

A VISION OF SOCIAL EFFICIENCY

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The less numerous of the two prominent British schools of sociology cherishes the proposition that the business of sociology is to construct social ideals. There is no evidence to show whether or not that view would be adopted by the American Sociological Society. I should certainly not accept it as a definition of the functions of Sociology. On the other hand, I have scant respect for any sociological technique which does not at last contribute to credible forecasts of better things in the future, and thus at least indirectly to foreshadowings of improved society in general, along with partial revelations of ways and means of achieving those improvements.

Accordingly I shall take the liberty this evening of throwing science to the winds, and of installing imagination in its place. I do not call what I am to say Sociology. It is that better type of thing than can be produced by any strictly cognitive process whatever. It is the composite outlook upon life projected upon the background of the thinker's total knowledge, with the assistance of all the intellectual processes at his command, but at last frankly toned and colored by his own personal estimate of all the values involved. This testimony may have little intrinsic value, but at all events it is the thinker's own. It reflects an authentic self. It is an actual human reaction, and as such it is entitled to its proportionate place among the evidences which go to establish the conclusions of life. Accordingly, without committing Sociology or the American Sociological Society to the slightest responsibility for what I am saying, I shall allow myself the luxury of sketching the picture of a relatively rational society which my own judgment projects.

As a vanishing-point for the picture, let us suppose that the occupants of the cabin of the "Mayflower," when the famous pact was drawn and signed, were not the historical company, but the present members of the American Sociological Society. Suppose further that by some preternatural discernment these adventurers were able to bring before their view our present national domain, with its present population, its present technical equipment, its present accumulations of wealth, its present scientific methods and results, yet without an inkling of the present political and economic organization, or of the social stratification. Let us suppose also that the company had not the Pilgrims' type of social consciousness, but ours—for when the imagination decides to take liberties it is foolish to scrimp them. While we are about it, we may as well abstract our social consciousness, as far as it is a complex of valuations, from our knowledge of national history and present conditions, although this knowledge has been a chief factor in forming the valuations.

Now then, with this forecast of scope for action, and of the numbers of actors to be concerned, and of the types of achievement designated, and with our present criteria

of social values as our standard, what would be our idea of the quality of relations fit to form the social framework of the millions who should succeed to these national resources, and accomplish the aggregate results that are familiar to us today?

As I have taken pains to confess, the answer that I am to give may not be the answer of the members of the Sociological Society at all. It is merely my own answer. Yet in order to avoid as much as possible the first-personal form, while admitting the substance, I indulge the fancy that the Society is of one mind in this matter and that I am merely the mind-reader.

Sweeping the spatial perspective then from Provincetown to the Golden Gate, and the temporal expanse from 1620 to 1914 and on to our farthest reach into the future, what stipulations would we make for the spirit and purposes of the society destined to carry on that section of humanity's process which is to occupy the quota of space and time allotted to the American people?

While I can speak with authority of my own opinion alone, I still have no doubt that, if we could agree on the meaning of the words, so that we should not fear that to some of us some of them would mean one thing and to some another, there would be substantial unanimity in this Society along the following lines. They are specifications of the general conception which we entertain of our whole national experience, of the physical conditions which make that experience possible, of the goal toward which that experience is to be directed, as fast as it becomes conscious, and of the operative principles which will insure the efficiency of the experience. The form in which I recite the items is not that of law-givings for the enterprise, but of presumptions, or prophetic forelookings which we should rely upon as the matrix in which, from time to time, constitutions and statutes and ordinances in pursuance of these valuations would grow.

We should presume then, *first*, that as a matter of course the enormous enterprise of utilizing this space and time, these material deposits and physical energies and moral opportunities, is a *community* undertaking; an affair of co-operation in duties and copartnership in enjoyments; with the common interest always effectively paramount to minor aims.

We should assume, *second*, that the innermost and ultimate meaning of the whole undertaking is not to be found in its mastery of physical conditions, but in its transmuting of this control of forces into realization of types of persons surpassing one another, generation after generation, in progressive realization of completer physical and mental and moral attainments.

We should take it for granted, *third*, that the total of external resources will always be regarded as a trust to be administered by the community as an endowment for the human process in which the enterprise finds its ultimate expression.

