
The instability of the naturel rate of interest as a consequence of the nature of capital and of the social relations

Léon Guillot*¹

¹Phare – Université Paris 1 - Panthéon-Sorbonne – France

Résumé

Two different traditions are opposed in the analysis of Wicksell theories. One argues that Wicksell does have a non-ideological approach of political economy insofar as he fulfills to distinguish his political commitment in Scandinavians countries and his theories. The other one argue that his theories are driven by his political commitment (Carlson and Jonung 2004, 37–38). I argue that by considering Wicksell political economy as a whole, it can be seen that his vision of justice drives his approach to theory. On the economic side, it cannot be denied that Wicksell is a marginalist. Yet, even if he says that the marginal principle governs each part of political economy, he is more cautious regarding capital and monetary theories. I argue that his description of the natural rate as constantly variable is embedded in value judgments. Indeed, this variability emerges as a consequence of social relations and of the nature of capital.

The rate of interest on capital – the natural rate – is depicted as the remuneration of the use of real capital in the process of production. Wicksell relevantly points the problem with the level of this rate and explains that "the natural rate is not fixed or unalterable in magnitude. [...] In general, we may say, it depends [...] on all the thousand and one things which determine the current economic position of a community; and with them it constantly fluctuates" (Wicksell 1898a, 106).

My paper aims at showing that the level of the interest rate on capital is dependent on the stability of the social relations. An enquiry into the nature of capital allows to understand the fundamental instability of economic processes of production as they depend on the natural rate of interest on capital. Its level can only be determined for the stationary equilibrium and only for the individual point of view. At best for the social level, some bounds can be given. This indeterminacy emerges as a consequence of the nature of capital considered as different length of time free to vary at will with classes' anticipations. Indeed, the entrepreneurs' decisions and anticipations of investment are funded on their will to maximize their income even though this may reduce the social product. Hence wrong anticipations are frequent and discrepancies between *ex ante* investment and *ex post* actual production arise that render the capitalistic process of production unstable.

Mots-Clés: Knut Wicksell, Capital Theory, Instability

*Intervenant