Título: Risk as a capitalist form

Autor: Bruno Höfig[1]

Resumo: This paper presents two hypotheses: first, that risk is a social form that can only emerge in the capitalist mode of production; and second, that all types of uncertainty tend, in the capitalist mode of production, to be objectified as risks. Those hypotheses are developed as follows: firstly, the paper introduces he distinction between risk and uncertainty introduced by Knight and Keynes; secondly, it presents two sociological theories of risk in which the latter is conceived as a social form; thirdly, it presents the materialist theory of social forms developed by Marx; and fourthly, it shows why risk is one of the necessary forms of the capitalist mode of production, and why uncertainty as rule tends, in capitalist social formations, to be objectified as risk.

Área 4: Teoria do valor, capitalismo e socialismo

Palavras-chave: Risk; uncertainty; value-form; interest-bearing capital.

[1] PhD student and teaching assistant at SOAS, University of London. Email: 634140@soas.ac.uk.

Risk as a capitalist form

> In the structure of commodity-relation one can discover the model of all forms of objectivity as well as that of the corresponding to them forms of subjectivity in capitalist society.
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> – Georg Lukács (1972, p. 257)

The notion of risk has enjoyed a long life within economic theory. By the end of the nineteenth century, for instance, Böhm-Bawerk (1890) explained the differences in the incomes accrued to different capitals by considering risk as part of what he called gross interest – as opposed to net interest, the variable which his use theory of interest aimed to clarify – while Hawley (1893) argued that risk was the source of the specific form of income that remunerates entrepreneurs (i.e. profits). In his effort to push economics away from statics, Schumpeter (1980 [1912]) would also espouse the notion that profit is a specific form of income. By pointing out that innovation introduces radical changes in the capitalist economy, however, he distinguished entrepreneurship from risk-taking and made clear the limitations of the category of risk in expressing the type of relationship entertained by the present and the future in the capitalist economy.

Yet, it was only almost ten years after Schumpeter published his brilliant book that a new category was introduced into economics to account for what the notion of risk could not express. In 1921, Frank Knight established the difference between risk and uncertainty. In *Risk, Uncertainty and Profit*, he stated that:

> Uncertainty must be taken in a sense radically distinct from the familiar notion of Risk ... [A] measurable uncertainty, or "risk" proper ... is so far different from an unmeasurable one that it is not in effect an uncertainty at all. (Knight, 1921, pp. 19–20)

To state it more precisely:

> The practical difference between the two categories, risk and uncertainty, is that in the former the distribution of the outcome in a group of instances is known (either through calculation a priori or from statistics of past experience), while in the case of uncertainty that is not true (Knight, 1921, p. 233).

Thus, risk proper has to do exclusively with situations in which the distribution of the outcome in a group of instances is known. If this is not the case, one should not speak of risk, but rather of uncertainty.

Keynes, whose considerations on the limits of the frequentist theory of probability were published in the same year as Knight's book (John Maynard Keynes, 1921), was also concerned with the limitations of the category of risk in describing the environment in which real decisions have to be made. In fact, the notion of uncertainty played such an important role in his economic thought that, only a year after publishing his *magnum opus*, Keynes felt the need to establish in clear terms what he understood by it.

> By 'uncertain' knowledge, let me explain, I do not mean merely to distinguish what is known for certain from what is only probable. The game of roulette is not subject, in this sense, to uncertainty; nor is the prospect of a Victory bond being drawn. Or, again, the expectation of life is only slightly uncertain. … The sense in which I am using the term is that in which the prospect of a European war is uncertain, or the price of copper and the rate of interest twenty years hence, or the obsolescence of a new invention, or the position of private wealth owners in the social system in 1970. About these matters there is no scientific basis on which to form any calculable probability whatever. We simply do not know. (Keynes, 1937, pp. 213–4)[2]

Hence, although the future is never really certain, one must not conflate the matters about which it is possible to form calculable probabilities with the properly uncertain matters, that is, the ones about which 'there is no scientific basis on which is not possible. But where exactly should we draw the line? What is it that makes it possible to form calculable probabilities about the expectation of life, but impossible to do the same about the prospect of a European war? To use Knight's terminology, why is it that in the former case we are dealing with a measurable uncertainty, whereas the in latter we are dealing with an unmeasurable one?

The answer lies in the *uniqueness* of the situation dealt with. In fact, if 'the situation dealt with is in a high degree unique', 'it is impossible to form a group of

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[2] 'Nevertheless', continues Keynes, 'the necessity for action and for decision compels us as practical men to do our best to overlook this awkward fact and to behave exactly as we should if we had behind us a good Benthamite calculation of a series of prospective advantages and disadvantages, each multiplied by its appropriate probability, waiting to be summed.' Precisely because those matters about which 'there is no scientific basis on which to form any calculable probability whatever' permeate all aspects of our real lives, conventions play an important role in the process of decision making, and a large proportion of our positive activities depend on spontaneous optimism rather than on a mathematical expectation, whether moral or hedonistic or economic. In fact, most of our decisions 'to do something positive … can only be taken as result of animal spirits … and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities' (Keynes, 1978, p. 166), and economists who argue that our economy do behave as if it were otherwise are merely assuming the real economic conditions away. (Keynes, 1978, pp. 33–4)

instances' (Knight, 1921, p. 233); and, if it is not possible to form a group of instances, then it is also clearly not possible to know the distribution of the outcome. Now, uniqueness, in the Knightian sense, has to do with change (McCann, 1994, p. 66). Hence, according to Knight, it is only in a static environment, one in which substantial change is absent, that knowledge of the future can properly rely on the notion risk. After all, it is only in the absence of radical change that events can be adequately representable as members of a clearly defined series, and that a well-defined probability distribution for such events can exist (McCann, 1994, pp. 71–2). In the presence of radical change, on the other hand:

> One is completely ignorant of the probability distributions of these events, that a distribution in fact exists, or whether the events (signals) perceived are even seriable, and hence one cannot assert that a particular generating mechanism even exists let alone can be discovered which will replicate these events. Agents working in an environment characterizable as 'surprise-laden' … can have little accurate knowledge of the path of the future course of events; they cannot extrapolate from past experience anything that may be of relevance to the prediction of the future, nor can they even discount the consequences of such events since a suitable discount factor is incalculable. (McCann, 1994, p. 72)

Now, radical transformations in the economic conditions constitute an ever-present element of the capitalist sociability; for this reason, at least in the presently dominating mode of social reproduction, new things are always emerging. In a capitalist economy, therefore, outcomes are never fully knowable. And if that is so, then it is simply *absurd* to adopt forms of representation of our economic system which summarily dismiss the notion of uncertainty.

