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RIGHT TO WORK LAWS:

Is There Economic Justification For Them?

During the 1976 Presidential election, candidate Jimmy Carter stated that as President if he was faced with a bill to repeal Section 14(b) of the Taft-Hartley Act, he would sign it. This section allows states to ban compulsory union membership. Now with the Presidency and the Congress in the hands of the same party, one would think that repealing 14(b) would be a relatively simple act. Surprisingly that is not the case. Of the twenty states that have right-to-work statutes, ten of them (Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas), all Southern, went for President Carter in the fall election. In fact, at the same time that Arkansas went 2-to-1 for Carter, it beat back by the same ratio Amendment 59 which would have repealed Right-to-Work in that State. It is generally considered that elected officials in the South, most of whom are Democrats, are not supportive of a repeal of 14(b), not only for ethical reasons, but for the simple fact that they do not want to run for re-election with the record of having a fellow Southerner and Democrat (Carter) repealing Right-to-Work.

A much more practical reason for Southern Democratic support is the booming prosperity that these Right-to-Work states are enjoying. The Sunbelt is Right-to-Work country. Manufacturing jobs are flowing into the South, Southwest, and the West; and these states are becoming Meccas of prosperity as opposed to the declining industrial states of the Great Lakes and Northeast.

The Fantus Study: An Economic Barometer of the States

In a 221-page report published in August, 1975, by the Fantus Company, a subsidiary of Dun and Bradstreet, Inc., titled "A Study of the Business Climate of the States," it was disclosed that the following states had the most favorable business climate:

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|-------------------|-------------------|
| 1. Texas          | 6. North Carolina |
| 2. Alabama        | 7. Florida        |
| 3. Virginia       | 8. Arkansas       |
| 4. South Dakota   | 9. Indiana        |
| 5. South Carolina | 10. Utah          |

With the exception of Indiana, all of the above states have Right-to-Work laws.

On the other hand, the ten states with the most unfavorable business climate are:

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|-----------------|------------------|
| 1. Washington   | 6. Delaware      |
| 2. Oregon       | 7. Michigan      |
| 3. Minnesota    | 8. Massachusetts |
| 4. Pennsylvania | 9. California    |
| 5. Connecticut  | 10. New York     |

None of the above ten states have a Right-to-Work law.

It should be pointed out that the purpose of the study was to put together information about the business environment in those states in which clients of the Fantus Company might invest money in new and expanding business enterprises. The Fantus Company, Inc., is the oldest and largest plant location consulting firm in the world, and their reports on the business climates of states are based on state taxes, programs, and laws effecting business, and the legislative and regulatory environment of the state.

#### Right-to-Work and New Jobs: Is There A Connection?

Another indicator of the economic vitality in Right-to-Work states is the increase in manufacturing jobs over a given period as opposed to non-Right-to-Work states. From figures provided by the U.S. Department of Labor, we observe the following:

Table I

#### NET INCREASES IN MANUFACTURING JOBS, 1964-74

Right to Work States			
1. Texas	288,000	7. Alabama	94,000
2. North Carolina	232,900	8. Virginia	92,400
3. Tennessee	157,800	9. Mississippi	79,900
4. Florida	136,600	10. Arkansas	77,000
5. Georgia	105,000	11. Iowa	65,900
6. South Carolina	97,300	12. Arizona	52,600

13. Kansas	46,600	17. North Dakota	5,800
14. Nebraska	24,800	18. Nevada	5,500
15. Utah	17,600	19. Wyoming	700
16. South Dakota	7,500	TOTAL	<u>1,587,900</u>

## Non-Right To Work States

1. California	298,100	17. Idaho	15,600
2. Ohio	158,500	18. New Mexico	11,600
3. Indiana	104,500	19. Delaware	10,800
4. Kentucky	99,500	20. Connecticut	9,800
5. Minnesota	96,100	21. Rhode Island	9,800
6. Illinois	94,600	22. New Hampshire	8,500
7. Michigan	80,300	23. Vermont	7,900
8. Wisconsin	76,700	24. West Virginia	4,400
9. Oklahoma	59,300	25. Alaska	3,900
10. Colorado	53,400	26. Montana	3,000
11. Missouri	47,100	27. Maine	1,100
12. Oregon	45,700	28. Hawaii	-2,400
13. Pennsylvania	37,300	29. Maryland-D.C.	-6,000
14. Louisiana*	33,600	30. Massachusetts	-32,400
15. Washington	33,100	31. New York	<u>-213,600</u>
16. New Jersey	15,800	TOTAL	<u>1,165,600</u>

\*Right to Work Law effective July 9, 1976

Source: U.S. Department of Labor

A few facts should be noted from this table. While there was a net increase of 1,587,900 persons employed in manufacturing jobs during the decade of 1964-74 in the Right-to-Work states, there was at the same time a smaller gain in the other states even though they comprise 70% of the total U.S. population. This is compared with the RTW (Right-to-Work) states that pulled a 57.7% net increase in manufacturing jobs during that decade.

