

ALLEGHENY COLLEGE

ECON 620

Senior Project

The Effects of Right-to-Work Legislation: A

Case Study on Wisconsin

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Department of Business and Economics

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Abstract

This study contributes to the existing literature by examining the impact of right-to-work legislation on several economic outcomes, including union membership, union coverage, per capita personal income, unemployment, and real GDP, in the state of Wisconsin compared to the neighboring state of Minnesota. The author uses state and county-level panel data drawn from the Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis for the years 2010 to 2021 and 1989 to 2021 to investigate the impact of right-to-work on economic outcomes. The empirical analysis reveals an economically meaningful and statistically adverse effect of right-to-work adoption on union membership, union coverage, and per capita personal income. The empirical analysis also reveals an economically meaningful and statistically favorable effect of right-to-work adoption on unemployment.

Introduction

In recent years, several states in the United States have passed right-to-work laws, which allow workers to opt out of union membership and payment of union dues, even when covered by a union contract. Proponents of these laws argue that they promote economic freedom and job growth, while opponents claim that they weaken unions, lower wages, and reduce worker protections. However, the empirical evidence on the impact of right-to-work laws on economic outcomes is mixed, with some studies finding positive effects on employment and business growth and others finding negative effects on union membership, wages, and economic growth.

This study contributes to the existing literature by examining the impact of right-to-work legislation on several economic outcomes, including union membership, union coverage, per capita personal income, unemployment, and real GDP, in the state of Wisconsin compared to the neighboring state of Minnesota, which has not implemented right-to-work laws. The study employs difference-in-differences regression analysis to compare the changes in these outcomes before and after the implementation of right-to-work legislation in Wisconsin and to control for the effects of other factors that may have influenced the outcomes examined.

The findings of this study suggest that right-to-work laws have a negative impact on union membership, union coverage, and per capita personal income. The study also suggests a positive impact of legislation on unemployment in Wisconsin compared to Minnesota. These results align with prior research on the topic, which has found that right-to-work laws can weaken unions, lower wages, and reduce economic growth. Therefore, policymakers should consider the potential economic consequences of implementing such laws and explore alternative approaches to improving economic outcomes that do not compromise workers' rights and bargaining power.

Literature Review & Background

Right-to-work laws have been a controversial issue in the United States for decades. These laws, which prohibit unions from collecting mandatory dues or fees from non-members in workplaces where the union has a collective bargaining agreement, have been enacted in 26 states as of 2023. Supporters of right-to-work laws argue that they promote economic growth

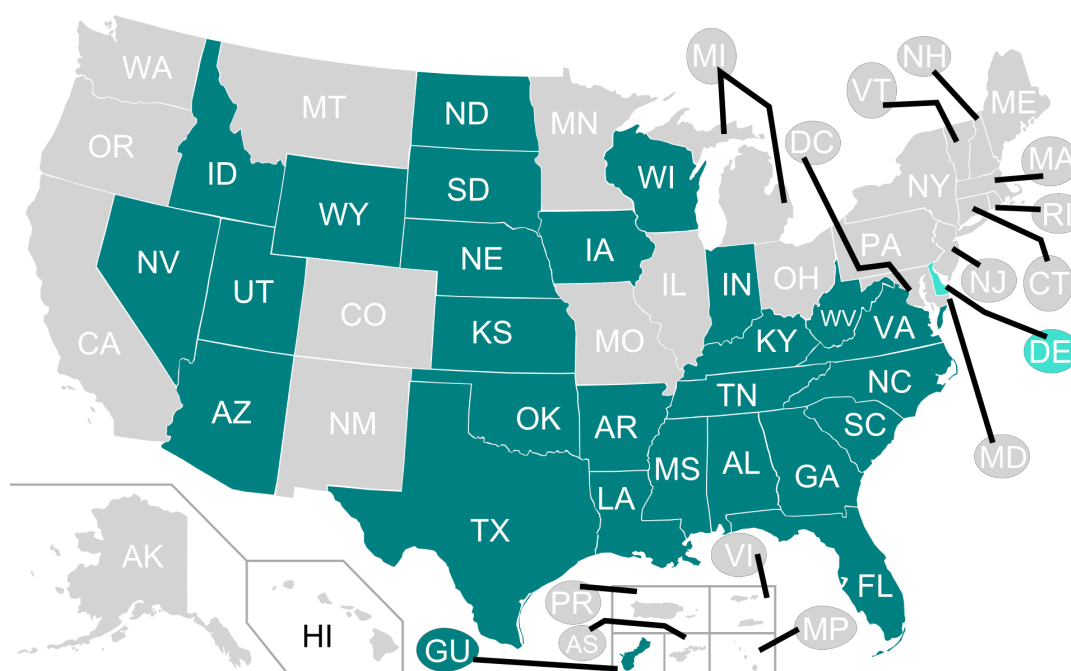


Figure 1: Right-to-Work States

and job creation, while opponents claim that they weaken unions and lead to lower wages and benefits for workers. The National Labor Relations Act (NLRA), also known as the Wagner Act, was a significant piece of labor legislation enacted in 1935 during the New Deal era. The act provided comprehensive rights to private sector workers to join trade unions, engage in collective bargaining, and strike if necessary. The act also established federal institutions such

as the National Labor Relations Board (NLRB) to enforce the act and ensure that workers' rights were protected.

