Political Science

Social Capital and Institutional Performance:

A County Analysis of Georgia

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Introduction

The impact of social capital on people is something that can be seen on a daily basis and is often taken for granted by those who live in communities full of it and do not even realize it. In Wilkes County, GA, community activist Knox Robinson, wrote a letter to the local paper, *The News-Reporter*, to describe the potential catastrophes that could come with the closing of the only hospital in the immediate area, Wills Memorial, due to financial hardships. The hospital saved the life of an associate of Robinson's when he suffered cardiac distress. Without the close proximity of social institutions like hospitals people will more than likely die. Without the local government's help and the help of the state government in Atlanta, not much can be done to help the people of Wilkes County.

Some Americans think of the government as a slow and cumbersome machine that is ineffective at improving the lives of citizens. Growing up in a blue collar household I would always hear my father complain about paying taxes to a government was not doing much or if any good for the people. I was curious about finding the truth about government performance after reading Robinson's article, "Without policy changes rural hospitals will close," and Robert D. Putnam's *Making Democracy Work: Civic Traditions in Modern Italy* (1993). I performed my own analysis for the state of Georgia to compare to Putnam's results on the relationship on civic community and institutional performance. My research question is: does social capital have an effect on a government's institutional performance in Georgia?

Literature Review

When it came to learning more about social capital's potential relationship with institutional performance I focused on three main sources of information to guide my study. The first was stated previously in the introduction, Robert

Putnam's *Making Democracy Work: Civic Traditions in Modern Italy* (1993). He compiled decades of data into his book figure out the positive and negative aspects of Italy's regional governments and to help determine what would help them become more effective. The second main piece of literature that was key to the production of this paper was the article Jordan Jeffrey, "Constructing a Human Development Index for Georgia's Counties" (2004). In his study Jeffrey compiled data on nine variables in three categories; education, housing, and employment, to create a human development index for Georgia counties and as a basis for my explanatory variable, social capital. The final article that helped determine that the HDI constructed by Jeffrey was an accurate measure of social capital was established in further research by Jeffrey, Bulent and Abdul (2010), "Community Development and Local Social Capital," that explained the positive relationship found between the presence of social capital, measured in the HDI, and community development of Georgia counties.

Georgia Counties and Italian Regions

When it comes to comparing the state of Georgia to the nation state of Italy it is like comparing peaches to tomatoes. The scale of the two are completely different; the counties of Georgia are much smaller than the Italian regions from Putnam's study while there are almost eight times as many Georgia counties to Italian regions (159 counties: 20 regions). The sheer amount of the Georgia counties meant that I would have a lot of data points to look at when it came to my results. Georgia itself is still a very rural state, though not as much as it used to be before the mid-20th century, this meant that most of the counties would more than likely be on the lower end on the Human Development Index and some others would be much higher, particularly those in the Metro Atlanta area which is one of the most developed cities in the United States. This skew in the data was the reason common logarithms were used in forming my graphs and shows that there is a much greater variance in Georgia counties than in the Italian regions. The stories behind the counties and regions and their formations were also very different. In Georgia, the idea of local governance was the key reason to their formation, when a part of a county found itself falling behind in infrastructure, institutional responsiveness, or other reasons then the state would find a way to form another county. Many Georgia counties today are actually a lot smaller than they used to be as many of them were broken up into multiple counties. In Italy the regions that we see today were formed to concentrate resources and allow for traditional Italian city states that associated with each other to pool their resources and commonalities together (Putnam 1993, Fleischmann and Pierannunzi 1997)

The state of Georgia is in the deep south of the United States. It is number thirteen of the thirteen colonies from the American Revolution and has been around since the days of James Oglethorpe. The state of Georgia is organized into 159 counties where the geography, people, and resources can differ greatly between each county. For example, Fulton County is the home of the state capital, Atlanta, and has the largest population density of any county, while Ware County is mostly agricultural land and home of the Okeefenokee Swamp. "Georgia has 159 counties, second only to Texas, which has 254. Every part of Georgia - even the barrier islands along the Atlantic Ocean - falls within a county. This means that no matter where you live in Georgia, you reside in a county." (Jackson 2016)

When Georgia became a royal colony in 1752 the Church of England divided the land into eight parishes. (Jackson 2016) "As in England, parishes served as church districts for support of the clergy and other religious expenses. Unlike England, however, Georgia's parishes served as governmental districts for conducting elections, collecting taxes, caring for the poor, keeping roads passable, and recording vital statistics." (Jackson 2016) This was the beginning of the county governments in Georgia. As more and more people moved to Georgia the government pressured the Cherokee and Creek nations to give up portions of their land. (Jackson 2016) After the revolution thousands of Americans came to Georgia looking for cheap land and by 1832 Georgia took the shape it has today with 89 counties and no more Cherokee or Creek lands were left. (Jackson 2016) Georgia eventually expanded to the 159 counties it has today by creating new counties from older ones.

