

Exchange Matters: Perspectives from Social Capital, Neighborhoods, and Modern Culture

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Everyday exchanges of ideas, goods, and time made by people are fundamental for life. This article explores exchange relationships of different kinds and maintains that they are an essential and common component of economic activity and of Judeo-Christian morality. Although risks and costs must be faced, individuals and regions can become better off through self-interested trade and investment exchanges. Jesus tied exchange behaviors to what life is like in the kingdom of heaven and to the spiritual well-being of individuals.

Capital depends upon, and can contribute to, exchange relationships. Social capital is an individual's interpersonal attributes that give her or him capacity to gain market *and* nonmarket net benefits when transacting with others. Neighborhoods function as social capital, and for Christ neighborliness was evidenced in agape love.

Rapid technological change characterizes our culture. Such change may alter social capital, facilitate self-interested exchange, and advance material well-being. Only exchange grounded in agape love, however, can fruitfully touch the heart and soul.

Overview

The logic of economic theory and statements made by Jesus Christ make clear that relationships among persons, in particular exchanges of personal time, ideas, or goods, are of highest significance. Interpersonal exchanges are the

foundation of social capital; moreover, effective neighborhoods are examples of social capital in operation. Interpersonal exchanges, powered by God's love, are also central to Christian life and contribute to the maintenance of both social capital and the neighborhood.

A deep uneasiness has often existed between economics, which tends to focus on material aspects of this world, and most Judeo-Christian thinking where spiritual issues and the life of the world to come are emphasized. Such tension can be fruitful. This article hopes to show that our economic activities and development build upon the same core as our spiritual development. That core is exchange relationships. Economic productivity and progress through institutions, such as clubs and churches, rely heavily upon exchange relationships that individuals and societies make. By blending insights from economic theory and from Scripture, a richer understanding of the centrality of exchange relationships emerges.

This article first discusses how and why interpersonal transactions are significant. Next, the nature of social capital, and then of neighborhoods, is treated. Modern culture, particularly the waves of technological innovations our culture introduces through transportation and communication technologies, drastically alters interpersonal exchanges. Ongoing cultural shifts place the fabric of social capital and neighborhoods under stress. In closing, emphasis is placed on the significance of Christian love in exchanges people undertake.

Interpersonal Exchanges

Two extreme examples of interpersonal exchange are instructive. In the first example, in 1998, the door keys were being replaced at a Hamburg, Germany, apartment building. The key repairman tried unsuccessfully to gain entry to one flat. People living in apartments nearby said they had not seen the people who lived there for a while. When the key technician finally gained entry, the man who lived there was found seated in the living room, dead. A newspaper from 1993, five years previous, was clutched in lifeless hands.

In the second example, thousands of people went to work every day at the World Trade Center. Almost faceless, they came and went up and down the elevator towers. On the eighty-fourth floor two men who had worked together for years became close friends. Each lived in a different section of the city. One was Jewish, the other Catholic. One needed a wheelchair. The other walked normally. Being able to move swiftly might have meant life in the fire and tumult of 9/11, but in quick calls home, each man told his family that

whatever happened, they would stay with one another. Two friends who shared life accepted death together.

Opportunities for exchanges take place continuously; transactions occur in many forms. We exchange words, recipes, titles to property, parcels of land, food, and clothing. Written messages or voice contacts express relationships among persons and precede almost all transactions. When ideas, goods, and money are transferred, messages are also exchanged. Successful exchanges enhance interpersonal trust. Even barter and gift giving, which involve no money payments, build upon and can improve interpersonal relationships. Commonplace relationships expressed in microlevel exchanges, along with networks that facilitate exchanges, although seldom recognized, have far-reaching significance.

Economics, as a separate field, emerged from studies in moral philosophy. Since Adam Smith (1723–1790), economists have been exploring how and why certain behaviors of people secure and expand the “Wealth of Nations.”¹ One goal of economists is to systematically understand the ways people make use of tangible and intangible resources. Although our world has the ingredients (minerals, vegetation, water, sunshine) to support human life, personal sweat and time (costs) are continuously required to produce the (benefits) food, shelter, and services that we find valuable.

Exchanges (trade) among individuals and regions are carried out by persons to reduce costs, to expand product variety, and to leave people better off. Technically, this is called comparative advantage.² Laws, property rights, institutional structures, and technological changes are designed by persons to support trade and are themselves outcomes of exchanges in ideas among people. As with all human systems, unintended consequences and abuses occur in any economy.

