Virginia.[29]

The role of unions in the economy

For the past 30 years, it has become increasingly difficult for most American employees to participate in the success of the companies they work for. The productivity of American workers has increased steadily, but—unlike in the past— that productivity has not translated into higher wages.[30]

This disconnect between rising productivity and stagnant wages has occurred at the same time that a shrinking share of the workforce has the ability to bargain collectively with their employers. National data show that unionized employees make significantly higher wages than otherwise similar workers in the same occupations and industries who do not have a union (see **Table 2**). Likewise, the odds that employees receive employer-supported health insurance or retirement plans are much greater—other things being equal—when employees have a union.

Beyond wages and benefits, unions also lead to safer workplaces, because unions pour significant resources into safety training, negotiate contracts which include safe work practices, and establish effective joint labor-management committees to institute best practices for occupational health and safety. For example, one recent report based on rigorous statistical analysis found that states with right-to-work laws have significantly higher incidence of fatal accidents on construction sites.[31]

The share of New Hampshire employees who are union members is not particularly high—just under 11%. But the added value of wages and benefits gained through collective bargaining has a very significant impact on the state economy, not only for unionized workers but also for people employed in the retail, real estate, and service industries that benefit when unionized workers spend their paychecks in the local economy.

TABLE 2

Impact of unionization on wages, health insurance, and pensions

	Unionized employees compared with otherwise similar nonunionized workers
Hourly wages	15.6%
Likelihood of having employer-supported health insurance	19.1
Likelihood of having employer-supported retirement plan	24.4

NOTE: Impact measured after controlling for age, education level, gender, and industry of employees. Numbers for health insurance and retirement are percentage points.

SOURCE: Center for Economic and Policy Research, calculations based on 2003-09 data from Current Population Survey (as referenced in Schmitt 2010, see endnote 30 for full data source).

Right-to-work may undermine economic growth by restricting consumer demand

Throughout the unemployment crisis of the past two years, as economists looked to ignite job growth, policymakers and business leaders alike have pointed to consumer demand as the key prerequisite for job creation. In 2009, Business Roundtable Chairman Terry McGraw explained that "behind all these diverse and depressing numbers is one central driving fact: demand has collapsed….To find a path out of today's economic quagmire, [we] must jump start that demand."[32] As we look to support growing sectors of the economy, it is clear that the future depends largely on an economy driven by consumption. Nationally, the top 10 occupations projected to add the greatest number of jobs over the coming decade are almost entirely dependent on either government revenue or consumer spending; they include food service, retail sales, health care, and education.[33]

If states rely on wage-cutting right-to-work laws as a strategy for attracting outside manufacturers, they would undermine wage standards in both manufacturing and other industries, which could inadvertently hamstring job growth by restricting aggregate local economic demand.[34]

For every $1 million in wage cuts to workers, $850,000 less is spent in the economy.[35] Assuming that most of the spending would have gone to rent, food, clothing, and other family needs in local retail and services industries, this constitutes a significant loss of spending exactly when state economies need it most. A loss of $850,000 in local spending translates, on average, into a loss of six jobs in the local community. In this way, weakening union wage standards in order to attract mobile manufacturers raises a concern that job growth might constrict in the much larger industries that have come to dominate most states' economic growth plans.

The impact of unions and right-to-work laws in New Hampshire's economy

New Hampshire's economy is significantly different from that of many right-to-work states; and its economic strategy must be based on the realities of the state's particular business dynamics. For instance, the share of workers who are employed in oil and gas extraction is 25 times higher in Texas—the single biggest right-to-work state, whose experience skews the overall average of those states—than in New Hampshire.[36] By contrast, the share of workers employed in computer and electronics manufacturing is nearly four times higher in New Hampshire than in RTW states.[37] In 2009, the *Cyberstates* annual reports ranked New Hampshire the ninth highest state in the country in its concentration of high-tech employment.[38] More than 50,000 New Hampshire residents are employed in high tech, and these jobs are particularly valuable because they offer significantly higher-than-average wages.[39] Partly because of its strength in high tech, New Hampshire has an outsized share of defense contracts. Over the past 10 years, the state's share of defense work has been more than six times as great as its share of the country's population.[40]

Likewise, New Hampshire's economy is significantly more concentrated in educational and health services than are the economies of the RTW states. The health industry is one of the largest employers in the state, and the financial viability of this sector depends in large part on the share of employees who receive health insurance on their jobs.[41] In 2010, New Hampshire ranked seventh in the country in the percentage of its residents who had health insurance.[42] This in part reflects the state's unionized employees; to the extent that right-to-work undermines union benefits, it will also weaken the health of this critical industry.