We should regard it as settled, *fourth*, that the undertaking will always be conducted with a view to encouragement, in each individual, of every excellence, and the highest degree of every excellence which can be harmonized with the efficiency of the whole process of human development.

We should be confident, *fifth*, that all normal adults concerned in the undertaking will be agreed that certain regulative principles of conduct are indispensable. They will consequently be sure that all the resources of the community must be pledged to the procuring of conduct consistent with these principles.

That is, a system of control will be demanded which will be inexorable in its insistence upon certain conduct held by the general community judgment to be necessary for the good of the whole. The system of control will shade off into non-compulsion and even non-prescription and non-intervention in the degree in which it is the consensus of the community that, in certain ranges of conduct, spontaneity of action makes more for the good of the whole than group constraint.

Sixth: Because the "realization of completer human types" and "the good of the whole" are concepts which must redefine each other in an incessant reciprocity during the term of this enterprise, we should anticipate that the system of control will be flexible, and adaptable, both in its structure and in its functions, to the changing implications of the undertaking.

Consequently, types of conduct which may be secured by forcible means at one stage of the process may not need to be required nor even enjoined at another. Thus the system of control may never usurp the place of an absolute authority. On the contrary, in its structure, its policies, and its programs the system of control must always be itself controlled by the evolving requirements of the enterprise.

It would be understood, *seventh*, that there will be no arbitrary limitations upon the freedom of each normal adult member of the community to exercise his abilities in promotion of the enterprise, and that the partnership of each in all the franchises and emoluments of the undertaking will correspond with the value of his contribution to the common operations.

We should foresee, *eighth*, that from year to year and from decade to decade the enterprise will show an increasing surplus of material and spiritual goods. This accumulation will of course be held as a trust fund by the community, and it will be used as a special endowment to reinforce those operations which in the general interest from time to time most require stimulation. Experience will develop a code of equity to govern the administration of this material and spiritual wealth. It will be dedicated to the assistance of all persons and processes that increasing enlightenment discovers to be worthy of exceptional support. It will be jealously guarded against concession in the form of permanent privilege, and it will be held without prejudice at the service of every interest in the community which needs temporary

encouragement in developing activities that give assurance of contributing ultimately to the good of the whole.

We should have no doubt, *ninth*, that those persons who, more through misfortune than through culpable fault, are only slightly or not at all able to contribute to the common enterprise will be enlisted for the most useful employments of which they are capable, and that the deficit between their services and a reasonable appraisal of their needs will be a charge upon the insurance reserve.

We should be agreed, *tenth*, that those persons who, more by their own choice than by misfortune, are unfit to contribute to the common enterprise will be held to such disciplinary constraints by the community that they will acquire some social fitness, and that they will at length prefer a tolerable measure of usefulness in the general undertaking to the alternative constraint.

In the case of persons whose social unfitness is due in part to the predetermining negligence of the society, attempts to correlate these persons with the whole functional process will have due regard to the different causes of the abnormality, and will always be guided by supreme reference to establishment of normality, both in the erring society and in the delinquent individual.

We should look forward, *eleventh*, to progressive recognition of gradations in the scale of accredited values. That is, material values will be appraised in the proportion of the uses of the respective things to people, and moral values will rank in accordance with the social worth of the various types and qualities of human activity.

It would follow, *twelfth*, that adequate provision must be made for the function of keeping all the members of the community aware of the reciprocal nature of the enterprise in which they are engaged, and of the implied liabilities of all to each and of each to all.

For similar reasons, *thirteenth*, a part of the common undertaking must always be to see that no specific plans adopted or permitted by the community should tend to prejudice the general purpose.

It would be our conviction, *fourteenth*, that the general purpose will be prejudiced if either of the following things occurs:

- a) If tendencies are tolerated which give to some types of people more than their proportional share of the returns of the enterprise, or which deprive other types of any portion of their due share of those returns.
- b) If tendencies are tolerated which encourage the increase of less desirable types of persons, or which discourage the increase of more desirable types.

