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Volume Title: Strategic Factors in Nineteenth Century American Economic History: A Volume to Honor Robert W. Fogel

Volume Author/Editor: Claudia Goldin and Hugh Rockoff, editors

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-30112-5

Volume URL: <http://www.nber.org/books/gold92-1>

Conference Date: March 1-3, 1991

Publication Date: January 1992

Chapter Title: The Rise and Fall of Urban Political Patronage Machines

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Chapter URL: <http://www.nber.org/chapters/c6971>

Chapter pages in book: (p. 427 - 445)

The Rise and Fall of Urban Political Patronage Machines

Joseph D. Reid, Jr., and Michael M. Kurth

15.1 Urban Patronage: Its Common History

One of the most notable political changes of the past hundred years is the rise and fall of urban patronage machines. In most years between 1865 and 1930, patronage machines ruled many large cities—St. Louis, New Orleans, Los Angeles, Minneapolis, Pittsburgh, Philadelphia, New York, Chicago, and Detroit—and many smaller cities and towns, too. Patronage increased from affecting half of the thirty cities surveyed by M. Craig Brown and Charles N. Halaby in 1870 to affecting over 70 percent between 1890 and 1910. Thereafter it declined to affecting 65 percent in 1930, and declined further, affecting half after 1940. But machines controlled few urban governments before 1850 or after 1975.¹

The common explanation ties the rise and fall of patronage machines to the rise and fall of immigrant urban electorates. Patronage commonly is defined as “a political currency with which to ‘purchase’ political activity and political responses” from “voters whose loyalty was ensured by an organizationally created web of jobs, favors, and payoffs” “distributed at the discretion of political leaders.”² Patronage jobs bought the votes of immigrants, who were

Earlier versions of the paper benefited from presentations to the Washington Area Economic History Society, the Public Choice Society, and the Cliometrics session at the 1988 Allied Social Sciences Association meeting in New York; seminars at the University of Montreal, Columbia University, Dartmouth College, and the University of Chicago; and comments by Morris P. Fiorina, Hugh Rockoff, Gordon Tullock, John Wallis, and James Q. Wilson.

1. M. Craig Brown and Charles N. Halaby, “Machine Politics in America, 1870–1945,” *Journal of Interdisciplinary History*, 17 (Winter 1987), p. 598; the thirty cities are listed in fn. 3, pp. 588–89. See also Bradley Robert Rice, *Progressive Cities* (Austin, 1977); Lincoln Steffens, *The Shame of the Cities* (New York, 1904).

2. Quotes are from Frank J. Sorauf, “The Silent Revolution in Patronage,” *Public Administration Review*, 20 (Winter 1960), p. 28; Brown and Halaby, “Machine Politics,” p. 596; and James Q. Wilson, “The Economy of Patronage,” *Journal of Political Economy*, 69 (Aug. 1961), p. 370. See also V. O. Key, Jr., “The Techniques of Political Graft in the United States” (Ph.D. Disserta-

“ignorant and pliable voters” or “primitive people, such as the South Italian peasants,”³ who were accustomed to and wanted “quasi-feudal relationships” with their machine and were not accustomed “to seek the good of the community.”⁴ Entrenched with bought votes, the patronage machine sold “city jobs, business opportunities, easements from city regulations, and gifts” to businessmen, so that “the boss, rich with graft, . . . and having doled out many a favor to businessmen, . . . could draw upon the world of private business as well as the public payroll to provide jobs for his constituents.”⁵

Nonetheless, many historians call patronage good in its time: “city machines . . . have generally been viewed positively as integrators of the poor and providers of social welfare services to immigrant populations.”⁶ At the same time, most historians agree that patronage was wasteful, because patronage workers loafed between elections and patronage bosses accepted shoddy or overbilled construction of public works.⁷ Some, however, argue that “the practice of distributing patronage to voters in exchange for political support was less costly . . . and less inconsistent with the [desired] principles of *laissez faire* than would [have been alternative governmental responses] . . . to certain [redistributive] demands” of voters or, in other words, that the largesse of patronage machines absorbed or deflated revolutionary impulses of immigrants, much as today’s food subsidies immobilize the urban poor of less developed countries.⁸

Finally, most historians believe that patronage waxed as Protestant morality and self-reliance waned, so that patronage flourished during the massive immigrations of southern and eastern Europeans around 1900, and died out after war and the reforms of the Progressives—slowing immigration, increasing access to education, replacing patronage with merit appointment to political

tion, University of Chicago, 1934), p. 68; and Stephen Skowronek, *Building a New American State* (Cambridge, Mass., 1982), p. 48.

3. James Bryce, “Setting the Stereotype,” in *Urban Bosses, Machines, and Progressive Reformers*, Bruce M. Stave, ed. (Lexington, 1972), p. 9. Jane Addams, “Why the Ward Boss Rules,” in *Bosses, Machines, and Reformers*, Bruce M. Stave, ed., p. 11.

4. Robert Merton, “The Latent Functions of the Machine,” in *Urban Bosses, Machines, and Progressive Reformers*, Bruce M. Stave, ed. (Lexington, 1972), p. 30. Edward C. Banfield and James Q. Wilson, *City Politics* (Cambridge, Mass., 1967), p. 41.

5. The first quote is from Aaron A. Rhodes, “Material and Nonmaterial Incentives in Political Machines,” *European Journal of Sociology*, 25 (May 1984), p. 28. He documents that this is the traditional view of patronage—votes for jobs and bent laws for money—but argues that closeness to power and charisma of politicians also motivate voters and political workers (pp. 28–53). The second quote is from Richard Hofstadter, *The Age of Reform* (New York, 1955), p. 184. For a confirming account of the Tweed Ring’s methods, see Seymour J. Mandelbaum, *Boss Tweed’s New York* (New York, 1965), pp. 46–104.

6. James C. Scott, “Political Clientelism: A Bibliographical Essay,” in *Friends, Followers, and Factions*, Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott, eds. (Berkeley, 1977), p. 494; Arthur S. Link and Richard L. McCormick, *Progressivism* (Arlington Heights, 1983), pp. 9–17.

7. Banfield and Wilson, *City Politics*, p. 41, write that “the pay for [patronage jobs] . . . is greater than the value of the public services performed.”

