Rentiership, ‘improperty’ and moral economy.

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To be published in *Environment and Society A: Economy and Space*, 2020

Abstract

The rentier economy is not only dysfunctional but unjust. In this paper I use a moral economic approach to defend this proposition by going back to basic concepts. Drawing upon classical political economic theory and political theory, and the work of Hobson and Tawney and more recent theorists, I propose a set of complementary distinctions that deepen understanding of rentiership: earned and unearned income; wealth-creating and wealth-extracting investment; property and improperty. I then comment on the relations, similarities and differences between capitalists and rentiers. Next I review the changing relation between critiques of rentiership and notions of ‘free markets’ and ‘property-owning democracy’ in the history of capitalism, with particular emphasis on the relation of neoliberalism to rent-seeking. Finally, I briefly discuss the implications of rentiership for reducing inequality and averting global heating.

Introduction

The last 40 years have seen the return of the rentier to the extent that it is now reasonable to talk of ‘rentier capitalism’. Critiques of rentiership have existed from the classical political economy of Smith, Ricardo, Marx and Mill through to authors such as Henry George, R.H.Tawney, and Keynes. Particularly in the last 20 years with the rise of neoliberalism and financialization interest in rentiership has begun to revive (Birch, 2018, 2019; Christophers, 2018, 2019; Hudson, 2012, 2015; Mazzucato, 2018; Sayer, 2014; Standing, 2011, 2016). This article contributes to that small but growing literature by discussing how rentiership might best be conceptualised and particularly how it should be evaluated from a moral economic standpoint. It offers some key conceptual distinctions which highlight the economic injustice of rentiership and uses them to discuss some key shifts in debates about the politics of rentiership.

Rentiership is being acknowledged more frequently in contemporary political economy, but often only in passing and without analysing what it means and implies (e.g. Piketty, 2014). Insofar as it is discussed efficiency considerations have tended to dominate while considerations of justice have been left implicit (Fainstein, 2012). While the efficiency critique is certainly needed, I argue that we also need a moral economic analysis and critique that goes beyond noting these consequences of economic processes *to examine and assess the moral justifications of basic features of economic organization*, in particular, property relations and what institutions and individuals are allowed or required to do with respect to them (Sayer, 2007; 2014).[i] As such it approaches economic practices and institutions in terms of their constituent social relations (for example, capital-labour, landlord tenant, creditor-debtor, buyer-seller, care provider-care recipient, state-citizen, platform owner-platform user) and questions their fairness and the legitimacy of what those involved have to do or are able to do within them.

When new economic forms emerge, such as those of the gig economy, we tend to wonder about their legitimacy - whether they are fair or exploitative or in other ways oppressive. But once they have become established, these normative questions tend to be forgotten, and a shift takes place from the normative to the normalised or naturalized, indeed, legitimations of the arrangements may scarcely be sought. Thus, for example, in everyday life it is not questioned why workers should have no ownership rights over the goods they make, or why shareholders who have acquired their shares second hand should have rights to dividends from companies despite having contributed nothing to them (Ellerman, 1972). In Habermas's terms, this is a shift from questions of validity to questions of behaviour, and accordingly political economy switches to analysing the observable behaviour and its effects (Habermas, 1979). In popular thought this tendency towards normalization is reinforced by the common 'belief in a just world', according to which what we get is what we deserve or is at least rightfully ours (Andre and Velasquez, 1990).

Moral economy seeks to reverse this process by problematising economic institutions and relations. It has much in common with the work of early 'moral philosophers' or 'classical political economists', such as Adam Smith and John Stuart Mill, in whose work description, explanation and evaluation of economy and society co-existed seamlessly. The subsequent balkanization of studies of society into separate disciplines led to the unfortunate divorce of the normative assessment of economic matters (ghettoized in political theory) from their explanation (the province of 'economics' and even 'political economy') that characterises the academic division of labour today. This has had harmful effects on both sides: political theory has come to be dominated by 'ideal theories' - such as Rawls'- whose relation to actually existing economic practices and injustices such as those of rentiership is tenuous, while political economy, economic geography and sociology focus on description and explanation. While the latter may include critical comments about harmful features of economy and society, they tend to avoid engaging with normative arguments for such evaluations. This damaging positive-normative division is evident even in Marxism, thanks to Marx's own ambivalent attitude to ethics and a sometimes-antagonistic division between proponents of 'scientific' and 'ethical' or 'humanist' socialism, unwittingly echoing a positivistic fact-value distinction, with the former positioned as tough-minded and objective and the latter as soft and subjective, suitable for those who can't understand the science.

