Reform Reconsidered: The Effects of Form of Government

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Abstract

American municipalities have a wide variety representative institutions, but do these differences drive policy outcomes? In this article, I investigate whether the relationship between the executive and legislative branches and their control over the bureaucracy affects fiscal outcomes. To do so, I construct a new panel of cities' form of government from 1900-1934, a time when two new types—the commission and council manager forms—arose and were widely adopted. I find limited evidence that changes to the legislative and executive branches size and composition impacted cities' fiscal policy, as both expenses and revenues remain unchanged. However, I do find evidence insulating the bureaucracy from electoral control increased capital outlays. I further document that the fragmented control of the bureaucracy did not promote inefficiency, with little difference in spending between policy areas with and without a commissioner. These results highlight the muted effects of form of government institutions on policymaking.

Keywords: city managers, fiscal policy, municipal government, political development, public administration

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For Forms of Government, let fools contest;
Whate'er is best administered, is best.

Alexander Pope, *Essays on Man* (1734)

Introduction

American municipalities have the ability to choose between a wide range of institutional arrangements: the number of legislative chambers, size of councils, apportionment of seats, the role of the executive, and control over the bureaucracy all vary over time and place. The effects of these institutions on policy, governance, and representation are at the center of the study of local political economy. In this article, I ask whether the form of government—the relationship between the executive and legislature branches and their control over the municipal bureaucracy—affects fiscal policy.

I evaluate three forms of government: the mayor-council (MC), commission, and council-manager (CM) systems. In the MC system, an independently elected mayor oversees bureaucratic administration while a large legislature, generally elected to represent districts, controls the power of the purse. The commission form has a combined legislative and executive body, where each of the five commissioners, elected at-large, controls a different department of the municipal bureaucracy. Finally, the CM form generally has a smaller legislature with at-large seats, a city manager acting as the chief administrative officer, and a weak executive who may be publicly elected or selected from among the council.

Prior to 1900, every city in the United States had a MC government form. But beginning with Galveston, TX's adoption of a commission government in 1901 after a hurricane devastated the city, municipal governments moved away from this form: since 1958, a majority of cities no longer have an MC government (Choi, Feiock and Bae 2013). The commission form, while widely adopted in the two decades following its invention, largely gave way to the council manager form in the decades following. While historical accounts provide a rich picture of why individual cities switched form of government in this time period, we know comparatively little about the general patterns of adoption and their effects on policy.

Proponents touted many improvements of these new forms of governments. They were said

to improve the fiscal governance of cities; to lower taxes and make spending more efficient and effective. The commission government would generate these efficiencies due to running the city in a businesslike fashion. Galveston's rebirth through careful financial management was an appealing model: "the commission, therefore, started with nothing more substantial than a deficit to build a great sea-wall, raise the grade of the city, reconstruct its streets, sewers, water system and other works and buildings. A quarter of the assessed valuation of the city had been wiped out by the flood. Yet within ten years, without imposing an undue burden on the taxpayer, it had financed its share of these projects, paid all current expenses, paid the interest upon its vastly increased indebtedness, and paid off a material portion of the principal" (Reed 1926, p. 206).

CM governments were said to benefit from the expertise of professionally-trained managers in this regard, who were able to apply the businesslike efficiency to government to promote economy. In a testimonial urging the residents of Tampa, FL to adopt a council-manager form, an editorial writer from Sandusky, OH reflected on their experience with the CM form: "We have been fortunate. We have been able to live within our means, thanks to efficient and far-seeing management that made every dollar count. For this, credit is due not only to the commission, the manager and other officials, but to the system, with its elimination of politics and coordination of departments." In addition to the savings from efficiency, city managers were also said to be more likely to undertake infrastructure investments: "more public improvements are under way at the present time than were undertaken in any ten-year period previously," according to a Norfolk, VA businessman. They were able to do undertake these investments because they "eliminated politics from city government," according to the Secretary of the Board of Commerce in Wichita, KS (Tribune 1920).

Investigating these claims, I establish three core findings: first, I find no evidence for reformers' claims that commission and MC forms shrank the size of government. Revenues and expenditures per capita did not decrease following the switch to new forms of government. Similarly, spending priorities did not systematically change, with cities spending a similar share of expenditures on general government, health and sanitation, highways, protection, recreation, and residential institutions like hospitals and correctional facilities.

Second, I turn to the question of whether CM governments, insulated from electoral demands, invest more in long-term capital outlays. While opponents of the CM form excoriated reformers for removing decision-making from elected officials accountable to voters, some proponents pointed to

the benefit of an insulated bureaucracy. Looking both at switches from commission and MC forms to CM, I find an increase in capital outlays per capita.

Finally, I turn to the question of why most municipalities that adopted commission government abandoned them quickly for council-manager systems. The modal year of commission government adoption was 1910; by 1918, commission adoption had almost entirely been overtaken by cities switching to CM systems. Critics of the commission came to prefer the city manager system to the commission because it centralized administration in one office. Each commissioner, left to their own devices, would act unilaterally with no checks from the others. I find little systematic evidence that commissioners were able to redirect spending towards their departments: commissioners who oversaw specific city departments spent did not generally spend more than departments in cities without a budget-maximizing commissioner attached.

I generate these findings and describe the first 30 years of mixed form of government in American municipalities by turning to several sources of previously undigitized data. First, I create a yearly panel of form of governments for all cities above 30,000 population between 1900-1934. I pair this with yearly data from Census reports on cities' fiscal activities spanning 1905-1934 to generate variables on revenues, expenditures, and capital outlays, as well as the share of expenditures and outlays directed towards specific policy areas. Also from the Census reports, I collect data on the specific roles of commissioners to illustrate what policy areas they oversaw.

These results shine light on the limited policy effects of an era of extensive institutional change. These limited effects align with previous studies of the effects of form of government focusing on time periods beginning in the 1960s, when the commission form had nearly disappeared and when fewer cities were switching form. The Progressive Era that I focus on in this article saw many overlapping municipal reforms; form of government, specifically the role of the executive in controlling the bureaucracy and the size and districting of the city council, may have been less consequential than reforms directly targeting corruption and political competition. The role of city managers in driving increased capital outlays points to the important between elected and appointed officials, which seems to overshadow the difference between elected officials with differently-defined offices.

Perspectives on Form of Government

Unconstrained by the constitutional rules that dictate the organization of federal and state institutions, local governments in the United States have experimented with and adopted a wide variety of governance institutions. The diversity of forms of government—the mayor-council, council-manager, commission and the town-hall forms, a relic of colonial-era governance found in New England towns—used by municipal governments is unique to the United States (Svara and Watson 2010).

The evolution of new forms and the rate of their adoption was at its apex in the first several decades of the 20th century. Before 1900, American municipal governments all had a common institutional arrangement of an executive (mayor) and a legislature (city council). The mayor was elected citywide and functioned as a separate executive, signing bills produced by the city council and controlling the municipal bureaucracy. The legislature resembled its counterparts in the federal and state governments more than today's city councils; councils were large (the median city had 14 seats in 1912), often made up of an upper and lower chamber (33% of cities in 1912), and represented wards as a geographic unit. The unfettered control of hiring and firing of city employees and councilors' representation of small wards where votes could be traded made up the backbone of the patronage system that characterized machine domination prior to the Progressive era.

Today, a majority of cities have since shifted to the council-manager (CM) system, where the legislative council and the city manager hold power. The city manager, appointed by the council but operating with a degree of autonomy, oversees the municipal bureaucracy. This system does not preclude having a mayor, who may be elected separately or chosen from the council.

The general shift from mayor-council to council-manager is typically described as being part of a bundle of Progressive-era reforms, including civil service reform, nonpartisan elections, direct democracy and recall provisions, that arose in reaction to machine control of municipal government (Trounstine 2009). Progressive-era reformers sought to break the patronage machine and limit immigrants and ethnic minorities' access to government spoils. Evidence on the effectiveness of these reforms is mixed, with some studies indicating increased foreign-born worker representation in government jobs due to civil service reforms (Kuipers and Sahn 2023). While the adoption of reform

governments led to decreased voter turnout, there was little change in immigrant group earnings (Carreri, Payson and Thompson 2023). Patronage governments had larger budgets primarily due to higher employee salaries but may still have provided high levels of public goods (Menes 1999).

But this traditional story of urban reform does not line up with the temporal and geographic patterns of form of government change. While cities are often spoke of having "reformed," the bundle of reform policies were not always all adopted together. Form of government reform did not begin in earnest until the second decade of the twentieth century, at the tail end of the Progressive Era and after other municipal reforms had been implemented.[1] Geographically, the early diffusion of the commission form took place in Texas and spread to other states in the South. Other than New Jersey, no state in the Northeast passed enabling legislation in the first decade of the commission's existence. The urban reform movement, focused on reducing corruption and machine domination, was focused on the large cities of the Northeast and Midwest, where form of government reform gained comparatively less traction.

Existing research points to the adoption of new forms of government initially spreading among neighboring cities rather than being driven by economic or cultural factors (Knoke 1982). Social, political and economic factors played a role as well. After 1930, positive economic conditions predicted the adoption and retention of CM systems (Choi, Feiock and Bae 2013). Cities with more immigrants were more likely to retain the mayor-council form, suggesting that reformers could not completely eliminate machine cities (Gordon 1968). Perhaps most notably, given the focus on urban history of major cities, is that the largest cities largely did not adopt reform governments; today the manager form predominates in cities under 100,000 while the largest cities still use a mayor-council system.

The Galveston adoption of the commission plan in 1901 was not the first attempt at form of government reform. Several cities—New Orleans from 1870-1882, Mobile from 1873-1887, Memphis

[1] A comparison to civil service reform, another progressive municipal policy with comprehensive data, shows that timing of reforms was not bundled. Only 19% of cities that switched from MC to CM or commission form adopted civil service reform the same year; 26% of cities adopted a new form of government first, on average 18 years after, and 54% adopted civil service reforms first, on average 15 years before. Other electoral reforms, such as nonpartisan ballots and initiative and referrenda provisions, may have been adopted closer to form of government changes: Lee (1960) reports from tabulations of the 1945 ICMA Municipal Yearbook that 77% and 87% of commission and CM cities, respectively had nonpartisan ballots, compared to 40% of MC systems. Cities often adopted nonpartisan ballots while switching form of government, with nonpartisan ballots, referrenda, and recall provisions being included in state enabling legislation, but not always: Berkeley, CA, which adopted the nonpartisan ballot in 1909, did not adopt the commission form until two years later.

from 1879-1891—had adopted similar government plans, often in response to a disaster and the need for a swift restructuring of the city (Munro 1926, p. 398). But Galveston's emergency plan not only lasted well beyond the rebuilding necessary after the hurricane, but spread to other cities.

Additionally, the shift from only mayor-council governments to the council-manager form becoming predominant among multiple options took place in two phases: the transition from mayor-council (MC) systems to commission systems, and the subsequent shift to CM systems from both MC and commission governments.

While we today identify the two forms distinctly, at the time the council-manager form was regarded as an evolution of the commission form; for instance, the Census classified cities using the CM form as "commission-manager" cities throughout the 1910s. In the following sections, I explain the distinguishing features of the three different forms, some of the overlapping characteristics, and link these to theoretical expectations about government policy.

The Commission Form

The commission government aimed to improve efficiency and combat corruption by electing a small number of commissioners responsible for both legislative and executive functions of specific departments. Commission government distinguished itself from the existing mayor-council systems in four ways: first, authority and responsibility are centralized in a single-chambered body that has legislative and executive functions. In 1917, 68 of the 85 cities that had adopted commission government designated one of the commissioners as the executive. Second, the size of the body is small, usually made up of five members. Third, these members are elected at-large and do not represent a ward or specific geographic area. And finally, each of the commissioners oversees a specific department, allowing specializations and focused oversight of the bureaucracy. The specializations varied by city; for instance, Houston, the first large city to adopt the commission, designated the separately-elected mayor in charge of general administration and having commissioners in charge of finance and revenue, police and fire, water, light and health, and streets, bridges and public grounds (Rice 1978, p. 29). Figure 1 shows the most common responsibilities of commissioners from all adopting cities in 1917; most cities had a commissioner overseeing finances and accounts, public safety, streets and public works, and property, parks, or improvements. Most commissioners were elected to preside over their specific responsibilities (43 of 85 cities in 1917), but a sizeable

number (17 of 85) stood for general election and then divided their responsibilities once in office, or ran under a mixed system of elected and designated commissioners (24 of 85).

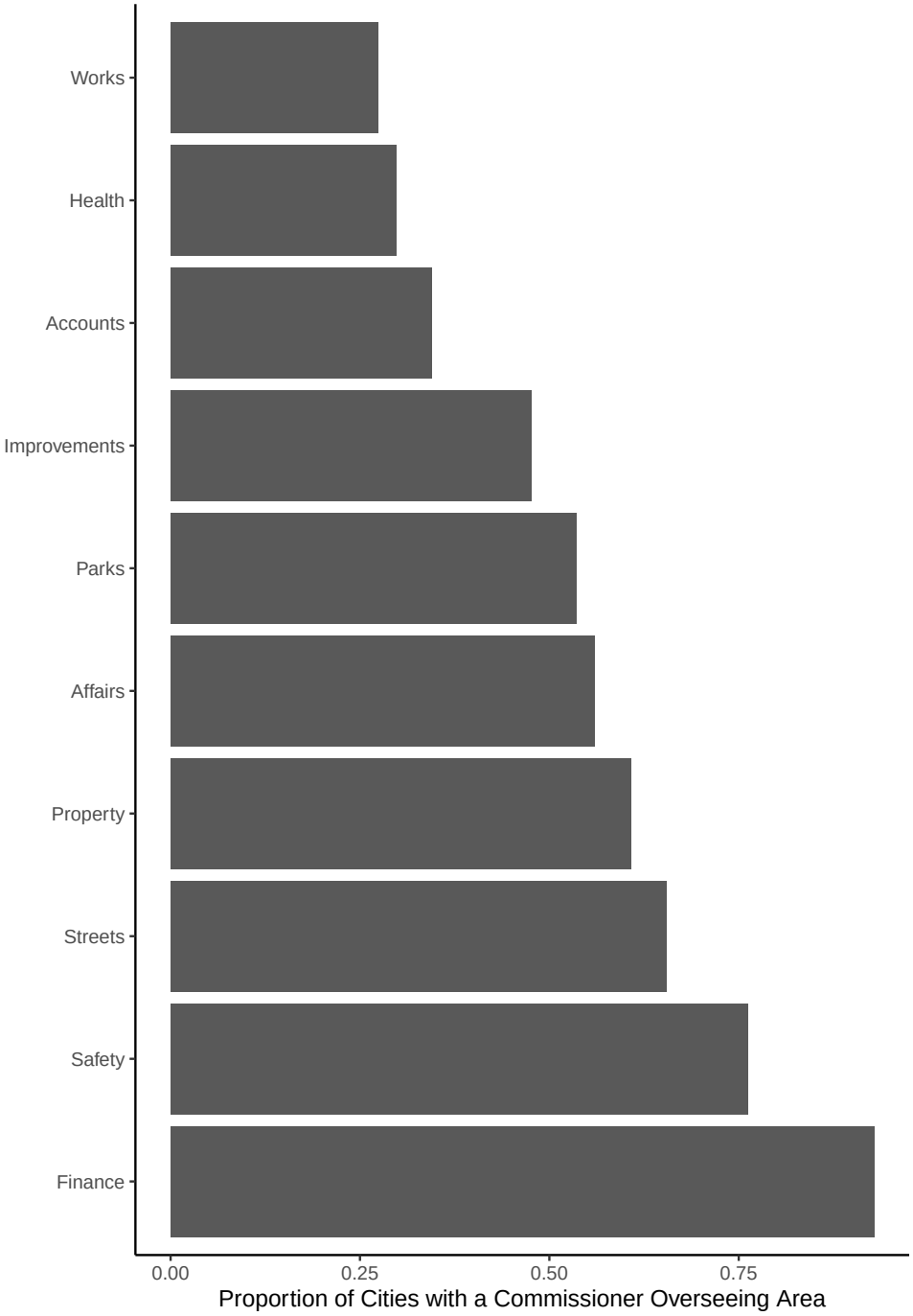

Figure 1—**Most Common commissioner Responsibilities:** figure shows proportion of cities with a commissioner overseeing the specific policy area for 85 cities that had adopted commission form of government in 1917. Source: 1917 Census Financial Statistics of Cities report.