8. Martin Shefter, *Political Crisis/Fiscal Crisis* (New York, 1985), p. 16, writing about Boss William Marcy Tweed’s New York.

jobs, and making ballots simpler and voting secret—reduced the influence of culturally divergent voters. The common understanding of patronage, in sum, is that political machines were “supported by continuing immigration, sustained by patronage, fattened by loot,” and in the end were felled by determined Progressive virtue.⁹ Historians of patronage view its demise as progress.¹⁰

But the common understanding of patronage rests upon false theories and facts. In theory, voters generally are seeking private rather than public betterment: private betterment accrues to oneself, but public betterment accrues to all. Because public betterment is a public good, too few citizens will cast their votes for the common good because they expect others to do so. They expect to reap the rewards of public betterment without their private sacrifice. Thus, voters, in a rational manner, must be ignorant about politics, because politics by definition is about public goods which accrue to individuals with or without their participation or about minuscule negative transfers each too small to justify fighting.¹¹ Only large transfers shared with few others are worth learning about and getting in politics. Thus, the Progressive explanation of political change, which relies upon the mass of voters becoming more sophisticated and a large elite devoting effort to public betterment, is suspect in theory.¹²

9. Quote from Arthur Mann, “When Tammany was Supreme: Introduction,” in William L. Riordon, *Plunkitt of Tammany Hall* (New York, 1963), p. xv. In addition to the references above, for the traditional view that “attributes the rise in [political machines] . . . to the social and political disarray accompanying urbanization, industrialization, and immigration; and the decline . . . to Progressive reforms and the gradual assimilation of the foreign born,” see M. Craig Brown and Charles N. Halaby, “Machine Politics,” p. 610, and references at pp. 588, fn. 2, and 589, fn. 4; and (in chronological order): M. I. Ostrogorski, *Democracy and the Party System in the United States* (New York, 1910); Sorauf, “The Silent Revolution,” p. 31; Hofstadter, *Age of Reform*, pp. 9, 179–86, 257–71; Elmer E. Cornwell, Jr., “Bosses, Machines, and Ethnic Groups,” *Annals of the American Academy of Political and Social Science: City Bosses and Political Machines*, 18 (May 1964), pp. 27–39; Banfield and Wilson, *City Politics*, pp. 40–41, 123, 330–46; L. E. Fredman, *The Australian Ballot* (East Lansing, 1968); Sam Bass Warner, Jr., *The Private City: Philadelphia in Three Stages of its Growth* (Philadelphia, 1968), pp. 54–56; Nathan Glazer and Daniel P. Moynihan, *Beyond the Melting Pot* (Cambridge, Mass., 1970), pp. 221–29; Barry D. Karl, *The Uneasy State* (Chicago, 1983), pp. 16–33. Raymond E. Wolfinger, “Why Political Machines Have Not Withered Away,” *The Journal of Politics*, 34 (May 1972), pp. 365–98, agrees that this is the traditional view, but feels it is “inadequate” (p. 386). Amy Bridges, *A City in the Republic: Antebellum New York and the Origins of Machine Politics*, (Cambridge, Mass., 1984), p. 4, summarizes the traditional view, but argues against its post-Civil War dating. Nathaniel H. Leff articulates the common identification of corruption with culture: “Corruption is deeply rooted in the psychological and social structure of the countries where it exists. . . . Corruption will persist until universalistic norms predominate over particularistic attitudes,” in “Economic Development Through Bureaucratic Corruption,” *American Behavioral Scientist*, 8 (Dec. 1964), p. 13.

10. Daniel P. Moynihan, “When the Irish Ran New York,” *The Reporter* (8 June 1961), pp. 32–44. See also Ari Hoogenboom, *Outlawing the Spoils: A History of the Civil Service Reform Movement, 1865–83* (Urbana, 1961), p. 257; Mann, “When Tammany was Supreme.”

11. See Mancur Olson, *The Logic of Collective Action* (Cambridge, Mass., 1965); and Joseph D. Reid, Jr., “Understanding Political Events in the New Economic History,” *Journal of Economic History*, 37 (June 1977), pp. 302–28.

12. Might one argue that the fact that voting currently is more prevalent among those more educated offers support for the Progressive explanation that the best of the electorate shouldered their responsibility to improve elections? We think not. Today participation is heaviest in national and least in local elections, while outcomes’ differential impacts on voters are least in national and

The Progressive explanation is suspect in fact, as well. The Progressives identified patronage machines with the uneducated and unprincipled immigrants clustered in growing cities: "a great city is the best soil for the growth of a Boss, because it contains the largest masses of manageable voters as well as numerous offices and plentiful opportunities for jobbing."¹³ But the Progressives were mistaken. Patronage and political machines did not arise first in response to post-Civil War immigrants. Amy Bridges reports that the Federalists appointed 1,500 faithful workers to positions in New York City in the 1780s and 1790s, or one patronage appointment for every three voters.¹⁴ Under Tammany's Boss Tweed in the 1860s, only one in eight voters would be patronage appointments.¹⁵ Furthermore, credit for the first political machine generally is given to Martin Van Buren, who created and managed the "Albany Regency" to trade votes at the federal level for largesse for his state and largesse at the local level for votes to the Regency after 1820.¹⁶ Thus, patronage antedates large cities filled with recent immigrants.

Because attribution of patronage machines to post-Civil War immigrants and cities is questionable in theory and fact, we propose a new understanding. We think that the rise and fall of patronage machines mirrors a fall and rise in the incomes and homogeneity of voters that made patronage more, then less, efficient. Our first step is to build an appropriate model of government.

15.2 A Model of Government

We start from agreement with the Chicago machine boss who said that a political organization is "just like any sales organization trying to sell its product."¹⁷ It wants to produce cheaply while reaping maximum reward from the difference between sales value and production cost. Therefore, we model a political organization as any other business, as an association of inputs in hope of profit. Our political firm, like a business firm, is an institution defined by a set of transactions, rather than a set of specific functions. As with a business firm, which transactions are accomplished in the political firm and

greatest in local elections (federal taxes and expenditures vary less than local taxes and expenditures in response to elections). So even though the educated are more likely to vote, they are not voting where their votes count most. This suggests that voting involves motives other than a means of enacting preferred platforms.

13. James Bryce, "Setting the Stereotype," in *Urban Bosses, Machines, and Progressive Reformers*, Bruce M. Stave, ed. (Lexington, 1972), p. 4.

14. Amy Bridges, *City in the Republic*, p. 132.

15. Morton Keller, *Affairs of State* (Cambridge, Mass., 1977), p. 239, cited in Shefter, *Political Crisis*, p. 16.

16. Although, Van Buren may have just grasped and elaborated at the state level what was commonplace at "a 'grass roots' level in almost every locality"; see Alvin Kass, *Politics in New York State, 1800-1830* (Syracuse, 1965), pp. 9, 55-56, and *passim*. Also see Skowronek, *New American State*, pp. 24-26, who argues that patronage parties were the efficient means to present diverse local interests to state and federal legislators before the Civil War.

17. Quoted in Banfield and Wilson, *City Politics*, p. 115.

which are conducted in the marketplace depends upon the costs of internal metering and monitoring versus the costs of search and negotiation in the market. The only constraint is that whatever a political firm does must maximize political profit, or ultimately it will be defeated or deserted in electoral competition.¹⁸ Accepting the metaphor that a political firm is an optimizing entity devoted to the profitable supply of political outcomes, then if political firms differ from private firms, it is because of difference in the transactions undertaken, products provided, technologies used, or environments. We need to evaluate each in turn.

