The Imperfect Union: Labor Racketeering, Corruption Exposure, and Its Consequences

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Abstract

Can the exposure of corruption have unintended negative consequences? I tackle this question in the context of labor unions in the U.S., where the U.S. Senate McClellan Committee (1957-1960) publicly exposed corruption in labor unions. I examine the unintended consequences of the Committee's 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. Using a difference-in-differences identification strategy and novel data, I find that counties with higher pre-committee unionization experienced an increase in the news coverage of Committee hearings with more negative sentiment towards unions. Moreover, both counties with higher pre-committee unionization and those with more investigated unions saw a persistent decline in presidential election turnout after the investigation. Evidence suggests that the decline in unionization was also stronger in these counties. These results are virtually identical when excluding counties where at least one union local was investigated, indicating that the negative shock hit all unions and not only investigated chapters.

Keywords: labor unions, corruption, turnout

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

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1 Introduction

A large economic literature has established that eliminating corruption improves institutions' efficiency and fairness (Olken and Pande, 2012; Shleifer and Vishny, 1993; Weaver, 2021) and better institutions foster economic development and growth (Acemoglu et al., 2005). But can the public exposure of corruption have unintended consequences? Indeed, it may permanently impair the ability of targeted institutions to fulfill their function by disrupting their reputation or by forcing them to comply with costly administrative procedures diverting resources from their core function. Previous literature has mostly focused on the political consequences of corruption scandals involving politicians and political parties, finding a decrease in political participation and 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; Feigenbaum et al., 2018; Kerrissey and Schofer, 2013; Rosenfeld, 2010), by mobilizing not only workers inside firms but also voters in elections. As with any other institution, unions may be subject to cases of corruption that, when exposed, may disrupt their mobilization capacity.

I focus on labor unions in the United States: unionization in the U.S. 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 U.S. 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 U.S. 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 corruption scandal as a reason for this decline.

I study an extensive and highly publicized investigation regarding corruption in U.S. unions conducted by the McClellan Committee, a U.S. Senate Investigative Committee that held public hearings between 1957 and 1960. I examine whether the Committee constituted a substantial shock that contributed to the sharp decline in unionization we observe starting at the end of the 1950s (Figure 1), 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 membership fees and pension and welfare funds but also of extorting and accepting bribes from employers in alliance with organized crime figures (Jacobs, 2006; Kennedy,

1960). Congressman and labor leader David Dubinsky defined labor racketeering "the cancer that almost destroyed the American labor movement" (Jacobs, 2006). Indeed, even if the investigation improved unions' transparency and plausibly curbed malpractices, the reputation consequences of union corruption and its unveiling were substantial. The investigation was highly publicized: the hearings were broadcast on television (Bernstein, 1997), and newspaper coverage was also extensive.[1] Opinion polls reveal that, as a consequence, between January and September 1957, the approval rate of labor unions fell by 10 p.p. from 75% to 65% (Gallup, 2022). American studies and law scholars argue that the Committee ingrained in the minds of many citizens and workers the idea that union strength was inherently linked to union corruption, portraying unions as flawed institutions exercising illegitimate power (Witwer, 2003; Goldsmith, 2019). Goldsmith (2019) ventures to claim that among the many reasons why union membership fell from its high point in the mid-1950s, the most fundamental was the identification of the entire labor movement with corruption, violence, and bossism. Not only American scholars but also the Committee itself became soon aware of the consequences of the investigation. 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). The Committee's hearings also brought directly to the passage of the 1959 Labor Management Reporting and Disclosure Act (Landrum-Griffin Act) that mandated secret union elections and annual financial reports from unions to the Department of Labor and prohibited convicted felons from holding union office. These provisions, aiming at increasing unions' transparency and integrity, plausibly also imposed additional organizational and administrative costs, especially on small union locals[2]. This paper aims to empirically investigate the consequences of the McClellan Committee, using the investigation as the first big national-level revelation of unions' corruption.

I leverage quasi-exogenous variation in the exposure to the McClellan Committee using a difference-in-differences (DiD) approach. I compare outcomes before and after the Committee's investigation period (pre-post variation), and I exploit different sources of cross-sectional variation to identify where was the shock stronger and where its consequences may have been more severe. Results in this paper rely on two sources of cross-sectional variation: the strength of unions' presence before the McClellan Committee and the presence of investigated union locals. First, the shock should have had more significant consequences in counties where unions were initially stronger, able to mobilize many

[1] 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).

[2] In North America, a union local (often shortened to local) is a local branch or chapter of a national or international labor union.

voters and influence public policy. Second, the shock to unions' influence during the McClellan Committee may have been stronger in counties where investigated union locals were present: unions' reputation may have been impacted differently in these counties, and corrupted union locals should have been hit more harshly by the Landrum-Griffin Act of 1959, imposing stricter financial reporting.

To study the consequences of the McClellan Committee, I built a novel dataset at the county and electoral district level by collecting and assembling data from several sources, ranging from newspaper data to unionization and political mobilization measures. I digitized and geolocalized the list of the investigated union locals (U.S. Senate, 1957–1960). I collected data from *newspaperarchive.com* to measure newspaper coverage of labor racketeering and union corruption and the sentiment towards unions in newspaper articles as a proxy for unions' reputation. As a further measure of unions' reputation and support among policy-makers, I use the text of congressional speeches (Gentzkow et al., 2019) and measure their sentiment towards unions. Unionization data currently used include locations of union locals in 1940 collected by the *Mapping American Social Movements Project* (2023)[3], union membership from the American National Election Studies (ANES) survey, and NLRB union certification elections for 1963 (Schaller, 2023b). In the U.S., elections are needed in each establishment to determine if a majority of workers want to be represented by a particular union, and the National Labor Relations Board (NLRB) supervises these certification elections. Importantly, to the best of my knowledge, I am the first to geolocalize the results of the NLRB union certification elections at the city and county level, while previous literature studying unions in the U.S. used this data only at an industry-state level or with no spatial variation. 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. Additionally, to understand whether unions' ability to influence policies was affected by the investigation, I use roll-call data from the U.S. Congress (ICPSR, 2010) regarding minimum wage extensions, policies strongly supported by U.S. unions.

My empirical analysis, using two sources of variation, explores the consequences of the McClellan Committee on unions' public stance and political mobilization capacity. First, in a difference-in-differences identification, I exploit 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[4]. As a first step, I show 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. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts

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

[4]Data are available for 7 national unions: UAW, UE, ACWA, ILWU, ILGWU, ITU, and IWA.

a 3.4 p.p. increase (+104%) in the share of newspaper pages covering union corruption in 1957 and a 1.9 p.p. increase (+60%) in 1958.[5] As a second step, I present evidence suggesting that unions were hit by a negative reputation shock. Newspapers located in counties with higher union presence before the investigation associated negative words with labor unions more frequently in 1957 and 1959. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 1.2 p.p. increase in the share of newspaper pages with negative sentiment toward unions in 1957 and a 1.5 p.p. increase in 1959. In addition, Representatives elected in districts with higher union presence before the Committee are more likely to associate negative words with unions in their speeches. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 is associated with a 32 p.p. increase in the share of speeches with negative sentiment toward unions in 1957. While I cannot claim that the consequences of the McClellan Committee were solely due to the reputation shock it caused, this evidence supports the historical accounts underlining the importance of this mechanism. As a third step, I study the consequences of the Committee on unions' membership and mobilization capacity within firms. I present suggestive evidence from a small number of counties indicating 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, especially where news coverage of the hearings had been stronger. Finally, I show that the McClellan Committee impacted negatively the political mobilization capacity of labor unions. A higher number of union locals per 10 thousand inhabitants in 1940 predicts a persistent decrease in turnout in presidential elections from 1964 onward. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 1 p.p. decrease in turnout in presidential elections in 1964 and between 1.5 and 1.9 p.p. in the following years. To sum up, counties with a high pre-committee union presence had higher news coverage of the Committee's hearings and experienced a (suggestive) decrease in unionization and a persistent decline in turnout in presidential elections following the McClellan Committee. The McClellan Committee impacted the public discourse regarding labor unions and hindered their mobilization capacity. These results are virtually identical when excluding counties where at least one union local was investigated, suggesting that the consequences of the investigation hit all unions and not only investigated chapters.

Second, using the presence of investigated locals as a source of cross-sectional variation, I find very similar patterns in unionization, turnout decline, and sentiment towards unions among policymakers, and consistent but weaker results on unions' probability of winning

[5] Out of the total number of newspaper pages mentioning labor unions.

NLRB certification elections. A 1 s.d. increase in the number of investigated union locals per 10 thousand inhabitants in 1950 predicts a 97 p.p. increase in the share of speeches with negative sentiment toward unions in 1957 and a decrease in turnout in presidential elections between 0.4 and 0.8 p.p. from 1964 onward. Interestingly, however, news coverage of union corruption is significantly lower in counties with more investigated locals. A 1 s.d. increase in the number of investigated union local per 10 thousand inhabitants in 1950 predicts a 1.7 p.p. decrease (-54%) in the share of newspaper pages covering union corruption in 1957 and a 1.5 p.p. decrease (-46%) in 1958. Consequently, the sentiment towards labor unions in newspapers was not more negative in the same years. This may suggest that newspapers had incentives to under-report corruption cases where they happened, possibly to prevent payback from powerful corrupted individuals or unions. Overall, unions' mobilization capacity was negatively impacted in areas with a stronger presence of investigated union locals, even if news coverage of the hearings was relatively lower in these areas.

Additional results suggest that congresspersons also reacted to the investigations in their voting behavior in Congress. In particular, I use roll-call data regarding minimum wage extensions, a policy strongly supported by U.S. unions. I show that congresspersons elected in electoral districts with a higher union presence in 1940 decreased their support for a minimum wage increase in 1961 but increased it in 1966. However, congresspersons elected in districts with more investigated union locals increased their support for minimum wage extensions in 1960 and 1966, even if, in 1957, they had expressed more negative sentiment towards unions in their speeches. The results regarding unions' ability to influence minimum-wage extension are hence less conclusive.

This paper mainly contributes to three strands of literature. First, I contribute to the research on the consequences of unveiling corruption. My paper is the first to empirically examine the consequences of a corruption scandal in the context of labor unions: institutions that play a crucial role both in the economy and as political actors influencing elections and policymaking.[6]. The literature on the consequences of corruption revelations and loss of institutions' reputation has mostly focused on the political consequences of corruption scandals involving politicians and political parties. Exposing corrupt politicians frequently affects their electoral performance, decreasing the probability of being re-elected, especially where news outlets are present to divulge the information (Ferraz and Finan, 2008; Guriev et al., 2021), but empirical results are sometimes mixed, and punishment of corruption by voters may be absent (De Vries and Solaz, 2017; Cobb and Taylor, 2015). In addition, exposing corruption may have unintended consequences. Corruption scandals have been found to also have a long-lasting negative effect on levels of

[6]Regarding unions' reputation and citizens' attitudes towards unions more in general: Naidu and Reich (2018); Hertel-Fernandez et al. (2021)

trust in politicians (Solé-Ollé and Sorribas-Navarro, 2018; Ares and Hernández, 2017) and on institutional[7] trust (Aassve et al., 2018), decrease voter turnout, support for the challenger party, and partisan attachments (Chong et al., 2015), and increase the vote share for the anti-establishment populist opposition (Guriev et al., 2021). Similarly, 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 U.S. 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.

