COLLABORATIVE APPROACHES TO ECONOMIC DEVELOPMENT: REGIONAL DEVELOPMENT PARTNERSHIPS AND SOCIAL CAPITAL

Hyung Jun Park
Askew School of Public Administration and Policy &
Devoe Moore Research Fellow
Florida State University
Tallahassee FL 32303

&

Richard C. Feiock
Augustus B. Turnbull Professor of Public Administration
Askew School of Public Administration and Policy
Florida State University
Tallahassee FL 32303

ABSTRACT

When will local governments in a fragmented metropolitan area cooperate rather than compete in their pursuit of economic development? Cooperation in economic development can not easily be accounted for with conventional models. This study builds upon an institutional collective action framework and focuses on the four dimensions of social capital as a critical resource to solve regional collective action problems. The results provide evidence that social capital resulting from experience with interlocal agreements is strongly related to the formation of regional partnerships. We conclude that social capital fostered by local interactions encourages reinforces norms of reciprocity.

Keywords: Institutional Collective Action, Social Capital, Regional Partnership, Economic Development Policy, Metropolitan Governance, Interlocal Cooperation
COLLABORATIVE APPROACHES TO ECONOMIC DEVELOPMENT: REGIONAL DEVELOPMENT PARTNERSHIPS AND SOCIAL CAPITAL

The potential for regional cooperation among governments in metropolitan areas has captured tremendous interest. Concerns about the organization of local government in metropolitan areas have produced some of the most important and enduring debates in urban politics, planning and public administration. In the last decade renewed interest in institutions and decentralized governance in political has coincided with the rise of the “new regionalism” movement (Downs 1994; Brookings Institution 2002).

Can fragmented local governments cooperate to address metropolitan issues such as service delivery problems, economic development or growth management? In some metropolitan areas the answer has been yes. Cooperation among local governments is not uncommon and local governments share information and jointly respond to emergencies as well as deliver routine services (Friesema, 1970; Ostrom, Bish and Ostrom, 1988; Post 2002). Collaboration though functional consolidations provide a decentralized regionalism comprised of networks of horizontal agreements and functionally and geographically defined overlays of nested service units (Park and Oakerson, 1989, Feiock and Carr; 2001; Thurmaier & Wood, 2004; Oakerson, 2004)

Local governments can also act collectively creating “a metropolitan civil society” that integrates multiple jurisdictions through voluntary agreements and associations (Oakerson 1999, 104). Rather than the traditional prescription for centralization and governmental consolidations, decentralized regionalism entails cooperation and competition among governmental units in urban metropolitan areas through horizontally and vertically linked organizations (Stevens and Wickstrom 2000; Feiock 2004).
The necessity of addressing pressing regional problems has driven renewed calls for metropolitan reform. Decentralized units of government are typically assumed to be unable to deal with regional issues and concerns (Rusk 1995; Downs 1994). We counter this position by advancing the proposition that a decentralized system of governments can simultaneously produce the benefits of competition and cooperation. An institutional collective action (ICA) framework (Feiock, and Tao, 2002; Feiock 2004; Bickers and Stein 2004) is applied to investigate the formations of regional development partnerships by local governments. Patterns of regional partnership formations are estimated based on a model that includes endogenous and exogenous forms of social capital. The results provide evidence that cooperative norms that develop among local governments in metropolitan areas as a result of their experiences with interlocal agreements predicts formation of regional economic development partnerships. This institutional level cognitive form of social capital enhances the ability of local governments to overcome institutional collective action problems in a fragmented metropolitan area. We conclude that social capital fostered by local interactions and agreements encourages exchange of commitments and reinforces norms of reciprocity to facilitate regional cooperation.

REGIONAL GOVERNANCE AND REGIONAL PARTNERSHIP

Metropolitan areas are characterized by externalities, economic spillovers and dependencies between central cities and their suburbs. Several studies report correlations between central-city income and suburban income in U.S. metropolitan areas increased significantly in the last twenty years (Savitch, Collins, Sanders, and John 1992; Ledebur and Barnes 1992; Voith 1998). As suburbs have aged, their political affiliations more closely resemble those of the central cities they surround, challenging the conventional assumption that
suburban cities can be counted on as enclaves for those escaping big city problems. These findings would also seem to suggest that shifts in political alliances may make regional coordination more palatable than once thought (Gainesborough 2001; Orfield 2002).