- c) In particular, if tendencies are tolerated which make it possible for some people to enjoy without being useful, and which veto other people's will to be useful for the sake of enjoying.
- d) If it becomes harder for some parts of the community than for others to obtain justice.
- e) If the belief becomes current among some members of the community that the best way to get their rights is to repudiate parts of their obligations.
- f) If a creed becomes current that things are more important than people.
- g) If, whether as cause or effect of this creed, programs become fixed which set the interests of wealth above the interests of people.

Fifteenth, and finally, but first and constantly the precondition of all the rest: we should presuppose that the members of the community will be instant, in season and out of season, in discovering for themselves, and in passing along to their children, zeal for discovering every accessible detail and interpretation of knowledge which may reveal conditions upon which promotion of the whole moral enterprise depends; and which especially may disclose failures of the persons concerned to apply their resources and abilities most efficiently to promotion of the undertaking.

Please observe that I have not referred to this scheme as a vision of social *righteousness*, or a vision of social *justice*, or a vision of social *reform*. There might be a suspicion of something weakly sentimental about such visions. I have been talking about the literal business in which humanity is engaged; the most matter-of-fact affair which mundane people have on their hands—this central and circumferential business of transforming all the resources of the world into the highest grade of physical, mental, and moral persons evolvable out of the given elements. I have been enumerating of the basic requirements of *efficiency* in this business. Such intelligence as we possess tells us that the large business of life is not economically conducted unless it sustains the efficiency test which these specifications enforce.

Of course, the vision which I have drawn reminds us all of our own social system. Far be it from me to assert that the United States of America, the most enlightened country of the world, the path-breaker of human freedom, the pacemaker of moral progress, is deficient in a single one of these particulars! This is a time for felicitation. Carplings and criticisms would be bad form. Besides, the newspaper of the Twin Cities are doubtless not behind cosmopolitan journalism in general in their promptness to denounce the due damnation of a pessimist upon the ill-advised academic theorist who in public betrays a doubt that everything American is not only the best that ever was, but the best that ever can be. No! I am not the pessimist that the reporters dearly love to find in academic circles. There have been savage peoples that have not come up to the mark which our vision sets. Possibly trivial details of it

are not yet in full force in Dahomey and Tibet and Mexico; but "practical" Americans are assuredly not lacking in anything that pertains to efficiency! Wherefore my epilogue is evidently à propos of nothing in particular. I am simply musing, as the manner of some is when their minds are not otherwise engaged.

I recall that one of the differences between an individual and a society is that the latter may actually begin where a completed cycle of its career ends, and may shape a later type of career in the light of its previous experience. Individuals frequently ring changes on the futile reflection: "If I could live my life over again, knowing what I do now, I could do better." In the case of the individual this is less certain than is assumed. Societies actually may, and so long as they are virile they actually do, reconstruct themselves after failure and even disaster. Germany did it after the Thirty Years' War. England did it after the second probation of the Stuarts. France did it after the Revolution and again after the *debacle*.

The social problem of the twentieth century is whether the civilized nations can restore themselves to sanity after their nineteenth-century aberrations of individualism and capitalism.

Bear with me for pointing out that I have neither said nor implied that the actual company in the "Mayflower" ought to have seen as far as we see into the functional requirements of civilization as highly evolved as ours. It was not their fault that they did not see all that we can. It is not our merit that we see more than they could. The judgment of history upon us will turn, however, upon the programs which we follow since meaning factors of the human problem which our predecessors could not see have been forced on our attention.

Referring to these factors in the most summary way, there are four functional fallacies in the institutions of modern civilized states; four radical ignorings of the demands of social efficiency:

First: The fallacy of treating capital as though it were an active agent in human processes, and of crediting income to the personal representatives of capital irrespective of their actual share in human service.

Second: The fallacy of excluding the vast majority of the active workers in capitalistic industries from representation in control of the businesses in which they function.

Third: The fallacy of incorporating the fallacious capitalistic principle, thus promoting the legal person to an artificial advantage over natural persons, and consequently, by social volition, giving the initial fallacy cumulative force by an uncontrolled law of accelerated motion.

