

tivated, capital must be provided for the support of the labourers employed upon it." Capital is taken to be advances to workers in agriculture, wage goods that the workers consume over the year that they work. This conception of economic life is carried over to other sectors, where capital also "must be provided for the support of those engaged in manufactures, or in any other department of industry." Thus,

It is . . . on the actual amount of the accumulated produce of previous labour, or of capital, devoted to the payment of wages, in the possession of a country, at any given period, that the power of supporting and employing labourers must wholly depend.³⁴

Given that agricultural production is typical and that the average level of wages is indeed determined by economic forces, then the theory of the wage fund is a natural result. "The rate of wages must depend on the proportion which the whole capital bears to the whole amount of the labouring population."³⁵

McCulloch leaves the doctrine at this point. Senior, however, develops it further. He gives a full taxonomy of the determinants of the wage fund. This period's wage depends on last period's production of wage goods. Last period's production of wage goods is a function of average productivity in the wage-good industries and of the relative size of those industries "employed in the production of things for the use of labourers."³⁶ Average productivity depends on the quality of the laborer, the natural agents that assist him, the increase in productivity given by the use of capital (by means of "implements and the division of labour"), and the degree of laissez-faire adopted by the government.³⁷ The