The imperfect union: labor racketeering, corruption exposure, and its consequences

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May 2023

Abstract

Between 1957 and 1960, the U.S. Senate McClellan Committee publicly exposed corruption in U.S. labor unions. I examine the unintended consequences of the investigation on unions' ability to mobilize workers in elections and influence public policy. I hypothesize that this negative reputation shock contributed to the sharp decline in unionization in the U.S. beginning in the late 1950s. First, the results of a difference-in-differences identification strategy suggest that counties with higher pre-committee unionization, where the negative shock of the investigation plausibly had a higher bite, had higher news coverage of the committee's hearings. Second, both counties with higher pre-committee unionization and counties with more investigated unions experienced a persistent decline in turnout in presidential elections following the investigations. Suggestive evidence indicates that, after the committee, the decline in unionization was also stronger, and unions were less likely to win NLRB certification elections in these counties. These results are virtually identical when excluding counties where at least one union local was investigated, suggesting that the negative reputation shock hit all unions and not only investigated chapters. Finally, I find that long-serving congresspersons elected in districts with a higher union presence or with more investigated union locals decreased their support for a minimum-wage rise in the short run.

Keywords: labor unions, corruption, turnout

JEL Classification: J50, J51, D72, D73, N32

1 Introduction

A large economic literature has established how corruption hinders institutional efficiency and decreases equity (Olken and Pande, 2012; Shleifer and Vishny, 1993; Weaver, 2021). However, less is known regarding the unintended consequences of exposing corruption: this may permanently disrupt the reputation of targeted institutions, impairing their ability to fulfill their function. Previous literature has mostly focused on the political consequences of corruption scandals regarding politicians and political parties, finding a decrease in trust in political institutions (Ferraz and Finan, 2008; Hirano and Snyder Jr, 2012; Aassve et al., 2018; Solé-Ollé and Sorribas-Navarro, 2018). This research paper is the first to tackle this question in the context of labor unions: institutions that play a crucial role both in the economy, for efficiency and equality (Freeman and Medoff, 1984; Farber et al., 2021), and as political actors influencing elections and policymaking (Fouirnaies, 2022; Kerrissey and Schofer, 2013; Rosenfeld, 2010).

Unionization in the US is at a historic low (10.1% in 2022, Washington Post, 2023). But this has not always been the case. In 1960 the share of unionized workers in the US was very similar to countries like Germany, Italy, and Canada. While the decline in unionization can be observed in most western countries, the negative trend in the US started two decades earlier, already in 1960 (Figure 1), with a 63% decrease between 1960 and 2010 (Figure 2). What caused this decline? This paper is the first to empirically investigate a large-scale reputation shock as a reason for this decline. I study an extensive and highly publicized investigation regarding corruption in US unions conducted by the McClellan Committee, a US Senate Investigative Committee that held public hearings between 1957 and 1960.

From a political economy perspective, unions are institutions that can gain relevant political and economic power: they mobilize not only workers inside the firm but also voters in elections to push for policies closer to workers' interests. As with any other institution, unions may be subject to cases of corruption that, when exposed, may disrupt their reputation and ability to mobilize workers. In this paper, I study whether the McClellan Committee regarding corruption in US unions constituted a substantial reputation shock and whether this contributed to the decline in unionization, disrupting unions' ability to bargain for better working conditions, mobilize voters, and channel workers' demands in public policy.

The investigations and hearings of the McClellan Committee focused on union corruption and racketeering: corrupt union leaders were found guilty not only of embezzling from mem-
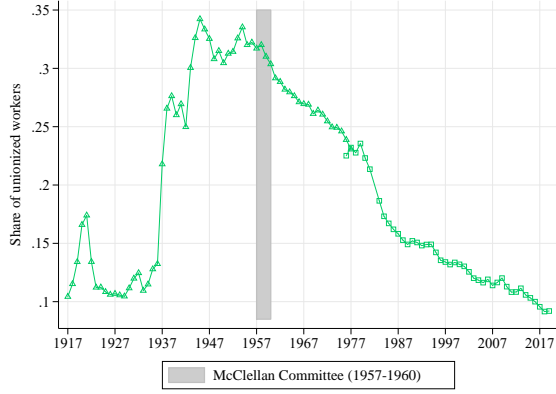
Figure 1: Share of unionized workers in the US (1917-2019). Data are from the replication package of Farber et al. (2021). The original data sources are the U.S. Bureau of Labor Statistics from 1917 to 1979 (Freeman et al., 1998) and the Current Population Survey (CPS) from 1977 onward.
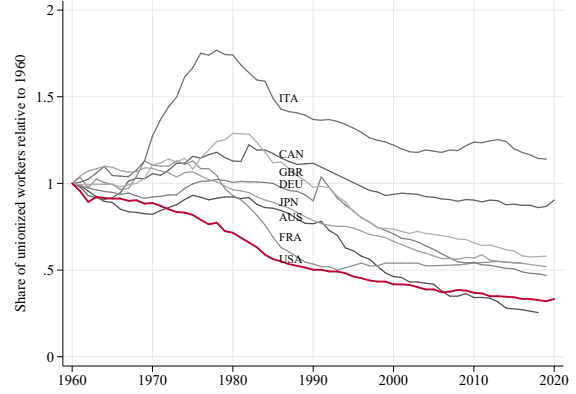

Figure 2: Share of unionized workers in OECD countries relative to their 1960 level. Data are from https://stats.oecd.org/

bership fees and pension and welfare funds but also of extorting and accepting bribes from employers (Jacobs, 2006; Kennedy, 1960). The reputation consequences of union corruption and its unveiling were substantial. The investigation was highly publicized, and the hearings were broadcast on television (Bernstein, 1997) and newspaper coverage was also extensive. Congressman and labor leader David Dubinsky defined labor racketeering "the cancer that almost destroyed the American labor movement" (Jacobs, 2006) and the 1957 end-of-the-year report of the McClellan Committee underlined that the revelations had seriously shaken the public, that labor's influence had dipped sharply in legislative halls, and that unionization was also negatively affected (Bureau of National Affairs, 1958). This paper aims to empirically investigate these consequences, using the Committee as the first big national-level news shock regarding unions' corruption.

I use the McClellan Committee in a difference-in-differences (DiD) identification strategy, comparing outcomes before and after the Committee's investigation period (pre-post variation). In addition, I need to identify where was the reputation shock stronger and where its consequences may have been more severe (cross-sectional variation). Results in this paper exploit two sources of cross-sectional variation: the strength of unions' presence before the McClellan Committee and the presence of investigated locals. First, the reputation shock should have had more significant consequences in counties where unions were initially stronger, able to mobilize many voters and influence public policy. Second, citizens and workers living in proximity to an investigation may update their beliefs about unions' honesty or corruption differently from citizens in other counties.

To study the consequences of the McClellan Committee, I digitized, collected, and assembled data from several sources. I digitized and geolocalized the list of the investigated union locals (U.S. Senate, 1957–1960) and collected data from *newspaperarchive.com* to measure newspaper coverage of labor racketeering and union corruption and, more in general, unions' reputation. Unionization data currently used include locations of union locals in 1940 collected by the *Mapping American Social Movements Project* (2023)[1], union membership from the American National Election Studies (ANES) survey, and NLRB certification elections for 1963.[2] Given unions' strong campaigns fostering registration and turnout, I combine data on turnout in presidential elections from Clubb et al. (2006) and Charles and Stephens Jr (2013) to measure unions' political mobilization ability. To investigate unions' reputation among policy-makers, I use the text of congressional speeches (Gentzkow et al., 2019) and, additionally, to understand whether unions' ability to influence policies was affected by the reputation shock, I use roll-call data from the US Congress (ICPSR, 2010) regarding minimum wage laws, strongly supported by US unions.

Using a DiD exploiting as cross-sectional variation the strength of unions' presence before the McClellan Committee (measured as the number of union locals per 10 thousand inhabitants in 1940), results suggest that counties with high pre-committee unionization, where the negative shock plausibly had a higher bite, had higher news coverage of the Committee's hearings between 1957 and 1959. Suggestive evidence from a small number of counties suggests that the share of unionized workers decreased more sharply in counties where at least one union local was present in 1940. In the early 1960s, after the McClellan Committee concluded its hearings, unions were also less likely to win NLRB certification elections in firms located in counties with a stronger union presence in 1940. Moreover, a higher number of union locals per 10 thousand inhabitants in 1940 predicts a persistent decrease in turnout in presidential elections from 1964 onward. To sum up, counties with a high pre-committee union presence had higher news coverage of the Committee's hearings (a more substantial negative reputation shock) and experienced a (suggestive) decrease in unionization and a persistent decline in turnout in presidential elections following the McClellan Committee. These results are virtually identical when excluding counties where at least one union local was investigated, suggesting that the negative reputation shock hit all unions and not only investigated chapters. Using the presence

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[1]https://depts.washington.edu/moves/CIO_intro.shtmll.

[2]In the US, elections are needed in each establishment to determine if a majority of workers desires to be represented by a particular union.

of investigated locals as a source of cross-sectional variation in the strength of the reputation shock, I find very similar patterns in unionization and turnout decline and consistent but weaker results on unions' probability of winning NLRB certification elections. Interestingly, however, news coverage of union corruption is significantly lower in counties with more investigated locals. This may suggest that newspapers had incentives to under-report corruption cases where they happened.

Additional results suggest that long-serving congresspersons also reacted to the investigations. Congressional speeches by Republican (Democratic) congresspersons during 1958 are more (less) likely to mention union corruption relative to 1956. Evidence using roll-call data shows that long-serving congresspersons elected in electoral districts with a higher union presence in 1940 or with more investigated union locals decreased their support for a minimum-wage increase in 1961 but increased it in 1966.

The rest of this paper is organized as follows. Section 2 examines the contribution of this project to the literature; Section 3 provides a brief review of unions' history in the US and details regarding labor racketeering and the consequences of the McClellan Committee; Section 4 discusses the identification strategy; Section 5 describes the data sources; Section 6 presents the empirical results, Section 7 illustrates their robustness, and Section 8 concludes.

2 Literature Review

This paper mainly contributes to four strands of literature: research on the consequences of unveiling corruption, the function of unions in the political arena, the role of unions in the labor market, and the study of union racketeering.

First, the literature on the consequences of corruption revelations and loss of institutions' reputation has mostly focused on the political consequences of corruption scandals regarding politicians and political parties. Corruption scandals have been found to have a marked effect both on levels of trust in politicians and on perceptions of corruption, but while these perceptions gradually revert back to their pre-scandal levels, the negative effects on trust in politicians (Solé-Ollé and Sorribas-Navarro, 2018; Ares and Hernández, 2017) and on institutional trust (i.e., Parliament, government, civil servants) are long-lasting (Aassve et al., 2018). This literature has also studied the electoral consequences of political corruption and the role of news outlets. On the one hand, exposing corrupt politicians affects their electoral performance, decreasing

the probability of being re-elected, especially where local radio (Ferraz and Finan, 2008) or 3G internet networks are present to divulge the information (Guriev et al., 2021). On the other hand, punishment of corruption by voters may be absent (De Vries and Solaz, 2017; Cobb and Taylor, 2015) and exposing corruption may have unintended consequences, decreasing voter turnout and support for the challenger party, eroding partisan attachments (Chong et al., 2015), and increasing the vote share for the anti-establishment populist opposition (Guriev et al., 2021). A few exceptions outside the strictly political domain focus on medical institutions, doctors, and medicine: cases of criminal medical malpractice, or their public exposure, in colonies against the native population (Lowes and Montero, 2021), or in the US against black male patients (Alsan and Wanamaker, 2018) had long-lasting effects on the willingness of the relevant group to seek medical help, with massive negative health consequences.

