

Chapter 24: Interest-Bearing Capital as the Superficial Form of the Capitalist Relation

The circuit of capital is here $M - M'$, money producing more money, literally self-valorising value.¹ 'In interest-bearing capital, the capital relationship reaches its most superficial and fetishised form.'² Although in the case of commercial capital, $M - C - M'$, profit appears as profit upon alienation (i.e. in circulation), at least the general form of the capitalist movement is present: profit 'presents itself as the product of a social *relation*, not the product of a mere *thing*.'³

In the form of interest-bearing capital, capital appears immediately [...] unmediated by the production and circulation processes. Capital appears as a mysterious and self-creating source of interest, of its own increase. The *thing* (money, commodity, value) is now already capital simply as a thing; the result of the overall reproduction process appears as a property devolving on a thing in itself; it is up to the possessor of money, i.e. of commodities in their ever-exchangeable form, whether he wants to spend this money as money or hire it out as capital. In interest-bearing capital, therefore, this automatic fetish is elaborated into its pure form, self-valorising value, money breeding money, and in this form it no longer bears any marks of its origin. The social relation is consummated in the relationship of a thing, money, to itself. Instead of the actual transformation of money into capital, *we have here only the form of this devoid of content*. [...] [I]t becomes as completely the property of money to create value, to yield interest, as it is the property of a pear tree to bear pears.⁴

Marx notes that there is a 'further distortion'. Really, interest is a part of surplus-value; with the appearance of interest-bearing capital it now appears as capital's specific fruit. Profit of enterprise – also, really, a part of surplus-value – on the other hand, appears as 'a mere accessory and trimming'. 'The fetish character of capital and the representation of this capital fetish is now complete.'⁵

Marx notes that this conception of capital, 'as an independent source of wealth, of value creation', is writ large in the conceptions of vulgar political economy. Marx cites the influential Richard Price (*An Appeal to the Public on the Subject of the National Debt*, written in 1772): 'Money bearing compound interest increases at first slowly. But, the rate of increase being continually accelerated, it becomes in some time so rapid, as to mock all the powers of the imagination.' Against such a vision of the effect of accumulated compound interest manifesting itself as an ever-increasing source of wealth, Marx counters: 'The accumulation process of capital may be conceived as an accumulation of compound interest, in so far as the part of profit (surplus-value) that is transformed back into capital, i.e. which serves to absorb new labour, may be called interest. However?'⁶

- 1 Given that 'the value of commodities is determined not by the labour-time originally taken by their production, but rather by the labour-time that their reproduction takes',⁷ with the advance of the social productivity of labour a large part of existing capital is constantly being devalued over time.
- 2 With the accumulation of capital and the growth in the social productivity of labour, the rate of profit will display a tendency to fall.⁸

¹ ' $M - M'$ [...] is the original and general formula for capital reduced to a meaningless abbreviation.' Karl Marx, *Capital* volume 3 (Harmondsworth, 1981) [hereafter C3], p. 515.

² C3, p. 515.

³ C3, p. 515. 'The form of commercial capital still exhibits a process, the unity of opposing phases, a movement that breaks down into two opposite procedures, the purchase and sale of commodities.'

⁴ C3, p. 516 (italicisation added).

⁵ C3, p. 516. Marx goes on to describe $M - M'$ as '*die begriffslose Form des Kapitals*', rendered in the text as 'the irrational form of capital'.

⁶ C3, p. 522.

⁷ C3, p. 522.

‘But if surplus-value is conceived in the irrational form of interest, the limit is only quantitative, and beggars all fantasy.’⁹

⁸ This is ‘expressed precisely in the relative decrease of variable capital *vis-à-vis* constant. In order to produce the same rate of profit, therefore, if the constant capital set in motion by a worker increases ten-fold, the surplus labour-time would have to increase ten-fold as well, and very soon the total labour-time, or even the full twenty-four hours of the day, would not be sufficient, even if it were entirely appropriated by capital. The identity of surplus-value and surplus labour sets a qualitative limit to the accumulation of capital: the *total working day*, the present development of the productive forces and population, which limits the number of working days that can be simultaneously exploited.’ C3, p. 523.

⁹ C3, p. 523.