



# Is Punishing Friends Effective? An Analysis of Labor's Withdrawal of Campaign Funds from Pro-Free Trade Democrats

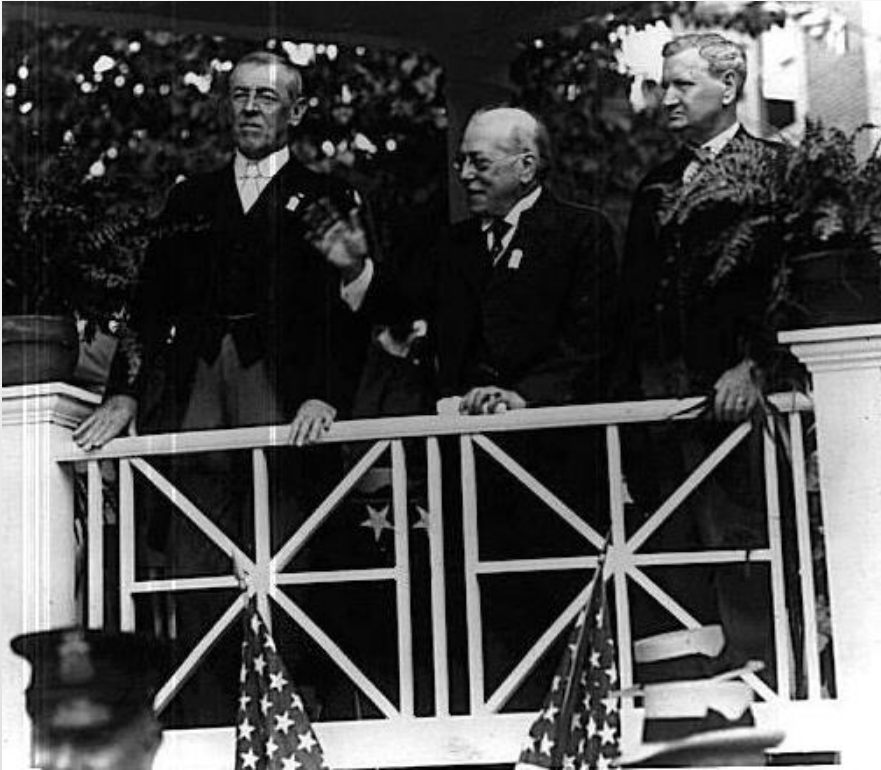
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# Organized Labor's Political Philosophy



**“Reward your friends, punish your enemies”**

–Samuel Gompers, AFL President, 1898

- Build relationships within two-party system
- Mobilize resources for Democratic allies

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## Tension on Trade



- Clinton and the New Democrats: pro-free-trade
- Unions: against NAFTA and subsequent free-trade bills



# Incorporating Punishment

## Rhetorical Evidence

“On this issue, just because there’s a ‘D’ after your name doesn’t mean you’ll automatically get our support.” –Alan Reuther, Chief Lobbyist for UAW, after PNTR vote in 2000

## Empirical Evidence

- Punishment for pro-NAFTA and pro-PNTR Dems (Jackson & Engel 1998; 2003)
- Industrial unions withheld **\$7,200** on average from pro-free-trade Dems over 12-year period (Jansa & Hoyman 2017)





# Research Question

- No study has looked at the effectiveness of punishment
- We ask: **Has punishment been effective in moving Democratic allies from pro-free-trade to anti-free-trade positions?**



# Competing Hypotheses

- Punishment could be effective
  - It signals controversy introduces uncertainty
  - **H1a:** If a legislator experiences a **decrease in contributions** from labor PACs, she will be **more likely to change her vote** from pro- to anti-free trade in the subsequent session of Congress.
- Punishment could be ineffective
  - It is an unwelcome tactic that can erode trust and access
  - **H1b:** If a legislator experiences a **decrease in contributions** from labor PACs, she will be **less likely to change her vote** from pro- to anti-free trade in the subsequent session of Congress.



# Rewards as an Alternative Strategy

- Rewards subsidize costly behavior, like vote-switching
- **H2:** If a legislator receives an **increase in contributions** from labor PACs, she will be **more likely to change her vote** from pro- to anti-free trade.