The nature of regional cooperation has shifted over the past three decades. Creation of multipurpose governments through consolidation of existing units has declined, but there have been tremendous increases in targeted regional action through inter-local agreements (Post 2002), special districts (McCabe 2000; 2003) and regional compacts or partnerships among local governments in a metropolitan area (Olberding 2002b). In both rural and urban areas top down solutions have increasingly been replaced by voluntary cooperation among governments and public-private, intercommunity partnerships (Cigler 1999; Feiock 2004).

An increasingly popular regional governance strategy is the regional development partnership. Development partnerships are an “alliance formed by local governments, often with the help of private sector firms and nonprofit organizations, that has a mission of enhancing the economy of a multijurisdictional area” (Olberding 2002b, 253). Partnerships are multilateral contractual arrangements and the scope of actions these partnerships take on varies tremendously. Almost all engage in regional promotion and information provision to prospective business. Some coordinate other local development activities and a few restrict incentives or include non-competition provisions. For example, in the Milwaukee area most local governments participate in and contribute to development efforts of the Milwaukee Regional Economic Partnership. Local governments’ financial contributions to the organization are rather modest and primarily support marketing efforts. Nevertheless, the organization has adopted a “fair competition” policy in which they agree to inform the development office in a neighboring jurisdiction is a firm presently located in that jurisdiction inquires about location
incentives. Moreover, recent work reports agreements to share the costs and benefits of growth promotion among governments in a metropolitan area are not as uncommon as one believed (Park and Feiock 2002; Gillette 2000).

TRANSACTION COST AND COLLECTIVE ACTION

Transaction cost theories of institutional change (Eggertsson 1990; Libecap 1989; North 1990) maintain that cooperation will be forthcoming when the benefits outweigh the transaction costs of negotiating monitoring, and enforcing agreements (Hackathorn and Maser 1987). New institutions emerge as the result of a dynamic political contracting process among local government units facing a collective action problem (Eggertsson 1990; Ostrom 1990; Lubell et al. 2002). Positive externalities from policy activities that spill across political boundaries provide communities with incentives to engage in inter-jurisdictional cooperation. The scope of cooperative action can be small, as in the case of two neighboring jurisdictions coordinating road construction, or large, as in regional efforts to attract economic development.

Transaction costs are minimized when the structure of the governance institution is congruent with the structure of the collective-action problem (Heckathorn and Maser 1987; North 1990). Hence, cooperative intergovernmental arrangements should reduce transaction costs to the extent the collaborative governing style is better-suited than the consolidation model to the complex, diffuse, and boundary-spanning nature of urban problems. Decentralized governance arrangements can have advantages over command and control or centralized consolidation models in reducing coordination costs (Brierly 2004). Nevertheless, jurisdictions seeking to realize gains from cooperation on economic development programs face collective action and free rider problems. Absent confidence that other actors will abide by agreements
and continue to cooperate, anticipated payoffs from cooperation are low (Steinacker 2004). Theoretical and empirical work substantiates that there are powerful incentives for parties in this situation to defect—to abandon agreements to cooperate and instead pursue individual interests (Feiock 2001).

Therefore, transaction costs are a barrier to contracting or collective action even where agreements for cooperative action would be mutually advantageous. Four decades of scholarship based on Mancur Olson’s Logic of Collective Action (1965) confirm the limitations of joint goals and common interests in stimulating collective action. Existing work has focused primarily on the influence of external or exogenous factors on collective action. For example, states specify solutions to local collective action problem by taking on some of the organizational burden for local actors and by defining the powers of local units and the processes necessary to form interjurisdictional organizations (Burns 1994; Feiock and Carr, 2001).

Recent work on common pool resource issues extends the collective action model by identifying internal or endogenous influences on collective behavior. For example Ostrom (1998) demonstrates that face-to-face communication can induce cooperation through exchange of commitments among actors. Trust among neighbors reinforces cooperative norms, and produces a collective identity that reduces transaction costs of collective action. Previous work on regional governance has not combined these elements, but they are both necessary to understand cooperation among local governments because both contextual factors and internal relational factors determine the benefits and costs of institutional change.

