Cascade Policy Institute OREGON

Cascade Commentary

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Summary:

Compared with states where union dues payments are compulsory, "right-to-work" states enjoy more employment, higher incomes, more net in-migration of taxpaying households, and faster economic growth. According to a new study, if Oregon became a right-to-work state, we would enjoy those economic benefits, too.

Word Count 667

"Right-to-work laws provide job seekers and current employees the right to work for a company whether or not they choose to join a union….[W]e conclude that the right to work actually contributes to more employment, higher incomes, more net in-migration of taxpaying households, and faster economic growth."

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Why Oregonians Deserve the Right to Work

By Steve Buckstein

The twenty-two states that have not required workers to join a union and pay union dues have enjoyed, as a group, more rapid employment and income growth, better job preservation, and faster recoveries from recession. Oregon is not one of those states, yet. Here, policymakers tried to pull us out of the most recent recession through greater state spending, funded by the Measure 66 and 67 tax increases. Research concluded that those measures actually will make our situation worse. Now, new research confirms that a better approach is for Oregon to remove a key barrier to private sector initiative and job creation by enacting a so-called "right-to-work" law.

Right-to-work laws provide job seekers and current employees the right to work for a company whether or not they choose to join a union. On February 1 Indiana became the twenty-third Right-to-Work state when its Senate approved a bill and Governor Mitch Daniels signed it into law.

A new study from Cascade Policy Institute (*Right to Work Is Right for Oregon*) examines the economic impacts right-to-work legislation would have on Oregon. The study is consistent with the vast majority of peer-reviewed research in finding that if Oregon were a right-to-work state, we would see improved employment and income growth. For example, enacting right-to-work legislation this year would lead to:

- 50,000 more people working in five years; 110,000 more working in ten years.
- 2.7 billion more in wage and salary income in five years; $7.0 billion more in ten years.
- 14 percent more taxpaying families per year moving into Oregon from non-right-to-work states.

A right-to-work law can be viewed as part of a pro-investment package that encourages firms to locate and expand in the state. In turn, the improved opportunities would have the effect of attracting more taxpaying families to Oregon from other states, while slowing down the number who leave. By examining IRS mobility data, we found that a right-to-work policy here would increase net in-migration from non-right-to-work states by 14 percent from what it otherwise would be. That is a significant number of new families bringing their earning power and their consumer needs with them. Think how our depressed housing market could benefit from such a trend.

Our study breaks new ground by covering 70 years of data and every state and relying on what we believe to be the largest datasets ever used to study the impacts of right-to-work laws. The results demonstrate more than just a *correlation* between right-to-work policy and economic growth, but point toward a *causal link*. In other words, we conclude that the right to work actually contributes to more employment, higher incomes, more net in-migration of taxpaying households, and faster economic growth. It is, therefore, a policy we believe Oregon should adopt.

Unlike fiscal policies that must weigh spending against taxes or pit one government program against another, enacting right-to-work legislation will not take a single dime out of state coffers. Indeed, right-to-work legislation is one of the few pro-growth policies that are actually costless to enact.

Oregonians need to recognize that capital and people are mobile. Tax measures 66 and 67 push high-income people and corporations away from the state and likely will lose Oregon up to 70,000 jobs and 80,000 high-income tax filers in the ten years after their passage. Enacting a right-to-work law will put mobility to work in our favor, likely adding 110,000 jobs in ten years and 14 percent more taxpaying families from non-right-to-work states every year.

Even if our research had not shown so clearly that Oregon's economic prospects would improve as a right-to-work state, we still would support the policy based on the non-economic benefits that the name itself implies. It is unconscionable that workers are denied the right to earn a living simply because they decline to join a union. Basic principles of liberty and justice demand that we defend everyone's right to work without third-party interference. The right to work is, therefore, a moral as well as an economic imperative.

To read the full report, please visit: http://cascadepolicy.org/links/43

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