Nevertheless, that is precisely what economists have been doing for a long time. Ever since the formalist revolution, the distinction between uncertainty and risk has played no important role in mainstream economics. Even worse, the notion of uncertainty was positively dismissed after Friedman put forward his vertical Phillips curve and brought Keynesianism to its knees (see Fine & Dimakou, 2016, p. 111). After that, as noted by McCann (1994, pp. 18–9), not only did 'mainstream new neoclassical economists accept that an outside observer views the economy the interactions of its member objectively', so that well-defined probability distribution are assumed to exist, but, since the Rational Expectation Hypothesis led them to construct recursive models (Fine & Dimakou, 2016, p. 115), they also ended up assuming that subjective probabilities coincided with the objective ones, thus allowing the representative agent to make optimal decisions based on their risk preferences. To be sure, DSGE models did incorporate stochastic elements to represent the uncertainty inherent in the system. But, since randomness implies the existence of an underlying pattern, 'a stochastic model is one which is also

determinate' (McCann, 1994, p. 10), that is, one in which uncertainty as such plays no role whatsoever.

It could be the case that such obliteration is nothing more than the side effect of the technical over-refinement of a science long used to a healthy dose of unrealism (on this issue, see Friedman, 1953). After all, recasting economic theory in a deterministic form does makes it more mathematically tractable, and thus permits the construction of models more in tune with the spirit of contemporary economics. But what about Finance, the science behind the models responsible for a huge (and increasing) part of the world's wealth? Here too "uncertainty has been increasingly organized into recognizable categories of quantified risk" (Mikes, 2011, p. 226). In fact, the crucial idea behind contemporary theoretical finance – the no-arbitrage condition – is based precisely on the reduction of uncertainty to risk. Moreover, although increasing attention has been drawn to the need to rethink the shape of probability distributions (see for instance Taleb, 2010) and to incorporate the notion of systemic risk into the models, the fact is that, even after the last financial crisis, neither the *existence* of distributions nor the limits of the category of risk seem to have become an issue.

In this paper, it will be argued that such a tendency to disregard uncertainty and consider our relationship with the future exclusively in terms of risk is not due to mere intellectual failures; rather, it is an expression of the determinations of the contemporary economic system. More precisely, it will be argued is that risk is a social form immanent to the capitalist mode of production, that is, that risk is a category that *necessarily* shapes the representation of the relationship between present and future by agents trapped within the capitalist mode of sociability.

Such argument will be developed in four sections. The first one presents two important sociological approaches to risk, according to which risk must not be regarded as a feature of the material reality, but rather as a *social form,* which expresses the singular way individuals represent such reality in contemporary societies. The second section presents an alternative, materialist notion of social form based on Marx theory of commodity fetishism, and argues that risk must be understood as a *capitalist* social form. The third section derives the form of risk from an analysis of the category of interest – which, according to Marx, is one of the necessary forms assumed by surplus value. The fourth section presents an account of the content of the risk form. The paper closes with a conclusion.

Risk as a social form

The notion of risk has been attracting the attention of sociologists at least since the beginning of the 1990s, when the work of Ulrich Beck was published in English

for the first time (see Beck, 1992; see also Giddens, 1991). Although the sociological theories of risk do not focus exclusively, or even mainly on *economic* risk, they offer valuable insights into how to understand the emergence and growing importance of the category of risk within contemporary societies. This section examines approaches to risk developed within the poststructuralist and the system theory scholarships. Although very different from each other, such approaches have one important characteristic in common: in both cases, risk is understood not as a thing in itself, but rather as the way in which individuals are led to *objectify* reality in contemporary societies.

Known for its emphasis on the genetic autonomy of the discursive dimension and on the *practical* importance of the forms through which the subject represents and interprets reality (see for instance Foucault, 1991a, 1991b), the poststructuralist scholarship as rule understands the contemporary tendency to organize uncertainty into recognizable categories of quantified risk[3], and the corresponding growing 'social, political and organizational importance' (Power, 2007, p. 3) of the notion of risk as the outcome of the development of a 'generic and abstract *language of risk*' (Power, 2007, p. 3, emphasis added). According to this approach, the contemporary tendency to transform immeasurable uncertainty into categories of quantified risk is the counterpart of the an 'expansion in *discourses* of risk' (Power, 2007, p. 2 emphasis added), i.e. as a consequence of the increasing dominance of a (absolutely *contingent*) mode of *representing* reality in which future events are regarded as completely assessable in *probabilistic* terms (Carruthers, 2013). As expressed by O'Malley's (2008, p. 57):

> What is specific to risk … is that risk is a statistical and probabilistic technique, whereby large numbers of events are sorted into a distribution, and the distribution in turn is used as a means of making probabilistic predictions. In this process, the particular details of each individual case … are submerged or stripped way, and only certain recurring characteristics attended to.

It should be noted, however, that the 'language of risk' has no immediate correspondence with the material world. In fact, there would no point in evaluating whether the understanding of the world in statistical terms is accurate or fair, that is, whether or not this way of representing the world corresponds with the determination of reality. For the 'dynamic nominalism' behind this linguistic foundation of social forms of objectivity can be considered as a historicized form of Kantism (Hacking, 2002) – and, just like the latter, it aims to say nothing about the things in themselves. Thus, according to Ewald (1991, p. 199), 'nothing is a risk in itself'; in fact, 'there is

[3] 'Risk has become ubiquitous and it seems as if we must take a risk-based description of everything' (Power, 2007, p. 2).

no risk in reality', since 'it all depends on how one … considers the event'.[4] Risk therefore is not a 'first order thing existing in the world' (Garland, 2003, p. 52), but rather a mode of 'objectification of things' (Ewald, 1991, p. 206).

But if the category of risk has no correspondence with reality in itself, then how can we account for the emergence of this new language? By its own nature, an approach that regards historical change as the outcome of an absolutely contingent ensemble of an infinite number of determinations cannot attribute such phenomenon to any particular factor. Still, it could be argued that one of the crucial events contributing to the historical emergence of the language of risk was the development of scientific theories based on the new notion of *statistical law* (Hacking, 1990), without which it would be senseless to represent reality in probabilistic terms.