INSTITUTIONAL COLLECTIVE ACTION
We use the term institutional collective action (ICA) to describe the formal and informal institutions by which cooperation is achieved among local governments, between levels of government, and between local government units and other actors in the community (Feiock 2004). Institutional collective action is similar to individual collective action in many ways, but requires different ways of defining the actors and context. Context has generally been measured at the level of the community as if citizens were the participants in collective action. Because we are concerned with cooperation among governments and organizations, we should focus on common institutional incentives and organizational values. For example, homogeneity or heterogeneity among political institutions, not just among individuals, is relevant to leaders expectations about the actions of other participants. In addition to community characteristics that may shape the preference of citizens, and political structures that may shape the presences of policy makers, we need to take into account social capital.

Externalities from policy activities that spill across political boundaries provide communities with incentives to engage in inter-jurisdictional cooperation. Where the political benefits to elected officials are high, they have incentive to broker and monitor cooperation among local government units (Bickers and Stein 2004). Policy entrepreneurs have an incentive to promote ICA when they expect to receive a disproportionate benefit from the product of collective action (Schneider, Teske, and Mintrom 1995). Private actors that have a selective interest in addressing regional problems can subsidize or facilitate cooperation or provide social capital as a policy entrepreneur. Regional partnerships for economic development are often promoted by a chamber of commerce or a large national firm headquartered in the region. Government officials representing their communities in regional partnerships agents, thus, principal agent problems also complicate the calculus of cooperation.
Agency costs arise because the preferences of bargainers may depart from the preferences of the citizens they represent (Feiock 2002).

The ICA model also emphasizes the role of social capital. Social capital is a critical resource to solve problems of coordination and cooperation, reduce transaction costs, and smooth the progress of the flow of information between and among individuals in community or organization (Ostrom, 1998; Ostrom and Ahn, 2002; Park and Feiock, 2003). Putnam (1993) argues that social capital makes collective works easier and, ultimately, facilitates economic and community development. The notion that cooperation can be fostered by decentralized systems of government is implied in some of the arguments for polycentric governance, but theoretical arguments to explain how decentralized systems of governments can effectively cooperate to address multi-jurisdictional or regional problems have not been systematically developed and evaluated. The assumption that fragmented areas lack the social capital and cooperative norms necessary for partnerships or other regional institutions has gone mostly unchallenged. Olberding (2002a) acknowledges the importance of cooperative norms to regional partnerships, but assumes more governments (i.e., fragmentation) indicates the absence of cooperative norms and reports negative relationships between the number of governments and formations of regional development organizations. Even voluntary cooperation between governments through interlocal service agreements has been deemed to reinforce non-cooperation and opposition to regionalism (Norris 2001; Swanson 2001). The degree of governmental fragmentation is not an indicator of low social capital. In fact, we argue that a decentralized system of government provides opportunities to build social capital through bi-lateral and multilateral service agreements with neighboring jurisdictions.
Where external coercion and incentives are absent or inadequate to overcome social dilemmas, behavioral approaches to social capital and collective action suggest internal mechanisms may be more effective (Ostrom 1998). Innovation and small scale cooperation build norms of reciprocity that facilitate larger actions and build a collective identity (Ostrom 1998). Identifying the various types of social capital allows us to integrate contextual elements of transaction costs theories with the internal behavioral explanations for overcoming social dilemmas (Ostrom and Ahn, 2002). While several studies have laid claim to testing social capital explanations for local governance, social capital has generally been measured contextually by indicators of institutions and civic culture not by measures of interaction among institutional actors. The following section elaborates how social capital reduces barriers to institutional collective action.

**SOCIAL CAPITAL**

Social capital in general, and cooperative norms in particular, are a product of interaction, not just static characteristic of communities. Thus, rather than assume a lack of cooperation in fragmented areas, we investigate the extent to which conditions that promote these norms exist and their relationship to cooperative economic development efforts. We define and classify social capital based on its scope and form. This allows us to identify different “types” of social capital that can reduce the costs of development cooperation for local actors.

**THE SCOPE OF SOCIAL CAPITAL**

The conceptualization and measurement of social capital differs depending on the actor and the unit of analysis (Borgatti and Jones 1998). Putnam (1995) regards social capital as a
quality of groups while Burt (1992) conceives of social capital as the value of individual’s social relationships. Analysis of individual-level social capital is usually related with face-to face interaction between and among individuals (Turner, 2000), and those features of horizontal relationships, such as networks of individuals, and the related norms and trust, that generate externalities for the group, organization, or community as a whole (Putnam, 1993). James Coleman (1990) includes vertical as well as horizontal associations and behavior within and among organizations by expanding the unit of observation and introducing a vertical component to social capital.