Prior to the NLRA, labor unions in the US faced significant challenges, including anti-union tactics used by employers such as firing union organizers, blacklisting union members, and even using violence to break up union activities. The NLRA was a catalyst for the rise of US labor unions by providing federal institutional protections to labor and banning many of the anti-union tactics used by employers. One of the key provisions of the NLRA was the establishment of union security agreements, which allowed for contract provisions requiring all workers covered by a collective bargaining agreement to pay dues to the negotiating organization. This provision provided a stable source of funding for unions, allowing them to better negotiate with employers and provide benefits to their members. The NLRA was upheld as constitutional in the 1937 Supreme Court case *NLRB v. Jones and Laughlin Steel Corp.*, cementing the act's place in US labor law. Despite its successes, the NLRA was not without its flaws and limitations. For example, the act excluded agricultural and domestic workers, leaving many workers without the protections afforded by the act. The NLRA and its provisions represented a significant victory for labor unions and workers in the US, providing institutional protections and ensuring that workers had the right to organize and collectively bargain for better working conditions and wages.

Some states passed early Right-to-Work legislation in the 1940s, yet their legitimacy wasn't challenged until the 1947 passage of the Labor Management Relations Act, commonly known as the Taft-Hartley Act. The Act was a response to growing anti-union sentiment in the post-World War II period and aimed to curb what some saw as the excessive power of unions. Section 14(b) of the bill marked the origins of state-level policy debates over union dues, providing federal support for the state level to prohibit compulsory collections of dues by employers or labor unions as a condition of employment. The law became solidified after the Supreme Court's 1949 ruling in *Lincoln Federal Labor Union v. Northwestern Iron and Metal*

Company, which upheld the legality of RTW legislation in states and was one of the most consequential provisions in the Taft-Hartley Act.

The passage of RTW laws has been a contentious issue in American politics ever since. Supporters argue that such laws protect individual workers' freedom of choice and promote economic growth by making states more attractive to businesses. Critics, however, argue that RTW laws weaken unions and suppress workers' wages and benefits. Unions have traditionally been a key source of support for the Democratic Party, while business interests have tended to support the Republican Party. A study by Moorhouse (1982) found that conservative and business interests are the primary drivers of right-to-work legislation, while labor unions and liberal interests are the primary opponents. Similarly, a study by Quinn and O'Brien (2014) found that Republican-controlled state governments are more likely to pass right-to-work laws than Democratic-controlled state governments. As a result, RTW laws have become a politically charged issue, with states' decisions to enact or repeal such laws often influenced by which party is in power.

The impact of right-to-work laws on union membership has been extensively studied, with a consensus on the direction of the effect, but disagreement on the magnitude. States with RTW laws generally have lower union membership, but it is unclear whether this is due to the causal impact of RTW or unobserved factors. Previous research has produced varying estimates of the effect, ranging from no effect to moderate (1-3 percentage points) or large (7 or more percentage points). However, these estimates may be biased because of the failure to account for unobserved factors that influence worker preference for and employer opposition to unions (omitted variable bias), and the stronger resistance to RTW in states with higher unionization rates (simultaneity bias).

Dinlersoz and Hernandez-Murillo (2002) compared Idaho, which adopted RTW in 1986, to six neighboring states and found that the trend in union membership in Idaho did not differ from that in neighboring states after the adoption of RTW. Bruno et al. (2015) found a large

negative correlation between RTW status and union membership of -9.7 percentage points, but this effect narrowed to -1.5 percentage points after state-fixed effects were included. Eren and Ozbeklik (2016) applied the synthetic control method to Oklahoma and found that Oklahoma's unionization rate fell by 1.35 percentage points relative to its synthetic control. Finally, Manzo and Bruno (2017) estimated that union membership fell by 2.1 percentage points after the adoption of RTW laws. Another important outcome of right-to-work laws is their impact on wages. The evidence on this issue again has consensus on the direction of the effect, but disagreement on the magnitude. Belman and Wolfson (2014) estimated that right-to-work laws reduce wages by 3 to 4 percent. These findings are supported by Gould and Shierholz (2011), who found that workers in right-to-work states earned an average of \$1,558 less per year than workers in non-right-to-work states. One study by the Economic Policy Institute found that right-to-work laws not only lead to lower wages but lower benefits for workers. The study analyzed data from all states with and without right-to-work laws between 2001 and 2013 and, consistent with the other literature, found that workers in right-to-work states earned an average of 3.1% less than those in states without such laws. Additionally, the study found that workers in right-to-work states were less likely to have employer-sponsored health insurance and pension benefits (Allegretto, Cooper, & Mishel, 2018). Another study also found that right-to-work laws led to a decrease in the number of workers covered by employer-provided health insurance and pension plans (Munnell, 2017).