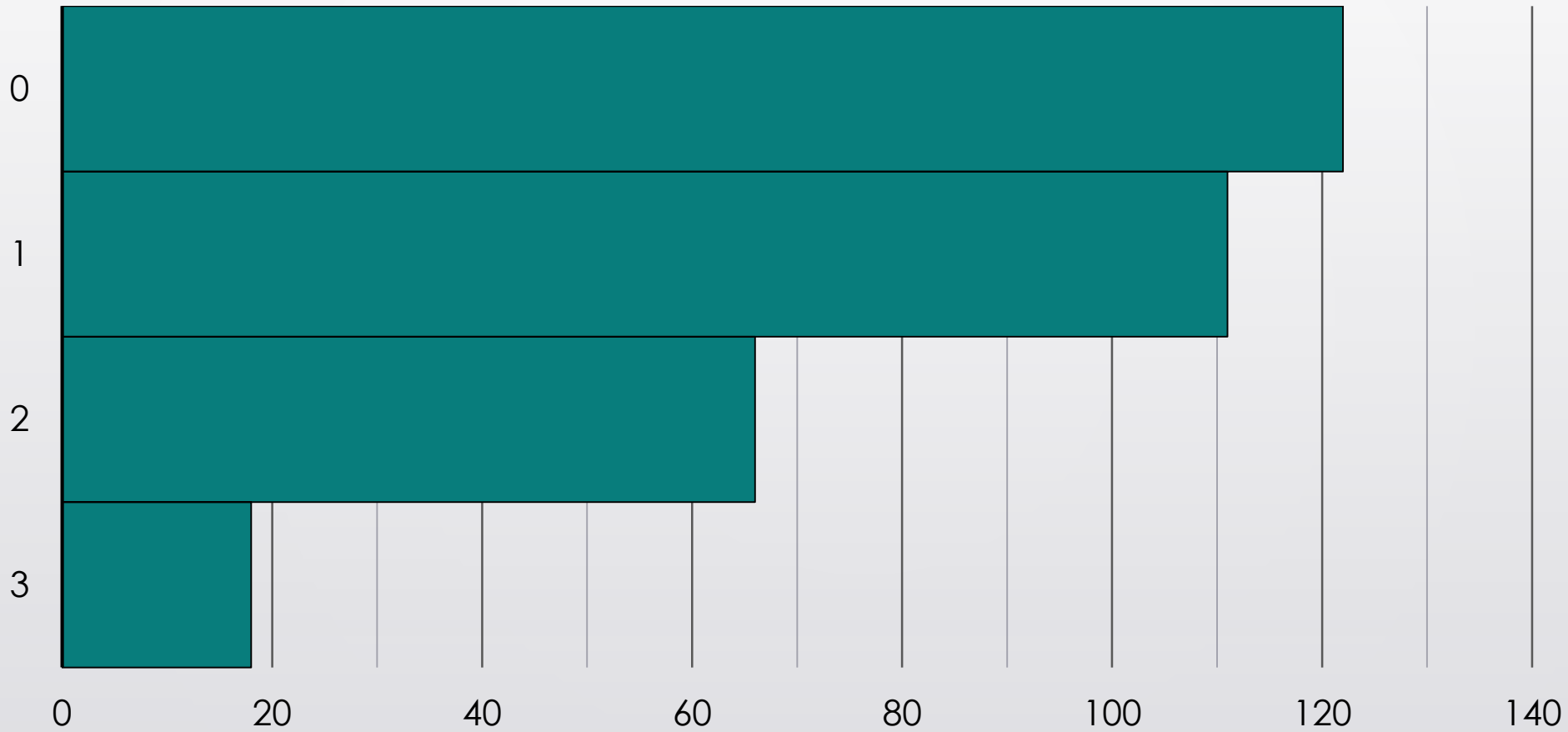
# Dependent Variable

- **Switch to Anti-Free Trade:** 1 if legislator changed from supporting at least one free-trade bill in the previous session of Congress to voting against all free-trade bills; 0 otherwise.
- **Data:** 13 key trade votes scored by the AFL-CIO from 1996-2008
- **Example:** if a legislator voted for Chile FTA or Singapore FTA in the 108<sup>th</sup> Congress, but against both CAFTA and Oman FTA in the 109<sup>th</sup> Congress, then they received a 1.