Second, my contribution to the literature on the political and economic role of unions and their decline is to focus on a shock to unions and unionization that was never empirically studied before. I study the negative shock caused by the investigations of the McClellan Committee, a U.S. Senate Investigative Committee that held public hearings between 1957 and 1960, exposing corruption in U.S. unions. Importantly, this event, associated with a massive aggregate 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 U.S. unions. Previous economic literature has also investigated the causes of unions' decline in the second half of the 20$^{\text{th}}$ Century. U.S. right-to-work laws and structural change are two of the most investigated causes. In the U.S., the structural change from union to nonunion sectors seems to dominate changes in the union's new organization rates as a factor explaining the decline in private sector union density (Farber and Western, 2002) and approximately 40% of the decrease in union certification elections is in response to sectoral shifts (Schaller, 2023a). While sectoral changes in economic activity seem to explain a good part of the decline in unionization in the U.S., this estimate suggests that this is far from being the only cause. Substantial research in economics and political science has studied the role of unions in the labor market and in the political arena. Regarding the labor market, important empirical contributions studied the effect of unions on income inequality and wage structure. Unions raise wages more for workers with lower levels of observed skills (Card, 1996), de-unionization was an important factor in explaining the rise in wage inequality from 1979 to 1988 (DiNardo et al., 1996), and unionization caused a significant share of the dramatic fall in inequality between the mid-1930s and late 1940s (Farber et al., 2021).[8] Regarding the political arena, a large literature has found that unions mobilize voters in elections and influence public policy (Feigenbaum et al., 2018; Fouirnaies, 2022). In the U.S., right-to-work laws hindering unions' powers not only had a massive negative effect on unionization but also

[7] i.e., Parliament, government, civil servants

[8] Recent literature has also focused on codetermination (worker representation in firms' governance and management) more broadly (Jäger et al., 2021; Jäger et al., 2022 for a review).

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, I will add a second piece of research to the only empirical study on union racketeering and mafia infiltration in U.S. 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. I will not focus on the repercussions of dismantling organized crime influence in particular industries. Instead, I will delve into the disruptive effects that exposing its connections with a minority of unions had on the American labor movement.

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

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

2.1 Labor unions in the U.S. (1900-1955)

The history of labor unions in the U.S. 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 U.S. 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 U.S. 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[9] 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[10] 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-Harley Act was enacted, overwriting the provisions of the 1935 NLRA and restricting 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[11] and the skyrocketing 10-year-long increase in unionization that the U.S. had experienced after the Wagner Act completely flattened (See Figure 1). However, the declining trend in U.S. unionization did not arise until the end of the 1950s and the beginning of the 1960s.

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

In the 1950s, the labor movement in the U.S. 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. U.S. 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 U.S. unions less politicized than in most other countries and hence potentially more prone to corruption since it may be more difficult to corrupt

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

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

[11] 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.

a union leader with strong political views. Second, unions in the U.S. 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 discussed by lawmakers as local matters connected to the thriving organized crime in a handful of big U.S. cities.[12] 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.

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 held public hearings between 1957 and 1960 and was led by Democratic Senator John McClellan from Arkansas, a conservative Democrat from a right-to-work state who saw the labor as "the greatest potential threat to our freedom" (Goldsmith, 2019). It was a bipartisan committee (members were half Democratic and half Republican Senators);[13] Robert F. Kennedy served as the chief counsel

[12] 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.

[13] The original members were John L. McCllellan (Dem, AR), John F. Kennedy (Dem, MA), Sam J. Ervin, Jr. (Dem, NC), Patrick V. McNamara (Dem, MI), Frank Church (Dem, ID), Irving Ives (Rep, NY), Karl E. Mundt (Rep, SD), Barry Goldwater (Rep, AZ), Joseph McCarthy (Rep, WI), Carl T. Curtis (Rep, NE). Joseph McCarthy died on May 2, 1957 and was substituted with Homer E. Capehart (Rep, IN). Patrick McNamara resigned from the committee on March 31, 1958 and Irving Ives retired in

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 history, and it called to testify 1,526 witnesses, over 270 days of testimony (Neff, 2015; Goldsmith, 2019), 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,[14] 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 became a television spectacle (Goldsmith, 2019) and 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, partially pushed by Robert Kennedy's steady stream of inflammatory press releases (Caro, 2012; Goldsmith, 2019). 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). In January 1957, citizens' approval of labor unions had hit its all-time-high 75%, but "by September, in a poll taken soon after Kennedy's widely watch four-day grilling of Hoffa, support for unions had dropped to 65%" (Goldsmith, 2019; Gallup, 2022). The

December 1958.

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

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, mandating secret union elections and annual financial reports from unions to the Department of Labor and prohibiting convicted felons from holding union office and plausibly imposed, especially on small union locals, additional organizational and administrative costs. Nonetheless, "the most crucial factor was the reaction of the public to the issue of labor corruption", and the Committee "set the climate of opinion in which public and congressional discussion of labor matters took place" (McAdams, 1964, page 273). As the labor historian Nelson Lichtenstein wrote, the Committee's hearings had "a devastating impact on the moral standing of the entire trade-union world" and "marked a true shift in the public perception of American trade unionism and of the collective-bargaining system" (Lichtenstein, 2002). This paper aims to empirically investigate the 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 U.S., 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.

3 Identifying variation

The hypothesis is that the McClellan Committee caused a news shock regarding unions' corruption, 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 shock to unions' influence: the strength of unions' presence before the McClellan Committee and the presence of investigated locals.

3.1 Strength of unions' presence before the investigation

First, the shock to unions' influence should have had more substantial consequences in counties where unions were initially stronger, able to mobilize many voters in elections, and influence policymaking. In contrast, such 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., unions' coverage in the news, 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.[15] 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. To support the parallel trends assumption, coefficients β_t for each year before 1957 should not be significantly different from zero.

I expect counties with higher unionization before the Committee (in 1940) to have higher media coverage of the Committee in newspapers and potentially a bigger increase in the negative coverage of labor unions during the investigation. 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 negative 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. Moreover, the Landrum–Griffin Act of 1959, mandating secret union elections and annual financial reports from unions to the Department of Labor, may have had bigger consequences in counties with a stronger union presence, hitting all union locals with additional administrative and organizational costs, especially small ones. If counties with higher unionization were, in fact, exposed to a stronger shock to unions' influence and a bigger news shock, we would expect unionization in those counties to fall more than in other counties after the Committee's revelations. Additionally, unions were extremely active with campaigns fostering voters' registration and turnout (see Figure A.1a).[16] and unions were able to mobilize more workers in elections in counties where unionization was higher. For this reason, after 1957, we should expect a decrease in turnout in presidential

[15] Section 4 and Subsection 4.1 describe the treatment variable and its variation in detail.

[16] 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.

elections in counties with higher pre-Committee unionization. Finally, if the investigations had a negative impact on unions' reputation among policymakers and on unions' electoral mobilization capacity, unions may have also lost their ability to influence politicians. Hence, congresspersons elected in electoral districts with higher unionization may also decrease their support for policies strongly advocated by labor unions.

3.2 Presence of investigated union locals

Second, the shock to unions' influence during the McClellan Committee may have been stronger in counties where investigated union locals were present: unions' reputation may have been impacted differently in these counties, and corrupted union locals should have been hit more harshly by the Landrum-Griffin Act of 1959. Equation 2 illustrates the difference-in-differences exploiting this second source of variation.

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

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.[17] 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. To support the parallel trends assumption, coefficients β_t for each year before 1957 should not be significantly different from zero.

Making predictions regarding the effects of the revelations of the McClellan Committee in counties with more investigated locals is less straightforward. First, 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, 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, and this could be the case for articles regarding the Committee's investigation. Relatedly, even without higher news coverage of the events 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, 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.[18] In addition, if corruption was

[17] Section 4 and Subsection 4.1 describe the treatment variable and its variation in detail.

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

common knowledge in counties where corrupt unions were located, we might expect no effect of the investigations on unions' reputation among citizens and policy-makers. For these reasons, we have two opposite possible predictions regarding change in news coverage and sentiment towards unions in these counties. Second, the Landrum–Griffin Act of 1959, mandating secret union elections and annual financial reports from unions to the Department of Labor and prohibiting convicted felons from holding union office, may have hit corrupted union locals more than honest ones. Similarly, effects on unionization, turnout, and union-supported policymaking should be present if unions' corruption was not common knowledge in these counties before the scandal (reputation channel) and/or if corrupted unions were more severely hit by the Landrum-Griffin Act.

3.3 Discussion: the reputation shock and the Landrum-Griffin Act

These two sources of cross-sectional variation (the variation in unions' presence before the McClellan Committee and the presence of investigated locals) plausibly identify the compound negative effect of the McClellan Committee on unions. This compound effect can be attributed to different factors that I will not be able to completely disentangle. However, the historical sources suggest two main factors: a negative reputation effect of the investigation on the U.S. public and the passage of the Landrum-Griffin Act of 1959 (or Labor Management Reporting and Disclosure Act of 1959), in turn, considered a consequence of the reputation shock caused by the investigation. When summarizing why this law had been passed McAdams (1964) writes: "the most crucial factor was the reaction of the public to the issue of labor corruption", and the Committee "set the climate of opinion in which public and congressional discussion of labor matters took place".[19] While the additional organizational costs due to the Landrum-Griffin Act are impossible to quantify, the negative reputation shock for unions caused by the investigations is concretely observed in aggregate terms and easier to proxy for with geographically disaggregated data. The Gallup poll reveals a stark drop in unions' approval rate but, unfortunately, does not report geographically disaggregated data. Hence, I implement sentiment analysis on the text of newspaper pages regarding labor unions and on the speeches of elected congresspersons[20] to gauge the differential drop in unions' approval in counties and electoral districts with stronger unions' presence before the McClellan Committee or stronger presence of investigated locals. Nonetheless, it will not be possible to attribute the consequences of the McClellan Committee on unions' mobilization ability solely to the reputation shock or to the Landrum-Griffin Act channel.

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[20] Description of these variables are in Section 4 and Appendix B discusses their construction in detail.