Proponents of right-to-work laws argue that they promote economic growth and job creation. Some studies find that right-to-work laws have a positive effect on economic growth, while others find no effect. Smeeding and Stone (2001) found that right-to-work laws had a positive effect on employment growth in the manufacturing sector, and Vedder and Gallaway (1998) found that right-to-work laws led to higher levels of income and economic growth. The authors argue that these effects spill over into the broader economy and contribute to overall

economic growth. However, Moore (1998) found that right-to-work laws had no significant effect on employment, gross domestic product (GDP), or per capita income.

Right-to-work laws also have implications for public sector workers. In recent years, several states have passed right-to-work laws that apply to public sector unions. The impact of these laws on public sector union membership and wages is unclear, but studies suggest that they may have a negative effect. Moore (1998) found that right-to-work laws reduce the wages of public sector workers by 3 to 4 percent, and Eren and Ozbeklik (2015) found that right-to-work laws lead to a decline in public sector union membership, particularly among teachers.

Right-to-work laws also have implications for inequality. Allegretto and Reich (2015) found that right-to-work laws have a regressive effect on wages, with low-wage workers experiencing the largest wage declines. Similarly, Eren, Ozkan, and Serkan Ozbeklik (2016) found that right-to-work laws lead to a reduction in the share of income going to the middle class. These findings are supported by Jordan Jeffery et al. (2021), who found that right-to-work laws have a regressive effect on wages, with low-wage workers experiencing the largest wage declines. Other studies have also examined the impact of right-to-work laws on various industries. For example, a study by Hirsch and MacPherson (2003) found that right-to-work laws lead to lower wages and benefits for workers in the construction industry. Similarly, a study by Branch et al. (2008) found that right-to-work laws lead to lower wages and benefits for workers in the hotel and restaurant industries. These findings suggest that the impact of right-to-work laws may vary depending on the specific industry and the level of unionization within that industry.

Furthermore, some studies have examined the impact of right-to-work laws on other labor market outcomes, such as worker safety and health. A study by LeRoy and Troske (2018) found that right-to-work laws are associated with higher rates of occupational fatalities, particularly in the construction and mining industries. Similarly, a study by Ruser (2017) found

that right-to-work laws are associated with higher rates of nonfatal occupational injuries and illnesses.

In conclusion, the impact of right-to-work laws on economic outcomes is a complex and contested issue. While some studies suggest that these laws may promote economic growth and job creation, others find no effect or adverse effects on these outcomes. Some studies suggest that right-to-work laws may lead to lower union membership and wages, while others find no effect on these outcomes. The impact of these laws may also vary depending on the specific state, industry, and labor market outcome in question. Nonetheless, the research discussed in this literature review provides important insights into the potential consequences of right-to-work laws and can inform policy discussions and decisions regarding these laws.