Trades and investments made by people have led to dramatic net advances in material well-being;³ decisions to use and not use resources are always accompanied by costs, risks, and uncertainty. Career selection decisions boil down to sets of exchanges where the valuable resource being allocated is a human being’s lifetime. Advanced study (physician, engineer, attorney) means spending substantial time and monetary resources. Choices to prepare for any profession are investments and mean giving up (opportunity costs) or sacrificing other options, *not* doing other kinds of work.⁴

Development of a person or a region requires investment; but all investments by persons as individuals or by persons in institutions (firms, governments, churches) have risks. Outcomes are always uncertain to some degree,

in part because of the actions and/or exchanges of others and, in part, because of shifts in nature such as drought or death. The well-being of individuals or societies *always* faces erosion, costs, and uncertainty. Communities and nations vary in their acceptance of the risks and incentives given to exchange relationships. Evidence over the centuries indicates that when trade and exchanges are facilitated economic well-being is enhanced.⁵

Interpersonal exchange by Jesus with persons of authority and persons of no apparent consequence was the heart of his earthly ministry. It can even be argued that Jesus endorsed trade as exchange behavior. In Matthew 25, a master makes an exchange with three servants. He gives each talents or money. Scripture says the amount given varied according to personal ability. One servant received five talents; the second two talents; the third man only one.

“Immediately the one who received five talents went and traded with them, and made another five” (v. 16). The second servant also engaged other people in exchanges. His trade doubled the original endowment value. The master praised both and asked them to share (another kind of transaction) his joy.

The third man did not engage others nor, Scripture says, did he bank his money to gain interest.⁶ The unproductive servant was labeled lazy and wicked and was “thrown into the darkness outside.” One interpretation, consistent with economic theory, is that individuals have unique resource endowments; each is expected to transact or trade with others. Trade can be praiseworthy and productive. Rejecting exchanges and holding one’s resources to oneself can be negative.

Jesus accepted the material fruitfulness of trade among persons, but, for Jesus, the transaction that trumps all others is love. Love is the key to relationships made in words and actions. What do we do with our (not one, two, or five coins) love endowment? The answer is to build relationships and make exchanges. The Christian life is actualized in community. As both Old and New Testaments state, the primary exchange relationship for persons is to link hearts and wills with God in love. The second exchange relationship is like the first—to love our neighbor. Judeo-Christian culture endorses material transactions but unmistakably brings the transcendent into our relationships.

Humans require supports from the material world but are more than matter. Above all else in creation, persons have extensive spirit capacity, which includes a potential to reason.⁷ Within limits, we also have the freedom to make choices and/or exchanges. Love itself is an intentional exchange, an act of will with the transforming potential to relate us to God, to ourselves, and to our neighbor. This love has its origin in God and its ultimate revelation in Jesus Christ.⁸

Market analysis rightly stresses the broad ongoing advantages people can enjoy from material exchanges. Saints and poets have tended to place emphasis on the life of the spirit nourished by acts of love initiated by God and actualized by ourselves. Is there any match for love, the personal exchange that makes the world go round? Recognizing love as God's intended underpinning for interpersonal exchange sets a foundation for linking many economic and Christian perspectives.

Social Capital: Leverage for Exchanges

Capital in various forms is highly significant for well-being and comes into existence through personal transactions. Capital investments can expand the productivity of firms, governments, and individuals. In regions where persons and institutions accumulate capital growth is likely. Roads, water systems, computers, schools, churches, and houses are physical components of capital. The worth of such capital rests on its ability to provide services to people over many years.

Capital may appear abstract or even impersonal. In fact, it is the direct outcome of personal sacrifice and has value only through the future streams of services it can provide for people. At base, the creation and use of capital are rooted in expectations people have and transactions people make. Low future expectations and uncertain sociopolitical conditions that make exchange costly among people choke off capital formation. People must give up (trade) present-period resource usage to gain (hopefully) more valuable future services. Each component of capital is forward looking, tied to personal decisions and the outcome of many transactions.

In capitalist societies, we seldom give up our regular work as teachers, plumbers, or dentists to build capital such as a house. Instead, we work at our specialties and then go to a bank and borrow funds other people have traded in or saved. Our exchange with the bank promises years of interest payments to savers. We exchange our obligation to make payments, perhaps for twenty-five years, for a home to live in now. Our debt transaction with the bank also brings enough money to pay the builders, who took risks to buy the land and who recently put up our house.

Chains of transactions made by dozens of persons, as reflected in housing, bring capital into existence. Capital investments are personal. They also put people to work bringing support to families. Each employee in a building project exchanges skill and/or time for wage income. Regions or countries where capital transactions are minimal remain or become poorer in future years.

Capital has several forms. *Physical capital*, intended to yield streams of services that people value, is embodied in structures such as houses, bridges, factories, and hospitals. *Human capital* results from transactions in education, training programs, or work experience and raises future personal productive potential. *Financial capital* consists of assets with explicit money value such as life insurance, stocks, bonds, and savings. Funds that could be spent now (food/clothing) are placed in financial assets for future exchanges such as a child's college education or unexpected medical costs.