The commission form's proponents pointed to several benefits arising from this new institu-

tional structure. First, the lack of checks and balances by concentrating legislative and executive power should simplify decision-making, allowing for a businesslike efficiency. Second, the "short ballot," with a few elected offices and a larger number of appointed positions, would concentrate accountability and make it easier for voters to assign credit and blame. A pamphlet circulated by the National Short Ballot Commission, an organization chaired by President Woodrow Wilson, criticised the large numbers of candidates in municipal elections: "no newspaper can give publicity to so many candidates or examine properly into their relative merits. The most strenuous minor candidate cannot get amid hearing amid such confusion" (Organization 1916, p. 8) Finally, the fewer number of offices should select for higher-quality candidates due to increased competition for each position.

But the commission form was also met with opposition from three main sources: first, from incumbent politicians and beneficiaries of the patronage status quo inside and outside of government who were set to be displaced by reform. Second, from populist politicians who opposed the insulation of government officials from electoral control. And finally, from reform-minded elites who favored a change in form of government but saw weaknesses in the commission plan (Rice 1978).

The critiques from the reformers comprised three main arguments: first, that the combining of executive and legislature functions in the commission removed checks on power and enabled corruption. Second, that without a locus for decision-making, commissions would be indecisive and ineffective with each commissioner siloed off in their own unit of government. Finally, reformers who sought to bring expertise and modern management techniques worried that candidates for commission seats would not have the specialized skills required to effectively oversee policymaking and the bureaucracy. This was reinforced by the fact that in many of the early commission cities, candidates did not run for a specific commission office and the mayor was often in charge of assigning the winning commissioners to offices to which they were not particularly well suited.

Due to these concerns, dominance of the commission government as a new form was therefore short-lived. By 1918, more cities were switching to CM systems, which were initially considered an outgrowth of the commission, and labelled the "commission-Manager" plan, than to the commission form. In 1919 the National Municipal League switched its model city charter to a CM government and thereafter few new cities adopted the form.

The Council-Manager Form

The council-manager system addressed the concerns with the commission form by centralizing administrative power in a professional city manager instead of five separate commissioners. CM systems also reverted to some of the features of MC government. Unlike commissioners, who were all elected at large, some CM governments had district-based representation, often in conjunction with one or more at-large representatives. Some CM governments also reintroduced an executive, either as a separate elected office, or in designating one councilmember. Finally, CM governments, particularly those that transitioned direct from MC form instead of from a commission form, often had more than the 5-7 seats that commission governments had.

Figure 2 summarizes the size and district type of the three forms using data from cities of 10,000 population or more in 1934. Nearly all commission governments had five commissioners, all elected at large; the median CM city had seven seats, all elected at-large; the median MC city had 15 seats with only one elected at-large.

The Dayton, OH, charter, adopted in 1914, was one of the first to spell out the duties and responsibilities of the city manager:[2]

(a) to see that the laws and ordinances are enforced;

(b) to appoint and,except as herein provided, remove all directors of departments and all subordinate officers and employees in the departments in both the classified and unclassified service; all appointments to be upon merit and fitness alone, and in the classified service all appointments and removals to be subject to the civil service provisions of this charter;

(c) to exercise control over all departments amid divisions created herein or that may be hereafter created by the commission;

(d) to attend all meetings of the commission with the right to take part in the discussion but having no vote;

(e) to recommend to the commission for adoption such measures as he may deem necessary or expedient;

[2]Note that the legislative body is referred to as the commission here.

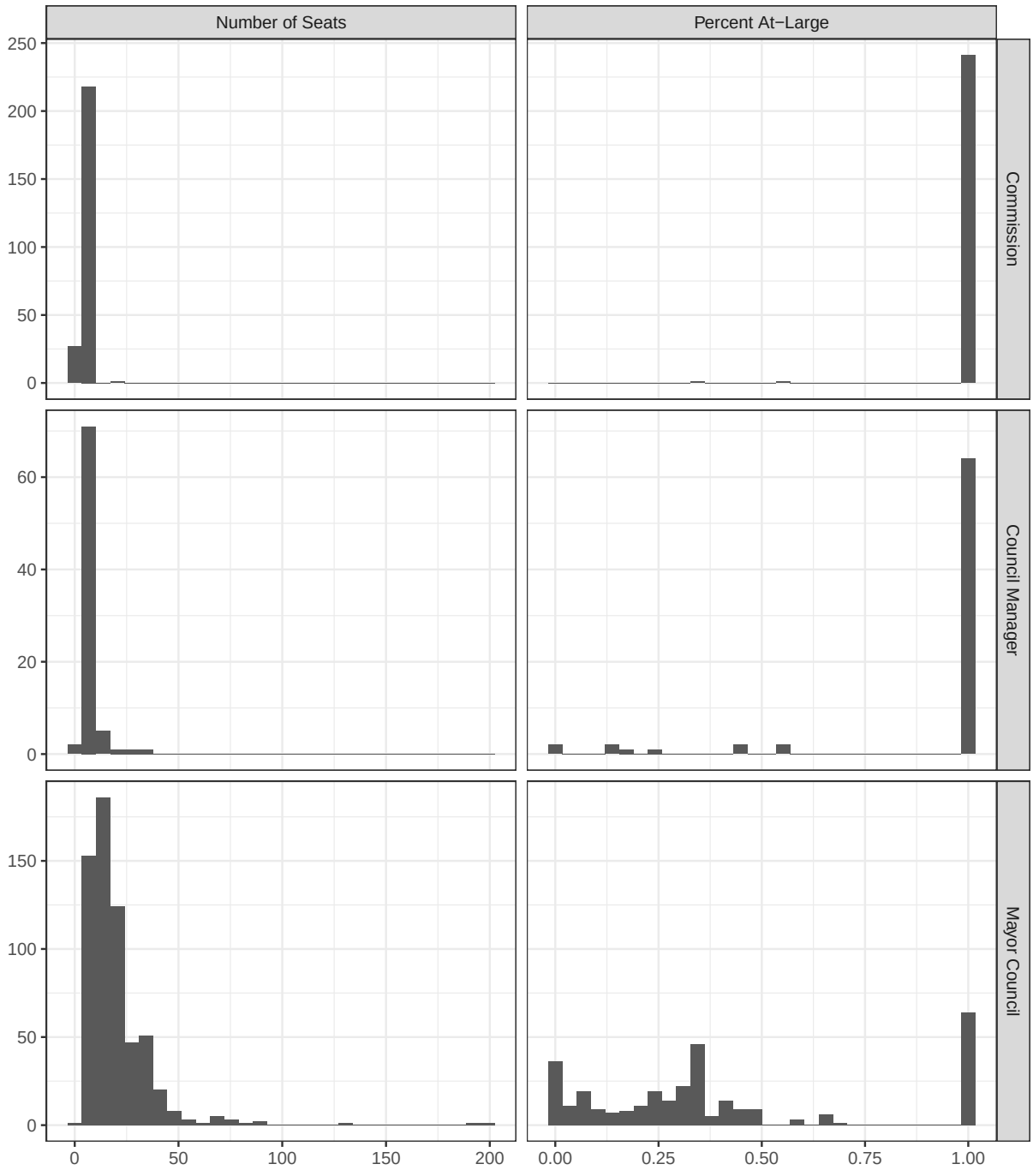

Figure 2—**Council/commission Seats by Form of Government:** figure shows number of seats on council/commission (left panel) and percentage of seats elected at-large (right panel) by form of government in 1934.

(f) to keep the commission fully advised as to the financial condition and needs of the city; and

(g) to perform such other duties as may be prescribed by this charter or be required of him by ordinance or resolution of the commission."

According to proponents, control of the bureaucracy by an unelected, professional manager would promote efficiency by eliminating competition and reducing duplication between departments controlled by individual commissioners. Managers, freed from the needs of seeking re-election were able to make longer-term decisions that were not subject to reversals at each election. Finally, managers were able to tap into a new professional network and learn about and adopt the newest methods in the nascent field of municipal management.

Expectations and Previous Findings

Evaluations of the effects of form of government have focused on one set of hypotheses: that "reform" governments would spend and tax less than their MC predecessors. Through enhanced accountability, streamlined decision-making, or expertise, some forms are hypothesized to be more efficient in their spending. Predictions of which form would be the most efficient are varied, but most accounts point to the adoption of commission or CM governments lowering expenditures.

Boosters of reform governments focused on "efficiency," which presumably referred to the amount or quality of services received per dollar spent. However, absent clear measurement of quality and quantity of services, most contemporaneous arguments and later scholarly examinations instead look at revenues and expenditures. It is entirely possible that efficiency improved while expenditures stayed constant, rose, or fell. What efficiency looked like to the public may have been taxation levels: one common refrain in debates over reform government adoption in newspapers and pamphlets of the day was that reduced expenditures would allow for lower taxation.

City managers may have a stronger incentive to perform than mayors given their audience; managers are accountable to the city council, who have more expertise and information than the voters who mayors need to please to secure their reappointment (Reed 1926, p. 227). Councils may further incentivize efficiency by linking managers' salaries to performance (Hayes and Chang 1990). City managers also are hypothesized to invest more in infrastructure expenditures over a longer term than mayors, who are responsive to electoral cycles and favor current spending (Nunn 1996).

Change in form of government is a bundled treatment, encompassing more than just the distribution of powers among legislative and executive branches. Switching form, particularly to commission governments, resulted in a reduction in the number of seats in the legislature, a shift from ward-based to at-large representation, and in some cases, a reduction in the number of chambers in the legislature. Two or three of these should, on their own, should lead to lower expenditures.

As shown Figure A.3, the shift to commission and CM governments was accompanied by a reduction in the number of seats in the legislature. Canonical models predict that the size of government, and in particular government expenditures expenditures, will increase with the size of a legislature (Weingast, Shepsle and Johnsen 1981). Indeed, municipal expenditures in US cities do increase with the size of city councils (Baqir 2002), although the empirical evidence generally is mixed (Pettersson-Lidbom 2006; Gilligan and Matsusaka 2001).

The districting of legislatures, changed by shifts in form of government, is also plausibly related to fiscal policy. Commissioners were elected by the city as a whole, and city councils in CM governments generally maintained this shift away from the wards that were the cornerstone of corruption in machine-dominated Council Mayor systems. Wards, which facilitate minority representation along both demographic and ideological dimensions, generate representation concerned with local issues rather than global concerns. The accumulation of local preferences into a logroll leads to directed spending on a number of different priorities that may not have received attention from representatives responsive to the electorate as a whole. Empirical findings provide limited support to the idea that cities with more ward representation spend and tax at higher levels (Southwick 1997; MacDonald 2008).

An often overlooked element of Progressive-era municipal reform is that they preciptated a shift from bicameral to unicameral legislatures. At one point in American history, a majority of municipal legislatures were bicameral, modeled after the federal government; by 1922, less than one third of cities still did (Kimball 1922, p. 411); today, none do. Reformers saw the large councils as wasteful and promoting the effects of legislature size on spending (Kazis 2018). On the other hand, bicameral legislatures expand the ranks of veto players, inducing more bargaining between chambers, delay, and gridlock which should lower, not raise, expenditures (Tsebelis and Money 1997; Binder 1999).

The logic of additional veto players reducing expenditures applies to the shift from a MC system

to a unified commission or a CM system without a mayor. Hypothetical policy action requires just the consent of the council, whereas in a MC system, the mayor is an additional veto player who will constrain spending projects (Coate and Knight 2011). There are some additional reasons to believe that reform governments may spend more. A budget-maximizing bureaucrat will always seek to spend more to grow their own prestige and salary, an argument that could apply to both a city manager overseeing the entire municipal bureaucracy and a commissioner overseeing a specific department (Niskanen 1968). Specifically under the CM model, if city managers are in short supply or if a city faces difficulties attracting qualified candidates, the council may have to put up with a suboptimal city manager, decreasing efficiency.

Overall, the empirical investigations into the effect of form of government on fiscal policy point towards minimal effects. Of the 17 prior studies reviewed in Table A.3, only four studies find evidence of spending effects. Both Booms (1966) and Lineberry and Fowler (1967), analyzing a cross-section of cities in 1962 find that CM cities spend less than their MC counterparts. Nunn (1996) and Coate and Knight (2011) find the opposite, analyzing a time series of switching cities from 1981-1991 and 1981-2021 over five-year time increments. When reviewing these studies, several shortcomings stand out: first, most studies do not distinguish between commission and council-manager governments, either excluding commission cities or labelling both forms both as "reform" types[3]

Second, most of these studies use data from Census of Governments or ICMA surveys, which began in 1960 and 1981, respectively, and are conducted every five or ten years, respectively. Using these snapshots means that the year when a city switches is not captured and the effects may have attenuated by the time the budgetary data is later observed. The effects of change in form of government may also differ by time period; the initial period of adoption, between 1900-1934, was marked by a spirit of institutional experimentation, a rapidly expanding scope of municipal government activities, and, at the end of the period, financial crisis and austerity. The commission and CM form were the first new forms of municipal form of government since the country's founding and since the decade when they emerged, no new forms have been tested. Since the latter half

[3]With the exception of Lineberry and Fowler (1967) who look at the forms separately. Hiller (2022) examines just the switch from MC to commission form, finding null fiscal effects. Many of these studies do attempt to separate out the effects of form of government from other reform measures such as districting, ballot partisanship, and direct mayoral elections.

of the 19th century, municipalities had vastly expanded their policy scope, building roads and railroads, hospitals and orphanages, and providing police and fire protection to all residents. They undertook these ventures with revenues and debt they financed themselves, making fiscal policy decisions highly consequential: prior to World War I, local governments accounted for a majority of revenues and debts in the American federal system. Following the New Deal and World War II, the federal government accounted for over 80% of both spending and debt and local and state governments' activities were heavily financed by intergovernmental transfers (Janas 2022). Finally, the cities that were switching in the 1960s faced fiscal competition with new suburban jurisdictions, may have been more constrained in their actions, and faced different incentives to switch form of government than cities during the early decades of the twentieth century.

Tying these theoretical expectations to empirical tests, in the following section I examine three separate hypotheses. First, I test the argument that commission and CM government lead to lower taxation and spending relative to the MC form that preceded them. We would expect lower expenditures due to the smaller legislatures, at-large districts, the expertise of the city manager and commissioners. However, it is possible that the effects are attenuated by, or even of the opposition sign due to, the shift from bicameral to unicameral legislatures and the budget-maximizing incentives of commissioners and city managers.

Second, I assess a criteria of CM governments that was not trumpeted by its proponents as much as warned against by its critics: that city managers would be insulated from popular control. While proponents were quick to note that city managers would be experts in their domain, one can imagine that part of their success would be due to the ability to operate on a timeline longer than the next election. Under this hypothesis, we would expect more capital outlays—investments in future infrastructure financed by debt—to be undertaken under CM forms than commission or MC.

Finally, I examine a purported defect of the commission form, asking whether area-specific commissioners led cities to direct a higher share of their expenditures towards commissioners' departments. Opponents of the commission form noted that commissioners would be likely to hoard resources, duplicate functions, and generally silo themselves off from other departments. If this were the case, we would expect higher spending on policy areas with a dedicated commissioner, relative to other cities with no commissioner overseeing the bureaucracy in that area.

Data and Estimation

Data on form of government come from several sources. First, I digitize the Financial Statistics of Cities, a Census report, which in 1912 and 1915-1917 contains information about form of government, elected and appointed positions, and salaries for all cities with a population of 30,000 or more. A second snapshot comes from the Detroit Bureau of Government Research, which surveyed cities in 1929 on their forms of government. Information about the adoption of commission government comes from historical accounts (Chang 1918; Bromage 1954; Rice 1978). Information about adoption of CM government comes from the Yearbook of the City Managers' associations published in 1920-1921 and 1924-1927 and the successor organization's International City Managers' Association (ICMA) City Yearbook of 1934, which list all cities using the manager plan as well as their date of adoption. Since the first commission government was adopted in 1901 in Galveston, TX and the first CM government (among the cities in this study) was in 1914, all cities are assumed to have a mayor-council system as of 1900. The historical sources are harmonized to produce a yearly panel of form of government for 233 cities between with population of 30,000 or more from 1900-1934.