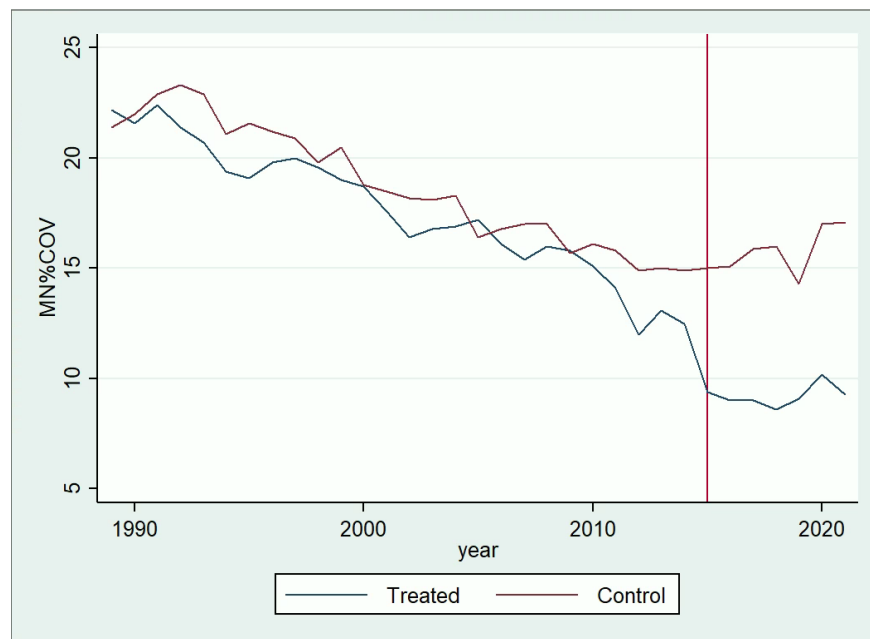
Data Description

The data used in this paper were obtained from several sources, including the Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis. The data were compiled through the St. Louis Federal Reserve's "Fred" database. The dependent variables chosen for this study are union membership, union coverage, per capita personal income, unemployment, and real GDP. The annual data for per capita personal income, unemployment, and real GDP were collected from 2010 to 2021. The selected timeframe was chosen due to the limitations of some of the variables and to reduce the impact of confounding variables from the 2008 recession. The data for these variables were collected for all counties in Minnesota and Wisconsin which in total included 159 counties. The data for union membership and union coverage was collected as annual variables from 1989 to 2021 using the Current Population Survey (CPS) conducted by the Census Bureau. The data for these variables were collected as the overall state percentage as county-level data was not available. Other variables such as

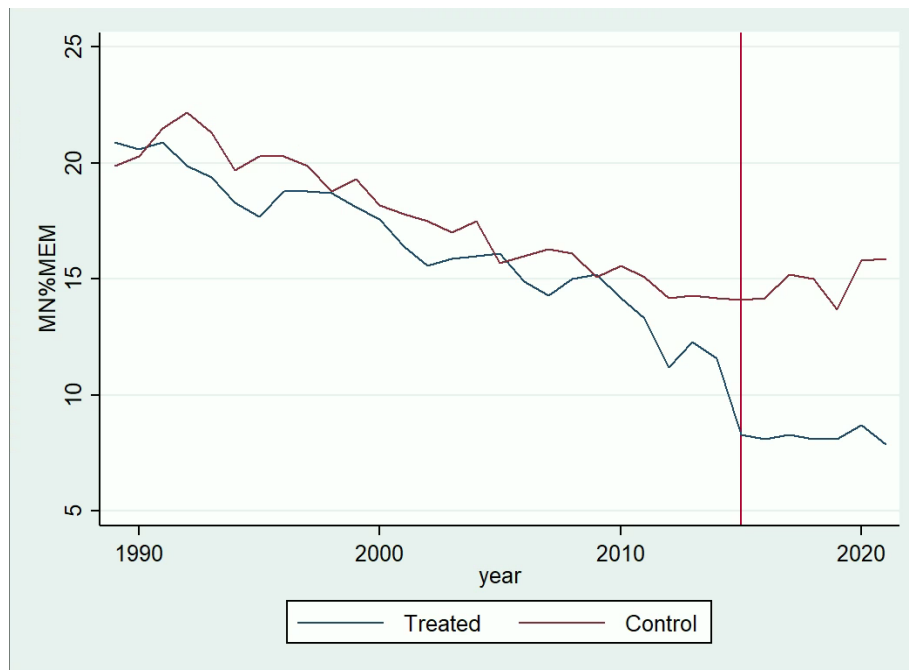
high school education, college education, and age were collected for control purposes. These control variables were also collected on an annual basis from 2010 to 2021 for all counties.

It was first essential to incorporate one of the primary factors when examining the difference between Right-to-Work (RTW) states. This factor was the percentage of individuals with union membership and the percentage of individuals covered by union membership (without paying union dues) attained from the current population survey. Union membership and union coverage were both annual variables that represent the percentage of both private and public sector workers who are either members or covered by unions. The variables were collected as a survey (CPS) and contain data on employed wage and salary workers, ages 16 and over. Employed was defined by the current population survey as wage or salaried employee.

Graph 1: Union coverage, 1989-2021



Graph 2: Union membership, 1989-2021



Both states had relatively low union membership rates around 20% initially, but over time, there was a steady decline in union membership. Wisconsin experienced a drop of approximately 3% in union membership around 2010, resulting in total union membership of 12%. Subsequently, Wisconsin's union membership levels continued to decrease, dropping to sub-10% levels just as 2015 began. Conversely, Minnesota's union membership levels remained relatively stable, hovering around the 15% mark despite the initial steady decline. The trend with union coverage is similar, with a steady decline observed until 2010, after which Wisconsin experienced a significant decline, followed by another right before 2015. This decline may be attributed to the anti-union sentiment that Right-to-Work legislation provides. However, it is essential to note that union coverage encompasses union membership and members covered in the collective bargaining agreement who might not necessarily be in the union. As a result, union coverage in 1989 is slightly higher than union membership, and this trend continues throughout the years.