Of course I am not asserting that incorporation in itself is a social fallacy, but only incorporation inadequately controlled by the whole social process. Corporations as they will one day be articulated into the inclusive human process will be as different

from corporations as they are as the wrench serving the uses of a skilled mechanic is from the wrench thrown into the machinery.

Fourth: The fallacy of a system of inheritance which assigns the powers and privileges of incorporated capital to sentimentally designated individuals, instead of reserving their benefits primarily to the actively functioning agents of society. This fourth fallacy, in conjunction with the other three, creates phenomena of hereditary economic sovereignty which must eventually become more intolerable than the hereditary political sovereignties overthrown by the republican revolutions.

Back of these four fallacies of operation is a malignantly subservient fallacy of logic. It is the naive sophistry of dogmatizing an obvious analogy into an identity. The analogy starts with homely everyday aspects of the lives of types of persons who are every day growing more rare in capitalistic societies, but it shades off by imperceptible degrees into the radically different things with which these remote parallels are supposed to be identical. This accounts for the plausibility of the argument, while it is egregiously superficial. In a word, the detached individual, with his labor, his savings, and his implicit right to reasonable freedom in use of his savings, is presumed to be the ground pattern of all the economic rights and duties in present society. Thereupon, what is true of this unaided individual, dealing with similar unaided individuals, is predicated of natural and legal persons alike in their property rights. That is, not merely analogy, but identity of principle is alleged between the literal individual and incorporated capital!

What is incorporated capital? It is a few individuals applying a nucleus of wealth and credit to natural opportunity, *but not with their own unaided powers alone*. It is a few individuals exploiting wealth and credit and opportunity *with the perpetual alliance of the state*; and this alliance is a talisman which confers a virtually magical touch upon the persons incorporated. The increment of power with which the state thus artificially endows corporations makes them social factors with which the powers of natural persons are ridiculously incomparable. This transparent logical fallacy is the key to the theoretical defense of the four chief operative fallacies. The chief social task of the next great stage of civilization will be this—to dissipate this nebulous defense and to install rational substitutes for the fallacious operative principles.

Returning from this digression into literal fact, and resuming for a moment my flight of fancy, I predict that the effective refutation of these confederated fallacies will receive its next great impulse not from recognition of claims of justice, as between man and man, or class and class, but from discovery that the combination mightily obstructs social efficiency.

If it were not commonplace, it would be astonishing that, after so many thousands of years of human history, we have no consensus of opinion as to why we are living at all. I see no reason to believe that we shall ever reach a common conclusion about the ultimate meaning of this planet and the occurrences upon it for the whole cosmic

reality in which it is a speck. On the other hand, it looks to me altogether probable that men will one day be substantially agreed in this—that efficiency in living involves as a minimum the utmost correlation of human powers in endeavor after those concerted social achievements which prove by experience to do most toward placing physical resources at the disposal of all the world's people; and which at the same time do most toward inclining all the world's people so to use those resources that they may become progressively admirable people. No sooner has this construction of life commended itself to anyone than he begins to understand that the dominating principle of our capitalistic civilization is a suspensive veto upon realization of this ideal. The illusion that the way to live is to subordinate life to the lifeless thing capital is the most astounding of the paganisms.

I do not imagine that the practical refutation of capitalism will be accomplished when proof is furnished that the system is not efficient in producing progressively admirable people. That might pass as a nonessential, to be worried about by no one except pedagogues and preachers. It doubtless would not powerfully interest the type of people whose measure of the world's efficiency is dividends. But more to the immediate point than that, I predict that before long the statisticians and the accountants will begin to show that capitalism is not solvently efficient in raising the funds to pay its own bills. Then the judgment day of capitalism will be due.

For a number of years men wise and simple have been puzzling over the problem of the rising cost of living. Among all our national leaders, not one has had the wit to point out that capitalism steadily increases the overhead charges upon national industry, and that sooner or later the burden of this increase must be felt in its enlarging ratio to the output. Under the capitalistic system, when we pay for today's dinner we are paying also for dinners served and paid for long ago, and we are also paying installments on other dinners that will be served generations hence. Yet we go jauntily on adding percentages of yesterday's and tomorrow's accounts to the price of today's dinner, while we marvel at the growing size of the bill!

