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Right-to-work laws do not effectively promote economic growth, EPI report finds

Right-to-work (RTW) laws do not boost employment growth in the states in which they are enacted, a new Economic Policy Institute (EPI) Briefing Paper finds. In fact, RTW laws may actually harm a state's economic prospects. ***Does "Right-to-Work" Create Jobs? Answers from Oklahoma*** by Gordon Lafer and Sylvia Allegretto examines the economic consequences of enacting RTW laws and uses Oklahoma as a case study; while most RTW laws have been in place for three decades or more, Oklahoma's law was enacted in 2001.

RTW laws make it illegal for unionized workers to negotiate a contract that requires each employee who enjoys the benefit of the contract to pay his or her share of the costs of negotiating and policing it. In effect, RTW laws limit the effectiveness of unions to negotiate higher wages and benefits for their members. RTW laws are in place in 22 states, and state legislatures in states including Indiana and Michigan are currently debating passage of new ones.

Because Oklahoma is the only state to have adopted RTW in the current era of globalization, its experience is particularly telling. *Does "Right-to-Work" Create Jobs?* finds that manufacturing employment in Oklahoma, which increased in the 10 years prior to the enactment of the RTW law, fell steadily in the years following it, suggesting that the law had little impact on the state's manufacturing sector. The RTW law in Oklahoma did not buffer it from the country's employment crisis in 2001-2003 or the Great Recession, either. Compared to the six states that border it, Oklahoma was no better off in terms of its unemployment rate or its rate of job growth in 2010 than it was in 2000, prior to enactment of its RTW law. Finally, the number of out-of-state businesses opening plants in Oklahoma decreased following the adoption of RTW. Furthermore, more than 160 Oklahoma employers have announced mass layoffs and 100 facilities have closed since RTW was enacted.

RTW laws could in fact have a negative effect on a state's economy. When weakened unions negotiate contracts with lower wages and fewer benefits, workers spend less on housing, food and other necessities. Wages for non-union workers also decline when RTW is adopted, because employers no longer face pressure to match union contract standards. Local and state governments therefore receive less in tax revenues and must cut public services—services that are critical to effective economic development. In addition, the economic sectors that hold the most promise for growth are in construction and service industries rooted in local communities, not those dependent on mobile, lower-wage manufacturers.

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In a related piece, ***What's wrong with "right-to-work": Chamber's numbers don't add up***, Dr. Lafer critiques a report the Indiana Chamber of Commerce released last month that argues in favor of passage of a RTW law in Indiana. Dr. Lafer explains why the report is misleading and how the analysis that underpins its conclusions is faulty.

About the authors:
Gordon Lafer *is an Associate Professor at the Labor Education and Research Center at the University of Oregon. His work concentrates on strategic planning, strategic research, and labor and employment policy issues.*

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