CaesarRodney.org

The Time is Now to make Delaware a Right to Work State

By Garrett Wozniak

It happens like clockwork. A bill to make Delaware a right to work state has been introduced regularly in recent years.

Given the economic climate, the need for jobs, and the competitive nature of finding and incubating new and existing businesses, the time is right for Delaware to seriously consider becoming a right to work state.

The closest right to work legislation has come to becoming law in Delaware in recent years is being assigned to a committee.

The loss of Delaware's automotive industry, the Valero refinery, and the near demolishing of the state's manufacturing sector indicates new approaches should be given honest consideration.

Right to work legislation is one such idea.

It would disallow requiring union membership, or financial support of unions, as a condition of employment.

Opponents of right to work legislation claim such policies result in reduced wages, decreased safety, and fewer employee benefits.

Supporters say right to work policies foster faster job growth.

Currently, there are 22 right to work states. There are no right to work states in the northeast, however, every state from Virginia south along the east coast is a right to work state.

On the surface, right to work is a "principles" issue. Individuals should have the right to join or leave a union at their own behest. However, the tangible benefits of making Delaware a right to work state are more important than the ideals of individual choice and freedom that underlie the policy.

Delaware competes with surrounding states, states across the country, and the world. Becoming a right to work state would add another notch to the state's belt, and would benefit existing businesses – those already in the planning stages, and those yet to come.

Fisker Automotive is case in point. By making Delaware a right to work state, policymakers would create an environment better suited to assist Fisker – with all the taxpayer money loaned to it – and many other businesses in efforts to succeed.

In January 2008, University of Delaware Professor of Economics Eleanor Craig noted the benefits of being a right to work state in a column addressing why automakers choose to locate in one state over another.

In her column, Craig stated, "The primary locational advantages for Mississippi over Delaware appear to be government decisions, some rooted in history, and others of more recent origin."[1]

"Mississippi is a right-to-work state."

"Delaware is not a right-to-work state. Approximately 12 percent of Delaware workers belong to unions, compared to less than 6 percent in Mississippi."

Delaware has been given a clear opportunity in that the two closed auto plants are quickly being returned to productive use.

The economic climate and the Fisker decision signal it is time to make Delaware a right to work state.

It is time for policies that encourage job creation in Delaware. Making the First State a right to work state is one ingredient in a recipe to get things back on track.

A 2002 study by the Mackinac Center in Michigan showed between 1970 and 2000, right to work states realized overwhelmingly positive gains compared to their non-right to work counterparts. Such states realized economic growth .5 percent faster annually; creation of 1.43 million manufacturing jobs (while non right to work states lost 2.18 million manufacturing jobs); greater disposable income growth; lower unit labor costs; and poverty rates that fell faster.[2]

The same study noted, "a typical family in a right to work state had $2,852 *more* in after-tax purchasing power than the same family had in a non right to work state."[3]

This is partially explained in that right to work states have lower labor costs than non right to work states. The average right to work state has nearly five percent lower per-unit labor costs than the average state without a right to work law.

Citing United States Department of Labor and Bureau of Economic Analysis data, the National Institute for Labor Relations Research (NILRR) highlights further economic benefits in right to work states.

In an October 2009 document, NILRR notes that between 2003 and 2008, right to work states experienced 5.5 percent higher growth in non-farm private-sector employees (9.1 percent compared to 3.6 percent in non right to work states). Further, NILRR notes that growth in real manufacturing GDP increased by 20.9 percent in right to work states, compared to 6.5 percent growth in non right to work states, between 2000 and 2008.[4]

Delaware's unemployment rate stands at 8.7%. The decision of Fisker Automotive to set up shop in Delaware presents a clear opportunity to give the public investment in the company as good a chance for success as possible.

This shift would give other yet-unknown opportunities the same improved chance for success. With data showing that right to work laws correlate with faster economic growth and the creation of more jobs, the time is ripe for Delaware's lawmakers to make Delaware a right to work state.

As Governor Jack Markell and Secretary of Economic Development Alan Levin have repeatedly said: the state shouldn't chase the "next big thing." They are correct. Creating an environment better suited to job creation across the board is the appropriate strategy.

Garrett Wozniak is policy director for the Caesar Rodney Institute.

The Caesar Rodney Institute is a 501(c)(3) non-partisan research and educational organization and is committed to being a catalyst for improved performance, accountability, and efficiency in Delaware government.

---

[2] Wilson, William T. "The Effect of Right To Work Laws on Economic Development." Mackinac Center for Public Policy, June 2002.
[3] Ibid.
[4] National Institute for Labor Relations Research. "Right to Work States Benefit From Faster Growth, Higher Real Purchasing Power