My paper is the first to examine the consequences of a corruption scandal in the context of labor unions: institutions that play a crucial role both in the economy, for efficiency and equality, and as political actors influencing elections and policymaking.[3]

Second, a large literature, mainly in political science, has studied the role of unions in the political arena, mobilizing voters in elections and influencing public policy. In the US, at the individual level, union membership is correlated with many forms of political activity, including voting, protesting, and association membership (Kerrissey and Schofer, 2013; Rosenfeld, 2010). In the UK, union sponsorship increased the vote shares of parliamentary candidates throughout the 20th Century (Fouirnaies, 2022). More importantly for my research project, in the US, right-to-work laws hindering unions' powers not only had a massive negative effect on unionization but also decreased Democratic Presidential vote shares, turnout, and the number of working-class candidates in state legislatures and Congress, while state policy also moved in a more conservative direction (Feigenbaum et al., 2018).

Third, economists have largely studied unions for their role in the labor market, starting with the seminal work by Freeman (1976) and Freeman and Medoff (1984) (see Doucouliagos et al., 2017, for a recent comprehensive review). From a theoretical perspective, on the one hand, assuming perfect competition, unions might impose a wedge on labor cost, increasing

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[3]Regarding unions' reputation and citizens' attitudes towards unions more in general, Naidu and Reich (2018) examine the relationship between workplace collective action at a large retail employer and customers' perceptions of service, showing that increases in workplace collective action, as measured by signed labor organization membership cards, are associated with lower customer ratings of service. Hertel-Fernandez et al. (2021) study large-scale teacher strikes and walkouts in 2018: parents' exposure to the strikes increased their support for the teachers and for the labor movement, as well as their interest in labor action.

salaries above the efficient level and hence increasing unemployment. On the other hand, in a world where monopsony power exists, unions may increase workers' bargaining power, pushing the equilibrium wages and employment closer to efficiency. In addition, by channeling workers' demands, unions may improve the workplace and hence increase workers' productivity and well-being, lowering the separation rate and the costs associated with it. Importantly for this research project, in Farber and Western (2002), an accounting framework decomposes the sharp decline in the private sector union membership rate between 1973 and 1998 into differential growth rates in employment between the union and nonunion sectors and changes in the union new organization, finding the first to be dominant. Other important early empirical contributions studied the effect of unions on income inequality and wage structure, suggesting that unions raise wages more for workers with lower levels of observed skills (Card, 1996) and that de-unionization was an important factor in explaining the rise in wage inequality from 1979 to 1988, through the decline in the real value of the minimum wage (DiNardo et al., 1996). Despite the substantial literature on the topic, this is still an active area of research, thanks to the availability of new micro-level data. An example is the recent paper by Farber et al. (2021) who find consistent evidence that unions reduce inequality, explaining a significant share of the dramatic fall in inequality between the mid-1930s and late 1940s. Recent literature has also focused on codetermination[4] more broadly (Jäger et al., 2021; Jäger et al., 2022 for a review).

My contribution to these two strains of literature on the political and economic role of unions will be to focus on a shock to unions and unionization that was never empirically studied before: the negative reputation shock caused by the investigations of the McClellan Committee, a US Senate Investigative Committee that held public hearings between 1957 and 1960, exposing corruption in US unions. Importantly, this reputation shock happened at a crucial turning point for unionization in the United States, increasing the importance of understanding its role in the historical decline of US unions.

Last, I will add a second research work to the only empirical study on union racketeering and mafia infiltration in US unions. Mastrobuoni et al. (2022), in an ongoing project, study the consequences of the 1970 Racketeer Influenced and Corrupt Organizations (RICO) Act and show that RICO cases, which most likely broke many cartels (that were kept in place by mafia-infiltrated unions with the threat of violence) led to subsequent growth in employment, in the number of establishments and even in overall wages in mafia-prone industries.

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[4]worker representation in firms' governance and management

3 US labor unions and the McClellan Committee (1957-1960)

3.1 Labor unions in the US (1900-1955)

The history of labor unions in the US starts in the second half of the XIX Century, hand-in-hand with the second industrial revolution. However, early attempts to organize a movement at the national level (e.g. the National Labor Union, the Knights of Labor) were very short-lived in a context where labor unions were not lawfully recognized and strongly (and frequently violently) opposed by employers. Founded in 1886, the American Federation of Labor (AFL) was the first national union federation (i.e. a federation of different unions, each mobilizing and enrolling workers in a different profession) to stand the test of time. Already in this period of violent conflict between workers and employers, organized crime groups started to infiltrate a number of union locals by supplying goons to both sides (Jacobs, 2006). Even if strongly advocating for better working conditions, the early AFL avoided deep involvement in partisan politics and, after the First Red Scare (1918-1920) essentially swept away the more radical union Workers of the World, all the major US labor unions aligned to moderate, non-ideological, but progressive positions. The era of labor peace during the 1920s rapidly collapsed with the Great Depression, when the fate and reputation of the US labor movement changed drastically with the election of Franklin D. Roosevelt. His pro-union stance, incarnated by the statement "If I went to work in a factory, the first thing I'd do would be to join a union", was put into practice with the passage of the National Labor Relation Act of 1935 (Wagner Act or NLRA), that guaranteed the right of workers to organize and to bargain collectively with their employers. The National Labor Relations Board was created to conduct union certification elections[5] and to verify the good conduct of unions and employers during the bargaining process. The legalization of unions allowed unionization to grow at an unprecedented rate in the following years. Inside the AFL, leaders of the United Mine Workers and several other AFL unions embraced industrial union organizing strategies[6] and founded the Congress of Industrial Organizations (CIO) in 1935. Expelled from the AFL two years later, the CIO began a contentious rivalry with the AFL that lasted until 1954, when the two federations reunited as the AFL-CIO (Flagler, 1990). The decision to re-unite the two biggest national union federations came from the need to counteract a new wave of anti-union legislation after the end of the Second World War. In 1947 the Taft-

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[5]Elections were needed in each establishment to determine if a majority of workers desired to be represented by a particular union.

[6]Organizing workers of every level and task within the same industry in the same union.

Harley Act was enacted, overwriting the provisions of the 1935 NLRA and restring unions' powers. Importantly, the Taft-Harley Act allowed states to enact right-to-work laws banning union shops: the practice for which all workers in unionized establishments are required to contribute to union representation expenses. Between 1947 and 1955, 15 States passed right-to-work laws[7] that completely flattened the skyrocketing 10-year-long increase in unionization that the US had experienced after the Wagner Act (See Figure 1). However, the declining trend in US unionization did not arise until the end of the 1950s and the beginning of the 1960s.

3.2   Labor racketeering and the McClellan Committee (1957-1960)

In the 1950s, the labor movement in the US was also forced to face for the first time what union leader David Dubinsky called "the cancer that almost destroyed the American labor movement": labor racketeering. US unions were prone to this issue, relative to labor unions in other countries, for a number of reasons. First, strong anti-communist and anti-socialist propaganda made US unions less politicized than in most other countries and hence potentially more prone to corruption since it may be more difficult to corrupt a union leader with strong political views. Second, unions in the US frequently manage substantial private pension and welfare funds, which is not common in other countries. In addition to this, the end of national-level prohibition increased the importance of labor racketeering among the income sources of organized crime, allowing the extraction of money and resources in an efficient and concealed way, entrenched in the legal economy and more difficult to prosecute. When controlling one or more union locals, organized crime figures or corrupted labor leaders could use workers' mobilization, violence from their goons, and their close interaction with employers for their personal gain and the one of their organized crime group. On the one hand, they had the ability to extort employers by threatening strikes, picketing, and workplace sabotage; on the other hand, they may request or accept kickbacks from employers to ignore the terms of collective bargaining agreements (sweetheart deal), prevent strikes (labor peace) and enforce employer cartels. Additionally, even corrupt leaders with no connection with organized crime could commit thefts and embezzlement from membership fees and unions' pension and welfare funds. Cases of organized crime infiltration and corruption were not unheard of in the early 1950s. However, these cases have always been considered by the AFL-CIO, covered by the press, and

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[7]Arizona, Arkansas, Georgia, Iowa, Nebraska, North Carolina, North Dakota, Tennessee, and Virginia in 1947; Nevada in 1952, Alabama in 1953, Mississippi and South Carolina in 1954, and Utah in 1955.

discussed by lawmakers as local matters connected to the thriving organized crime in a handful of big US cities.[8] In 1949, investigative journalist Malcolm Johnson exposed labor racketeering in the International Longshoremen's Association (ILA), completely controlling the docks of the New York port and enforcing employer cartels. In 1953, the Waterfront Commission of New York Harbor was established and tasked to regulate waterfront business activity and labor relations and investigate current illegal activities. This was the first investigation on labor racketeering that caught the attention of the public while still being perceived as a local and limited problem.
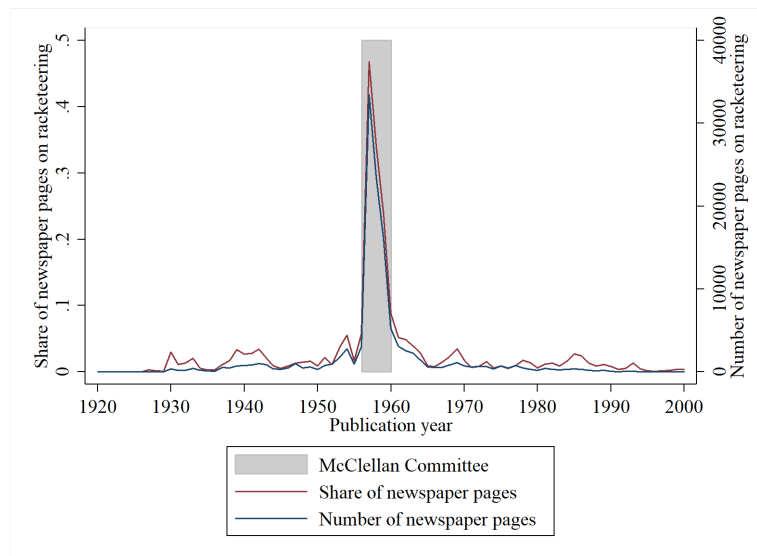

Figure 3: Number of newspaper pages including keywords on labor racketeering and share relative to newspaper pages mentioning labor unions. Keywords for numerator: *corrupt labor union*, *labor union corruption*, *labor racket*, *labor rackets*, *labor racketeering*, *union racketeering*, *union racket*, *union rackets*, *union mafia*, *labor racket committee*, *labor rackets committee*, *Senate rackets committee*, *Senate racket committee*, *McClellan committee*, *labor racketeering*, *union racketeering*, and *union mafia*. Keywords for denominator: *labor movement*, *labor organization*, *labor organizations*, *labor union*, *labor unions*, *organized labor*, *trade union*, *trade unions*, *union local*, *union locals*. Data are from newspaperarchive.com. The gray area coincides with the years of activity of the McClellan Committee.