Ideological justifications of capitalism have always exploited the way in which the terms property and private property can be used to cover everything from socks to steel works, allowing significantly different situations, from the unimpeachable to the downright exploitative, to be treated as equivalent, and the latter to be hidden behind the former. Property is never just a thing; it always involves relations between people, and these can be fair or unfair, mutually beneficial, unequal or oppressive. The neoclassical treatment of economics as based on relations between people and things (goods and services) mediated by payments of money serves to occlude a great deal. As Marx observed, these social relations are obscured not just in mainstream economics but in capitalist reality itself. In these circumstances, there appears to be no difference between buying food, paying a month's rent, or buying shares or an investment product, for they all seem to involve simply the exchange of money for things that provide one with 'utility'. Equally, receiving a wage, rent, interest on savings, or dividends on shares all appear as equivalent exchanges. Yet they presuppose quite different social relations and material circumstances. We therefore need to consider rentiership in terms of social relations, use-values and material contexts, not just exchange value or markets.

I shall begin by defining economic rent and analysing it via some simple basic distinctions that allow its moral economic implications to be assessed. I shall then use these to discuss the similarities and differences between rentiers and capitalists, and the changing politics of rentiership. I end with some comments on the relevance of combatting rentiership to the biggest challenge facing humankind and its economic future: the prospect of runaway global heating.

Defining economic rent: basic distinctions

The editors of this special issue offer the following definition:

> "Economic rents can be defined as the 'value' extracted from the socio-natural world as the result of the ownership and control of a particular resource (or asset), primarily because of that resource's inherent or constructed degree of scarcity or quality."

Economic rent thus derives from exploiting the advantages of having some degree of monopoly over access to resources that others lack and need or want. Some definitions add that rent is the excess over and above what would hold if the price were determined by competition. Monopoly need not be an all or nothing matter: there can be degrees of monopoly (Kalecki, 1971). As long as some people do not own land, for example, there is scope for others who do to charge them rent, whether the landlords are few or many. And as central place theory showed, where consumers and producers are spatially dispersed, competition can result in local spatial monopolies; space itself has inherent monopoly properties. Economic rent thus involves various 'tollbooth charges' made by controllers of assets. It can be based on a variety of assets: land, finance (particularly interest as money's rent), natural resources, natural monopolies, intellectual property, radio spectrum rents, platforms, and contract rents (Christophers, 2018; 2019). While there are clear cut cases of rent extraction – most obviously in landownership – where the payment to the owner is actually called rent, many other cases of economic rent are not distinguished as such; for example, prices of goods supplied by monopolies, such as water companies, are inflated by economic rent, but of course the excess is not actually publicly identified as such. There is inevitably often some uncertainty or fuzziness as regards 'where to draw the line' because it may be difficult to estimate what prices would be in the absence of monopoly. Here, we must avoid the fallacy of continuum, according to which the absence of a clear dividing line must mean the absence of any difference, as if the existence of some unclear cases meant the absence of any clear cases. It is the most egregious forms that should concern us most.