Social capital is any individual's interpersonal attributes that give her or him capacity to gain market *and* nonmarket net benefits when transacting with others.⁹ Social capital can magnify the benefit enhancing and cost deflecting potential of an individual's exchange capacities.¹⁰

How did *you* obtain your stock of social capital? Some of your stock of social capital could attach to your name, your family, or your personal connections that you were given or developed. Charisma, sensitivity to others, childhood friends, memberships in groups with other persons, and even "the size of your Rolodex" add to the stock of your social capital.¹¹

Unlike most kinds of capital, your social capital can expand and *appreciate* with use. This is true of group memberships and perhaps charisma; moreover, as the groups you belong to gain new members with even stronger connections to human and financial capital, your own social capital and exchange capacity can expand. Similarly, as the kind and number of exchanges you make enlarge the reputation of your network for being trustworthy, the social capital of your associates and their potential benefits can expand. Like other capital, when social capital appreciates in value, the cost per unit of output tends to fall (social capital impacts both consumption and production activities by altering transaction costs).

The role of social capital in market exchanges is apparent. Most people have jobs for many reasons. One is to generate funds to exchange for things valued such as shelter, education, computers, and charities. Benefits earned, such as health insurance, are also important. A third reason is the security that savings from wages provides. With hundreds of applicants, the selection transaction is significant for potential employees and the hiring agency. Both the human capital (education and past work experience embedded in each applicant) and the social capital (friendships with existing employees, club and/or church memberships) of applicants become part of the hiring transaction. Product purchases and employee hiring are standard market exchanges in which social capital relationships influence outcomes.

Social capital also influences nonmarket exchanges. Jane Jacobs wrote about her Manhattan apartment building.¹² When the tenants were at work during the day, how was a plumber's visit or furniture delivery going to be made? Residents let tradesmen know the key could be picked up across the street at the delicatessen. This informal relationship allowed useful exchanges to take place at lower costs. The local deli owner benefited apartment dwellers by securely keeping keys accessible and by saving the residents lost time from work. Many people gave the deli owner special gifts at Christmas.

Few persons can identify very well the kinds (physical, financial, social, and human) and value of capital available to them. Nevertheless, each form of capital has a bearing on market and nonmarket exchanges. Stocks of social capital held by many individuals in an area aggregate up to community-wide advantages. Transaction costs are reduced, increasing the numbers of market and nonmarket exchanges. The dead-weight losses¹³ of negotiating and enforcing agreements are lower. Fraud and theft are less likely.

Having explored the nature of social capital from perspectives rooted in economics, what can be said about the stock of social capital? Has it risen, fallen, or changed in recent years? Measurement is highly complex; moreover, no reliable index of social capital has been developed. Attempts at measurement are now underway. As one example, the Social Capital Benchmark Survey was undertaken in forty-one communities in twenty-nine states in the year 2000. Almost thirty thousand persons responded to one hundred and twenty questions.¹⁴ Social trust and civic leadership measures now exist for one point in time for the forty-one communities, but a follow-up survey is needed to begin to suggest trends of erosion or improvement.

Robert Putnam's influential article "Bowling Alone: America's Declining Social Capital" (1995) maintained that league bowling fell 40 percent between 1980 and 1993.¹⁵ In addition, membership in unions, in a dozen voluntary associations (Boy Scouts, Elks, Red Cross), and trust in government had dropped. Putnam maintained that these trends signal a decline in society's economic vitality. Worse still, the generation born after World War II Putnam claimed is less civic minded. Television, which makes much leisure time private, is a major reason for the intragenerational erosion of public connectedness.

Not everyone agrees that social capital has eroded. Nicholas Lemann maintains that new associations have replaced many Putnam cited as lost.¹⁶ United States youth soccer, for example, has doubled membership to 2.4 million in twenty years and the number of community development corporations has grown fourfold. Charitable contributions have increased. Andrew Greeley also challenges the social-capital pessimists. He writes, "Among the astonishing

developments of the last decade and a half, however, is a notable increase of voluntary service in our society. The rate of volunteering in America is higher than anywhere else in the world.” After a review of data from several sources, he concludes, “My argument in this paper is limited, voluntary service is a sign of generosity, civic responsibility, and ethical concern. It has increased rather than decreased since 1981. It is higher in the United States than in any of the other sixteen countries studied. The American lead over other countries is largely the result of higher levels of religious practice in this country. Religious structures generate social capital that motivates people to volunteer, especially those who already have idealistic orientations.”¹⁷

Whether social capital has declined may not be clear, but widespread agreement exists that new technologies, one hallmark of modern culture, are transforming our relationships and exchange behaviors. The impacts of these technologies may be considered in the context of one common expression of social capital—neighborhoods.

Neighborhood

“A group sharing a *common* sense of identity and *interacting* with one another on a sustained basis” is a dictionary definition of community. Interactive relationships, essential for communities, are the central theme of this article. People who share a common heritage are often called a community, as in the Ukrainian community. Those who interact doing the same work get called the legal community or the farming community. Amateur beer brewers identify themselves as a community with a common web-page slogan, Beauty Is in the Eyes of the Beer Holder.