By establishing a link between the advent of forms of explaining the functioning of the world based on the notion of statistical law and the growing disposition among individuals in the Western world to represent the future in terms of risk, poststructuralist scholarship was able to overcome one of the major shortcomings of the subjectivist approach to risk. For it is one thing to show that probability exists only subjectively in the minds of individuals, and another to show *why*, in the absence of objective knowledge, individuals assess the uncertain future in probabilistic terms[5] – as is proven by the fact that, whereas probability as a technique were already available in the seventeenth century, probabilistic *explanations* of the functioning of the world did not appear until the end of the nineteenth century. By introducing the *intersubjective* dimension of discourse, poststructuralist scholarship can present risk as *socially objective*, thus bridging the gap between subject and object left open by Savage, and explaining why individuals in contemporary societies tend to quantify probabilistically *most* types of uncertainty. It should be noted, however, that this approach cannot explain why this tends to happen to *all* the types of uncertainty. After all, the attribution of probabilities to the outcomes can only take place *when one knows in advance what the possible states of the world are*; but, as was seen above, the decision maker commonly meets situations in which it is impossible to have this information in advance. Hence, if the attribution of the contemporary tendency to reduce all uncertainty to quantifiable notions of risk to a transformation in the discursive dimension is to make sense, it is necessary to show how is it that the language of risk leads its speakers to talk about the world *as if* all possible outcomes were known – something that the poststructuralist scholarship has not yet been able to do.

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[4] '[Risk is] a specific way of assessing and categorizing the (hazardous) relationship that ... things have to us' (Garland, 2003, p. 52). '[Risk is] a way of ... ordering reality. It is a way of representing events in a certain form' (Dean, 2010, pp. 205–7).

[5] Unless, of course, one conceives subjectivity *à la* Kant - i.e. transcendentally.

Similarly to the poststructuralist scholarship, system theory rejects the possibility of reducing risk to any type of objective fact (Japp & Kusche, 2008, p. 78)[6]: according to Luhmann (p. 6), 'we may not assume that such a thing as risk exists'; in fact, '[t]he outside world itself knows no risks': it is '[t]he conceptual approach [that] constitute what is being dealt with'. Risk, therefore, is a social form: the form through which contemporary societies deal with the relationship between norm and deviance. As pointed out by Luhmann (1993b, pp. VII–VIII), each type of society generates a specific 'normal form', and in each of them deviance is explained and handled with in different ways. Thus, whereas other societies tried to comprehend misfortunes in the forms of magic, witchcraft and religion, ours comprehends it 'in the form of risk'.[7]

According to Luhmann (1993b, chapter 2), to understand how different societal systems constitute their particular forms of norm and deviance, it is necessary to understand how time itself is structured in each of them, i.e. to comprehend how the members of different types of societies manage to establish a link between the two sides of the always moving frontier between before and after, thus conceiving the infinite sequence of events occurring in different points in time as an unity. Now, whereas most societal formations tended to establish such an unity by making appeal to some type a transcendental entity of some sort (for instance, by regarding crucial events as the expression of the will of a deity; see Luhmann, 1993b, p. 8), the same operation tend to be performed in modern in an immanent manner: in modern societies, it is the acts performed by the individuals endowed with a free will that is regarded as the connecting element capable of establishing a coherent relation between the events that occur in different points in time. And this is because the process of functional differentiation that destroyed stratified past societies and gave rise to modernity resulted in the formation of functionally differentiated social systems; and, as pointe out by Japp and Kusche (2008, p. 81), the 'existence of function systems which are in principle all equally important for society implies that there is no outside superior authority determining the course of action within a function system.' (Japp & Kusche, 2008, p. 81).

> In former societies, religion had this role of guiding actions, but now each societal system can only refer to its own logic and its own past in order to orient its operations. The self-reference of social systems replaces external references. It is this self-reference and the corresponding lack of externally determined references

[6] As claimed by Japp and Kusche (2008, p. 80), it does not 'interpret risks as objectively given dangers'.

[7] 'Older civilizations had developed quite different techniques for dealing with analogous problems, and thus had no need for a word covering what we now understand by the term risk.' (Luhmann, 1993b, p. 8)

> that produces the infinite horizon of possibilities and the resulting necessity of selection and decision making in modern society. As soon as societal operations are no longer anchored in external and binding references to religion or morality, they become self-referential and produce, on the one hand, an excess of options and consequently, on the other hand, a need for self-organization. Contingency is then the background of all societal operations and one could take every decision with another result and other consequences. (Japp & Kusche, 2008, p. 81)

Thus, in modern societies, where there is no 'general, binding frame for actions, not to be doubted by anybody' (Japp & Kusche, 2008, p. 77), individuals are called to self-referentially decide among different possible courses of action, which in turn leads them to objectify future events as *outcomes* of those actions. Not by chance, 'the term "risk" first appears in the transitional period between the late Middle Ages and the early modern era' (Luhmann, 1993b, p. 9; see also Luhmann, 1993a, p. 327). In fact, if events are the uncertain outcome of the individual's actions, then there is no guarantee that the actual result will coincide with the one intended; consequently, the future itself acquires a contingent character. Furthermore, when actions are regarded as the result of a self-referenced decision, the individual becomes *responsible* for the outcomes; for the decision to take one particular course of action implies the rejection of all other possible acts, and therefore also the responsibility for not obtaining the outcomes that would have resulted from different choices, and which in turn will inevitably be compared to the result actually achieved. And it is precisely this double condition of excluding all implying the sacrifice of the outcomes generated by all other available courses of action and producing an outcome that is in general different from the one intended that gives decisions risky character, leading the category of risk to constitute the form without which individuals in a modern society cannot make sense of their relationship with future events.

Thus, just like the postructuralists, system theorists interpret risk nor 'as objectively given dangers' (Japp & Kusche, 2008, p. 80), neither as any type of objective fact (Japp & Kusche, 2008, p. 78),[8] but as a historically determined social form. It should be noted, however, that such explanation of the constitution of risk as a social form overcomes the shortcomings of the poststructuralist approach. For, according to system theory, the representation of the decision-making process as risky depends neither on knowledge of all the relevant the states, nor on their probabilities. In fact, according to system theory, it seems more reasonable to suppose that it is precisely because future events are conceived as outcomes of the course of actions the individual decided to take that the individual is lead to devise methods for measuring the likelihood of each possible event (Japp & Kusche, 2008, p. 81).