Political transactions are more complex and costly than private market transactions. In private market transactions, payment of precisely so many dollars secures immediately some (comparatively) well-defined good or service for the purchaser. But politicians trade promises and ambiguous outcomes for cash or votes of uncertain worth and not delivered simultaneously.¹⁹ Accordingly, it is hard for voters to know what politicians have done and it is hard for politicians to know what voters have and want done. Thus, successful political exchange requires extensive metering and monitoring of the exchange itself, as well as of the design and production processes. Since the function of a firm is to reduce transaction costs, it follows that transacting bulks larger for a political firm than for a market firm.²⁰

18. Admittedly, our terms here are imprecisely defined. Political profit is some mix of votes and cash (which in turn can be spent on comforts for politicians or on benefits for voters). Political competition will drive politicians to buy votes from the minimum winning coalition expected to be most profitable, served with the most efficient political organization. A likely coalition would be those whose votes were cheap and who would not be upset by favors sold to big spenders: poor employees for votes and big employers for big spenders, say. For the transactions theory of the firm, see R. H. Coase, "The Nature of the Firm," *Economica*, new series 4 (1937), pp. 386–405; Armen Alchian and Harold Demsetz, "Production, Information Costs and Economic Organization," *American Economic Review*, 62 (Dec. 1972), pp. 777–95; M. Jensen and W. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure," *Journal of Financial Economics*, 3 (1976), pp. 305–60. For an enlightening survey, see Beth V. Yarbrough and Robert M. Yarbrough, "The Transactional Structure of the Firm: A Comparative Survey," *Journal of Economic Behavior and Organization*, 10 (July 1988), pp. 1–28. Gary Becker, "A Theory of Competition Among Pressure Groups for Political Influence," *Quarterly Journal of Economics*, 98 (1983), pp. 371–400, presents a formally complete model of a legislature as a profit-maximizing institution with a minimum votes constraint. Barry Weingast and William Marshall, "The Industrial Organization of Congress," *Journal of Political Economy*, 96 (Feb. 1988), pp. 132–61, explicitly discuss a legislature (Congress) as a multi-task firm.

19. Too few or too many votes purchase little for a political firm, just the right amount of votes gives optimal control of taxing, spending, and regulation. William F. Riker, *The Theory of Political Coalitions* (New Haven, 1962), as modified by George J. Stigler, "Economic Competition and Political Competition," *Public Choice*, 13 (Fall 1972), pp. 91–106, implies that political control increases and average benefit declines as coalition size rises. Frequently politicians make it harder to determine if promises have been honored. For instance, members of Congress often gut a law so that the outcome diverges from its title and then vote the title. See Morris P. Fiorina, *Congress, Keystone of the Washington Establishment* (New Haven, 1977). See also Reid, "Understanding Political Events."

20. This is not to say that private market transactions are not complex, uncertain, ambiguous, and open-ended, as argued forcefully by Oliver Williamson, Jr., in *Markets and Hierarchies* (New York, 1975), only that they are simpler than political market transactions.

For a better illumination of the issues, we classify political exchanges into two types, direct and general. In direct exchanges goods go from the political firm directly to the constituent in individual units. General exchanges provide goods and services that benefit all who qualify and avail themselves of them. Consider a political exchange of apples for (past or future) votes. In a direct exchange the voter requests and receives an apple from a politician or a public employee. In a general exchange some quantity of apples are available to all qualified claimants (say, all registered voters) at some location (the courthouse) for some time (the week before elections). General exchanges usually are produced by large capital-intensive units that permit many simultaneous general exchanges—thus, the exchange (improved transport) is provided by a source (highway) that accommodates many travelers at once, and flood control typically is provided by a dam that protects all who live downstream.

In an efficient production of votes the ratio of marginal production costs of direct and general exchanges must equal the ratio of perceived sale values. Political changes can occur in the form of products provided or in how they are provided. Political changes can be prompted by alterations in voters' values, by shifts in perceived or collectible values, and by shifts in the costs of possible exchanges. As the output of a political firm changes, organization and types of employees might change. For instance, a political firm organized to collect cash from government contractors might need different form and people than one organized to deliver quality education. A political firm adept at trash removal might not be adept at obtaining intergovernmental subsidies.²¹

15.3 The Model Applied to Patronage

Our model helps explain the rise and fall of patronage. In our vision, the principal jobs of patronage employees were to: 1) search out voters, identify their preferences, and communicate an offer to them (patronage workers had to work in the many languages of illiterate voters); 2) make politicians' promises credible by befriending voters; 3) monitor votes; and 4) distribute largesse to those deserving "in the different ways they need help . . . quarters . . . clothes . . . a job."²² Plunkitt of Tammany Hall said that to accomplish these tasks "you have to go among the people, see them and be seen. I know every man, woman, and child in the . . . District. . . . I know what they like and what they don't like, what they are strong at and what they are weak in, and French them by approachin' at the right side."²³ The Chicago machine of the 1960s resembles the Tammany machine of a century earlier; in it a "good

21. For further discussion and graphical analysis, see Joseph D. Reid, Jr., and Michael M. Kurth, "Public Employees in Political Firms: Part A. The Patronage Era," *Public Choice*, 59 (Dec. 1988), pp. 253–62.

22. Riordon, *Plunkitt of Tammany Hall*, pp. 27–28.

23. *Ibid.*, p. 25.

precinct captain spends his evenings visiting his neighbors, doing chores at ward headquarters, traveling to and from city hall on errands, and talking politics.”²⁴

The patronage machine worked well because the poor, polyglot voters in machine wards were served efficiently by patronage workers. Poor voters mostly needed help coping: insurance against unemployment, bad health, and scrapes with the law; direction to housing; assistance with forms; and the like. However, many of these needs are subject to self-serving misrepresentations: “I am too sick to work,” “I cannot find suitable work,” or “I am still hungry” may not be reported truthfully. Therefore, reliefs may be oversupplied unless closely monitored and adjusted.

The decision to monitor depends upon the cost of monitoring versus the cost of oversupply. Close monitoring is more likely if voters’ wants can be supplied discriminatorily, because the profits from discrimination underwrite the costs of monitoring. Among the poor, profit from discrimination is usually plausible. For instance, supplying health care requested or needed by a voter depends upon the degree of sickness and the ability of family to care for the sick. For any degree of relief, the income, food, and housing needed depend upon family size and standards. Discrimination requires policing the resale of remedies, which a close monitor can do.

When providing direct relief, patronage workers need to be able to assure the poor that relief will be delivered when wanted, because direct relief cannot be stockpiled. The means employed is trust. In getting close enough to monitor his voters and profitably discriminate among them, the patronage monitor becomes known well enough to be trusted. Finally, close monitoring is more likely if political talk must be carried out in different languages. For, if the politician must talk Italian on one block and Polish on another, he needs many spokespersons who can monitor as they communicate door to door.