New Hampshire's employment is projected to grow by 8.8% from 2008-18, with almost all of the projected new jobs in service industries.[43] Retail trade is the state's single largest industry, but over the coming decade health care and social assistance is projected to become the single biggest source of employment in the state.[44] The three major occupations projected to add the most jobs over the next decade in New Hampshire are health care practitioners and technical occupations; health care support occupations; and personal care and service occupations.[45] All three of these occupations depend heavily on a combination of health insurance and consumer spending.

All of this points to the fact that New Hampshire's economy—and economic strategy for moving forward—rely more on a well-educated workforce, and on maintaining high enough wages and benefits to support its service industries—than on attracting low-wage, low-tech manufacturers.

New Hampshire boasts a much more successful economy than right-to-work states

If there was ever a place where the argument for right-to-work is least credible, it may be New Hampshire.

In 2010, New Hampshire ranked among the top 10 states in the country in median household income; share of population with health insurance; share of population receiving dental care; number of primary care physicians; low

TABLE 3

Indicators of social and economic well-being, right-to-work vs. free-bargaining state

	Percent unionized 2009	Weekly earnings, full-time workers 2009*	Median household income 2009	New business openings per 1,000 workers quarterly 2007	Poverty rate 2009
States with right-to-work laws					
Alabama	10.9%	$683	$39,980	6.9	17.5%
Arizona	6.5	735	45,739	10.4	16.5
Arkansas	4.2	596	36,538	9.0	18.8
Florida	5.8	704	45,631	13.7	14.9
Georgia	4.6	732	43,340	13.3	16.5
Idaho	6.3	653	46,778	15.2	14.3
Iowa	11.1	713	50,721	7.6	11.8
Kansas	6.2	685	44,717	8.7	13.4
Louisiana	5.8	650	45,433	8.9	17.3
Mississippi	4.8	595	35,078	7.5	21.9
Nebraska	9.2	688	49,595	8.8	12.3
Nevada	15.7	706	51,434	11	12.4
North Carolina	3.1	661	41,906	10.1	16.3
North Dakota	6.8	676	50,075	10.6	11.7
Oklahoma	5.7	625	45,878	8.9	16.2
South Carolina	4.5	648	41,101	8.8	17.1
South Dakota	5.5	628	45,826	10	14.2
Tennessee	5.1	637	40,517	6.4	17.1
Texas	5.1	661	47,475	7.7	17.2
Utah	6.9	714	58,491	13.7	11.5
Virginia	4.7	775	60,501	9.7	10.5
Wyoming	7.7	785	52,470	14.7	9.8
Average, RTW states	***6.6%***	***$680***	***$46,328***	***10.1***	***15.0 %***

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TABLE 3 (CONT.)

Indicators of social and economic well-being, right-to-work vs. free-bargaining states

	Percent unionized 2009	Weekly earnings, full-time workers 2009*	Median household income 2009	New business openings per 1,000 workers quarterly 2007	Poverty rate 2009
Free-bargaining states					
Alaska	22.3%	$879	$61,604	12.3	9.8%
California	17.2	803	56,134	9.7	14.2
Colorado	7.0	797	55,930	14.2	12.9
Connecticut	17.3	965	64,851	6.1	9.4
Delaware	11.9	754	52,114	11.5	10.8
Hawaii	23.5	696	55,649	7.8	10.4
Illinois	17.5	746	52,870	8.5	13.3
Indiana	10.6	714	44,305	7.4	14.4
Kentucky	8.6	654	42,664	7.9	18.6
Maine	11.7	712	47,502	13.1	12.3
Maryland	12.6	857	64,186	9.4	9.1
Massachusetts	16.6	945	59,373	10	10.3
Michigan	18.8	771	45,994	8.6	16.2
Minnesota	15.1	801	56,090	10.3	11.0
Missouri	9.4	681	48,769	7.1	14.6
Montana	13.9	626	40,437	16.7	15.1
New Hampshire	**10.8**	**839**	**64,131**	**11.1**	**8.5**
New Jersey	19.3	886	64,777	9.7	9.4
New Mexico	6.7	694	43,542	9.8	18.0
New York	25.2	782	50,216	10.7	14.2
Ohio	14.2	707	45,879	7.1	15.2
Oregon	17.0	740	49,098	11.7	14.3
Pennsylvania	15.0	740	48,172	8.6	12.5
Rhode Island	17.9	789	51,634	12	11.5
Vermont	12.3	745	52,318	12	11.4
Washington	20.2	844	60,392	9.8	12.3
West Virginia	13.9	684	40,490	7.6	17.7
Wisconsin	15.2	744	51,237	6.7	12.4
Average, free-bargaining states	***15.1%***	***$771***	***$52,213***	***9.9***	***12.8%***