Other scholars focus on social capital at an institutional level as the embedded relational and institutional capacity of an institution. This view includes the most formalized institutional relationships and structures, such as the rule of law and draws on the work of Olson (1982) and North (1990). The phenomena related with the micro and macro level conceptualizations are complementary and their coexistence maximizes the impacts of social capital. For example, macro institutions can provide an enabling environment in which local associations can develop and flourish; local associations can sustain regional and national institutions and add a measure of stability to them (Grootaert and van Bastelaer, 2001).

**FORMS OF SOCIAL CAPITAL**

Uphoff (2000) and Landry, Amara, and Lamari(2001) suggested two forms of social capital—structural and cognitive (or relational). Relational social capital is generated from cognitive processes and reinforced by trust, reciprocity, collective-identity (e.g., sense of community) and shared norms, beliefs and recognitions that contribute mutually beneficial collective action (Lin 2001; Uphoff 2000; Putnam 2000). It is therefore more subjective and
difficult to measure (Grootaert and van Bastelaer, 2001).

Structural forms of social capital concern the roles, rules, procedures, and networks that facilitate information sharing, collective action, and decision-making through established roles and embedded networks and other social structures. As such, it is an externally observable construct (Grootaert and van Bastelaer, 2001). The structural dimension of social capital includes rule of law, formal institutions and organization structures, but it also encompasses the overall pattern of relationships in an organization and its included network. This conceptualization is similar to Granovetter’s (1973) notion of weak ties. The relational dimension of social capital concerns the nature of connections between individuals. It is characterized by levels of trust, shared norms and perceived obligation, and sense of mutual identification. This conceptualization of relational social capital is similar to Granovetter’s (1973) notion of strong ties.

Whether at the individual or institutional level, social capital exerts its influence on development in both structural and relational forms (Grootaert and van Bastelaer, 2001). By classifying types of social capital based on form and scope, we treat social capital as a genuine asset that requires investment to accumulate and generate a stream of benefits.

[PLACE TABLE 1 ABOUT HERE]

Differentiating the types of social capital may help us understand how local governments are able to overcome barriers to cooperation and form regional partnerships. Lubell and Scholz (2001) suggest that reciprocity in relationships among governmental and non-governmental actors and lengthy time horizons are necessary to achieve sustainable development and to overcome collective action problems in environmental management. Extending these
arguments, we contend that cooperative development actions require social mechanisms to establish reputations, resolve conflicts and share information and intentions.

Specific types of social capital influence collective action different ways. Institutional level /Structural (i.e. institutional) social capital is defined by the upper left quadrant of Figure 1. This encompasses includes system, institutions and rules of higher-level government that reduce the transaction costs of creating and maintaining inter-local cooperative activities. Since property rights are often imperfectly developed and applied, collective decisions on how to manage common resources are critical to their use.

The lower right quadrant of Figure 1 defines Individual level /cognitive social capital (i.e., endogenous social capital) such as social trust, shared norms, and informal sanctions that reduce transaction costs. Social interactions among individuals in communities produce social norms that influence information, monitoring, and enforcement costs and thus facilitate or impede cooperation and collective action.

Individual level /Structural (i.e. associational) social capital is defined by the lower left quadrant to include organizational affiliations and participation, networks, and associations that provide informal and formal frameworks to organize information sharing, coordination of activities, and collective decision-making. Participation by individuals in associational networks increases the availability of information and lowers its cost. This information, especially if it relates to the benefits of regional approaches, can play a critical role in increasing promoting cooperation. Participation in associational networks can foster attitudes of mutual trust that make it easier for a group to reach collective decisions and implement collective action.

Institutional level /Cognitive social capital in defined by the upper right quadrant and encompasses cooperative norms and trustworthiness among local governments resulting from
collective experience and interactions that build and reinforce collective norms reduce opportunistic behavior. In settings where a certain behavior is expected from organizations for the collective benefit of the larger region, reputation pressures and fear of exclusion can induce actors to provide the expected behavior. This critical dimension of social capital has been neglected in work that casts social capital as a feature of political culture. In doing so, this work treats social capital as an exclusively contextual variable (see also Jackman and Miller 1998).

