

# UPDATE, 2013:

## What You Should Know About “Right to Work” Laws

(March, 2013 – Bureau of Labor Education, University of Maine)

### Introduction

This is a brief 2013 update to the Bureau of Labor Education’s (BLE) 2011 briefing paper, “The Truth about ‘Right to Work’ Laws”.<sup>1</sup> As documented in the 2011 BLE paper, the term “right-to-work” is highly misleading, and many studies have shown that RTW laws are not helpful to the well-being of working people. “Right-to-work” does not protect against unfair firing, or promote equitable wages and decent working conditions. By undermining unions and the ability of labor and management to bargain freely, right-to-work laws weaken the ability of workers to protect their rights through a union contract.

There are two major new points in this update: 1) the addition of two more states to the number of states with right-to-work laws, and 2) a review of a recent study of the effects of RTW laws on workers’ wages and benefits.

1) **Michigan and Indiana RTW Update:** In the current political climate of austerity and concerns about the role of government, some state legislatures are faced with renewed proposals for right-to-work laws. In 2012, RTW advocates in two states – Michigan and Indiana – succeeded in passing right-to-work laws, despite strong opposition from working people in these states. These new laws bring the number of total right-to-work states in the U.S. to 24. However, due to ongoing legal challenges,<sup>2</sup> the status of Michigan’s RTW law is unclear at this time. Indiana’s RTW law is being challenged in court as well.<sup>3</sup>

2) **EPI Study of RTW Impacts:** A recent study by the Economic Policy Institute (EPI) offers another analysis of the impacts of right-to-work laws on wages, employee-sponsored health insurance, and employee-sponsored pensions among workers.<sup>4</sup> This study of how RTW impacts compensation is especially valuable and rigorous because it used a multivariate procedure, regression analysis, to control statistically for the influence of other factors. Although the wages paid in right-to-work states, on the average, are substantially less than in “free-bargaining” states, this study documents that these lower wages are NOT simply explained by differences in the cost of living in these states or by lower educational levels.

The EPI analysis shows that after controlling statistically for a wide range of other variables, wages and benefits are still significantly lower in states with right-to-work laws.<sup>5</sup> As the authors point out, these differences apply to all employees in a state, both union and non-union members.

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<sup>1</sup> “The Truth about ‘Right to Work’ Laws”; Bureau of Labor Education, University of Maine, Orono, ME; 2011. <http://umaine.edu/ble/blepublications/>

<sup>2</sup> Theodore J. St. Antoine, “Challenges to Michigan’s Right-to-Work Laws,” JURIST - Forum, Mar. 8, 2013, <http://jurist.org/forum/2013/03/st-antoine-michigan-right-to-work.php>

<sup>3</sup> According to the Economic Policy Institute, Indiana’s right-to-work statute is being challenged in both state and federal courts. Gordon Lafer, Marty Wolfson, and Nancy Guyott; “Indiana Experience Offers Little Hope for Michigan ‘Right-to-Work’ Law;” Economic Policy Institute, Policy Memorandum #199; December 11, 2012. <http://www.epi.org/publication/pm199-indiana-experience-offers-little-hope-michigan-right-to-work/>

<sup>4</sup> Elise Gould and Heidi Shierholz, “The Compensation Penalty of ‘Right-to-Work’ Laws”; Economic Policy Institute, Briefing Paper #299; February 17, 2011. <http://www.epi.org/publication/bp299/>

<sup>5</sup> *Ibid.*; p. 1-2.

## Conclusion

Right-to-work laws are clearly linked to lower wages and fewer benefits for workers. Their primary purpose has nothing to do with protecting the rights of workers, rather, the purpose is to weaken unions. This conclusion is clearly recognized in much scholarly economic analysis of this issue. As one legal analysis has stated, “We agree with the dominant opinion in the RTW literature that right-to-work laws are passed ‘to make unions more insecure – to slow down or halt the rate at which unions are organizing and to destroy existing unions.’”<sup>6</sup>

In the current conditions of the still-fragile economy in 2013, with many people unemployed, under-employed, or in low-wage jobs, a right-to-work law would simply further undermine the precarious situations of Maine’s working families. As the EPI study concludes, “while RTW legislation misleadingly sounds like a positive change in this weak economy, in reality the opportunity it gives workers is only that to work for lower wages and fewer benefits.”<sup>7</sup>

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<sup>6</sup> William J. Moore, Robert J. Newman, and R. William Thomas; “Determinants of the Passage of Right to Work Laws: An Alternative Interpretation.” Journal of Law & Economics, April 1974, 197-211, p. 198; cited in Thomas M. Carroll, “Right to Work Laws Do Matter;” Southern Economic Journal, Vol. 50: No. 2; October, 1983; p. 495.

<sup>7</sup> Gould and Shierholz, *ibid.*; p. 9.