Viewing a community as neighborhood brings in physical dimensions, the spatial area, and structures where people live and interact. A neighborhood is a set of persons who share a common informal contact space and make use of combinations of physical structures such as sidewalks and buildings. Neighborhood vitality rests upon relationships, human contacts, and exchanges that build mutual recognition and trust.¹⁸

Residential neighborhoods, even in the same city, differ distinctly one from the other in spatial extent, physical structures, local institutions, and interior awareness. Local people often can explicitly identify one neighborhood from the next. Neighborhoods take on names such as Eastside or Browntown. Some are famous through fiction or film such as Harlem or the Bowery.

Pinning down the exact boundary of any neighborhood may be impossible. Housing style differences may mark where each neighborhood begins or ends. The spatial extent of neighborhoods, however, truly rests with the interactions of people and can shift over time. Technologies such as the automobile, telephone, or computer change contact ranges and personal points of reference. Because relationships make the neighborhood, changing relationships shift its borders. The vitality and extent of a neighborhood does not originate from city hall or outside but rests instead upon interdependent exchanges people make among themselves.

Residential neighborhoods can allow the social capital of individuals and families to effectively generate benefits for them and others. Exchange potential is the heart of social capital and exchange actions make us neighbors. Kenneth Arrow notes three features common to capital. One is endurance. A neighborhood must persist over a number of years. The second is sacrifice. Some people must make present-period sacrifices to build networks and relationships that will yield future services. Alienability, the third feature, is a quality that allows individuals to transfer or “sell” to others rights to use any asset.¹⁹

When a neighbor moves away, the ongoing potential benefits of the old neighborhood may continue for others but slowly dissipate for the person who leaves. Homeowners who move out can capture some of the positive neighborhood effects in sale prices. The value of time and other resources invested into relationships are not easily captured, especially the longer and further one is removed from the neighborhood. Under normal circumstances, most people have weak incentives to persist in making sacrifices when they have limited ability to manage and/or direct resource outcomes of their efforts. Jesus knew that neighborly love in practice (not theory) is a challenge and has opportunity costs. Economic reasoning has come to embrace what Jesus knew; developing common property resources, such as neighborhood capital, is especially difficult.

Successful neighborhoods come alive through interpersonal relationships and are marked by at least three substantial benefits. First, as loyalty and trust among people increase, costs of many exchanges drop. Lower transaction costs tend to raise the frequency and value of both formal and informal exchanges. Second, an area recognized as having neighborhood benefits invites outsiders to make visits or to move in. Positive interactions also encourage inside residents not to exit but to remain. Attractiveness, expressed in sustained housing demand, supports higher property values and expands the property tax base from which improved public services into the community could be financed.

Third, mutual security and safety are additional spillover benefits within healthy neighborhoods. High personal recognition—activity along sidewalks, streets, parks, and public spaces—build mutual trust and cut down fear.

Unfortunately, not every residential area has been able to sustain behaviors that support neighborhood capital. Free riders threaten neighborhood quality, as do internal antagonisms and quarrels. The free-rider problem occurs whenever some persons enjoy beneficial neighborhood services but do not contribute to expanding the stock of neighborhood capital.

Just as behaviors of persons inside can be negative, threats from outside—closure of a local school, demolition of an old church, or major road construction—can weaken a neighborhood. Outside threats can test the unity of neighbors and the strength of informal leaders. Pressures from outside have also stimulated seemingly dormant areas to come to life. If a neighborhood is to persist, people inside must respond to crises and must adapt to ongoing changes.

In a single year (1999–2000), a notable 16 percent or forty-three million people in the United States moved to a different residence.²⁰ Whenever families and business move out and move in, interpersonal networks, which are the living tissue of neighborhoods, face adjustment costs. Some businesses and home dwellers that remain must make transactions (visits, telephone calls, invitations) that rebuild interaction networks to include the newcomers. The critical ingredient, interdependence, must be reinforced. High levels of exit and entry in any local area raise uncertainty. How will the newcomers behave? What is to happen to my relationships now that former residents have left? Marginal shifts by some households and businesses are a powerful force affecting the future quality of any neighborhood.

Structural depreciation of all property is unrelenting. Without maintenance, every school, church, or house, even when unoccupied, can lose roughly 2 percent in value each year.²¹ Sound neighborhood property calls for people to make transactions that hold depreciation to, at least, a standoff; otherwise decline sets in. Such investments will not occur unless residents and property owners perceive that the stream of future benefits will exceed the present costs. Vacant structures are an obvious signal of unwillingness to invest in a neighborhood. Vacant structures cause visual blight and invite vagrants, illegal drug activity, and arson; thus inducing fear and negative expectations about the future.²² Interdependencies, called externalities in economics, within neighborhoods can be harmful as well as beneficial.²³

Recognizing another person as neighbor was assigned high importance by Jesus (Luke 10:25–37). A lawyer, listening to Jesus, directly asked, “What do I

have to do to *obtain eternal life*?” Knowing the answer to that question is central. Jesus had “the” answer.

