The NH Advantage grows with Right-to-Work

Jonathan Williams & Joel Griffith

WITH THE ELECTION of Chris Sununu as governor of the Live Free or Die state, New Hampshire may soon become the 28th Right-to-Work state. Lawmakers in Kentucky just passed legislation to become the 27th Right-to-Work state earlier this month, and legislators in Missouri are following close behind. As such, now would be a good time to ensure the public understands exactly what this change in policy would entail. Of utmost importance, Right-to-Work protects the basic rights of employees to choose whether or not it is in their best interest to join a union, without that membership being a condition of their employment. Far from diminished job security, the flexibility derived outside of a forced union framework protects jobs by enabling individuals and businesses to adjust more rapidly to the needs of the marketplace and changing conditions. Job creators are also freed to spur productivity by offering enhanced merit pay or other benefits, benefits that are often impossible under most union contracts.

One need only reflect on the Hostess bankruptcy or the many defunct factories in Detroit to gain a glimpse at the economic pitfalls resulting from artificially rigid union constraints. What good is a job with union representation if that job evaporates thanks to the contractual terms imposed by forced unionism?

Opponents of Right-to-Work have a clever slogan that the proposed law is “Right-to-Work for less,” but the data contradicts that focus group-tested talking point. States with Right-to-Work have experienced higher personal income growth, higher state and local tax revenue, and higher job growth.

Let’s take a look at the divergence based on Right-to-Work status as of Jan. 1, 2012. From 2004-14, the number of nonfarm employees grew by an equally weighted average of 9.1 percent in the 22 states with Right-to-Work, more than double the 3.9 percent in the 28 states with forced unionization at the time. Personal income growth in these states rose at a faster clip as well — growing by 54.7 percent vs. 43.5. Not surprisingly, this translated into substantially greater growth in state and local tax revenue as well. Tax revenue increased by 65.6 percent in Right-to-Work states compared to just 60.9 percent in the states with forced unionization.

Correlation is not causation, but basic logic suggests that Right-to-Work is certainly a component of this economic success. Many times, a state’s Right-to-Work status is a yes or no factor for businesses looking to decide where to invest. Like individuals, job creators chase economic opportunity.

New Hampshire could certainly use an economic boost. In the recently released ninth edition of the Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index, New Hampshire ranked 35th in terms of economic performance and 23rd in economic outlook. In particular, the state’s gross domestic product grew just 32.4 percent, lower than 35 other states. Job growth lagged behind as well, increasing just 3.3 percent over the entire 2004-14 period, lower than 32 other states. With such sluggishness, it’s no surprise that domestic migration was only positive in three of those 10 years.

Equipping businesses with flexibility and employees with the freedom to choose will brighten the prospects for growth in New Hampshire. If the experience from other states holds true, Right-to-Work would likely give New Hampshire’s economy an immediate boost in competitiveness.

Ultimately, Right-to-Work is about empowering individuals to make the choices that they decide are in the best long-term interest of their families. As Right-to-Work expands nationally, the reality becomes clear that states have realized its many policy benefits. This coming year presents legislators in Concord the chance to become the first in the Northeast to claim this opportunity and expand on the New Hampshire Advantage.

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