

Putnam's Social Capital and Local Government Performance: Empirical evidence from rural communities in Poland?

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Abstract

Understanding local politics basically as the provision of public services government performance can be interpreted as the technical efficiency of local public good production. Following this idea the paper applies the data envelopment analysis (DEA) to estimate local government performance in rural communities in Poland. In a second step we estimate the impact of various socio-economic, political and institutional characteristics of rural communities on government performance. In particular, following Putnam's seminal contribution social capital indicators, e.g. the number of tertiary organizations, are tested for explaining observed performance-differences across communities.

The conducted econometric estimations are based on 314 rural communities for the years 2002-2005 and provide mixed results. While for most socio-economic, political and institutional variables a significant impact on government performance points out, only for some variables the direction of the impact corresponds with existing theory. For example, technical efficiency increases significantly with the number of secondary organizations as predicted by Putnam's social capital theory. In contrast, efficiency decreases with the voter turn-out, as well as with the average income and education levels which seems to contradict theoretical expectations. However, estimation results might be plagued by endogeneity problems or reversed causality, e.g. public good provision might be influenced by factors such as climate conditions or regional input prices, which are uncontrolled by local governments. These unobserved factors have not been controlled in our estimation, yet and therefore might cause biased estimation results. Moreover, low government performance might in fact induce a high voter-turned out and not vice versa.

Thus, overall we have to conclude that although we consider the application of frontier efficiency techniques as a promising approach to measure local government performance our empirical results still have to be interpreted with caution. At best these can be interpreted as a first attempt to quantitatively assess government performance which certainly needs to be further improved in future work.