Considering together moral hazard, discrimination in supply, assurance of supporters, and neighborhood scale economies in political discourse and delivery, it is plausible that direct supply of political payoffs could accomplish efficiently all of the transactions required for political exchange in poor, polyglot wards. The ward healer who lived in the neighborhood and continually made its rounds, attended its churches and funerals, brought a turkey to the injured and found a job for the recovered—in sum, who spoke his neighbors’ language and shared their ways—could thereby discern their wants and gain their trust.²⁵

Because he knew his voters well, he needed to pay them no more than needed for their votes, and he knew he could count on their repaying votes at elections. Because he was required to carry communications between politi-

24. Banfield and Wilson, *City Politics*, p. 119.

25. Cornwell, “Bosses, Machines, and Ethnic Groups,” p. 31. See also Banfield and Wilson, *City Politics*, pp. 117–19; John Petrocik, “Voting in a Machine City, Chicago, 1975,” *Ethnicity*, 8 (1981), pp. 320–40; and Riordon, *Plunkitt of Tammany Hall*, pp. 90–93.

cians and voters, the patronage worker could efficiently carry political products to voters. Not surprisingly, machines won elections by giving the poor new immigrants to urban areas not just jobs but a broader “security from the uncertainties of their existence” directly.²⁶ Thus, our translation of Plunkitt’s description of a patronage worker’s work is talk to every voter individually (because each speaks a different language), learn how to buy each vote most cheaply, buy votes by promising and, when pressed, delivering payment, and collect repayments from voters.

But direct intermediaries are not efficient with all voters. Rich voters save to provide for their own needy days. Rich voters want income-elastic services from government. Even today, clean parks and speedy transport are the demands of the wealthy, not the poor.²⁷ Although these demands could be met directly—trails could be swept ahead of rich hikers and bearers could carry rich travelers over rough terrain—scale economies favor the general provision of such wants from a source prepared in advance and consumed as wanted, especially since the user-furnished complements to consumption (a vacation or an auto) successfully discriminate between rich and poor. The way to riches generally requires literacy and articulateness, so the rich can be reached through mass media and can make their wants known without intermediaries. In the patronage era, the rich were a homogeneous group of white Anglo-Saxon Protestants who could be communicated with generally and surveyed statistically. Thus, a patronage worker was not an efficient means to find, assure, monitor, and distribute political payoffs to the rich.

15.4 The Historical Record

15.4.1 State and Federal Governments

History amply supports the distinction between the heterogeneous, inarticulate poor and the homogeneous rich as determining the extent of patronage. Before its postbellum urban flowering, patronage arose in the New York state government. Patronage suited New York in the early 1800s, because many of the state’s western cities and hamlets were sufficiently isolated to preclude general communication and sufficiently heterogeneous economically to make specific and discriminatory provision of political assistance worthwhile. Patronage came to the federal government as the westward migration isolated, made heterogeneous, and dispersed the national electorate.²⁸ The heteroge-

26. Fred Greenstein, “The Changing Pattern of Urban Party Politics,” *Annals of the American Academy of Political and Social Science: City Bosses and Political Machines*, 353 (May 1964), pp. 1–13.

27. Thomas E. Borcharding and Robert T. Deacon, “The Demand for the Services of Non-Federal Governments,” *American Economic Review*, 62 (Dec. 1972), pp. 897–98, calculate an income elasticity for parks of 2.7.

28. For the facts of federal patronage see Lee Benson, *The Concept of Jacksonian Democracy* (Princeton, 1961); and Kass, *Politics in New York*. For the heterogeneity of population, consider the increasing percentage of the population living outside of old coastal areas (the New England,

neous communities and regions of New York, and then of the United States, were analogous to the neighborhoods of the patronage cities. Votes could be bought cheaply with specific remedies (dam this river, remove these Indians, provide transport links to this entrepôt) that had to be made known (difficult in the cities because of language, and in the countryside because of distance), satisfied efficiently (difficult because of voters' self-serving requests for more), and collected for (beforehand, which required voters' to trust the political firm, or after, which required the firm to present its bills and watch their payment—but in either case required some political intermediary and monitor on the spot).

The decline of federal patronage was prompted by changing (increasing) homogeneity among those who demanded governmental services and spurred by falls in the cost of communicating with voters and interest groups with new technologies. The exclusion of the South from national political importance after the Civil War made the national electorate much more homogeneous. The desire of the North and West to develop the trans-Mississippi Midwest was fulfilled with railroads, land-grant colleges, agricultural research stations, and so forth. At the federal level, regional economic interests evolved into national line-of-business interests: shipping and entrepôt interests, financial interests, mercantile interests, and others. The ported rim of the country reorganized from regional interests into clustered lines of specialized commercial interests that spilled over congressional district lines. The agricultural interiors reorganized from locational interests to crop interests that similarly outgrew congressional district limits: the old and new Souths became more completely the cotton interest, and the newly franchised trans-Mississippi Midwest became the grains interest. Thus, political outcomes demanded from the federal government increasingly became transregional demands for protection from specific ruinous imports, or subsidization of specific products, or alleviation of broadly impacting ills, such as price instabilities newly introduced by interlinked and internationalized markets.²⁹

Political outcomes that crossed district lines could be supplied more efficiently through general rather than direct means. A general tariff was cheaper than direct reliefs. Direct reliefs had to reach specific producers in specific congressional districts. They might take the form of the purchase of the

Middle Atlantic, and South Atlantic census regions) an estimate of heterogeneity. It is a lower bound estimate, in light of our attribution of Middle Atlantic New York's patronage under Van Buren to its within-state heterogeneity. But this lower bound estimate, percentage of population outside old areas, increases steadily while patronage comes to the federal government; the percentage of population outside old coastal areas is 5.8 in 1800, 22.7 in 1820, 37.2 in 1840, and 49.0 in 1860 (calculated from Jonathan Hughes, *American Economic History* [Glenview, Ill., 1987], table 5.1, p. 96).

29. For discussions of the rising demand from the middle class for protection from change and exploitation, see Link and McCormick, *Progressivism*; Robert A. McGuire, "Economic Causes of Late Nineteenth Century Agrarian Unrest," *Journal of Economic History*, 41 (Dec. 1981), pp. 835–52; and Anne Mayhew, "A Reappraisal of the Causes of Farm Protest in the United States, 1870–1900," *Journal of Economic History*, 32 (June 1972), pp. 464–75.

import-competing good for federal stores. A producer with plants in several congressional districts could easily claim hardship in one district by hiding his prosperity in another. Lacking the proper reference comparisons and expertise, a district patronage worker probably could not gauge the needs of manufacturers as well as those of voters. More efficiently, the prosperity of the industry would monitor the adequacy of general relief, and competition within the industry would stretch relief as far as possible. Likewise, midwestern farmers could be protected from fluctuating costs and prices by regulations and laws enacted in Washington; general means, rather than through direct remunerations which would be more costly. Trade associations and cartels that developed after the Civil War allowed distant politicians to identify and to communicate with urban commercial interests without the help of intermediaries.³⁰