For example, we are still paying interest on four hundred and forty-one million dollars of national debt incurred previous to 1865. But the interest payments on this sum have already equaled the original loans twice over. Through continuance of the annual interest payments which do not reduce the principal, we are now engaged in discharging those loans a third time. Looking in the other direction, Americans for the next fifty years will be paying at the rate of from 2 to 3 per cent for certain portions of the cost of the Panama Canal. In 1961 or thereabout we shall have repaid the original borrowings to defray these particular portions of the expense. This repayment of the principal, however, will not have retired a single one of the bonds, but the principal and the annual interest will still be due, just as though no payments had been made.

As another type of illustration, it would be easy to schedule improvements of railroad terminals completed or projected in various cities, and bonded to the amount of one hundred million dollars. Nothing affecting the point of the illustration could be gained

by attempting to make a complete estimate of this sort of liability. The interest on such bonds will become a permanent charge upon the earnings. It will press down upon wages, and it will lift up on demands for higher traffic rates, while the next twenty-five years are making full return of the principal. Whether the original bonds have a longer or shorter life, they will probably be represented in the funded debt of the companies for an indefinite period. That is, our industries will repay these loans over and over again to the children and children's children of the original lenders, and in the apparently innocent form of a reasonable rate of interest on an honest debt!

My argument would deserve no attention if I asserted that all capitalistic operations, or even all financing operations, are of this improvident and fallacious type. I neither assert nor believe that this is the case. I do say that this fallacious type of capitalistic operation bulks so large in modern affairs that it may turn out to be the prime factor in our age of transition.

Unless Americans fifty years hence are less stupid than we are today, they will go on repaying old debts an indefinite number of times, and heaping up new ones, while they wonder why it grows harder every day to provide the necessities of life. It is barely possible that the multiplicity of object-lessons may have taught our successors something by the end of another half-century. Perhaps the next generation will have learned that capitalism is not the Utopia in which everyone may eat his cake and have it too. In another fifty years it may have been discovered that capitalism is a merger of famine and lottery. The majority pay for cakes they do not get, and the surplus provides prizes for the minority.

Payments under the head of interest that correspond with value received, including proper rates of wages for the necessary labor and minor charges connected with the transactions, may or may not be items in a needlessly extravagant way of living. In principle they are not otherwise fallacious. The premium element in payments of interest, however—that is, the excess over payment of the principal and fair remuneration for real services connected with the loan—is without justification in economics or in morals, and the civilization which presumes the contrary is riding for a fall. Some day not far off the statisticians will disclose the amount of this premium element loaded upon our national production, and collected from the non-capitalistic classes both in low wages and in high prices of commodities. I do not venture to predict the subsequent course of events.

Not opponents only but supporters of the last three presidents of the United States have reached the conclusion that each of these worthy citizens is convinced that something is the matter with our social system. Each of them is eager to find the remedy. Obviously to others, however, and perhaps also to himself, each is unable to arrive at a convincing diagnosis. The earliest of these chief magistrates thinks that, whatever the difficulty is, its main evils might be removed by controlling monopoly. The latest of them is equally sure that health may be restored by controlling competition. The intermediate incumbent radiates a hardly less futile optimism in the belief that our social ills would be reduced to a minimum if we would resign ourselves

to control by a few masterful gentlemen who on their part do not propose to be controlled at all.

Our program toward the central problems of our time will amount to nothing but impotent and irritating tinkering with details, until the leaders of our thought and action consent to a policy of candid and thorough inquiry as to whether there is something radically mistaken in the capitalistic system itself.

Returning for a moment to my point of departure, it is a more comfortable job to card-index the past or the present than to work on construction of the future. By far the bulk of American scholarship in the social sciences has gravitated in the line of least resistance. We are not doing our share toward helping our confused modern social consciousness to become articulate, and toward concentrating our divergent purposes upon wisely chosen aims. No scholars in the world have had a fairer field than we for durable social service. Reorganization of social relations is going on, with us or in spite of us. It might be a more constructive and less wasteful transformation if the best that we can contribute were cast into the lot with the labors of our fellows. We may consent to be mere bookkeepers of other men's deeds, or we may be "instead of eyes" to men with more force than insight for rational progress.

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