* Median weekly earnings.

SOURCE: U.S. Bureau of Labor Statistics; Corporation for Enterprise Development; U.S. Census Bureau (as referenced in University of Maine 2011, see endnote 48 for full description of data sources).

violent crime rate; and low incidence of heart attacks, strokes, infectious disease, diabetes, low birth weight babies; and occupational fatalities.[46] New Hampshire's school system performs above national standards, with math and reading scores significantly above the national average in 2009.[47]

As shown in **Table 3**, the median weekly earnings of New Hampshire employees is not only higher than the average of RTW states, but higher than every single one of the RTW states. So too, New Hampshire's median household income is higher, and its poverty rate lower, than all of the 22 states with right-to-work laws.[48]

Proponents of a right-to-work law claim that it is needed to bring new jobs into the state. But New Hampshire has already seen significant growth in the number of new companies incorporating in the state, including both local startups and out-of-state companies opening locations in New Hampshire. The number of business newly incorporated in

TABLE 4

Unemployment in New Hampshire and in right-to-work states
December, 2010 (seasonally adjusted)

State	Unemployment rate
New Hampshire	**5.5%**
States with right-to-work laws	
Alabama	9.1%
Arkansas	7.9
Arizona	9.4
Florida	12.0
Georgia	10.2
Idaho	9.5
Iowa	6.3
Kansas	6.8
Louisiana	8.0
Mississippi	10.1
Nebraska	4.4
Nevada	14.5
North Carolina	9.8
North Dakota	3.8
South Carolina	10.7
South Dakota	4.6
Oklahoma	6.8
Tennessee	9.4
Texas	8.3
Utah	7.5
Virginia	6.7
Wyoming	6.4

SOURCE: U.S. Bureau of Labor Statistics (as referenced in Marie Duggan, associate professor of economics at Keene State College, "Testimony in Opposition to Right to Work," to New Hampshire House of Representatives Labor, Industrial and Rehabilitative Services Committee, Feb. 3, 2011).

New Hampshire rose from 1,507 in 2006 to 2,471 in 2009, an increase of more than 60%. The number of out-of-state corporations newly locating in New Hampshire rose even more dramatically, from 1,706 in 2006 to 4,194 in 2009.[49] Most tellingly, the number of new companies opening per 1,000 workers is higher in New Hampshire than in three-fourths of the right-to-work states. Even the conservative Tax Foundation declared in 2010 that "New Hampshire is a magnet for people and income," noting that for the past 15 years, in every year but one "New Hampshire has gained citizens at the expense of all other states."[50]

Also, as shown in **Table 4**, unemployment in New Hampshire is lower than in all but three of the 22 RTW states. Thus, by nearly every conceivable measure, right-to-work states should be seeking to emulate New Hampshire—not the reverse.

Why is right-to-work the focus of such aggressive advocacy when its economic track record is so dismal?

Given that wrongly named right-to-work laws have been shown to undermine wages and benefits while doing nothing to promote job growth, why is the policy being promoted with such vigor?

In some cases, anti-union zealots may promote such policies out of a commitment to restricting collective bargaining, independent of the law's economic impacts. Right-to-work proponents often emphasize the moral importance of allowing employees to earn union-scale wages and benefits without paying for the costs of contract negotiation and enforcement. "This is about freedom to choose for employees," asserted one Oklahoma state representative in that state's 2001 debate.[51] But the most steadfast and generous backers of RTW policies are corporate employers, not typically known to devote their time to the defense of employee rights.[52] Moreover, even those advocates who articulate a libertarian insistence that one should be able to work where one wants without any dues requirement seem to limit this principle to the case of unions. Right-to-work proponents are not engaged in parallel projects to declare a "right to live" where one wants—insisting on the freedom to live in a gated community without having to pay homeowner association dues—or a "right to practice law"—demanding that lawyers need not be dues-paying members of the bar association in order to represent clients in court. But if the principle of freedom from dues is only about the workplace, it seems likely to be driven primarily by anti-union animus rather than any broader principle or economic strategy.