3.4 Monotonicity assumption: estimated effects as lower bounds

This paper studies the impact of the McClellan Committee (and the legislation that spurred from it) on labor unions. This was an aggregate shock that had, however, differential consequences across the US: I hypothesize that areas with stronger union presence before the investigation and with more prevalent corrupted union locals were hit more drastically by this aggregate shock. The estimated effects of this paper should hence be considered as a lower bound since all areas of the U.S. were at least partially *treated*. Moreover, an additional assumption is necessary to credibly identify a lower-bound effect: we need to assume a form of *monotonicity* of these consequences. For example, as a consequence of the McClellan Committee hearings, if areas with high union presence or more investigated locals experience a decline in unions' reputation or mobilization capacity, areas with lower union presence or less investigated union locals should not experience an improvement in unions' reputation or an increase in their mobilization capacity, because this would prevent from considering my estimated effects a lower bound. Note that all research papers that use similar identification strategies to study a shock that at least partially or potentially hit also the control group (i.e. a nationwide shock as in Autor et al., 2013, or a setting with potential information spillovers and beliefs update as in Wheaton, 2020) will have to make this assumption, whether discussed explicitly or not. In my context, the consequences of the McClellan Committee most likely hit, at least partially, all areas of the U.S. with a bundled treatment that, given historical sources, I mostly consider composed of two factors: the negative reputation shock to unions caused by the investigations and the Landrum-Griffin Act of 1959.[21] Since the Act was strongly opposed by labor unions, it is probably safe to assume that it did not have any sizeable positive effects on unions' organizing activity (but negative, if any). Evaluating this assumption regarding the effect of the Committee's hearings and the high publicity they had on unions' reputation is more complex. In areas where unions' reputation was already very low before the McClellan Committee, the investigation, by showing some effort to eradicate union corruption, might have actually improved unions' reputation and these areas might overlap with the ones with low union presence before the McClellan Committee (i.e. one of the identifying variations). However, descriptive evidence from the Gallup Poll does not support this hypothesis. First, in terms of aggregate trends, in January 1957, just before the Committee started its hearings, approval of labor unions had hit its all-time-high at 75% (Gallup, 2022) and dropped by 10 p.p. by the end of August: such a massive drop is likely to have affected the vast majority of U.S. citizens. Second, using the Gallup data in more detail, I can look at this drop across different groups of the population. Between April and August 1957, the approval rate fell for both: union

[21] See Section 2 and Subsection 3.3 for a detailed discussion.

members (from 89.5% to 87%) and non-members (from 68% to 57%), men (from 81% to 72%) and women (from 67% to 58%), white (from 74% to 65%) and non-white (from 73.5% to 67%), republicans (from 66% to 53%), democrats (from 78.4% to 73%) and independents (from 78.6% to 68%).[22] Overall, if we want to focus on differential updates in the approval of labor unions, groups of respondents with lower initial approval have a bigger negative update than groups with higher initial approval, and not vice versa.

4 Data

This section describes the data sources and the variables constructed to empirically investigate the consequences of the McClellan Committee. More information on the data and variable construction is available in Appendix B.

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 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 7 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).[23] The data contain information on the location and membership of union locals in seven 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), International Typographical Union (ITU), and International Ladies Garment Workers Union (ILGWU). These unions covered around 2.3 million workers, 14% of the unionized workforce in 1960. Unfortunately, to the best of my knowledge, more comprehensive and disaggregated data on unions and union members do not exist for the 1940s and 1950s. This paper is the first to use this data for empirical research. Figure 6 shows on a map of the U.S. the number of union locals for each of these seven union federations in each county in 1940. 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 unions, labor racketeering, and union corruption are collected from the website

[22] Own summary statistics from Gallup Organization (1957a,b)
[23] https://depts.washington.edu/moves/CIO_intro.shtml

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[24] related to labor racketeering divided by the total number of newspaper pages mentioning labor unions[25] published in a county × year. Figure 3 shows the aggregate time series of this variable, and Figure 8 visualizes its spatial variation aggregating years between 1957 and 1960.

Sentiment towards unions in newspapers (1954-1960). I collect the full OCRed text[26] of newspaper pages mentioning labor unions from the website *newspaperarchive.com*. I select pages mentioning labor unions using keywords (see footnote 25), and I run a sentiment analysis model to select the pages with negative sentiment. I measure the share of pages with negative sentiment towards unions published in year t in county i, relative to the number of pages mentioning labor unions. More details on the construction of this variable are in Appendix B. The word clouds in Figure 4 use the same texts selecting pages using keywords related to labor unions in 1956 and 1957.

Sentiment towards unions in Representatives' speeches (1953-1962). Using digitized congressional speeches from Gentzkow et al. (2019), I measure the share of speeches with negative sentiment towards unions given in year t by congresspersons elected in district i. I focus on the 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 select speeches mentioning labor unions (see footnote 25), and I run a sentiment analysis model to select the speeches with negative sentiment. The share is relative to the number of speeches mentioning labor unions. More details on the construction of this variable are in Appendix B.

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 (1963). I cleaned and geolocalized firm-level union certification elections data from Schaller (2023a,b)[27] and added union identifiers to the dataset for the earliest fully-digitized year (1963). To the best of my knowledge, this

[24] 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"

[25] keyword search for "labor movement", "labor organization", "labor organizations", "labor union", "labor unions", "organized labor", "trade union", "trade unions", "union local", "union locals"

[26] Text extracted from an image with optical character recognition software.

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

paper is the first to supplement this data with city and union identifiers, while earlier research only used industry × state variation.

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).

Congress roll-call data. I use roll-call data from the U.S. Congress (ICPSR, 2010) to measure the support for minimum wage laws in year t by representatives elected in congressional district 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 U.S. (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.

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

4.1 Descriptive statistics

Table A.1 reports descriptive statistics for the main variables I use in the empirical analysis.

Treatment variables. The number of union locals in 1940, for 7 union federations, and the same variable normalized by population in 1940, varies substantially, as it is also clear from Figures 5 and 6. In Figure 6, one can notice the strong agglomeration of the United Automobile Workers (UAW) in Detroit and the Amalgamated Clothing Workers of America (ACWA) in New York, which are also the counties with the highest number of union locals: 87 in New York county, as reported in Table A.1, and 77 in Wayne county. The average number of union locals per county is 0.584. When looking at the same variable normalized by population in Figure 5 one can see that unions' presence (even when looking at 7 federations) seems to cover most of U.S. territory in 1940, with an average of around 8 locals per million inhabitants and a maximum of 8 locals per 10'000 inhabitants. The number of investigated union locals also varies substantially, with a maximum of 156 investigated union locals in New York but only 132 counties with at least one investigated union local (visible also in Figure 7). Normalizing by population in 1950 (in 10'000s) with an average of around 1 investigated union local for around 1.7 million people and a maximum of 2 for 10'000 people.

Outcome variables: before and after. Table A.1 also reports summary statistics

for the main outcome variables before and during/after the McClellan Committee. As clearly suggested also by Figure 3, which reports the aggregate number and share of newspaper articles about labor racketeering in the U.S., when comparing the average across countries of these two variables before and during/after the McClellan Committee in Table A.1, we clearly see a stark increase. The share of newspaper pages regarding labor racketeering among all newspaper pages about unions and the absolute number increased from 1.4% and 1 before the committee to 5.7% and 7 during and after (averaging all years between 1957 and 2000). Figure 8 shows the geographical distribution of this share across the U.S. We also see an overall increase in the number of newspaper pages regarding labor unions (the denominator of the share discussed above), going from 59 to 93 per county $\times$ year. Similarly, the share of newspaper pages discussing labor unions with a negative sentiment exhibits a statistically significant 4.7 p.p. increase. The overall trend for the turnout in presidential and congressional elections is instead increasing, with an average of 54% and 45% before the investigation and 59% and 50% during/after. Table A.1 also reports the share of NLRB certification elections won by unions and the share of votes in favor of unions in elections held in 1963 for two groups of unions: the 7 unions for which I have data in 1940 and for all unions. Interestingly, the means of these two variables are not statistically different from each other when comparing these two groups of unions. The average and maximum number of union elections held in a county in 1963 is obviously different between these two groups: 0.1 elections on average when considering 7 unions and 2 when considering all unions; a maximum of 22 certification elections held by these 7 unions (in Wayne County) and a maximum of 294 certification elections held by all U.S. unions in 1963 (in Los Angeles County). One can also observe a small and not significant decrease in the share of congresspersons' speeches discussing labor unions with a negative sentiment. However, the support for minimum wage extensions among congresspersons during roll-call decreases by around 20 p.p. (from 81.5% to 61.6%).

Other controls and descriptives. Table A.1 also reports summary statistics for a number of control variables that I use in robustness checks or, in the case of population, as denominators for my treatment variables. Some variables have means lower (e.g. the share of non-white population, the share of urban population, and the share of workers in manufacturing) or higher (e.g. the share of workers in agriculture) than the aggregate numbers in 1950, computed for the whole U.S. since these means are averages of the shares computed at the county level.

5 Empirical results

This section presents the main results of the paper, 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.

5.1 News coverage

As a first step to understand the consequences of the McClellan Committee, I study the news coverage of the hearings, labor racketeering, and union corruption in historical newspapers. Given the aggregate reputation shock associated with the hearings of the McClellan Committee, especially in 1957 (Gallup, 2022; Gallup Organization, 1957a,b), we should expect that information about the investigations played an important role. The 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 information shock caused by the McClellan Committee: the higher the newspaper coverage of the Committee in a county, the more likely it is that more citizens in that county got to know about union corruption and labor racketeering as a consequence of the hearings.

The first source of variation is the strength of unions' presence before the investigation, measured as the number of union locals per 10 thousand inhabitants in 1940. In Figure 9a, the regression coefficients show that a higher number of union locals per 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. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 3.4 p.p. increase in the share of newspaper pages covering union corruption in 1957 and a 1.9 p.p. increase in 1958 relative to the number of newspaper pages mentioning labor unions. This translates to a 104% increase in 1957 and a 60% increase in 1958 relative to the mean share of newspaper pages covering union corruption. Being the population more involved in union activity in counties with stronger union presence before the investigation, newspapers located in these counties may have wanted to cater to their readership's interest and increase the coverage of the events relatively more than newspapers in counties with weaker union presence. This may, in turn, have increased the number of citizens in that county who got to know about union corruption and labor racketeering because of the hearings.

The second source of variation is the presence of investigated union locals, measured as the number of investigated union locals per 10 thousand inhabitants in 1950. Since local newspapers tend to cover more extensively news connected to the region or area where they are located and where most of their readers live, we might hypothesize that newspapers in counties with a stronger presence of investigated union locals may cover the Committee's investigation more than other counties. Surprisingly, however, news coverage

of union corruption decreases in counties with more investigated locals (Figure 9b). A 1 s.d. increase in the number of investigated union local per 10 thousand inhabitants in 1950 predicts a 1.7 p.p. decrease in the share of newspaper pages covering union corruption in 1957 and a 1.5 p.p. decrease in 1958. This translates to a 54% lower news coverage in 1957 and 46% lower coverage in 1958. This may suggest that, where corrupted union leaders and organized crime were controlling more unions, newspapers had incentives to under-report corruption cases in counties where they happened, possibly fearing the retaliation power of corrupted individuals or corrupted unions. Indeed, the McClellan Committee did, for example, held hearings regarding the newspaper distribution in New York (U.S. Senate, 1960).

