

Top 10 Misconceptions about Right to Work in New Mexico

By Paul J. Gessing

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1) It is about worker freedom and not “just” an economics issue

Passing a “right to work” bill is indeed an important economic issue. It could have significant, positive impacts on New Mexico’s economy. Those positive impacts are worth noting. However, “right to work” is not just about economics, it is about worker freedom.

If an individual wants to join a private sector union, they should be able to do voluntarily pay dues for that union representation. However, no one should be coerced into paying a union as a condition of employment, nor should they have money automatically deducted from their paycheck in order to fund union activities.

There would be justifiable outrage if business owners took a portion of their employees’ pay and gave it to their preferred church. Unions should not have “special” privileges.

2) It is “anti-union”

Union leaders often claim that when it comes to “right to work” such laws are inherently “anti-union.” Simply put, they are not, but union bosses don’t like “right to work” laws because it is much easier for them to have first dibs on employee dues as a result of forced-unionism.

A “right to work” law means that unions have to provide real, tangible benefits to their members. It’s no accident that health insurance companies were among the leading supporters of the “ObamaCare” health law as the law contained various mandates requiring Americans to purchase their product.

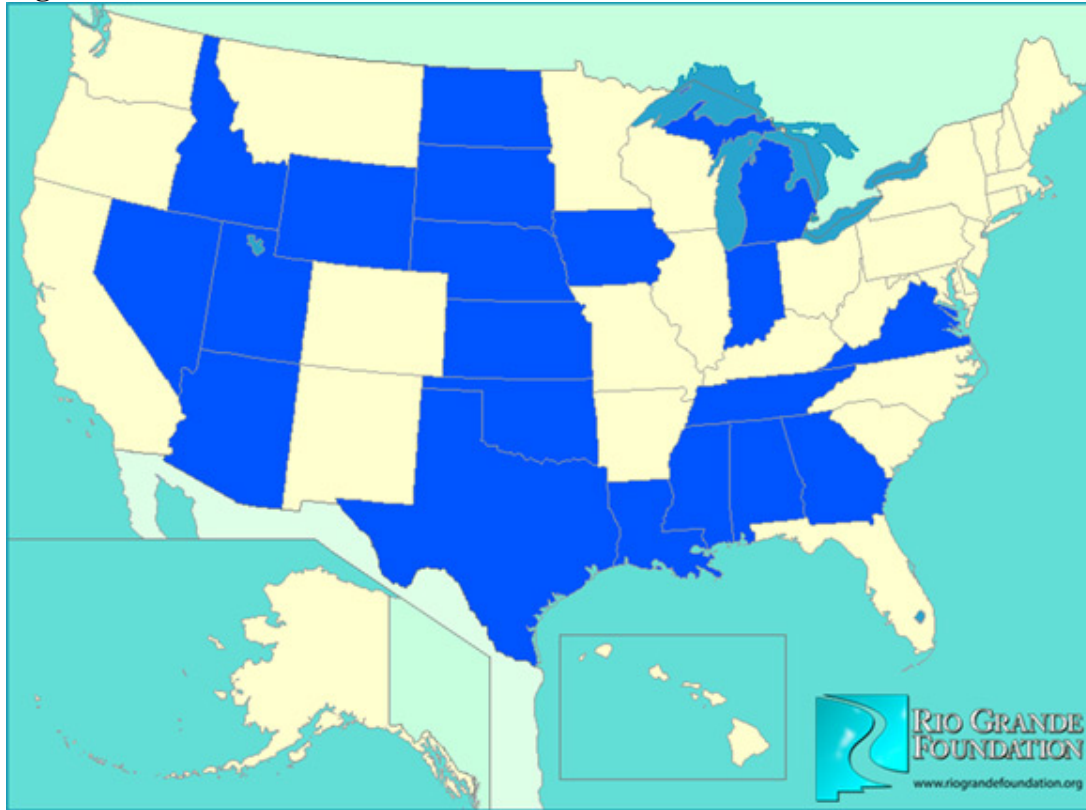
What’s more interesting is that in recent years, “right to work” states have actually seen faster union growth than have “forced-unionism” states.¹

According to Michigan Capitol Confidential, “The 22 states that were right-to-work saw an increase in the number of union members from 2011 to 2012, according to the U.S. Bureau of Labor Statistics. The right-to-work states had an overall increase of 39,000 union members while non-right-to-work states lost 390,000, a 3.4 percent decrease.”

