



# Sigma Summaries

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## Imagine

The year 2001 was tumultuous in many ways. Sometimes, almost paradoxically, tranquility pervades in spite of a chaotic environment. In this regard, below, you will find a discussion by our colleague, Roger Steed, of a book that clearly had a profound impact on him, particularly given the events of September 11. While this discussion can hardly be characterized as investment related, we do think that Roger's insights, and his reaction to this book, provide a personal glimpse. Needless to say, we are proud of our association and pleased that he is a part of the Sigma team.

Have you ever been struck by something so strong that it makes you stop and truly reassess what you are doing? That thunderbolt happened to me several Sundays after the World Trade Towers attacks. The genesis of my awakening was a sermon given by William A. Ritter, pastor of the First United Methodist Church, in Birmingham, Michigan. In his sermon, Reverend Ritter spoke of the powerful and positive effects that could come from the terrible acts that were perpetrated against the people of New York City and our way of life. During his sermon he often quoted Robert D. Putnam, a Harvard political science professor, and author of *Bowling Alone, The Collapse and Revival of American Community*. Putnam writes about the declining social capital in our country over the last several decades, and the necessary ingredients that are vital to reversing this trend. This book, combined with the effects of 9/11/01, has inspired me to get more involved with my community, colleagues, neighbors and most important, family.

As I read *Bowling Alone*, I was amazed about the apparent depth of the decline in social capital that has affected our communities, the way we think about our neighbors and politicians, and our willingness to lend a helping hand. Over the last several decades, trends in civic, political and religious participation have all declined. Equally alarming are the declining trends in the perceptions of reciprocity, honesty and morality.

Most Americans today believe we live in a less trustworthy society than our parents did. Instead of telling our children and friends that "most people can be trusted", we are more likely to caution them that "you can't be too careful in dealing with people." The decline in social trust is greatest among young Americans.

The core idea of social capital theory is that social networks have value. Social capital refers to the accumulated connections among individuals. As Putnam points out, the touchstone of social capital is the principal of generalized reciprocity – I'll do this for you now, without expecting anything immediately in return and perhaps without even knowing you, confident that down the road you or someone else will return the favor. This notion is why many economists have discovered that communities that see themselves as trustworthy, other things being equal, have a measurable economic advantage. We can improve our neighborhoods, schools and country far better if we work together as a team instead of acting alone.

I believe it is illuminating to review some of Putnam's analysis to obtain the proper depth of the trends he is reporting on. Examples are numerous, so I will put forward only a few of his startling trends. First, let's look at political participation. In 1960, 62.8% of voting age Americans voted for

either John F. Kennedy or Richard M. Nixon. In 1996, after decades of slippage, 48.9% chose among Bill Clinton, Bob Dole and Ross Perot. This was very nearly the lowest turnout in the twentieth century. Participation in presidential elections has declined by roughly a quarter over the last thirty-six years. Turnout in off year and local elections was down roughly the same amount. A closer look at the differences between generations is revealing. Throughout their lives regardless of their station in life or their level of political interest, Baby Boomers and their children have been less likely to vote than their parents and grandparents. As Boomers and their children became a larger and larger component of the national electorate, the average turnout rate was significantly driven downward. Why is this trend important? Because political knowledge and interest in public affairs are critical preconditions for more active forms of involvement. The evidence since the 1960s suggests that, despite the rapid rise in levels of education, Americans have become 10-15% less likely to voice their views publicly by running for office or writing Congress or the local newspaper, roughly 25% less likely to vote, roughly 35% less likely to attend public meetings, and roughly 40% less engaged in party politics.

Next, Putnam examines religious participation. Over the last three to four decades Americans have become about 10% less likely to claim church membership, while our actual attendance and involvement in religious activities has fallen by roughly 25% to 50%. The entire postwar boom in religious participation has been erased. This broad historical pattern in religious participation—up from the first third of the century to the 1960s and then down from the 1960s to the 1990s—is the same pattern that was discovered for secular community-based organizations, as well as for political participation. Perhaps, what is more important, is the fact that the more demanding the form of involvement the greater the decline. We may be a regular participant at services on Saturday or Sunday, but when our church or synagogue asks us for more involvement, we are likely to back off and not participate. Again, as in politics and society generally, this disengagement appears tied to generational succession. For the most part the post-World War II generations, are less involved in religious activities than were their predecessors at the same age. Overall, trends in religious life mirror the large decline in social connectedness in our communities.