New communications technology further favored the substitution of general for direct political exchanges particularly at the state and federal levels of government. The advent of the telegraph and telephone and increased newspaper circulation lowered the cost of communicating with the government. The federal and state government were relatively more affected than local governments, and richer, more educated voters were more affected than poorer, less educated voters. Between 1869 and 1899, telegraph messages increased sevenfold. They increased another threefold by 1929. Telephones per thousand population increased elevenfold between 1880 and 1899, and another elevenfold between 1899 and 1929. Illiteracy among native whites fell from 8.7 percent (or 3.2 million) in 1880 to 4.6 percent (2.6 million) in 1900, and to 1.6 percent (1.5 million) in 1930. Newspaper circulation per household rose fourfold over the period.³¹

Accordingly, federal and state governments substituted general political outcomes for direct outcomes, and broad economic outcomes for specific and local outcomes. Establishment of the Interstate Commerce Commission in 1887 was one manifestation of the move from direct and local political outcomes to broad and general political outcomes. Reform of federal customs houses and post offices was another. The new jousting between the president and Congress to control federal employment was a third. With the spread of steam and then electricity, manufacturing firms tended to locate in urban areas. With improved transport, management techniques, and synergistic urban growth, retail sales and general commercial activities centered in larger

30. Olson, *Logic of Collective Action*, argues convincingly that trade groups that can withhold private benefits to secure payments for association-public benefits will secure such benefits more successfully. The increasing ease of communicating with commercial interests generally (from a distance) is evidenced by their growth in size: production employees per manufacturing establishment increased from 8.1 in 1869 to 10, counting all manufacturing establishments; to 22, excluding hand and neighborhood industries in 1899; and to 40 in 1929 (calculated from Bureau of the Census, *Historical Statistics of the United States* [Washington, D.C., 1960], series P4 divided by P1, p. 409).

31. Calculated from Bureau of the Census, *Historical Statistics of the United States* (Washington, D.C., 1960), series R2 and R7, pp. 480–81; R45 and R53, pp. 484–85; H409, p. 214; R176, p. 500; A51 and A55, p. 9; and A255, p. 16.

urban locations. Managers of these dispersed enterprises came to depend more and more on speedy mail and customs clearings. Spanning many congressional districts and even states, merchants and manufacturers effectively communicated to the federal government that they wanted speedier service. Because speedier service would also raise the vote-payoff from richer and more literate consumers, the federal government began to separate production of these services from kickbacks by patronage appointees in large cities. That is, the federal government turned from direct to general political exchange to secure the votes and cash of a growing constituency, the rich and the newly insistent commercial interests.

The movement from direct toward general political exchange was accelerated by scale economies that became possible as the homogeneity of voters increased and became affordable as ease of communicating with voters improved. The disappearing frontier and the spread of literacy and media outside of the largest (more immigrant) cities played a role. Economic changes, moreover, led middle class voters to place more weight on securing their wealth. On the demand side, then, rising incomes led more voters to prefer self-insurance and income-elastic political payoffs. Where interests were united, reliefs could be provided most cheaply through regulatory agencies and laws enacted in Washington and distributed generally through a uniform nationwide system of justice. So federal (and later state) politicians began to disengage from the hierarchical arrangement of party patronage that had linked cities to higher governments since Jackson.

Presidents became spokesmen for the federal government in discussions with special interests with nationwide constituencies. Urban congressmen began to deal with urban interests through trade groups and media without the aid of state and local intermediaries. Rural representatives experienced the least change in communicating and collecting from constituents, because farmers stayed put. The coalescence of district interests into crop interests did move rural congressmen away from patronage exchange with rural constituents, but efficiency did not dictate that rural congressmen replace direct with general political exchange as rapidly. In consequence, the president, allied with urban senators and members of Congress, pushed federal reform against recalcitrant rural interests.³² In response to rising homogeneity and falling communication costs, federal patronage began to give way to merit evaluation in the 1880s in urban activities directed at those who were richer and more literate. Merit employees represented 10.5 percent of all federal employees in 1884, 25.5 percent in 1894, 53.0 percent in 1904, 60.6 percent in 1914, and 79.7 percent in 1924.³³ Federal patronage first shrank from tasks that served a

32. For example, members of Congress representing urban entrepôts were significantly more likely to support the Pendleton Act initiating civil service. See regression results of Ronald N. Johnson and Gary D. Libecap, "Patronage to Merit: Political Change in the Federal Government Labor Force" (manuscript, University of Arizona, Mar. 1990), table 1, p. 27.

33. Federal employment grew fourfold over this time, so that the absolute number of federal patronage employees did not decline until after 1914. See Extension of Competitive Civil Service, Committee on Post Office and Civil Service, *History of Civil Service Merit Systems of the United*

newly insistent clientele, as when larger post offices and customs houses were put under civil service as members of the business community pressured for prompt and secure service.³⁴ Some reform reflected rivalries within the federal government, but rivalries produced by the waxing and waning importance of components of the constitutionally constrained government in political supply, rather than rivalries between reform and corrupt political antagonists.³⁵

More slowly, but for similar reasons, patronage also began to shrink in the states. State patronage workers were withdrawn first from tasks that served nonvoters. In 1883, for instance, the state of New York passed a civil service bill which “applied to officers employed in connection with canals, public works, prisons, asylums, and reformatories.”³⁶

15.4.2 Urban Patronage

In contrast, urban patronage grew fastest between 1884 and 1900. Brown and Halaby’s study of thirty large cities indicates that urban patronage takeovers grew 200 percent between 1884 and 1892, and competition among contending patronage machines rose 50 percent. Patronage politics prevailed in 80 percent of their cities in 1892 and 73 percent in 1900.³⁷ From aggregate data it is arguable that cities filled with polyglot poor voters and jostling and growing commerce found it efficient to move toward direct political exchanges. Voters poured into cities. As Table 15.1 reports, cities boomed. Between 1870 and 1900, the U.S. population increased 97 percent, with the foreign-born population increasing 86 percent, while total and foreign-born population in the thirty sample cities increased 179 percent and 104 percent, respectively. Between 1880 and 1900, the number of manufacturing establishments in the United States rose 102 percent, manufacturing capital rose 252 percent, population rose 51 percent, and the manufacturing work force rose 94 percent. In the one hundred principal cities, manufacturing establishments rose 138 percent, capital rose 261 percent, population rose 89 percent, and the work force rose 84 percent. In the thirty sample cities, establishments rose 144 percent, capital rose 279 percent, population rose 89 percent, and the work force grew 73 percent. Population of the one hundred principal cities was 18 percent of U.S. population in 1880 and 23 percent in 1900. Work force per establishment averaged 69 percent greater in cities than in the nation in 1880 and 38 percent larger in 1900. In cities, manufacturing capital per

States and Selected Foreign Countries, 94th Cong., S.S. (Washington, D.C., 1976), table 1, p. 305. For details of the Pendleton Act, see *Congressional Record*, 47th Cong., 2d sess., 1883, pp. 403–7.

