

CHAPTER 13 — THE WEALTH THAT IS CALLED CAPITAL

That part of wealth devoted to the production of other wealth is what is properly called capital. Capital is not a different thing from wealth. It is but part of wealth, differing from other wealth only in its use, which is not directly to satisfy desire, but indirectly to satisfy desire by associating in the production of other wealth.

To return to the simplest illustration given in the last chapter: the man who, finding a fruit tree, plucks and eats, expends labor in the most direct and primitive form, that of satisfying desire. His desire is for the moment satisfied, but the labor he has exerted is all spent; no result remains which will help to the future satisfaction of desire.

But if, not content with a satisfaction of present desire, he carries off some of the fruit to where he may in the future more conveniently obtain it, he has in this gathered fruit a concrete result of the expenditure of labor. His labor expended in the gathering and removal of the fruit which he retains has been as it were stored up, as energy may be stored up by bending a bow or raising a stone, to be utilized again at a future time. This stored-up labor, concretely in this case — this gathered and transported fruit — is wealth, and will retain this character of wealth or stored-up labor, until it is 1) consumed, by being applied to the gratification of desire; or 2) destroyed, as by decay, or the ravages of insects or animals.

But the man who has thus obtained the possession of wealth by gathering fruit and carrying it to a more convenient place may utilize its potency of ministering to desire in different ways. Let us suppose him to divide this wealth, this gathered fruit, into three portions. One portion he will eat as he feels desire; another portion he will give to some other man in exchange for some other form of wealth; and the third portion he will plant in order that in the future

he may more readily and more abundantly satisfy his desire for such fruit.

All three of these portions are alike wealth. But the first portion is merely wealth; its use is the final use of all wealth — the satisfaction of desire. But the second and third portions are not simply wealth — they are capital. Their use is in obtaining more or other wealth, which in its turn may be used for the satisfaction of desire.

By the storage of labor, which is involved in the production of wealth, it becomes possible for man to change the time in which a given exertion shall be utilized in the satisfaction of desire, thus greatly increasing the sum of satisfactions which a given exertion may procure. And by the using of wealth as capital, which is the calling of past exertion to the service of present exertion, he is enabled to concentrate exertion upon a given point, at a given time, to call in, as it were, forces of nature which far transcend in their power those which nature has put at his use in the human frame.

To illustrate: nature gives to the bull in his massive skull and sharp horns a weapon of offense by which almost the whole strength of his frame may be concentrated upon one or two narrow points, thus utilizing the maximum of force upon the minimum of resistance. She has given to man no such weapon, for his clenched fist, the nearest approach to the horns of the bull his bodily resources furnish, is a far inferior weapon. But by turning his labor into capital in the shape of a spear he is enabled on occasion to concentrate nearly the whole force of his body upon an even narrower point than can the bull; and by turning labor into capital in the form of a bow, he may exert in one instant the force that can be accumulated during longer intervals of time; and finally, as a result of many transmutations of labor into capital, he can exert in the rifle chemical forces

more potent than any of the forces of which the energies of his own body give him command.

It is likewise to be observed that the term capital is subject to all the restrictions and limitations that apply to the term wealth. Personal qualities such as knowledge, skill or industry are qualities of labor and can never be properly treated as capital. While in common speech it may be permissible to speak in a metaphorical sense of such qualities as capital, meaning thereby that they are susceptible of yielding to their possessors advantages akin to the advantages given by capital, yet to transfer this metaphorical use of speech to economic reasoning is, as many ponderous treatises will testify, provocative of fundamental confusion.

To recur to our first simple illustration: a high chief of the Hawaiian Islands might, on discovering a tree laden with fruit, have eaten his fill and then laid the tree under Taboo. He might thus have obtained for himself something of the same advantages that he would have obtained by carrying some of the fruit to a more convenient place. The inhibition upon others might have led some of them, in return for the privilege of taking it, to consent to bring him some. But the result would not have been the same to the community as a whole. His Laziness could have obtained the fruits of labor, but only by virtually taking the labor of others.