Figure 3 shows the proportion of cities in the sample that use the three forms of government. The commission form rises in popularity beginning in 1908, with over 25% of cities adopting it within a decade, but the the growth of the CM form quickly eclipses it. Between 1920 and 1934, both commission and MC are switching to CM form. Between 1900 and 1934, 118 cities never switch from a MC system, 42 cities switch from MC to commission, and 40 switch from MC directly to CM. A further 23 cities switch initially to commission but then switch again to CM. Five cities switch to commission and then back to MC, and five cities switch from MC to commission and back. Figure A.2 shows the trajectory of every city in the sample.

Many cities' adoption was contingent on state enabling acts: acts of the state legislature that allowed cities to adopt commission or, later, CM government. The first of these acts were in Iowa and South Dakota, allowing all incorporated cities to adopt commission government. Some states also allowed home rule charters, enabling cities to change their form of government without state permission. For the purposes of allowing cities to adopt reform governments, these home rule statutes have the same effect as enabling legislation. Finally, some state legislatures, mostly

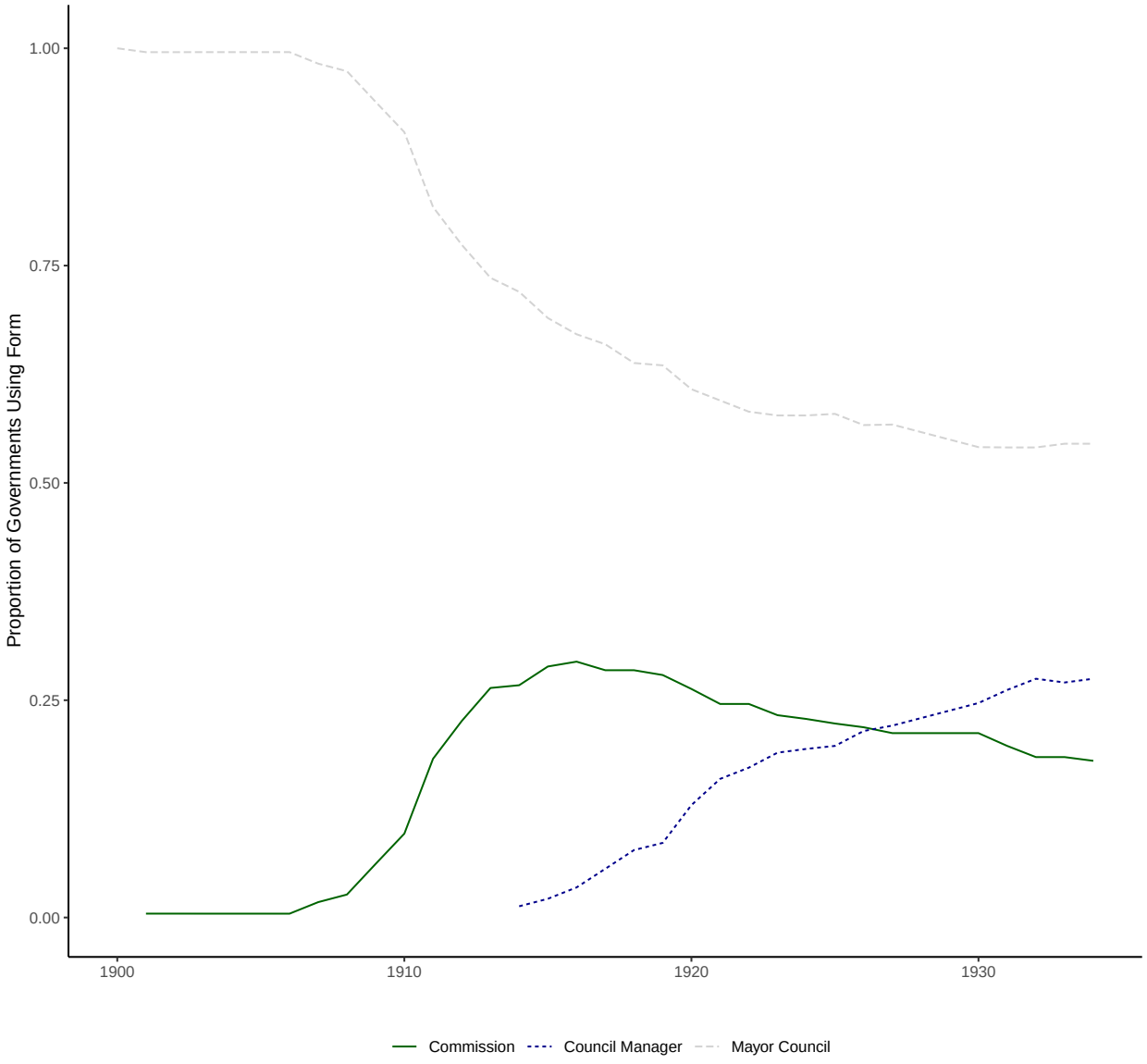

Figure 3—**Form of Government 1900-1934:** figure shows proportion of cities using each form of government. First commission government is adopted in 1901; first council-manager government is adopted in 1914.

from Southern states, but also notably Massachusetts, passed acts allowing specific cities to adopt commission government. In total, I collect the dates of state enabling legislation for 30 states and home rule charters for 12 states from the historical accounts in (Chang 1918).

To examine the effects of commissioners overseeing a specific department on expenditures in that policy area, I collect information on the roles of commissioners from the 1917 Financial Statistics of Cities report, which lists the number of commissioners, whether they are assigned to a specific department, and whether they are elected to that position or appointed after taking office. I assume that the size and duties of the commissioners remains constant as long as a city maintains the commission form.

I pair these data on form of government with contemporaneous data on cities' revenues, expenditures, and outlays. These data come are tabulated in the Census' Financial Statistics of Cities report and were digitized by Curran (1972). The data span 1905-1930 but omit the years 1913-1914, and 1920. I append supplemental years of data digitized through 1934 from Siodla (2020) and Janas (2022). The data list revenues by type: taxes of various kinds, special assessments, fines, grants, and revenues from highways, rent, interest, and public service enterprises. Expenditures are divided into general government and specialized categories for education, health, highways, protection, recreation, sanitation, and charities, hospitals and corrections. For all measures, I adjust the yearly figures for inflation and scale them by population to obtain per capita estimates. Appendix Figures A.4 through A.10 show trends in average revenues, expenditures, and outlays among all the cities in the sample. Revenues, expenditures, and outlays all rise from 1905-1929, when they fall due to the onset of the Great Depression.

The varied functions of cities during this time period makes comparison of expenditures across cities challenging. As Liebert (1974) notes, for example, in 1967, 67% of the municipal street mileage in South Carolina was under state, rather than local, control, compared to 5% of mileage in California. School districts often operate independently from the municipalities they serve and some cities may directly tax and spend on infrastructure such as street railways, airports, harbors. While the fragmentation of services into special districts noted by Libert was not prevalent in the 1905-1934 time period examined in this paper, it does raise caution for comparisons for all specific areas other than fire and police, which are generally common to all municipalities.

To test the efficiency claims, I examine revenues, expenditures, and the ratio of revenues to

expenditures. If reform governments are indeed more efficient, they should be able to reduce expenditures and, in turn, require less revenue. To test the claims that insulation from electoral pressures make CM systems more likely to make long-term investments in infrastructure, I examine capital outlays. And to estimate effects on spending priorities, I examine the share of expenditures and outlays directed to specific categories listed in a previous paragraph.

To assess the causal effects of a change in form of government, I estimate a series of dynamic, multi-period difference-in-difference models, following Callaway and Sant'Anna (2021). This approach generalizes the two-period, two-group difference-in-differences setup to allow for multiple groups that are treated at different times (in addition to never-treated units) and for multiple periods before and after the staggered treatment. This identifies a group-time average treatment effect:

$$ATT(g,t) = \mathbb{E}[Y_t(g) - Y_t(0)|G = g] \tag{1}$$

In this setup g indexes groups, which in this case is the year of adoption, and t indexes time periods. I present results that average the treatment effects across all groups that participated in treatment, results that average across each time period yielding results interpretable as an event study, and results that average across each group to examine if effects differ over the time period. Similar to a two-period, two-group difference-in-differences setup, I assume parallel trends in the never-treated and treated groups and parallel trends in not-yet-treated units (between groups).

Since I am interested not only the effect of switching to a reform government, but specifically the effect of switching to the distinct commission and council-manager forms, I define the treatment and control groups differently for each group of regressions. When assessing the effect of switching from MC to commission form, I compare cities that made the switch to cities that remained as MC cities throughout the entire time period 1905-1934. Among the cities in the treatment group, I truncate the data if they later went on to switch to the CM form. To estimate the effect of switching from MC to CM, I compare those cities that made the switch directly to those that remained as MC cities the entire time period, excluding cities that switched to commission form. Finally, to estimate the effect of switching from commission to CM, I compare cities that switched three times to cities that switched only twice (from MC to commission), truncating all time periods before

these cities switched to commission form.

Results

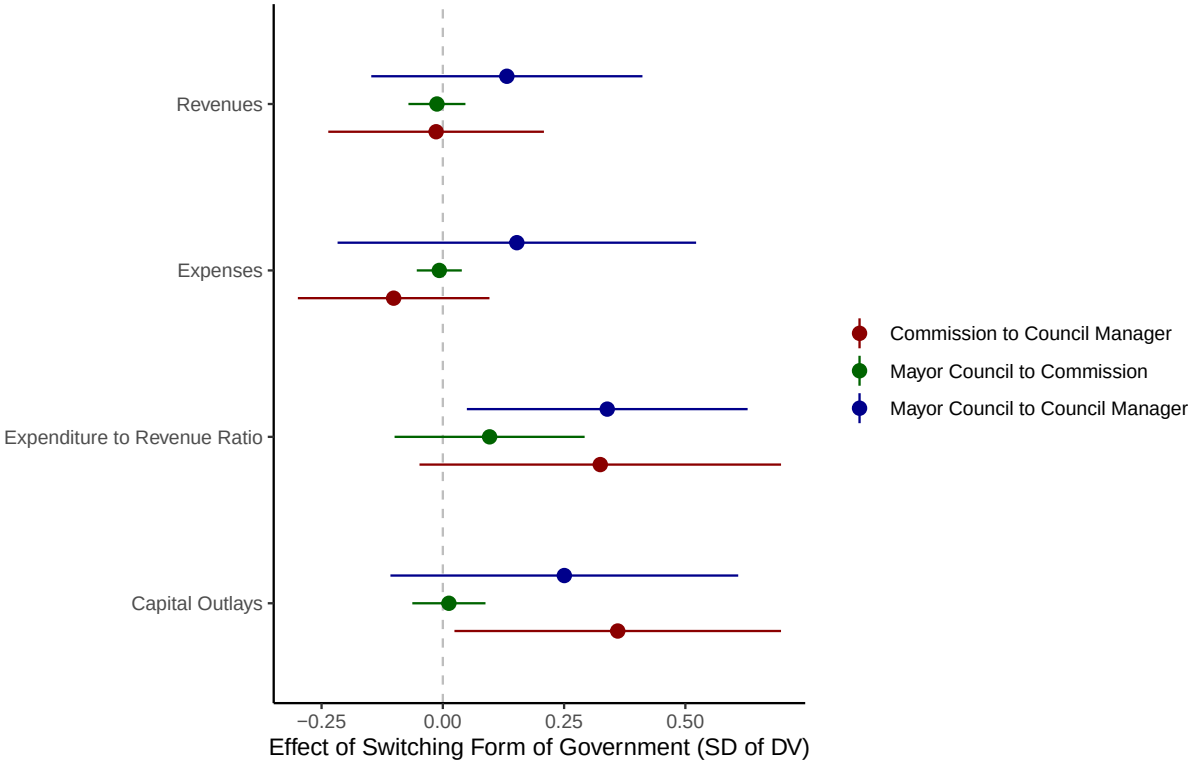

Figure 4—**Switching to commission and CM does not change revenues and expenditures; switching to CM increases capital outlays:** figure shows point estimates from dynamic difference-in-differences models estimating the effect of switching forms of government on revenues, expenses, and outlays per capita and on the ratio of expenditures to revenues. Group-time ATTs are averaged across all treatment groups and limited to a 5 year window around treatment timing. Estimates are scaled to one standard deviation of each dependent variable. n = 970 across 70 cities for commission to council-manager regressions; n = 3,358 across 184 cities for mayor-council to commission regressions; n = 2,990 across 163 cities for mayor-council to council-manager regressions.

I first evaluate the "efficiency" claim, looking at whether switching to commission or CM government resulted in cities reducing spending on current expenses, reducing revenues, and reducing the ratio of expenditures (inclusive of public service enterprise expenses and interest payments) to revenues. To evaluate whether commission and CM governments are more likely to make long-term capital investments, I test the effect of switching form of government on capital outlays. In Figure 5, I show coefficient estimates for three sets of regressions looking at the transitions from MC to commission, MC to CM, and commission to CM on revenues and expenditures per capita.

I find little support for the efficiency argument: switching to commission and CM forms have no discernable impact on revenues or expenses. All three switches result in a change in revenues that is statistically indistinguishable from zero and substantively unimportant (the largest coefficient, from switching from MC to CM, is an increase of $2.13, less than 10% of average revenue per capita and 14% of one standard deviation). Effects on expenses are similarly muted, with a tightly estimated null effect of switching from MC to commission, an insignificant increase in expenses from switching from MC to CM, and a decrease of $1.31 when switching from commission to CM ($p = 0.09$, 0.15 of SD and 11% of the mean). Current expenses are only one component of overall expenditures, and when comparing the expenditure to revenue ratio, which includes expenses, capital outlays, public service enterprise payments, and interest payments, we see that switching to CM form increases this ratio, which averages just above 1:1 over the entire sample.

Turning to capital outlays, a measure of investment financed by debt rather than the revenue-financed current expense spending, I find evidence that the CM system results in increased investment. Both the switch from MC to CM and commission to CM result in substantively large increases in outlays: switching from MC to CM results in an increase in investment of $5.01, which is 73% of the mean value in the sample (outlays increase sharply in the 1920s before dwindling during the Great Depression) and over 50% of a SD. The switch from commission to CM's effect is not statistically significant, but of a similar magnitude with a $3.24 increase. The commission form appears to have had no effect ($b = \$0.14, p = 0.61$). City managers, insulated from electoral pressure and with more expertise than elected officials overseeing the bureaucracy in MC and commission forms, invest more in long-term spending.