To understand and assess rentiership we need some simple distinctions. The first is hidden in standard uses of the word 'investment'. Investment can be wealth-creating, that is enabling the creation of new goods and services and the replacement of those worn out. This usage focuses on what *results* from the funding in terms of *use-values*. But the term is also widely used to refer to the financial gains from any kind of lending, renting, ownership and trading of financial assets – regardless of whether they contribute to any wealth-creating investment (the first sense), or depend on wealth extraction from elsewhere in the economy. Here the focus is on *exchange-value* and the *investor*. Slippage between these two meanings, allowing the second extractive kind to be passed off as wealth creating and hence to take on its honorific connotations, is central to the naturalization and legitimation of rentiership. The elision is found not only in everyday uses but even in purportedly radical accounts of capitalism. The difference between the two activities is of enormous practical importance for both economic functioning and questions of economic justice. Henceforth I shall use 'scare' quotes for this second meaning of the term. To be sure, the two kinds may go together so that the funder of wealth-creating investment receives part or all of the gains that result, but it is also perfectly possible for successful investments in the first sense to fail to provide financial benefits to 'investors' in the second sense. The use of my taxes for investing in infrastructure on the other side of the country may benefit others rather than me. Conversely, it is equally possible for lucrative 'investments' in the second sense to have neutral or negative effects on productive capacity. This is the case for rentiership.

A second crucial distinction is that between earned and unearned income. *Earned income* is what employees and self-employed people get for producing goods and services, whether as commodities, or as in some parts of the public sector, free to the user. Although the size of their pay need not reflect what they deserve, however one might want to measure that, their pay is at least *conditional* on contributing to the provision of goods and services that others can use. Their income is earned in the sense that it's work-based, and the goods or services they help to produce and deliver have use-value, such as the nutritious quality of food, or the educational benefits of a maths lesson.[ii] So there are *two* criteria here: earned income is dependent not just on working, but on work that contributes directly or indirectly to producing use-values. This is important because it's possible to work without producing any wanted goods or services, and indeed in a way that merely extracts money from others without creating anything in return.

Investment income may also be earned insofar as it derives from enabling the creation of use-values, through funding new technology, infrastructure or training schemes, i.e. wealth-creating investment.

Unearned income is based on power, rather than contribution to provisioning. It is extracted by those who control an already existing asset, such as land or a building or equipment or intellectual property, that others lack but need or want, and who can therefore be charged for its use. Those who receive unearned income from existing assets whose costs of production and maintenance have already been met do so not because they are in any sense 'deserving' – they have not contributed anything that was necessary for the asset to exist. Theirs is power based on unequal ownership and control of key assets. It is a major form of economic injustice, for unearned income can only be at someone else's expense. There is indeed no such thing as a free lunch. If someone receives £10,000 in unearned income, say from taking advantage of house-price inflation, that sum of money can only have any value if there are goods and services produced by others that it can buy, and for which they were not paid. In other words, it requires producers to produce a surplus. It is parasitic. As John Stuart Mill famously argued with reference to the landlord's rent:

> "Landlords grow rich in their sleep without working, risking or economising." . . . "If some of us grow rich in our sleep, where do we think this wealth is coming from? It doesn't materialize out of thin air. It doesn't come without costing someone, another human being. It comes from the fruits of others' labours, which they don't receive." (1848) *Principles of Political Economy*, Bk.v, Ch. II

It is also possible for some workers' whose skills are scarce or whose position within the division of labour gives them disproportionate control over their organization's activities - for example, managers and medical consultants - to get their incomes topped up with economic rent, so they comprise a mixture of earned and unearned parts. The most obvious case is CEO pay: its extraordinary growth in the last 40 years does not reflect an equivalent increase in their productivity but rather the weakening of labour relative to capital and the rise of shareholder value as the dominant influence on corporate behaviour.

Although economic rent is unearned there are moral differences in some of the situations in which it arises. Imagine a star tennis player able to negotiate a multi-million £ income, who buys up some existing properties to rent out. She thus acquires two sources of rent, on top of earned income. Sports and other stars owe their incomes not only to their talents and popularity but to the existence of infrastructure such as stadia, television networks and online platforms that can collect economic rent from vast numbers of fans (Rosen, 1981). But whereas the rent from letting out property requires no input of work, no wealth creation, the rent from being a star who large numbers of people are willing to pay to watch depends not only on the infrastructure but on actually playing (working), and hence providing a service, a use-value. The economic rent in this case does not arise simply from holding an asset (expert labour-power), but in setting it to work. A further difference is that unlike those needing a roof over their heads, the tennis spectators do not in any meaningful sense have to pay up under duress. Given the diversity of sources of economic rent, it is not surprising that their moral economic implications are diverse too.