Only in 1957, the creation of the United States Senate Select Committee on Improper Activities in Labor and Management (the McClellan Committee) made labor racketeering a national issue eclipsing all other legislative or commission investigations into labor racketeering (Jacobs, 2006). The Committee, led by Democratic Senator John McClellan from Arkansas, held public hearings between 1957 and 1960. It was a bipartisan committee (members were half Democratic and half Republican Senators); Robert F. Kennedy served as the chief counsel and investigator, and the investigations and hearings focused on union corruption and racketeering. Its one-hundred-member staff still is the largest congressional investigative staff in American

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[8]e.g. the sociologist John Landesco in his book *Organized Crime in Chicago* (1929) and Harold Seidman in his book *Labor Czars: A History of Labor Racketeering* (1938) covering labor racketeering cases in Chicago and New York.

history, and it called to testify 1,525 witnesses, even if many high-ranking union officials and mobsters refused to answer on Fifth Amendment grounds (Jacobs, 2006). The Committee predominantly investigated the International Brotherhood of Teamsters,[9] but also the Bakery Workers Union, United Textile Workers, Amalgamated Meat Cutters Union, Transport Workers Union, and the International Longshoremen's Association, among others (Kennedy, 1960). The revelations of the Committee seemed to come as a shock even within the AFL-CIO. President George Meany's reaction to the hearings was reported by the New York Times: we thought we knew a few things about trade union corruption, but we didn't know the half of it, one-tenth of it, or the one-hundredth of it (Jacobs, 2006). The reputation consequences of union corruption and of the hearings were considerable. The investigation was vastly publicized, and the hearings were broadcast on television and followed by around 1.2 million viewers (Bernstein, 1997). The dramatic dialectic exchanges between Robert F. Kennedy and Teamsters' vice-president (and then president) Jimmy Hoffa captivated the national audience (Jacobs, 2006). Newspaper coverage was also extensive. The total number of newspaper pages discussing labor racketeering and union corruption increased by more than 10 times when comparing 1957 to 1956 (Figure 3). Also, when looking at the content of newspaper articles covering labor unions, the change in the most frequent words associated with labor unions is substantial. In 1957, the words *teamster*, *senate racket* (Committee), and *Dave Beck* (Teamsters' president) become some of the most present, and mentions of *Hoffa* and *racketeering*, absent in 1956, appear in the picture (Figure 4).

But the consequences were also more concrete. The 1957 end-of-the-year report of the McClellan Committee states that the Committee's revelations have seriously shaken the public, that labor's influence has dipped sharply in both national and state legislative halls, that union organizing campaigns were postponed, and that unions began to show poorer results in certification elections held by the National Labor Relations Board (NLRB). In addition, the report connects the investigations with the new push for Right-to-Work Laws in States like Indiana and California (Bureau of National Affairs, 1958). The hearings also led directly to the 1959 Labor Management Reporting and Disclosure Act (Landrum-Griffin Act) that set out a federally guaranteed union members' list of rights, including the right to speak and associate freely, run for office in free and fair elections, and have the opportunity to be informed, and sometimes vote, on union officers' actions (Jacobs, 2006). This paper aims to empirically investigate the

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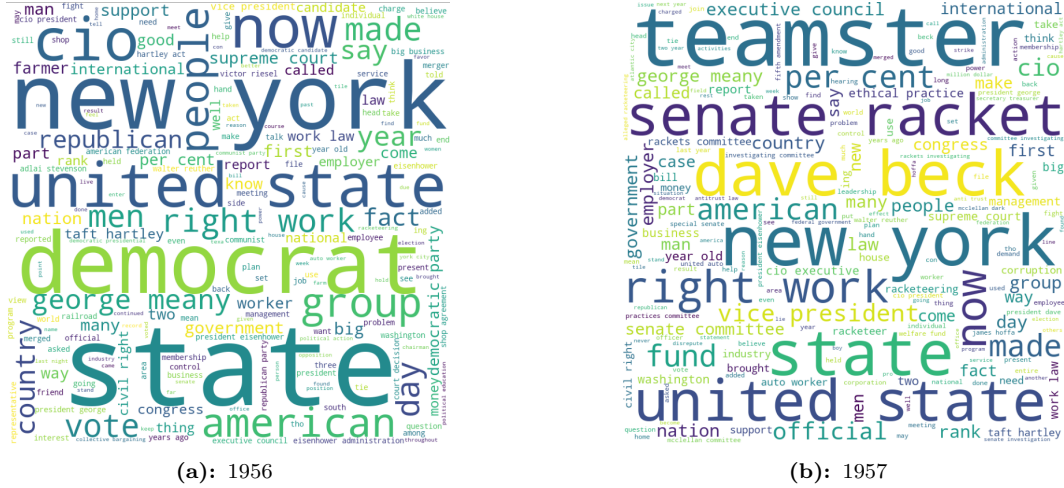[9]The powerful Teamsters union had 1.5 million members in 1957.

Figure 4: Visualization of the most common words in sentences containing keywords related to labor unions in newspaper pages. Bigger words are more frequent. Panel (a) shows the world cloud for 1956, and Panel (b) for 1957. Newspaper pages' text data come from newspaperarchive.com.

consequences of the McClellan Committee on unions and their activity, using the Committee as the first big national-level news shock regarding union corruption.

After this groundbreaking and extensive investigation, congressional hearings on organized crime and on labor racketeering continued through the 1960s, 1970s, and 1980s. Senator McClellan focused on promoting legislation to counteract organized crime and specifically the Italian mafia in the US, leading to the passage of the 1970 Racketeer Influenced and Corruption Organization Act (RICO). However, its provisions were not frequently applied in courts until James Hoffa (former Teamsters leader) disappeared in 1975 and was considered murdered by the mafia. After this event received extensive media coverage, criminal and civil RICO cases against organized crime (and its infiltration into unions) started becoming more and more common in American courts, while unions' decline in the 80s and 90s made labor racketeering less and less profitable for both corrupt leaders and professional criminals.

4   Identifying variation

The hypothesis is that the McClellan Committee harmed unions' reputation, hindered unionization, and decreased unions' ability to mobilize workers in elections. The reduced mobilization capacity may, in turn, also translate into unions' inability to represent workers' interests in the workplace credibly and to push for pro-labor policymaking. I use the McClellan Committee in a difference-in-differences identification strategy, comparing outcomes before and after the Committee's investigation period. The empirical results exploit two sources of cross-sectional

geographical variation in the strength of the reputation shock: the strength of unions' presence before the McClellan Committee and the presence of investigated locals.

First, the reputation shock should have had more substantial consequences in counties where unions were initially stronger, able to mobilize many voters in elections, and influence policy-making. In contrast, such reputation shock should have had fewer consequences where unions were already very weak before. Equation 1 illustrates the difference-in-differences exploiting this source of variation.

$$Y_{it} = \sum_t \beta_t \left(\frac{Num\, locals_{i1940}}{10k\, people_{i1940}} \times \mathbb{1}[year = t] \right) + \alpha_i + \gamma_t + \varepsilon_{it} \tag{1}$$

where Y_{it} is the outcome of interest (e.g., union reputation, unionization, political mobilization) for county i in year t, and the continuous treatment variable is the number of union locals per 10 thousand inhabitants in 1940. The coefficients of interest will be β_t for each year after 1956, and the regression includes county (α_i) and year (γ_t) fixed effects; standard errors are clustered at the county level. Figure 5 shows the spatial distribution of the treatment variable across the United States.
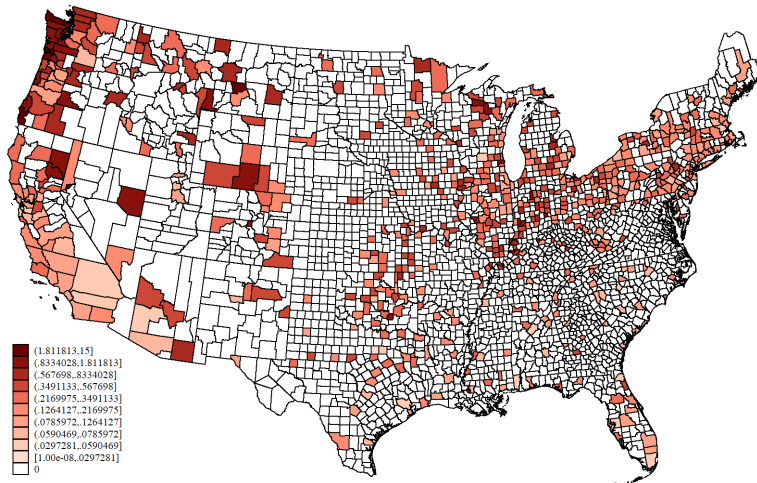

Figure 5: Geographical distribution of the number of union locals per 10'000 inhabitants in 1940. Included union federations are United Auto Workers (UAW), United Electrical Workers (UE), Amalgamated Clothing Workers (ACWA), International Longshore and Warehouse Union (ILWU), and International Woodworkers of America (IWA), and International Typographical Union (ITU). Data on union locals for each city are from the *Mapping American Social Movements Project*. Population data from 1940 are from the County and City Databook (United States Bureau of the Census, 2012).

I expect counties with higher unionization before the Committee (in 1940) to have higher media coverage of the Committee in newspapers (having a negative impact on unions' reputation). First, being the population more involved in union activity, newspapers located in these counties may have wanted to cater to their readership's interest. Second, in counties with high

unionization, unions probably had a better reputation, and the national news shock caused by the committee may have had a stronger effect on their reputation, and this may be reflected in newspapers' content. Similarly, unions' reputation should have worsened relatively more among congresspersons elected in a congressional district with higher unionization. If counties with higher unionization were, in fact, more exposed to the reputation shock, we would expect unionization in those counties to fall more than in other counties after the Committee's revelations. Additionally, in counties where unionization was higher, unions were also able to mobilize more workers in elections before 1957. Unions were also extremely active with campaigns fostering voters' registration and turnout (see Figure A.1a).[10] For this reason, we should expect a decrease in turnout in presidential elections in counties with higher pre-Committee unionization. Finally, if the investigations had a negative impact on unions' reputation and mobilization capacity, unions may have also lost their ability to influence policymakers. Hence, congresspersons elected in electoral districts with higher unionization may also decrease their support for policies strongly advocated by labor unions.