5.2 Sentiment towards unions

As a second step, in this subsection, while I cannot claim that the effects of the McClellan Committee on union membership and political mobilization capacity were mediated solely by their loss of reputation, I present evidence that supports the historical sources maintaining that reputation loss was an important factor. Subsections 3.4 and 3.3 discussed this point in greater detail and described how unions' reputation dropped during 1957 for different groups of the population using data from Gallup Organization (1957a,b). Unfortunately, Gallup data is not representative at the county level and does not report county identifiers for its respondents; for this reason, I use the text of newspaper pages and of speeches of Congress Representatives to measure the sentiment towards unions.

The first data source is the text of historical newspaper pages. Figure 10 shows the results of the regressions in Equation 1 and 2 using as the outcome variable the share of newspaper pages in a county × year that have a negative sentiment towards labor unions, among the newspaper pages mentioning labor unions.[28] The regression coefficients in Figure 10a (Equation 1) show that a stronger union presence before the investigation is associated with an increase in the newspaper pages with negative sentiment toward unions during the investigation. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 1.2 p.p. increase in the share of newspaper pages with negative sentiment toward unions in 1957 (p-value 0.059) and a 1.5 p.p. increase in 1959 (p-value 0.070). Instead, the regression coefficients in Figure 10b (Equation 2) show that the presence of investigated union locals is not associated with a change in the number of newspaper pages with negative sentiment toward unions. These results are coherent with the results on news coverage in Subsection 5.1. Newspapers in counties with stronger union presence increased their reporting of the hearings and unions' corruption more than counties with weaker union presence, and this reporting was associated with a

[28] More details about the construction of this variable in Section 4 and Appendix B.

more negative coverage of labor unions. Newspapers in counties with more investigated union locals had a less sharp increase in reporting of the hearings and unions' corruption during the investigations, and this did not translate to more negative sentiment towards unions in their text, possibly because they had incentives to under-report union corruption where corrupted unions and individuals were more powerful. In summary, when looking at newspapers' content, counties with stronger union presence before the Committee were hit by a bigger negative news shock regarding unions, and it is plausible to hypothesize that unions' reputation in these counties was also more severely hit by the McClellan Committee's revelations. However, if unions in counties with more investigated locals were hit by a negative reputation shock, this was not through (or this is not shown by) an increase in negative sentiment towards unions in newspapers.

The second data source is the text of speeches of elected Representatives in Congress. In addition to being a proxy of unions' reputation among their voters, this measure is important to understand whether the McClellan Committee had an impact on the reputation of unions among policymakers and potentially on their support for union-supported policies. Figure 11 reports the results of the difference-in-differences regressions in Equations 1 and 2 using as an outcome the share of speeches by Representatives elected in electoral district i and year t that mention labor unions with negative sentiment.[29] The regression coefficients in Figures 11a and 11b show that a stronger union presence before the investigation (Equation 1) or a stronger presence of investigated union locals (Equation 2) is associated with an increase in the share of speeches with negative sentiment toward unions in 1957. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 32 p.p. increase in the share of speeches with negative sentiment toward unions in 1957. Similarly, a 1 s.d. increase in the number of investigated union locals per 10 thousand inhabitants in 1950 predicts a 97 p.p. increase in the share of speeches with negative sentiment toward unions in 1957. These results suggest that the McClellan Committee caused a negative shock to unions' reputation among policy-makers and, most likely, among the voters who elected them, to which these Representatives catered with their positions in Congress.

5.3 Unionization

As a third step, I analyze the consequences of the investigations on unionization: the share of workers who are union members and the ability of unions to unionize firms and establishments through certification elections. As discussed in Subsection 3.3, I study the compound effect of the McClellan Committee on unions, and I will not be able to completely disentangle the different channels through which the hearings impacted unions.

[29] More details about the construction of this variable in Section 4 and Appendix B.

However, historical sources (and aggregate surveys) suggest that the Committee had a negative reputation effect of the investigation on the U.S. public that brought to the passage of the Landrum-Griffin Act of 1959, also detrimental for unions. Nonetheless, both these components or channels predict a negative effect of the Committee on labor unions.

Datasets reporting data on the share of unionized workers disaggregated below the state level are not available. Starting in 1956, the ANES survey reports county identifiers of respondents interviewed in a limited number of counties and non-representative at the county level. Given the above-mentioned caveats, the following results using these data are to be considered only suggestive. Figure 12a shows that the share of unionized workers decreased more sharply in counties where at least one union local was present in 1940. The decrease in unionization was faster in counties where union presence was stronger, and, as we saw before, the increase in news coverage about labor corruption was bigger. The Landrum-Griffin Act passed in 1959 could have also contributed to increasing the organizational costs of unions, hindering their ability to maintain membership, especially so in counties where unionization was high before the investigation. In addition, Figure 12b shows that also in counties with at least one investigated union local unionization declined more sharply than in other counties. This can be explained by the fact that the news shock about union corruption might have hit the public in these counties through other media (e.g. national tv, radio) or by word of mouth. Moreover, investigated union locals plausibly had to put more effort into complying with the anti-corruption clauses of the Landrum-Griffin Act, and non-corrupt unions in the same areas could have perceived stronger scrutiny and diverted resources from increasing membership to administrative matters.

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 cross-sectional regressions.[30] 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 seven 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. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 is associated with a 1.95 p.p. lower pro-union vote share and 6 p.p.

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

lower probability of 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. For any level of union presence in 1940 (the number of union locals per 10 thousand inhabitants), a 1 p.p. increase in the news coverage of the McClellan Committee decreases the pro-union vote share by 1.1 p.p. and the probability of the union winning the election by 2.5 p.p. 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. In particular, for any level of investigated locals' presence (the number of investigated union locals per 10 thousand inhabitants), a 1 p.p. increase in the news coverage of the McClellan Committee decreases the probability of the union winning the election by 1.2 p.p. 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.2 show that unions in counties with more union locals or investigated union locals actually held 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 newspaper coverage of the hearings.

5.4 Political mobilization

The fourth 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 shock to unions' influence caused by the McClellan Committee had bigger consequences on turnout in elections: either because unions were hit by a negative reputation shock or because the Landrum-Griffin Act forced unions (especially small locals) to focus more resources on administrative matters and less on electoral mobilization campaigns. Unions were, in fact, extremely active in promoting registration and turnout campaigns. Looking at Figure 13a, a stronger presence of unions before the investigation is associated with a decrease in turnout in presidential elections from 1964 onward: a 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 predicts a 1 p.p. decrease in turnout in presidential elections in 1964 and between 1.5 and 1.9 p.p. in the following years. The size of these effects on turnout is comparable to

the effects caused by the introduction of a right-to-work law (2 p.p. decrease in turnout) estimated in Feigenbaum et al. (2018). Where the presence of investigated unions was stronger, unions were hit by a bigger reputation shock after the Committee or more severe consequences of the Landrum-Griffin Act: unions now having a more negative reputation or being subject to higher administrative scrutiny were less able or had less resources to effectively mobilize workers and voters in elections. When using the number of investigated locals per 10'000 inhabitants as a source of variation, Figure 13b shows a negative effect on turnout in presidential elections from 1964 onward. A 1 s.d. increase in the number of investigated union locals per 10 thousand inhabitants in 1950 predicts a decrease in turnout in presidential elections between 0.4 and 0.8 p.p. from 1964 onward. To sum up, the investigation of the McClellan Committee, and its reputational consequences, together with the Landrum-Griffin Act that followed, caused a decrease in the mobilization capacity of unions in elections.

As a next step, to understand whether the shock hit mostly investigated unions or all unions, I focus only on the variation coming from the presence of union locals in 1940 and exclude counties where at least one union local was investigated. The results regarding news coverage in newspapers and turnout in presidential elections are virtually identical (Figure 14). This suggests that the negative shock caused by the McClellan Committee on unions' reputation and their organization capacity hit all unions and not only investigated chapters. Beside counteracting unions' corruption, the Committee had consequences on the labor movement as a whole.

5.5 Public Policy

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 15 shows the results considering five roll-call votes on minimum-wage extensions between 1949 and 1966 in the House of Representatives. 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 U.S. (see Figure A.1b). Looking at Figure 15a, the stronger the presence of unions before the investigation in an electoral district, the less likely a congressperson is to support a minimum wage increase in 1961 but also more likely in 1966. A 1 s.d. increase in the number of union locals per 10 thousand inhabitants in 1940 in an electoral district predicts a 3 p.p. decrease in the likelihood that a congressman elected in that district supports a minimum wage extension in 1961 and a 5 p.p. increase in 1966. Focusing on

Figure 15b, the stronger the presence of investigated locals in an electoral district, the more likely a congressperson is to support a minimum wage increase in 1960 and 1966. A 1 s.d. increase in the number of investigated union locals per 10 thousand inhabitants in 1950 in an electoral district predicts a 1.4 p.p. increase in the likelihood that a congressman elected in that district supports a minimum wage extension in 1961 and a 3.2 p.p. increase in 1966. The results regarding unions' ability to influence minimum-wage extension are hence less conclusive.

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 shock caused by the investigation plausibly had a higher bite. The sentiment towards unions in newspaper articles became also more negative in these counties. Differently, the news coverage of the investigation was lower in counties with more investigated union locals. In addition, speeches of congresspersons elected in districts with higher union presence or more investigated union locals are also more likely to have a negative sentiment towards unions in 1957. 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 union local was investigated,[31] suggesting that the negative shock hit all unions and not only investigated chapters. Finally, congresspersons elected in districts with a higher union presence decreased their support for a minimum wage rise in 1961 but increased it in 1966 (possibly because of the economic consequences of weakened unions), while congresspersons elected in districts with more investigated union locals increased their support for minimum-wage rises is 1960 and 1966.

6 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:

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

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 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.

7 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 shock for labor unions in the United States: the McClellan Committee's hearings regarding union corruption and labor racketeering. Results indicate that the Committee increased newspaper coverage of

labor racketeering and union corruption, shifted sentiment towards unions in newspapers and in policymakers' speeches, (suggestively) decreased unionization, and lowered unions' mobilization capacity in presidential elections. Future research will 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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Figures

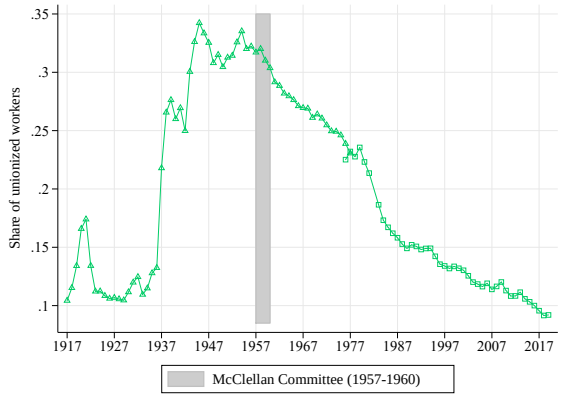


Figure 1: Share of unionized workers in the U.S. (1917-2019). Data are from the replication package of Farber et al. (2021). The original data sources are the U.S. Bureau of Labor Statistics from 1917 to 1979 (Freeman et al., 1998) and the Current Population Survey (CPS) from 1977 onward.