Jesus told the lawyer, and he tells us, that what we must do is love —love God with full heart first; and second, love our neighbor. Not simply the love of friends (phileo) says Jesus but love of commitment and benevolence (agape). The lawyer did not ask Jesus to elaborate on the love for God relationship. He did ask, “Who is my neighbor?” Jesus in effect says that, after we freely develop a relationship with God, our eternal life is tied to exchanges we make with other people, even strangers.

On the road down to Jericho a man had been attacked, injured, and left “half dead.” People with status, rank, and reputation came along. Each moved aside and decided not to be neighborly. They passed by and did not lend a hand. The true neighbor and candidate for eternal life was a social nobody (a Samaritan). He took his time, spent his money, and picked up the stranger. Personal relationships, risk-taking, direct exchanges, and sacrifice are the basic material of economics and were reflected in the actions of the Samaritan.

Proverbs 3:28 urges us not to wait in giving care and support to our neighbor. Instead we are to act at once. In the encyclical *Centesimus Annus* Pope John Paul II states, “Sacred Scripture *continually* speaks to us of an active commitment to our neighbor.” Moreover, “many needs are best understood and satisfied by *those who are close by*” and “who act like neighbors.”²⁴

Modern Culture: Waves of Technology

Cult implies both to care for, as in “cultivate,” and worship, as in “the voodoo cult.” One definition of culture, among many, is “the somewhat arbitrary conventions and/or customs created and changed by actions of people.”²⁵ Culture can mean our traditions or, in a larger sense, our civilization. Somewhat like a neighborhood, culture is located spatially and tied to a time period, but place and time boundaries are fluid.

What is *modern* culture? The building blocks cultivated today to guide choices and behaviors are rationalism, secularism, science, technology, and individualism.²⁶ Guiding standards based on relationships with God, he with us, and we with our neighbor, have been pushed to the sidelines. Today’s faith and hope are, above all else, in technology.

Technology is the hardware and software that is adapted from prior inventions, available for various uses, and applied by people to accomplish productive outcomes. Technology, that part of human knowledge by which we transform inputs to outputs, is often treated as a mysterious outcome of social

capital accumulation with a life of its own. However, technological change always rides on the rails of investments (each a complex series of risks and exchanges) by persons who have made decisions and exchanges to extend human and physical capital.

Transportation and communications are two dimensions of our technological culture that open up trade patterns and modify the transaction space of people. Each shifts the costs of contacts among places and people and therefore penetrates social capital and neighborhoods.

Changes in transportation technology have been a key factor in the sustained economic growth of the last two centuries. Mankind has always needed food and fuels. How could the terribly heavy inputs and outputs of fields and mines be worked and moved with less backbreaking labor? Horses, other animals, special implements, and human labor made up the technological mix for centuries. Then coal was found to be a fuel that could drive machinery and raise output; unfortunately, as mines were deepened they tended to fill with water. England had abundant coal. Wood was becoming scarce. Driven by the demand for more fuel, a steam-engine technology to pump mine water was developed. Technologies that adapted steam-powered engines for ships and trains followed soon after, driving down the cost, in money and time, of reliable long distance movement of people and commodities.²⁷

Whenever new technology causes sharp cost reductions, transaction rates tend to rise. As the average cost to move across every mile fell, more miles were traveled. As distance blockades lifted, transaction proximity increased. Transport investments of many kinds made fruitful lands of the American Midwest, which had never been farmed, accessible. Seeds, equipment, and thousands of people inputs (settlers) came in. Tons of wheat and corn were shipped out. The farming culture of the Midwest grew up in part through thousands of transactions made less costly by new transport technology.²⁸

Continuously improving transport technologies on land and sea made places such as New York, Boston, Pittsburgh, and Chicago major port cities and home to millions who found jobs to support families. With each new transport technology wave, the horse-drawn streetcar, the steam passenger trains, and the motor vehicle (bus, auto, truck) the spatial organization inside cities came under pressure and shifted. As costs in time and money of overcoming distance fell, human activities opened out spatially. Housing lots became larger, industries that did not gain advantages from inner city densities moved out to suburbs. Jobs, housing, and retail followed.²⁹ Many crowded tenement neighborhoods emptied out.³⁰ Long-time residents, who valued having more living space, moved away, changing relationship networks.

At the same time, outside the cities, shifts in farming technology (labor saving equipment for planting, fertilizing, and picking) made many low-skilled farm workers redundant. Large numbers of people moved north to Detroit, Chicago, New York, and other cities. Older tenement neighborhoods often served as lower cost places where many found housing. Racial differences, educational differences, and behavioral differences of newcomers challenged the vitality of many older neighborhoods.