There were many reasons for so many counties to form in Georgia and the services that the counties provided were crucial to daily life, especially in rural states like Georgia. "For rural residents, counties performed many important functions. For instance, residents recorded the sale or purchase of land with the county's clerk of superior court. It was the county sheriff who provided protection and served legal papers. The county also determined the ad valorem taxes on personal property owned by residents. County officials conducted state and county elections, issued marriage licenses, probated wills, issued car tags, and performed many other important functions." (Jackson 2016)

What we know as Italy today is actually a younger state than the United States. When the new nation state brought all the people of the Italian peninsula together in the 19th century it was common practice for national governments to have centralized authority as it was thought to bring different people together. "Indeed, when the Italian state was proclaimed in 1860, linguistic variegation was so pronounced that no more than 10 percent of all 'Italians' (and perhaps

as few as 2.5 percent) spoke the national language. For the Piedmontese mon-archists who unified Italy, regional differentiation was the principal obstacle to national development." (Putnam 1993, 18) This sort of political behavior was and is seen across the Third World in newly formed countries. In Italy, "strong prefects, modeled on the French system, controlled the personnel and policies of local governments, approving all local ordinances, budgets, and contracts, often in the minutest detail. Most areas of public policy, from agriculture to education to urban planning, were administered by field offices of the Roman bureaucracy." (Putnam 1993, 19)

As Italy continued its practice of centralized governance it became apparent that Rome could not handle the governance and management of all twenty regions in Italy. "Only after World War II, with the advent of democratic politics and growing grassroots revulsion against extreme centralization, did regional-ist sentiment begin to re-emerge. Newly powerful political parties, both the Christian Democrats on the center-right and Socialists and Communists on the left, had historically opposed the national government and the new Consti-tution of 1948 provided for directly elected regional governments." (Putnam 1993, 19) There were many reasons for the move towards regional governance that were more popular with any groups that were considered "outsiders" from the Roman bureaucracy. "Populists claimed that regional government would raise levels of democracy, by fostering citizen participation and responsiveness to local needs. Moderates argued that decentralization would increase admin-istrative efficiency. Southerners believed that regional governments could speed social and economic development, reducing regional inequalities." (Put-nam 1993, 20)

Measures and Methods

Social capital has a large effect on communities in all aspects of life, and is why I chose it as my explanatory variable. "Recent researchers have found remark-able effects of social capital on various outcomes: namely, economic well-be-ing, political participation, good governance, health, and education." (Jordan & Bulent 2010, 157) To measure social capital I used a human development index (HDI) created by Jeffrey Jordan (2010). This index used different variables to measure the amount of social capital in each Georgia county, and then give each county a rating according to Jordan's HDI. Jordan used three categories for nine variables in his HDI; education, employment, and housing.

"For the education variable, the three components include data on the per-cent of the population 25 years and over with a high school degree (includ-ing equivalencies), the percent of the population over 25 with a Bachelor's de-

gree or higher, and the percent of the total population enrolled in elementary through high school. Included in the employment index was median household income (for 1999), the percent of families living below the poverty level (1999), and the unemployment rate for those over 16. This combination of income, poverty, and employment produces indices for economic opportunity. Finally, the housing variables included total number of housing units, the number of owner-occupied housing units, and median value of owner-occupied housing units (Jordan 2010, 2)."

When I created the first graph of the relationship I tested I noticed with Jordan's original measurements were making the graph hard to read. So I multiplied his HDI results by 100 to create whole numbers with decimals. To further clarify the graph I took the common logarithm of the index as well.