¹ Tom Gantert, “Right to Work states gain union Members while other states lose hundreds-of-thousands,” *Michigan Capitol Confidential*, February 4, 2013, <http://www.michigancapitolconfidential.com/18250>.

According to the Center for Economic and Policy Research, 20 of 24 “right to work” states have higher private sector unionization rates than does New Mexico.² Given New Mexico’s historically-weak private sector economy and the fact that union membership is actually growing in “right to work” states and shrinking in “forced-unionism” states, it is reasonable to argue that “right to work” could be a good thing for New Mexico’s private-sector unions.

Figure 1. RTW States w/ Greater Percent Private Sector Union Members than NM



3) It is really just the “right to work for less” and thus reduces living standards;

Opponents of “right to work” love to claim that it means the “right to work” for less. Indeed, it is true that median incomes are higher in “forced unionism” states than they are in “right to work” states. The average household in RTW states earned \$48,324 in 2012, while its counterpart in non-RTW states earned \$54,655.³

But that is not the whole story. In fact, median income is not really a relevant number. What is relevant is what standard of living can be had with that median worker’s paycheck. As seen in Figure 2, adjusted for cost of living, median incomes in “right to work” states are approximately \$5,000 higher than those in “forced unionism” states.⁴ In other words, workers in “right to work” states enjoy higher living standards overall

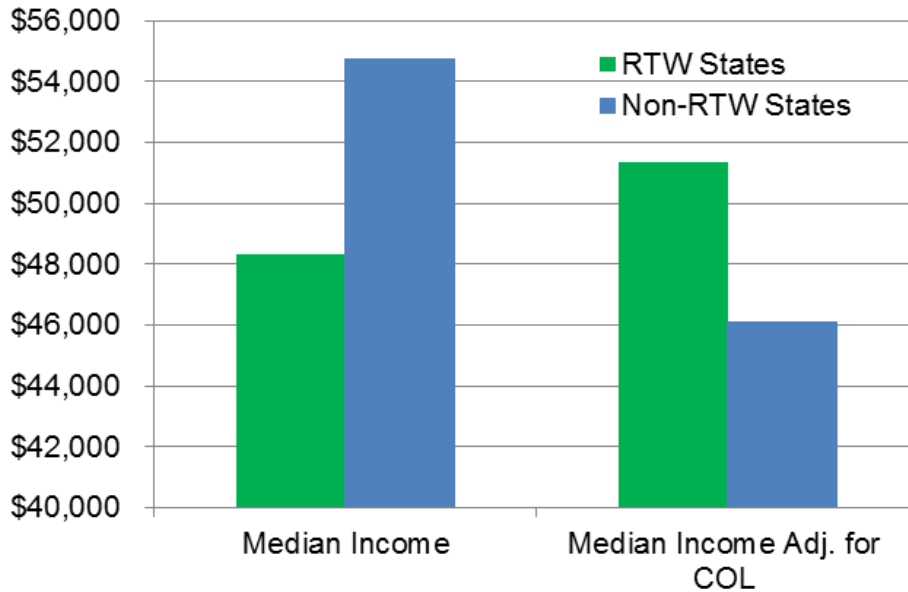
² Schmitt, Jones, and Sanes, “State Union Membership 2012,” January 2013, <http://www.cepr.net/documents/publications/state-union-numbers-2013-01.pdf>.

³ Crony Chronicles, “Right to Work states compared to non-right to work states,” November 12, 2013, <http://cronychronicles.org/2013/11/12/right-to-work-states-compared-to-non-right-to-work-states/>.

⁴ *Ibid.*

because their paychecks go farther. It's the difference between working and living in high-cost New York City as opposed to lower-cost Houston or Miami.