Whenever the transaction and interdependence patterns among people, essential for neighborly trust, shift radically, neighborhoods are threatened and will decline unless people inside become adaptive. Policy initiatives in neighborhoods from the outside (e.g., public housing, highways), whatever the intentions, seldom restore neighborhood social capital and often have caused local interactions to become less important.

Modern culture has welcomed inventiveness and introduced new technologies in transport. Each decade since 1850 has seen the time and money costs of movement drop. Between 1960 and 2000, technology of transport has helped alter the neighborhoods (people, shops, fruits, vegetables) in a place such as Brooklyn (1.7 million people). Fast container ships move in more products from countries everywhere in the world. Jet planes bring legal and illegal immigrants, especially from Africa, Asia, and Latin America. Ride the Brooklyn subway. Each stop hits a new neighborhood bringing on another blend of lifestyles and languages. Given the magnitudes of immigration and intracity movement, the mix in 2004 is already much different from 1984.

Innovations in transport technologies drop the price of movement. More movement transactions are the dependable response. Americans take weekend shopping trips at Christmas to London. Ecuadorians emigrate in large numbers to Spain. German college students make safaris in Africa. Retirees from Wisconsin go to Arizona for four winter months. In middle- and upper-income communities, many people spend less and less time each year living in only one neighborhood.

Permanency over the years in a home and having time to interact locally are two forces that can build neighborhoods. John Kasarda and Morris Janowitz³¹ have shown empirically that *length of residence* is positively related to a sense of neighborhood and is statistically significant. Transportation innovations that lower time and money costs of movement within cities and between regions accelerate movement trends and reduce permanency in neighborhoods. That forty-three million people in the United States exchange house locations *every* year suggests that neighboring is a disposable commodity. That one person in 42 percent of new marriages each year has already been divorced reflects

impermanency. Divorce is also one major reason for address changes. Improved transportation means people do not have to work, worship, or shop near home. Children often leave the neighborhood not only to attend a variety of schools but also for recreational activities.

While neighborhoods may suffer from the culture of low-cost movement, social capital can be enriched. Transport efficiency brings different persons as well as people from many other ethnic groups and nations into contact networks. Enlarged ranges of ideas and radically new contact networks have the potential to deepen social capital. As with all capital, the expansion of social capital will have costs and requires time.

As with transportation technology, communications technology has a major impact upon interpersonal transactions. To trade or make exchanges, people require information. Direct face-to-face contact remains highly important. Our culture, however, like none other before, uses electronic technology to move messages. Lower and lower cost aural and visual electronic equipment has spread worldwide. In the last twenty years, the old friction of distance that blocked information and reduced the exchange of ideas has collapsed. The cultural and practical implications can be nothing short of revolutionary. Satellites change the temperature inside containers of kiwis so they ripen evenly while moving by ship across the Pacific from New Zealand. Satellites also allow instant-message transfer to portable phones between parents in remote parts of China with their college students in France: The Hitachi SH-G1000 includes thirty-two megabytes of memory, a four-hundred-megahertz processor, a color screen, a built-in keyboard, and a secure digital memory slot. The weight is 8.4 ounces with cost around five hundred dollars. This portable device is a telephone, a computer, and a camera that slips into your briefcase.

How may I contact you? Let me count the ways. The answers are: come on over in person; visit my Web site; send a fax; call me by image phone or regular voice phone; or use so-called snail mail. This radically diverse and rapidly changing communications culture, available at lower and lower costs each year, promises to modify and expand social capital and interpersonal contact networks. Electronic information contacts substitute for face-to-face voice or for pen-and-ink messages.

Personal transactions, such as finding a mate, getting a divorce, or taking a graduate degree can now happen using computers. When transportation and communications costs to reach others were high, who could ignore the girl (boy) next door? Now, computer sites where girl meets boy receive extremely high contact rates or hits. By Internet, a young man from Latin America, after years of study in the United States to earn his Ph.D., meets his future wife five

thousand miles away. Another computer site will speed couples through divorce procedures.

Shopping, entertainment, finance, search, people, and e-mail are engraved into the computer keyboard frame. From your desk, instant exchanges of these kinds (and many others) can be made. No voice contact and no trip to the mailbox is necessary. Why take the time and trouble (parking the car or walking) to go to the local store for shoes or a new lamp? Direct shipment at various prices can be arranged on Ebay. Neighborhood shops traditionally were places to gain community information and reinforce local interdependence. Electronic markets can seriously weaken community-level shopping and weaken neighborhoods.

Simple examples number in the dozens of how television, computers, and sound systems have altered communications, leading to changes in relationships.³² Family-member discussions give way to ringing phones, flashing TV screens, or computer chats. Unknown relatives in Australia and Alaska introduce themselves electronically. Research trips to the library are replaced by a search on Google.

