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Column: Right to work right for business

Time to make unions earn the support of their members.

By F. Vincent Vernuccio

Today, Michigan legislators have announced their intention to make Michigan the 24th right-to-work state, which would allow employees to work at a business without being forced to pay union dues. It is a smart move. But others will reasonably ask: why Michigan, and why now?

After roughly a decade of bad headlines, Michigan is now something of an economic success story. The Michigan Economic Activity Index hit a ten-year high this past summer. The state has been adding jobs at a healthy pace; 165,000 new jobs were created in the state since the end of 2009 and economists at the University of Michigan predict that the state will add 111,000 more during 2013 and 2014.

But the state can't coast on these positive trends. One Michigan economist sounded a cautionary note in his predictions for future job growth, saying that "[t]he rebound from the recession has not been nearly as robust as most past episodes of recovery."

On top of that, Michigan's neighboring states aren't sitting on their hands waiting for Michigan to get its act together. Ohio has been reducing its tax burdens on businesses and individuals. And, earlier this year, Indiana became a right-to-work state.

In other words, though Michigan's economy is going in the right direction, it can't let up now. And that's where a right-to-work law comes in to play.

Consider a few top-line facts about right-to-work states. Private-sector employee compensation in right-to-work states has grown by an inflation-adjusted 12.0% between 2001-2011, according to data from the Bureau of Economic Analysis and Bureau of Labor Statistics. That compares with just 3.0% over the same period in states where workers can be forced to join a union as a condition of getting a job.

With growing paychecks come growing populations. Between 2000 and 2011, right-to-work states have seen an increase of 11.3% in the number of residents between the ages of 25-34 according to the Bureau of the Census. Non right-to-work states, over that same period, have seen an increase of only 0.6%.

Given these facts, it's little surprise that all but one of the top ten states on CNBC's Top States for Business 2012 was a right-to-work state. A state's right-to-work law is just one

Photo: Carlos Osorio AP

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component of larger pro-growth tax and labor policies, but it ensures that the state's politics are not dominated by the incumbent unions that have been collecting privileges for themselves even if it meant stagnation and decline for the overall state's economy.

Right-to-work means unions can't rely on workers to be enrolled and pay dues automatically, whether they like their representation or not. That's an important distinction: Without a large membership base to draw dues from, unions have less sway and influence in the political process.

Right-to-work laws won't eliminate the ability of workers to organize in Michigan; unions will still have a voice if it passes. But union leaders will have to earn the trust of their members. In fact, right-to-work will not do anything to collective bargaining besides taking away unions' ability to get workers fired who do not pay them. That's as it should be: These reforms return labor to its best traditions of voluntarism and responsiveness to worker needs. By making unions consistently earn member support, right-to-work laws realign the interests of all workers and their leadership.

Right-to-work won't solve everything, but it will be a sign to businesses that organized labor no longer calls the shots in the Great Lakes State. Michigan will remain competitive with the states around it and union leaders will for the first time be accountable to the free will of their members. What's not to like?

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