I determine that the human development index is a good measure for social capital after the studying Jordan's results and the past use of his HDI by La-Grange College student Matt James as a measure of social capital. Putnam describes social capital as features of social organization, like trust, social norms, and networks that can improve the efficiency of society by facilitating coordinated actions. (Putnam 1993, 167)

Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence… For example, a group whose members manifest trustworthiness and place extensive trust in one another will be able to accomplish much more than a comparable group lacking that trustworthiness and trust… In a farming community… where one farmer got his hay baled by another and where farm tools are extensively borrowed and lent, the social capital allows each farmer to get his work done with less physical capital in the form of tools and equipment. (Coleman 1990, 302, 304, 307)

When it comes to Jordan's HDI; education, employment, and housing have proven to have an extensive impact on people's social interaction. James' study found that "When the human development index increases people are more willing to cast a vote. It is clear that when the government can provide measures to increase education and employment people will try to influence their society. It is no secret that people with more money and education have a vested interest in politics and vote more frequently." (James 2014, 8) I believe it is also correct to assume that when people pay more attention to politics then their local county governments will more than likely be more efficient leading to a higher score on institutional performance.

Institutional performance is my response variable, and is something that effects people's lives on a daily basis considering that a well performing government would presumably produce create better lives for people. Putnam puts simply that "Institutions are devices for achieving purposes, not just decide things—to educate children, pay pensioners, stop crime, create jobs, hold down prices, encourage family values, and so on." (Putnam 1993, 8, 9) As societies it is hard for people to agree on what should require the most attention from the government, but if the government can be effective at providing services and doing enough to keep citizens happy then it could be said that the government is institutionally effective. When it comes to institutional performance Putnam chose twelve indicators to create his own index of institutional performance. His indicators are as follows; cabinet stability, budget promptness, statistical and information services, reform legislation, legislative innovation, day care centers, family clinics, industrial policy instruments, agricultural spending capacity, local health unit expenditures, housing and urban development, and bureaucratic responsiveness. (Putnam 1993, 67-73)

To measure institutional performance, I used a factor score index based on a principle components analysis of indicators for free and income based clinic and licensed day care centers in each county. A principal components analysis "…is a way of identifying patterns in data, and expressing the data in such a way as to highlight their similarities and differences. Since patterns in data can be hard to find in data of high dimension, where the luxury of graphical representation is not available, PCA is a powerful tool for analyzing data." (Smith 2002, 12) I chose to use a PCA because I was not exactly sure what variables would be accurate to show what makes up social capital and would have an association with Jordan's HDI, so using a PCA would allow me to use multiple variables and create my own index of institutional performance. To measure the clinic variable for each county I went on www.freeclinics.com to look up the number of registered free and income based clinics in every county. To measure the licensed day care centers in each county I went to the Georgia Statistics System (2014) database and it had the number of licensed day care centers in every county as of 2014. For the third variable I coded the level of innovation for each county using its type of county government; if it was a traditional commission the county was assigned a "0," if the county had a non-traditional commission it was assigned a "1" (Fleischmann and Pierannunzi 1997). My reasoning for coding the county governments this way was to allow my results to be more focused simply on innovation, not particular levels of innovation. This is a subset of the indicators Putnam used forced by data limitations. In Putnam's study he used 'civic community' as a determinant for social capital; his index consisted of the variables civic engagement, political equality, associations to social structures, and solidarity, trust and tolerance. As stated earlier, for my index of insti-

tutional performance I had to use common logarithms for display purposes. The loadings for the different indicators can be found in Table 1 below.

Table 1: Factor Loadings and Variance, Index of Institutional Performance

Component loadings:
Income Based Clinics	.5840146
Level of Innovation in County Government	.5005358
Day Care Centers	.6390547
Standard deviation	1.3734945
Proportion of Variance	.6288291

To find the material needed, I used different databases about the state of Georgia and previous works by LaGrange College student, Matt James. I then combined the material into spreadsheets and used the R statistical application to display my results in regression scatterplots. Descriptive statistics for the indicators I used can be found in Table 2.

