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A dichotomous jobs recovery (& a looming wild card)

By Colin McNickle

States with Right-to-Work (RTW) laws continue to fare much better in their job recovery statistics following COVID-19 lockdowns than states without such laws, concludes an analysis by the Allegheny Institute for Public Policy.

But the now-prevalent Delta variant could produce new challenges to that recovery, cautions Jake Haulk, president-emeritus of, and a senior adviser to, the Pittsburgh think tank (in *Policy Brief, Vol. 21, No. 30*).

“With the Delta variant of coronavirus spreading rapidly across the country, state economies are about to get another test,” the Ph.D. economist says.

The think tank’s new analysis -- which includes the latest-available jobs data through June of this year--largely mirrors the conclusions of a mid-July study that evaluated the recovery from the steep economic and jobs downturn in the Pittsburgh Metropolitan Statistical Area. That analysis compared the Pittsburgh MSA with 13 others nationwide.

It concluded the presence of Right-to-Work laws, and a relatively low percentage of public-sector unionization, are associated with friendlier, better business climates and a more free-enterprise oriented approach to regulation.

More than half of all U.S. states have enacted RTW laws. They guarantee that no person can be forced to join a union or pay union dues as a condition of employment.

Not having Right-to-Work laws, and heavy public sector unionization, are indicative of a less friendly business climate, the July study found.

Additionally, it concluded that the Pittsburgh MSA’s recovery was very poor in comparison to the other MSAs.

Not surprisingly, Haulk found the pattern continues.

For eight compared non-Right-to-Work states (NRTW), “the average change in private jobs from June 2019 to June 2021 was a loss of 6.1 percent,” Haulk says

“Meanwhile, the eight RTW state average loss over the same period was 0.3 percent, pointing to much greater underlying resilience and robustness in those economies.”

The biggest private jobs loss by far for the 24-month period was in New York with a decline of 10.1 percent from June 2019 to June 2021, indicating huge restraints were being placed on the state’s economy.

At the same time, Oregon, with a shortfall of 4.6 percent, and Colorado, with a job loss of only 2.4 percent, were relatively strong performers in terms of returning to pre-COVID levels.

Pennsylvania, at a minus 6.4 percent jobs shortfall, was joined by Connecticut, New Jersey, Illinois and New Mexico with declines in the 6- to 6.5-percent range.

“Pennsylvania was outperformed by every RTW state, even trailing Indiana, which had the weakest numbers in the RTW group,” Haulk says. “However, it was much better than New York and was comparable to other non-western NRTW states.

“Among the RTW states Idaho (4.6 percent) and Utah (3.9 percent) had gains from June 2019 to June 2021 while Arizona managed a 1 percent rise. The weakest performers were Indiana at (-3.7 percent) and South Carolina (-3.3 percent).

“Obviously, the ability to rebound and grow was very much stronger in this wide range of RTW states,” Haulk says.

Only Colorado among the NRTW states was close to the RTW group.

But, as previously noted, a wild card looms – that coronavirus Delta variant.

“Will lockdowns and other restraints on activity return and will governors and mayors of each state respond as they did in 2020?” Haulk asks.

“Those responses in each state will play a key role in determining whether jobs are lost or gained and by how much,” he concludes.

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