

# Municipal Socialism in the United States, 1900–1940

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## **Abstract**

In the early 20th century, a sizable socialist movement emerged across the United States, drawing support from populists, unions, and European immigrants. While socialist political candidates had little support at the national level, they were considerably more successful at the municipal level. Between 1900 and 1940, over 1,000 socialist officials were elected or appointed across 348 cities and towns, and 146 cities elected socialist mayors. While prominent examples, such as Milwaukee, have been the subject of extensive research by historians, there has been no broad quantitative analysis of the resulting differences in governance and outcomes. We remedy this by examining how socialist officials affected local government spending, taxation, and infrastructure investment using data from municipal financial reports as well as the universe of municipal bond issues documented by Moody's. We also examine their impact on the treatment of unionized workers, government form, and adoption of land use regulations.

In the early twentieth century, a sizable socialist movement emerged across the United States, drawing support from populists, unions, and European immigrants. While socialist political candidates had little support at the national level, they were considerably more successful at the municipal level. Between 1900 and 1940, more than 1,000 socialist officials were elected or appointed across 348 cities and towns, and 146 cities elected socialist mayors. What predicts electoral success for socialists at the city level? And did socialist leadership impact municipal governance, policy, and the provision of local public services?

While some of the more prominent examples, such as Milwaukee, have been the subject of extensive research by historians, there has been no broad quantitative analysis of the resulting differences in electoral success, governance, and outcomes. We remedy this by examining how socialist officials affected local government spending and infrastructure investment using data from the *Financial Characteristics of Cities* report published by the US Census Bureau as well as the universe of municipal bond issues and credit characteristics documented by Moody's. We also examine the impact of socialist officials on numerous other outcomes, including the treatment of unionized workers, government form, and adoption of land use regulations.

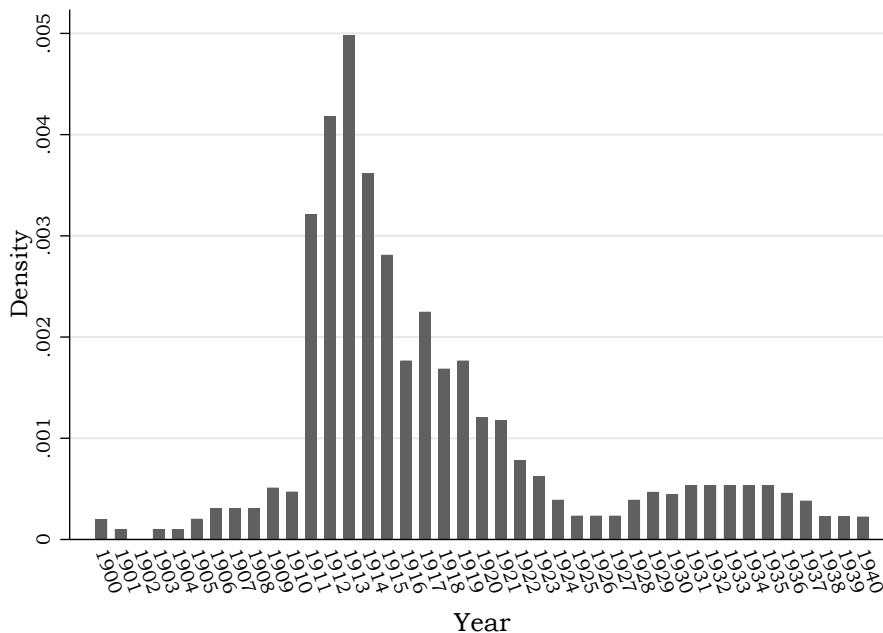
The Socialist Party of America was founded in 1901. What began as a small city movement early on became a large city movement in later years. Socialists often garnered the support of immigrant populations and labor organizations (Stave, 1975). Milwaukee was a quintessential socialist city and was one of the largest municipal governments to feature a durable, long-lasting party presence. Socialist mayors led the city in the years 1910–1912 (Seidel) and 1916–1940 (Hoan). More than 30 percent of the city was foreign-born in 1900, and most of these immigrants were German and Polish. Milwaukee was also the home of a significant labor movement Miller (1975). Much of the party's support in this and other US cities and towns came from the working class.

The socialist movement in this era was a subset of the Progressive movement in American cities. Some objectives of these factions aligned, while others did not. Socialists from a variety of backgrounds and experiences largely shared key objectives at the municipal level (Stave, 1975). Most of these centered around beliefs in efficient government structures and fair and equitable treatment of city residents. Their objectives fall under several broad categories: improve fiscal management; protect unions and strikers; extend municipal services; promote public ownership of utilities; promote city planning and zoning; and resist at-large elections (commission governments). Whether socialist officials systematically achieved these objectives at the municipal level is unknown.

We combine data from a variety of sources to determine the demographic and socioeconomic characteristics of socialist cities and the relative success of party officials in achieving their objectives. Socialist election data at the municipal level are gathered from Ross (2015) and Gregory (2023). Figure 1 provides a look at these data by showing the presence of socialist mayors in US cities over time. The period between 1911–1915 was especially active, with the peak of socialist presence occurring in 1913. No years were more successful for socialist mayors than 1911–1920.