I next turn to examining spending priorities, testing whether commission and CM governments are more likely to spend on social welfare or infrastructure by examining the share of expenditures and outlays of various categories reported in the financial data. Figure 5 shows few consistent effects of switching form of government. Most expenditure and outlay shares stay constant following a switch in form for government, particularly with regards to recreation, health and sanitation, and general government expenditures. The largest changes are visible in education spending, the largest share of expenditures, where switching to a commission form decreases both expenses ($b = -0.014, p = 0.03$) and outlays ($b = -0.064, p < 0.01$) and switches from commission to CM increase both shares. commission governments instead direct their capital outlays towards highways ($b =$

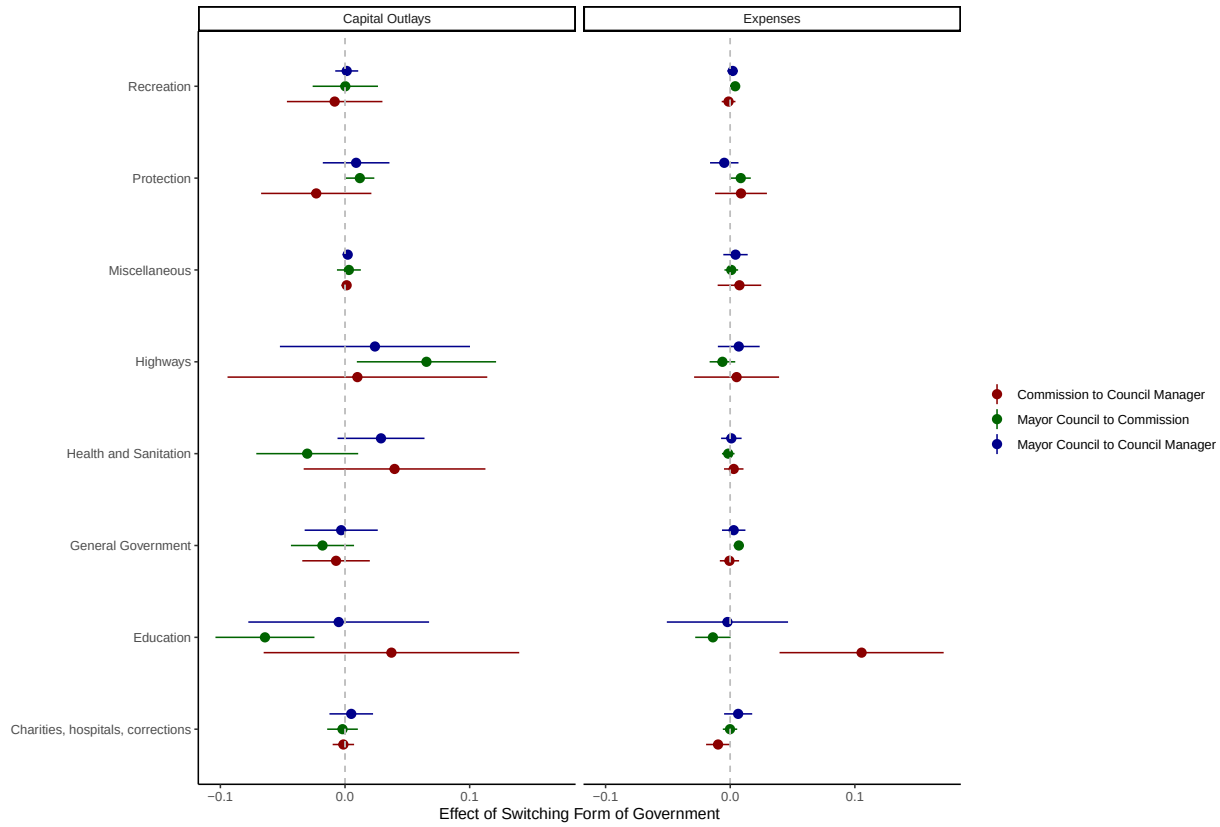

Figure 5—**Switching to commission and CM governments does not substantially change spending priorities** figure shows point estimates from dynamic difference-in-differences models estimating the effect of switching between three forms of government on expenditure and outlay shares of various categories. Group-time ATTs are averaged across all treatment groups and limited to a 5 year window around treatment timing.

$0.065, p < 0.01$) and protection ($b = 0.012, p = 0.02$). The switch from MC to CM directly does not result in any clear changes in spending priorities.

If commission government led to individual fiefdoms who duplicated each other's functions and sought to hoard resources, we would expect to see inflated expenditure shares in the areas overseen by specific commissioners. Matching commissioner roles to expenditure categories, I compare spending on policy areas where there is a commissioner overseeing the department to cities where there is not. The first two columns of Table 1 show the difference between expenditures per capita in departments with a commissioner and commission cities without a commissioner overseeing the department. The third and fourth compare expenditures in departments with a commissioner to all other cities, including MC and CM forms. Columns 5-8 replicate this analysis with expenditure shares rather than totals.

The correlations are mixed: there is no consistent evidence that departments with a commissioner attached spend more than those that do not. Compared to both commission cities without a commissioner overseeing that policy area and all other cities, I find a positive correlation between per capita spending on protection and charities, correctional institutions, and hospitals, but a negative correlation with education, health and sanitation, and highways spending. All of these correlations range between a meaningful 25% and 40% of a standard deviation of spending in those categories, but as a share of total expenditures, they remain small (less than 3% of all spending). The correlation with recreation spending is smaller and, when compared to other commission cities, not statistically significant. While the correlation with education spending per capita is significant, the correlation with education spending as a share of total expenditures is not; average education spending is larger than all other categories (more than twice that of protection, the second largest category), perhaps explaining the large coefficients on the per capita figures. The mixed conclusions from the correlations, combined with the fact that they are endogenous to cities' public service provision prior to switch in form of government, make it difficult to draw conclusions about commissioners' influence on budgetary priorities in their area of supervision.

Discussion

This article attempts to understand the policy implications of municipal institutional changes that took place between 1905 and 1934. In contrast to the claims of proponents of new forms of govern-

	Expenditure per capita				Expenditure share			
	Com. only		All forms		Com. only		All forms	
Charities, etc.	0.55	(0.14)	0.52	(0.12)	0.020	(0.004)	0.021	(0.004)
Education	-0.90	(0.2)	-0.76	(0.2)	-0.010	(0.008)	-0.008	(0.007)
Health	-0.23	(0.04)	-0.18	(0.03)	-0.004	(0.001)	-0.003	(0.001)
Highways	-0.25	(0.04)	-0.22	(0.04)	-0.014	(0.002)	-0.014	(0.002)
Protection	0.58	(0.09)	0.64	(0.09)	0.029	(0.004)	0.009	(0.003)
Recreation	-0.01	(0.02)	0.03	(0.02)	-0.002	(0.001)	-0.001	(0.001)

Table 1: **Departments with commissioners do not consistently spend more:** table shows correlation between having a commissioner overseeing department and spending. Regression coefficients shown to the left of standard errors in parantheses. First and third column groups compare departments with a commissioner's spending to Commission cities who do not have a commissioner for that department. Column groups 2 and 4 compare to all other cities. Regressions that compare to all cities control for form of government. All regressions include city and year fixed effects. Estimates per capita are scaled to one standard deviation of each dependent variable.

ment and theoretical expectations that switching to the commission and CM form would reduce municipal expenditures, and in turn revenues, I find no evidence that this is the case. I do however find that council-manager governments increase their capital outlays, in line with theoretical expectations that insulation from electoral pressures would prioritize long-term investment. Finally, I examine one of the supposed drawbacks of the commission form, that each commissioner would hoard resources, but find mixed evidence across policy areas that having a commissioner is correlated with that department's spending.

A potential shortcoming with the exercise of assessing the effects of form of government is that the coarse categorization of mayor-council, commission, and council-manager masks variation in the roles of the executive, legislature, and chief administrative officer (CAO). Focusing on the presence of a mayor and CAO, how the mayor is elected or selected, and how the CAO is appointed allows categorization of both the MC and CM forms into multiple distinct types (DeSantis and Renner 2002; Svara and Watson 2010). The direct election of a mayor, rather than their selection by a council, may result in a more visible target of accountability, and thus drive different levels of spending and revenue-raising. The selection of a CAO by either the mayor or the council, or a combination, could potentially affect their incentives in a similar fashion. However, a study of expenditures in Michigan cities using an expanded typology of form of government found no differences between types (Carr and Karuppusamy 2010) and it is unclear how prevalent the use of an empowered mayor was at the advent of CM adoption in the period examined in this article.

I present evidence in this article that change in form of government should not be considered as part of a larger package of other Progressive-era municipal reforms, which often were adopted at different times. However, the timing of the adoption of these other reforms is non-random and could therefore be confounding the estimates of the effect of form of government. Some efforts have been made to parcel out the effects of different pieces of the Progressive bundle, particularly overlapping changes in council size, districting, and form of government (Baqir 2002; MacDonald 2008) but other reforms, particularly the initiative, referendum, and recall which were frequently also adopted with form of government changes, merit closer examination.

The muted results presented in this article and in previous investigations into the effects of form of government raise the notion that the effects of political institutions may be primarily on political, rather than policy, outcomes. A large literature has documented that shifting to at-large districts reduces Black and Latino descriptive representation (Davidson and Korbel 1981; Trounstine 2009; Abott and Magazinnik 2020) and that politicians may be initiating these changes in reaction to demographic change (Sahn 2023). Another example of institutional changes affecting racial representation is that Progressive-era municipal civil service reform had positive effects of descriptive representation of immigrants, contrary to the stated intent of some reformers (Kuipers and Sahn 2023). Affecting the composition of the electorate may have been a goal of changing form of government, as the switch to commission and CM governments reduced voter turnout in Presidential and Congressional elections (Carreri, Payson and Thompson 2023).

While the effects of reform from 1905-1934 shown in this article align with the results of similar investigations using data from the 1940s-60s and the 1980s-2000s, the context under which these reforms were undertaken is quite different. The rapid urbanization, population growth due to foreign immigration, annexation of neighboring cities, and financial self-sufficiency that characterized municipal governments in the 1900s-1930s was replaced by suburbanization, population loss and white flight, race to the bottom-style competition with neighboring jurisdictions, and large transfers from the federal government in the postwar period. Incentives to change political institutions, the constraints on policy choice, and the effects of institutions on policy are all likely contingent on the sociopolitical context. As a first step, examining the period of initial institution innovation gives us a foundation to compare other periods against and may help point to policy feedbacks that have sustained the council-manager form as the dominant arrangement in American municipal

government in the past century.

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A Appendix

Source	Year	FOG	Data Type	Bicam.	n
Fairlie (1904)	1903	Mayor Council	Snapshot	Y	159
Census Fin. Stat. of Cities	1912, 1917	All Forms	Snapshot	Y	219
Chang (1918)	1918	Commission	Year of adoption	N	343
City Manager Yearbooks	1920-1, 1924-7	Manager	Year of adoption	N	547
Rice (1978)	1922	Commission	Year of adoption	N	522
Detroit Bureau of Gov. Research	1929	All Forms	Snapshot	N	261
ICMA Municipal Yearbook	1934	Manager	Year of adoption	N	429

Table A.2: **Summary of Form of Government Data Sources**

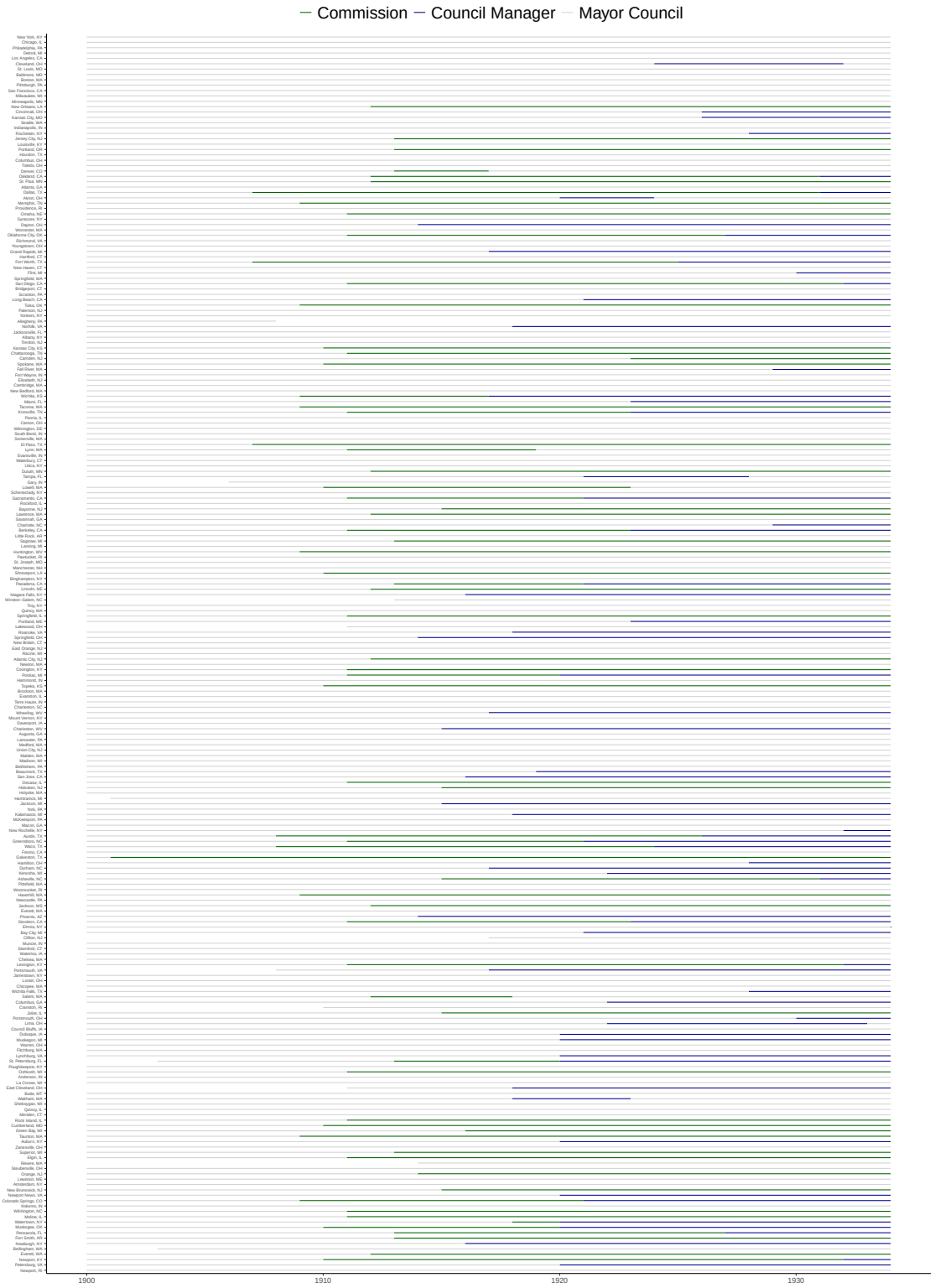


Figure A.2—**Form of Government 1900-1934:** each row shows a city's form of government 1900-1934 (n=273). Rows are are ordered by city population in 1930. 59% of cities in sample reformed; 39% from MC to Commission, 11% from MC to CM, and 10% from MC to Commission to CM.