[8] 'The outside world itself knows no risks.' (Luhmann, 1993b, p. 6)

System theory must be highly praised for showing that that risk tends to establish istelf as the form through which individuals make sense of the relationship between norm and deviance in contemporary societies even when they do not posess knowledge of all the possible states of the world, and consequently it is impossible to either conceive or attach a probability (be it subjective or objective) to the possible outcomes of an act. Yet, system theory too has its shortcomings. As was seen above, it conceives risk as the particular social form through which individuals living a modern society make sense of particular deviations from 'an entirely normal, postulated reality' (Luhmann, 1993b, p. IX), that is, as the historically determined form through which they deal with the dialectics of *norm* and *deviance*; yet, it is hard to see how a societal formation in which 'each societal system can only refer to its own logic' (Japp & Kusche, 2008, p. 81) can give rise to socially accepted *norm* against which all outcomes can be evaluated. This in turn has to do with the fact that such theory overlooks the way modern societies, through the very functional differentiation that characterizes it, gives birth to an universal measure that allow for the comparison of *prima facie* qualitatively different outcomes. And this is a problem that can only be overcome by an approach that conceives risk as a *capitalist* social form.

A materialist theory of social forms

Like poststructuralist and system theorists, Marx was fully aware that, within each different type of societal formation, one finds different 'mode[s] of representation [Vorstellungsweise]' (Marx, 1992, p. 596, translation altered), and therefore also different forms of objectivity. For instance: it is not in every social formation that the product of human labour is generally regarded not only as an use value, but also as a value. Rather, it is only within capitalist societies that 'the products of labour acquire a socially equal objectivity of value which is distinct from its sensuously varied objectivity of use' (Marx, 1990, p. 166, translation altered) – that is, that 'useful objects' produced by humans are represented not only as objects of use, but also as 'value[s]', and therefore as 'mere thing-like [sachliche] expressions of the human labour expended to produce them' (Marx, 1990, p. 167, translation altered).

In fact, the emergence of such a mode of representation would have been impossible to the members of most (if no all) previous societal formations, which in general lacked the conceptual apparatus to conceive of the working activity in general terms. Let us note that the production of goods and services is always a particular activity: one can only produce this or that particular good or service, not a good or service in general. It is not by chance, therefore, that societal formations distinct from our own usually have no such notion as *labour*, that is, 'work … conceived as a

generality' (Vernant, 2006, p. 294). '[I]n the context of the … economy of the ancient world', for instance, 'work is still seen only in its concrete aspect.' (Vernant, 2006, p. 294)

> in ancient Greece the idea is not one great human function, work, encompassing all the trade, but rather a plurality of different functions, each constituting a particular type of action with its own particular products. (Vernant, 2006, p. 294)

In the ancient world, therefore, 'work is not considered … as the expression of a single kind of human effort' (Vernant, 2006, p. 294). It was only in the capitalist mode o production that such a notion emerged. In fact, Adam Smith was the first who managed to 'throw out every limiting specification of wealth-creating activity' and conceived the work activity as 'labour in general' (Marx, 1993, p. 104). Yet, this does not mean that the development of value as a form of objectivity is the product of new types of discursive or communicational practices: the 'abstraction of labour as such *is not merely [a] mental product*' (Marx, 1993, p. 104, emphasis added); rather, it is the expression of a real process of abstraction practically performed by the individuals whose material actions are conformed by the *economic relations* that prevail in the capitalist mode of production:[9] to use Marx's terms, value is 'a form of the of bourgeois *production'* (Marx, 1990, p. 166, emphasis added), and not merely a form of the bourgeois *mind*.

As argued by Marx, 'equality in the full sense [toto coelo] between different kinds of labour can only consist in an abstraction from their effective inequality, [i.e.] in the reduction [of such different labours] to the common character as expenditure of human labour-power' (Marx, 1990, p. 166). Such reduction, which underlies the 'division of the product of labour into useful thing and value-thing [Wertding]' (Marx, 1990, p. 166), can only take place '*in practice* when exchange has already acquired a sufficient extension and importance to allow useful things [Dinge] to be produced for the purpose of being exchanged, so that the character of value [Wertcharakter] of things [Sache] comes already to be taken into consideration during their production' (Marx, 1990, p. 166, emphasis added).[10] In exchange, after all, individuals equate different products as values; and, 'by equating their different products to each other in exchange as values, they equate their different kinds of labour as human labour' (Marx, 1990, p. 166).

Note that Marx is not arguing that the common character of human labour is somehow *created* by the capitalist economic relations, as if different labours did not

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[9] On the difference between real abstraction and mental abstraction, see Saad-Filho (2002, p. 9).

[10] 'From this moment on', Marx continues, 'the labour of the individual producer acquires *effectively* a twofold social character' (Marx, 1990, p. 166).

possess such commonality before the emergence of the latter. What he says is rather that, in the capitalist mode of production, 'the equality of the [different kinds of] human labour receives the thing-like [sachliche] form of the equal *objectivity of value* of the products of labour products of labour as values' (Marx, 1990, p. 164), that is, that the capitalist relations of production and exchange give rise to a form of objectivity in which the product of human labour is objectified *as* products of human labour in general. Hence, when labours are carried on privately, and thus independently of each other, their 'specific social character … consists in their equality as human labour, and assumes the form of the character of value of the products of value'; and, as values, such products are socially regarded as 'nothing more than the thing-like [sachliche] expressions of the human labour expended to produce them' (Marx, 1990, p. 167).[11]

Value is therefore a historically 'determined social manner of *expressing* the labour bestowed into a thing' (Marx, 1990, p. 176), and as such it cannot *create* the common character of different labours. Yet, because here it is precisely the 'commonality' of labour that 'constitutes its immediate social form' (Marx, 1990, p. 170), the emergence of value as a form of objectivity creates the historical conditions for the *decipherment* of the general character of every labouring activity[12] - thus leading Adam Smith to take a 'immense step forward', and to discover, through the analysis of the *content* of the value form, the general character, that is, the 'commonality of wealth-creating activity' (Marx, 1993, p. 104).

Paradoxically, however, the remarkable 'specificity of the value-*form*' (Marx, 1990, p. 174) was utterly overlooked by him. In fact, according to Marx (1990, p. 174), 'it is one of the chief failings of classical political economy that it has never succeeded in discovering the *form* of value': although it 'has indeed analysed value and its magnitude … and has uncovered the content concealed within these forms within these forms', political economy 'has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product' (Marx, 1990, p. 173). Thus, 'economists who are entirely agreed' that labour is the source of value, and 'that labour-time is the measure of the magnitude of value' (Marx, 1990, p. 174) never wonder why, under

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[11] Not by chance, when the producers bring their commodities into a relation with the autonomous form of value (that is, money), the former relate to the latter as nothing more than 'the incarnation of abstract human labour' (Marx, 1990, p. 169).