# Vote-Switching on Trade, 1996-2008



**X-axis is the number of legislators in each category.**

**Y-axis is the frequency of vote switching.**



# Key Independent Variables

- **Punishment by labor PACs**

- Two measures: dichotomous and total withheld (in \$10,000s)
- Data: Center for Responsive Politics
- Timing: Punishment in previous session ( $t = -1$ ) used to predict votes in current session ( $t = 0$ )

- **Rewards by labor PACs**

- Two measures: dichotomous and total increase (in \$10,000s)
- Data: Center for Responsive Politics
- Timing: Rewards in current session ( $t = 0$ ) used to predict votes in current session ( $t = 0$ )



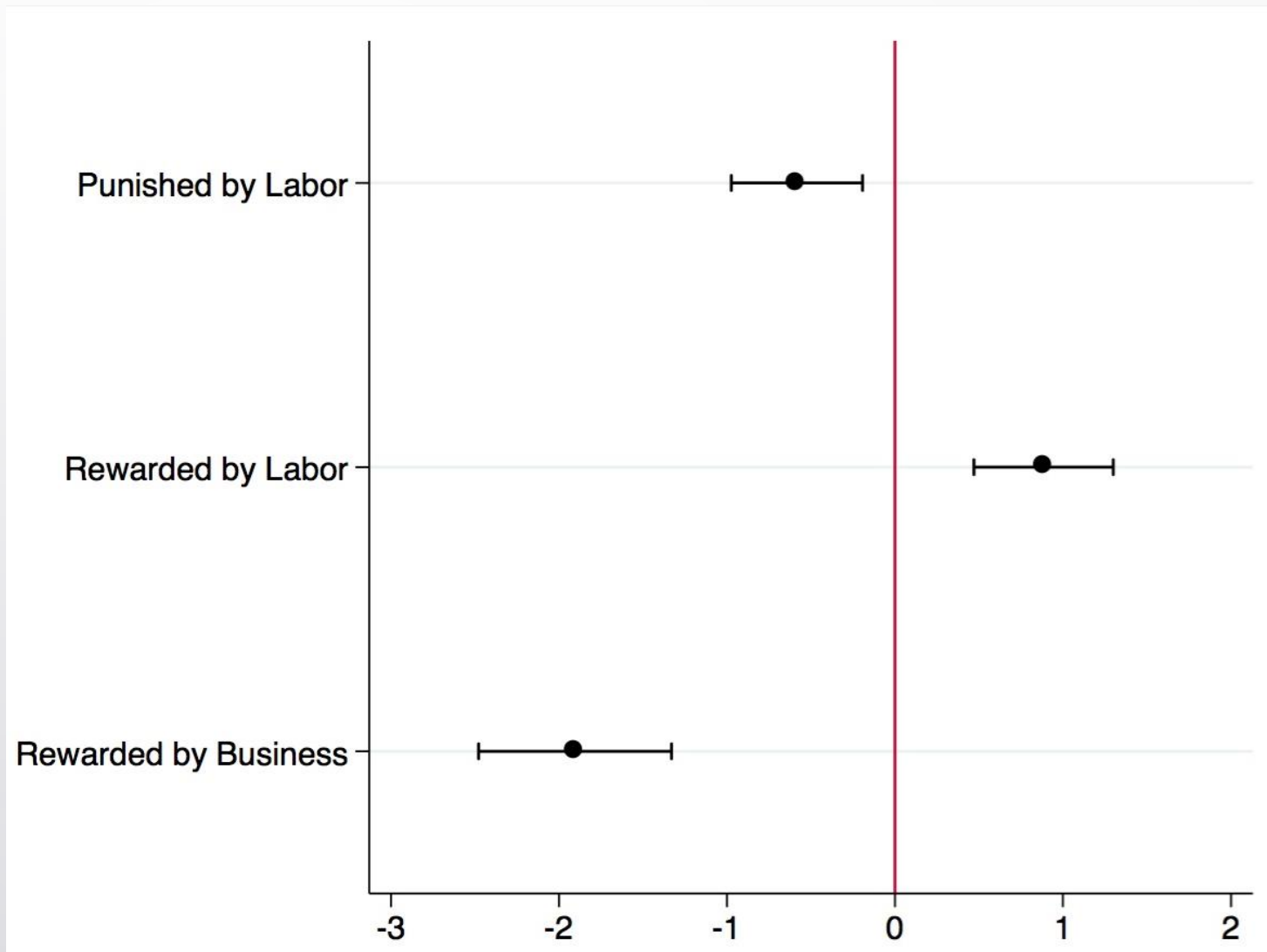
# Control Variables and Model Choice

- Rewards from business PACs
- Ideological extremism, state-level union density (%), district-level manufacturing employment (%), leadership, seniority, close election.
- Panel logit with random effects
- Standard errors clustered by legislator

## Estimates of Reward and Punishment on Vote Switching, Dichotomous Measures

Key findings:

- House Democrats *less likely* to switch vote when punished
- Unintended effect
- House Democrats *more likely* to switch when rewarded
- House Democrats *less likely* to switch when rewarded by business PACs