Even within the world of employment, the so-called right-to-work that the Right to Work Committee, U.S. Chamber of Commerce and affiliates, and other corporate lobbies so passionately promote is exceedingly narrow. For instance, it does not include the right of those who report fraudulent activity witnessed on the job to work free from fear of retaliation—indeed the Chamber has opposed increased protections for whistleblowers. It does not even include a right to work for employees to remain on the job rather than spending time against their will attending sessions advertising their employer's views on religion, politics, or union issues; the Chamber went to court in order to block a law that would have provided this protection.[53] If the *only* right of concern to these lobbyists is the right to undermine workers' collective strength by making unions financially insecure, it's hard to imagine that this passion stems from a broader commitment to employee rights.

Clearly, some employers seek to limit their employees' ability to bargain for wages and benefits out of corporate financial interests. Likewise, right-to-work is obviously being championed, in part, by those who are ideologically opposed to unions.

It is, of course, perfectly legitimate for advocacy organizations to promote anti-union policies simply out of opposition to collective bargaining. But the people of New Hampshire, and especially the legislators charged with charting the state's economic future, are entitled to know the difference between passionate ideology and scientific fact.

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Endnotes

1. As a recent Chamber of Commerce report notes, "the goal of labor unions [is] to increase wages and benefits for their members," and the goal of right-to-work is to cut wages in the hopes of attracting outside investors. Richard Vedder, et al, *Right-to-Work and Indiana's Economic Future*, Indiana Chamber of Commerce Foundation, January 2011, pp. 6-7.
2. Testimony of Representative Will Smith before the House Labor, Industrial and Rehabilitative Services Committee, February 3, 2011.
3. Dimitri Kesari, Director of Government Affairs, National Right to Work Committee, statement before the New Hampshire House of Representatives Labor, Industrial and Rehabilitative Services Committee, February 3, 2011.
4. Quoted in Elizabeth Dinan, "N.H. Rep. proposes right to work law," January 14, 2011, www.seacoastonline.com/articles/20110114-NEWS-101140396.
5. Dimitri Kesari, Director of Government Affairs, National Right to Work Committee, statement before the New Hampshire House of Representatives Labor, Industrial and Rehabilitative Services, February 3, 2011.
6. Total civilian employment, annual averages, by state. Source: U.S. Bureau of Labor Statistics.
7. Richard Vedder, et al, *Right-to-Work and Indiana's Economic Future*, Indiana Chamber of Commerce Foundation, January 2011, p. 12.
8. Data are from "States and Selected Areas: Employment Status of the Civilian Noninstitutional Population, 1976 to 2009 Annual Averages," U.S. Bureau of Labor Statistics, www.bls.gov.
9. Vedder, et al, p. 11.
10. Data is reported in Gordon Lafer, "What's Wrong With 'Right-to-Work': Chamber's numbers don't add up," Economic Policy institute, March 2011.
11. U.S. Bureau of Labor Statistics, Division of International Labor Comparisons, October 21, 2010.
12. This subject is examined in detail in Gordon Lafer and Sylvia Allegretto, *Does "Right to Work" Create Jobs? Answers from Oklahoma*, Economic Policy Institute, March 1, 2011. A review of earlier studies is provided by Boston Federal Reserve Bank analyst Robert Tannenwald, "State Regulatory Policy and Economic Development," *New England Economic Review,* March/April 1997, pp. 83-107. Tannenwald examined eight studies that each reported positive correlations between "right to work" laws and economic growth, but reported that methodological problems in these studies made it difficult to draw any firm conclusions from their analyses. At times, Tannenwald's work has been mischaracterized as an endorsement of anti-union policy. "Right to work" proponent W. Robert Reed, for instance, cited Tannenwald in an influential policy report issued by the Oklahoma Council for Public Affairs in early 2001. (W. Robert Reed, *Does Right to Work Boost Economic Development?* Oklahoma Council for Public Affairs, February 21, 2001). Where Reed cites the existence of these eight studies as Tannenwald's "conclusion," however, Tannenwald's actual article questions both the methodology and findings of these studies.
13. Elise Gould and Heidi Shierholz, *The Compensation Penalty of "Right-to-Work" Laws*, EPI Briefing Paper #299, Economic Policy Institute, Washington, DC, February 17, 2011.
14. Dale Belman, Richard Block, and Karen Roberts, "Economic Impact of State Differences in Labor Standards in the United States, 1998-2000," www.employmentpolicy.org/topic/15/blogeconomic-impact-state-differences-labor-standards-united-states-1998-2000, accessed 1/23/11.
15. Lonnie K. Stevans, "The Effect of Endogenous Right-to-Work Laws on Business and Economic Conditions in the United States: A Multivariate Approach," *Review of Law and Economics* 5(1), 595-612, 2009.
16. Stevans 2009, p. 610.
17. Gordon Lafer and Sylvia Allegretto, *Does "Right to Work" Create Jobs? Answers from Oklahoma*, Economic Policy Institute, March 1, 2011.
18. Mass layoffs are reported in notices issued pursuant to the WARN (Worker Adjustment and Retraining Notification) Act, which covers workplaces that have 100 or more employees. Facilities closed due to offshoring or foreign trade are reported by the U.S. Department of Labor under the Trade Adjustment Assistance Act.
19. Robert E. Scott, "Unfair China Trade Costs Local Jobs," EPI Briefing Paper No. 260, March 2010.
20. Quoted in Elizabeth Dinan, "N.H. Rep. proposes right to work law," January 14, 2011, www.seacoastonline.com/articles/20110114-NEWS-101140396.
21. George Bald, The Exchange, National Public Radio, February 10, 2011.
22. Testimony of Representative Will Smith Before the House Labor, Industrial and Rehabilitative Services Committee, February 3, 2011.
23. David A. Williams, *Right to Work Laws: Is There Economic Justification for Them?* The Heritage Foundation, Washington DC, June 21, 1977.
24. Testimony of Representative Rep. Will Smith Before the House Labor, Industrial and Rehabilitative Services Committee, February 3, 2011. Elizabeth Morris' testimony is reported in Bill May, "Proponents Foretell Benefits of Right to Work," Journal Record, September 19, 2001, accessed 1/21/11 at www.highbeam.com.
25. Oklahoma Department of Commerce, "Announced New and Expanded Manufacturers and Services, 2010 Annual Report, January 2011, accessed 1/22/11 at www.okcommerce.gov/Libraries/Documents/2010-Annual-Report-Announced-N_3224.pdf.