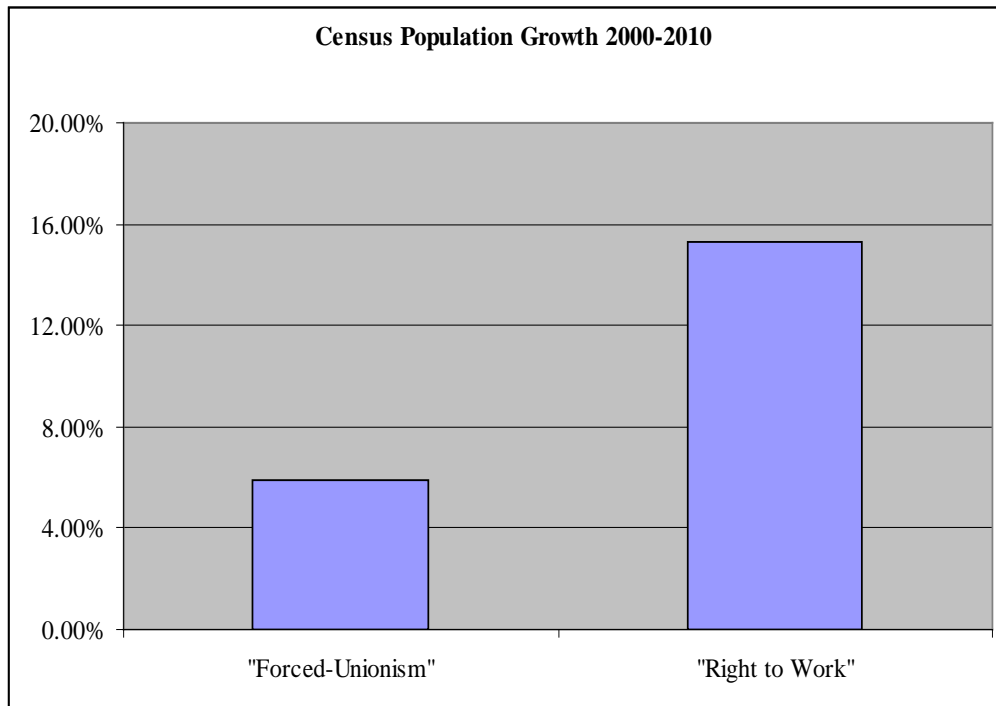
Figure 2.



4) Americans would rather live in forced-unionism states than right to work states;

Lest one need further confirmation that workers themselves feel that they are being compensated fairly for their work in “right to work” as opposed to “forced-unionism” states, Figure 3 shows that population growth is far faster in the former than in the latter.⁵

Figure 3.



⁵ US Census Bureau, “Population Distribution and Change 2000-2010,” March 2011, <http://www.census.gov/prod/cen2010/briefs/c2010br-01.pdf>.

Population growth in “right to work” states has consistently outpaced growth in “forced” unionism states.

5) It is unfair to unions who have to represent all workers;