Study	Type	Years	n	Measure	Finding
Booms (1966)	Cross-section	1962	73	expenditures	CM spend less
Lineberry and Fowler (1967)	Cross-section	1962	200	expenditures and revenue	CM tax and spend less
Liebert (1974)	Cross-section	1962	294	expenditures	no effect
Dye and Garcia (1978)	Cross-section	1972	583	specialization in policy areas	CM more specialized
Lyons (1978)	Cross-section	1960, 1970	285	expenditures	CM more responsive
Morgan and Pelissero (1980)	Time-series	1945-1978	22	expenditures and revenue	no effect
Deno and Mehay (1987)	Cross-section	1982	73	expenditures	no effect
Hayes and Chang (1990)	Cross-section	1986	191	efficiency in police, fire, garbage	no effect
Nunn (1996)	Time-series	1981-1991	14	expenditures	CM spend more
Feiock and Kim (2001)	Cross-section	1984, 1989	420	econ. dev. programs	no effect
Ruhil (2003)	Time-series	1946-1966	222	expenditures	no effect
Jung (2006)	Time-series	1980-2000	504	expenditures	no effect
MacDonald (2008)	Time-series	1981-2001 (x5y)	1,302	expenditures	no effect
Carr and Karuppusamy (2010)	Cross-section	1999	263	expenditures	no effect
Coate and Knight (2011)	CS and TS	1981-2001 (5y)	1,570	expenditures	CM spend more
Hiller (2022)	Time-series	1900-1930	215	expenditures	no effect (Com.)
Carreri, Payson and Thompson (2023)	Time-series	1902-1938	136	expenditures	no effect

Table A.3: Existing studies on effects of form of government

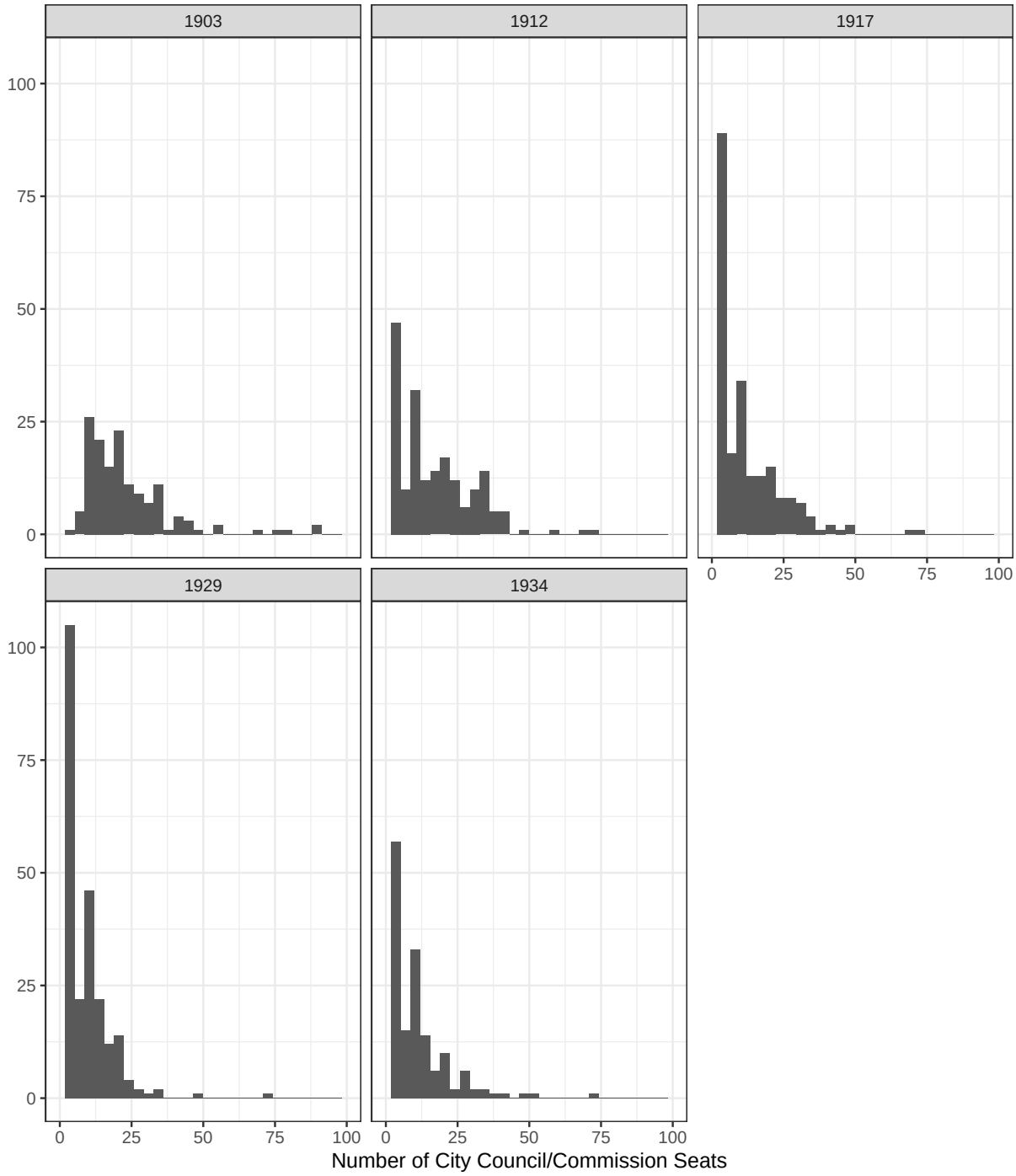


Figure A.3—**Size of Councils and Commissions:** figure shows the size of city councils and commissions in 129 governments from 1903-1940. For bicameral city councils, total seats are calculated as the sum of both houses. Sources: Fairlie (1903), Financial Statistics of Cities (1912), Detroit Bureau of Statistics (1929), ICMA Municipal Yearbook (1940).

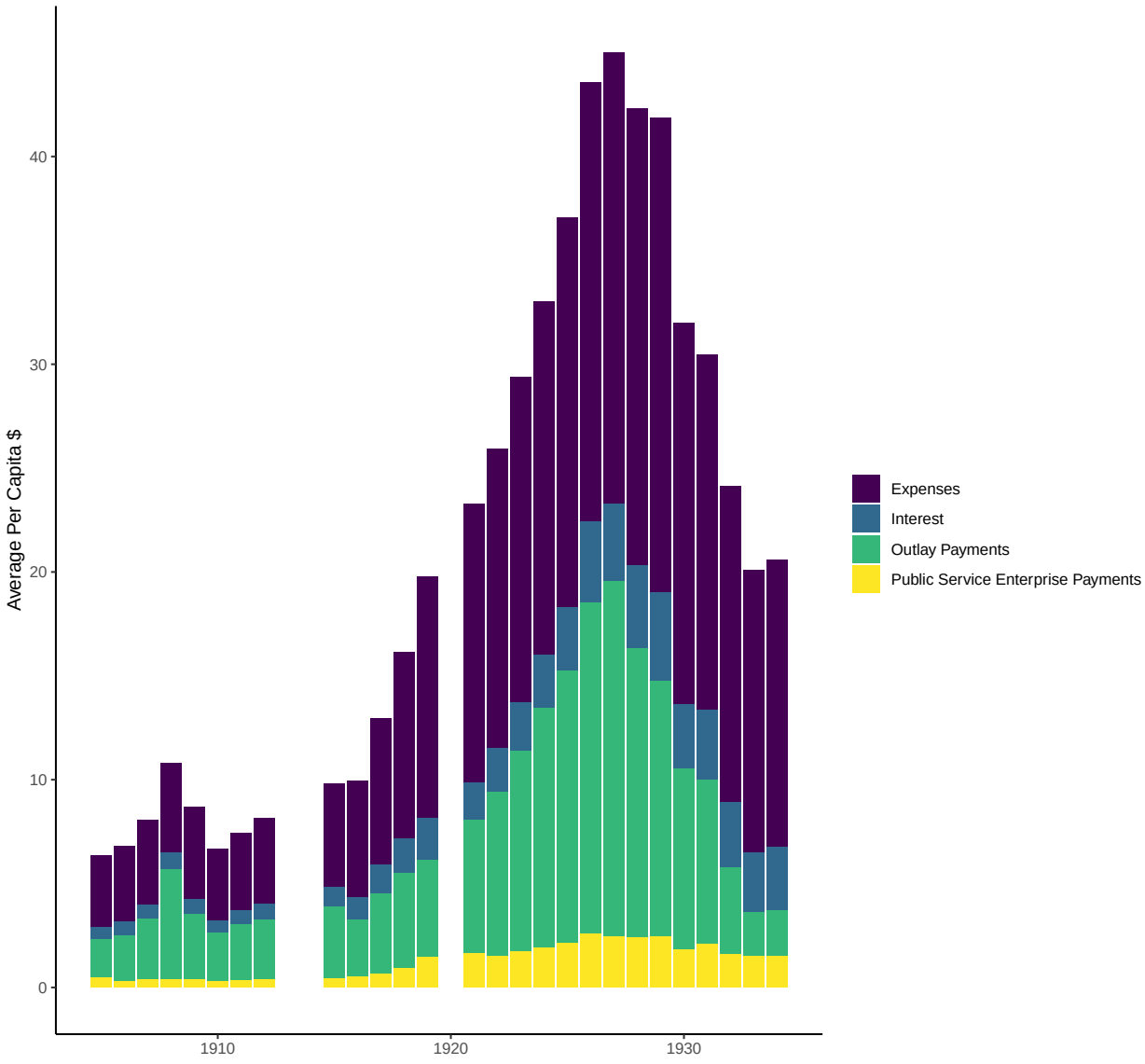


Figure A.4—**Municipal Expenditures 1905-1934:** figure shows average per capita components of expenditures.

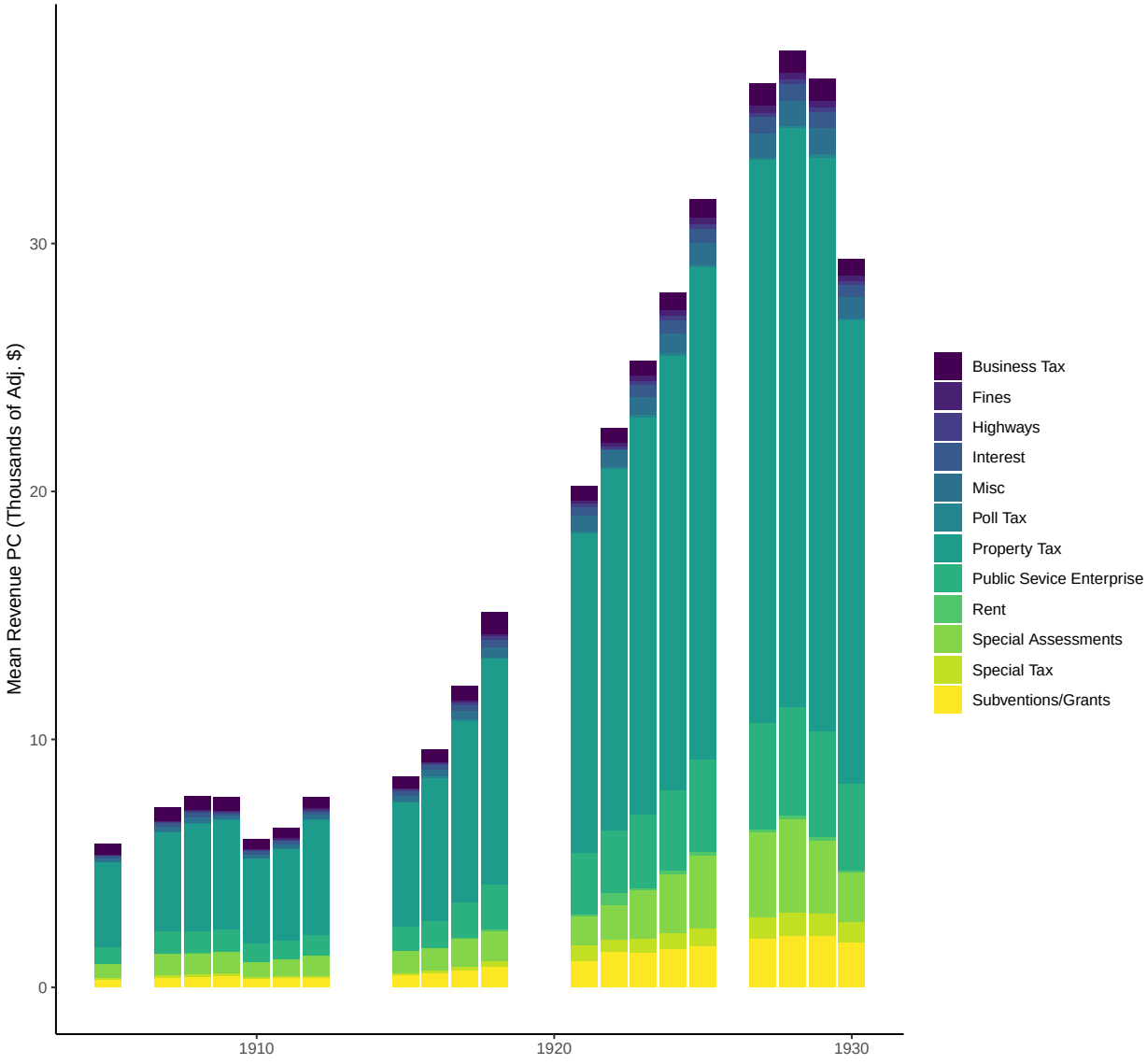


Figure A.5—**Municipal Revenues 1905-1930:** figure shows average revenues per capita by category.

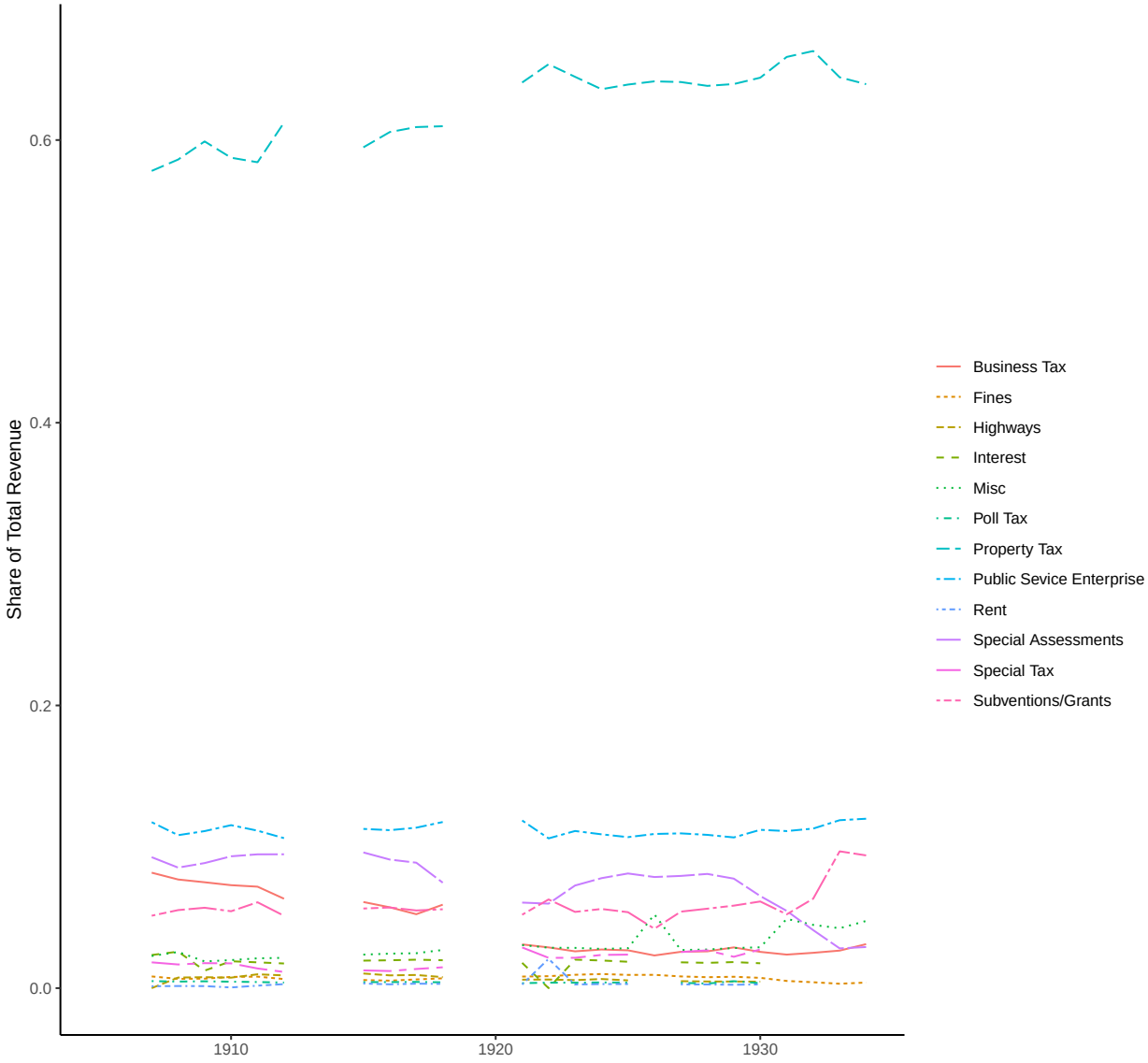


Figure A.6—**Municipal Revenue Shares 1905-1934:** figure shows average share of revenues by category.

