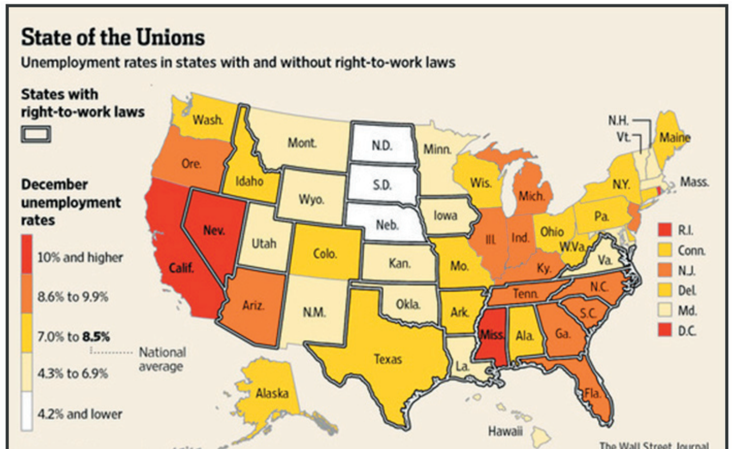
THE WALL STREET JOURNAL

Both Sides in Labor Fight Point to Oklahoma

By MELANIE TROTTMAN

As Indiana moves closer to adopting a right-to-work law, both sides in the debate are zeroing in on the experience of Oklahoma, the last state to ease union-dues requirements under a similar law.



Source: Labor Department

The Indiana House passed legislation Wednesday to ban contracts requiring private-sector employees to pay union dues or fees, and final adoption of the measure is all but certain in the coming days.

During weeks of intense debate, supporters and opponents in Indiana have held up Oklahoma as the test case for whether adopting a right-to-work law sends jobs to a state, the central promise of the bill's proponents.

Since passing its own right-to-work law in 2001, the Sooner State's economy has held up better than the country's. Its unemployment rate was 6.1% in December, compared with the national rate of 8.5%. The state's Department of Commerce says its employment growth is third-highest in the nation.

Because a multitude of factors shape a state's employment picture, many economists say it isn't possible to determine precisely how much, if at all, the law reshaped Oklahoma's jobs picture. Evidence suggests, though, that the change has neither been the silver bullet proponents promised nor the destructive force on wages and quality jobs that opponents warned it would be.

Proponents can name few, if any, big employers that moved to the state or added chunks of jobs on account of the law. Much of Oklahoma's recent job growth is courtesy of a boom in the state's oil-and-gas industry, which has nearly doubled its jobs in the state since 2001, according to the state Commerce Department. Oklahoma's economy was doing well before the law, with an unemployment rate below the national average for most of the 1990s. Meanwhile, the average state wage in current dollars has risen since 2001, according to the U.S. Bureau of Economic Analysis.

"[The law is] a tiny thing in the realm of everything that goes into determining job growth," said Gordon Lafer, an associate professor at the University of Oregon who has studied right-to-work laws in Oklahoma and elsewhere.

"I think it's a bad law," said Mr. Lafer, who is also affiliated with the left-leaning Economic Policy Institute.

A study on right-to-work laws between 2001 and 2006 found the economies of these states grew an average of 3.4%, compared with 2.6% for states without the laws. The study, by Paul Kersey, the director of labor policy at the Mackinac Center in Midland, Mich., said that over the same time period jobs grew by 1.2% annually in right-to-work states, compared with 0.6% for other states. Mr. Kersey said he and the center back right-to-work laws.

Mr. Kersey didn't account for other variables that influence employment rates, which some economists say makes his research invalid. They note some states with fast job growth don't have a right-to-work law.

Oklahoma Gov. Mary Fallin, a Republican who supported the bill as lieutenant governor, said through an aide that she remains convinced the law "is a major factor in our recent economic success." Last year, Oklahoma ranked sixth-lowest among states in unemployment. The governor's office couldn't name an employer that moved to the state on account of the law, though employers can be reluctant to cite right-to-work out of concern for angering unions.

Fred Morgan, president of the State Chamber of Oklahoma, a business trade group, cited one employer—Dollar Tree Inc.—that came to the state since 2001 in part due to the union-law switch. The retailer in 2003 opened a distribution center in Marietta that now employs about 150 workers. A company spokesman declined to say whether the right-to-work law was a factor.

Passage of the right-to-work bill in Indiana would make it the 23rd state with such a law. Last year, lawmakers in more than a dozen states introduced right-to-work bills, including in Michigan, Missouri and New Hampshire, though none became law.

In Indiana, where the unemployment rate was 9% in December, Republicans say the bill would boost its lagging job

AP Photo.

WSJ's Jack Nicas reports on passage of right-to-work legislation by Indiana's House. Indiana would potentially become the first midwestern state to fully pass 'right-to-work' state, banning employers from requiring workers to pay union dues.

growth. Unions call it an antilabor political tool that would curb the resources they have to bargain with employers over workers' pay, benefits and work rules. But Oklahoma's wage growth, coupled with its unemployment figures, indicate that union warnings of wage erosion and net job losses haven't materialized.

Jim Curry, president of the Oklahoma AFL-CIO, said the right-to-work law there emboldened companies to drag out contract negotiations with unions and to try to cut benefits. He declined to name employers that did so. Mr. Curry points out that some manufacturing plants actually closed after the law passed. He cited a Bridgestone/Firestone tire plant in Oklahoma City with more than 1,000 workers that closed in 2006.

"The law certainly didn't fulfill its promises when you're starting to close major manufacturing plants like that," said Mike Gillis, an AFL-CIO official.

Dan MacDonald, a spokesman for the Nashville, Tenn., company, now called Bridgestone Americas Inc., said the plant closed for "purely economic" reasons and the right-to-work law "was immaterial." The company was making low-end tires there, a type of tire he said it is hard to make profitably in the U.S. Most of the plant's 1,400 employees were United Steelworkers members.

Oklahoma's unionization rate has fallen since the law passed, to 5.5% in 2010 from 8.6% in 2001. Union membership has also been declining nationwide. Indiana's rate was 10.9% in 2010.

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