Prop A Facts

Published on *Show-Me Institute* (https://showmeinstitute.org)

Michelllaurence / Creative Commons 2.0

By: Joseph Haslag

If you've turned on your television lately, you may have seen an **ad** in which a gentleman from Oklahoma tells viewers that after Oklahoma adopted right-to-work, everybody "lost." Specifically, he says he lost his job because of it, and he claims that tens of thousands Oklahomans lost their jobs, too. To make matters worse, in the ad's telling, wages in Oklahoma even fell for those who kept their jobs because of right-to-work.

Hard-luck stories are a common feature in election-year advertisements, and I hope the gentleman from Oklahoma has found his way out of his job loss—which, based on Oklahoma's right-to-work timeline, may have happened nearly twenty years ago. But that doesn't alter the underlying facts about Oklahoma's economy and the effects of right-to-work laws generally—facts which the ad either ignored or mischaracterized.

First, let's look at the employment facts for Oklahoma. Oklahoma voters passed a right-to-work law in 2001. In March 2001 (before the recession that year and before the passage of right-to-work) there were 1.53 million people employed there. As of May 2018, there were 1.68 million Oklahomans employed. Simple arithmetic reveals that 150,000 more people are on Oklahoma's payrolls now compared with payrolls before right-to-work passed, so since 2001, tens of

thousands of jobs have actually been *added* in Oklahoma, not lost.

Could the gentleman be referring to what happened to employment between December 2001 and July 2002, when Oklahoma payrolls declined by 40,000 workers? Maybe, but that decline was unlikely to have been related to right-to-work legislation. The recession of 2001 is a much better explanation for why employment fell in Oklahoma during that period, as payrolls were declining in many places at the time.

But the issues with the ad don't stop with the numbers themselves. The ad essentially claims that right-to-work laws lower employment *and* lower wages, but economically speaking (and, as seen in practice,) that claim is highly suspect. Here's how it works in terms of old-fashioned demand-and-supply: When the cost of labor is no longer driven up by the bargaining power funded by compulsory union dues, it becomes less expensive for employers to hire new workers. The less expensive labor is, the more of it employers can buy.

Claiming broadly that "wages will fall" as a result of right-to-work is grossly misleading. Employers are not going to slash the pay of the current workforce. Without union interference, newly hired workers will be paid what they are worth, and there will be more of them.

Somehow, our ad-man argues that both wages and employment will decline. He doesn't explain why making it less expensive to hire workers will lead businesses to hire fewer of them.

Unfortunately, the ad conceals a great deal in its depiction of Oklahoma and of facts in general, cocooning a host of dubious conclusions inside a hard-luck personal story. That might be politics, but it ain't economics.

Luckily, people throwing numbers at Missourians also need to show us why their explanation is better than the one suggested by basic economics. I look forward to an exchange of ideas rather than thirty-second sound bites.

Tags:

- right to work

About the Author

Joseph Haslag
Research Fellow

Joseph Haslag is a professor and the Kenneth Lay Chair in economics a

Read Online

https://showmeinstitute.org/blog/employment-jobs/prop-facts

Links

[1] https://showmeinstitute.org/blog/employment-jobs/prop-facts
[2] https://www.flickr.com/photos/55179598@N02/5164172229/
[3] https://www.youtube.com/watch?v=bixUqmeg7dc&rel=0
[4] https://showmeinstitute.org/tags/right-work

Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

Show-Me Institute

5297 Washington Place
Saint Louis, MO 63108
Phone: (314) 454-0647
Fax: (314) 454-0667

3645 Troost Avenue
Kansas City, MO 64109
Phone: (816) 287-0370

Email: info@showmeinstitute.org

Support Our Work

The Show-Me Institute is a tax-exempt 501(c)(3) nonprofit organization. Make your tax deductible contribution today: http://ShowMeInstitute.org/donate