Trust can be seen as a product or by-product of local government units facing a collective action problem. Individual cities routinely engage in cooperative agreements with neighboring local governments in a region with the expectation of securing services or other benefits to their residents (Post 2002; Thuramier and Wood 2003; Bickers and Stein 2004). As cooperation continues to provide those benefits, the parties to these exchanges build reputations for being trustworthy, providing in the process a feedback mechanism that enhances future cooperation and collective action. Thus interlocal agreements provide mechanisms for exchange of resources, commitments and trust that can reinforce cooperative norms. Interlocal agreements also build norms of reciprocity by overcoming small second-order dilemmas regarding service delivery. If local governments enter into cooperative agreements that produce social capital as a by-product, it makes formation of metro-wide cooperative organizations easier. The next section examines formations of regional economic development partnerships with models that include both contextual and cognitive forms of social capital.

**ANALYSIS OF REGIONAL PARTNERSHIP**
This analysis estimates the likelihood a metropolitan area forms a regional partnership for economic development based on the framework developed in the previous sections. Metropolitan areas (metros) are our units of analysis. The population of metropolitan areas is constituted by all areas in the United States defined as either consolidated metropolitan statistical areas (CMSAs), metropolitan statistical areas (MSAs) not included in a CMSA, or New England county metropolitan areas (NECMSAs). Based on these definitions, there are a total of 284 metropolitan areas in 1990 (U.S. Census Bureau, 2000).

Our dependent variable, formation of regional partnerships, is measured by whether or not a regional partnership for economic development was established in a metropolitan area between 1990 and 2003. This dichotomous variable equals 1 if a metropolitan area had adopted at least one regional partnership for economic development and equals 0 if a metropolitan area did not. (Olberding 2000: 153-54). We extended the listing of partnerships in 1997 assembled by Olberding (2000: 153-54) through 2003 based the resources of Site Selection Inc., the International Economic Development Council, and online web sites searches. In addition, we identified the date which partnerships were formed and excluded partnerships that were in existence prior to 1990. This resulted in an N of 231 metropolitan areas.

**MEASURES OF SOCIAL CAPITAL**

The analysis includes measures which capture the four categories of social capital defined in the previous section. Institutional /cognitive social capital refers to interactions that build cooperative norms among local governments. We include a measure of interlocal agreements to indicate corporative norms among governments in a metro. Following the procedure described by Post (2004) we calculate the number of municipal governments receiving intergovernmental
revenues from other local governments in the metro area from the 1992 *Census of Government Finance*.

Individual level /cognitive social capital is indicated though measures of social trust. Following previous research, social trust was measured by the rate of serious crime per 10,000 residents in 1990. Crime is expected to decrease social trust and to have a negative relationship with social trust. In addition, we also include the percentage of homeownership in the metro areas for 1990 as suggested by Krishna (2002). According to Putnam (1995), and DiPasquale and Glaseser (1999), homeownership is positively related to residential stability, which in turn is positively associated with social capital, because it gives households an incentive to invest in their community (Glaeser and Laibson, 2000). They found evidence homeownership positively influenced economic development cooperation because it increased community tenure.

Individual level /structure social capital is an exogenous form of social capital. Our analysis includes a measure of (weak-tie) networks in the citizenry, the number of civic and social associations, and other membership organization and associations as reported in *County Business Patterns*. In addition, we also include the percent of recent immigrant in 1990 metros as a proxy variable for relational strong-tie networks. A higher percentage of recent immigrants’ makes communication and participation in community more difficult. Institutional level /structural social capital is regarded as exogenous social capital. We include an index of state constraints on local government annexation and incorporation to measure the macro level structures.

We also consider the collective action and cooperation problems based on the transaction cost and collective action theories. The number and heterogeneity of participants play an
important role in collective action (Olson 1965; Ostrom, 1990). Groups should be small to
decrease coordination costs. Also, communications costs will be higher and interests likely to
be less uniform in heterogeneous than homogeneous groups (Gadgil et al. 1998; Sporrong 1998;
Alcorn and Toledo 1998). Coordination problems for collective action increase with the
number of participants. We include a measure of the number of participants as indicated by the
total number of municipal and county governments in each metro area. The payoff from
collective action defines the collective incentives from cooperation. Relative profitability
needs to be high in order for collective action to be feasible (Begossi 1998; Warren and Pinkston
1998). If there are great differences in prosperity between central city and suburban areas, they
have different incentives regarding economic development. In that case cooperation is difficult
to achieve or sustain (Steinacker, 2003; Feiock and Steinacker, 2003). To measure
dissimilarity of wealth in metro areas we calculate absolute value of differences between values
on a prosperity index for the central city and suburban areas in each metro\(^5\). In addition, we
include the unemployment in 1990 because metros with relatively higher unemployment will
have stronger demand for economic development.