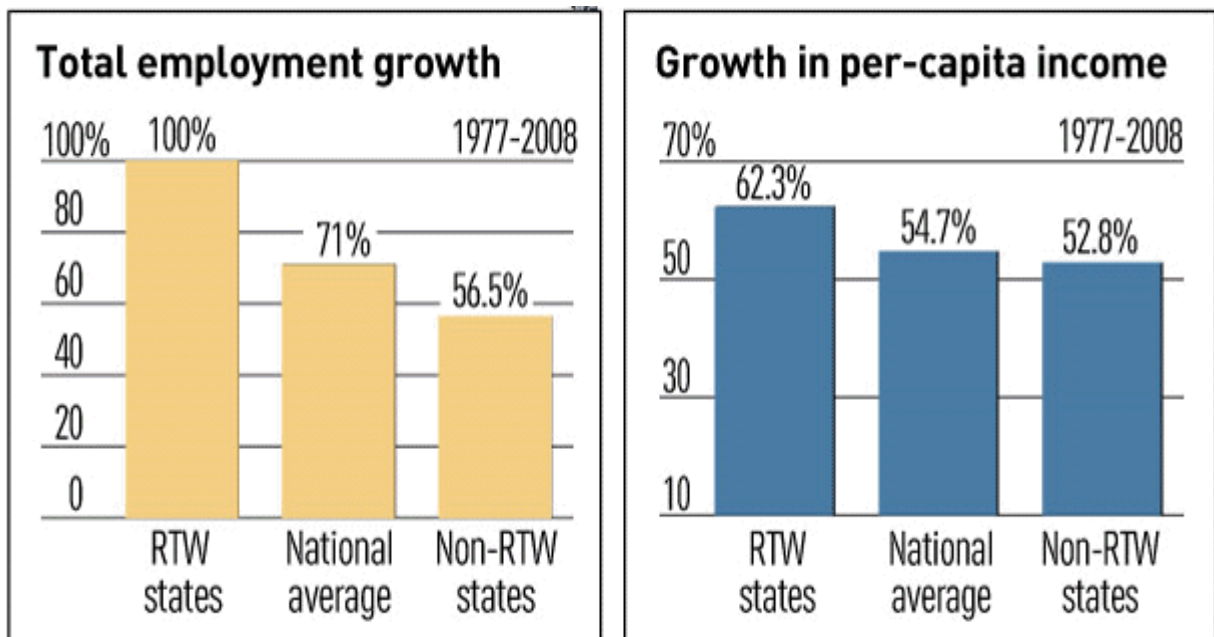
Union leaders love to say that they have to negotiate on behalf of all workers, so they should be able to collect dues or at least “fair-share” payments from *all* workers. Of course, this ignores that it is unions themselves which have consistently called for the privilege to bargain collectively. In fact, New Mexico’s collective bargaining law expired for government workers under the union-opposed Gov. Gary Johnson only to be reinstated under union-friendly Gov. Bill Richardson.⁶

Collective bargaining empowers unions to at least claim they speak for all workers in a given business or government bureau. If collective bargaining were overturned, thus obviating the need for them to negotiate on behalf of all workers, they would remain equally opposed to “right to work.”

6) It doesn’t actually increase prosperity or create jobs;

As illustrated in the following charts, between 1977 and 2008, employment and income growth in “right to work” states far outpaced that in “forced-unionism” states.⁷

Figure 4.



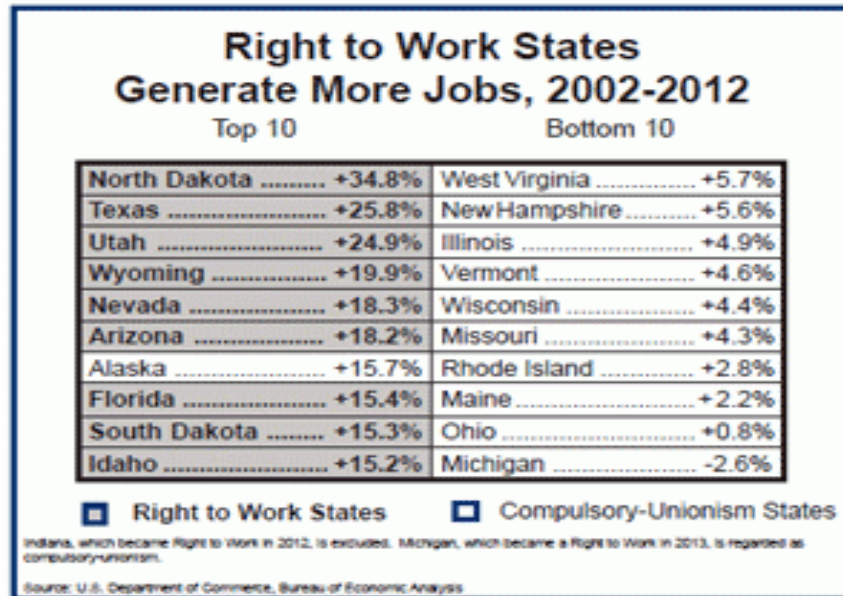
The job growth trend is further illustrated if we focus on only the fastest and slowest job producing states. As seen in Figure 5 below, between 2002 and 2012, 9 of the 10 fastest-

⁶ A study based in New Mexico says collective bargaining hurts poor kids,” New Mexico Watchdog, May 23, 2011, <http://watchdog.org/7244/nm-a-study-based-in-new-mexico-says-mandatory-collective-bargaining-for-teachers-hurts-poor-kids/>.

