Together WE RISE

THE IMPACT OF RIGHT-TO-WORK LAWS AND DECLINING UNIONIZATION ON THE ECONOMY

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Proponents of right-to-work laws argue that the laws improve workers' well-being and increase employment based on the false claim that high union density hurts the economy. However, study after study has proved that these laws disadvantage all workers, harm entire communities and have no positive impacts on the nation's economic growth.

Right-to-work laws lower workers' wages and benefits for all workers in a state.

- Wages in right-to-work states are 3.1 percent lower than those in non-right-to-work states. Using the average wage in non-right-to-work states as the base, the average full-time worker in a right-to-work state makes $1,558 less annually than a similar worker in a non-right-to-work state.
- The adverse impact of right-to-work laws on wages is more severe for public-sector workers, who have already been paid less than their private-sector counterparts. Right-to-work laws further widen the wage gap: in right-to-work states, public-sector employees earn 14.1 percent less in wages than their private-sector counterparts, almost twice larger than the wage gap public-sector workers face in non-right-to-work states.
- Right-to-work laws lead to fewer benefits for workers. The rate of employer-sponsored health insurance is 2.6 percentage points lower in right-to-work states, and that of employer-sponsored pensions is 4.8 percentage points lower.
- State-level studies on the economic impacts of right-to-work laws or other similar laws aiming at reducing union strength have also highlighted the wage and benefit penalty of these laws:
  - After the implementation of Act 10, a law that barred collective bargaining over benefits, hours, working conditions and wages in public sector in Wisconsin, average salary and fringe benefits of full-time teachers were $2,095 and $5,580 lower, respectively.
  - A recent study compared the wage, union membership, employment rate of three Midwest right-to-work states (Indiana, Michigan, and Wisconsin) and three Midwest non-right-to-work states (Illinois, Minnesota, and Ohio), and found that the introducing of the right-to-work laws in Indiana, Michigan and Wisconsin has lowered hourly wages by 2.6 percent on average. Specifically, the adverse impact on hourly wages is "largest for workers with levels of educational attainment that typically provide pathways into the middle-class in the Midwest."

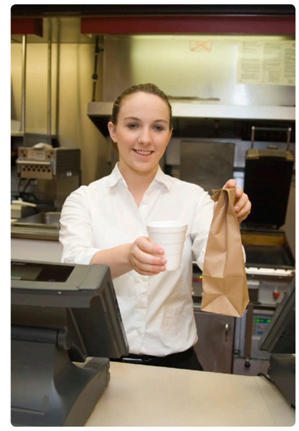
Right-to-work laws weaken the middle-class.

- The share of total income going to the middle-class in nine right-to-work states (Mississippi, Arkansas, South Carolina, North Carolina, Georgia, Virginia, Tennessee, Texas and Oklahoma) is below the national average.

Right-to-work laws also make workplaces more dangerous for workers.

- Construction worker fatalities in right-to-work states are 34 percent higher than those in states without such laws.
- The increase in union density has a positive effect on workplace safety in states with no right-to-work laws: for every one percent increase in unionization rates there is a 0.35 percent decline in construction fatality rates. However, this effect disappears in right-to-work states.

Proponents of right-to-work laws claim that the laws help create more jobs. However, research does not agree with this claim.



- A study by Hofstra University's Lonnie Stevans concluded that although right-to-work laws may be more attractive to business, these laws have no impact on economic growth and no influence on employment.
- Economic Policy Institute analysts Lafer and Allegretto found that Oklahoma's 2001 right-to-work law had "no significant positive impact whatsoever on employment." Both the number of companies relocating to Oklahoma and the total number of manufacturing jobs in the state decreased after the adoption of the law.

Right-to-work laws decrease unionization by up to 9.6 percentage points, which severely undercuts unions' ability to serve as an advocate for workers and support families. Studies have proven that unionized workers fare better and unions have a positive "spillover" effect on communities, while weakened unions hurt workers and the whole economy.

Unions raise wages for not only union workers, but also non-union workers.

- Full-time men who are union members earn $175 more per week than those who work in non-union jobs. Unionized women earn an average of $217 more per week than their non-union counterparts.
- In areas with high union density, wages are higher overall, as unions help establish standards for fair pay, benefits and working conditions that would benefit non-union workers. Non-union workers in an industry with 25 percent union density had wages 7.5 percent higher because of the union presence.

Unions help guarantee safer workplaces for workers, as well as customers.

- Unionized workplaces are more likely to be inspected by OSHA inspection, and receive higher penalties for violation.
- Unionization of coal miners was related to "a 13 to 30 percent drop in traumatic injuries, and a 29 to 83 percent drop in fatalities".
- Unions "could reduce job stress by giving workers the voice to cope effectively with job hazards." Unionized workers report being less stressed as well as more satisfied with their lives.
- Customers also benefit from safer workplaces: heart-attack mortality rate is 5.5 percent lower in hospitals that have unionized registered nurses than that in hospitals without unionized registered nurses.