34. Skowronek, *New American State*, pp. 69, 72–74, passim; Mandelbaum, *Tweed’s New York*, pp. 155–57.

35. Skowronek, *New American State*, pp. 62–74.

36. Hoogenboom, *Outlawing the Spoils*, p. 257.

37. Brown and Halaby, “Machine Politics,” fig. 1, p. 598. We identify competition among contending machines with “a factional pattern, where several ward-level machines compete with each other and ‘regular’ political groups for city power” (*ibid.*, p. 590).

Table 15.1 **Statistics for Selected Cities and the United States: 1870, 1880, 1890, and 1900**

Item	Year				Percentage Increase		
	1870	1880	1890	1900	1870-1900	1880-90	1880-1900
Thirty-Cities							
Patronage (%)	52	67	70	73	40	4	4
Population (000)	4,575	6,753	9,117	12,754	179	35	40
Foreign born (000)	1,779	2,312	3,102	3,647	105	34	58
Manufacturing establishments (000)	—	58	126	140	—	118	144
Manufacturing capital (\$000,000)	—	981	2,581	3,714	—	163	279
Work force (000)	—	1,063	1,650	1,844	—	55	73
One Hundred Cities							
Population (000)	6,683	9,131	13,139	17,233	158	44	89
Manufacturing establishments (000)	—	78	168	186	—	115	139
Manufacturing capital (\$000,000)	—	1,385	3,524	5,001	—	155	261
Work force (000)	—	1,431	2,310	2,639	—	61	84
United States							
Population (000)	38,558	50,156	62,662	75,995	97	25	52
Foreign born (000)	5,567	6,680	9,250	10,341	86	38	55
Manufacturing establishments (000)	252	254	355	512	103	40	102
Manufacturing capital (\$000,000)	—	2,790	6,525	9,814	—	134	252
Work force (000)	2,046	2,733	4,252	5,306	159	56	94

Sources: Percentage of cities with patronage machines is calculated from M. Craig Brown and Charles N. Halaby, "Machine Politics in America, 1870-1945," *Journal of Interdisciplinary History*, 17 (Winter 1987), fig. 1, p. 598. The thirty cities are identified in Brown and Halaby, "Machine Politics," fn. 3, pp. 588-89. The thirty cities population and foreign born are from Bureau of the Census, *Ninth Census: Statistics of Population of the United States* (Washington, D.C., 1872), vol. 1, table 8, p. 380; Bureau of the Census, *Compendium of the Tenth Census: 1880* (Washington, D.C., 1883), part 1, pp. 452-63, 542; Bureau of the Census, *Compendium of the Eleventh Census: 1890* (Washington, D.C., 1894), part 1, pp. 44-51, 540-79; and Bureau of the Census, *Twelfth Census: Report on Population of the United States* (Washington, D.C., 1902), vol. 1, part 1, pp. 609-46. The thirty cities manufacturing data are from Bureau of the Census, *Compendium* (1880), pp. 379-80; Bureau of the Census, *Report on Manufacturing Industries in the United States, Eleventh Census* (Washington, D.C., 1895), part 2, pp. 8-13; and Bureau of the Census, *Report on Manufactures, Twelfth Census* (Washington, D.C., 1902), vol. 7, part 1, pp. 992-1003. One hundred cities population for 1870 is the population of fifty-two principal cities plus half of the population of the next 116 cities from Bureau of the Census, *Historical Statistics of the United States* (Washington, D.C., 1975), series A 58-64 and A 44-50, pp. 11-12. The remainder of the one hundred cities data are from Bureau of the Census, *Manufactures* (1902), p. ccxix. U.S. total population is calculated from Bureau of the Census, *Historical Statistics*, series A 119, p. 15; series A 105, 112, p. 14. The numbers of manufacturing establishments for 1870 are from *ibid.*, series P 1, p. 666. The size of the work force is calculated from discussion in *ibid.*, p. 653, series P 3-5, wage earners estimate, multiplied by the average ratio of Bureau of the Census, *Manufactures* (1902), wage earners, p. ccxix, to *Historical Statistics* discussion estimate, 1880-1900. Remaining data are from Bureau of the Census, *Manufactures* (1902), p. ccxix.

worker doubled, while in the nation it increased only 85 percent between 1880 and 1900.

The 1880 to 1900 comparisons understate the political impacts of the growth rates. The urban centers' gain in poorer and foreign residents, and the centers' expansion of bigger manufacturers which employed these new residents, was dramatically higher in the earlier decades. Also, the proportion of foreign born or native born of foreign parents (arguably a better measure of heterogeneity) was dramatically higher than the proportion of foreign born alone. In 1890 in the thirty sample cities, 31 percent were foreign born but 71 percent had at least one foreign-born parent. Finally, the flow of manufacturing capital and jobs to the cities was at its relative peak in the 1880s. Thus, urban patronage grew in cities that became most heterogeneous and accommodated most rapidly to changed economic circumstances.

Later, gradual withdrawal of patronage and the rise of general political outcomes was observed in municipalities where the interests of voters and business overlapped. Commission government and at-large elections, well-known instruments of political reform, were adopted in midwestern farm entrepôts which focused on transshipment of a main crop and servicing of surrounding farmers. The homogeneity of their citizens, of their economic interests, and of alternative towns meant that voters and commercial interests could be addressed and responded to generally, or could move Tiebout-style away from inefficiency. Therefore legislation rather than corruption predominated in facilitating farm-town commerce.³⁸

In older and heterogeneous cities the most profitable way to accommodate business remained having patronage workers who sold variances individually and bought votes with political favors.³⁹ In these cases blanket accommodation of industrial modernization was blocked by established voting groups or by the influence of unique resources (such as a port, railhead, or an agglomeration of people) where locational rents retarded the flight of voters and taxpayers from political inefficiencies and inequities.

Even in the heyday of municipal patronage, "no city [was] . . . composed exclusively of wards filled with voters responsive to . . . the dispensation of favors. In addition to the 'river wards' there are others, called in Chicago 'newspaper wards' and in New York 'silk-stocking' districts, which . . . respond[ed] much less, if at all, to the infusion of patronage."⁴⁰ In rich and homogeneous wards, political machines ran low-key operations or acquiesced to a reform representative, so long as the reformer did not strive to expand his

38. To see the focus of municipal reform among homogeneous farm entrepôts, see Rice, *Progressive Cities*, pp. 52–71, especially table 4, pp. 54–55. For choice of flight or reform as remedy to unwanted government, see Charles M. Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, 64 (Oct. 1956), pp. 416–24.

39. See table 6, "Social Characteristics of Cities of 25,000 or More by Adoption of Commission Form of Government, 1913," in Rice, *Progressive Cities*, p. 89.