⁷ Doug Ross, “Want Jobs and Higher Salaries? Move to a Right to Work state”: June 30, 2011, <http://directorblue.blogspot.com/2011/06/want-jobs-and-higher-salaries-move-to.html>.

growing states were “right to work” while all 10 of the slowest-growth states were “forced-unionism.”⁸

Figure 5.



7) Businesses don’t really care about right to work when they are choosing where to locate;

Arguably, one reason “right to work” is on the agenda in New Mexico is that the Tesla automobile company passed it over for its massive “gigafactory.”⁹ Recently, the political director of New Mexico’s AFSCME union claimed “It is a total hoax to say right-to-work has anything to do with Tesla.”¹⁰

It is indeed difficult to say what factors led to Tesla choosing to locate in Nevada as opposed to the other competing states. Nevada happens to be a “right to work” state and it has no personal and no corporate income taxes. Reno, Nevada, where the “gigafactory” is being built, is also relatively accessible and in close geographic proximity to Tesla’s headquarters in the Bay Area.

But Tesla is one company and New Mexico has been poor and reliant on federal largesse for decades. What do economic development experts and those who assist businesses in finding sites determine where to locate?

One such expert, John Boyd, was interviewed by the *Albuquerque Journal* during Tesla’s decision-making process. Boyd, the principal at “The Boyd Company,” said “Said Boyd of New Mexico’s chances to lure Tesla “manufacturing companies look for reasons to

⁸ National Right to Work Committee Staff, “Job Growth Surges in Right to Work Indiana,” National Right to Work Foundation, March 24, 2014, <http://nrtwc.org/job-growth-surges-right-work-indiana/>.

⁹ James Ayre, “Tesla Motors Deal for Nevada Gigafactory Land Concluded,” *Cleantechnica*, October 29th, 2014, <http://cleantechnica.com/2014/10/29/tesla-motors-deal-nevada-gigafactory-land-concluded/>.

¹⁰ Dan Boyd, “Right to Work legislation likely to be on agenda,” *Albuquerque Journal* November 13, 2014, <http://www.abqjournal.com/495505/news/righttowork-legislation-likely-to-be-on-agenda.html>.

scratch off states when considering where to build major facilities — and no right to work law is at the top of the list.”

Boyd continued saying, “I can’t underscore how critical right to work status is. New Mexico has enormous potential to become a manufacturing hub, especially if it were to adopt right to work legislation.”¹¹

In study after study, businesses that have “right to work” laws on the books are found to be more business friendly. The latest such list was published by *Forbes* and it ranked states based on whether they are good places for businesses and careers. While seven of the top 10 states were “right to work,” New Mexico was ranked a lowly 47th.¹²

Independent expert after independent expert backs “right to work” as a point of emphasis for economic development. The main opponents of “right to work” are labor leaders who directly benefit from forced payment of union dues. It would only make sense that the vision of objective experts is not as likely to be blurred.

8) Right to work hasn’t helped states that have adopted such laws);

“Right to work” laws only recently took effect in Michigan (2013) and Indiana (2012). Data available is limited to say the least. However, as the chart below from the Indiana Economic Development Corporation seems to indicate that good things are happening in the Hoosier State.¹³

Figure 6.

Is it working?

New jobs announced by the state’s top economic development agency increased (to some legislators’ scrutiny) almost 50 percent in 2012, the same year Indiana became a right-to-work state.