In such cases, we may be unsure of 'where to draw the line' between earned and unearned income. But again, we must beware of the fallacy of continuum, and avoid assuming that because some cases are unclear, there is no difference. Fuzzy distinctions, like night and day, can be strong, and it is the major, clearer cases of rentiership rather than the minor ones that most warrant our attention.

Individuals or organizations are rentiers to the extent that their income is unearned. *Rentier organizations* employ people to collect economic rent and seek new sources (Sayer, 2014; Standing, 2016). For example, as Birch argues, technoscientific rentier organizations are involved in assessing the actual and potential value of assets, such as intellectual property, and capturing the streams of revenue they are expected to yield in the future (Birch, 2019). In such cases, the salaries such organizations pay may appear to be earned but in fact are unearned: the employees are rentiers-at-one-remove. Many organizations in the financial and property sectors are predominantly involved in rentier activities, and significantly, they account for a large proportion of 'the working rich' in the upper reaches of the top 1% (Bell and van Reenen, 2014). The state itself can also act as a rentier, and as such has been the target of neoliberal theorists' concern with rent-seeking, as we discuss later. Overall, rent on property, interest, excess payments for monopolistically controlled goods, and capital gains (as well as profit from production) tend to shift wealth from the asset poor to the asset rich, concentrating it at the top. As I have argued elsewhere, unearned income - often euphemized as 'passive income' - is necessary for becoming rich: the return of the rich and super-rich over the last 40 years is also the return of the rentier (Sayer, 2014).

Yet, in contemporary everyday thought, unearned income is registered as little more than a technical category used in tax returns and does not elicit the pejorative connotations it once had. This is most likely because as Marx saw a capitalist economy actually appears to consist of relations between individuals and things that they can buy or which provide income, rather than in relations between people. Thus, unearned income's real basis in unjustly unequal social relations easily escapes notice.

We can further clarify rentiership by relating it to moral economic thinking on property. At its most basic, property involves a social relation of exclusion. As Jeremy Waldron argues, it is to the propertyless that we first owe any justification of property and its concomitant right to exclude (Waldron, 2009). Yet property is generally justified in terms of the rights of the owner, ignoring the position of those with little or no property, indeed the non-propertied outsider is seen as a threat to the propertied individual (see also Fox O'Mahony, 2014). Similarly, justifications of interest-bearing credit are generally made from the side of the lender, not the borrower.[iii] The justifications also usually abstract from the contexts of actually existing unequal societies, and from any unintended consequences; by default,relations which are typically unequal such as that between creditor and debtor are treated as involving an agreement freely arrived at by equals. This allows unearned income to appear fair.

But to understand why it shouldn't, and why rentiership is problematic, we need a further distinction. The rentier's assets function as what J.A. Hobson, writing in the early 20th century, called 'improperty', since they are held not for use by the owner but for extracting payments from those who lack but need or want to use them (Hobson, 1937). By contrast, property (henceforth property^{H}) should refer to possessions that are used by the individual or group owning them, such as a person's home, clothes and domestic appliances, a self-employed worker's tools, or a cooperative's equipment. A similar distinction was made by R.H. Tawney who used the term 'property without function', for improperty, and by L.T.Hobhouse who contrasted 'property for use' with 'property for power' (Tawney, 1920; Hobhouse, 1913; see also Veblen, 1923). As Tawney said: "precisely in proportion as it is important to preserve the property which a man has in the results of his own labour, it is important to abolish that which he has in the results of someone else" (1920; p 68). Whereas property^{H} could in principle be distributed equally among individuals or cooperative enterprises, improperty could not: it depends on the existence of the property^{H}-less. It is improperty that is central to rentiership.

