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Wages rise in Right-to-Work states


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Simply put, wages in Right-to-Work states are growing faster than in non-Right-to-Work states.

More than just having higher wage growth, workers in Right-to-Work states are also making more when cost of living is factored in compared to their counterparts in non-Right-to-Work states.

During a five-hour House Committee hearing on Rep. Eric Burlison's (R-Springfield) Freedom-to-Work bill (at which I testified) there were a lot of slogans about what the law would do to wages. Unfortunately, opponents of the bill were light on statistics or facts to back up the assertion that wages would go down.

This could be because according to the U.S. Department of Labor's Bureau of Labor Statistics, wages in the most recent Right-to-Work states all went up. Oklahoma, which passed Right to Work in 2001, increased average weekly wages that year from $539 to $551 in 2002. By the end of 2012, wages averaged $801 per week.

The same is true for Indiana, which passed Right to Work early in 2012. For the Hoosier state, average wages increased from $774 in 2011 to $793 by the end of 2012.

Recent economic statistics for Michigan, which passed Right to Work in December 2012, are not yet available, but the metrics that are available are encouraging. Michigan's total wages and salaries grew more than the national averages in the second and third quarters of 2013.

The wage growth in Right-to-Work states isn't just limited to a few anecdotes from the most recent converts. Right-to-Work states on average have had annual real personal income growth of 0.8 percentage points above where they would have been had they not adopted RTW, according to our recent study.

This sounds small unless taken in context. If a state would have had a 2 percent income growth rate without a Right-to-Work law, having the law boosted it to 2.8 percent, which amounts to a 40 percent higher rate of growth with the law.

To be fair it may have been that someone's wires got crossed on the Right-to-Work and wages talking points among those who oppose Burlison's bill.

Opponents of worker freedom often like to compare apples to oranges to back up their claims. They compare states where the cost of living is more expensive to states where things like gas, groceries, rent and housing are cheaper. For example, they may compare workers in New York City, where the average rent in 2012 was $3,400 a month, to workers in Alabama, where an average mortgage payment was about $800.

Because things are more expensive in New York, higher wages there just don't mean as much. But because Alabama is a Right-to-Work state and New York isn't, these opponents would claim "Ah ha!" that explains the difference.

There is an easy way to compare apples to apples across state lines and that is to compensate for the price differences. When adjusting for cost of living to account for these price differences, workers in Right-to-Work states have 4.1 percent higher per-capita personal incomes than workers in non-Right-to-Work states.

It could be easy for someone to compare the apples to oranges and make a conclusion on the wage difference. It could then be very easy for someone else to misinterpret that conclusion and use it to talk about what Right to Work would do in an individual state.

When looking past the messaging, the facts are clear that personal income goes up in Right-to-Work states.

There is more, however, to Right to Work than statistics. At its heart Right to Work is about one thing — freedom. Despite the ancillary benefits, all Right to Work does is take away a union's ability to get a worker fired for not paying them.

Workers in Missouri should have a choice to support their unions if the unions are doing a good job and say no thanks if they are not. That is what freedom is all about.

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