On balance, are changes in technology eroding social capital, and are community and neighborhood threatened? Pessimistic evaluations seem to outnumber positive assessments. What are the implications for individual well-being? A recent report from the Commission for Children at Risk with a techno-communications title, "Hardwired to Connect" is disturbing. The mental, emotional, and behavioral health of children and adolescents in the United States is deteriorating and is now in crisis. Why? Children lack connectedness of two kinds: (1) close connections to other people and (2) deep moral and spiritual relationships. Weaker connectedness exists because institutions that foster close relationships have become significantly weaker, including neighborhood relationships, which have been weakened by video games, personal computers, and ready access to automobile transportation.

Based on biological evidence, the cross-disciplinary team of thirty-three concludes, "people are 'hardwired' for contacts to other people, for moral meaning and openness to the transcendent." The Institute for American Values, which issued the report states further, "For what may be the first time a diverse group of scientists ... is publicly recommending ... considerably more attention to young people's moral, spiritual, and religious needs." Nothing less than fundamental social change will overcome this crisis says the report.³³

Uppermost for the orthodox Judeo-Christian culture is the transcendent (God and his laws) and a loving discipline to guide, encourage, and empower interpersonal relationships. Perhaps the antidote for the youth crisis, eroding

social capital, and collapsing neighborhood life is a restored spiritual capital built upon a transactive love with God and a transactive agape love among neighbors.³⁴

Concluding Thoughts

Social capital, neighborhoods, and how the technologies of modern culture transform exchange relationships among people have been the complex ingredients of this article. Modern culture has been viewed quite narrowly as transportation and communication technology. Countries in the so-called West cultivate science and accept technological changes based in science. Unintended consequences, including positive and negative side effects, are uncertain outcomes that follow each wave of investments. Innovations in communications and transportation transform personal exchange patterns, which are central to neighborhood life and to stocks of social capital. Levels of interpersonal exchange are enhanced or depressed by changes in the stock of social capital.

People can be productive making uncoerced exchanges according to economic logic. Christ also gave clear encouragement to people to use their talents to trade. Social capital and neighborhoods exist and prosper through personal exchanges. God's nature is love, so building a deeper relationship with him is the reliable way to build within us the capacity to bring his love and connectedness into our communities. Having anchored ourselves in relationship to God through prayer and his Word, our transactive relationships with other people will be modified and energized.

“We love because he first loved us. Whoever does not love a brother whom he has seen cannot love God whom he has not seen. This is the *commandment* we have from him: Whoever loves God must also love his neighbor” (1 John 4:19–21). Again, the love referred to by the apostle is agape. Being a good neighbor is not optional; moreover, it will not happen without costs. Active and sometimes costly relationships in our families, to people living nearby, with fellow churchgoers, and others where we work must be maintained in practice. Mere verbal assent to a transactive ethic will not offset the threats that narcissistic individualism poses. As Jacobsen notes, “true community is dependent on non-market forces such as redemption, interdependence, and selfless service.”³⁵

Active Christian love is required but will not necessarily generate love in return or benefits equal to the costs. Jesus commended the Good Samaritan most particularly because he acted without tangible payoff expectations. The model transaction presented by Jesus was selfless and radical—active love

toward a potential enemy. So, while Christian love and the transactions involved may build social capital and strengthen neighborhoods, Christian love can conflict with the narrow self-interest models of individual behavior. Neighbors and even enemies are to be loved regardless of whether the results are net benefits or net costs. Those with minimal social capital, the “least among us,” move to the head of the transactional queue under the Christian ethic.

Self-interested exchanges (the multiplying of talents) can raise general material well-being, enhance community, and grow social capital. Technology can facilitate self-interested exchange and change its locus. Should love for God and neighbor be absent, however, the Judeo-Christian view holds that our spiritual well-being will always be incomplete.

Self-interested interpersonal exchange is a sufficient condition for prosperous economies and vibrant neighborhoods, and that is no small matter. Agape interpersonal exchange, however, is a necessary and sufficient condition to personal peace and joy. The source of agape love is the transcendent love of God, and that, too, is no small matter.

Notes

1. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Chicago: University of Chicago Press, 1976).
2. Comparative advantage is the principle that asserts that individuals (and nations) specialize in producing those goods in which they are relatively, not just absolutely, more efficient.
3. Richard A. Easterlin, “The Worldwide Standard of Living Since 1800,” *Journal of Economic Perspectives* 7, no. 1 (2000): 7–26.
4. Gary S. Becker, “Investment in Human Capital: A Theoretical Analysis,” *Journal of Political Economy* 70 (1962): 9–49. For current data on returns to education see Jennifer Cheeseman Day and Eric C. Newburger, “The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings,” *U.S. Bureau of the Census* (2002): 23–210.
5. Henri Pirenne, *Medieval Cities* (Princeton: Princeton University Press, 1946).
6. The Greek word Jesus used for interest, *tokos*, comes from the root word *tikto*, “to bear, bring forth,” as the earth would bring forth its fruit. *Tokos* could even refer to the act of birthing offspring.
7. For example, see *Sirach* 17:5, 6, 9.