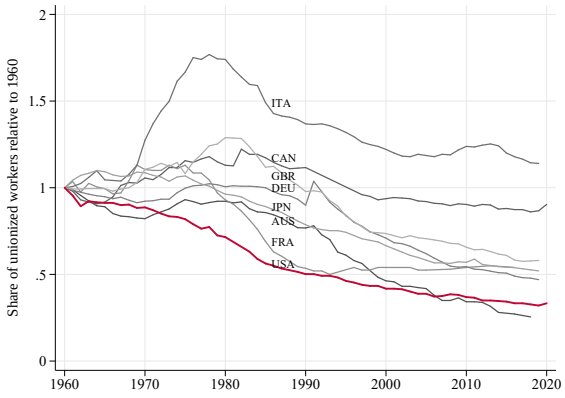


Figure 2: Share of unionized workers in OECD countries relative to their 1960 level. Data are from https://stats.oecd.org/

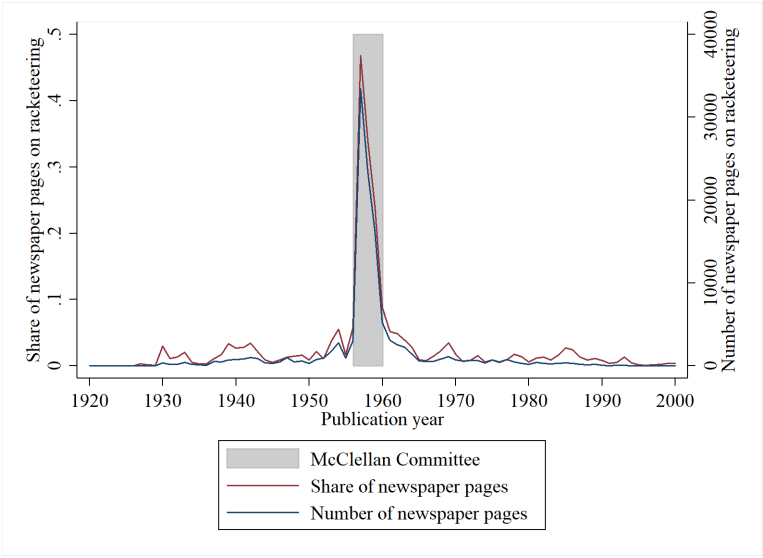
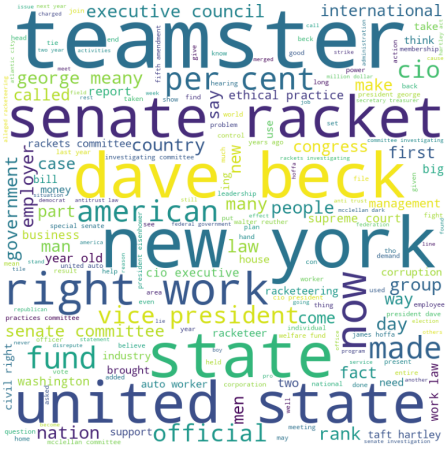


Figure 3: Number of newspaper pages including keywords on labor racketeering and share relative to newspaper pages mentioning labor unions. Keywords for numerator: *corrupt labor union*, *labor union corruption*, *labor racket*, *labor rackets*, *labor racketeering*, *union racketeering*, *union racket*, *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.

(a): 1956



(b): 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.

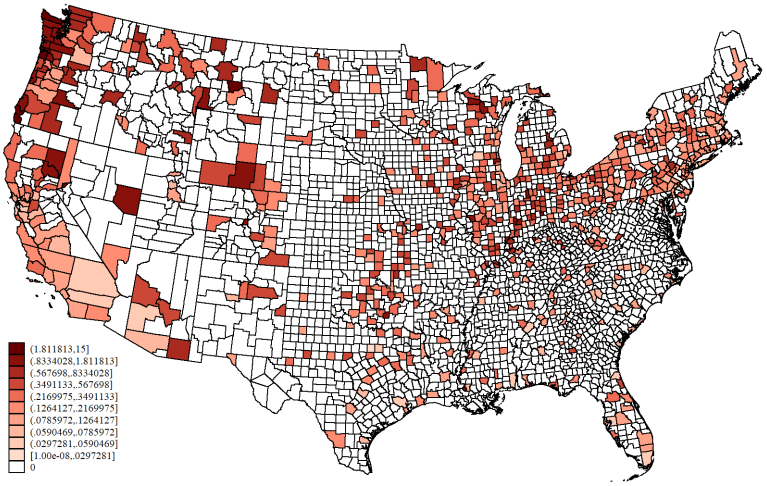


Figure 5: Geographical distribution of the number of union locals per 10'000 inhabitants in 1940. Included union federations are United Auto Workers (UAW), United Electrical Workers (UE), Amalgamated Clothing Workers (ACWA), International Longshore and Warehouse Union (ILWU), and International Woodworkers of America (IWA), International Typographical Union (ITU), and International Ladies Garment Workers Union (ILGWU). 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).

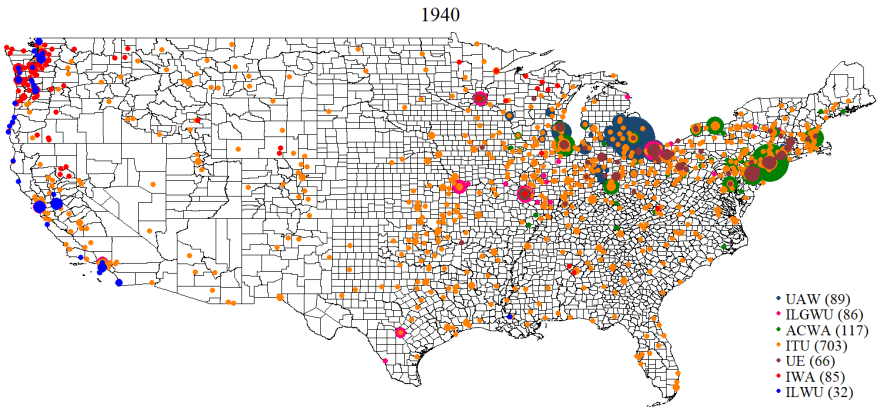


Figure 6: Geographical distribution of the number of union locals for each city and for 7 national unions in 1940: United Auto Workers (UAW), International Ladies Garment Workers Union (ILGWU), Amalgamated Clothing Workers (ACWA), International Typographical Union (ITU), United Electrical Workers (UE), International Woodworkers of America (IWA), and International Longshore and Warehouse Union (ILWU). Data on union locals are from the *Mapping American Social Movements Project*.

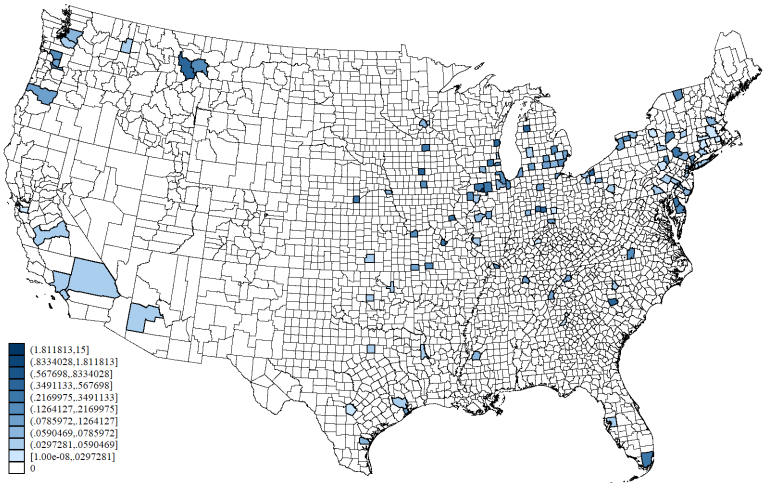


Figure 7: Geographical distribution of the number of investigated union locals per 10'000 inhabitants in 1950. These union locals are listed in the index of the hearings of the McClellan Committee (U.S. Senate, 1960). Population data for 1940 are from the County and City Databook (United States Bureau of the Census, 2012).

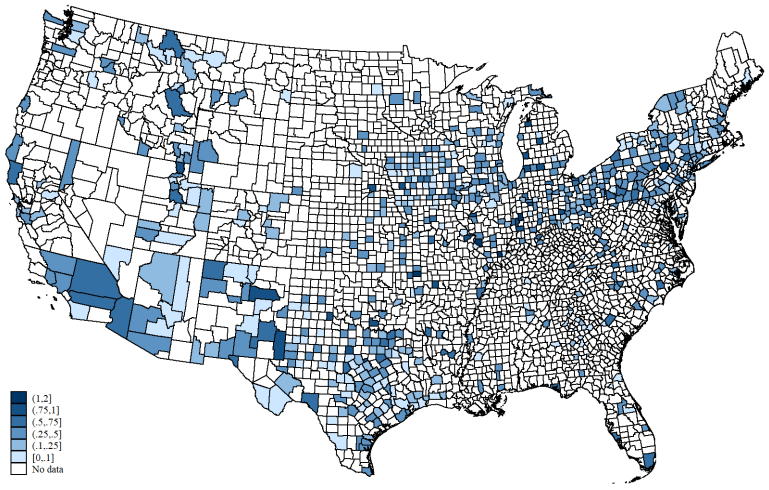
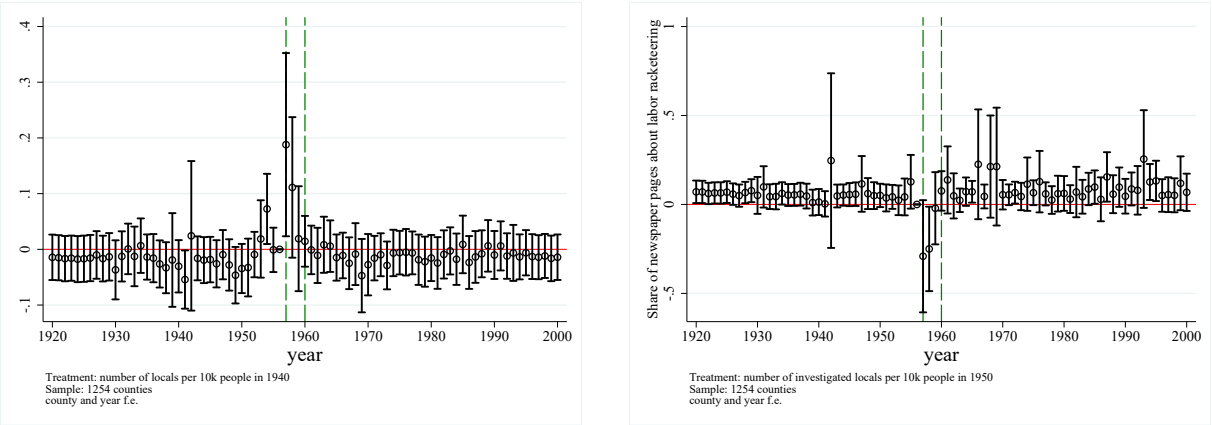
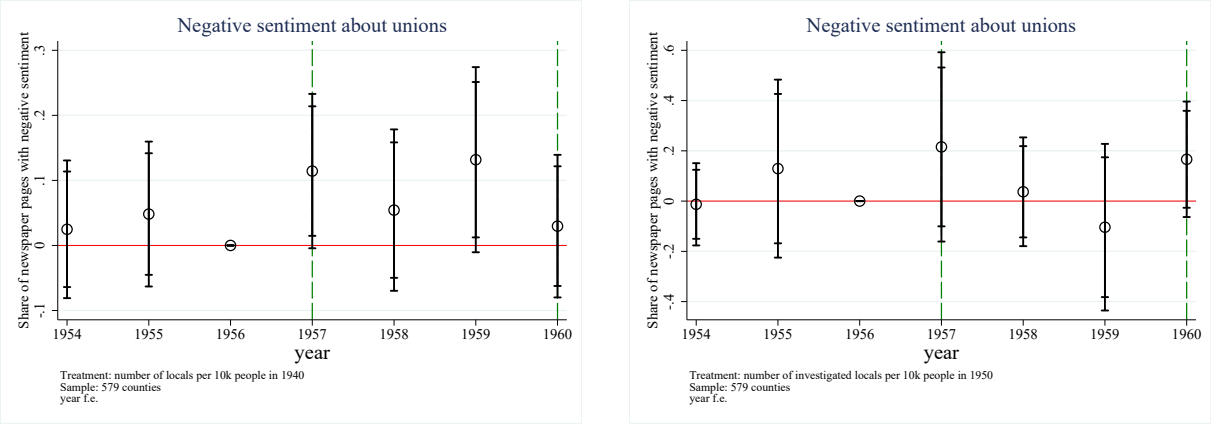