Per capita personal income is a critical measure of income that individuals receive from all sources, including wages, salaries, and supplements. It is calculated as the total personal income of residents in a particular area divided by the area's resident population. To calculate per capita personal income, the Bureau of Economic Analysis (BEA) uses the Census Bureau's annual mid-year population estimates. This variable is crucial in measuring the impact of Right-to-Work legislation on workers' salaries and benefits. In analyzing the impact of Right-to-Work legislation on per capita personal income, it is essential to note that this legislation affects unionized and non-unionized workers differently. Unionized workers receive higher wages and better benefits than their non-unionized counterparts. Therefore, the adoption of Right-to-Work legislation that limits the power of unions to negotiate on behalf of their members may have a significant impact on union workers' per capita personal income. Moreover, per capita personal income is a crucial variable to consider in evaluating the economic impact of Right-to-Work legislation.

The U.S. Bureau of Labor Statistics collected data on unemployment and defined unemployed persons as those who had no employment during the reference week, were available for work, and had made specific efforts to find employment within the last four weeks, except for temporary illness. Persons waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed. Unemployment was included in this study to examine the impact of Right-to-Work legislation on the job market. An increase in unemployment would indicate a decrease in jobs, while a decrease in unemployment would signify an increase in jobs. This variable is needed for understanding the overall economic climate in Minnesota and Wisconsin, and it sheds light on the potential consequences of Right-to-Work legislation on the labor force.

Real GDP, collected by the U.S. Bureau of Economic Analysis, measures the market value of final goods and services produced within a county area in a particular period. Unlike other measures of county economies that rely mainly on labor market data, this statistic

incorporates multiple data sources that capture trends in labor, revenue, and value of production. This makes it a more comprehensive measure, particularly for capital-intensive industries. In this study, Real GDP is used to assess the impact of Right-to-Work legislation on economic growth, a key factor in the field of economics. By analyzing changes in Real GDP over time, we can gain insights into how the legislation affects the overall economic well-being of the region.

Methodology

When looking at the impact of the right-to-work laws on per capita personal income, unemployment, union membership, union coverage, and real GDP it is important to make sure other variables are held constant. Using the two states Minnesota and Wisconsin we can control for some key variables. Although they are different in some ways such as historical and cultural factors that have influenced labor market outcomes differently in the two states. For example, Minnesota has a strong tradition of union membership and has historically had higher unionization rates than Wisconsin. This could affect how employers and employees view the role of unions and the impact of right-to-work laws on labor markets.

Overall though they are relatively similar in geographic locations, similar population sizes, and economic activities, there are several other ways in which Wisconsin and Minnesota are similar. Both states have a strong tradition of manufacturing and agriculture. They are major producers of dairy products, and they have significant forestry, mining, and food processing industries. They also have large service sectors, including healthcare, education, and finance. Both states have a highly educated workforce as they consistently rank among the top states in educational attainment, with high rates of high school and college graduation. They also have relatively low poverty rates and relatively high median household incomes.