One of the strengths of this account of the source of unearned income is that it doesn't need a labour theory of value to defend it[iv]: all that needs to be accepted is that *mere ownership creates nothing*, yet where improperty is concerned it can yield unearned income at the expense of others who have to produce a surplus for which they are not paid.[v] It might be objected that the distinction between earned and unearned income is one of desert, and that there is no agreement on how desert should be measured (hours worked?; effort?; quality of work?; productivity?; usefulness of the product to the user?). But we don't need to take a stand on how desert should be measured in the case of earned income in order to argue that unearned income derived from improperty is undeserved. Quite simply, it's something for nothing, based on power derived from control of scarce assets, and unrelated to effort, merit or need. Further, given that unearned income is by definition not reciprocated by their recipients, it must be the case that in general, those who depend on earned income must produce more than they themselves can consume with that income.

Capitalists and rentiers

The relation between capitalism and rentiership raises several questions. How is the classic figure of the industrial capitalist different from that of the rentier? Are their interests opposed or compatible? How has their relationship changed?

There are both similarities and differences here. Both depend on forms of improperty and provide their owners with unearned income, but their relationship to that surplus produced by workers is different. The capital-labour relation involves a special kind of property relation in which owners of improperty in the form of means of production – capitalists in the classic sense - employ wage-labourers to produce goods and services for sale on condition that they produce enough to cover not only their wages and other costs of production but to provide the owner with profit. Capital on this classic model thus differs from those kinds of improperty that passively siphon off surplus generated elsewhere. Further, capitalists own not only the means of production but the revenue that their businesses bring in and they can dictate how it is used; they do not merely hire out the use of their means of production to workers. Workers who produce the commodities that bring in this revenue have no such entitlement, because what their work yields is by law not their property. This is a particularly extraordinary form of exclusion.[vi] Some owners may be working capitalists, planning and supervising operations, but their income will reflect not just their work but their legal entitlement to distribute the proceeds of the entire workforce's efforts. Profit from mere ownership of productive resources is unearned,[vii] but unlike rentiership it has a 'saving grace' in that it at least depends on promoting the production of commodities and has been instrumental in developing the forces of production and raising standards of living in the last 250 years - not that this consequentialist justification cancels out the ills of exploitation and oppression that it depends on. The rentier by contrast gets a share of this surplus not by promoting its production but by controlling other kinds of improperty that others – including capitalists and workers – lack but need or want, depressing capitalists' profit in the process. Further, rent paid by workers as tenants, or as interest on house loans both puts upward pressure on wages and makes workers more dependent on employers. Hence there are structural contradictions between rentiers and both capitalists and workers.

While from an analytical point of view it is vital to distinguish this classic form of industrial capitalist enterprise from rentiership (particularly landowners and financial businesses), many enterprises are hybrids of these or at least have stakes in both. Further, capitalist businesses cannot function without financial institutions, so there is both interdependence and tension in their relation. In the last 40 years many non-financial capitalist enterprises have become significantly involved in rent-seeking, particularly via financialization. There are other cases of hybrids too: the design, production, maintenance and updating of platforms is clearly productive, but once platforms acquire a significant degree of monopoly they become sources of rent. At the level of individual hybrid enterprises the contradiction between capitalist production and rentiership appears to be removed since they become compatible for maximizing profits. Politically, this means that overt conflict between capitalists and rentiers is now less likely because the two positions are far more entangled and intermixed, and indeed their political affiliations tend to be similar. But at a system level, the structural contradiction between profit and rent remains, with the latter as a deadweight cost on the economy as a whole, though its magnitude and who pays it and receives it continually shift in the history of capitalism (Hudson, 2015). Financialization and the creation of interest-bearing credit money, central to contemporary rentiership, are predicated on future economic growth. Unless debts can be paid off through expanded production, they are unsustainable, as proved to be the case in the crash of 2007/8. Further, financialization has produced a decline in the proportion of lending for productive investment relative to lending against existing assets, particularly housing and commercial property, with the former now amounting to only 15% of bank lending in the UK (Turner, 2017), and 20% in the US (Hudson, 2012). The great contradiction of the financial sector's rush to create debt is that it is predicated on continued real economic growth while its preference for rent seeking diverts resources away from the productive investment necessary to achieve that growth. Rentier capitalism could therefore be seen as a degenerate form of capitalism – a 'corruption' as Guy Standing calls it (Standing, 2016).