Figure 8: Geographical distribution of the share of newspaper pages containing keywords regarding labor racketeering between 1957 and 1960 (out of the total number of pages mentioning labor unions). See footnotes 24 and 25 for the list of keywords. Data are from newspaperarchive.com.



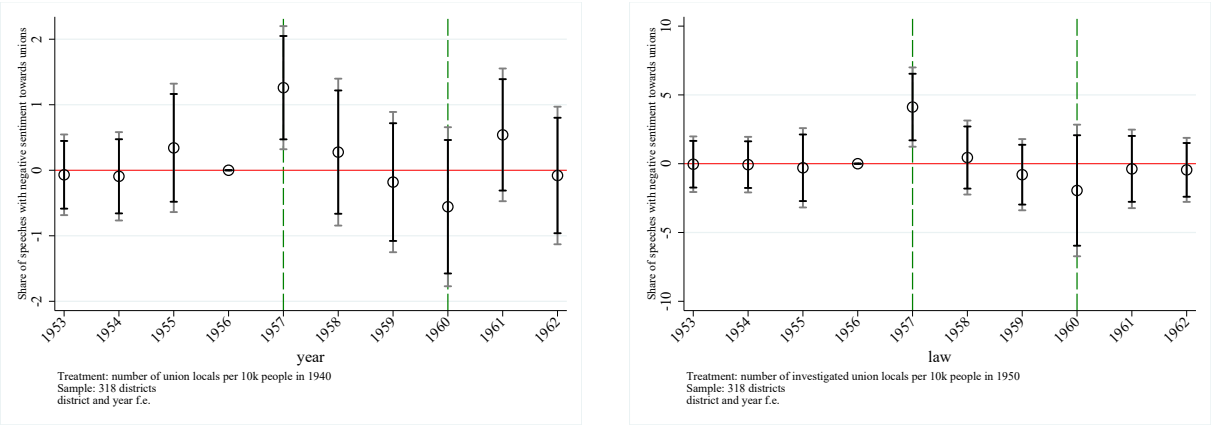
(a) **(b)**

Figure 9: 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 24 and 25 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, ILGWU, 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.



(a) **(b)**

Figure 10: Impact of the McClellan Committee on sentiment towards unions in newspapers. The outcome variable is the share of newspaper pages with negative sentiment towards labor unions (relative to the total number of newspaper pages mentioning labor unions, see footnote 25 for the list of keywords) from newspaperarchive.com. 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, ILGWU, 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% and 90% confidence intervals.

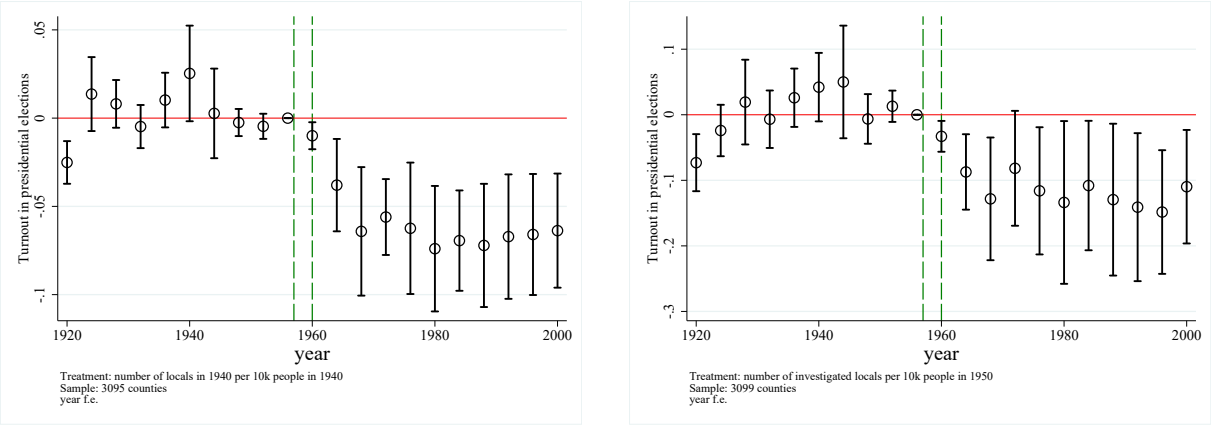


(a) **(b)**

Figure 11: Impact of the McClellan Committee on sentiment towards unions in speeches of Representatives in the U.S. Congress. The outcome variable is the share of speeches by Representatives with negative sentiment towards labor unions (relative to the total number of speeches mentioning labor unions, see footnote 25 for the list of keywords). Texts of congressional speeches are from Gentzkow et al. (2019). 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, ILGWU, 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 congressional district and year fixed effects, and the reference year is 1956. Standard errors clustered at the congressional district level. Gray bars represent 95% confidence intervals; black bars represent 90% confidence intervals.

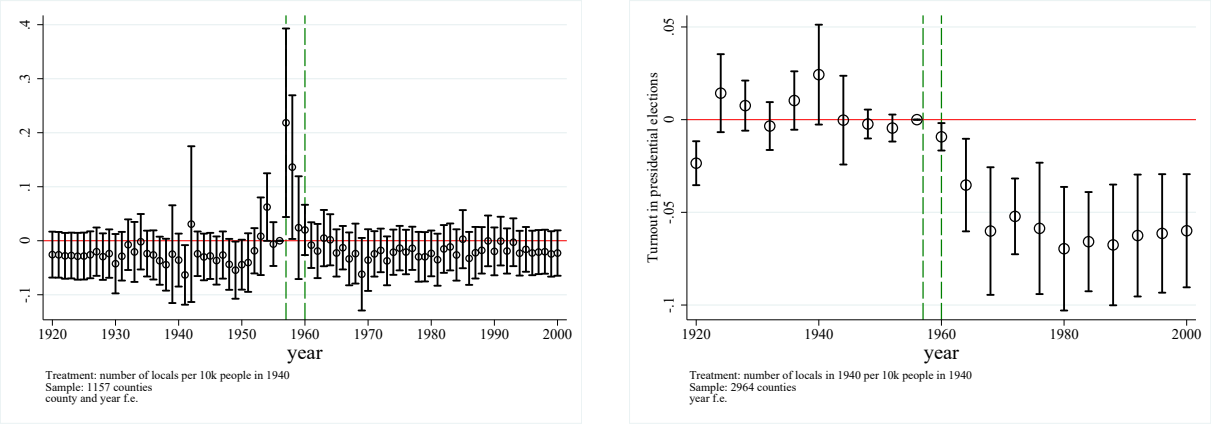
(a) **(b)**

Figure 12: 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).



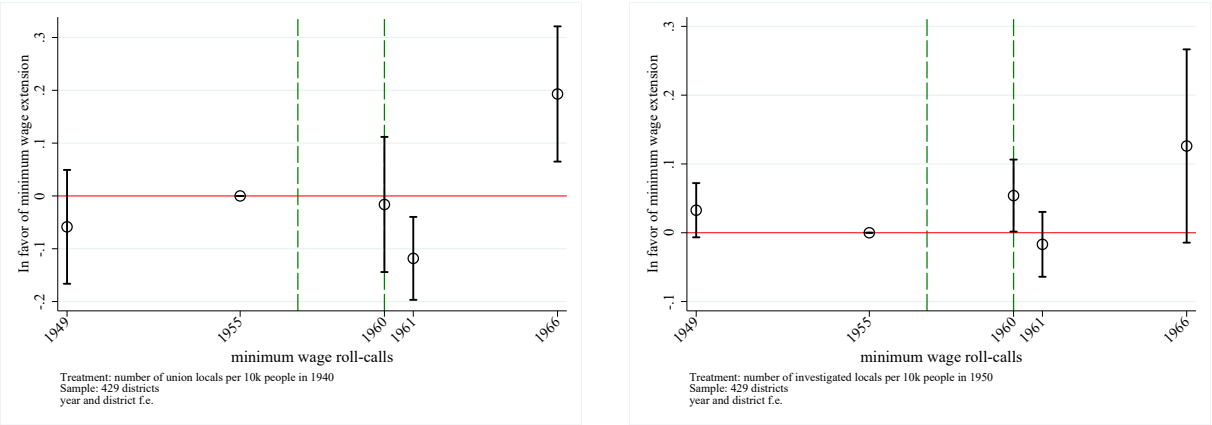
(a) **(b)**

Figure 13: 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, ILGWU, 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.



(a) **(b)**

Figure 14: 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 24 and 25 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, ILGWU, 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.



(a) **(b)**

Figure 15: Impact of the McClellan Committee on the voting of Representatives in the U.S. 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, ILGWU, 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 congressional district and year fixed effects, and the reference year is 1955. Standard errors clustered at the congressional district level. Black bars represent 95% confidence intervals.

Tables

	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, ILGWU, 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).

Appendix

A Appendix Figures and Tables

AFL-CIO News

Vol. 1 — Saturday, September 29, 1956 — No. 43

Labor Kicks Off 34-State Registration Drive Oct. 1

Mitchell's Job Claims Unmasked

The enthusiastic claims Sec. of Labor James P. Mitchell made on behalf of the Republican Administration's claimed benefits for workers in his Labor Day report to Pres. Eisenhower, have been tested and found shoddy by the Democratic National Committee.

All Unions Alerted By COPE

Labor's all-out drive to "register the unregistered" gets rolling Monday.