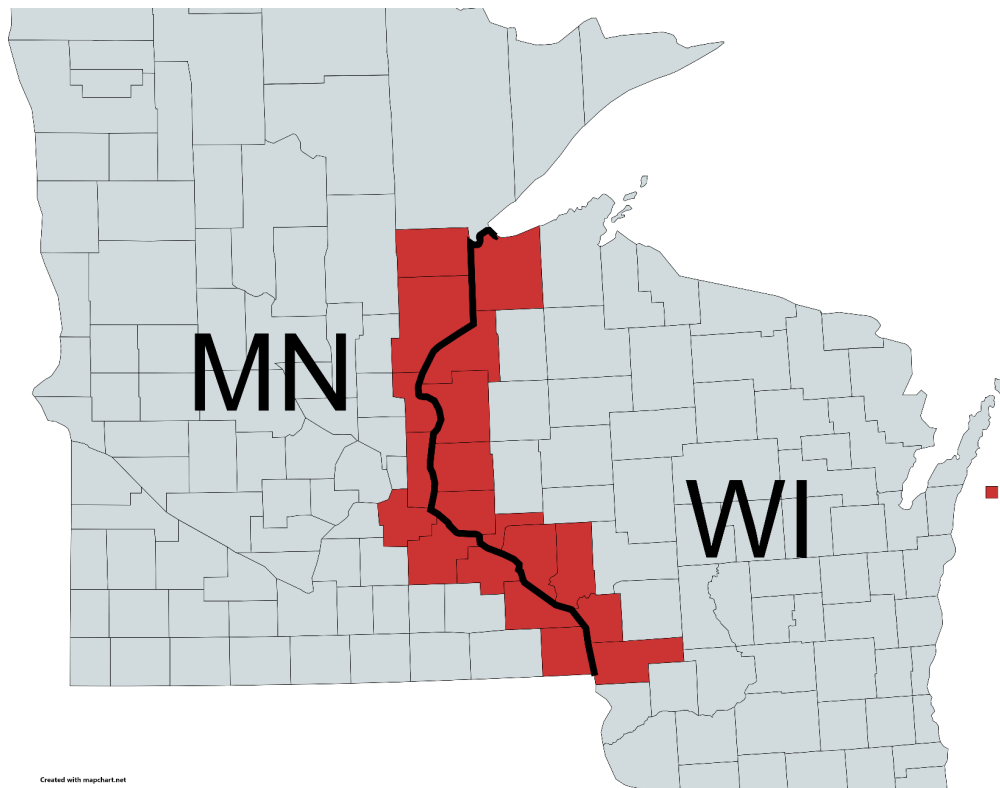


Figure 2: Wisconsin and Minnesota Border Counties

Wisconsin and Minnesota also share similar demographic characteristics. They have similar racial and ethnic compositions, with significant populations of white, Black, Hispanic/Latinx, and Asian residents. They also have similar age distributions, with relatively large populations of both young and elderly residents. Both states have similar political climates and are considered swing states in national elections with a history of voting for candidates from both major political parties. They also have relatively high civic engagement and participation rates in public life. In this study, all counties in Minnesota and Wisconsin were used as well as the bordering counties in a separate difference-and-difference regression. In the border counties, 19 counties were used compared to the 159 used in the all-counties regression. Using the border counties compared to all counties allows for the study to better control cultural and legal factors between Wisconsin and Minnesota and reduce the potential for endogeneity. Not

only did this study control for cultural factors but other control variables such as age and education were used. Both of these variables are important as they are heavily correlated with income and employment. This approach also helps to control for other factors that may affect economic outcomes, such as differences in economic conditions between states while isolating the impact of the laws themselves.

Using this understanding we can use a difference-and-difference approach to look at the impact of right-to-work laws on per capita personal income, unemployment, union membership, union coverage, and real GDP. The treatment group in the regression is Wisconsin which implemented the Right-to-Work law in 2015 and the control group is Minnesota which has had no such legislation put in place. Using eight regressions for each of the variables which follow this generalized model:

$$Y_{it} = \beta_0 + \beta_1 Treatment_i + \beta_2 Post_t + \beta_3 Treatment_i \times Post_t + \varepsilon_{it}$$

In this regression Y_{it} represents the outcome variable for the state or county i in year t . β_3 is the coefficient of the interaction between the post-treatment period and the Treatment indicator variable. Post (β_2) is an indicator variable that equals 1 in years after the right-to-work law was passed in Wisconsin (the post-treatment period) and 0 otherwise. Treatment (β_1) is an indicator variable that equals 1 for Wisconsin and 0 for Minnesota.

The hypothesis for this paper follows a simple hypothesis for a difference and difference test. Where β_1 is the coefficient for the treatment variable, β_2 is the coefficient for the post-treatment variable, and β_3 is the coefficient for the interaction term:

$$H_0: \beta_3 = 0$$

$$H_a: \beta_3 \neq 0$$

To test the hypothesis that the β_3 coefficient for the dependent variable is equal to zero in a multiple linear regression model, a t-test can be conducted. If the t-test rejects the null hypothesis, it means that the coefficient for the dependent variable is significantly different from zero, and there is evidence of an effect on the outcome variable. It is important to compare the calculated t-statistic to the critical value of the t-distribution with $n-k-1$ degrees of freedom at a chosen level of significance (e.g., $\alpha = 0.05$) to determine whether to reject or fail to reject the null hypothesis. If the calculated t-statistic is greater than the critical value, we reject the null hypothesis and conclude that the coefficient is significantly different from zero. If the calculated t-statistic is less than the critical value, we fail to reject the null hypothesis and conclude that there is no evidence to suggest that the coefficient is different from zero.

Although it is important to take into account other factors other than just the t-test. These factors include the R-squared value, the magnitude of the coefficient, and the overall impact that the regression provides. It is important to note that this analysis has some limitations. First, it only examines the impact of right-to-work laws in one state compared to another, so the results may not be generalizable to other states or regions. Additionally, the analysis does not account for other factors that may have influenced the economic variables examined, such as changes in the national economy or state-specific policies. The Minnesota county St Louis which shares a small border with Wisconsin was excluded due to the nature of the county. This county is large and spreads to the northern border of Minnesota which may change some cultural characteristics in the county. Due to this, it was appropriate to leave the county out of the border counties regression. Another limitation of this study is regarding the difference and difference regression with the union membership and union coverage variables. In this regression, no other controls were used compared to all counties and border counties which controlled for age and education. This may affect the validity and reliability of the results obtained from the regression. The last limitation of this study is regarding the difference-and-difference assumption of parallel trends. While some variables have parallel trends some do not. It is important to note

that these results may be affected by not completely fulfilling the assumptions of the difference-and-difference model. To have followed this assumption would have required methods out of my scope.