[12] '[T]he equality and equivalence of all kinds of labour because and in so far as they are human labour in general, could not be deciphered until the concept of human equality had already acquired the permanence of a fixed popular opinion. This however becomes possible only in a society where the commodity-form is the universal form of the product of labour, hence the dominant social relation is the relation between men as possessors of commodities.' (Marx, 1990, p. 152)

the capitalist conditions of production and circulation, 'the equality of the kinds of human labour receives the thing-like [sachliche] form of the equal *objectivity of value* of the products of labour', nor why 'the measure of the expenditure of human labour-power by its duration takes on the form of the magnitude of the value of the products of labour' (Marx, 1990, p. 164). By treating 'the form of value as something of indifference' and overlooking its specificity (Marx, 1990, p. 174), economists unavoidably led to consider the capitalist mode o production 'as the eternal natural form of social production', and to consider the forms that are only valid for this particular mode of production (the 'commodity-form, together with its further developments, the money form, the capital form, etc.' (Marx, 1990, p. 174)) as transhistorical entities. In other words: they are led to presuppose what they should develop.

Hence, a proper theory of the capitalist mode of production must be able not only to recognize the historical specificity of the value-form, but also to unveil the precise historical conditions that make the emergence of such a form possible: as argued by Marx, '[s]cience consists precisely in developing *how* the law of value asserts itself', which cannot be done if one 'presupposes *as given*' the forms which, together with the form of value, constitute the capitalist mode of production. Such forms, in turn, 'must be developed' *from* the form of value itself (Marx, 1975, p. 68, translation altered); which means that the goal of a proper science of the capitalist mode of production must be to develop conceptually the economic relations that on the one hand make possible, and on the other make necessary the existence of the form of value (Backhaus, 2006, p. 51), that is, to derive 'the forms through which the law of value can generally realize itself' (Reichelt, 1973, p. 178).

Such forms, it should be noted, must not be derived arbitrarily; rather, each newly introduced form is supposed to be 'systematically *required*' upon consideration of the previous one (Brown et al., 2002, p. 779), in the sense that the social structure defined by the previous form could not have an stable, self-reproducing existence without the introduction of the new one. To put it simply: the derivation of the capitalist social forms is motivated by the need to resolve the internal contradiction of the most abstract and general one (that is, the form of value), and its successive steps are determined by the need to resolve the contradiction contained within each new form introduced.

Risk as a capitalist form

Is risk one of the necessary forms of the capitalist mode of production? In this session, it will be argued that it does. In fact, as will be seen, risk is the category which resolves the internal contradiction of one of the last forms derived by Marx: the

form of interest bearing capital.

'On the basis of capitalist production,' says Marx (1992, p. 459), 'money - taken here as the independent expression of a sum of value, whether this actually exists in money or in commodities – can be transformed into capital, and through this transformation it is turned from a given, fixed value into a self-valorizing value capable of increasing itself. It produces profit, i.e. it enables the capitalist to extract and appropriate for himself a certain quantity of unpaid labour, surplus product and surplus-value.' Due to this capacity, any independent expression of a sum of value has, *as a value*, an *use-value*: it 'receives, besides the use-value which it possesses as money, an additional use-value, namely the ability to function as capital. Its use-value here consists precisely in the profit that it produces when transformed into capital. In this capacity of potential capital, as a means to the production of profit, it becomes a commodity, but a commodity of a special kind. Or what comes to the same thing, capital becomes a commodity.' (Marx, 1992, pp. 459–460)

This was not always the case. Aristotle's (1932, p. 51) considerations on interest, for instance, indicate that the notion of a self-valorizing value was anthitetical to the economic relations on which the material reproduction of the ancient Athenians rested. In the capitalist mode of production, however, the commodity whose consumption generates value tends to be always available at the labour market. As a consequence, in this historically specific socio-economic formation, money can always be converted into capital, and thus be used to extract and appropriate a certain quantity of surplus-value. For that reason, money can here be always transformed into a commodity whose use value consists in its ability to function as capital.

Certainly, one should not expect such a peculiar commodity to circulate the same way the others do. Ordinary commodities, as is well known, circulate by being bought and sold. Their exchange depends on the transfer of their use-value; in their circulation, therefore, their proprietors dispose of the use-values of their respective commodities, but not of their values. The same however could not hold for a commodity that circulates *as capital*. After all, the use-value of such commodity consists precisely in the fact that it is an independent expression of a sum of value, and thus 'can be transformed into capital, … [i.e.] it can function as capital so as to produce in its movement a definite surplus-value.' (Marx, 1992, pp. 472–473) For this reason, such commodity can only be put into circulation if its owner agrees to advance *the value of the commodity as such*.

Plainly, such a transaction would be absurd if it came to an end at this point. Hence, the owner of such *sui generis* commodity will only advance it under the condition that it flows back to her after a given time-period. Not only that: by the time of its reflux, 'the sum of value advanced must not only have maintained itself in the movement, but valorized itself, it must have increased its value.' (Marx, 1992, p. 472)

In sum, the owner of the commodity under consideration will only put it into circulation under the condition that, in the future, she will receive back not only the value advanced, but also a surplus-value.

Such demand is by no means absurd. After all, capital as a commodity *does* have 'the peculiar property that the consumption of its use-value not only maintains its value and use-value but in fact increases it' (Marx, 1992, p. 473), and it was its 'capacity to produce the average profit' (Marx, 1992, p. 473) that was alienated in the first place. In this sense, the commodity had never been sold; on the contrary, it had only been *lent*.

'The form of lending', according to Marx (1992, pp. 462–463), 'results from capital's characteristic here of emerging as a commodity, or, in other words, it results from the fact that money as capital becomes a commodity.' But what exactly does he mean by the expression "form of lending"?

Like any ordinary exchange, a loan expresses the coincidence of two independent and autonomous wills. In a loan, however, '[o]wnership is not surrendered, since no exchange takes place and no equivalent is received.' (Marx, 1992, pp. 368–369) In other words, nothing here is really exchanged: in the movement of capital as a commodity we encounter the *form* of exchange, but not its *content*. This means that the movement of such *sui generis* commodity (as opposed to the movement of ordinary commodities) corresponds to no metamorphosis of value: 'it does not express any act of metamorphosis, neither purchase nor sale.' (Marx, 1992, p. 468) In this sense, the nature of the relationship entertained by both parties of this transaction is not economic, but *juridical*.