26. Quoted in Elizabeth Dinan, "N.H. Rep. proposes right to work law," January 14, 2011, www.seacoastonline.com/articles/20110114-NEWS-101140396.

27. Natalie Cohen, "Business Location Decision-Making and the Cities: Bringing Companies Back In," Brookings Institution Working Paper, April 2000, accessed 1/21/11 at http://www.brookings.edu/~/media/Files/rc/reports/2000/05metropolitanpolicy_cohen/cohen.pdf.

28. Geraldine Gambale, editor, *The 24th Annual Corporate Survey*, 2009; and *The 23rd Annual Corporate Survey*, 2008; accessed 1/21/11 at www.areadevelopment-digital.com/CorporateConsultsSurvey/24thAnnualCorporateSurvey#pg1 and http://www.areadevelopment-digital.com/CorporateConsultsSurvey/23rdAnnualCorporateSurvey#pg1. While both labor quality and cost are included in the top 10, these are treated as separate issues from right-to-work *per se*.

29. Adam Bruns, "State of the States," *Site Selection* magazine, January 2011, accessed 1/19/11 at http://www.siteselection.com/portal; Robert D. Atkinson and Scott Andes, *The 2010 State New Economy Index*, Information Technology and Innovation Foundation, November 2010, accessed 1/27/11 at http://www.kauffman.org/uploadedfiles/snei_2010_report.pdf.

30. Data are reported in John Schmitt, *The Unions of the States*, Center for Economic and Policy Research, February 2010, pp. 15-18.

31. Roland Zullo, *Right-to-Work Laws and Fatalities in Construction*, University of Michigan, Institute for Research on Labor, Employment, and the Economy, March 2011.

32. "Harold McGraw III's Remarks at the National Press Club Newsmaker Event," Business Roundtable, February 11, 2009, accessed 1/27/11 at http://businessroundtable.org/news-center/harold-mcgraw-iiis-remarks-at-the-national-press-club-newsmaker-event.