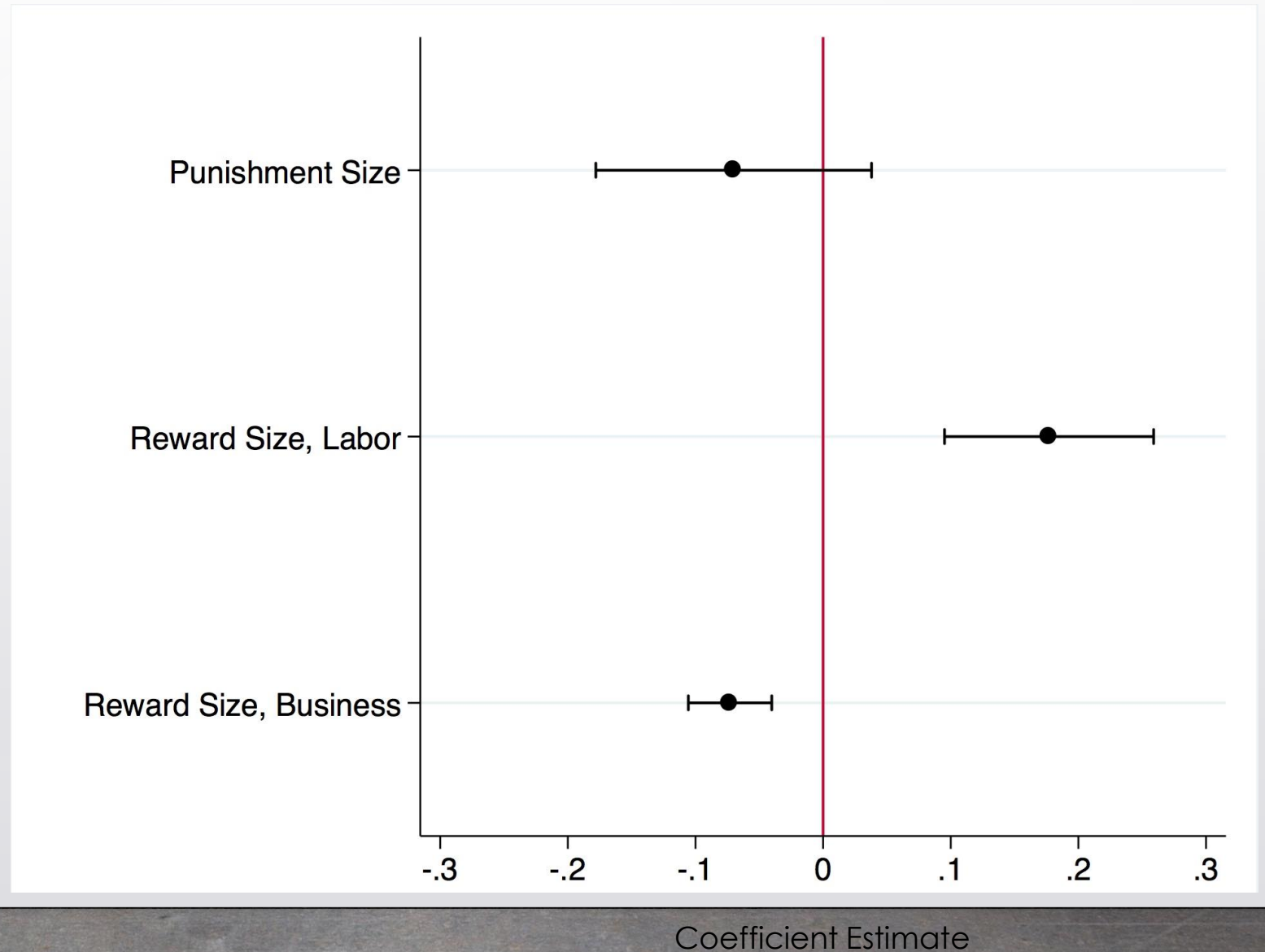


Coefficient Estimate

## Estimates of Reward and Punishment on Vote Switching, Total change (in \$10,000s)

Key findings:

- Effect of punishment size indistinguishable from zero
- House Democrats *more likely* to switch when rewarded
- House Democrats *less likely* to switch when rewarded by business PACs







## Change in Probability of Switching to Anti-Free-Trade

**For \$10,000** in additional labor contributions, Dems were **4% more likely** to change their free trade voting record.

**For \$10,000** in additional business contributions, Dems were **2% less likely** to change their free trade voting record.

From the minimum labor reward (\$100) to maximum (\$24,000), a **9.6% increase** in the probability of switching.

From the minimum business reward (\$500) to maximum (\$140,000), a **27.9% decrease** in the probability of switching.



# Implications

- Punishment strategy backfires
- Logical strategy, but ineffective
- Labor should favor of rewards, though limited due to business advantage
- Waning influence perhaps due to choice of tactics
  - Opting for punishment over reward
  - Playing the money game, instead of grassroots strategy



Thank you!

Questions?



# Why Punish?: Exit, Voice, Loyalty

- **Exit:** swing support to Republican candidates
  - “Encourages competition by both parties for labor support” (Dark 2003)
  - Not viable without “concessions” from Republicans (Bok & Dunlop 1970)
- **Voice:** signal displeasure via punishment
  - “[Labor] wanted the members to win re-election but get back in line when they returned to Congress” (Engel and Jackson 2003)
  - Risks reduced trust and access; backlash (Jansa & Hoyman 2018)
- **Loyalty:** do nothing



## Select Trade Votes, 1993-2000

Congre ss	Votes	Democrats Voting For AFL-CIO Position	Democrats Voting Against AFL-CIO Position
103 <sup>rd</sup>	NAFTA (1993)	102	156
	GATT (1994)	89	167
	China MFN (1994)	111	145
104 <sup>th</sup>	China MFN (1996)	75	119
106 <sup>th</sup>	Ban on PNTR with China (1999)	98	110
	PNTR with China (2000)	138	73