Yet, the commodity in consideration was advanced as capital, and in order to realize itself as such it must somehow infiltrate the economic process and give birth to the surplus-value it promised to the borrower in the first place. Hence, in order to understand the nature of such commodity, we must go beyond the immediate relationship between lender and borrower. Indeed, we must leave the former for a second and follow the latter in her use of the commodity she has in hand. As was seen, such commodity seems to have the capacity to generate offspring, and this is precisely the property which attracted the borrower to it. At this point, however, such offspring exists only ideally. The borrower must therefore extract it from its real source: labour-power, the commodity whose existence is (whether consciously or unconsciously) presupposed by the whole transaction illustrated above. She must in other words move to the sphere of production, where surplus-value can effectively be extracted. Only then will she come back to the sphere of circulation, where such surplus-value can be converted to the monetary form in which the payments to the lender will be made.

At the end of the day, the circuit covered by the commodity of capital is the following:

$$M – M – C – M' – M'$$

One thing becomes clear at first sight: the surplus appropriated by the borrower was generated exclusively because the capital lent actually *functioned* as capital. But it could only function as capital in the hands of the borrower because it was advanced as capital. In this sense, the possibility itself of the realization of the sum of value as capital depends on a juridical transaction, whereas the effective convertion of the potential capital into actual capital depends on transactions of an economic nature. In this sense, although it consists in *one and only* capital-value, the sum of value in consideration is advanced as capital *twice*, and such double expenditure in turn is matched by its double reflux. As stated by Marx:

> M's first change of place is [not] a moment of … the reproduction of capital. This begins only the second time it is spent, in the hands of the functioning capitalist, who uses it to pursue trade or transforms it into productive capital. M's first change of place here expresses nothing more than its transfer or making over from A to B; a transfer which customarily takes place under certain legal forms and provisions …. This double expenditure of the money as capital, the first time as a simple transfer from A to B, is matched by its double reflux. As M' … it flows back from the movement cycle to the functioning capitalist B. B then transfers it again to A, but with a part of the profit as well, as realized capital … [The capital sum – BH] remains in B's hands only as long as it is functioning capital. And on its reflux - after the prescribed interval has elapsed - it ceases to function as capital. As capital that is no longer functioning, it must be transferred back again to A, who has not ceased to be its legal owner. (Marx, 1992, p. 462)

Yet, even though both expenditure and reflux took place twice along the complete movement of the capital-value in consideration, its movement *as commodity of capital* appears as 'simply the result of a legal transaction between the owner of the capital and a second person.' (Marx, 1992, pp. 470–471) 'All that we see' here, thus, 'is the giving-out and the repayment. *Everything that happens in between is obliterated*.' (Marx, 1990, p. 471, emphasis added) Hence, although the valorization of the moving capital took place exclusively between its alienation as a commodity and its reflux to the hands of the original owner, this is not how the whole thing presents itself to the two agents, whose relationship with each other is restrained to a *legal* transaction. *As* a commodity *sui generis*, capital appears to have realized a different, shortened movement, which can be described as M – M'.

The same capital-value appears 'in a double capacity [Bestimmung], as capital for loan in the hands of the lender, and as industrial or commercial capital in the hands of the functioning capitalist.' (Marx, 1992, p. 486) In consequence, it also appears to exist as two different and independent capitals, and as such it will be

represented by the agents trapped within the social relations which constitute the capitalist mode of production. After all, even when the capital-value is in the hands of the borrower, the lender, 'who has not ceased to be its legal owner' (Marx, 1992, p. 462), carries in her pocket a paper that can be discounted at the secondary markets at any time. Hence, the mere act of lending causes a given sum of value to be ideally duplicated. Having been lent, it will be represented by the agents as two different capitals, as if it existed not only in its actual circuit as industrial capital, but also in a property title whose price is submitted to laws completely different to the ones regulating the actual accumulation of capital (more on that below). In sum, for both parties involved in the transaction described above, it is as if the same capital existed in two different forms at the same time: under one of them, it is *capital as property*; under the other, it is *capital as function*.

Now if the representation of a capital is doubled, so must be the representation of its surplus. A sum of value, after all, is only capital when it produces some surplus; hence, the surplus-value produced by the capital under consideration will have to appear under two different rubrics: under one of them, as the surplus derived from capital as property, and under the other as the surplus derived from capital as functioning capital. Moreover, since 'it functions only once, and produces profit only once', 'in the production process itself, the character of capital as loan capital does not play any role' (Marx, 1992, p. 486). Thus, the fact of being lent as such does not affect the capacity of a capital to produce surplus, and this means that the two rubrics must contain nothing more than two different parts of the same surplus-value: the first, called *interest*, expresses the remuneration of capital as property; the second, called *profit of enterprise*, expresses the remuneration of capital as function.

In what follows, it is the first rubric that will occupy our attention.

As a form of remuneration of capital, interests tend to be measured in terms of rates. Having that in mind, it is crucial to establish a conceptual distinction between the interest rate as an immediate magnitude and the interest rate as a temporal average. Since interest is nothing more than a part of the total surplus-value produced by a given capital, the interest rate as an average is regulated by the average rate of profit, although it is by no means fully determined by it. More precisely, the average rate of profit imposes the arithmetic limits within which the average rate of interest can exist; yet, the latter is not a function of the former.[13]

Moreover, as noted by Marx, it makes no sense at all to speak of a natural (or equilibrium) interest rate (1992, p. 487), since:

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[13] 'In this sense one can say that interest is governed by profit, and more precisely by the general rate of profit. And this kind of regulation applies even to its average ... At all events, the average rate of profit should be considered as ultimately determining the maximum limit of the interest.' (Marx, 1992, pp. 481–2)

> How the two parties who have claims *on* this profit actually share it between them is as it stands a purely empirical fact, pertaining to the realm of the contingent [des Zufälligen] … With the division between surplus-value and wages, on which the determination of the profit rate essentially depends, two quite different elements are involved, labour-power and capital. It is the functions of two independent variables which set limits to one another, and the *quantitative division* of the value produced emerges from their *qualitative distinction* … With interest, there is nothing of the kind. Here, on the contrary, the *qualitative distinction* proceeds from the *purely quantitative division* of the same piece of surplus-value. (Marx, 1992, p. 486, translation altered)

As Marx makes clear, capital as loanable capital corresponds to no functional form of capital's metabolism. Precisely for that reason, although it is true that the interest rate is the price of the commodity *sui generis* under consideration, and although such price is evidently 'fixed at any given time by demand and supply' (Marx, 1992, p. 489), it makes no sense to speak of it as a magnitude which brings the supply of and the demand for loanable capital to an *equilibrium*. At least in principle, the average rate of interest can rest at any point between zero and the average rate of profit. And this means that, even though it can provide the conceptual limits of the average interest rate, theory itself cannot provide a law relating the rate of interest to the rate of profit, neither can it derive the one from the other.

