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Surfing Alone? The Internet and Social Capital: Evidence from an Unforeseeable Technological Mistake^{*}

Stefan Bauernschuster[†], Oliver Falck[‡], and Ludger Woessmann[§]

Abstract

Does the Internet undermine social capital, such as real-world inter-personal relations and civic engagement? Merging unique telecommunication data with geo-coded German individual-level data, we investigate how broadband Internet affects social capital. A first identification strategy uses first-differencing to account for unobserved time-invariant individual heterogeneity. A second identification strategy exploits a quasi-experiment in East Germany created by a mistaken technology choice of the state-owned telecommunication provider in the 1990s that hindered broadband Internet roll-out for many households. We find no evidence of negative effects of the Internet on several aspects of social capital. In fact, the effect on a composite social capital index is significantly positive.

JEL classification: Z13, J24

Keywords: Internet, social capital

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