Second, citizens and workers living in proximity to an investigation may update their beliefs about unions' corruption differently from workers in other counties. On the one hand, where corrupted unions are located, citizens might be more likely to infer that many or all unions close to them are corrupt. On the other hand, if corruption was common knowledge in counties where corrupt unions were located, we might expect no effect of the investigations on unions' reputation and mobilization ability in these counties. So, in this case, we have two opposite possible predictions. Equation 2 illustrates the difference-in-differences exploiting this second source of variation.

$$Y_{it} = \sum_t \beta_t \left(\frac{Num\,investigated\,locals_i}{10k\,people_{i1950}} \times \mathbb{1}[year = t] \right) + \alpha_i + \gamma_t + \varepsilon_{it} \qquad (2)$$

where Y_{it} is the outcome of interest (e.g., union reputation, unionization, political mobilization) for county i in year t, and the continuous treatment variable is the number of union locals investigated by the McClellan Committee per 10 thousand inhabitants in 1950. The coefficients of interest will be β_t for each year after 1956, and the regression includes county (α_i) and year (γ_t) fixed effects; standard errors are clustered at the county level. Figure 6 shows the spatial distribution of this second treatment variable across the United States.

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[10]This was especially true in presidential elections where the stakes are higher in American politics, and the benefits of favorable politicians outweighed the cost of campaign organizing.
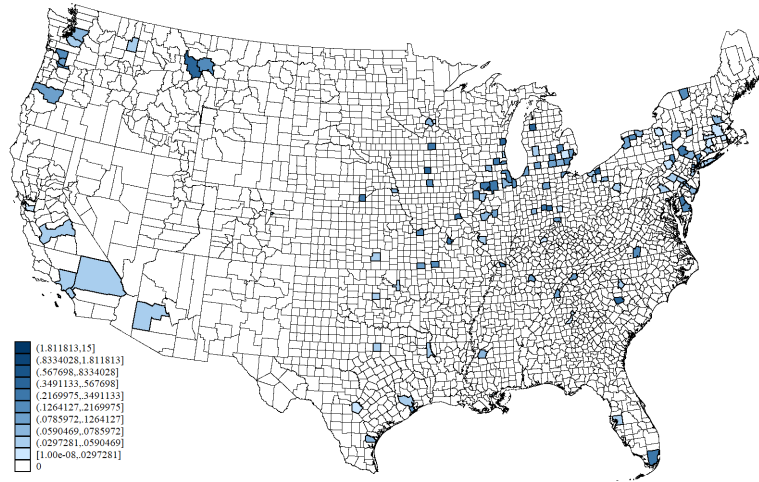
Figure 6: Geographical distribution of the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data fro 1940 are from the County and City Databook (United States Bureau of the Census, 2012).

As mentioned before, making predictions regarding the effects of the revelations of the McClellan Committee in counties with more investigated locals is less straightforward. On the one hand, local newspapers tend to cover more extensively news connected to the region or area where their headquarters are located and where most of their readers live. On the other hand, where corrupted union leaders and organized crime were controlling more unions, newspapers may also have incentives to under-report union corruption, possibly fearing retaliation from powerful corrupted individuals or directly from corrupted unions.[11] It is also not straightforward to predict the reputation consequences of the investigations in counties with more investigated locals: opposite predictions are possible depending on how well-known the phenomenon was in these counties before the investigations started. Similarly, effects on unionization, turnout, and union-supported policymaking should be present only if unions' corruption was not common knowledge in these counties before the scandal.

5   Data

This section describes the data sources and the variables constructed to empirically investigate the consequences of the McClellan Committee.

Investigated Union locals. I digitized and geolocated the list of all union locals mentioned in the transcript of the hearings of the Select Committee on Improper Activities in the Labor Or Management Field (McClellan Committee). The list of all mentioned Union locals is included

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[11]The McClellan Committee did, for example, held hearings regarding the New York Newspaper Distribution.

in the index of the publication (U.S. Senate, 1957–1960). One treatment variable used in this paper is the number of union locals investigated by the McClellan Committee in a county or electoral district per 10'000 inhabitants in 1950. Figure 6 shows the spatial distribution of this variable.

Union locals in 1940. The list of union locals in 1940 are collected by the *Mapping American Social Movements Project* (2023).[12] The data contain information on the location and membership of union locals in six major unions belonging to the Congress of Industrial Organizations (CIO): United Auto Workers (UAW), United Electrical Workers (UE), Amalgamated Clothing Workers (ACWA), International Longshore and Warehouse Union (ILWU), and International Woodworkers of America (IWA), and International Typographical Union (ITU). Unfortunately, to the best of my knowledge, more comprehensive and disaggregated data on unions and union members do not exist in the 1940s and 1950s. One treatment variable used in this paper is the number of union locals in a county or electoral district in 1940 per 10'000 inhabitants in 1940. Figure 5 shows the spatial distribution of this variable.

Newspaper pages on labor racketeering. Data measuring newspaper coverage of labor racketeering and union corruption and, more in general, unions' reputation are collected from the website *newspaperarchive.com*. This is the first dataset regarding the news coverage of labor racketeering. One outcome variable used in this paper is the number of newspaper pages containing keywords[13] related to labor racketeering divided by the total number of newspaper pages mentioning labor unions[14] published in a county × year. Figure 3 shows the aggregate time series of this variable across time, and Figure 7 visualizes the spatial variation of this variable aggregating years between 1957 and 1960. The word clouds in Figure 4 use digitized texts of newspaper pages from the same source selecting pages using keywords related to labor unions.

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[12]https://depts.washington.edu/moves/CIO_intro.shtml

[13]keyword search for "corrupt labor union", "labor union corruption", "labor racket", "labor rackets", "labor racketeering", "union racketeering", "union racket", "union rackets", "union mafia", "labor racket committee", "labor rackets committee", "Senate rackets committee", "Senate racket committee", "McClellan committee"

[14]keyword search for "labor movement", "labor organization", "labor organizations", "labor union", "labor unions", "organized labor", "trade union", "trade unions", "union local", "union locals"
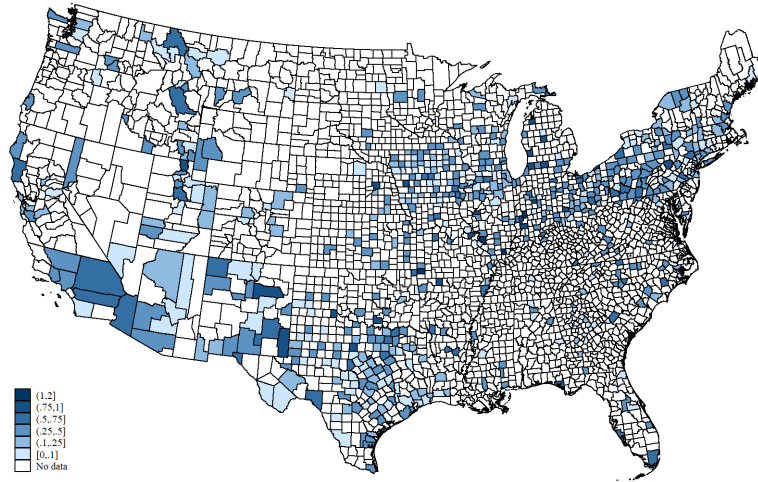
Figure 7: Geographical distribution of the share of newspaper pages containing keywords regarding labor racketeering between 1957 and 1960 (out of the total number of pages mentioning labor unions). See footnotes 12 and 13 for the list of keywords. Data are from newspaperarchive.com.

ANES unionization (1956-1998). Union membership data for years between 1956 and 1998 come from the American National Election Studies (2023) survey (ANES). ANES data include a county identifier only starting in 1956, are representative only at the State level, and cover a small sample of counties.

NLRB certification elections (1962-2021). I cleaned and geolocalized firm-level union certification elections data from Schaller (2023a,b)[15] and added union identifiers to the dataset for the earliest fully-digitized year (1963). Data regarding union certification elections for the following years are currently being cleaned and supplemented with union identifiers and will be used in future versions of this working paper.

Additional unionization data. I collected union locals' locations and membership in six major unions for the years 1944 and 1947 from the *Mapping American Social Movements Project* (2023).[16] While election results give a *flow* measure of unions' presence and support, I am also digitizing the complete list of union locals for the years 1960, 1964, 1968, 1971, 1977, 1980, 1983, 1986, and 1990 (U.S. Department of Labor, 1990) that will provide a novel geographically disaggregated *stock* measure of unions' presence in the US. To the best of my knowledge, this will be the first time these data are digitized and used for empirical research.

Turnout in presidential elections. I combine data on turnout in presidential elections at the county level from Clubb et al. (2006) and Charles and Stephens Jr (2013).

Congresspersons' speeches in Congress. Using digitized congressional speeches from

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[15]I thank Prof. Zachary Schaller for sharing these data with cleaned industry and state identifiers for years between 1962 and 2021.

[16]See *Union locals in 1940* for additional details.

Gentzkow et al. (2019), I measure the number of occurrences of keywords related to labor racketeering and union corruption in the text of speeches by representative i in year t. I select members of the House of Representatives to be able to assign to each congressperson a value of the treatment variable computed at the electoral district level, with sufficient cross-sectional variation, and I drop districts-at-large. I focus on congresspersons serving multiple terms between 1953 and 1962 to isolate their own position from their re-election probability, including representative fixed effects. I also consider whether they are Republican or Democrats.

Congress roll-call data. I use roll-call data from the US Congress (ICPSR, 2010) to measure the support for minimum wage laws in year t by representative i. Among all union-related and union-supported laws, I select roll calls regarding minimum-wage extensions because, since multiple minimum-wage extensions are passed in this period, I can construct a time series of similar and comparable votes. Minimum-wage extensions were and are an important policy strongly supported by unions in the US (see Figure A.1b). I select members of the House of Representatives to be able to assign to each representative a value of the treatment variable computed at the electoral district level with sufficient cross-sectional variation, and I drop districts-at-large. I focus on congresspersons serving multiple terms between 1949 and 1966 to isolate their own position from their re-election probability, including representative fixed effects.

Other control variables. From the County and City Data Book of the US Census (United States Bureau of the Census, 2012), I gather population data for 1940 and 1950 at the county level and additional control variables (share of workers in manufacturing, share of black population, share of employed population).

6 Empirical results

This section presents results using a difference-in-differences identification strategy exploiting two sources of cross-sectional variation: the strength of unions' presence before the McClellan Committee, measured as the number of union locals per 10 thousand inhabitants in 1940, and the number of investigated union locals in a county per 10 thousand inhabitants in 1950.