But theory is even more powerless in the face of the interest rate as an *immediate magnitude*. After all, not only is such rate determined exclusively by the relationship between supply and demand of loanable capital, but it is also contractually determined *before* any surplus-value is produced. Thence, nothing prevents the rate of interest, which according to its concept is a part of the surplus-value, from being higher than the profit rate for certain periods of time and in certain places, in which case some sectors of the society would be obliged to transfer part of its stock of wealth to the pockets of the owners of the borrowed capital. In this sense, even though it is (conceptually) nothing more than a part of the surplus-value, interest as an immediate magnitude can be larger than the surplus itself.

But this is by no means its only peculiarity. Let us recall that, according to its concept, interest is a part of the total surplus-value. To the agents immersed in the capitalist reproduction, however, the interest rate appears as nothing more than the price of a commodity *sui generis* that possesses the use-value of producing some surplus. Now, in any functioning market, the price of equal commodities must be the same. And if that is so, then the interest rate must be the same for each and every capital at any given moment. In other words, interest is a part of the surplus-value that is both fixed and uniform for all individual capitals:

> As far as the permanently fluctuating market rate of interest is concerned, this is a fixed magnitude at any given moment, just like the market price of commodities, because on the money market all capital for loan confronts the

> functioning capital as an overall mass; i.e. the relationship between the supply of loan capital on the one hand, and the demand for it on the other, is what determines the market level of interest at any given time… The market rate of interest, though in constant flux, thus appears at any given moment as every bit as fixed and uniform as the momentary market price of any commodity. The money capitalists supply this commodity, and the functioning capitalists buy it; they constitute the demand for it. (Marx, 1992, p. 488)

There exists thus a general rate of interest as an empirical, immediate magnitude. Such rate varies over time, but it is the same for each and every capital at any given moment. And this fact has two consequences. First, it distinguishes the interest rate sharply from the rate of profit. After all, a general rate of profit does never exist as an immediate magnitude, but only as a tendency, that is:

> as a movement of equalization between particular rates of profit. The competition between capitalists – which is itself this movement of equalization – consists here in their withdrawing capital bit by bit from those spheres where profit is below the average for a long period, and similarly injecting it bit by bit into spheres where it is above this; or, alternatively, in their dividing additional capital between these spheres in varying proportions. There is a constant variation in the injection and withdrawal of capital vis-a-vis these various spheres, never a simultaneous effect on a mass scale as with the determination of the interest rate. (Marx, 1992, pp. 488–9)

And, second, given that a capital is as good as its capacity to generate income, then, the empirical, immediate existence of a general rate of interest ensures that each and every capital is, as a commodity whose use value is to produce value, absolutely identical to each other. After all, they all have exactly the same capacity to give birth to an equal rate of surplus.

Thus, as an immediate magnitude, the interest rate is 1) contractually defined at the moment the borrowed capital is transferred from the lender to the borrower, that is, before the value sum which is transferred as capital is actually *realized* as capital, and 2) quantitatively identical for every capital at any given moment. Hence, even though the reflux of the borrowed capital is 'determined in each case by the actual cyclical movement of capital as it reproduces itself and its specific varieties' (Marx, 1992, p. 465), for the capital that has become a commodity as capital, 'the reflux takes the *form* of repayment, because the advance, the alienation of the loan capital, has the form of a loan.' (Marx, 1992, p. 465, emphasis in the original) Consequently, in the capitalist mode of production, interest *necessarily* appears as an *autonomous* magnitude in the face of the surplus-value, that is, as something that belongs to capital as *property*, be it invested in surplus generating activities or not. In this sense, the original sum of value appears to yield interest not as functioning capital, but rather as capital in itself, i.e. under the form of capital-as-property. As Marx (1992, pp. 517–8)

has it:

> As soon as it is lent, or else applied in the reproduction process (in so far as it yields interest to the functioning capitalist as its owner, separate from profit of enterprise), interest accrues to it no matter whether it is asleep or awake, at home or abroad, by day and by night.

Thus, the sum of value transformed into a commodity as capital is lent as something that is in itself capable of generating surplus-value. For its owner, therefore, it is capital merely because it was lent as such, and in this sense a mere *juridical* act seems able to ensure the generation of a surplus. Hence, although interest is nothing more than an expression of the fact that every sum of value is, in the capitalist mode of production (in which workers are free to sell their labour-power), *potentially* capital, it appears as a form of surplus that each and every sum of value can produce by itself. Through an *unavoidable* fetishistic inversion, the independent expression of a sum of value shows itself *immediately* as capital, as if it did not have to relate itself with labour in order to *become* capital. In this sense, each capital seems to bear *in itself* an amount of interest: it is, in Marx's terminology, an *interest-bearing capital*. And, because interest itself appears as a *quantum* paid against the self-valorization that would apparently take place even if the capital had not been lent, it appears as if the capital's owner were paid it not because her capital was employed in the exploitation of labour-power, but merely because she owns it.

At this point, it is important to emphasize that the representation of interest as a form of income that capital produces in and by itself is by no means the outcome of an individual mistake accidentally committed by some agents trapped within the capitalist sociability. On the contrary, it corresponds to the objective reality of such form of sociability. After all, not only must the payment of interest take place regardless of the capital being employed in the production of surplus-value or not, but the quantum that must be paid as interest is in fact determined no at the production process, but rather by a contract whose terms reflected the contingent relation between supply and demand of loanable capital at the moment the capital was lent.

In order to highlight the singularity of interest-bearing, it is worth comparing it with the other forms assumed by capital in the capitalist mode of production. As money capital, it 'actually operates simply as money, i.e. as means of purchase for commodities (the elements of production)'; as commodity capital, in turn, 'it functions simply as a commodity.' (Marx, 1992, p. 463) In this sense, in both cases, the particular forms assumed by capital in its circulation still appear as what they actually are, i.e. not as capital in itself, but as mere *moments* of the whole process of capital's amplified reproduction.