40. Wilson, "Patronage," p. 374. See also Leonard White, reported in Paul P. Van Riper, *History of the United States Civil Service* (White Plains, NY, 1958), p. 27.

representation or to curtail the activities of the machine in its wards.⁴¹ Machines or reformers won richer and more literate neighborhoods with income-elastic general exchanges: reform opponents of Tweed's Tammany Hall wanted "a good police force, good pavements, substantial docks, a well-lighted and healthy city, a good fire department, economic expenditure and honest and efficient administration,"⁴² so Tweed, to disarm them, supplied the high-income wards of upper Manhattan with "new streets, water mains, sewers, parks, and streetcar lines."⁴³ The poor neighborhoods difficult to communicate with or to monitor except individually were won with direct exchanges. Tweed supplied poor and immigrant wards welfare—housing, jobs, and protection from catastrophe, as well as beer for voters. In the 1960s, patronage Mayor Richard J. Daley placated reformers in Chicago by inaugurating "street cleaning, street lighting, road building, a new airport, and a convention hall." For businesses he made Chicago the city that worked. Daley won votes from poor wards with "turkeys and hods of coal" and other direct helps to make the neighborhoods livable.⁴⁴

In sum, urban history supports our prediction that if economic outcomes are shared, competitive political firms will provide them generally, but if they are contested, political firms will sell economic outcomes directly and individually. In fact, a sizable portion of the electorate wanted the same things (cheap incarceration of inmates, fast passage through customs, speedy mail, good roads) and could be trusted not to abuse their provision, and communication with that electorate became cheap (by media) and sure (because wants were homogeneous and spokespersons were identified), so employees who specialized in performing tasks replaced patronage employees who specialized in representing specific neighborhoods. Patronage declined as the relative value of general exchanges rose and the cost declined.⁴⁵

15.5 Other Explanations

The decline of patronage is not usually attributed to changes in the efficiency of various political transactions. The main explanation is the disap-

41. Banfield and Wilson, *City Politics*, pp. 116–21.

42. From newspaper quote by Mandelbaum, *Tweed's New York*, p. 179, of the son of the reform Public Works Commissioner, 1878.

43. Shefter, *Political Crisis*, p. 16.

44. Banfield and Wilson, *City Politics*, pp. 124, 118–19.

45. In a seminar discussion, Gary Becker asked why, given the increased incomes of governments, is there not more direct welfare in poor areas and more general welfare in rich areas? It is a good question. Although the answer is not critical to our thesis, we think Becker is incorrect. The minimum winning coalition gets the bulk of payoffs from governments. Currently that coalition consists of middle-class voters and, for cash payers, small producers such as farmers in the countryside and contractors in cities. Therefore, what looks like payoffs to the poor—food stamps, in-kind relief, housing developments, and the like—are principally payoffs to the farmers and contractors who make and replace the payoffs. Indeed, even payoffs to the middle class are twisted further than technology dictates toward being general so that they can be contracted out as capital construction, to win contractors' votes and to insulate the payoff from repeal. See Kenneth

pearance of foreign stock in the population (produced by the stoppage of immigration during World War I and subsequent immigration reforms) and the assimilation of immigrants' progeny. This explanation is often supplemented by lesser, supporting reasons for the rise of the civil service.

One supplemental explanation for the end of patronage is that civil service arose to protect faithful political employees from hostile successor administrations. Some growth did occur this way.⁴⁶ But not much because the plan would encourage patronage employees to work for the quick defeat of their patron to gain their sinecures. If the affected employees were not expecting job gifts, then giving gifts would not influence their loyalty beforehand and would render their loyalty unusable and "unsalable" in the future.

A related explanation is that transformations from patronage to civil service represented a scorched earth policy by lame-duck administrations. By transferring its patronage workers to classified merit lists, an outgoing administration hindered its successor from rewarding its own workers and further reduced the efficiency of services provided by the new administration. The implicit contention is that the immediate value of scorched earth offsets the future loss from no subsequent patronage appointments. Even if there were inconvenience to the successor administration, there is little reason to think that lame-duck transfers to merit lists would survive. The incoming winner has no reason to honor such transfers and could repeal them. Repeals have happened. President Eisenhower, upon his inauguration, withdrew civil service protection from 134,000 federal incumbents blanketed in by President Truman. Earlier, congressional Democrats and Republicans were outraged when President Cleveland increased merit appointments by a third in 1896 in a "vengeful act of a President whose party support had dissolved."⁴⁷ Upon taking office, President McKinley restored a third (9,000) of these positions to patronage, then federal employment expansions relieved pressure for further restorations.⁴⁸ It has been suggested that civil service sinecures arose not to influence the efforts of public employees but to win their votes.⁴⁹ But econometrically modeling favors for votes in state legislatures, we find that governments with large pluralities do not further reward voting coalitions.⁵⁰ Thus,

Shepsle, Barry Weingast, and Christopher Johnson, "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics," *Journal of Political Economy*, 89 (Aug. 1981), pp. 642–64.

46. Committee on Post Office and Civil Service, *History of Civil Service*, pp. 181–85.

47. Skowronek, *New American State*, p. 73.

48. Committee on Post Office and Civil Service, *History of Civil Service*, pp. 268–69.

49. Argued by Gordon Tullock, "Dynamic Hypothesis on Bureaucracy," *Public Choice*, 19 (Fall 1974), pp. 127–31, and accepted by Amy H. Dalton, "A Theory of the Organization of State and Local Government Employees," *Journal of Labor Research*, 3 (Spring 1982), pp. 163–77.

50. We found that a dominant party rewards marginal (potentially swing) constituency members in inverse proportion to the margin of dominance. A barely dominant party pays its marginal voters a lot, while a hugely dominant party pays little. See Joseph D. Reid, Jr., and Michael M. Kurth, "The Organization of State and Local Government Employees: Comment," *Journal of Labor Research*, 5 (Spring 1984), pp. 191–200; and Joseph D. Reid, Jr., and Michael M. Kurth,

implied transfers of wealth from politicians to employees are too benevolent in theory and too rare in fact to explain the transformation of patronage workers to civil servants.

Another supplemental explanation for the end of patronage is that patronage employees left as their opportunity wages rose, while reform required scarce merit qualifications for all but the most unattractive jobs.⁵¹ That rising opportunity wages reduced the supply of patronage workers implies that the supply of patronage workers shrank relative to demand, so that the number of people available to register voters and canvass neighborhoods fell. But, typically, such patronage workers were uneducated. Furthermore, their jobs today are easily filled by volunteers.⁵² Thus, it is unlikely that opportunity wages of rank-and-file patronage workers rose in the period. The more likely explanation is that demand for patronage workers rather than their supply shifted back.