The first outcome of interest is the share of newspaper pages discussing labor racketeering and union corruption (out of the pages mentioning labor unions) as a proxy for the reputation shock to unions caused by the McClellan Committee. In Figure 8a, the regression coefficients
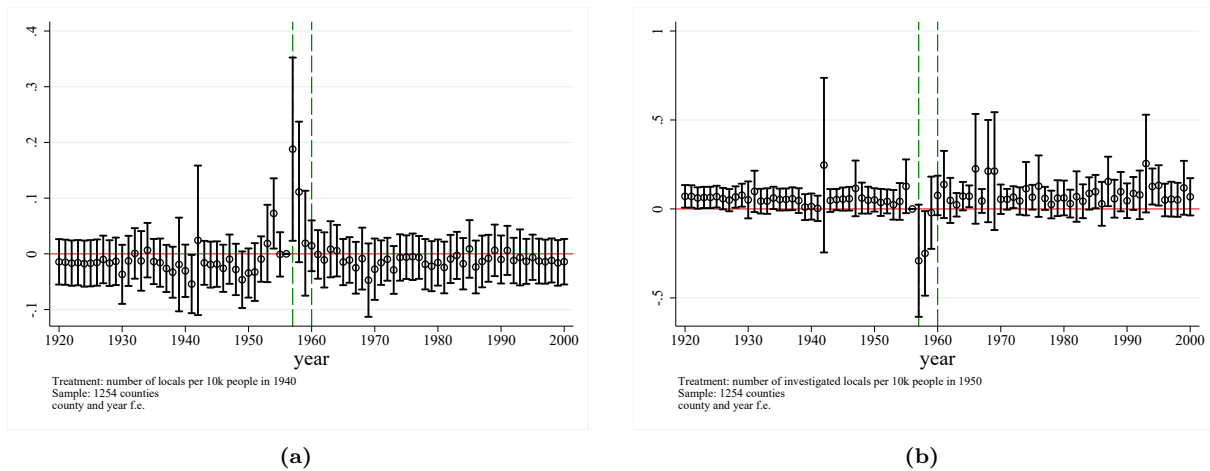
(a)	(b)

Figure 8: Impact of the McClellan Committee on newspapers' coverage of labor racketeering and union corruption. The outcome variable is the share of newspaper pages containing keywords related to labor racketeering from newspaperarchive.com (relative to the total number of newspaper pages mentioning labor unions, see footnotes 12 and 13 for the list of keywords). In Panel (a), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panel (b), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Regressions include county and year fixed effects, and the reference year is 1956. Standard errors clustered at the county level. Black bars represent 95% confidence intervals.

show that a higher number of union locals 10 thousand inhabitants in 1940 predicts an increase in the share of newspaper pages covering union corruption in 1957 and 1958 relative to the number of newspaper pages mentioning labor unions.[17] Interestingly, however, news coverage of union corruption decreases in counties with more investigated locals (Figure 8b). This may suggest that newspapers had incentives to under-report corruption cases in counties where they happened, possibly because of the power that corrupted unions may have had in those areas.

The second outcome of interest is unionization. Figure 9a shows that the share of unionized workers decreased more sharply in counties where at least one union local was present in 1940. Given the limited number of counties included and the availability of county identifiers starting only in 1956 in the ANES survey, this result is to be considered only suggestive. However, it suggests that the decrease in unionization was faster in counties where union presence was stronger and hence were more exposed to the reputation shock. Figure 9b shows that also in counties with at least one investigated union local unionization declined more sharply than in other counties. Another source of data to study the effects of the McClellan Committee on unionization are the results of the NLRB certification elections. Unfortunately, these data are only available starting in the early 1960s: for this reason, Table 1 reports the results of

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[17]See Section 5 for additional details on this outcome variable.

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Figure 9: Impact of the McClellan Committee on unionization. The outcome variable is the share of respondents in a county that are members of a union. Unionization data are from American National Election Studies (2023). In Panel (a), the treatment variable is a dummy variable equal to one if the county has at least one union local in 1940. In Panel (b), the treatment variable is a dummy variable equal to one if the county has at least one union local investigated by the McClellan Committee. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960).

cross-sectional regressions.[18] Columns (1) and (4) show that higher newspaper coverage of the committee's hearings is correlated with a lower pro-union vote share in NLRB certification elections (1) and with a lower probability of unions winning the election (4), both when considering the six unions for which I observe the strength before the McClellan Committee (Panel A) and when considering all certification elections (Panel B). Panel A, Columns (2) and (5) indicate that a stronger presence of unions in 1940 is associated with a lower pro-union vote share in NLRB certification elections and a lower probability of the unions winning. Interestingly, when interacting the two independent variables in columns (3) and (6), the higher the news coverage of the McClellan Committee, the stronger the negative correlation between high unionization and pro-union voting is. Panel B, Columns (2) and (4) indicate that a higher number of investigated union locals per 10 thousand inhabitants is associated with a lower pro-union vote share in NLRB certification elections and a lower probability of unions winning, but not significantly so. When interacting the two independent variables in columns (3) and (6), the negative correlation between the higher presence of investigated locals and pro-union voting is stronger the higher the news coverage of the McClellan Committee. Importantly, results in Table 1 are not mechanically driven by fewer elections being held in counties with higher pre-McClellan union presence. One may hypothesize that counties with higher union presence have a smaller margin to hold additional elections if most firms are already unionized, however, results in Table A.1 show that unions in counties with more union locals or investigated union locals actually held

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[18]The data refer to certification election results in 1963, additional years of data are currently being digitized.

more certification elections (columns 2 and 3). Overall, these results suggest that the McClellan Committee had a negative effect on the unionization of additional firms and plants by unions, especially in counties with higher coverage of the hearings.

	Pro-union vote share			Share of elections won by union		
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A (treatment: pre-McClellan union strength)						
Share union news on racketeering	-0.222*		-0.006	-0.226		0.262
	[0.115]		[0.185]	[0.234]		[0.352]
Num. locals / 10k pop. 1940		-0.039*	0.130		-0.120***	0.471
		[0.022]	[0.191]		[0.035]	[0.338]
Share union news on racketeering ×			-1.127**			-2.466**
Num. locals / 10k pop. 1940			[0.560]			[0.934]
Mean Y	0.51	0.52	0.51	0.56	0.53	0.56
Counties (N)	83	202	83	83	202	83
Panel B (treatment: presence of investigated locals)						
Share union news on racketeering	-0.082*		-0.078	-0.129*		-0.115
	[0.047]		[0.049]	[0.077]		[0.082]
Investigated locals / 10k pop. 1950		-0.067	0.008		-0.023	0.166
		[0.111]	[0.152]		[0.189]	[0.174]
Share union news on racketeering ×			-0.371			-1.226*
Investigated locals / 10k pop. 1950			[0.418]			[0.742]
Mean Y	0.54	0.54	0.54	0.56	0.55	0.56
Counties (N)	374	1137	374	374	1137	374

Table 1: Impact of the McClellan Committee on NLRB certification elections. The outcome variables are the share of votes in NLRB certification elections in favor of having a union representing workers (columns 1 to 3) and the share of NLRB certification elections won by unions in county i in 1963 (columns 4 to 6). In columns 1 and 4, the independent variables are the share of newspaper pages containing keywords related to labor racketeering (relative to the total number of newspaper pages mentioning labor unions, see footnotes 12 and 13 for the list of keywords). In columns 2 and 4, the independent variable is the number of union locals per 10'000 inhabitants in a county in 1940 (Panel A) or the number of investigated union locals per 10'000 inhabitants in 1950 (Panel B). In columns 3 and 6, the variable measuring the presence of (investigated) union locals is interacted with the share of newspaper pages containing keywords related to labor racketeering. The regression sample in Panel A includes counties with at least one NLRB certification election in 1963 for six unions whose locals' lists are available in 1940 (UAW, UE, ACWA, ILWU, IWA, and ITU). The sample in Panel B includes all counties with at least one NLRB certification election in 1963. NLRB certification elections data are from Schaller (2023a).

The third outcome is the turnout in presidential elections, a measure of the political mobilization capacity of unions. Where unions were initially able to mobilize a bigger part of the voters, the reputation shock had bigger consequences on turnout in elections. Looking at Figure 10a, a higher number of union locals per 10 thousand inhabitants in 1940 predicts a decrease in turnout in presidential elections from 1964 onward. Unions were, in fact, extremely active in promoting registration and turnout campaigns. When using the number of investigated locals per 10'000 inhabitants as a source of variation, Figure 10b shows even bigger but noisier effects from 1964 onward. To sum up, the investigation of the McClellan Committee and its reputational consequences caused a decrease in the mobilization capacity of unions.
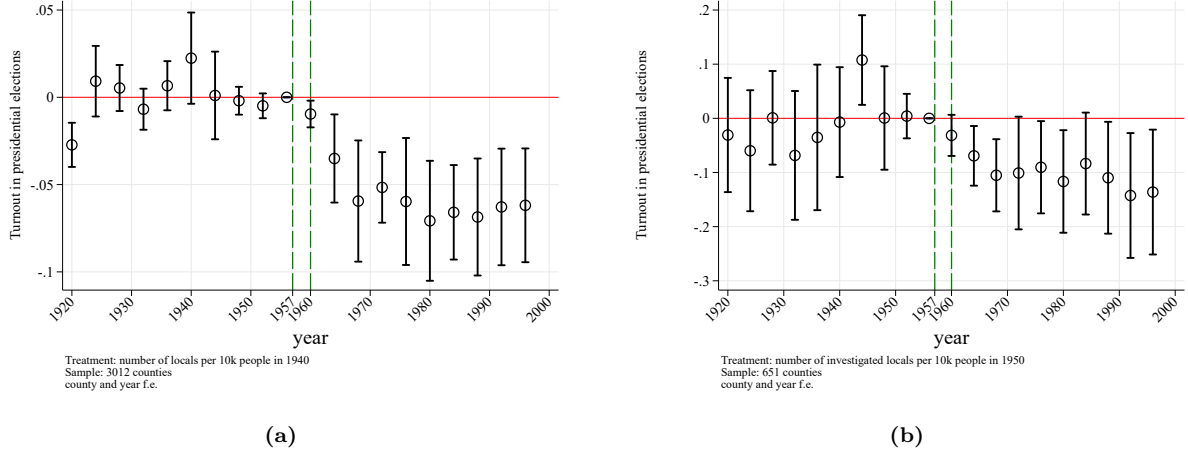
Figure 10: Impact of the McClellan Committee on voters' turnout in presidential elections. The outcome variable is the share of registered voters who vote in a county in a presidential election. In Panel (a), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panel (b), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Regressions include county and year fixed effects, and the reference year is 1956. Standard errors clustered at the county level. Black bars represent 95% confidence intervals.

Interestingly, when focusing only on the variation coming from the presence of union locals in 1940, the results are virtually identical when excluding counties where at least one union local was investigated (Figure 11): both for newspaper coverage and for turnout in presidential elections. This suggests that the negative reputation shock hit all unions and not only investigated chapters.