Results

Table 1. Statewide

<i>Difference-in-differences Model</i>	<i>Union Membership</i>	<i>Union Coverage</i>
β_1	-1.246	-1.161
β_2	-3.007*	-3.04*
β_3	-5.38*	-5.38*

Table 2. All Counties and Border Counties without controls

<i>Difference-in-differences Model</i>	<i>Unemployment</i>	<i>Real GDP</i>	<i>Per capita Personal Income</i>
<i>All counties</i>			
β_1	1.11772*	384310.9	-2413.24*
β_2	-2.12*	367049.1	7903.89*
β_3	-2.36*	-78890.84	612
<i>Border counties</i>			

β_1	.6237	-2841457*	-4014.93*
β_2	-2.34*	556355.1	9911.8
β_3	-1.061*	385914.2	-1713.595

Table 3. All Counties and Border Counties controlled

<i>Difference-in-differences Model</i>	<i>Unemployment</i>	<i>Real GDP</i>	<i>Per capita Personal Income</i>
<i>All counties</i>			
β_1	.9897*	658681.7	-2166.83*
β_2	-1.869*	805762.5	5290*
β_3	-2.43*	-177580.1	73.94
<i>Border counties</i>			
β_1	.1988	-1409053*	-1631*
β_2	-2.216*	-224588.6	6493.18
β_3	-1.07*	-402416.6	-1934.93*

* = statistically significant at the 95% significance level

The impact of right-to-work laws on per capita personal income, unemployment, union membership, union coverage, and real GDP was examined using the difference-in-differences

regression methodology described in the methodology section. The analysis yielded several coefficients that showed statistically significant results at the 95% confidence level. For union membership and union coverage, the difference-in-differences analysis showed a statistically significant result at the state level. Additionally, there was a statistically significant result at the 95% confidence level for unemployment for both counties and border counties controlled and not controlled. Per capita personal income also showed a statistically significant result at the 95% confidence level for border counties when controlled. The results suggest that right-to-work laws have an impact on some economic indicators, and further research is needed to understand the mechanisms behind these effects. The methodology used in this study provides a useful framework for future research in this area.

Union membership and union coverage both showed statistically significant results at the 95% confidence level. The β_3 coefficient or the interaction term was statistically significant for both regressions and both variables had a high R-squared value at .6011 for union membership and .5616 for union coverage. Therefore, there is confidence in stating that the treatment had a negative effect on union membership and union coverage in Wisconsin compared to Minnesota. This effect was a magnitude of -5.38 for both union membership and union coverage.

Unemployment had another statistically significant result at the 95% confidence level for both counties and border counties controlled and non-controlled. The β_3 coefficient in the model had a statistically significant outcome and the model had a modest R-squared value of .5251. In the non-controlled regression, the R-squared was considerably smaller at .405. The impact of the right-to-work legislation brought a negative effect on unemployment by a magnitude of -2.43 for counties and -1.07 for border counties when controlled.

The R-squared value for per capita personal income was low at .2482 for all counties without controls. However, when controlled for age and education, the R-squared value increased to .571, which is logical as these factors are strong predictors of earnings. When focusing on border counties and controlling for other variables, the R-squared value remained

relatively stable at .58. The results from Table 2 indicate that the β_3 coefficient was statistically significant at the 95% confidence level for border counties when controlled. However, all other β_3 coefficients for per capita personal income were statistically insignificant at the 95% confidence level. This finding may suggest that controlling for cultural factors in border counties facilitated clearer isolation of the impact of right-to-work laws, as explained in the methodology section. This relationship resulted in a negative effect from the treatment in Wisconsin compared to Minnesota, with a magnitude of -\$1,934.93.

Real GDP did not show a statistically significant result at the 95% confidence level for all the regressions, indicating that there is very little information that can be extracted from the regression. The R-squared values for all counties and border counties remained low even when controlled, suggesting that the model did not capture all the factors affecting real GDP. Therefore, the results of this study are inconclusive regarding the impact of right-to-work legislation on real GDP. It may be necessary to control for other factors in future studies to truly isolate the effect of legislation on economic growth.

Discussion

The results of the study suggest that the implementation of right-to-work legislation in Wisconsin had a negative impact on union membership and union coverage. The findings also indicate that the legislation had a negative impact on per capita personal income, with a difference of -\$1,934.93 between Wisconsin and Minnesota. These findings are consistent with previous research, which has shown that right-to-work laws can have negative consequences on economic outcomes. On the other hand, the study also found that right-to-work laws had a positive impact on unemployment. This finding is in line with the theory behind the right-to-work laws, which suggests that they lead to greater economic freedom and job growth. However, the

study's results indicate that the impact on unemployment was not significant enough to outweigh the negative impacts on other economic outcomes. Given the mixed effects of right-to-work laws on economic outcomes, policymakers should carefully consider the potential consequences before implementing such legislation. While proponents argue that these laws promote economic growth, opponents argue that they can have negative impacts on workers and weaken unions. As such, policymakers should take into account the potential short and long-term effects of right-to-work laws on different economic outcomes and the welfare of workers.