Of the top ten states in the creation of these new jobs, six were RTW while four states suffering net losses were non-Right-to-Work: New York, -213,600 jobs; Massachusetts, -32,400; Maryland-D.C., -6,000; and Hawaii, -2,400.

Even though Louisiana had a net increase in manufacturing jobs of 33,600 during the 1964-74 decade, its rate of growth was much slower than neighboring states with RTW laws--"Louisiana lost 1,100 manufacturing jobs from April 1975 to April 1976, while Mississippi gained 18,900 manufacturing jobs in the same period. The fact that Louisiana has no Right to Work law probably played a big role in that situation...."

"Right to Work would create more manufacturing jobs....This business about Right to Work signaling a return to 'slave wages' is unfounded."--Robert Reid, Labor Analyst, Louisiana Department of Employment Security, as quoted in New Orleans States Item July 9, 1976.

Observers in Arkansas made a similar statement--"During the decade 1963-73 Arkansas gained 82,000 new jobs in manufacturing, easily outdistancing neighboring states without Right to Work Laws."--Pine Bluff Commercial. On July 9, 1976, Louisiana became the twentieth Right-to-Work state after having been approved in both the Senate (25-14) and the House of Representatives (59-46).

One more example of Right-to-Work's contribution toward the creation of jobs is dramatically shown by a comparison between California and Texas. California, a non-Right-to-Work state, led the nation in 1964-74 with the creation of 298,000 manufacturing jobs. Texas, a RTW state, was second with 288,000 jobs. However, it should be pointed out that whereas California had more in number, it posted a gain of only 21% compared to 53% in Texas. Also as regards to population, in 1964 California ranked second while Texas was sixth; however, in 1974 California ranked first and Texas third.

One of the charges levied against Right-to-Work is that in those states where RTW laws are in force, that state's economic growth is impeded. Once again data from the U.S. Department of Labor and Commerce seem to prove otherwise.

Table II

## UNION ARGUMENTS REFUTED

Some union officials and their advocates charge that a state's economic growth is impeded by a Right to Work law. Their charge is refuted by the documented figures below.

	1964	1974	Actual Gain	% Gain
MANUFACTURING EMPLOYMENT				
RTW states average	195,200	278,800	83,600	43
Non-RTW states average	424,100	460,500	36,400	9
CONTRACT CONSTRUCTION EMPLOYMENT				
RTW states average	47,900	78,200	30,300	63
Non-RTW states average	66,100	78,310	12,210	18
NON-AGRICULTURAL EMPLOYMENT				
RTW states average	757,700	1,170,800	413,100	55
Non-RTW states average	1,368,710	1,446,980	390,770	29
WEEKLY EARNINGS OF MANUFACTURING WORKERS				
RTW states average	\$ 94.44	\$ 156.58	\$ 62.14	40
Non-RTW states average	105.50	181.24	75.14	42
PER CAPITA PERSONAL INCOME				
RTW states average	\$ 2,136	\$ 4,819	\$ 2,683	126
Non-RTW states average	2,606	5,469	2,863	110
NEW HOUSING UNITS AUTHORIZED				
RTW states average	19,399	22,126	2,727	14
Non-RTW states average	29,601	20,603	-8,998	-30

	1964	1974	Actual Gain	% Gain
CAPITAL EXPENDITURES FOR MANUFACTURING PLANTS, 1967-1973				
RTW states average	\$288,530,000	\$406,600,000	\$118,100,00	41
Non-RTW states average	499,470,000	601,060,000	100,590,00	20

1975 Work Stoppages	Number	Man-days Lost
RTW states average	52.0	357,600
Non-RTW states average	138.8	787,400

SOURCES: U.S. Department of Labor and U.S. Department of Commerce

From these figures it is fairly obvious that rather than impairing economic growth, Right-to-Work laws possibly produce an economic climate that facilitates prosperity to employees, employers, and the entire community. For instance, just from Table II the data shows the average gain in non-agricultural jobs was greater in the Right-to-Work states (413,100) than in the remaining states (390,779).

The facts seem to speak for themselves. Right-to-Work states have experienced phenomenal economic growth within the last decade, and if they are not repealed, will probably continue to grow.

The question remains: What will be the economic effect of the repeal of 14(b)? Before the Congress tampers with Section 14(b) of the Taft-Hartley Act, it would be prudent for them to consider the possible connection between Right-to-Work laws and increased economic growth.

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