The growth of asset wealth and assetization as sources of income for companies and the better off over recent decades seems a long way from the world of production so brilliantly analysed by Marx, but as he demonstrated, ultimately the viability of capitalism, including the profits of what he called 'the class of parasites', depends on the continued production of commodities. [viii] Rentiership could in principle be radically reduced without preventing capital accumulation. This can be acknowledged without implying that what is needed is to re-establish the dominance of productive capital; not only the old arguments for socialism, but new green arguments for saving the planet, count against this. To understand the particular concrete form of contemporary capitalist economies, the expansion of rentiership must be acknowledged as a fact that affects us all.

The changing politics of rentiership: free-markets, property-owning democracy, and neoliberal critiques of rent-seeking.

The politics of rentiership have shifted in interesting ways historically, in interaction with debates about the redistribution of property. As Elizabeth Anderson reminds us, from the mid 17th century to the early 19th century, the ideal of a 'free market' society was based on the assumption that it would be a society of petty producers, self-employed or tiny enterprises (Adam Smith's pin factory had just 10 workers), whose rough equality would enable producers to be independent liberal individuals free from domination by others

(Anderson, 2017; see also O'Neill and Williamson, 2014; Hudson, 2012). In effect it opposed improperty, monopoly and rent in favour of a more equitable distribution of property[H] so that everyone had the wherewithal to produce. Of course, even if this kind of free market of micro-producers had emerged, it would have required strong regulation to stop it giving way to concentration into fewer, larger enterprises based on capital-labour relations. Significantly, once this had happened and capitalism became dominant the rhetoric of 'free markets' came to be associated with the Right and took on quite different meanings. But the ideal of equalising property ownership did not go away. As we noted, in the early 20th century, New Liberal and ethical socialist authors discussed this, in effect distinguishing property from improperty, and called for a wider dispersion of property and power, as opposed to the concentration of property in either state socialist or capitalist forms.[ix] As Ben Jackson shows, the term 'property-owning democracy' has a complex history. In the UK it was first used in the 1923 but only came to public notice when it was used as a slogan in 1946 by the Conservative Party. While there was always an ambiguity as regards what was covered by 'property', both Labour and Conservative revisionists called for its dispersal, so workers could own their houses and own shares (Jackson, 2014).

At first the expansion of homeownership was promoted primarily as a source of economic and ontological security, that is as property [H]. However, later, under Thatcher, the neoliberal Right in the UK used the slogan of 'A Nation of Homeowners', but in effect their policies enlarged the scope of improperty rather than property[H], encouraging the public to see home ownership as an 'investment'. Allowing tenants in public housing to buy their own homes while liberalising housing finance was certainly popular. It provided banks with new sources of interest, boosting financial rentiership. The resulting asset-inflation in property was central to the financial crash of 2008. True, it also allowed some homeowners to become small-time rentiers insofar as they could realize their capital gains. In the UK, homeownership peaked in 2002, but thereafter house price inflation and then post-crash wage stagnation left younger people unable to follow the baby-boomer homeowners, leading to the rise of 'generation rent'. At the same time, inadequate pensions and the costs of social care pressurized many older homeowners to decumulate through equity release, again to the advantage of the financial sector.

All this took place against a background in which individuals were encouraged to become 'financially-literate', 'investor subjects', 'self-responsible' citizens (Langley, 2007; Finlayson, 2009), by treating their house as source of income and taking advantage of financial products. They were encouraged to see windfall gains not as pure unearned income secured at the expense of others, but as an entitlement, a reward for prudence and deferred gratification and for becoming middle-class. In this perspective, the economy is a game of risk which can be won by the 'smart'. Meanwhile, the rhetoric of 'free markets' was used to legitimise the privatisation of monopolies from which taxpayers' money could be harvested. In other words, it has gone from being an anti-rentier slogan to a covertly pro-rentier one.