Table 2: Table of Descriptive Statistics, HDI and Institutional Performance

	HDI	Institutional Performance
Mean	.32	13.06
Standard	.08	31.23
N	159	159

Results

Robert Putnam had the time and resources to spend over two decades studying the regional governments in Italy. He believed that a high amount of social capital would lead to high institutional performance by regional governments. Putnam ran many tests but I was interested in one result in particular. Figure 1, "The Civic Community and Institutional Performance" shows the positive relationship Putnam (1993) found between the two variables of civic community, a form of social capital, and institutional performance.
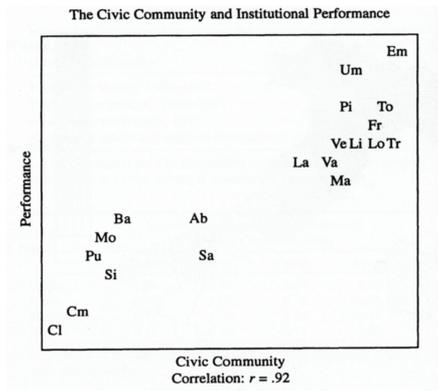
Figure 1: The Civic Community and Institutional Performance (Putnam 1993, 98)

I wished to use a form of social capital to measure institutional performance. Putnam measured institutional performance by region; I wanted to get more specific than an entire region's measurement. I chose to measure institutional performance in the state of Georgia (USA) on a county by county level. Again, I measured the amount of social capital I using a Human Development Index that measured the amount of education, housing, and employment in each county. As I said, I created an index of institutional performance by using three variables. I multiplied the loadings for each indicator by its raw score and added these to get a score for each county. The computing of my principal component analysis gave me factor score index (FSI) that would be a measure of institutional performance.
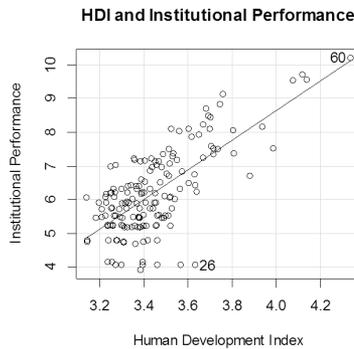

Figure 1: Human Development Index and Institutional Performance in Georgia Counties

My results, Figure 2, showed that there was a positive relationship between social capital and institutional performance. The linear regression equation is:

Institutional Performance (logged) = 3.26 + 0.11 HDI (logged)

r = .71, p = 2.2e-16

This shows that a 1% change in social capital (HDI) is associated with a .11% change in institutional performance (Tufte 1974).

There are two outliers: Chattahoochee County (26) and Fulton County (60). Chattahoochee resides on the western border of Georgia with Alabama; the closest major city is Columbus, GA to the north. Most of the landmass of Chattahoochee County is actually covered by the largest military base in the state, Fort Benning. Most of the residents of Chattahoochee are military personnel and their families. These families rely on federal funds and institutions provided by the United States military for most of their social capital. They live in government housing, are employed across the base in commissaries, restaurants, and other businesses, and there are both elementary and secondary education centers on base. This has led to Chattahoochee County scoring high on Jordan's HDI due to the fact there are plenty of resources on base. When it comes to institutional performance I was focusing on county performance and since the most of the citizens in Chattahoochee County the county government does not have to provide as many services. Fulton County is located in the north of the state at the foothills of the Appalachian Mountains. Fulton County is one of the largest counties in landmass and is the center of the largest city in the state, Atlanta, GA. With such a populated city the simple amount of resources in Fulton County are immensely higher than almost all other counties. When developing my index of institutional performance Fulton scored the highest of all counties in day care centers with 422, was among the highest in number of clinics with 6, and had a nontraditional county government giving the county a very high score of institutional performance.

Conclusions

Going back to my research question about social capital's impact on institutional performance I believe that there is a positive correlation that could be used to improve a county government in the state of Georgia. This finding could lead to increasing legitimacy and trust of governments across the state and further research and practice could be used to improve governments not just the county level but even an entire state or federal government.

My findings correlation (r = .71) was not as strong as Putnam's (r = .92) but together they both identified positive relationships between social capital and institutional performance. My research was very little in comparison to Putnam's. He was able to compile decades of hard work into a book with a vast amount of time, effort, and thought behind it. Making Democracy Work is still to this day regarded as one of the greatest examples of research on government.

In order to improve on my research and finding the relationships between social capital and institutional performance much more needs to be done. Time could have an effect on the potential relationship between the two variables. A larger and more varied set of variables for a factor score index might have something to do with the relationship as well,. With more time I look forward to implementing more into this research.

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