cross-currents in culture ● number 17 • spring 2003 • free

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which he is to pay for it is the measure of the interest'. Quite the opposite. The prevailing rate of interest, the regulation of which it is the task of our genius Norman to explain, is the measure of the difference between the cash price and the price on credit. First of all, the cotton is for sale at its cash price. This is determined by the market price, which is itself governed by the state of demand and supply. Say that the price is £1,000. This concludes the transaction between the manufacturer and the cotton broker, as far as buying and selling is concerned. But now there is a second transaction as well. This is one between lender and borrower. The value of £1,000 is advanced to the manufacturer in cotton, and he has to pay it back in money, say in three months' time. The interest on £1,000 for three months, as determined by the market rate of interest, then forms the extra charge over and above the cash price. The price of cotton is determined by supply and demand. But the price for the advance of the cotton's value for three months, for the £1,000, is determined by the rate of interest. And this circumstance, i.e. that the cotton itself is transformed in this way into money capital, proves to Mr Norman that interest would exist even if money did not. If there was no money at all, there would certainly not be a general rate of interest.

The first thing to note is a vulgar conception of capital as 'commodities used in production'. In so far as these commodities figure as capital, they express their value as capital, as distinct from their value as commodities, in the profit that is made from their productive or commercial use. And the rate of profit necessarily has always something to do with the market price of the commodities bought and the demand and supply for them, even if it is determined by quite different factors. There is no doubt at all that the rate of profit forms a general limit to the rate of interest. But what Mr Norman is supposed to tell us is just how this limit is determined. And it is determined by the demand and supply for money capital as distinct from other forms of capital. It could now be asked further: how is the demand and supply for money capital determined? There is beyond doubt a tacit connection between the supply of material capital and the supply [illegible] capital, and it is equally clear that the industrial capita[illegible]d for money is determined by the circumstances of ac[illegible]n. Instead of enlightening us on this subject, Norman [illegible] wisdom that the demand for money capital is not identi[illegible]e demand for money as such; and this only because Overst[illegible], and the other