An intensive campaign to make "every union member a registered voter" will be kicked off in 34 states across the nation Oct. 1 by the AFL-CIO.

(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.

	Obs.	Mean	Std. Dev.	Min	Max
	Before McClellan Committee				
Share newspaper pages on racketeering (1920-1956)	19142	0.014	0.059	0	2
Num. newspaper pages on racketeering (1920-1956)	19159	1.095	3.934	0	91
Num. newspaper pages on labor unions (1920-1956)	19142	58.798	106.016	1	2320
Share newspaper pages with negative sentiment on labor unions (1920-1956)	1297	0.266	0.202	0	1
Turnout in presidential elections (1920-1956)	30666	0.540	0.229	0	1
Turnout in congress elections (1920-1956)	57111	0.450	0.238	0	1
Support for minimum wage, dummy (1949-1955)	178	0.815	0.327	0	1
Share speeches with negative sentiment (1953-1956)	286	0.462	0.459	0	1
	During and after McClellan Committee				
Share newspaper pages on racketeering (1957-2000)	14289	0.057	0.171	0	4
Num. newspaper pages on racketeering (1957-2000)	14310	7.012	26.797	0	650
Num. newspaper pages on labor unions (1957-2000)	14289	92.701	146.080	1	2625
Share newspaper pages with negative sentiment on labor unions (1957-2000)	1823	0.313	0.209	0	1
Turnout in presidential elections (1960-2000)	33509	0.595	0.126	0	1
Turnout in congress elections (1958-1990)	48478	0.497	0.180	0	1
Support for minimum wage, dummy (1960-1966)	269	0.616	0.367	0	1
Share speeches with negative sentiment (1957-1962)	575	0.441	0.442	0	1
	Cross-section				
Number of union locals in 1940 (7 unions)	3103	0.584	2.992	0	87
Number of union locals per 10k inhabitants in 1940 (7 unions)	3098	0.078	0.272	0	8
Number of investigated union locals	3103	0.183	3.163	0	156
Number of investigated union locals per 10k inhabitants in 1950	3101	0.006	0.053	0	2
Share NLRB elections won by union (7 unions)	202	0.530	0.459	0	1
Share of votes pro-union in NLRB elections (7 unions)	202	0.519	0.203	0	1
Number of NLRB certification elections (7 unions)	3103	0.130	0.832	0	22
Share NLRB elections won by union (all unions)	1138	0.548	0.387	0	1
Share of votes pro-union in NLRB elections (all unions)	1138	0.541	0.210	0	1
Number of NLRB certification elections (all unions)	3103	2.029	9.052	0	294
Population 1940	3098	42495.837	143824.386	42	4063342
Population 1950	3099	48614.871	169134.649	58	4508792
Change in population 1940-1950	3091	0.051	0.251	-1	3
Share urban population 1940	1843	0.390	0.217	0	1
Share non-white population 1950	2829	0.119	0.175	0	1
Share employed in manufacturing 1950	3061	0.153	0.127	0	1
Share employed in agriculture 1950	2894	0.312	0.186	0	1
Median family income 1950	3087	2257.838	859.613	0	5489
Male in the labor force 1950	3102	14040.421	51039.860	24	1412952
Female in the labor force 1950	3102	5319.337	23280.726	0	657997
Male workers for wage or salary 1950	3102	8959.838	37516.921	7	1102590
Female workers for wage or salary 1950	3102	3947.212	18717.187	0	551772
Share of hhs owning TV set (1956)	3033	0.574	0.236	0	1

Table A.1: This table presents summary statistics for variables used in the analysis before the McClellan Committee and during/after the Committee or in the cross-section. Data and variables' construction is described in Section 4 and Appendix B. All variables are at the county or county × year level, besides the ones regarding Representatives in Congress (*Support for minimum wage* and *Share of speeches with negative sentiment*), which are at the congressional district × year level.

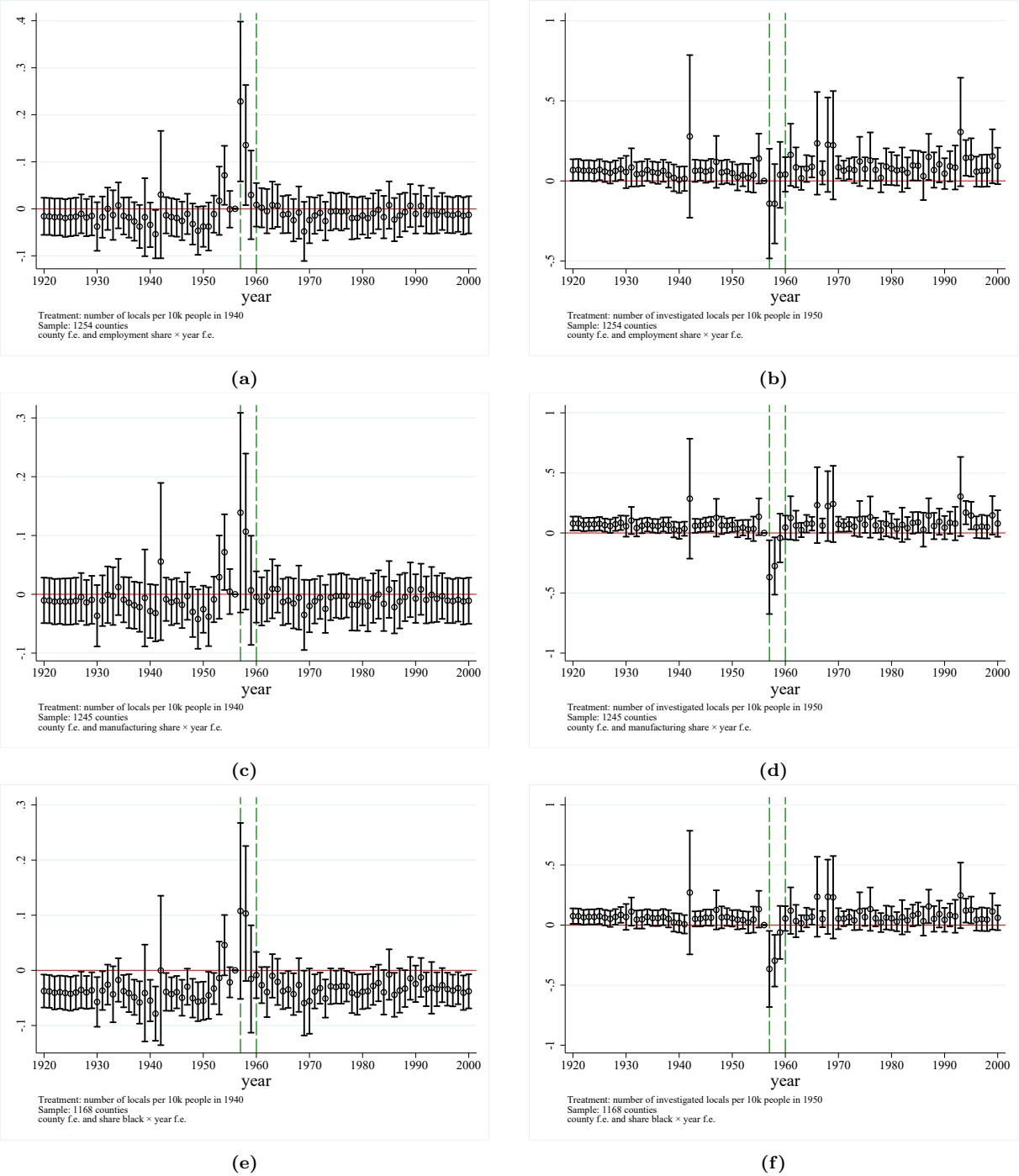
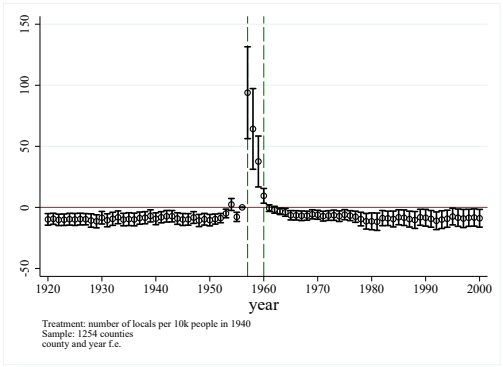


Figure A.2: Robustness of the impact of the McClellan Committee on newspapers' coverage of labor racketeering and union corruption. The outcome variable is the share of newspaper pages containing keywords related to labor racketeering from newspaperarchive.com (relative to the total number of newspaper pages mentioning labor unions, see footnotes 24 and 25 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, ILGWU, 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.



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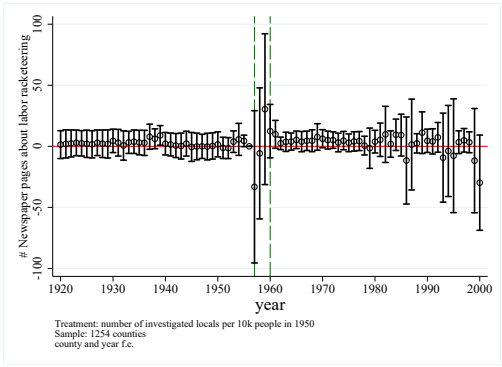

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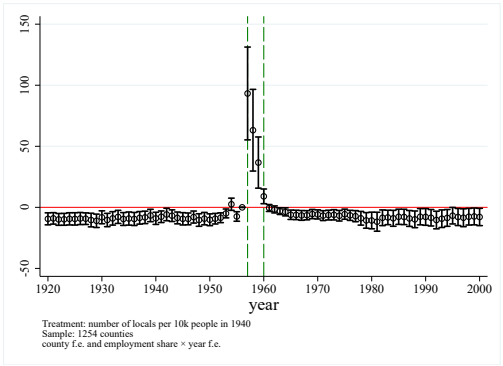

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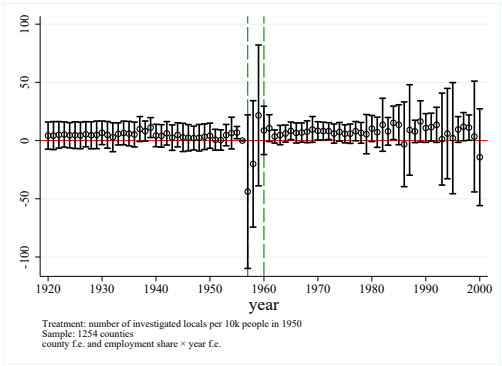

