

Strengthening State Capacity: Postal Reform and Innovation during the Gilded Age

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Abstract :

We use newly digitized records from the U.S. Post Office to study how strengthening state capacity affects public service delivery and innovation in over 2,800 cities between 1875–1905. Exploiting the gradual expansion of a major civil service reform, cities with a reformed postal office experience fewer errors in delivery, lower unit costs and an increase in mail handled per worker. This improvement goes with greater information flow, as measured by increased volumes of mail and newspapers. We observe more joint patenting involving inventors and businesses from different cities, suggesting that a more effective postal service contributed to innovation and growth during the Gilded Age.