

Right to Work Laws Boost Real Incomes

New Study Shows How Households Benefit From Lower Living Costs

A forthcoming study by Dr. Barry Poulson, an economics professor at the University of Colorado (UC) in Boulder and past president of the North American Economics and Finance Association, adds to the mountain of evidence that state Right to Work laws help raise real, spendable incomes.

Dr. Poulson's study, "The Standard of Living in Right to Work States," will be published by the National Institute for Labor Relations Research and posted on the Institute's web site in January.

The Poulson study compares household incomes, adjusted for living costs, including state and local taxes, in metropolitan areas in Right to Work states with those of metropolitan areas in non-Right to Work states.

Twenty-two states currently have Right to Work laws that protect workers from being fired for refusal to join or pay so-called "agency fees" to an unwanted union.

Colorado Economist Updates, Refines Previous Research By Dr. James T. Bennett

Dr. Poulson's data for household incomes and comparative living costs come from *Cities Ranked and Rated*, authored by respected business consultant Peter Sander and journalist Bert Sperling and published this year by Wiley.

"The Standard of Living in Right to Work States" is to a large extent an update of "Right to Work -- Prescription For Prosperity and Opportunity," a 2000 study written by Dr. James T. Bennett.

Dr. Bennett is 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*.

Dr. Bennett found that, in 1999, the 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.

Dr. Poulson's study differs from Dr. Bennett's in that it looks at average incomes for all households with two or more members, not just those with two employed persons.

Another significant difference between the studies is that Dr. Poulson's

Real Incomes Higher in Right to Work States

Average real household income in metropolitan areas in Right to Work states → \$50,571

Average real household income in metropolitan areas in forced-unionism states → \$46,313

Right to Work "dividend" = \$4,258

Source: "The Standard of Living in Right to Work States," a study by Dr. Barry Poulson for the National Institute for Labor Relations Research, forthcoming.

A new study by Dr. Barry Poulson, a past president of the North American Economics and Finance Association,

provides the latest evidence that higher living standards are linked to state Right to Work laws.

calculates what he calls a "weighted adjusted household income."

Using data from a CD ROM entitled *2004 MSA Profile* from Woods and Poole Economics in Washington, D.C., Dr. Poulson compares adjusted household incomes for 133 metro areas in Right to Work states and 158 metro areas in non-Right to Work states.

His averages reported in Tables 4 and 5 of his study weight the input of each metropolitan area based on the number of households it includes.

He finds that, when the number of households in each metropolitan area is factored into the equation, the average cost of living-adjusted household income in Right to Work state metro areas in 2002 was \$50,571, compared to \$46,313 in non-Right to Work states.

Forced Unionism Contributes To Higher Living Costs

Dr. Poulson calculates that living costs average nearly 18% higher in metro areas in non-Right to Work states than in Right to Work states.

Where forced union dues and "fees" are legal, union bosses use their power to dislocate labor markets, jack up costs, and bankroll Tax & Spend, regulation-happy state legislators and governors.

The substantial cost-of-living advantage for Right to Work states

reported in the Poulson study should come as no surprise.

Research by AFL-CIO-affiliated scholars reveals a very similar advantage, though union bosses naturally downplay this finding.

The American Federation of Teachers (AFT/AFL-CIO) union's "Survey and Analysis of Teacher Salary Trends 2002," published in July 2003, shows that on average living costs (excluding all taxes) are roughly 15% higher in non-Right to Work states than in Right to Work states.

National Right to Work Law Would Raise Real Incomes Throughout the 50 States

These AFT figures may be somewhat less reliable than Dr. Poulson's, because they lump together metropolitan and rural areas. But they should remove any doubt that living costs are substantially lower in Right to Work states.

"The economies of forced-dues states are bound to continue falling further and further behind as long as compulsory unionism, which is imposed by Congress, keeps holding them back," said National Right to Work Committee President Mark Mix.

"It's long past time for Capitol Hill leaders to take action to put an end to the immoral and economically destructive forced-dues system." 🗣️