We combine our data on socialist mayors and officials with US Census data measuring a number of demographic and socioeconomic characteristics. We further link US Census micro data to their census places (i.e., cities, towns, etc.) using the Census Place Project (Berkes et al., 2023). Our dataset features variables on race/ethnicity, immigration, homeownership, occupation, and income. These measures are used to explore the characteristics of socialist and non-socialist cities. We also use them as controls, where each measure is linearly interpolated between census years in our main panel regressions (described below).

Figure 1: Socialist mayors in power, 1900-1940



Source: Ross (2015).

Our findings regarding electoral success are consistent with the historical literature. The socialist movement was most prevalent in immigrant-heavy areas, particularly those with more second-generation immigrants from Western Europe, Scandinavia, and Germany. In

1910, populations in cities that had elected a socialist at some point between 1900 and 1940 were 18 percent foreign-born, while cities never electing socialists were 10 percent foreign-born. Individuals with Western European, Scandinavian, or German descent made up 33 percent of the populations of socialist cities and only 21 percent in non-socialist cities.

We perform a variety of exercises aimed at estimating the impact of socialist officials on local labor movements, electoral processes, zoning adoption, and spending on public services and infrastructure. In this proposal, we focus specifically on the impact on union worker movements, bond issues for infrastructure, and spending on public services. We link our main dataset of socialist officials and city demographics to perform these tests. We use the longitudinal nature of the data to estimate fixed-effects models that account for time-invariant unobserved characteristics of cities. In addition to city fixed effects, we include population, a variety of demographic controls, year dummies, and indicators for the two years prior to the election of socialist mayors and officials. Our main explanatory variables of interest are indicators for socialist mayors and a measure of the number of socialist officials on city councils and commissions.

We link our panel data with data on strikes, arrests, raids, and killings at the municipal level between 1905 and 1920. The data are drawn from a variety of bulletins and newspapers and compiled by the IWW History Project (Civil Rights and Labor History Consortium at University of Washington). We find that cities with socialist officials—particularly mayors—experienced fewer labor strikes and worker deaths. Furthermore, these effects were not present leading up to socialist elections (two years prior), thus suggesting the role of socialist officials themselves in reducing strikes and deaths.

We link our dataset with data on bond issues compiled by Pawel Janas. The data were digitized from the *Moody's Manual of Investments* in 1929, which gives information on all outstanding municipal bonds as of that year. The shortcoming with this dataset is that it does not include bonds paid off by 1929 (the median maturity was 9 years). Using the 1929 data, we find little evidence of an increase in bond-funded investment under socialist leadership. However, we are missing many potential bonds issued in earlier years. In light of this, we have digitized the 1918 *Moody's Manual* and are cleaning the data for analysis. We anticipate that this snapshot in 1918 will give us a much clearer picture of bond issues during the peak years of socialist influence between 1911–1920.

We also combine our panel data with data on city spending. Some of the spending objectives of socialist officials include the following: streamline government administration (Stave, 1975); expand health services (Miller, 1975); increase employee salaries (Hendrick-

son Jr., 1975); invest in parks (Hendrickson Jr., 1975); reallocate police spending to other areas (Hoan, 1936). The source of the municipal spending data are the *Financial Statistics of Cities* reports issued by the US Census Bureau in the early twentieth century. We use reports from 1904–1929, which give annual financial information for cities with more than 30,000 people. We consider spending on operations and maintenance in eight different areas: government administration; police and fire protection; health programs (prevention of communicable diseases, vital statistics, food regulation); sanitation (trash collection, sewer maintenance, street cleaning), roads (maintenance, street lighting), charity (hospitals, care of poor and children), education (schools and libraries), and recreation (parks). The years 1913–1914 and 1920–1922 are missing. The panel is also unbalanced, being made up of roughly 150–300 cities depending on the year. These shortcomings notwithstanding, we find evidence that socialist mayors and officials defunded police forces and reallocated spending to government administration and health services in the years between 1904 and 1929.

Going forward, we aim to incorporate more analysis of the determinants of electoral success, particularly the involvement of the organized labor movement. Among other things, we also aim to expand our data on bond issues, incorporate data on the nature of government form (e.g., strong- versus weak-mayor systems), and include analysis of taxation.

We also aim to focus on econometric identification of the impact of long-running socialist presence in cities. Our preliminary results often do not show large effects of socialist leadership on municipal outcomes. Many of the municipal socialists we observe were elected but then run out of office within a couple of years. This was commonly due to Republican-Democrat alliances aimed at getting rid of them. However, a number of cities—such as Milwaukee—had a large and durable socialist presence in local government during the early twentieth century. We aim to conduct a synthetic control exercise to compare these cities to comparable cities without such a socialist presence. We aim to use the financial data and bond data to determine whether durable and sizable socialist presence influenced spending on public services.

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