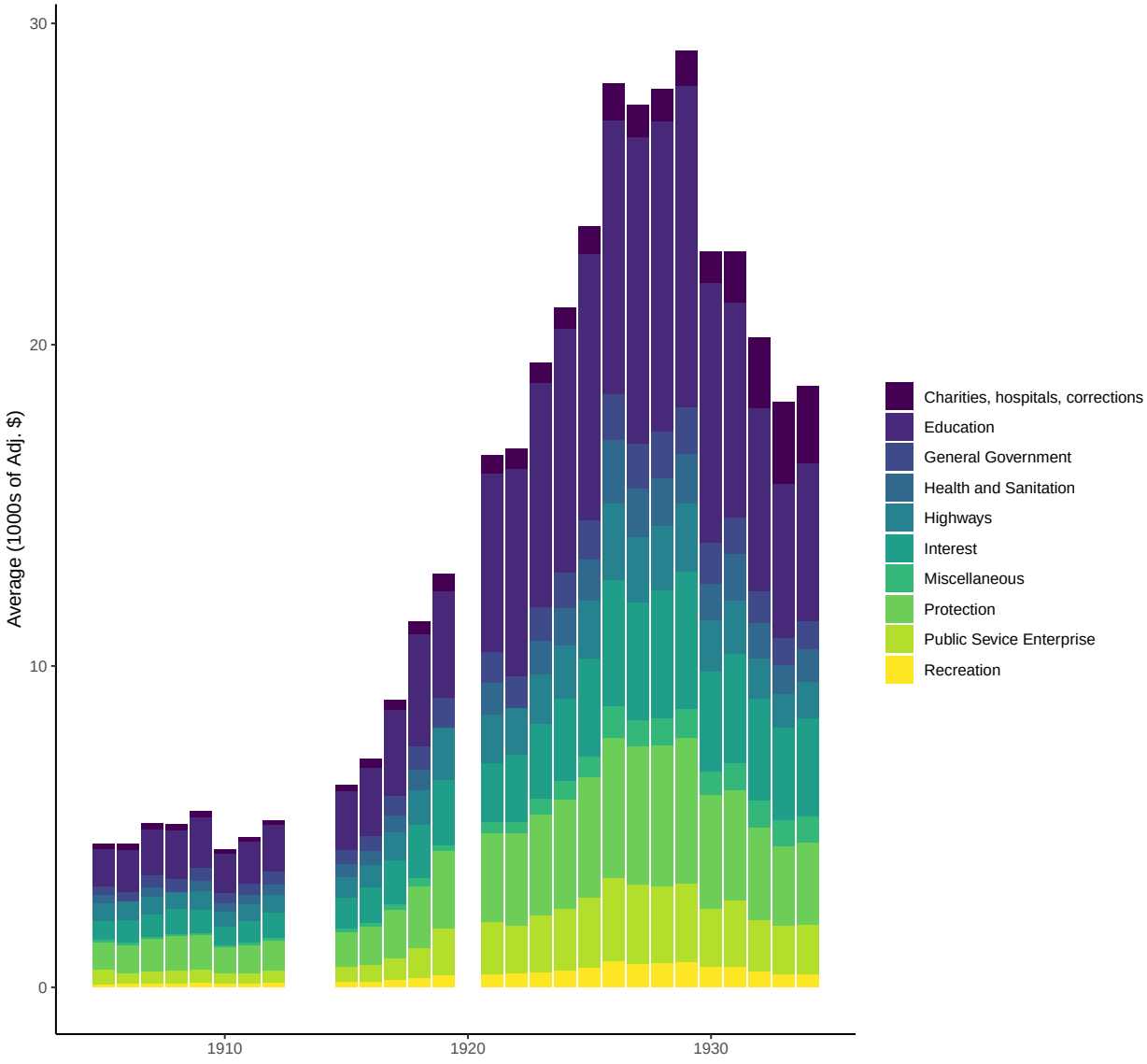


Figure A.7—**Municipal Expenditures 1905-1934:** figure shows average expenditures per capita by category.

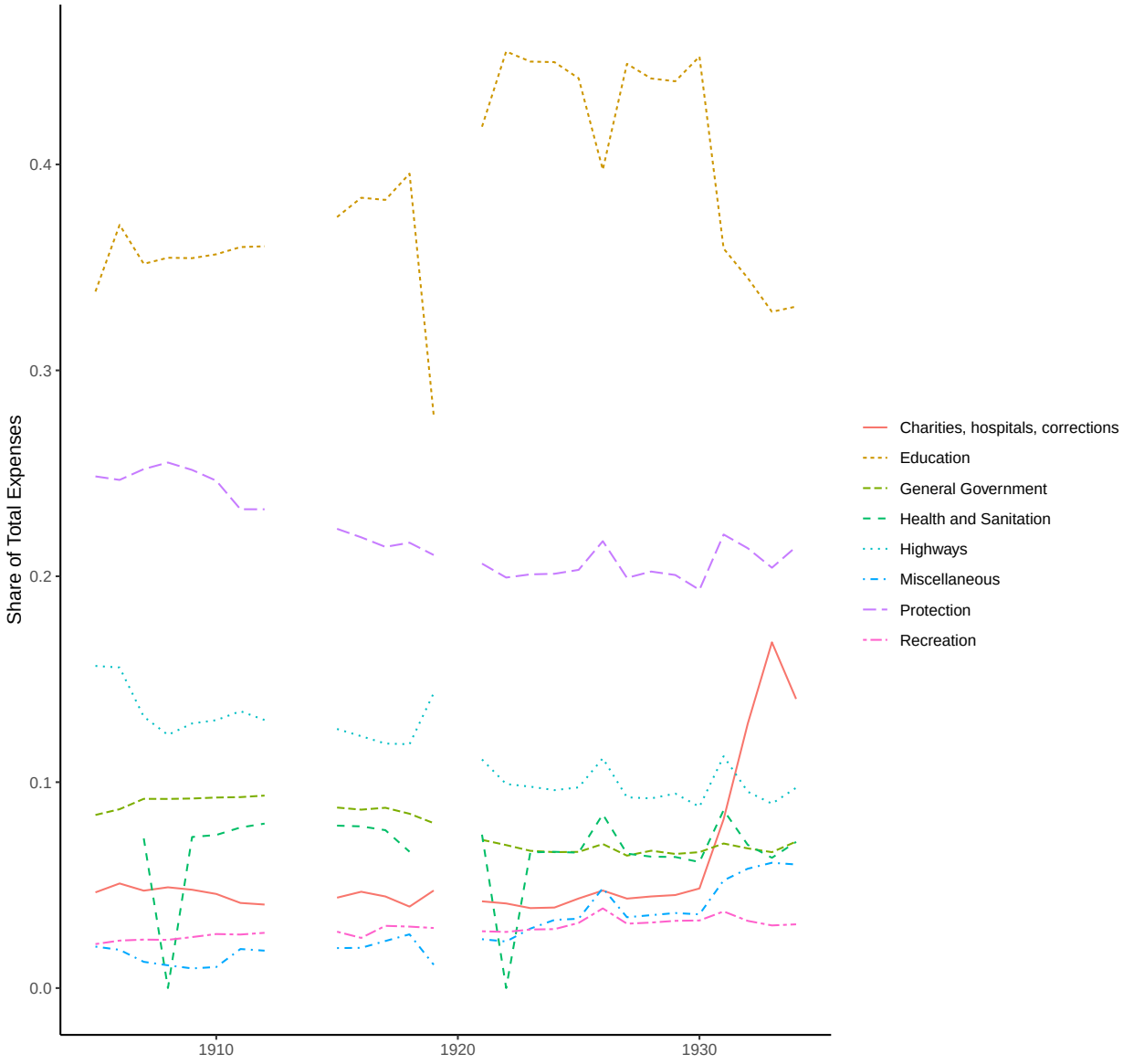


Figure A.8—**Municipal Expenses Shares 1905-1930:** figure shows average share of total expenses by category. All expense categories shown in legend and exclude interests and public service payments.

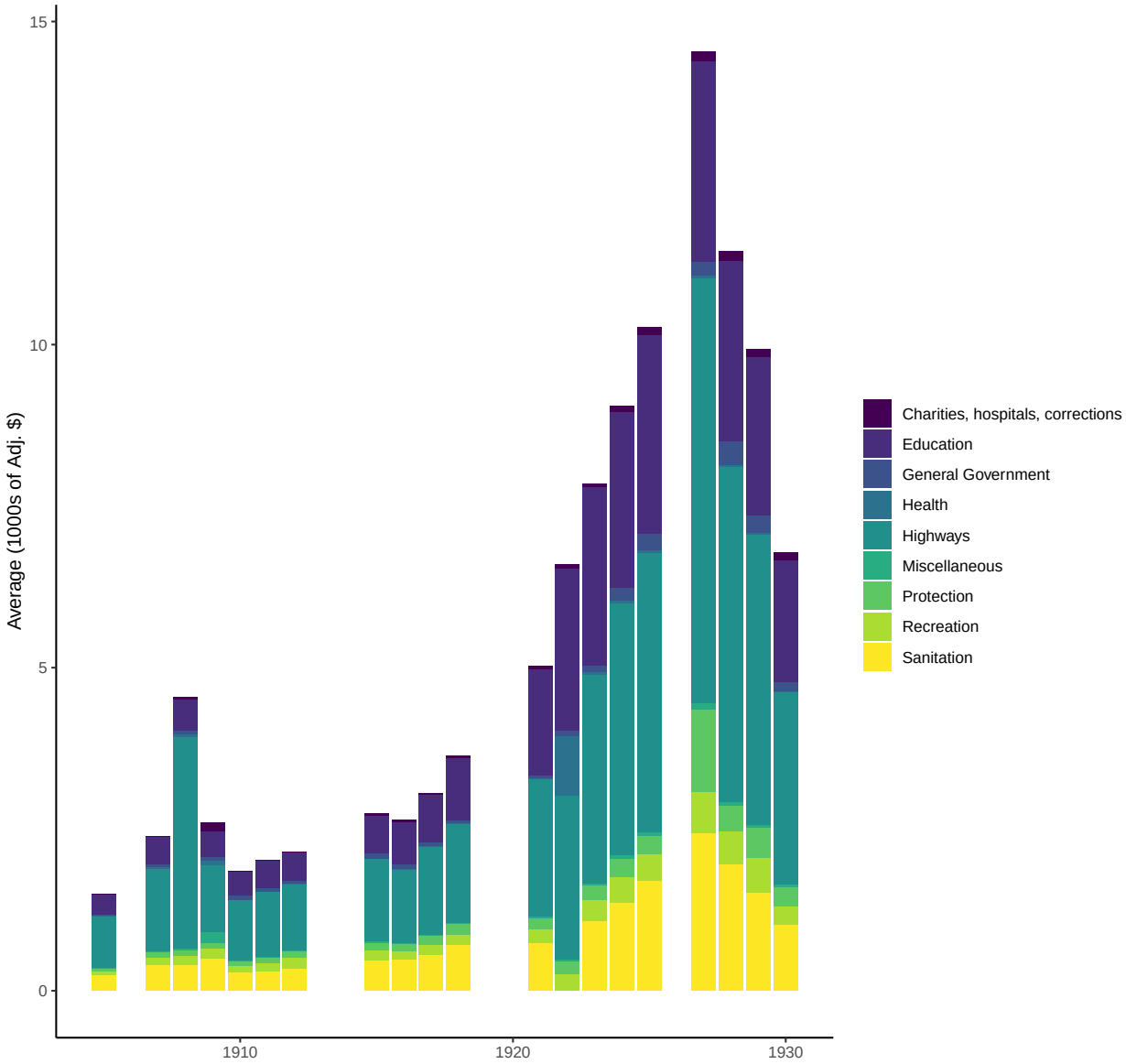


Figure A.9—**Municipal Outlays 1905-1930:** figure shows average outlays per capita by category.

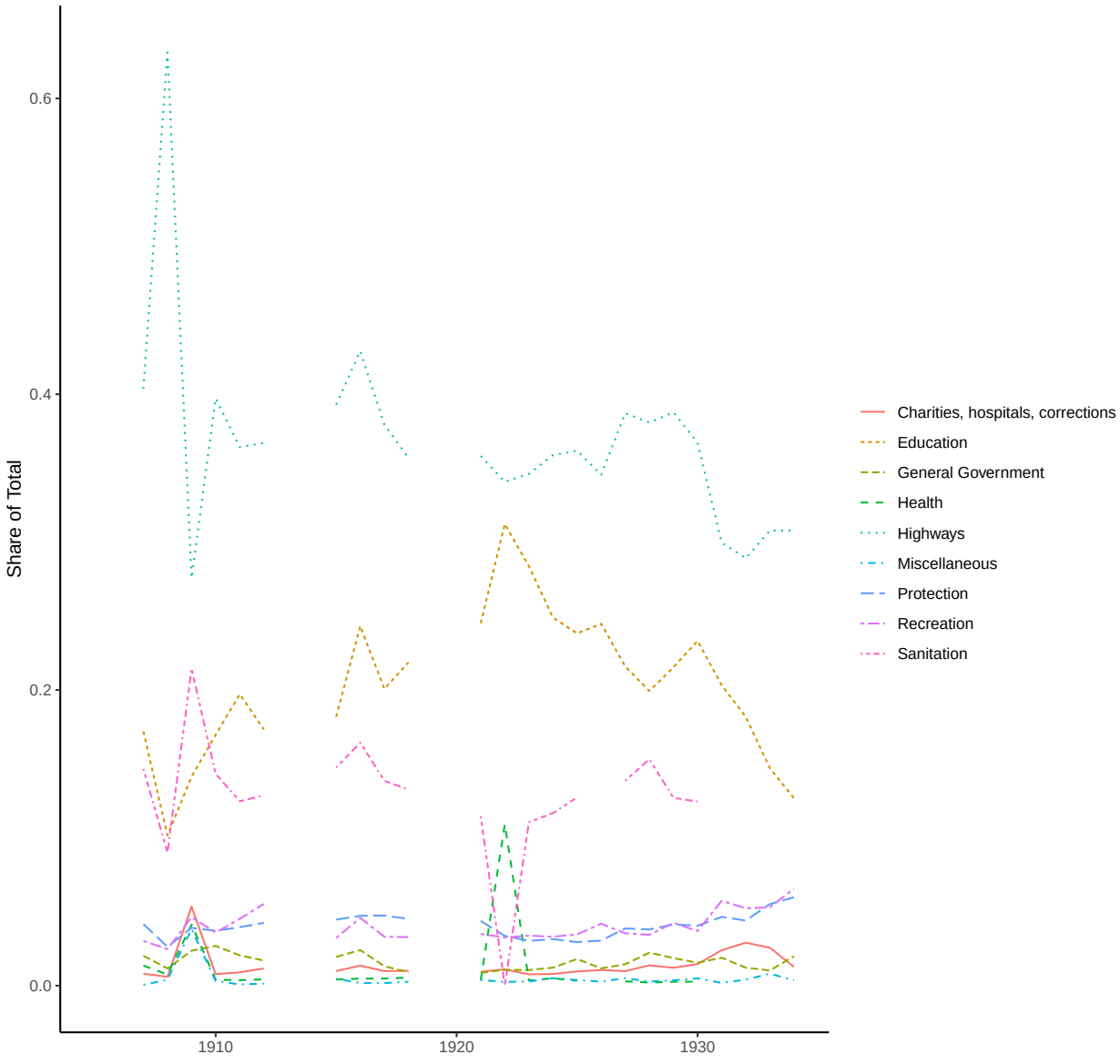


Figure A.10—**Municipal Outlay Shares 1905-1934:** figure shows average share of total outlays by category.