As a next step, it is important to understand whether the McClellan Committee had an impact on the reputation of unions among policymakers, whether this had an impact on their support for union-supported policies, and whether Democratic and Republican politicians reacted differently. Figure 12 reports the results of the difference-in-differences using as an outcome the number of congressional speeches mentioning labor racketeering and union corruption for long-serving representative i in year t. Figures 12a and 12b present results for Democratic representatives, and Figures 12c and 12d for Republican representatives. In Figures 12a and 12c the treatment is the number of union locals per 10'000 inhabitants in 1940, and in Figures 12b and 12d the treatment is the number of investigated union locals per 10'000 inhabitants in 1950. In 1958, Democratic representatives were marginally less likely to mention keywords connected to labor racketeering and corruption during their congressional speeches when elected in electoral districts with higher union presence in 1940 (Figure 12a) or more investigated locals (Figure 12b). On the contrary, in 1958, Republican representatives were substantially
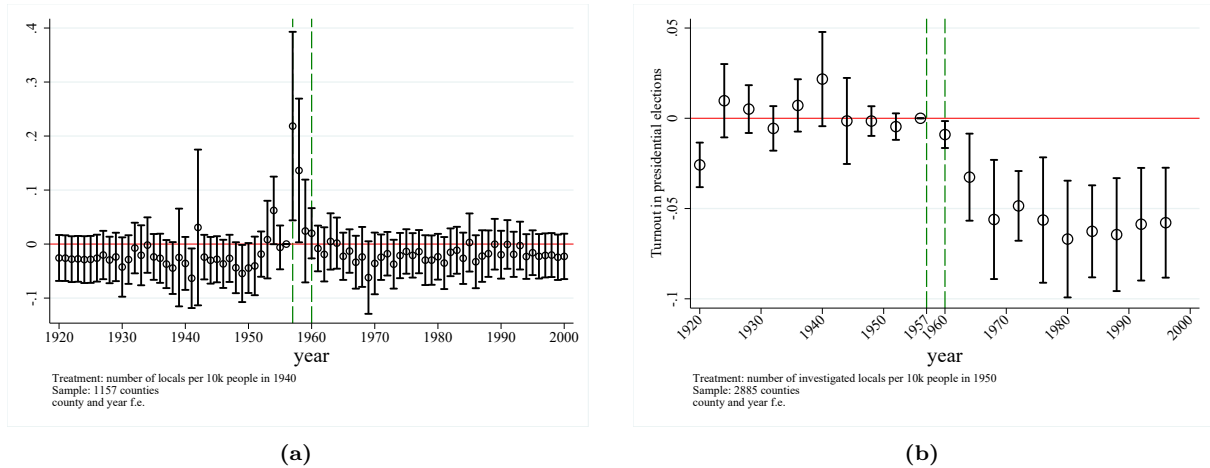
(a)	**(b)**

Figure 11: Impact of the McClellan Committee on newspapers' coverage of labor racketeering and union corruption and on voters' turnout in presidential elections, when excluding counties with at least one investigated union local. In Panel (a), the outcome variable is the share of newspaper pages containing keywords related to labor racketeering from newspaperarchive.com (relative to the total number of newspaper pages mentioning labor unions, see footnotes 12 and 13 for the list of keywords). In Panel (b), the outcome variable is the share of registered voters who vote in a county in a presidential election. The treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. Population data from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Counties with at least one investigated union local (U.S. Senate, 1960) are excluded from the sample. Regressions include county and year fixed effects. Standard errors clustered at the county level. Black bars represent 95% confidence intervals.

more likely to mention keywords connected to labor racketeering and corruption during their congressional speeches when elected in electoral districts with more investigated locals (Figure 12d) and slightly more likely to mention labor racketeering, even if not significantly so, when elected in districts with higher union presence in 1940 (Figure 12c). To sum up, Republican representatives, in their speeches, seem to react more strongly than Democratic representatives to the McClellan Committee's revelation when more union locals were investigated in their electoral district, probably riding the wave of anti-union sentiment, perceiving unions as weaker or becoming themselves more anti-union because of these revelations.

Finally, I consider the effects of the McClellan Committee on policymakers' voting behavior in roll-call in the House of Representatives (from Clubb et al., 2006 and Charles and Stephens Jr, 2013). Figure 13 shows the results considering five roll-call votes on minimum-wage increases between 1949 and 1966 in the House of Representatives for congresspersons who were always serving in these five years. Among all union-related and union-supported laws, I select roll calls regarding minimum-wage extensions because, since multiple minimum-wage extensions are passed in this period, I can construct a time series of similar and comparable votes. Moreover, minimum-wage extensions were and are an important policy strongly supported by unions in the US (see Figure A.1b). The higher the number of union locals per 10'000 inhabitants in
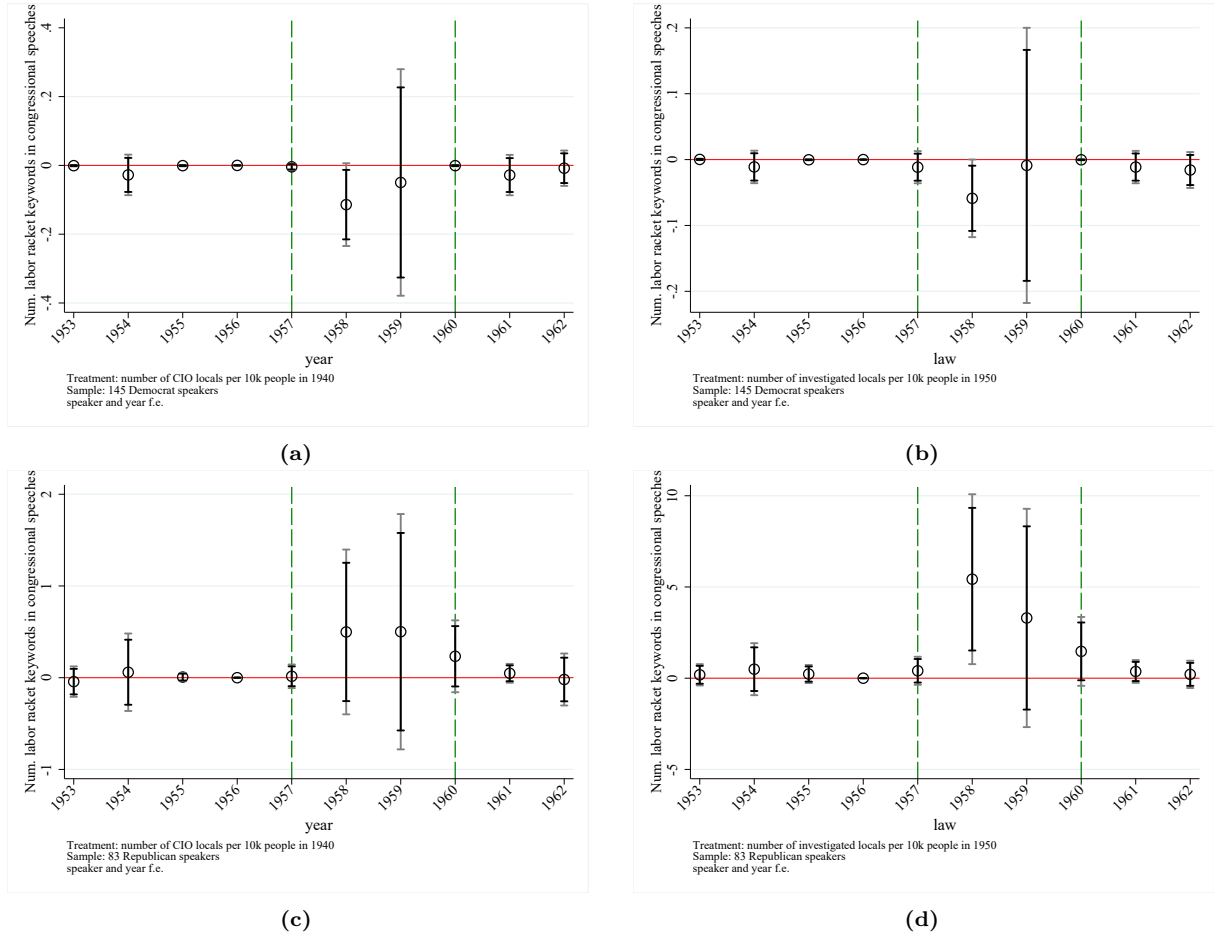
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Figure 12: Impact of the McClellan Committee on speeches of long-serving representatives of the US Congress. The outcome variable is the number of congressional speeches by long-serving representatives including keywords connected to labor racketeering and union corruption. Texts of congressional speeches are from Gentzkow et al. (2019). In Panels (a) and (b), the sample includes only Democratic long-serving congresspersons; in Panels (c) and (d), only Republican long-serving congresspersons. In Panels (a) and (c), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panels (b) and (d), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Regressions include representative and year fixed effects, and the reference year is 1956. Standard errors clustered at the individual representative level. Gray bars represent 95% confidence intervals; black bars represent 90% confidence intervals.

1940 or the higher the number of investigated locals per 10'000 inhabitants in 1950, the less likely a congressperson is to support a minimum-wage extension in 1961 but also more likely to support it in 1966. These results are mainly driven by Democratic Representatives, constituting the majority of long-serving congresspersons between 1949 and 1966. One possible explanation of the bounce-back in support of the minimum-wage extension in 1966 may be the perceived necessity of congresspersons to balance the decreasing bargaining power of workers due to the decline in unions, whose consequences may have taken some years to materialize. Future research will investigate the economic consequences of the McClellan Committee on wages and income inequality through its effects on unionization.
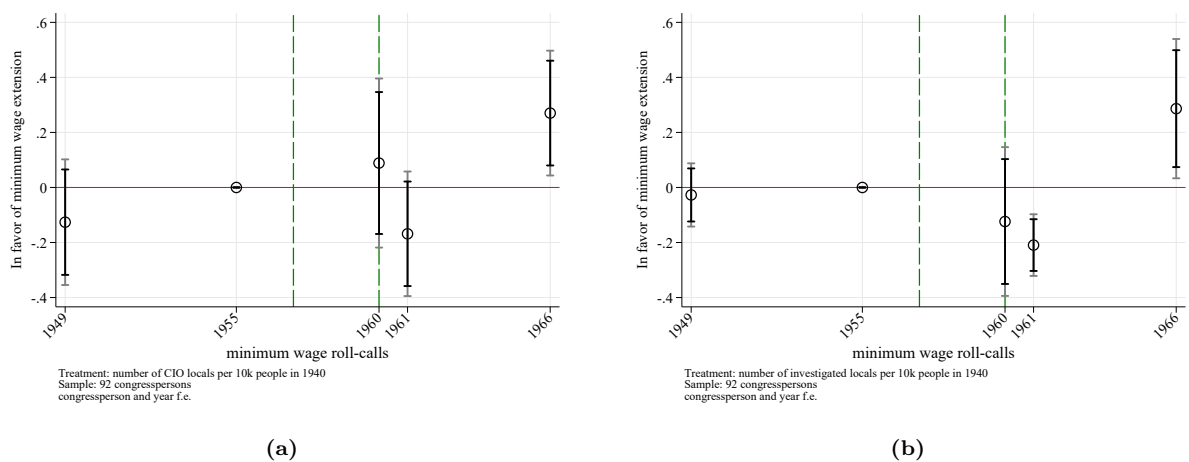

(a)   (b)

Figure 13: Impact of the McClellan Committee on the voting of long-serving representatives of the US Congress for minimum wage extensions. The outcome variable is a dummy equal to 1 if the representative votes in favor of a minimum wage extension. Roll-call data are from (ICPSR, 2010). In Panel (a), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panel (b), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Regressions include representative and year fixed effects, and the reference year is 1955. Standard errors clustered at the individual representative level. Gray bars represent 95% confidence intervals; black bars represent 90% confidence intervals.