Another important trend Putnam explores is the decline in informal connections that we have such as getting together for drinks after work, having coffee with regulars at the local diner, having friends over to watch TV or sharing a barbecue with a neighbor. Each of these encounters is a tiny piece of building social capital. Unfortunately, we are doing less of these activities year after year. According to DDB Needham Life Style archive, in the 1970s the average American entertained friends at home about fourteen to fifteen times a year. By the late 1990s that figure had fallen to eight times per year, a decline of 45% in barely two decades. Closer to home, an important dramatic change that many of us can relate to is the decline in the frequency of family evening meals. This trend is down by a third over the last twenty years. And because the evening meal has been a communal experience in virtually all societies for a long time, the fact it has significantly diminished in the course of a single generation is strong evidence of how quickly our social connectedness has changed.

The title of Putnam's book *Bowling Alone* is taken from the trend in league bowling. The once-a-week, regular participation with a diverse set of acquaintances in a bowling league represented a form of sustained social capital that is not the same as a family outing or occasional pickup game. The decline rate in league bowling is estimated to be 40% over the last twenty years. Making up a significant portion of this decline is the increase in sport spectatorship. However as in politics, watching a team play is not the same as playing on a team.

Even though we are less connected today than forty years ago, there are several important countertrends that Putnam discusses in his book that should be mentioned: the importance and growth of the small-group movement, the succession of great social movements that have swept across the country in the last 35 years and the explosive growth of telecommunications in recent years.

Putnam describes sociologist Robert Wuthnow's work on the effect and growth of small groups. Wuthnow's study found that 40% of all Americans claim to be involved in a small group that meets regularly. The participation in self-help and support groups has certainly grown in recent years. Everything from Alcoholics Anonymous to Weight Watchers has attracted more participation. But as Wuthnow emphasizes, the kind of community these small groups create is quite different from the communities in which people have lived in the past. These communities are more fluid and more concerned with the emotional states of the individual. Self-help groups are often not closely associated with regular community involvement such as voting, volunteering, giving to charity, working on community problems or talking with neighbors.

Social movements have had major influences on our society over the last thirty to forty years. However, the activism of the 60s and 70s, when Americans were emotionally drawn to causes like the civil rights movement has largely been displaced by paid supporters and by full-time employees whose professional careers are defined in terms of social movement participation. Putnam found that the increase in grass roots social movements do not offset the massive declines in more conventional forms of social and political participation.

Finally, we look at telecommunications and the role it is playing in our lives. We all know that the telephone has made communication with our friends and acquaintances more convenient. The question is, does it foster new relationships and friendships like face-to-face meetings and get-togethers? The answer: No way. The Internet is probably the more interesting phenomenon. Putnam suggests it is too early to make judgments about the social capital implications of the Internet. My own personal assessment of my fifteen-year-old daughter's use of instant messaging was enlightening. I recently discovered to my surprise that she did not have twenty or thirty friends on her address list but one hundred forty seven. I do not even know one hundred forty seven people. She claims that she really only chats regularly with twenty or so close friends and the rest are like our neighbors we rarely see and seldom talk to. Even so, her network is far more extensive than I had imagined. Is she creating social capital? Can virtual communities increase social capital like attending neighborhood parties, going to the movies with friends or being a participant in church led activities? While Putnam suggests it is premature to make judgments about the effects of the Internet, I have my doubts about any meaningful contribution.

Now that we have explored to a small degree the negative trends that are affecting the way we live, the question that looms before us is "What are we going to do about them?" The answer for me is straightforward: get off the couch, turn off the TV, and take my daughters to more church and community activities. I know that my actions by themselves will not change the world. But if I do these things and I inspire someone else to get more involved, and they inspire more people to get involved imagine what the effect will be on my community and family.

I would like to complete this commentary with a passage from *Bowling Alone* that made a big impression on me.

*Before October 29, 1997, John Lambert and Andy Boschma knew each other only through their local bowling league at the Ypsi-Arbor Lanes in Ypsilanti, Michigan. Lambert, a sixty-four year old retired employee of the University of Michigan hospital, had been on a kidney transplant waiting list for three years when Boschma, a thirty-three year old accountant, learned casually of Lambert's need and unexpectedly approached him to offer to donate one of his own kidneys.*

*"Andy saw something in me that others didn't, said Lambert. "When we were in the hospital Andy said to me, 'John, I really like you and have a lot of respect for you. I wouldn't hesitate to do this all over again.' I got choked up." Boschma returned the feeling: "I obviously feel a kinship [with Lambert]. I cared about him before, but now I'm really rooting for him."*

This moving story speaks for itself, but the photograph that accompanied this report in the Ann Arbor News reveals that in addition to their differences in profession and generation, Boschma is white and Lambert is African American. That they bowled together made all the difference.

Written by Roger N. Steed

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