	Companies	Investments	Projected new jobs
2009	260	\$2.0B	19,955
2010	200	\$4.4B	23,017
2011	219	\$2.7B	19,080
2012*	251	\$6.6B	27,858

**Indiana became right-to-work on Feb. 1, 2012.*

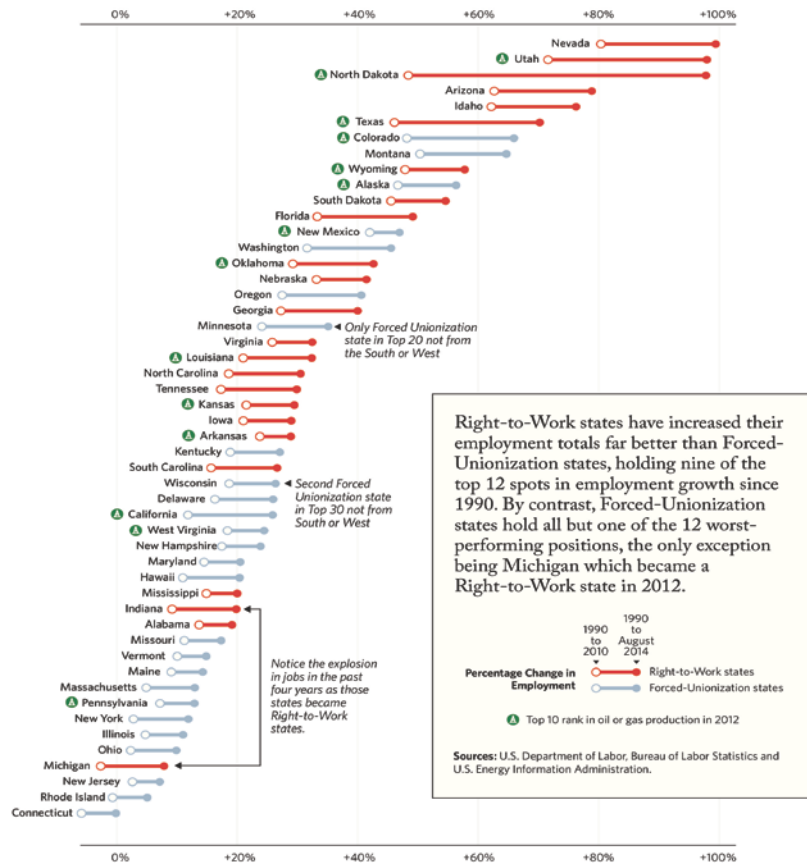
As Figure 7 below illustrates, “right to work” have dominated the economic recovery with significant gains during the recovery period experienced in recent-adopting states Indiana and Michigan.

¹¹ Nick Pappas, “Tesla update on earnings, gigafactory update Thurs.” *Albuquerque Journal*, July 29, 2014, <http://www.abqjournal.com/437398/biz/tesla-update-on-earnings-gigafactory-expected-thurs.html>.

¹² *Forbes*, “Best States for Business and Careers,” November 13, 2014, <http://www.forbes.com/best-states-for-business/list/>.

¹³ Dan Human, “Michigan’s right to work law could change Indiana’s economic pitch,” *IBJ.com*, January 5, 2013, <http://www.ibj.com/articles/38835-michigan-s-right-to-work-law-could-change-indiana-s-economic-development-pitch>.

Figure 7.
Right-to-Work States Dominate Economic Recovery



9) It'll kill or hurt New Mexico's film industry;

AFL-CIO president Jon Hendry recently argued in the *Albuquerque Biz First* publication that adoption of a “right to work” law could negatively impact New Mexico’s film industry. Said Hendry, “New Mexico has worked over the last 15 years to grow its film crew base, he said, and crewmembers have gone through extensive training to learn their trades. Without a union, directors and producers would not know if the crews they are hiring are up to the job.”

Hendry went on to claim that, “People come here for the high-end crew. If they’re not getting a high-end crew, they’ll go somewhere else. We use it as a marketing tool. Why would you want to dilute that?”¹⁴

But New Mexico is not the only state to offer film subsidies. In fact, a national organization called Film Production Capital ranks US states by the relative attractiveness of their film programs. Interestingly enough, the top three states in the rankings, Louisiana, Georgia, and North Carolina are all “right to work.”¹⁵ New Mexico’s film subsidy program ranks 7 among US states.

¹⁴ Dan Mayfield, “NM film union leader says right to work could derail local film industry,” *Albuquerque Biz First*, November 11, 2014, <http://www.bizjournals.com/albuquerque/news/2014/11/11/nm-film-union-leader-says-right-to-work-could.html?page=all>.

