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## Paul Kersey: Open-Shop Laws Would Create Jobs, Stimulate Michigan's Revival



Imagine a state where relations between labor and management are constructive, where unions focus more on looking out for their members' interests and less on schemes to make big government bigger. Imagine a state where the economy is growing and businesses are scrambling to move in, creating even more opportunities for companies already there. Imagine a state where jobs are plentiful, the cost of living is modest and wages are rising.

Whether you realize it or not, the state you are imagining is probably a right-to-work state, where workers have the freedom to decide for themselves whether or not to pay union dues.

Michigan could be one of those states.

There are many factors behind Michigan's current economic malaise, but one of the most significant is the high cost of labor. In a 2002 report released by the Mackinac Center for Public Policy economist William T. Wilson showed that Michigan had the second highest per-unit labor costs in the country.

Much of the reason for that is a labor climate in Michigan in which unions are effectively subsidized with union membership dues (referred to as "agency fees") collected from workers who do not support – and even may be principled opponents of – union representation. Agency fees allow unions to disregard the concerns of the workers they are supposed to represent.

A right-to-work law would make unions more accountable to workers and, in the process, make labor itself more productive. Wilson found that labor was nearly five percent more productive in right-to-work states than in states like Michigan where workers can be forced to pay union dues.

Unions also can use compulsory dues to advance political causes that their own members disagree with – again without fear that those members will withhold support. On issue after issue, unions have been the most intractable opponents of reforms that would make government less burdensome and Michigan more inviting to business. Agency fee provides unions with hundreds of millions of dollars and no strings attached. A right-to-work law would, at a minimum, bring some accountability to the union expenditure of workers' money.

### Faster Growth

Because businesses in right-to-work states are more competitive, the economies of these states grow faster – by a half a percentage point every year between 1977 and 1999, according to Wilson. This strong economic growth in turn creates new opportunities for employers and stimulates the creation of jobs. For example, between 1970 and 2000, right-to-work states added jobs almost half-again as quickly as non-right-to-work states and nearly twice as fast as Michigan.

In strictly dollar-for-dollar terms, incomes have tended to be a bit lower in right-to-work states, but the gap is modest and growing smaller because incomes have been growing more quickly in right-to-work states. When cost of living differences are accounted for, right-to work states may actually have the advantage. But even if cost of living is ignored, the numbers indicate that most right-to-work states will offer higher disposable incomes than Michigan by 2010.

Now, many readers might be tempted to respond to all this by saying, "That would be very nice, but Michigan unions are just too strong; a Michigan right-to-work law is a pipe dream."

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That isn't the case any more. The failure of the UAW, in particular, to protect its members from job losses has led many Michigianians to reconsider the role of unions in our state. This need to reevaluate unions has not escaped the media. Just last week the Detroit News ran a series of articles revealing that union officials' pay has been unaffected even while many of the men and women they represent have lost their jobs or taken pay cuts.

More to the point, key business leaders, such as Compuware President Peter Karmanos, and political leaders such as Oakland County Executive L. Brooks Patterson have come out in favor of a Michigan right-to-work law. And a recent EPIC-MRA poll of Michigan voters showed that 59 percent would favor a right-to-work law. Clearly the idea of letting workers decide whether or not to support a union already enjoys a great deal of support.

Making Michigan a right-to-work state will not be easy, but the benefits to the state's economy would be substantial. What Michigan needs most is leaders with the imagination and gumption to make it real.

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*Paul Kersey is senior labor policy analyst at the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Mich. His views do not necessarily reflect those of the Daily Dash, WWJ Newsradio 950 or CBS Radio.*

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