Strong unions lead to a strong and stabilized middle-class. As union strength has eroded, there has been a negative impact on the overall middle-class.

- Unions can help boost the income of middle-class household, no matter it is unionized or not. In a 2011 study, Madland and Bunker estimated that if unionization rates increased by ten percentage points nationwide, the typical middle-class household would earn $1,479 more each year.
- A study conducted by Center for American Progress Action Fund suggested that unions not only play a role in increasing wealth for middle-class families, but also "create a virtuous cycle for middle-class stability":
  - The median middle-class union household has more wealth than the median nonunion middle-class household. In 2013, the median middle-class union household had $50,800 in wealth, almost 90 percent more than the median nonunion middle-class household's $27,000 in wealth.
  - Middle-class union households are more likely to be homeowners than nonunion households. In 2013, 71 percent of middle-class union households were homeowners, compared to 63 percent of nonunion households.

    - Middle-class union families are better prepared to deal with emergencies. The median union household had saved 28 percent more in liquid savings than the median non-union household in 2013.
    - The middle-class union families are more likely to have defined-benefit pensions than nonunion families. Additionally, in 2013, the median middle-class union household had more than three times savings in retirement accounts such as 401(k)s and individual retirement accounts as much as the median nonunion household.
- In the past 47 years, as union membership rate has sharply declined, so has the share of income going to the middle-class. Union membership rate dropped from over 27 percent in 1968 to a little more than 11 percent in 2015, meanwhile the middle-class share of income declined from more than 53 percent to 45 percent.

Unions help redistribute wealth throughout the society. The decline of unionization accelerates income inequality.

- Unions help narrow the gender wage gap. The overall gender wage gap for union members is less than half the size of the wage gap for non-union workers.
- From 1968 to 2015, the income share for the top 20 percent increased from 42.6 percent to 51.1 percent and that for the top 5 percent rose from 16.3 percent to 22.1 percent.
- Although union decline is not the sole contributor of above situation, research shows that it is associated with increased inequality. From 1973 to 2007, the decline of unions explained up to one-third of rising wage inequality among men and about one-fifth among women.

Unions help bridge the gap in income between the races. The decline of unionization increases racial inequality.

- Unionized workers of color experience larger boost in pay. Latino and African American men who belong to a union earn $264 and $187 more per week than their non-union counterparts respectively. Latina, African American and Asian women who belong to a union all have higher wages than their non-union counterparts. Specifically, Latina union workers' median weekly earnings are 31 percent higher than those of non-union Latina workers.
- Study found that the decline of unionization has widened the black-white wage gaps, especially for women. The black-white weekly wage gaps among women in 2007 would have been as much as 30 percent lower had union representation remained at high levels.

- Wealth inequality is pretty notable when measured along racial lines: In 2013, the median white family had 13 times the amount of wealth as the median black family and ten times the amount of wealth as the median Hispanic family. Currently there isn't much study on how unions affect wealth inequality, however, as Professor Jake Rosenfeld pointed out, "lack of evidence about the possible relationship between unions and wealth disparities does not mean connections do not exit". He also noted that "a scattering of case studies and studies suggest that the destruction of unions in the U.S. may actually lie near the center of today's yawning wealth chasms."

Unions help reduce poverty.

- Unions play an important role in fighting poverty "through their political influence and the increased negotiating power they bring to workers".
- Study shows that unions help raise wages of lowest-wage workers by approximately 21 percent; working people in highly unionized areas are less likely to live in poverty.
- State-level unionization measures have a larger impact on working poverty rates than GDP per capita and economic growth rates.

Unions also support high economic mobility across geographies, regardless of union status.

- Children of union members have higher future wages. Children of non-college-educated union fathers go on to earn 28 percent more than their peers who grew up in similar non-union families. Children whose parents do not graduate college earn an average of $6,300 more annually if their parents are union members.
- Income of all children in an area will increase by 4.5 percent if the union density in this area increases by ten percentage points.

Unions help boost democratic participation among citizens and advocate for pro-middle-class policies.

- Unions help boost political participation among ordinary citizens. Research shows that overall voter turnout increased by 0.2 to 0.25 percentage points if union density increases by one percentage point.
- States with a greater percentage of union members tend to have higher voter turnout rates, higher minimum wages, a greater percentage of residents covered by health insurance, stronger social safety nets, and a more progressive tax code.
    - From 1980 to 2010, average voter turnout rate in the ten states with the highest levels of unionization was 58.9 percent; voter turnout rate was almost 20 percent lower (42.1 percent) in the ten states with the lowest levels of unionization.
    - States with higher levels of unionization are more likely to have higher minimum wages.
    - Residents of the ten states with the highest levels of unionization are 4.6 percentage points more likely to have health insurance than residents of the ten states with the lowest levels of unionization.
    - In 2007, strength of social safety net index of the ten states with the highest levels of unionization was 41.1, three times of that of the ten states with the lowest levels of unionization.
    - State tax systems are more progressive in states with higher levels of unionization, meaning that the systems will more likely to raise more money from the rich, instead of the middle class.