**FINDINGS**

The model is estimated using probit maximum likelihood techniques. Parameter
estimates are reported below in Table 2. The results provide strong support for a link between
cooperation among local governments, our macro/cognitive social capital measure, and the
formation of regional partnerships. Regional cooperation was more likely in metro areas that had
more frequent fiscal interaction among local governments. Where more cities entered into
interlocal service agreements, there was a significantly higher likelihood an economic
development partnership would form.
Table 2 also reports weak and strong network ties had the anticipated effects on the likelihood of a regional economic partnership. In addition, we also found the number of participants (i.e. number of local governments) had a negative effect on the probability of a regional partnership. This result indicates group size is also an important consideration in cooperation among local governments. Olberding (2000) also found the number of local governments in a metro area decreased the likelihood of collective action. As the number of local government in a metro increases so do decision costs (Stevens 1993).

CONCLUSION

Axelrod (1984) began his well known book by asking when will individuals cooperate with others rather than act selfishly. We examine a similar question but at an institutional level: When will local governments in a fragmented metropolitan area cooperate rather than compete in their pursuit of economic development? Economic development is typically characterized by a competitive environment in which communities compete with each other to attract firms and jobs (Schneider 1989; Peterson 1981). Thus, the economic development policy arena presents great challenges for institutional collective action.

Instances of cooperation in economic development can not easily be accounted for with conventional models that focus on competition. Because there are strong incentives to free ride or defect from cooperative agreements, overcoming commitment problems impede the formation of regional partnerships in the first place. Olson (1965) asserts that fragmentation decreases the possibility for successful collective action, absent a selective incentive which could be provided only to cooperators. Thus, critics of local economic development see fragmentation of local
government units in metropolitan areas as inevitably leading non-cooperation and destructive development competition.

Ostrom et al (1992), dispute the claim that group size determines defection in a prisoners’ dilemma. Individual actors assess the probability that their contributions to a collective good will be efficacious in securing production of that good. Thus, the ability of individuals to coordinate their expectations with others is critical. Successful collective action depends upon the benefits of cooperation outweighing the costs of monitoring individual compliance with group rules or norms (Ostrom, 1990). Overcoming commitment problems has also been linked to the ability of subjects to communicate and interact with each other in routine ways that reinforce cooperative norms and produces a collective identity that lessens the transaction costs of collective action.

The findings we present here provide empirical support for these arguments at an institutional level. Governmental fragmentation is not necessarily destructive of regional cooperation. Frequent interaction among governments though interlocal service agreements significantly increases the likelihood of metro-wide collective action to form a regional partnership. Our results highlight the endogenous role for social capital in theories of institutional cooperation by accounting for social capital resulting from these institutional interactions. These findings may have implications for a variety of regional issues affecting citizens and governments in metropolitan areas. Recent research has applied a collective action framework with some success to reforms of local government political institutions and to efforts to create new jurisdictions or modify the boundaries of existing local governments through annexation (Carr and Johnson 2004). The results presented here suggest that these models
might be augmented to account for internal resources for overcoming social dilemmas as well as the contextual elements of the collective action framework.

Local governments seeking cooperative solutions to regional problems such as economic development confront multiple potential solutions and a high degree of uncertainty because their outcomes are affected by the decisions of other local actors (Brueckner 1998). In these situations the circulation of information on the benefits of joint action may not be enough to overcome barriers to cooperation unless it is accompanied by cognitive/structural social capital resulting from inter-organizational learning and experience interacting with other local actors. The analysis reported here suggests that a decentralized system of governance can provide interactions that facilitate future cooperation.
NOTES

1. Governance includes norms of reciprocity and reputation among public institution.


3. Serious crimes are 1)murder and non-negligent manslaughter, 2)forcible rape, 3) robbery, 4) aggravated assault, 6) burglary, 7)larceny-theft, and 8) motor vehicle theft (County and City data book. 1994)

4. These include Business, Professional, labor, Political and similar Organizations.(U.S. Census Bureau, 1997 Economic Census)

