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FACT SHEET

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How Much Is Pro-Forced Unionism Federal Labor Policy Costing America?

With Repeal of Forced Dues in 2000, Annual GDP Could Have Been $436 Billion Higher by 2006

No one can state with certainty the price tag of the federal labor-law provisions that authorize the firing of roughly 7.3 million Americans employees should they refuse to pay union dues or fees as a job condition.

However, data issued last fall by the U.S. Commerce Department's Bureau of Economic Analysis (BEA) indicate that, had Congress abolished federally-imposed union dues at the turn of the millennium, by 2006 the annual national economic output would have increased by an additional $436 billion in real 2000 dollars.

BEA data show that between 2000 and 2006 the combined real output of states with Right to Work laws barring all forced union dues and fees grew by 3.13% a year. That's nearly half again as fast as the combined 2.11% real annual output growth of states that do not protect employees from federally-imposed forced union dues. (Oklahoma, which adopted its Right to Work law in September 2001, is excluded from this analysis. See Table I for more information.)[1]

To put it another way, had the entire country grown as fast as the Right to Work states did over just this six-year period, by 2006 our national gross domestic product (GDP) would have been $11.727 trillion in chained 2000 dollars, $436 billion more than the actual figure of $11.291 trillion.

Forced-Dues States' Growth Has Been Relatively Weak in Every Geographic Region

The Right to Work economic-growth advantage has been apparent in every region of the country. Between 2000 and 2006, the real GDP of Right to Work states in the West grew more than half again as fast as in non-Right to Work states in that region. In the Midwest, the real GDP of Right to Work states grew roughly twice as fast as that of non-Right to Work states. (See Table II for a summary of GDP growth in Right to Work states and non-Right to Work states in the Midwest and other regions.)

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[1] Go to http://www.bea.gov/regional/gsp/ on the BEA web site to obtain 2000 and 2006 real output (GDP by state) data for each of the 50 states.

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Across the South, GDP grew roughly 11% faster in Right to Work states than in forced-dues states. And the economies of Right to Work states nationwide grew nearly half again as fast as did the aggregate economy of the U.S. Northeast, the only region of the country with no Right to Work states.[2]

Although Right to Work states consistently grow faster than non-Right to Work states, the evidence indicates most of their economic growth advantage is not a result of particular jobs moving from the latter group of states to the former. New and expanding businesses, not business transfers, constitute by far the largest source of employment growth in Right to Work states.[3] Had it not been for the existence of Right to Work states, such massive amounts of capital would likely not have been deployed anywhere in the U.S.

Moreover, the vast majority of Right to Work state-based companies have customers and suppliers whose efficiency and profitability are being undermined by compulsory unionism. Clearly, employees and employers in current Right to Work states, as well as employees and employers in non-Right to Work states, would benefit from approval of a national Right to Work law.

Right to Work laws protect the freedom of both private- and public-sector employees to keep and hold a job without forking over dues or fees to a union that is recognized as their "exclusive" (actually, monopoly) bargaining agent.

Unless they are protected by a state Right to Work law, independent-minded employees have no power to fight back against greedy and tyrannical union bosses by withholding their financial support. And when employees have no personal freedom of choice, union bosses have little incentive to tone down their class warfare. Employees are consequently far less likely to reach their full productive potential and reap the accompanying benefits.

That's a key reason why not just the real GDP by state index, but almost every economic indicator, shows that forced union dues inhibit growth.

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(For more detailed information about GDP growth in Right to Work and non-Right to Work states, see the two tables on the next page.)

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[2] States are divided by region as defined by the U.S. Census Bureau. See http://www.tpub.com/content/altfuels02/3354/33540052.htm for a map of U.S. Census regions.

[3] See, e.g., Robert W. Crandall, *Manufacturing on the Move*, The Brookings Institution, Washington, D.C., 1993, pp. 25-60.

Table I

Real Gross Domestic Product (GDP)
In Millions of Chained 2000 Dollars

	2000	2006	Average Annual Percentage Growth
Right to Work States*	**$ 3,309,872**	**$ 3,981,268**	**3.13%**
Forced-Dues States	**$ 6,290,776**	**$ 7,132,082**	**2.11%**

Source: U.S. Department of Commerce
*Oklahoma did not become a Right to Work State until 2001 and was, therefore, excluded from this study.

Table II

Real Gross Domestic Product (GDP)
In Millions of Chained 2000 Dollars

Regions	2000	2006	Average Annual Percentage Growth
West			
Right to Work States	**$ 352,140**	**$ 453,536**	**4.31%**
Forced-Dues States	**$ 1,932,733**	**$ 2,277,429**	**2.76%**
Midwest			
Right to Work States	**$ 269,327**	**$ 315,362**	**2.67%**
Forced-Dues States	**$ 1,905,392**	**$ 2,061,752**	**1.32%**
South			
Right to Work States*	**$ 2,688,405**	**$ 3,212,370**	**3.01%**
Forced-Dues States	**$ 375,215**	**$ 441,040**	**2.72%**
Northeast			
Forced-Dues States	**$ 2,077,436**	**$ 2,351,861**	**2.09%**

Source: U.S. Department of Commerce
*Oklahoma did not become a Right to Work State until 2001 and was, therefore, excluded from this study.