

December 20, 2005

Mr. Teruyuki Minoura
President & CEO, TMMNA
25 Atlantic Avenue
Erlanger, KY 41018

Dear Mr. Minoura:

On behalf of the 2.2 million members of the National Right to Work Committee, I offer you my congratulations for your company's success in creating good jobs for American employees and good products for American consumers.

I am writing today specifically in response to a recent *Wall Street Journal* article reporting that Toyota is now choosing a site for a new plant to produce more engines and transmissions in the U.S.

I urge that you and other Toyota executives give full weight to the Right to Work factor in making this decision.

As you know, Right to Work laws prohibit the firing of employees for refusal to join or pay fees to an unwanted union. Twenty-two states currently have Right to Work laws. (Visit <http://www.nrtw.org/rtws.htm> on the Internet for a map of the Right to Work states.)

Unless employees are covered by a state Right to Work law, federal law dictates that they may be forced to pay union fees as a condition of employment.

For most Committee members and supporters, the Right to Work is primarily a matter of principle. They believe a worker's freedom not to affiliate with a union is no less deserving of protection than his or her freedom to affiliate with a union.

But Right to Work laws also have economic consequences that reverberate more widely than one might at first expect. And the Right to Work factor has been particularly evident in automotive industry site selection.

Early this year, industry analyst Lee Burlett pointed out that every foreign automaker "that has built a major auto or truck plant in this country in the last 10 years has chosen a Right to Work state." That includes Mercedes, Nissan, BMW, Honda and Hyundai.

When Toyota's San Antonio, Texas, plant begins production next year, your company will also be part of the list.

Auto-parts manufacturers are also flocking to Right to Work states.

Just in the past couple of years, for example, Right to Work Arkansas has benefited from major investments in new facilities by the Denso Corp., the Systex Products Corp., and Hino Motors Manufacturing.

And over the past four years, suppliers such as Faurecia, SportRack Automotive, Visteon, Casco, Calsonic, Brown Corp. and Yorozu have all landed in Right to Work Mississippi's Delta Region.

It's an obvious fact that automotive industry investment in recent years has been heavily concentrated in Right to Work states. But why? The direct impact Right to Work laws have on unionized employees and businesses is, of course, part of the answer.

As Dr. William T. Wilson of the Midland, Mich.-based Mackinac Center for Public Policy has pointed out, "union-negotiated employee contracts typically have the perverse impact of reducing the pay of the most productive workers while increasing compensation of less productive workers."

Right to Work laws mitigate the harm by "forc[ing] a union to bargain more in the immediate interest of all members because members can withdraw from a union at any time without cost to themselves."

Workers thus have a substantially greater incentive to be productive and creative, and businesses benefit, ultimately to the good of all employees, shareholders and customers.

In addition to their direct impact, Right to Work laws have a significant indirect positive impact on productivity growth that is often overlooked.

University of Minnesota economist Thomas J. Holmes alluded to this indirect impact in a paper for the Federal Reserve Bank of Minnesota:

"States that have right-to-work laws tend to adopt other pro-business policies compared with states that do not have these laws"

Indeed, today there are a number of surveys rating states and/or metropolitan areas for business climate, and every credible one shows jurisdictions where employees' Right to Work is legally protected clustered in the highest ranks.

That's largely because, in non-Right to Work states, union officials have more money and power to advance their legislative agenda, which includes higher taxes, more government spending, and straitjacket regulation of business.

Not surprisingly, to the extent Organized Labor is successful in implementing its legislative agenda, it hinders the growth and success of unionized and nonunion businesses alike.

No wonder veteran site consultants whose careers depend on giving sound advice to clients about where to locate or expand their businesses view Right to Work as a critical criterion.

As national site consultant Bob Goforth has put it: "[I]f you're not a Right to Work state, you don't play in the game."

Mr. Minoura, I'm convinced that, by selecting an engine and transmission plant site in a Right to Work state, you and other Toyota officers will benefit your shareholders and help ensure a bright future for your tens of thousands of current North American employees.

Sincerely,

Mark Mix