¹⁵ Film Production Capital, “State Rankings,” <http://www.filmproductioncapital.com/rankings.html>.

It is worth noting that the Film Production Capital report does not mention existence of a “right to work” law as either a positive or negative in its rankings. The main issue considered is the relative generosity of subsidy programs. As the head of his union, however, Jon Hendry has a strong personal and institutional interest in preserving his union’s power to forcibly-extract union dues from New Mexico’s film workers.

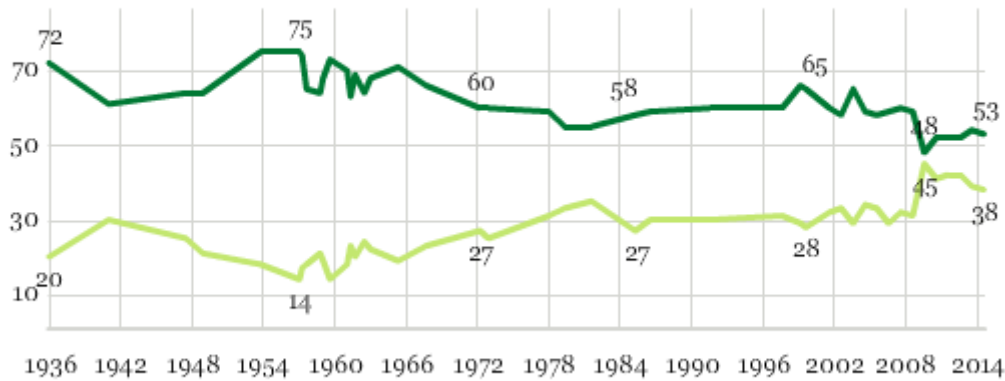
10) Voters don’t support right to work.

In August of 2014, the Gallup polling organization produced a national poll on a variety of union-related issues.¹⁶ The upshot of the polls is that while Americans support unions, they support “right to work” laws far more strongly. As Figure 8 shows, Americans approve of labor unions by a margin of 53-38. Support for unions has been reduced rather dramatically over time, but if support for unions were compared to vote percentages in an election, it would be considered a “landslide.”

Figure 8.

Do you approve or disapprove of labor unions?

■ % Approve ■ % Disapprove



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However, just as I have noted that “right to work” is not inherently anti-union, the American people strongly support “right to work” regardless of partisan affiliation. As Figure 9 notes, a resounding 77 percent of independents, 74 percent of Republicans, and 65 percent of Democrats support “right to work.”

The margin of support for “right to work” dwarfs current union support data. The clear sign for New Mexico’s political leaders is that, despite the inevitable political controversies that will erupt when taking on an entrenched, politically-powerful special interest, “right to work” is supported by large majorities.

¹⁶ Jeffrey M. Jones, “Americans approve of unions, but support right to work,” *Gallup*, August 28, 2014, <http://www.gallup.com/poll/175556/americans-approve-unions-support-right-work.aspx>.

Figure 9.

Opinions of Labor Unions, by Political Party

	Democrats	Independents	Republicans
	%	%	%
UNION APPROVAL			
Approve	77	47	32
Disapprove	19	40	57
RIGHT-TO-WORK LAWS			
Would vote for	65	77	74
Would vote against	30	17	18

Aug. 7-10, 2014

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As if it were not enough that “right to work” is politically popular with the US population at-large, it is worth noting that in both Indiana and Michigan, elected politicians who supported “right to work” were re-elected and in Michigan the reforms were not considered a major issue in Gov. Rick Snyder’s successful re-election campaign.¹⁷

Conclusion

A “right to work” law is the right thing to do for New Mexico workers. Freedom means being able to choose to be or not be a member of any particular group. Of course, the economic benefits of “right to work” are clear as well. Worker freedom means faster economic growth and higher living standards. It is no coincidence that such laws are tremendously popular across partisan lines.

¹⁷ Vincent Vernuccio, “Unions’ bark worse than their bite,” *Mackinac Center blog*, November 5, 2014, <http://www.mackinac.org/20686>.