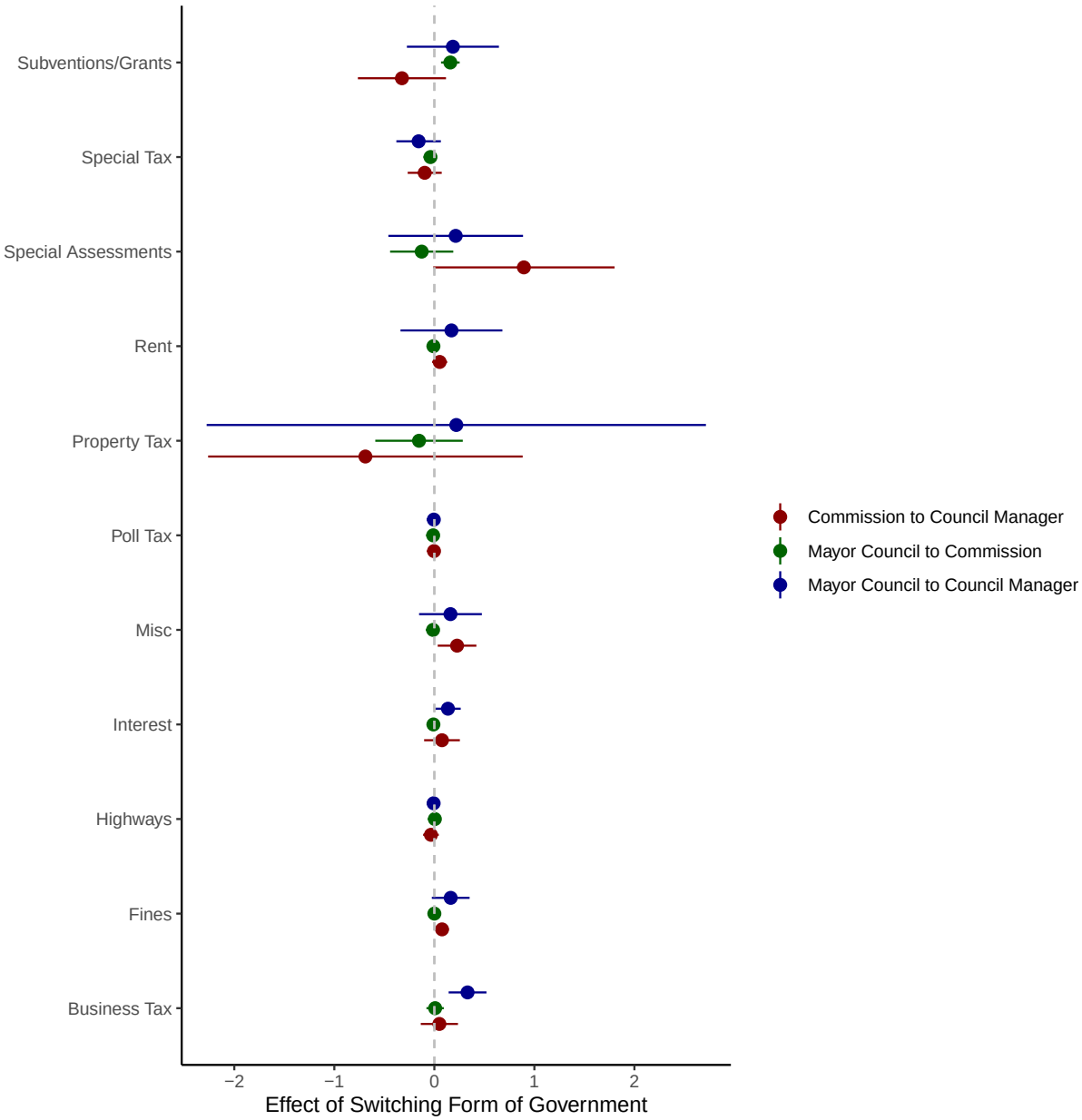
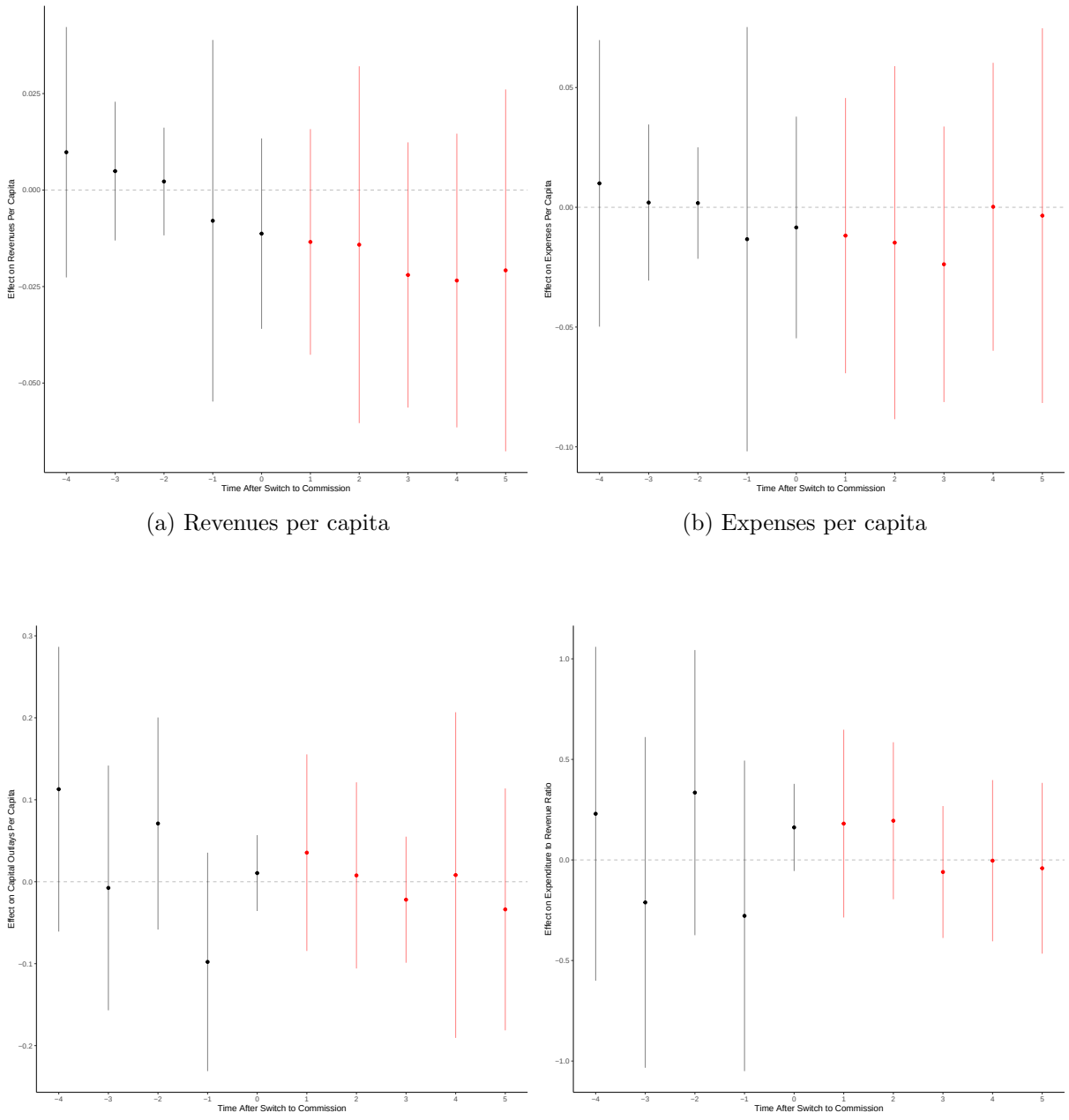


Figure A.11—**Estimates of Switching Form of Government on Revenue Sources:** figure shows point estimates from dynamic difference-in-differences models estimating the effect of switching forms of government on shares of revenues from each source. Group-time ATTs are averaged across all treatment groups and limited to a 5 year window around treatment timing

Figure A.12—Event Studies of Switch from Mayor Council to Commission Form



(a) Revenues per capita

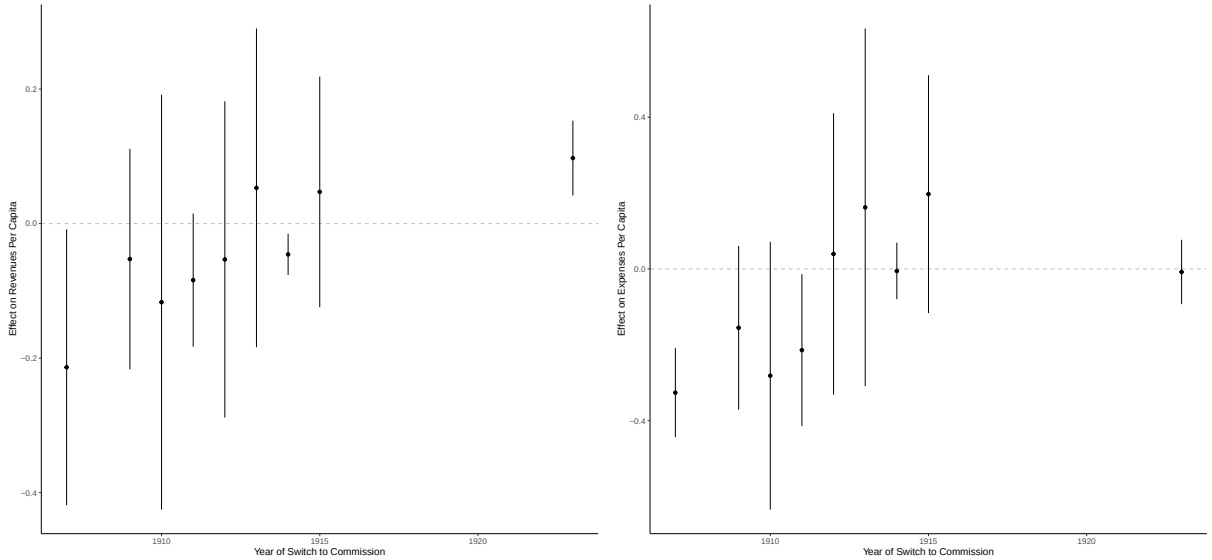
(b) Expenses per capita

(c) Capital Outlays per capita

(d) Revenue to expenditure ratio

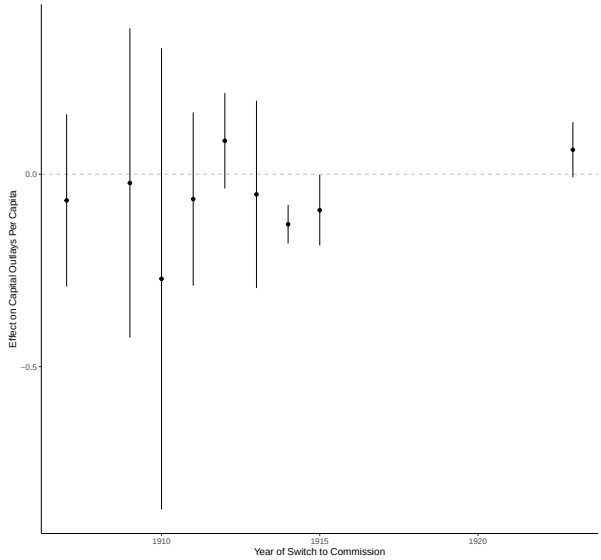
Note: plots show dynamic difference-in-differences estimates at [-4, 5] years until Commission adoption. Each point shows ATT by length of exposure to the treatment; line segments show 95% confidence intervals. Estimates in red are time periods following the switch to Commission government; estimates in Black are time periods before. Regressions compare cities that switch to Commission form to never-switching cities. Results are scaled by the standard deviation of the dependent variable.

Figure A.13—Time-Group Effects of Switch from Mayor Council to Commission Form

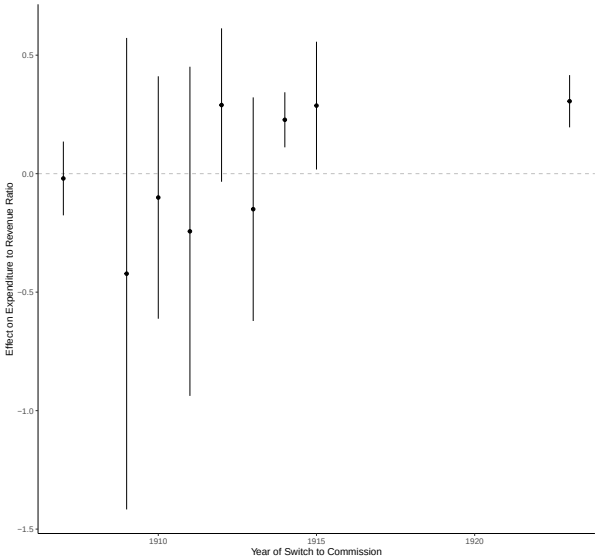


(a) Revenues per capita

(b) Expenses per capita



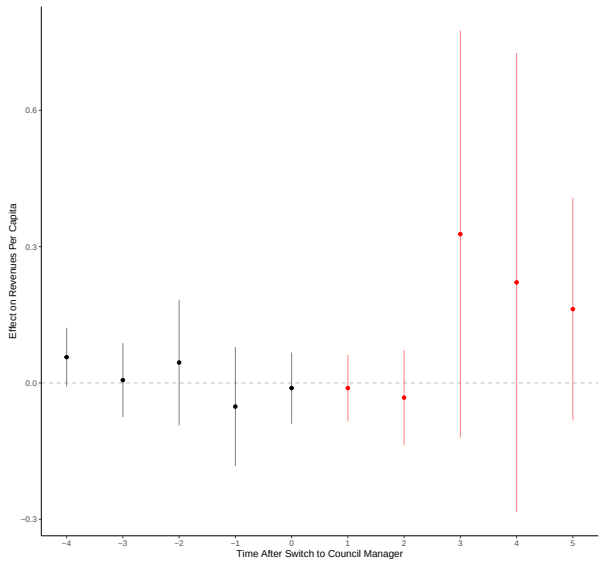
(c) Capital Outlays per capita



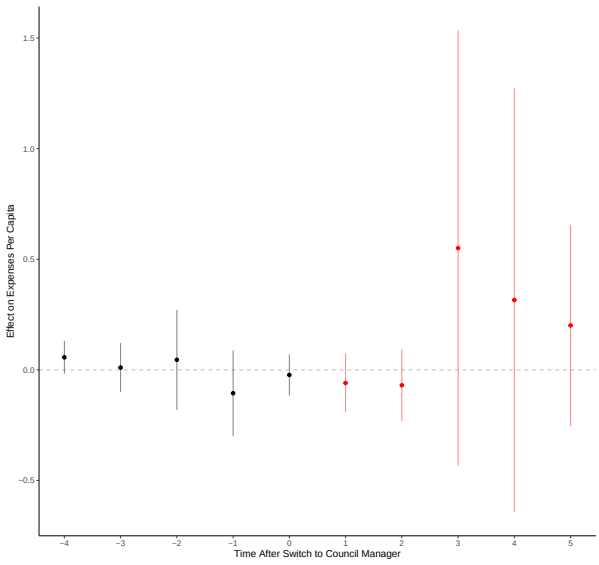
(d) Revenue to expenditure ratio

Note: plots show time-group difference-in-differences estimates for each switching year. Each point shows ATT; line segments show 95% confidence intervals. Regressions compare cities that switch to Commission form to never-switching cities. Results are scaled by the standard deviation of the dependent variable.