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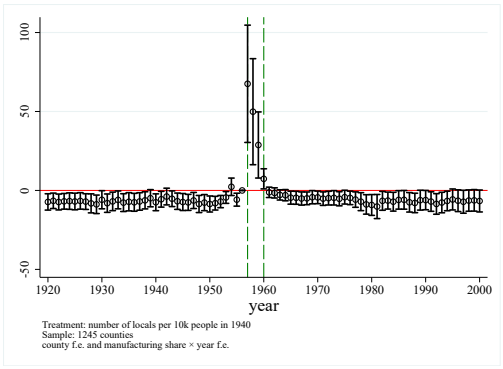
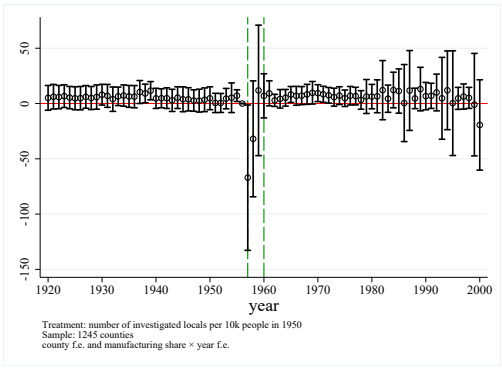
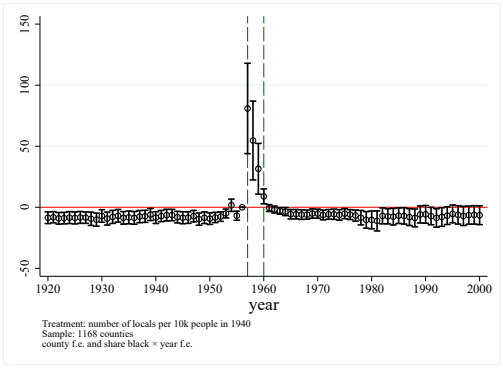


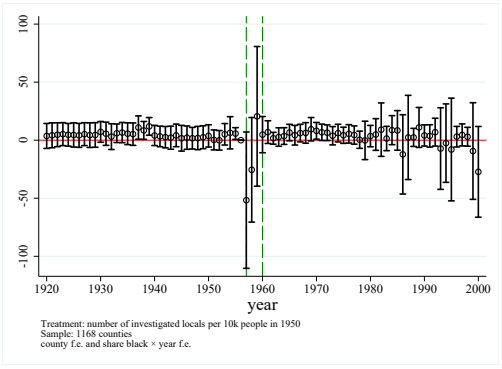
(e)



(f)



(g)



(h)

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 24 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, ILGWU, 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.

	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.2: 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 24 and 25 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, ILGWU, 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).

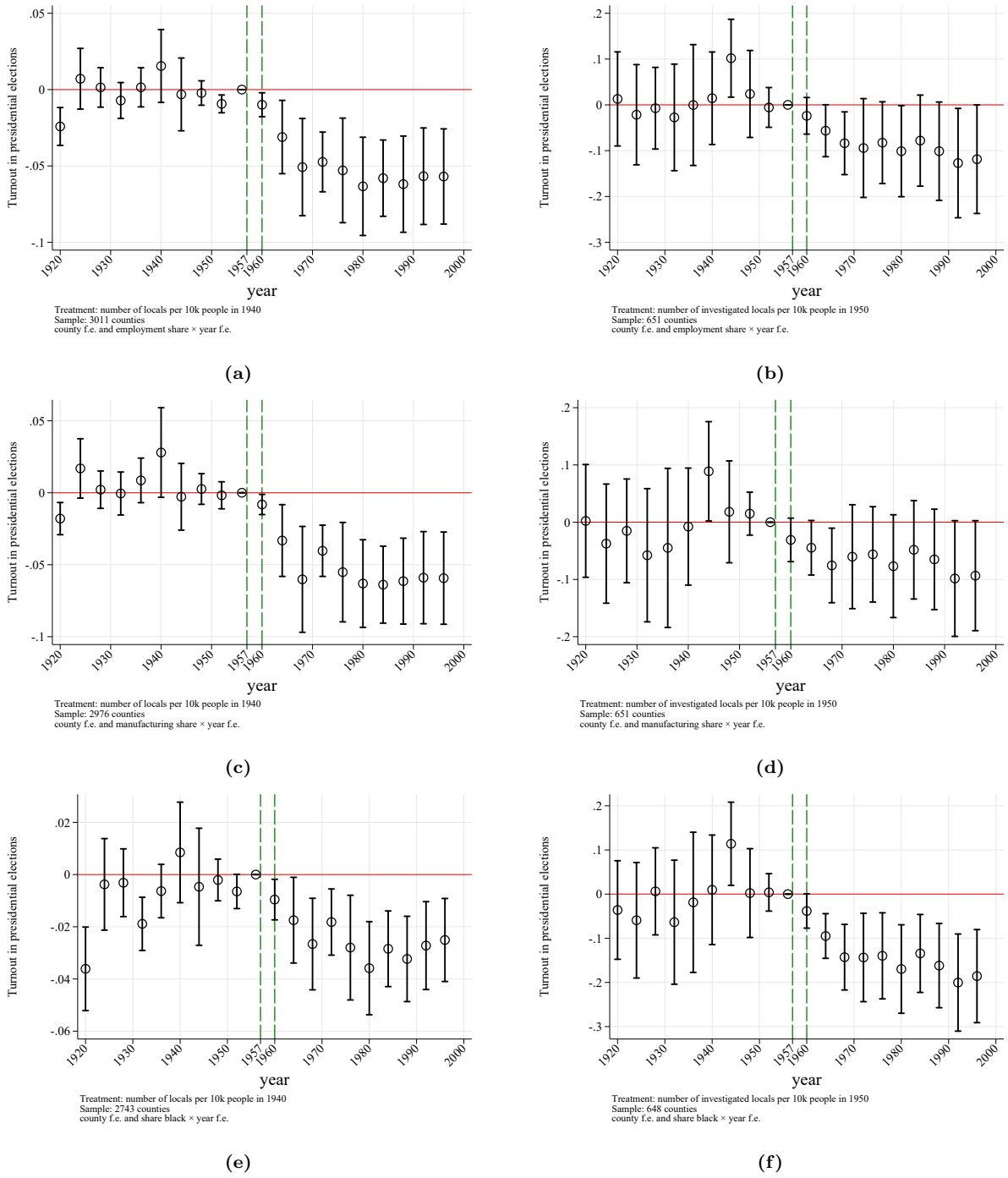


Figure A.4: Impact of the McClellan Committee on voters' turnout in presidential elections. The outcome variable is the share of registered voters who vote in a county in a presidential election. In Panels (a), (c), and (e), the treatment variable is the number of union locals per 10'000 inhabitants in a county in 1940. Included union federations are UAW, UE, ACWA, ILWU, IWA, ILGWU, 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.

B Data Appendix

This Appendix discusses the construction of selected variables in more detail.

Sentiment towards unions in Representatives' speeches (1953-1962). I use digitized congressional speeches from Gentzkow et al. (2019) and select the ones mentioning labor unions, i.e. with at least one of the following keyword combinations in their text: "labor movement", "labor organization", "labor organizations", "labor union", "labor unions", "organized labor", "trade union", "trade unions", "union local", "union locals". I then extract an excerpt including the sentence where the keywords appeared, the five sentences before, and the five sentences after. On these selected excerpts, I run a sentiment analysis model (Hartmann et al., 2023) to determine whether they discuss labor unions with negative sentiment (dummy variable 1 or 0), and if multiple results are present in a speech, I average them. Each speech is assigned to the congressional district where the Representative who pronounced it was elected. The share of speeches with negative sentiment towards unions is computed for each congressional district $\times$ year (out of the speeches mentioning labor unions).

Sentiment towards unions in newspapers (1954-1960). Data measuring newspaper coverage of labor unions are collected from the website *newspaperarchive.com*. I select all newspaper pages with at least one of the following keyword combinations: "labor movement", "labor organization", "labor organizations", "labor union", "labor unions", "organized labor", "trade union", "trade unions", "union local", "union locals". I extracted the OCRed text[32] that is present on the website for each newspaper page and selected an excerpt including the sentence where the keywords appeared, the three sentences before, and the three sentences after. On these selected excerpts, I run a sentiment analysis model (Hutto and Gilbert, 2014) to determine whether they discuss labor unions with negative sentiment (dummy variable 1 or 0), and if multiple results are present in a page, I average them. Each newspaper is geolocated to the city of its headquarters, and the share of newspaper pages with negative sentiment towards unions is computed for each county-year.

Variables at the congressional district level. Redistricting in the U.S. is very frequent. In particular, it is mostly performed every 10 years after each census round to adapt the size of the district to the updated population figure (reapportionment). For these reasons, changes in congressional boundaries are to be taken in consideration when following political outcomes at the congressional district level across time. For speeches in Congress, I consider only years included between two reapportionments, so no adjustment is needed. For votes in Congress regarding minimum wage extensions, I need to use a longer time horizon to include in the analysis enough roll-call votes. I use as reference the

[32]Text extracted from an image with optical character recognition software.

congressional districts of the 80th Congress and intersect these district boundaries with the district boundaries for each Congress until the 89th. I attribute the voting behavior of Representatives in each Congress to the polygons created by these intersections and I aggregate them back to the boundaries in the electoral districts of the 80th Congress using a weighted average (where weights are attributed depending on the relative area of the polygon with respect to the total area of the 80th Congress' districts). Figure B.5 illustrates a visual representation of this procedure with an example. A State is divided into two congressional districts, A and B, in both elections for the 80th Congress and the 89th Congress, but the two districts have very different boundaries within the State. It would not be correct to use the voting outcome for district A_{89} (B_{89}) as the continuation of district A_{80} (B_{80}) in a panel specification. For this reason, I assign the voting outcomes of either A_{89} or B_{89} to each of the four polygons created by the intersection of districts of the 80th and the 89th Congress. I then compute a weighted average of these voting outcomes to aggregate the polygons back to the boundaries of the 80th Congress, using their relative extension as a weight. In this example, the weight is 1/2 for all 4 polygons because they are all either 1/2 of the A_{80} extension (orange) or 1/2 of the B_{80} extension (red).

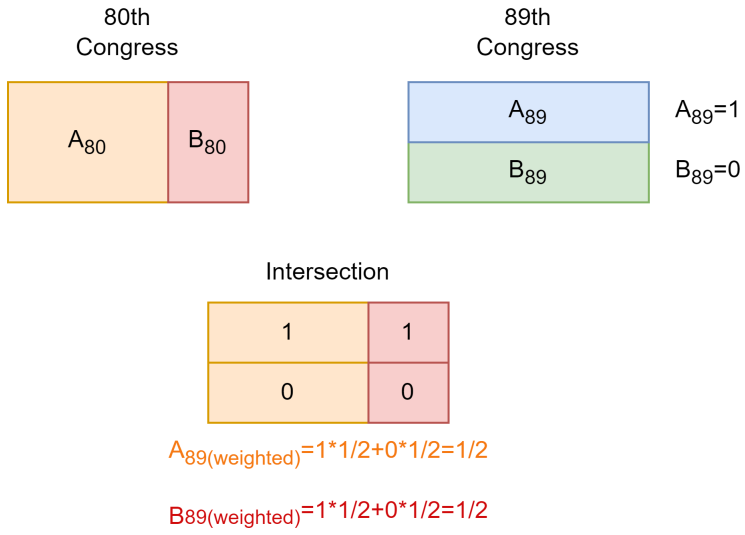


Figure B.5: Re-weighting of roll-call votes to adjust for redistricting (example).