The negative effect of right-to-work legislation on union membership and coverage in Wisconsin may be attributed to the weakening of unions' bargaining power. Right-to-work laws allow workers to opt out of union membership and dues, which reduces the financial resources and political influence of unions. This, in turn, leads to lower wages and benefits for unionized workers and reduces the overall number of unionized workers. The finding that right-to-work laws have a negative effect on union membership and union coverage is consistent with prior research on the topic. According to Farber and Henry (1984) and Belman and Wolfson (2014), right-to-work laws can weaken unions by reducing their bargaining power and limiting their ability to collect dues from all workers covered by a union contract. Furthermore, right-to-work laws may have created a negative sentiment towards unions in Wisconsin, which could have contributed to the decline in union membership and coverage. On the other hand, Minnesota has maintained a positive sentiment towards unions due to its culture, which could explain why it did not experience a similar decline in union membership and coverage. In addition to weakening unions, right-to-work laws may create a free-rider problem, where workers who benefit from a union contract without paying union dues may be less likely to support the union. This can further erode the bargaining power of unions and lead to a decline in union membership and coverage.

The negative impact on per capita personal income in Wisconsin, particularly in the border states, may be attributed to the fact that right-to-work laws create a more competitive labor market, leading to lower wages and benefits for workers, a reduction in unionized labor, and slower economic growth. The reduction in union power and collective bargaining agreements resulting from the legislation also contribute to the negative impact on wages and economic growth. Numerous studies have found that right-to-work laws can lead to lower wages and benefits for workers (e.g. Gould and Shierholz 2011). Consistent with these findings, this analysis shows a negative effect of the right-to-work legislation on per capita personal income in Wisconsin, with a magnitude of -\$1934 compared to Minnesota.

On the other hand, the positive effect of right-to-work laws on unemployment can be explained by the fact that it creates a more favorable environment for businesses to operate in. When companies are not forced to negotiate with unions, they have more flexibility in their hiring and firing decisions, leading to more job opportunities. Businesses are also more willing to expand and take risks without being constrained by union contracts. Additionally, right-to-work laws can lead to increased competition among workers as they no longer have to pay union dues or fees. This can incentivize workers to be more productive and efficient in their jobs, as they are competing with other workers for employment opportunities. This increased competition can also lead to lower labor costs, encouraging businesses to hire more workers. This is evident in the regression analysis, where a decrease in unemployment was observed in both the all counties and border counties regressions, demonstrating that right-to-work legislation has a positive impact on the labor market.

However, it is important to note that there are also arguments against the idea that right-to-work laws decrease unemployment. Some argue that right-to-work laws lead to lower wages and benefits for workers as seen in the per capita personal income regression, which can lead to decreased consumer spending and ultimately harm the overall economy. The effect of decreased consumer spending was not enough to show a decrease in real GDP. This may be

because the magnitude of which the wages and benefits decrease is not enough to decrease consumer spending to a notable amount.

These findings are consistent with prior research that has found a positive relationship between union density and economic growth. Bivens and Mishel (2015) argue that unions can promote economic growth through several channels, including increasing workers' wages, reducing income inequality, and promoting more equitable and sustainable economic policies. In addition, unions can also provide a counterbalance to corporate power and promote greater accountability and transparency in the economy. Therefore, the negative effect of right-to-work laws on per capita personal income, union membership, and union coverage highlights the potential economic costs of weakening unions and reducing union density. Although it is worth noting that the positive effect of unemployment may help cancel out the negative effects of Right-to-Work legislation. This finding suggests that policymakers should consider the broader economic implications of these laws, rather than simply focusing on their pro-business or anti-union effects.

Conclusion

In summary, the results of this study demonstrate that right-to-work laws can have both positive and negative effects on various economic outcomes. The positive impact is seen in lower unemployment rates, while the negative impact is observed in decreased union membership, coverage, and per capita personal income. These findings are consistent with prior research and economic theory, which suggests that policymakers should carefully consider the potential economic consequences of implementing right-to-work laws.

Previous research has indicated that right-to-work laws can have detrimental effects on economic outcomes. This study's findings add to this evidence, showing that the negative

impact extends beyond just union membership and coverage to also affect per capita personal income. This suggests that right-to-work laws may weaken unions and reduce the bargaining power of workers, leading to lower wages and reduced consumer demand.

Furthermore, economic theory suggests that pro-business legalization such as right-to-work can promote economic growth by providing a competitive labor market. The positive impact on unemployment observed in this study supports this theory. Policymakers should consider the potential long-term economic consequences of implementing right-to-work laws and explore alternative approaches to improving economic outcomes such as unemployment that do not compromise workers' rights and bargaining power.

In conclusion, policymakers should weigh the potential benefits and drawbacks of right-to-work laws before implementing them. While they may promote pro-business policies, they may also have negative effects on workers and economic growth. It is essential to consider alternative approaches that balance the interests of workers and businesses to achieve long-term economic growth and stability.

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