

ability, which operates by means of wage-capital, enlarges the sphere of its operations and continually extends its efficacy, by means of the fixed capital or the mechanism of production, which wage-capital enables it to develop; but the vital source of modern production generally, in respect alike of its sustentation and its progress, is the active and directing ability of which wage-capital is the immediate instrument. Modern capital, in short, is primarily wage-capital—such capital as factories and machinery being merely results of this; and wage-capital is productive, not because of any virtues inherent in itself, but because it is the reins by which the minds of the few guide the labour, whether skilled or unskilled, of the many. Thus to speak of ability as “personal capital” is to obscure its nature in the very act of recognising its importance. It is to identify the coachman with the reins; the fact being that the latter are useful or useless only in accordance with the manner in which the coachman handles them.

The conclusion of the whole matter may, then, be summed up thus. In the ruder states of society, the little wealth that it produced may be said with substantial accuracy to be produced by labour alone—by men the action of whose hands is directed by their own minds only. In modern societies, where the product is great and is continually increasing, the human factors in production are no longer one, but two, together with a third, whose function is to connect the others. These three, to repeat what I have said, are as follows:

(1) Labour, or that manual exertion—always essential to the existence of all societies—which is directed by the average mind of the average labourer himself.

(2) The exceptional minds and exceptional energies of some, who direct the average minds and average labour of others.

(3) Wage-capital, or accumulations of the common necessities of life, the conditional distribution of which amongst the labourers who consume them constitutes the means by which his direction of their labour is effected.

Labour, then, in the political sense of the word—in the