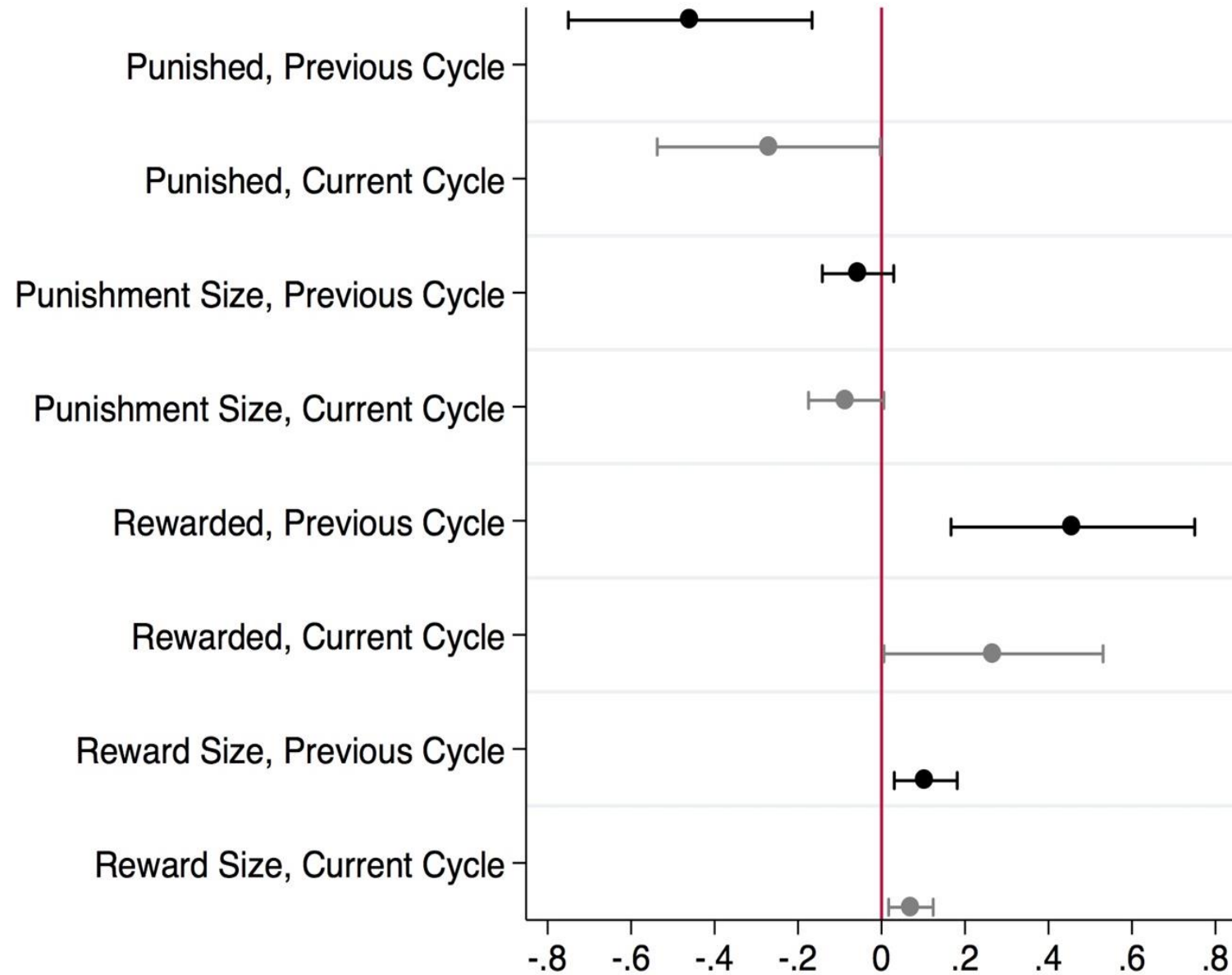
Variables	Model 1
Punished by Labor	-0.583** (0.199)
Rewarded by Labor	0.885*** (0.212)
Rewarded by Business	-1.904*** (0.293)
Ideological Extremism	-3.185*** (0.849)
Union Density	0.035* (0.014)
Manufacturing	-0.060** (0.018)
Leadership	0.657 (0.383)
Seniority	-0.056* (0.024)
Close Election	0.278 (0.341)
N observations	837
BIC	766.49

## Full Model Results

Dichotomous measures

Constant not shown

Variables	Model 2	
Punishment Size (in \$10,000s)	-0.070 (0.055)	Full Model Results
Reward Size, Labor (in \$10,000s)	0.177*** (0.041)	Total Changes (in \$10,000s)
Reward Size, Business (in \$10,000s)	-0.072*** (0.016)	Constant not shown
Ideological Extremism	-3.377*** (0.790)	
Union Density	0.031* (0.013)	
Manufacturing	-0.046* (0.020)	
Leadership	1.624 (0.860)	
Seniority	-0.047 (0.026)	
Close Election	0.208 (0.349)	
N observations	837	
BIC	800.28	



Results with  
Variables  
Measured at  
Alternative Times