

Strengthening State Capacity: Civil Service Reform and Public Sector Performance during the Gilded Age

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Discussion by:

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Pendleton Act and Bureaucratic Turnover

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 - Upon assuming office in March 1829, President Andrew Jackson immediately swept 919 political officials (10% of all federal appointments); The hardest-hit was U.S. Postal Service seeing turnovers in 423 positions in a single year

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- After the Act — “civil service” which separates administration from politics
 - **Hiring** based on exams/credential — selection on more competent employees
 - **Firing** only for good causes — resulting in higher job security

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 - **Firing** only for good causes — resulting in higher job security
- **How does Pendleton Act affect productivity of government?**
 - Increases productivity: better selection of competent employees; no need to be distracted by political removal; continuation of institutional knowledge
 - Reduces productivity: entrenched federal bureaucracy (career civil servants); unwilling to adjust
 - **Important question; Difficult to answer! Likely due to lack of data.**

Summary of this paper

A rigorous study using newly digitized records from Post office between 1877-1905.

1 Studies two waves of civil service reforms of post office

- 1883 reform: treatment is based on the employment of the city's postal office
- 1893 reform: treatment is based on the city population

2 Main finding: stacked diff-in-diffs shows the reforms reduce delivery errors by 20%!

- the reforms also increased productivity (proxied by volume/carrier and cost/volume)

3 Mechanism for the improved efficiency of postal services

- Labor channel or capital channel? — labor channel
 - the reform did not increase cities' telegraph or railroad capacity
 - the effects are strongest in election years when political turnover is strongest
- Labor hiring channel or labor firing channel? — labor firing channel
 - no observable demographic changes of postal employees after the reforms
 - old and new postal employees have the same exit rate

4 Separate finding that the reform reduces partisan local news papers

Overview

- Using fresh historical data to answer an important question
- A excellent piece demonstrating not only “whether” but also “how”
- A interesting finding on “double-dividend” — separating politics from administration not only improves state effectiveness but also weakens local politics
- My comments will focus on two areas
 - ★ Primarily on tightening the interpretation of the mechanism
 - ★ Discussing the broader picture to hopefully help improve the impact

Comment 1: Civil service reform and adoption of mailing technologies

The period around Pendleton Act coincides with postal offices' adoption of railway

- Extensive margin — increasing percentage of mails are delivered by railroad

Year	Percentage of all trip mileage by railroad
1835	1%
1850	Not available
1860	37%
1870	49%
1880	54%
1890	68%
1900	64%

Table 6: Railroad Mileage

Comment 1: Civil service reform and adoption of mailing technologies

- Intensive margin — post offices increasingly improved the use of railroad
 - Most significant, the launch of the Railway Mail Service (RMS) after 1869
 - RPO rail cars operated on U.S. passenger trains to sort mail en route in order to speed up delivery of mail between cities
 - Each RPO was staffed by trained RMS postal clerks



A working RPO on the Chicago and North Western in 1965.

[More details](#)

Comment 1: Civil service reform and adoption of mailing technologies

- Potential alternative channel: The reforms may appoint more competent and ambitious postmasters to **adopt** or **better use** railroad mailing.
- The increased productivity is thus due to better technology rather than employees' reduced concerns about political removal
- The paper showed that the reform did not expand railroad, but expansion of railroad may not be perfectly related to post offices' **adoption** of railroad mailing

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Suggestion 1a: Maybe consider a heterogeneity analysis by separating treated cities with existing railroad infrastructure from treated cities without.

Suggestion 1b: Maybe inspect the number of “Railway Post Office Clerk” in the individual files as the y variable, if data permit.

Comment 2: How does job security translate to productivity?

A key supporting evidence for the “labor firing channel” (job security channel) is that the reform reduced the **exit rate** similarly for pre-reform postal employees (entered by patronage) and post-reform postal employees (entered by exams)

- To close the loop, it would be ideal to know how does the removal of job insecurity translates into greater productivity.
- One may be concerned that this evidence is still consistent with the “labor hiring channel” (the selection channel).
- For instance, treated post offices that had turnovers post-reform may hire employees who possess job-specific skills (for mail deliver) and spill over that skill to existing employees via team-working — “selection-driven team spillover channel”

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Suggestion 2: Maybe conduct a heterogeneity analysis of treated post offices experiencing ex post high and low inflow of employees after the reform.

Comment 3: Combining the “double dividends”

The findings on delivery errors and local partisan news papers are **separate**

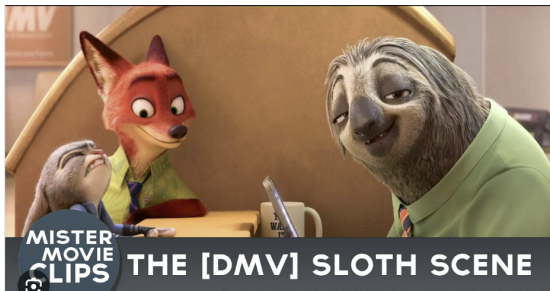
- the reform reduced treated cities' delivery errors
- the reform reduced treated cities political news papers

The two effects may not take place in the same city — this is about how strongly we want to claim the “double dividend”

Broad Picture Thought 1: Job security and productivity

It is well-known that job security can be a double-edged sword for productivity

- In the short run, job security may remove employees' concerns about political removal
- In the long run, job security may foster entrenched federal bureaucracy (career civil servants)



It seems intrinsically difficult to identify long-run treatment effects.

Broad Picture Thought 2: External validity

Post office jobs seem quite non-political. Does civil service reform equally improve productivity of other government agencies, especially agencies with jobs that are sensitivity to political ideology?

- Customs Office may be carrying out jobs that are more affected by the president's political ideology
- The existing employees appointed by the previous president may not have the same moral when implementing the new president's policies.
- In sum, heterogeneities across government agencies' sensitivity political ideology may play a role.

Conclusion

- An important paper contributing to a timely theoretical debate on the effects of political insulation
- Thorough analyses of the channels
- Highly recommend and looking forward to seeing it print out soon!