5. Prosperity index values combine all the indicators (Including Median Income, Per capita Income, % of College graduated, Homeowner, % of Occupied House, % of Professional) and we calculate a standardized score on every indicator (based on the 1990 mean and standard deviation) and use the average of these scores as an overall index value, where a higher value indicates more prosperity. (http://mumford1.dyndns.org/cen2000/CityProfiles )

6. Clarify is a program that uses Monte Carlo simulation to convert the raw output of statistical producers results that are direct interest to researchers (King, et. al., 2000)
REFERENCES


TABLE 1
Dimensions of Social Capital

<table>
<thead>
<tr>
<th>Institutional Framework</th>
<th>Relational Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions of the state,</td>
<td>Cooperative Norms</td>
</tr>
<tr>
<td>Court System, Federalism</td>
<td>Trustworthiness, Shared Beliefs</td>
</tr>
<tr>
<td>Social Equality &amp; Diversity</td>
<td>&amp; Reputation</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Level</td>
<td></td>
</tr>
<tr>
<td>Associational Networks</td>
<td>Social Trust &amp; Trustworthiness</td>
</tr>
<tr>
<td>Organization affiliations,</td>
<td>Local Norms and Values</td>
</tr>
<tr>
<td>Civic Engagement and Participation,</td>
<td>Informal sanctions, Shared Belief,</td>
</tr>
<tr>
<td>Volunteer Organizations</td>
<td>Local Conventions</td>
</tr>
</tbody>
</table>

**Structural** (Exogenous)  |  **Cognitive/Relational** (Endogenous)

Source: Park and Feiock (2004), modified from Grootaert and van Bastelaer (2001)
## TABLE 2
Probit Analysis of Formation of Regional Development Partnerships

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Coefficient</th>
<th>T-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Micro/Cognitive Social Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Social Trust (Crime Rate)</td>
<td>-.00002</td>
<td>-0.32</td>
</tr>
<tr>
<td>(2) Mobility (Homeownership)</td>
<td>-.0287</td>
<td>-1.46</td>
</tr>
<tr>
<td><strong>Macro/Cognitive Social Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Cooperative Norms Among Govs (inter-local agreements)</td>
<td>.0185**</td>
<td>2.39</td>
</tr>
<tr>
<td><strong>Micro/Structural Social Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Weak-Tie Network (Civic, Social Org and Associations)</td>
<td>.0008*</td>
<td>1.67</td>
</tr>
<tr>
<td>(2) Strong-Tie Network (Recent Immigrants)</td>
<td>-.0933*</td>
<td>-1.82</td>
</tr>
<tr>
<td><strong>Macro/Structural Social Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Restrictions on Annexation and Incorporation</td>
<td>.1643</td>
<td>0.81</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Size of Participant Group (# of local govt. in metro)</td>
<td>.0184*</td>
<td>-1.91</td>
</tr>
<tr>
<td>(2) Economic Difference Between Central and Suburban Areas</td>
<td>-.0041</td>
<td>-0.14</td>
</tr>
<tr>
<td>(3) Metro Economy (Unemployment rate)</td>
<td>.0001</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>1.3290</td>
<td>1.01</td>
</tr>
</tbody>
</table>

Log Likelihood = -125.90174  
Number of observations : 231  
LR Chi2(9) = 43.63  
Prob > Chi² = 0.000  
Pseudo R² = 0.148

* p< .1, **p<.05.
Bio Statement

**Hyung Jun Park** is a Ph.D. student at the Askew School of Public Administration and Policy and DeVoe L. Moore Center research fellow. His research has appeared in the international journal of economic development. *His interests are local governance, intergovernmental relations, environmental & economic development policy, program evaluation, collective action, network and game theory.*

Email: hjp6408@garnet.acns.fsu.edu

**Richard Feiock** is a Augustus B. Turnbull Professor of Public Administration at the Askew School of Public Administration and Policy, and he directs the local governance program at the DeVoe L. Moore Center at Florida State University. *He is author of Metropolitan Governance: Conflict, Competition, and Cooperation (Georgetown University Press) and coauthor of Institutional Constraints and Policy Choice (SUNY Press) and City-County Consolidation and Its Alternatives: Reshaping the Local Government Landscape (M E Sharpe) and has published widely on issues of local government and governance.*

Email: rfeiock@coss.fsu.edu