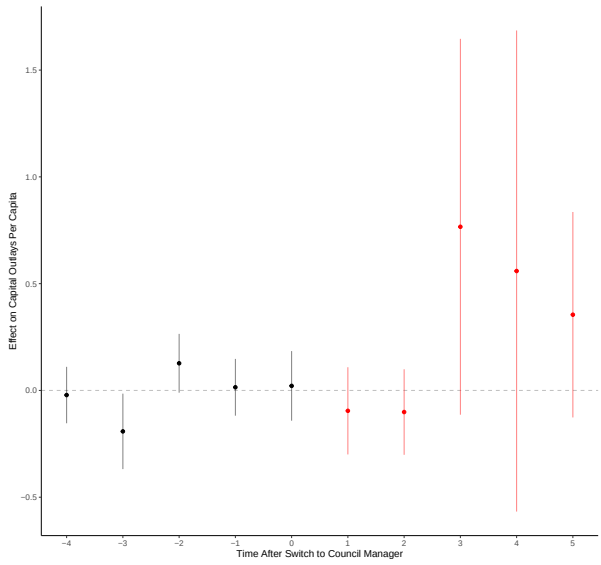
Figure A.14—Event Studies of Switch from Mayor Council to Council Manager Form



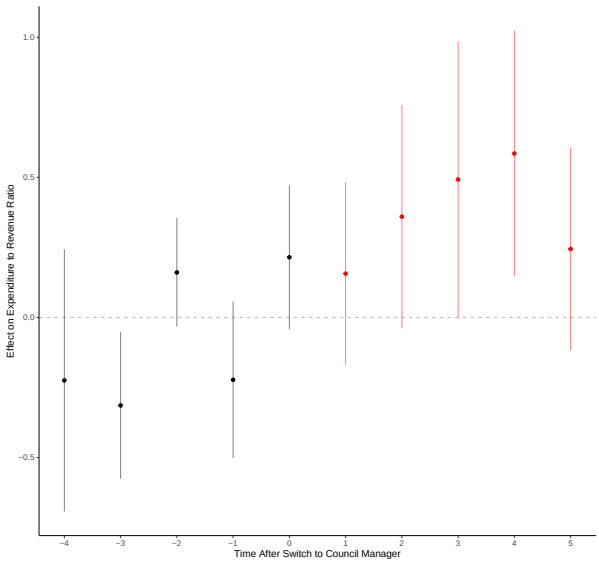
(a) Revenues per capita



(b) Expenses per capita



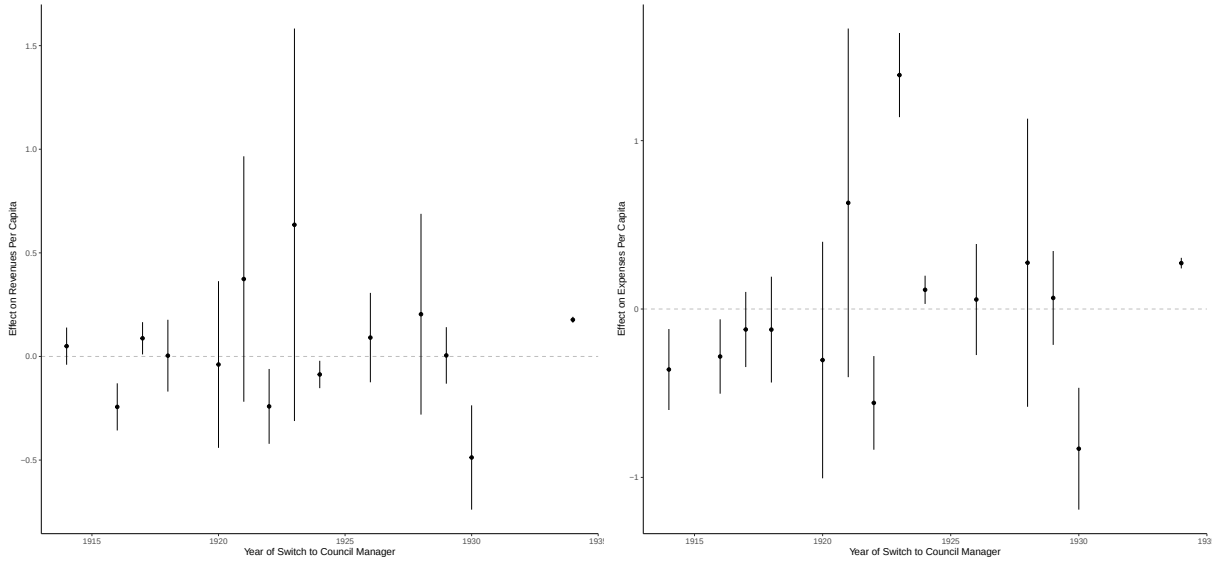
(c) Capital Outlays per capita



(d) Revenue to expenditure ratio

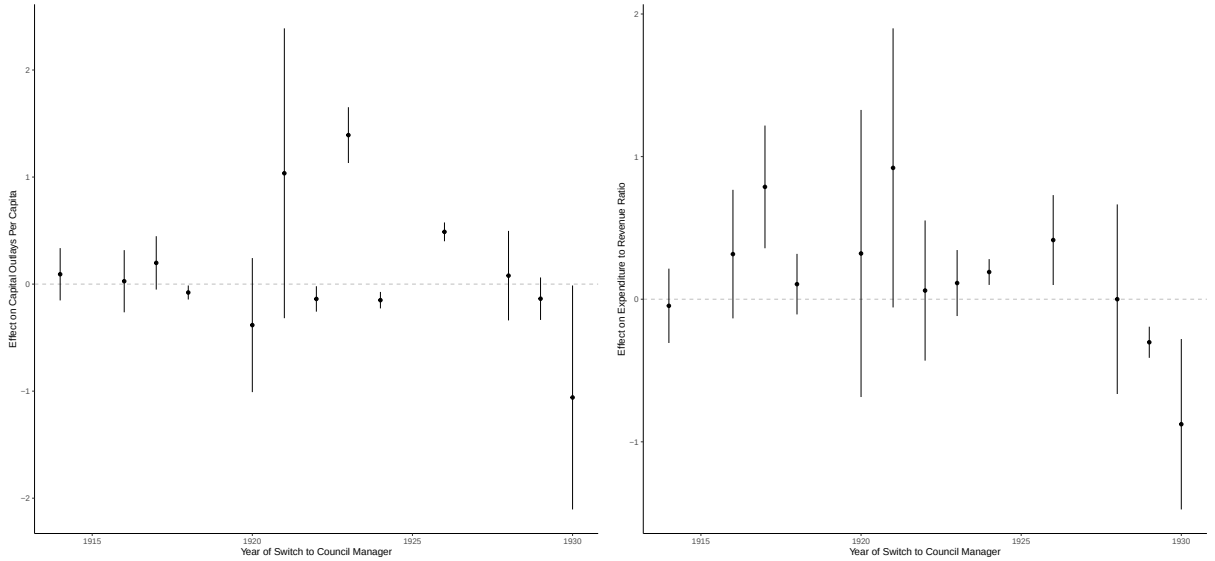
Note: plots show dynamic difference-in-differences estimates at [-4, 5] years until CM adoption. Each point shows ATT by length of exposure to the treatment; line segments show 95% confidence intervals. Estimates in red are time periods following the switch to CM government; estimates in Black are time periods before. Regressions compare cities that switch to Commission form to never-switching cities. Results are scaled by the standard deviation of the dependent variable.

Figure A.15—Time-Group Effects of Switch from Mayor Council to Council Manager Form



(a) Revenues per capita

(b) Expenses per capita

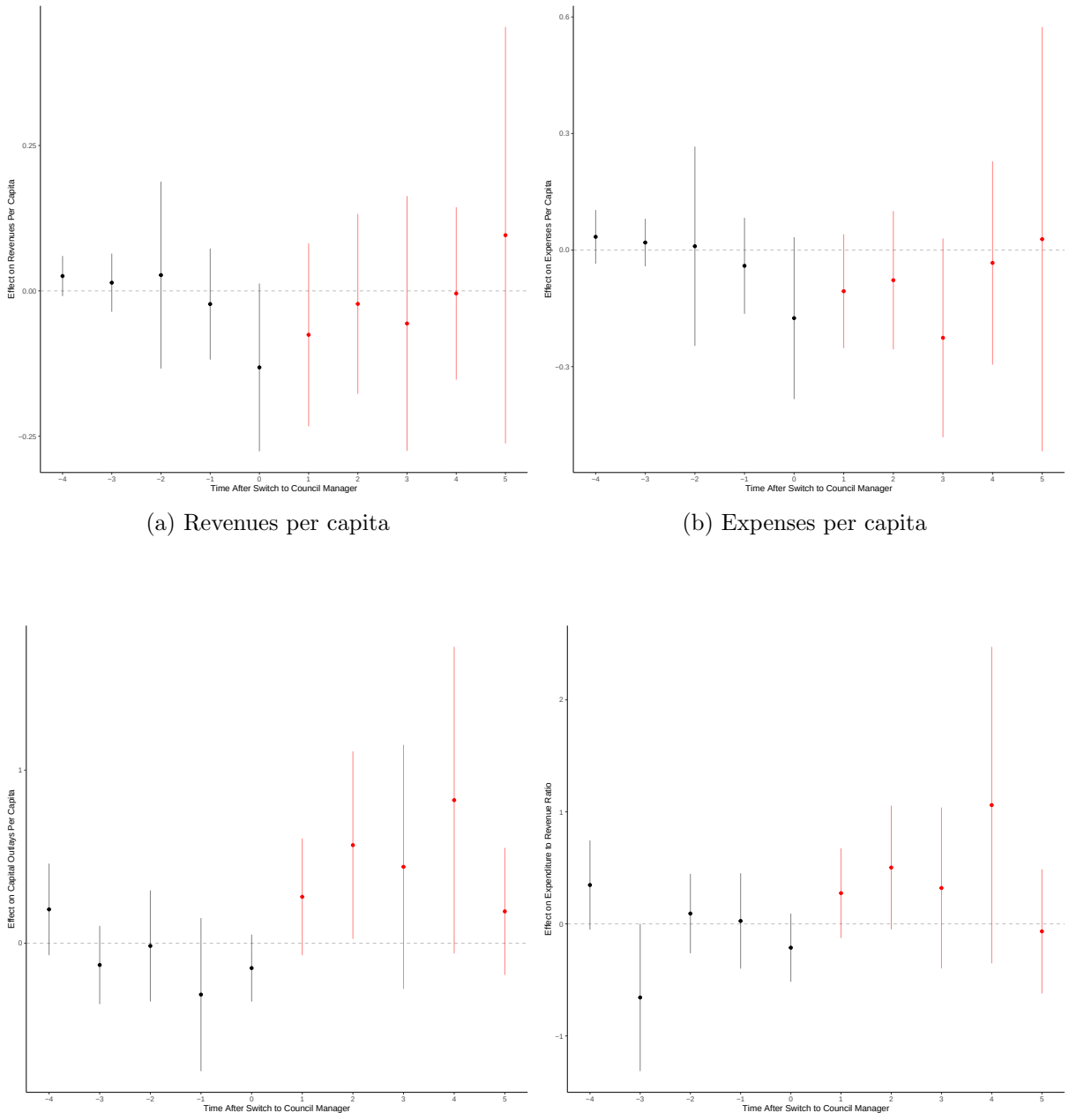


(c) Capital Outlays per capita

(d) Revenue to expenditure ratio

Note: plots show time-group difference-in-differences estimates for each switching year. Each point shows ATT; line segments show 95% confidence intervals. Regressions compare cities that switch to Commission form to never-switching cities. Results are scaled by the standard deviation of the dependent variable.

Figure A.16—Event Studies of Switch from Commission to Council Manager Form



(a) Revenues per capita

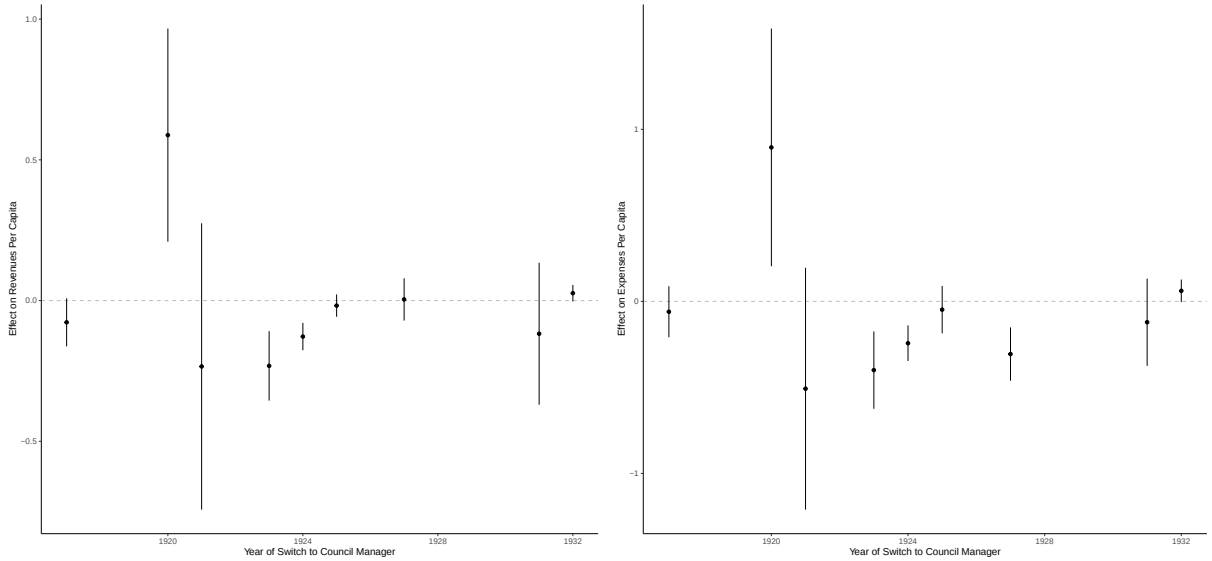
(b) Expenses per capita

(c) Capital Outlays per capita

(d) Revenue to expenditure ratio

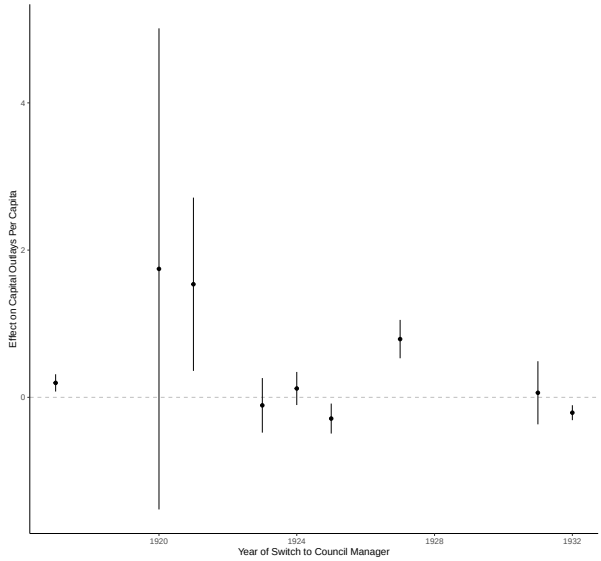
Note: plots show dynamic difference-in-differences estimates at [-4, 5] years until CM adoption. Each point shows ATT by length of exposure to the treatment; line segments show 95% confidence intervals. Estimates in red are time periods following the switch to CM government; estimates in Black are time periods before. Regressions compare cities that switch to CM form from Commission form to cities that switch and stay with Commission form. Results are scaled by the standard deviation of the dependent variable.

Figure A.17—Time-Group Effects of Switch from Commission to Council Manager Form

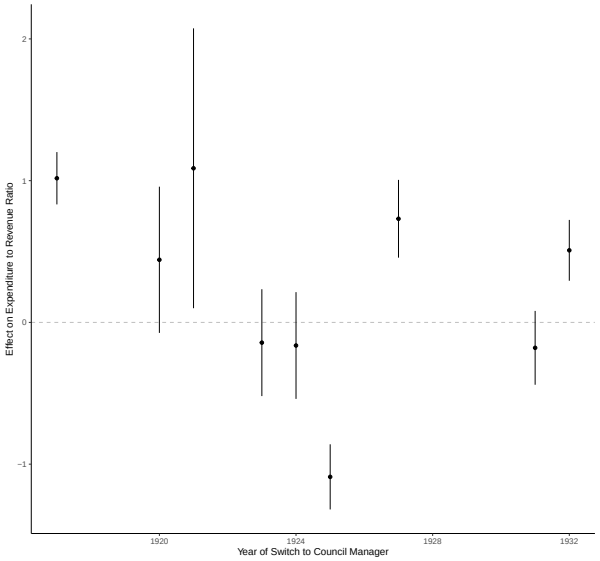


(a) Revenues per capita

(b) Expenses per capita



(c) Capital Outlays per capita



(d) Revenue to expenditure ratio

Note: plots show time-group difference-in-differences estimates for each switching year. Each point shows ATT; line segments show 95% confidence intervals. Regressions compare cities that switch to Commission form to never-switching cities. Results are scaled by the standard deviation of the dependent variable.

	First Stage	Revenue	Expenses	Exp./Rev.	Outlays
State Mandate	0.15				
	(0.06)				
Commission Adoption		5.47	3.80	0.07	−3.59
		(10.84)	(8.37)	(0.17)	(11.46)
R^2	0.07	0.47	0.54	0.07	0.12
Num. obs.	4254	4254	4508	4242	4256
N Clusters	39	39	39	39	39

Table A.4: **No effect of Commission adoption on fiscal policy:** table show results of 2SLS regressions of fiscal policy on Commission adoption, instrument by state enabling legislation. First column show first stage regression of Commission adoption on state mandate; columns 2-5 show 2SLS regressions on revenues per capita, expenses per capita, expenditure to revenue ratio, and outlays. Regression include state and year fixed effects. F statistic on first stage regression is $F = 295$.