8. Dietrich Bonhoeffer, *Ethics* (New York: Macmillan, 1955), 51.
9. It can be argued that economist Thorstein Veblen anticipated many of the influences that have come to be considered dimensions of social capital. Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (New York: Modern Library, 1934). Social capital as a succinct concept was first introduced as a subset or determinant of human capital. See James S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94 (1988): 95–120. It has become recognized by economists as important for development, see P. Dasgupta, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: The World Bank, 1999), 398. And as relevant to economics generally, see Edward L. Glaeser, David Laibson, and Bruce Sacerdote, "An Economic Approach to Social Capital," *Economic Journal* 112 (2002): 437–58. For a recent economic overview see Joel Sobel, "Can We Trust Social Capital?" *Journal of Economic Literature* 40 (2002): 139–54.
10. Note that some researchers, such as James S. Coleman (*Foundations of Social Theory* [Cambridge: Harvard University Press, 1994], 300–324) and Robert D. Putnam (*Bowling Alone: The Collapse and Revival of American Community* [New York: Simon and Schuster, 2000]), consider social capital to be an attribute of social organizations as well as individuals. We would argue that the social capital of organizations is the sum of the social capital of the constituents at any given point in time.
11. Edward Glaeser, David Laibson, and Bruce Sacerdote, "The Economic Approach to Social Capital," *Economic Journal* 112 (2002): 437–58.
12. Jane Jacobs, *The Death and Life of Great American Cities* (New York: Random House, 1961).
13. A dead-weight loss is the decrease in consumer surplus and producer surplus that results from an inefficient level of production.
14. Social Capital Benchmark Survey results and character of questions in the survey are available on the web page of the Suguaro Institute at the John F. Kennedy School of Government, Harvard University. First data release March 2001.
15. Robert Putman, "Bowling Alone," *Journal of Democracy* 6 (January 1995): 65–78.
16. Nicholas Lemann, "Kicking in Groups," *The Atlantic Monthly*, April 1996.
17. Andrew Greeley, "The Tocqueville Files: The Other Civic America," *The American Prospect* 8, no. 32 (1997): 68–73.
18. Anthony Downs, *Neighborhoods and Urban Development* (Washington, D.C.: The Brookings Institute, 1981).

19. Kenneth Arrow, "Observations on Social Capital," in *Social Capital: A Multifaceted Perspective*.
20. *US Census Report CB01-90*. As might be expected, mobility is selective. For example, young persons are more mobile than older persons, renters are more mobile than owners, and more educated persons are more mobile than less educated persons.
21. The importance to housing stock of depreciation is discussed by Arthur O'Sullivan in *Urban Economics* (Chicago: Irwin Publishers, 1996), 370-73.
22. T. Boehm and K. Ihlanfeldt, "The Revelation of Neighborhood Preferences: An N-Chotomous Multivariate Approach," *Journal of Housing Economics* 1, no. 1 (1991).
23. Christian A. L. Hilber, "Neighborhood Externality Risk and the Homeownership Status of Properties," *Journal of Urban Economics* 57, no. 2 (2005): 213-41.
24. *Centesimus Annus*, n. 44.
25. H. Tristram Engelhardt, "A Culture of Life in a Post-Christian Age," unpublished paper dated 12/01/2001, University of Notre Dame.
26. Irving Kristol, "America's Mysterious Malaise," *The Times Literary Supplement*, May 22, 1992.
27. Paul Johnson, *The Birth of the Modern: World Society, 1815-1830* (New York: HarperCollins, 1991), 188-201.
28. A highly readable account of what technology is and how it brings change is Nathan Rosenberg's *Technology and American Economic Growth* (White Plains, N.Y.: M. E. Sharpe, Inc., 1972).
29. Edwin S. Mills, *Studies in the Structure of the Urban Economy* (Baltimore: Johns Hopkins University Press, 1972).
30. Paul A. Jargowsky, *Poverty and Place: Ghettos, Barrios, and the American City* (New York: Russell Sage Foundation, 1997).
31. John D. Kasarda and Morris Janowitz, "Community Attachment in Mass Society," *American Sociological Review* 39 (June 1974): 328-39.
32. National Research Council, *Fostering Research on the Economic and Social Impacts of Information Technology* (Washington, D.C.: National Academy Press, 1998), chap. 2.
33. "Hardwired to Connect: The New Scientific Case for Authoritative Communities," A Report of the Commission on Children at Risk, September 2003.

34. Spiritual capital is knowing that one is loved by God. Spiritual capital inheres in individuals and has emotional and psychological dimensions. Like other forms of capital, it is fundamentally the outcome of exchanges people make. In Judeo-Christian terms, this means accepting and expecting the spirit (Old Testament) or the Holy Spirit (New Testament) to guide and participate in one's actions and/or choices.
35. Eric O. Jacobsen, "Receiving Community: The Church and the Future of the New Urbanist Movement," *Journal of Markets & Morality* 6, no. 1 (Spring 2003): 73.