

CHAPTER XVI

THE SOCIAL SURPLUS

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Character and Causes of the Social Surplus. — Intimately connected with the subject of capital is the problem of the social surplus. In fact, the social surplus is one form of capital. Just as man by individual effort may produce a surplus of goods over and above what he requires for daily life, so society through coöperation may produce a vast surplus of goods beyond what is needed for present consumption. This surplus of products, the result

of social rather than individual action, is called the social surplus.

The individual surplus and the social surplus resemble one another in that both are intended for future use; they differ, however, in their origin. *Its causes:*

In the first place the social surplus is the result of coöperation. Men working together can produce vastly more than men working singly. An example of this may be seen in the production of any ordinary commodity, such as nails. Formerly, each nail was hammered out on an anvil by the strong arm of an artisan; now, a long wire runs into one end of a machine and comes out of the other in the form of a finished nail. This change in method has had a marvelous effect on the output. Fifty years ago one man might hammer out a hundred nails an hour; to-day, by changing the method of production, a swift-moving machine produces thousands of nails in the same time. *Coöperation.*

This change in method is based on coöperation. Men have worked together in groups and then these groups themselves have worked together. One set of men made iron ore into steel; another set made iron and steel into the nail-making machine; another made the belts, the screws, and the gears; still another transported these products to one central place, the factory; and now, all being ready and a million hands having assisted in bringing the steel wire and the machine together, the machine produces a flood of nails which find their way into the home, the office, and the factory. All this has been accomplished simply because of the principle of coöperation, which asserts that two men working together can produce more than twice as much as each man working separately.

In the second place, the social surplus results from an in-

crease in value brought about by social action in the form of the growth of population. This is clearly seen in the case of land values. The value of land rises with the growth of population and the consequent demand for land and its products. The lot in the heart of a populous city, or the *Growth of* fertile farm feeding a growing population, is *population.* many times more valuable to-day than fifty years ago. This increase in value has been brought about, not by any one individual, but by collective action of the whole social group. Therefore, increased land values, not due to individual improvements but resulting from social activity, are social values and constitute a part of the social surplus. While, under our present system, they may enrich individual landowners, they are, nevertheless, created by society.

In the third place, the social surplus is due to advancing civilization. No invention is the work of one man, but the final triumph of a long line of preceding inventions. Processes, systems of work, railroads, streets, — in fact the whole fabric of society, — are begun by one generation and *Advance of* handed on to the next. Thus each succeeding *civilization.* generation enjoys the benefit of all that has gone before. Adding its own contribution to this heritage, it then passes the fabric on to its successor. In this manner the present generation, securing vast returns from a system to which it contributed nothing, is enjoying a social surplus.

Effects of the Social Surplus. — The most direct effect of the social surplus should be seen in the quality, quantity, and prices of goods. If the surplus is properly distributed *On goods* throughout society, a better grade of goods will *and prices.* be produced in larger quantities at cheaper prices. For example, an improved process of making shoes will increase the output and lower the prices of shoes to the

advantage of all who wear them. This process of bettering quality, increasing amount, and decreasing price should continue until every member of the community has an opportunity to secure enough economic goods to maintain an "efficiency" standard of living.

The social surplus also makes itself felt in other less direct ways. For example, when there is a great mass of social wealth in a community, society may offer opportunities for individual improvement. In our large cities On educa- this is frequently seen in the great number of tion. publicly or privately endowed lecture halls, libraries, museums, schools, and colleges, which open to the average man and woman lines of work hitherto unattainable.

Likewise, the social surplus makes possible wide opportunities for leisure and recreation. In modern life leisure is essential. Leisure does not mean idleness, but time in which men are free to do as they desire. The nail machine has its advantage in increased output; its dis- On leisure. advantage, in monotony and sameness. Since his work is largely mechanical, the man who tends this machine learns very little. Therefore, if such a man is to live a full rounded life, he must have leisure, — free time in which to walk and read and think.

Through the shorter working day, the social surplus makes leisure possible. Surplus wealth results in surplus time. Part of this time should be devoted to recreation, — to activities of a relaxing nature which require neither concentrated thought nor monotonous movement. In the country, recreation is easily had; but in the city, On recrea- opportunities for recreation, unless created in tion. the form of parks and playgrounds, are extremely limited. Therefore, the social surplus should provide the community

with opportunities which will prove adequate substitutes for the lost recreation facilities of country and village life.

Thus it is evident that the social surplus should have a decided effect upon the conditions of city life. This wealth of society should be diverted into various channels. Not

On city life. only should recreation facilities be provided, but the city should be made beautiful. In this respect, America has much to learn from Europe. Public architecture should be of the finest character. Streets should be widened, trees planted, and every effort made to beautify the city.

Finally, the social surplus will have a marked effect upon *On saving:* the habit of saving. It may readily be seen that *How view-point has changed.* the existence of large surplus wealth decreases the necessity of individual saving. In fact, so great is this surplus to-day that this increased wealth has caused the emphasis in modern life to be shifted from saving to efficiency.

In earlier days, when wealth was scarce, the hard-fisted man was in great demand because it was only through stint-

How capital is now created. ing and close living that capital was amassed. But now wealth is so plentiful that it is no longer necessary that man should abstain from

consuming. In fact, the more man consumes wisely, the greater will be his productive power. Under modern conditions, capital is created, not by learning how to save, but by learning how to produce efficiently. High efficiency means great social surplus; the worker, not the saver, produces this surplus.

Yet the habit of saving has become almost a racial characteristic. Through insurance and trust companies, through building and loan associations, and through investments in

stocks and bonds, people are saving as never before. This is regarded as necessary in order to provide for a "rainy day." This provision for the future may be made as a result of abstinence or in consequence of increased efficiency. If it results from the former, the individual is depriving himself of many goods needed to maintain his productive power; if it results from the latter, he is not depriving himself of the necessaries of life, but is accumulating capital by means of his increased productive capacity. The social surplus, by removing the necessity of saving, will cause men to realize more and more that efficiency, not parsimony, is the key to individual as well as social welfare.

TOPICS FOR CLASS DISCUSSION

1. What is "social surplus"?
2. What are "socially created values"?
3. What relation exists between coöperation and the social surplus?
4. What factors lead men to coöperate?
5. What may the social surplus mean to the individual? To society?
6. What is the relation between population growth and the social surplus?
7. How may the social surplus affect prices? Production?
8. What relation does the social surplus bear to education? Leisure? Recreation?
9. What was the old concept of saving?
10. How is this concept altered by the presence of a large social surplus?

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