In summary, the McClellan Committee's revelations caused higher news coverage of the Committee's hearings in counties with high pre-committee unionization, where the negative reputation shock of the investigation plausibly had a higher bite. Differently, the news coverage of the investigation is lower in counties with more investigated union locals. Further evidence suggests that, after the committee, in counties with higher pre-committee unionization and counties with more investigated unions, the decline in unionization was also stronger. These counties also experienced a persistent decline in turnout in presidential elections following the investigations. Results are practically identical when excluding counties where at least one

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union local was investigated,[19] suggesting that the negative reputation shock hit all unions and not only investigated chapters. Moreover, Republican long-serving congresspersons elected in districts with a higher prevalence of investigated union locals per capita mention labor racketeering more frequently in their speeches in 1958. Finally, long-serving congresspersons elected in districts with a higher union presence or with more investigated union locals decreased their support for a minimum-wage rise in 1961 but increased it in 1966 (possibly because of the economic consequences of weakened unions).

7 Robustness

This section discusses the robustness of the results regarding news coverage on labor racketeering and the mobilization ability of unions (turnout in presidential elections).

First, Figure A.2 shows the robustness of the results using the share of newspaper pages covering labor racketeering as an outcome to the inclusion of control variables interacted with year fixed-effects: the share of employed workers (Subfigures A.2a and A.2b), the share of the labor force in manufacturing (Subfigures A.2c and A.2d), and the share of black population (Subfigures A.2e and A.2f). Results are similar to the main specification: we can observe an increase in news coverage of labor racketeering in counties with higher union presence before the McClellan committee (Subfigures A.2a, A.2c, and A.2e) and a decrease in news coverage in counties with more investigated union locals (Subfigures A.2b, A.2d, and A.2f).

Second, Figure A.3 verifies the robustness of the news coverage results when using the absolute number of articles discussing labor racketeering and union corruption (not the share). Regressions in Subfigures A.3a and A.3b include only year and county fixed effects, while the subsequent subfigures control for trends in employment share (A.3c and A.3d), manufacturing share (A.3e and A.3f), and share of black population (A.3g and A.3h). A higher number of union locals per 10'000 inhabitants in 1940 is associated with a statistically significant increase in newspaper pages covering labor racketeering in 1957, 1958, and 1959, even when including the previously-mentioned control variables interacted with year f.e. A higher number of investigated union locals per 10'000 inhabitants predicts a decrease in the number of newspaper pages in 1957 when controlling for trends in manufacturing or share of black population, while the coefficients are smaller and not significant (but still negative) when controlling only for county and year

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[19]When using union local presence as a treatment variable.

fixed effects or when additionally controlling for trends in employment share.

Last, Figure A.4 investigates the robustness of the results regarding turnout in presidential elections (a measure of the mobilization ability of unions) to the inclusion of control variables interacted with year fixed-effects: employment share (A.4a and A.4b), manufacturing share (A.4c and A.4d), and share of black population (A.4e and A.4f). The results are very similar to the main specification. Overall, these results are consistent with those found when using the main specification.

8   Conclusion

Recent economic literature has pointed out the importance of unions to counteract inequality (Farber et al., 2021) and how corruption may disrupt citizens' trust in fundamental political and economic institutions (Ferraz and Finan, 2008). However, as Jacobs (2006) writes: "While there has been much academic writing about the decline of the American labor movement since approximately 1960, I don't know any scholarly article or book that even suggests that the corrosive impact of labor racketeers on union organizing and administration might have undermined the labor movement's attractiveness and strength." Empirically testing this hypothesis for the first time, this paper investigates the credibility and political economy consequences of a massive reputation shock for labor unions in the United States: the revelations of the McClellan Committee regarding union corruption and labor racketeering. Results indicate that the committee increased newspaper coverage of labor racketeering and union corruption, (suggestively) decreased unionization, lowered unions' mobilization capacity in presidential elections, and, consequently, their ability to lobby for pro-labor policies (i.e. minimum-wage) among politicians in the short-run. Future research will explore more in-depth the reputational consequences of the hearings by using state-of-the-art text analysis and natural language processing methods, improve unionization measurement and hence extend the study to the McClellan Committee's economic effects on wages and income inequality through its negative impact on unionization.

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Appendix

A Appendix Figures

(a)
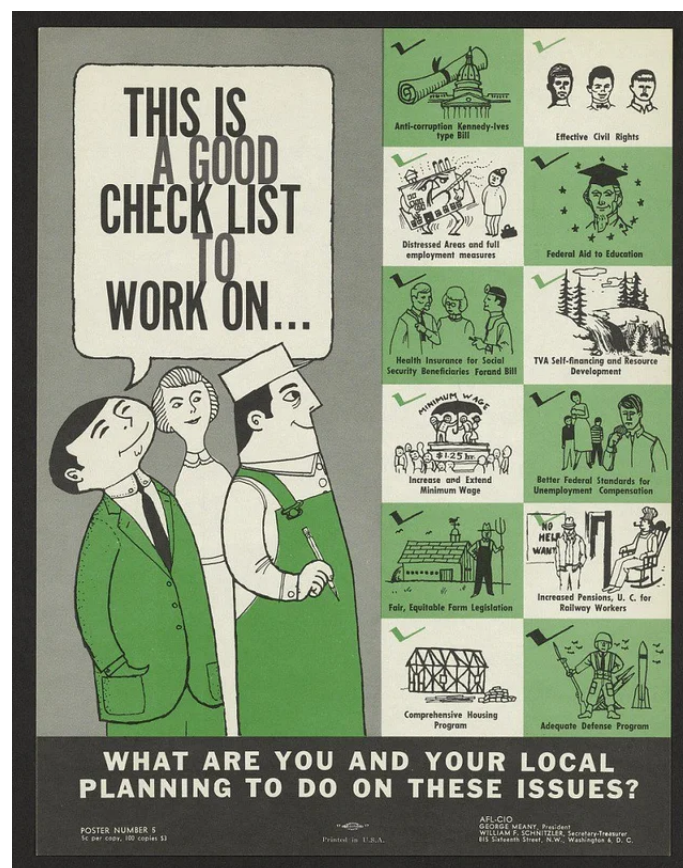
(b)

Figure A.1: Panel (a) shows a page from the newspaper of the AFL-CIO unions' federation, *AFL-CIO News*, from September 29, 1956. The title reports about a 34-State voter registration campaign by AFL-CIO leading to the 1956 presidential elections. Panel (b) is an AFL-CIO poster reporting policies supported by the union. Starting from the top-left: Anti-corruption Kennedy-Ives type Bill, Effective Civil Rights, Distressed Areas and full employment measures, Federal Aid to Education, Health Insurance for Social Security Beneficiaries, Increase and Extend Minimum Wage, Better Federal Standards for Unemployment Compensation, Fair Equitable Farm Legislation, Increased Pensions, Comprehensive Housing Program, Adequate Defense Program.
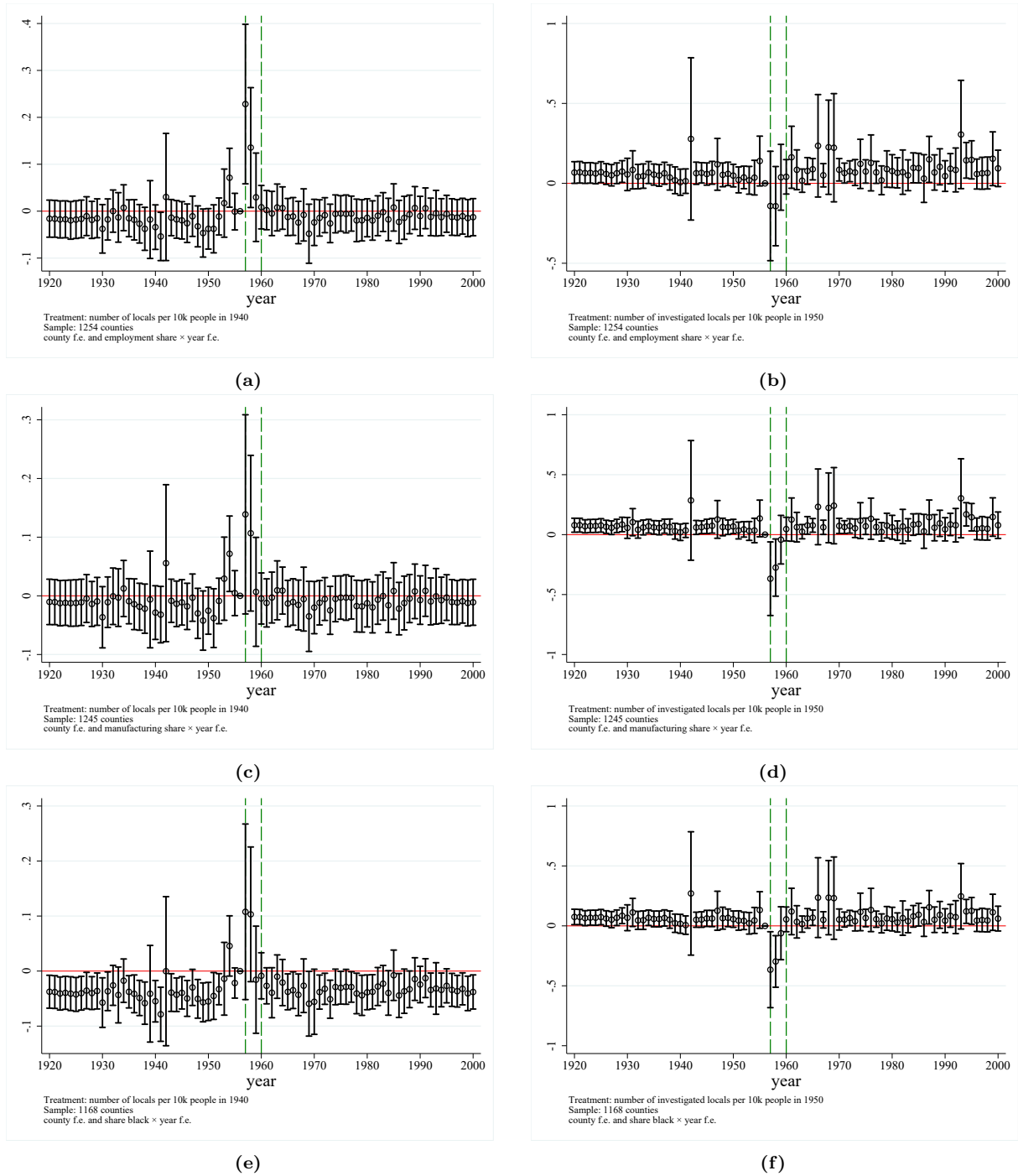
Figure A.2: Robustness of the impact of the McClellan Committee on newspapers' coverage of labor racketeering and union corruption. The outcome variable is the share of newspaper pages containing keywords related to labor racketeering from newspaperarchive.com (relative to the total number of newspaper pages mentioning labor unions, see footnotes 12 and 13 for the list of keywords). In Panels (a), (c), and (e), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panels (b), (d), and (f), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). All panels control for county fixed effects and trends in control variables (year fixed effects × control variable): employment share, Panels (a) and (b); manufacturing share Panels (c) and (d); share of black population Panels (e) and (f). Population data and control variables from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Standard errors clustered at the county level. Black bars represent 95% confidence intervals.
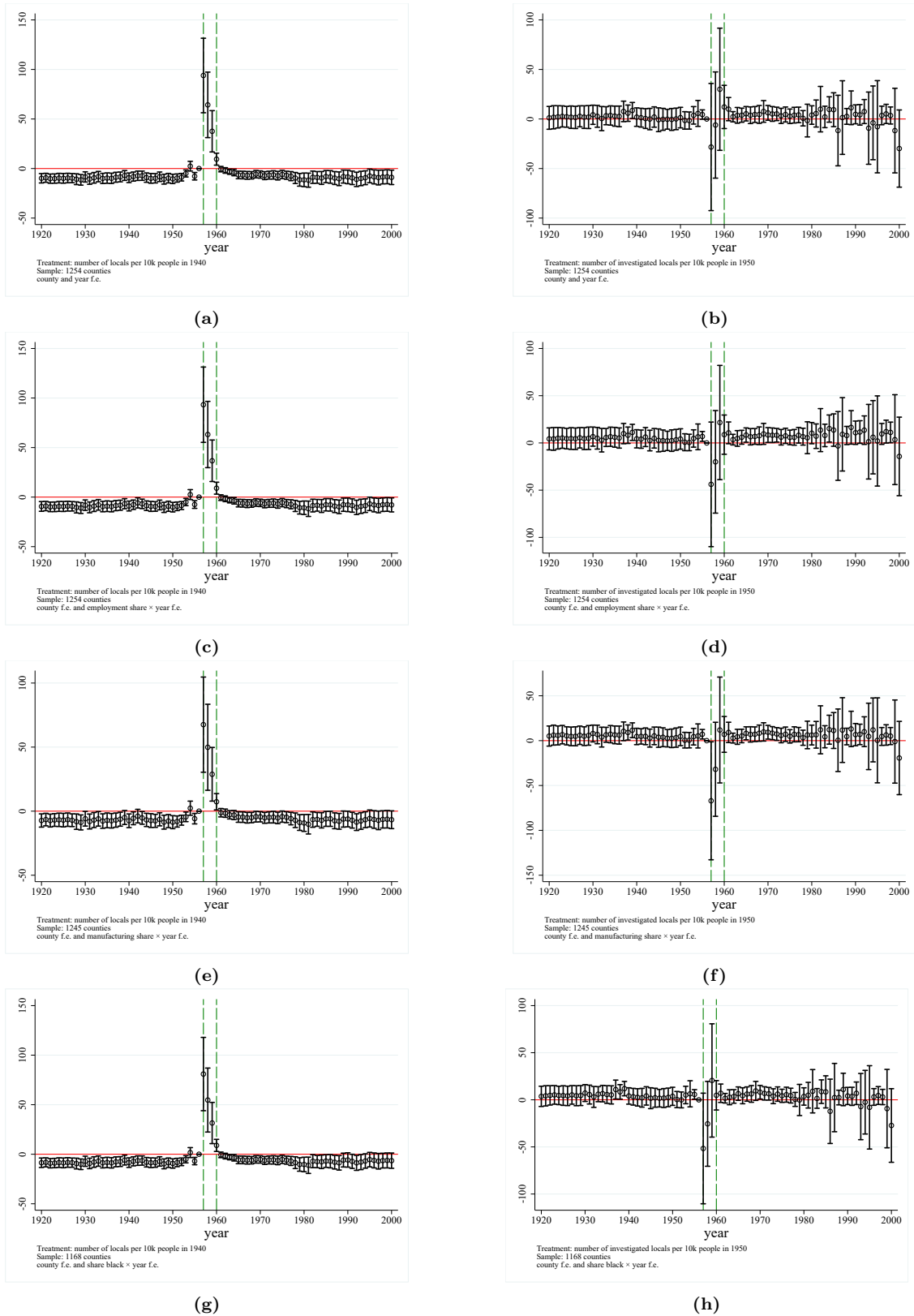
Figure A.3: Robustness of the impact of the McClellan Committee on newspapers' coverage of labor racketeering and union corruption. The outcome variable is the number of newspaper pages containing keywords related to labor racketeering from newspaperarchive.com (see footnote 12 for the list of keywords). In Panels (a), (c), (e), and (g), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panels (b), (d), (f), and (h), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Panels (a) and (b) control for county and year fixed effects. All subsequent panels control for county fixed effects and trends in control variables (year fixed effects × control variable): employment share, Panels (c) and (d); manufacturing share Panels (e) and (f); share of black population Panels (g) and (h). Population data and control variables from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Standard errors clustered at the county level. Black bars represent 95% confidence intervals.