Now let us directly address the traditional explanation for reform, that reform "was the effort to restore a type of economic individualism and political democracy that was widely believed . . . to have been destroyed by the great corporation and the corrupt political machine."⁵³ We do not disagree that agitation against electoral corruption and advocacy linking corruption with immigration policy existed. It is plausible that public pressure for reform began to build after the Civil War. The demise of slavery freed the intelligentsia to fulminate against other national shortfalls, and the fires of repeated scandals illuminated patronage governments as prominent shortfalls. When President Garfield was shot by a would-be spoilsman, it is possible that reformers' zeal became so frenzied that reform became electorally irresistible, even if (as we argue) the mass of voters did not much care.⁵⁴ It is also possible that reform attracted political champions who saw it as a vehicle of successful advocacy, and thus as a career builder.⁵⁵

But the essence of the traditional explanation is that the "better" or "more American" voters compelled reform. We have already questioned this. From public goods theory, we have argued that few voters would rationally press for

"The Contribution of Exclusive Representation to Union Strength," *Journal of Labor Research*, 5 (Fall 1984), pp. 391-412.

51. Sorauf, "Patronage," p. 30; Greenstein, "The Pattern of Urban Politics," pp. 8-9; Cornwell, "Bosses, Machines, and Ethnic Groups," p. 34; Committee on Post Office and Civil Service, *History of Civil Service*, chap. 4.

52. Rhodes, "Incentives in Political Machines," p. 37, documents that wages of contemporary machine employees are commonly below opportunity earnings.

53. Richard Hofstadter, *The Age of Reform*, p. 5.

54. Olson, *The Logic of Collective Action*, convincingly argues that a committed few can win political changes.

55. Reid, "Understanding Political Events," argues that leaders can forecast the evolution of support for and of acquiescence in political outcomes and will champion outcomes becoming popular in order to demonstrate leadership. Theodore Roosevelt is a likely example of a would-be leader championing reform to demonstrate leadership. Reid emphasizes that sustainable political outcomes, such as reform, generally are not unique.

reform. In fact, across and within governments reforms came piecemeal (first this bureau, then that, was transformed to merit employment), which is inconsistent with the idea that an irresistible notion swept the country. Indeed, a respectable theory argues that members of the business community led reform to block rather than to extend democracy, which questions the role of voters in stimulating reform.⁵⁶

Attacks by reformers and displacement of patronage politicians do not gain-say our conclusion that reform represented the reorganization of governments to govern more profitably. Producers of political exchanges that did not adjust were displaced by more efficient rivals.⁵⁷ At different locations and times, supply efficiencies differed. Reorganizations and supplier substitutions were chaotic. Leonard White noted in 1933 that “most of the change [towards the merit system] has been, relatively speaking, undirected growth. Especially the extension of organized groups of public officials and employees, some with a highly professional point of view and others with interests primarily of an economic nature, has proceeded without much public notice and certainly without recognized leadership apart from that associated with each group.”⁵⁸ Stephen Skowronek similarly concluded that “between 1877 and 1900, the [federal] merit service failed to attain internal coherence. . . . It remained inchoate.”⁵⁹

Ari Hoogenboom concluded that “the scope of the [Pendleton Act] was determined . . . by the political potential of the offices themselves.”⁶⁰ For all reform, we conclude the same. We accept the supply-side argument made by the father of federal reform, Senator Jenckes, in 1867, “that by decreasing patronage obligations, Members of Congress could save countless hours now spent dealing with office seekers and then utilize the time for more important duties.”⁶¹ Sixteen years later, a majority of his congressional colleagues agreed. At different times, in different places, but for the same reason—changing costs and values of general relative to direct political exchanges—

56. See Samuel P. Hays, “Business Elite and the Centralization of Decision-Making,” and James Weinstein, “Businessmen and the City Commission and Manager Movements,” in *Urban Bosses, Machines, and Progressive Reformers*, Bruce M. Stave, ed. (Lexington, 1972), pp. 119–29, 129–43.

57. See the description of Carmen DeSapio’s (failed) attempt to adapt Tammany Hall in Shefter, *Political Crisis*. Harvey Boulay and Alan DiGaetano, “Why Did Political Machines Disappear?” *Journal of Urban History*, 12 (Nov. 1985), p. 37, agreeably attribute the replacement of many machines to the inability to respond efficiently to newcomers. Also see Kevin T. Deno and Stephen L. Mehay, “Municipal Management Structure and Fiscal Performance: Do City Managers Make a Difference?” *Southern Economic Journal*, 54 (Jan. 1987), pp. 627–39, which reports that there is today no statistically significant difference in expenditures of reform (city manager) and unreformed (council-mayor) municipal governments, other things equal. This contradicts the reform assumptions (that structure matters or that reform indicates differences in the electorates), but is as our model predicts, that survivors in a competitive environment have the same supply cost.

58. Leonard D. White, *Trends in Public Administration* (New York, 1933), p. 5.

59. Skowronek, *New American State*, p. 78.

60. Hoogenboom, *Outlawing the Spoils*, p. 244.

61. Committee on Post Office and Civil Service, *History of Civil Service*, p. 127.

other politicians agreed. In sum, politicians walked rather than were pushed away from patronage.

15.6 Conclusion

Patronage is the efficient means to effect direct political exchanges. Direct political exchange is favored when public wants are heterogeneous and profitably provided discriminatorily, and when it is hard to determine indirectly how people voted. General political exchange is favored when public wants are sufficiently homogeneous to be learned and the necessary payment to be predicted by surveys or by communicating with special interest representatives, and when wants are satisfied efficiently by supply independent of receipt (as a park is built and available, independent of use).

Patronage gives way when and where government becomes responsible for providing continuing services to general users rather than for sporadic favors to individuals. To achieve a defensible level of competency at general production, appointment and promotion are entrusted to meritorious credentials: so much education, so much experience, and so on. Politicians are content to let "expert" civil servants design the details, with the benefit to the politicians that they are not accountable immediately, if ever, for civil servants' production of general services malfunctions.

Our analysis explains why the meritocracy of the founding fathers was replaced with "Jacksonian democracy," and why similar political machines later came to dominate the cities. Machines were successful because they exchanged services and favors directly for the votes of lower socioeconomic groups. Public employees earned their pay by "turning out" the vote. What many decried as encouraging governmental inefficiency actually promoted efficient service of myriad voters with diverse wants subject to moral hazard in representation. That is why machines were the rule only with diverse and needy voters.

Patronage fell because the political value of general services increased, not because of the efforts of reformers, even though reforms tended to reduce the cost of general services relative to direct services. To provide general services efficiently required a new structure of incentives. Public administration was professionalized, and civil service boards were established to promote professionalism. The civil service league replaced the political club, and the merit system dominated public-sector labor relations until the 1960s.⁶²

62. Our argument even explains the recent rise of militant unionism among public employees. When the costs of distantly monitored communication fell in the late 1950s (with the advent of television, wide area telephone service, and computer-developed addresses), the federal government began to expand its domain at the expense of state and local governments. These governments either encouraged or tolerated militant job actions by their employees to slow and redirect the federal expansion. State and local public employees joined unions to get expert assistance with militancy. See Joseph D. Reid, Jr., and Michael M. Kurth, "Union Militancy Among Public Employees: A Public Choice Hypothesis," *Journal of Labor Research*, 5 (Winter 1990), pp. 1-23.