33. U.S. Bureau of Labor Statistics, "Employment Projections – 2008-18," USDL-09-1503, released December 11, 2009. The 10 occupations with greatest job growth projected, in order, are: registered nurses; home health aides; customer service representatives; food preparation and service workers, including fast food; home care aides; retail sales; office clerks; accountants; nursing aides and orderlies; and postsecondary teachers.

34. Belman et al. find that higher wage rates have a significant positive impact on a state's overall economic activity, which the authors suggest reflects increased aggregate demand (Dale Belman, Richard Block, and Karen Roberts, "Economic Impact of State Differences in Labor Standards in the United States, 1998-2000," www.employmentpolicy.org/topic/15/blogeconomic-impact-state-differences-labor-standards-united-states-1998-2000, accessed 1/23/11.

35. Calculation by EPI staff economists based on standard multiplier ratios.

36. Author's calculations based on U.S. Bureau of Economic Analysis, Total full-time and part-time employment by NAICS industry (number of jobs), 2009. http://www.bea.gov/regional/spi/action.cfm

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42. *Vital Signs 2011: Economic & Social Indicators in New Hampshire, 2006-09*, New Hampshire Employment Security, Economic and Labor Market Information Bureau, February 2011, p. 89.

43. *New Hampshire Employment Projections by Industry & Occupation, Base year 2008 to projected year 2018*, New Hampshire Employment Security, Economic and Labor Market Information Bureau, May 2010, p. 1.

44. *New Hampshire Employment Projections by Industry & Occupation, Base year 2008 to projected year 2018*, New Hampshire Employment Security, Economic and Labor Market Information Bureau, May 2010, p. 1.

45. *Road to Recovery: New Hampshire's Economy 2010*, New Hampshire Employment Security, Economic and Labor Market Information Bureau, June 2010, p. v.

46. *Vital Signs 2011: Economic & Social Indicators in New Hampshire, 2006-09*, New Hampshire Employment Security, Economic and Labor Market Information Bureau, February 2011, p. 89.

47. *Vital Signs 2011: Economic & Social Indicators in New Hampshire*, 2006-09, New Hampshire Employment Security, Economic and Labor Market Information Bureau, February 2011, p. 78, reporting 4th and 8th grade reading and math scores from the National Assessment of Educational Progress.

48. Data is reported in in University of Maine, Division of Lifelong Learning, Bureau of Labor Education, *The Truth About "Right to Work" Laws*, February 2011. http://dll.umaine.edu/ble/RighttoWork_Laws.pdf, and draws on the following sources: U.S. Department of Labor, Bureau of Labor Statistics (U.S. DOL/BLS); "Table 5. Union affiliation of employed wage and salary Workers by state;" http://www.bls.gov/news.release/union2.t05.htm. U.S.DOL/BLS; "Highlights of Women's Earnings in 2009;" June 2010. Table 3: "Median usual weekly earnings of full-time wage and salary workers, by State and sex, 2009 annual averages." www.bls.gov/cps/cpswom2009.pdf. Corporation for Enterprise Development (CFED), "2009-2010 Assets and Opportunity Scorecard: Business Creation Rate", http://scorecard.cfed.org/business.php?page=business_creation_rate. U.S. Census Bureau, American Community Surveys, "Number and Percentage of People in Poverty in the Past 12 Months by State and Puerto Rico: 2008 and 2009." www.census.gov/prod/2010pubs/acsbr09-1.pdf.

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50. Scott A. Hodge, President, Tax Foundation, "Taxes, Competitiveness, and the New Hampshire Business Climate," Testimony before the New Hampshire House of Representatives, Ways and Means Committee, 2010. http://www.taxfoundation.org/files/sb_nh_2009.pdf

51. Marie Price, "House Passes Right to Work; Special Election Call Fails, Journal Record, April 19, 2001, accessed 1/21/11 at http://findarticles.com/p/articles/mi_qn4182/is_20010419/ai_n10145597.

52. Stevans, p. 598, notes that "right to work" legislation has historically been the product of extensive and expensive lobbying by employer associations and anti-union advocacy groups.

53. Associated Oregon Industries and Chamber of Commerce of the United States of America, Complaint for Injuctive and Declaratory Relief, U.S. District Court, District of Oregon, 28 USC Sec 2201-2202; FRCP 65, 2009..