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	Number of union certification elections		
	(1)	(2)	(3)
Panel A (treatment: pre-McClellan union strength)			
Share union news on racketeering	-0.227		0.142
	[0.143]		[0.118]
Num. locals / 10k pop. 1940		0.257***	2.080***
		[0.092]	[0.748]
Share union news on racketeering ×			-4.221**
Num. locals / 10k pop. 1940			[1.645]
Mean Y	0.33	0.13	0.33
Counties (N)	613	3098	613
Panel B (treatment: presence of investigated locals)			
Share union news on racketeering	-4.219***		-2.024
	[1.622]		[1.302]
Investigated locals / 10k pop. 1950		31.473*	105.218***
		[18.939]	[36.708]
Share union news on racketeering ×			-167.018
Investigated locals / 10k pop. 1950			[110.163]
Mean Y	5.43	2.01	5.43
Counties (N)	613	3101	613

Table A.1: Impact of the McClellan Committee on the number of NLRB certification elections. The outcome variable is the number of NLRB union certification elections in county i in 1963. In column 1, the independent variables are the share of newspaper pages containing keywords related to labor racketeering (relative to the total number of newspaper pages mentioning labor unions, see footnotes 12 and 13 for the list of keywords). In column 2, the independent variable is the number of union locals per 10'000 inhabitants in a county in 1940 (Panel A) and the number of investigated union locals per 10'000 inhabitants in 1950 (Panel B). In column 3, the variable measuring the presence of (investigated) union locals is interacted with the share of newspaper pages containing keywords related to labor racketeering. The regression sample in Panel A includes counties with at least one NLRB certification election in 1963 for six unions whose locals' lists are available in 1940 (UAW, UE, ACWA, ILWU, IWA, and ITU). The sample in Panel B includes all counties with at least one NLRB certification election in 1963. NLRB certification elections data are from Schaller (2023a).
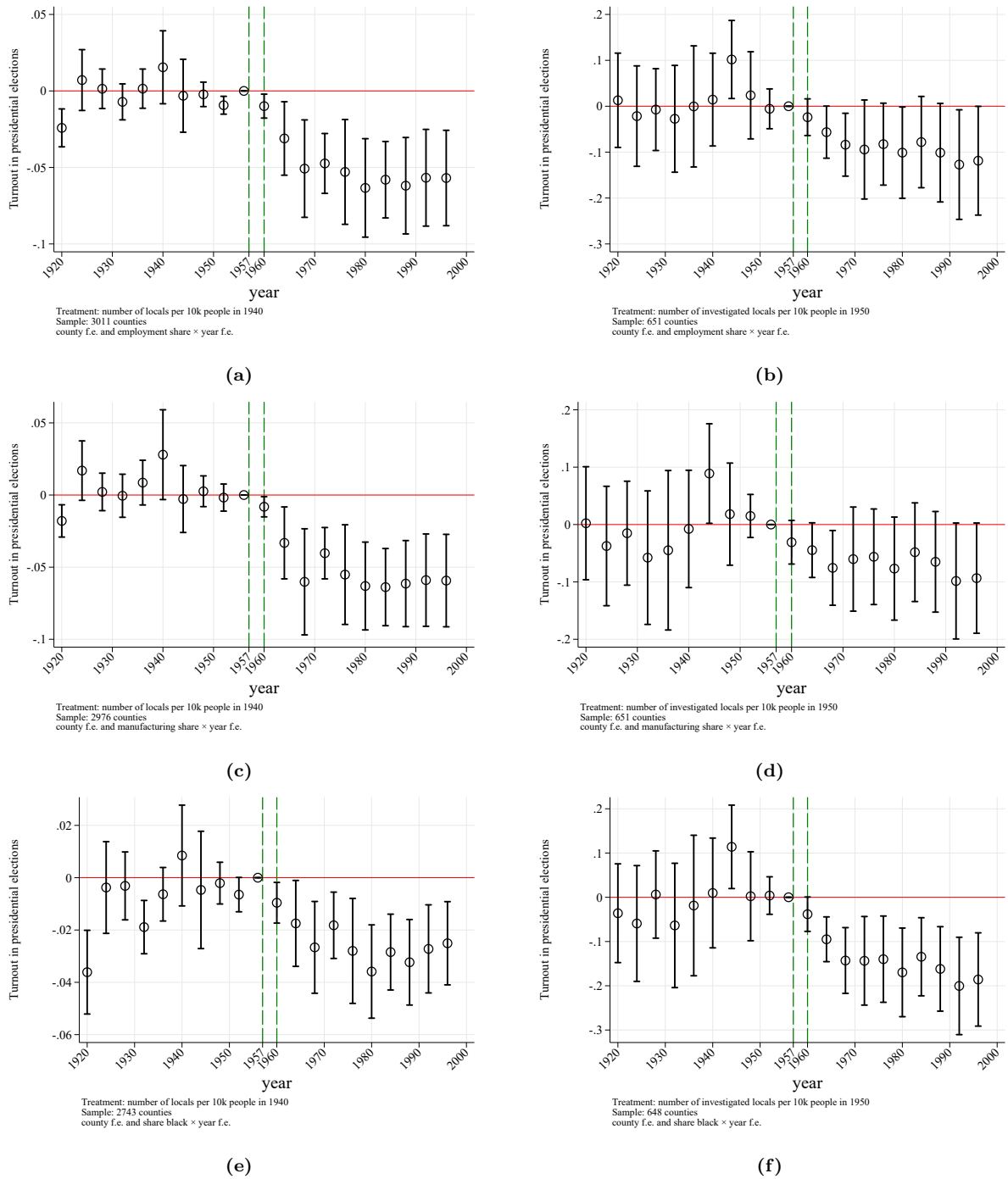
Figure A.4: Impact of the McClellan Committee on voters' turnout in presidential elections. The outcome variable is the share of registered voters who vote in a county in a presidential election. In Panels (a), (c), and (e), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, and ITU. Data on union locals for each city are from the *Mapping American Social Movements Project*. In Panels (b), (d), and (f), the treatment variable is the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). All panels control for county fixed effects and trends in control variables (year fixed effects × control variable): employment share, Panels (a) and (b); manufacturing share, Panels (c) and (d); share of black population, Panels (e) and (f). Population data and control variables from 1940 and 1950 are from the County and City Databook (United States Bureau of the Census, 2012). Standard errors clustered at the county level. Black bars represent 95% confidence intervals.