



FACT SHEET

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Michigan Trails Right to Work States In Real, Disposable Per Capita Income

Residents of Every Midwestern Right to Work State Are Better off Than Michigianians

Just a few years ago, Colorado State University business professor Raymond Hogler, one of the most prominent academic opponents of state Right to Work laws in the U.S., acknowledged (in a paper coauthored with economist Robert LaJeunesse): “A number of studies present statistical data substantiating the point that right to work states create and retain more manufacturing jobs.”¹

The Hogler-LaJeunesse concession regarding factory jobs also applies to private-sector jobs in general. Between 2002 and 2007, for example, private-sector jobs in Right to Work states increased by a net 9.6%. That’s nearly triple the relatively small increase in private-sector jobs experienced by non-Right to Work states over this period.²

Non-Right to Work Michigan, where Big Labor wields “exclusive” (monopoly) power to bargain with employers over the wages, benefits, and work rules of a higher share of private-sector employees than in all but one other state in the continental U.S.,³ has an especially dismal employment picture. Along with forced-dues Ohio, which suffered a 0.4% private-sector job decline from 2002-2007, Michigan is one of just two states with negative job growth over the five year period. And Michigan’s decline of 5.2% is far worse than Ohio’s.

Fewer Jobs, But Higher Living Standards??!

Unable to contest seriously the compelling evidence that pervasive forced unionism is largely responsible for Michigan’s abysmal performance in job creation and retention, state apologists for forced unionism have instead suggested that, while young people are fleeing Michigan in droves and frequently resettling in Right to Work states, Michigan’s living standards are supposedly higher than those of Right to Work states.

Unfortunately for Michigan, the forced-unionism apologists are wrong!

¹ “Oklahoma’s Right to Work Initiative: Labor Policy and Political Ideology,” *Labor Law Journal*, Fall 2002, pp. 109-121.

² See <http://data.bls.gov/cgi-bin/dsrv?sm> to locate annual employment data up through 2007 for the 50 states.

³ See <http://www.unionstats.com> – a web site maintained by economists Barry Hirsch and David Macpherson – for state-by-state union density information.

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A straightforward comparison of the average real, spendable income of Michigan residents with those of residents of the 22 Right to Work states makes it clear that Michigan has lower typical living standards than do the Right to Work states.

Numerous scholarly studies show that the presence of a state Right to Work law that prohibits forcing employees to join or pay dues or fees to a union as a condition of employment is correlated with higher real earnings and disposable incomes.

One prominent example is an interstate cost-of-living index prepared by the Missouri Economic Research and Information Center (MERIC) and appearing in Congressional Quarterly's *State Fact Finder 2007*.⁴ It shows that, on average, the cost of living in the 28 forced-dues states in 2006 was nearly 21% higher than it was in the 22 Right to Work states.

When adjusted for cost of living, the 2006 disposable per capita income (according to the federal government's definition, "personal income less personal tax and nontax payments") in the 22 Right to Work states was \$31,746, roughly \$1900 more than the non-Right to Work state average of \$29,803 and Michigan's real disposable income of roughly \$29,851.⁵ Every single Midwestern Right to Work state has an average real disposable per capita income higher than Michigan's. (For details, see the table at the end of this fact sheet.)

Moreover, because disposable incomes in Michigan are now growing far more slowly than the national average, Michiganians' living standards are likely to fall even further behind those of Right to Work state residents in the near future, as long as Michigan's current pro-forced unionism policies remain entrenched.

The above findings largely replicate those of a household-income study by Dr. Barry Poulson, an economics professor at the University of Colorado and past president of the North American Economics and Finance Association.⁶

Dr. Poulson found that, when the number of households in each metro area is factored into the equation, the average cost of living-adjusted household income in Right to Work state metro areas in 2002 was \$50,751, compared to \$46,313 in non-Right to Work state metro areas.

Still another household-income study was prepared by Dr. James Bennett, a professor for the Nobel Prize-winning Economics Department at George Mason University in Fairfax, Va., and the editor of the *Journal of Labor Research*.⁷ Dr. Bennett found that, in 1999, the cost of living-adjusted mean income for households with two employed persons in Right to Work state metro areas was \$64,425, nearly \$1200 higher than the average of \$63,236 in non-Right to Work state metro areas.

Brushing aside all the clear evidence that a Right to Work law would benefit Michigan, union officials recently poured millions of forced-dues dollars into TV and radio air time for a series of anti-Right to Work ads featuring former Detroit news anchor Bill Bonds.

⁴ Published by CQ Press, Washington, D.C., 2007. The index appears on page 51.

⁵ Go to <http://www.bea.gov/regional/spi/> on the web site of the U.S. Commerce Department's Bureau of Economic Analysis to obtain per capita disposable income data for each of the 50 states. Real per capita disposable income is calculated by dividing each state's per capita disposable income by the state's cost-of-living index.

⁶ "The Standard of Living in Right to Work States," 2005. Go to <http://www.nilrr.org/node/27> to download a copy.

⁷ "Right to Work – Prescription for Prosperity and Opportunity," National Institute for Labor Relations Research, Springfield, Va., 2000.

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In the ads, Mr. Bonds, ignoring the Poulson, Bennett, and other studies showing Right to Work laws are correlated with higher real incomes, brazenly maintained that current federal and Michigan policies that authorize the firing of employees for refusal to join or pay dues or fees to an unwanted union are a recipe for higher living standards!

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(For more detailed information about real disposable incomes in Michigan vis-à-vis Right to Work states, see the table on the next page.)

Right to Work States Whose Real, Disposable Per Capita Incomes Are Higher Than Michigan's

Right to Work States	2006 Cost of Living Adjusted Per Capita Income
Texas	\$35,731
Wyoming	\$35,649
Kansas	\$34,106
Nebraska	\$34,091
Virginia	\$32,946
Oklahoma	\$32,763
Tennessee	\$32,381
South Dakota	\$32,111
Iowa	\$31,856
Nevada	\$31,798
North Dakota	\$31,717
Florida	\$31,265
Georgia	\$30,732
Louisiana	\$30,725
Alabama	\$30,361
North Carolina	\$30,221
Michigan	\$29,851