> In no individual moment of the metamorphosis, taken by itself, does the

> capitalist sell the commodity to the buyer *as capital*, even though it represents capital for him, nor does the buyer alienate his money as capital to the seller … It is only in the context of the whole process, at the moment where the point of departure appears as simultaneously the point of return, in *M -M* ' or C-C", that capital emerges in the circulation process as capital (whereas it emerges in the production process as capital by the subordination of the worker to the capitalist and the production of surplus-value). (Marx, 1992, pp. 463–4)

As interest-bearing capital, on the other hand, a sum of value appears *immediately* 'as a mysterious and self-creating source of interest, of its own increase' (Marx, 1992, p. 516), independently from the production and the circulation processes. As stated by Marx (1992, p. 516):

> 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-valorizing 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 … Money as such is already potentially self-valorizing value, and it is as such that it is lent, this being the form of sale for this particular commodity. Thus it 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. And it is as this interest-bearing thing that the money-lender sells his money.

Advanced as a commodity capable of generating a definite amount of income in and by itself, the sum of value appears no more as a mere moment assumed by capital in its movement of expanded reproduction. Quite the contrary, it appears as 'capital in its finished form, the unity of the production and circulation processes, and hence capital yielding a definite surplus-value in a specific period of time' (Marx, 1992, p. 515): 'In *M-M'* we have the … the misrepresentation and objectification of the relations of production, in its highest power: the interest-bearing form, the simple form of capital, in which it is taken as *logically anterior to its own reproduction process*; *the ability of money or a commodity to valorize its own value independent of reproduction*.' (Marx, 1992, p. 516, emphasis added)

Thus, according to its *formal* determination, interest is a part of total surplus value that is objectified as a form of income that capital as such naturally generates. In other words, it is a form of income that capital *in general* appears to create independently of the actual process of material reproduction. Yet, it is a well-known empirical fact that the actual capacity of each *particular* capital to generate interest

varies according to an infinite set of factors – in such a way that some capitals, when badly employed, can disappear without generating any interest at all. To draw a biological analogy, although the capacity to give birth to interest characterizes the species of capital as such, the *actual* capacity of each specimen (that is, of each member of the population of capitals) to give birth to such a type of income depends on a variety of concrete determinations, in such a way that the actual rate of interest accrued by each particular capital only rarely coincides with the general rate of interest as set in the capital markets.[14]

The question then is: does this fact render inconsistent the concept of interest as presented by Marx, according to which the interest rate must be 'at any given moment as every bit as fixed and uniform as the momentary market price of any commodity' (Marx, 1992, p. 488)? Let us examine the matter a little closer. If a given capital *should*, by virtue of its own nature, produce in and by itself a given, objectively stated amount of interest, then the *actual* failure to produce such magnitude of interest appears to the agents caught up in the relations of capitalist reproduction as a *deviation from a norm*. It might be useful to point out that things are a little different when we consider the rate of profit; for, contrary to the general interest rate, the general rate of profit exists only as a tendency, and never as an immediate magnitude. The key feature of the form of interest, therefore, is not that it immediately equalizes the actually existing rates of return, but rather that it establishes a socially objective, thing-like *norm* against which all actually existing rates of return must be measured. And, since the actually existing rates of return are always empirically observable, the development of such a form also implies that, within a capitalist economy, the difference between norm and positive case acquires an objective form. In other words, the *deviation itself* takes on an objective existence – and so does the propensity of each particular rate of return to deviate from the general interest rate, which is now objectified as *risk*.[15]

Note that the determinations of the form of interest bearing capital are not negated by the introduction of the category of risk. Quite the contrary: since the socially established measures of risk are commonly used to calculate the multiplicity of expected rates of return, it can be said that the existence of different, particular rates of return presupposes the existence of the basic, general one: in the world of

[14] It might be said that the general rate of interest is to the actual, empirically observed one as money is to particular commodities. Marx himself, when developing the money form in the first edition of capital, describes the relation between ordinary commodities and the general equivalent in the following way: 'It is as if alongside and external to lions, tigers, rabbits, and all other actual animals, which form when grouped together the various kinds, species, subspecies, families etc. of the animal kingdom, there existed also in addition *the animal,* the individual incarnation of the entire animal kingdom. Such a particular which contains within itself all really present species of the same entity is a *universal* (like *animal, god,* etc.).' (Marx, 2016)

[15] These observations are heavily indebted to the work of Sotiropoulos et al. (2013).

interest-bearing capital, the divergence is *explained* out of the norm, and not the other way around. Hence, through the mediation of risk, each expected rate of return becomes objectified as nothing more than a particular mode of existence of the general rate of interest.[16] And if this is so, then the introduction of the form of risk posits the uniformity of the rate of return inherent to the form of interest in a more concrete level: in the actual capitalist economy, the expected rate of return is fix and uniform *after it is adjusted to risk.* It might be said, therefore, that the introduction of the form of risk is called upon by the internal contradiction of the form of interest: as 'a form … within which this contraction is both realized and resolved' (Marx, 1990, p. 198), risk renders the category of interest consistent in a way it had not previously been. And this means that, at least from viewpoint of the Critique of Political Economy, risk must be regarded as a necessary form of the capitalist mode of production.

Conclusion

In *Capital, Volume I*, Marx claims that, although the 'scientific discovery that the products of labour, in so far as they are values, are merely the thing-like [sachliche] expressions of the human labour expended to produce them, marks an epoch in the history of mankind's development', it 'by no means banishes [this] objective appearance of the social character of labour' (Marx, 1990, p. 167). In other words, the scientific demonstration that value is a social form which is valid solely for the capitalist mode of production does not prevent 'those caught up in the relations of commodity production' from considering value 'to be just as ultimately valid as the fact that the scientific dissection of the air into its component parts left the atmosphere itself unaltered in its physical configuration' (Marx, 1990, p. 167). This is so, however, not because such individuals lack intellectual capacity, but rather because this is a form that is 'socially valid, and therefore objective, for the relations of production belonging to this historically determined mode of production' (Marx, 1990, p. 167).

By presenting risk as capitalist social form, this paper advances the hypothesis that what Marx says about the value-form can also be said about risk. It should be noted, however, that the derivation of the risk form is not enough to provide a complete Marxian account of why situations that, according to the terminology presented by Knight and Keynes, should be described in terms of uncertainty come to

[16] We are here in the face of yet another fetishistic inversion inevitably created by the capitalist form of material reproduction. After all, interest is nothing more than a part of surplus-value; and the rate of surplus-value exists primarily as a *multiplicity* of rates, which can only be transformed into a general rate in an *ex post* basis.

be represented in terms of risk. Such an account depends also on an analysis of the *content* of the risk form – an analysis which remains to be developed.

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