Private pensions have been central to the expansion of rentiership. Workplace and private pensions are mostly 'invested' in various forms of improperty – on average over two-thirds of them in the stock market, and the rest in commercial land and buildings, cash and bank accounts, UK government bonds and other bonds (Murphy et al, 2003; Langley, 2007). The growth of pension funds and life assurance has fuelled a major inflation in share values, primarily benefitting those well-paid enough to have substantial pensions (Engelen et al, 2011). In the 1990s the flow of these funds onto the stock market equalled that of productive investment by all industrial and commercial companies in the UK (Froud et al, 2001). More recently with the introduction of automatic enrolment of workers onto workplace pension schemes, the proportion of UK workers with such pensions has risen from 59% in 2014 to 73% in 2017. Payments into workplace pensions are tax-deductible and pension funds that 'invest' them largely accumulate returns tax free. Up to a quarter of individuals' pension rights can be drawn out as a tax-free lump sum on retirement, and the rest is taxed at a lower rate than their former salaries were, with the better-off pensioners being taxed the least.

Pensioners are therefore unwitting small-time rentiers; they serve as a human shield for those in charge of their money - rentier financial institutions which take a share of the unearned income for themselves. Any threat to the latter is a threat to the former: as long as pensions are dependent on improperty, governments are obliged to support this arrangement. From a moral economic point of view, it could be argued that pensions should be funded by a combination of simple deferred earned income, supplemented by gains made by investing those savings productively in the private or public sector (for example, in a green investment bank), and by intergenerational transfers from the working population to the retired (see Murphy et al, 2003).

Rentiership was also promoted by 'asset-based welfare' policies. Rather than supporting welfare through redistribution of income, these aimed to enable individuals to support themselves through ownership of assets (Watson, 2009; Fox O'Mahony and Overton, 2014; Ronald, Lennartz, and Kadi, 2017). However, the assets were mostly various forms of improperty. The problem was not merely that it favoured the well-off, but that it did so at the expense of others, particularly the asset poor, and it gave the former a stake in continued rentiership. Buy-to-let housing, sometimes promoted as a source of asset-based welfare, is a classic example: it clearly favours the better-off and is not generalisable to the whole population for the obvious reason that it requires tenants who cannot afford to buy their own homes. From 2003–2013, the wealth of landlords in the UK – an estimated 2 per cent of the population, increased by £434 bn (Financial Times, 17.01.14) – a striking consequence of the rise of rentier capitalism. Asset-based welfare did not support the dispersal of property[H] and was neither supportive of economic efficiency nor socially just. It is an Orwellian oxymoron.

Small-time landlords, renting out just one property in order to fund their retirement may defend their actions by saying that their earned incomes and pensions are insufficient to allow them a decent standard of living. This may be true, and their actions are understandable, but these are *ad hoc*, individualised strategies that do not tackle the broader structural problems of the economy that are responsible for their situation: low pay and inadequate state pensions. Such cases should not be used as a way of legitimating more significant forms of rentiership.

While neoliberalism has in effect promoted rentiership, neoliberal theorists *attacked* alleged rent-seeking, albeit by governments and public bodies. But the contradiction is only apparent. First, they used neoclassical approaches to rent which lack any distinction between earned and unearned income so it appears that mere ownership of assets is productive (Hudson, 2012; McGoey, 2017). Second, in order to understand the relationship between neoliberalism and rentiership it is vital to distinguish between the economic theory of neoliberalism and the political policies it influences. Political opportunism and the necessity of getting approval via the ballot box mean that the take-up of ideas from neoliberal theory is selective, disguised and open to modification. As Mirowski argues, there is thus a crucial difference between the esoteric theoretical discourse for internal consumption and the exoteric discourse for public consumption (Mirowski, 2013; see also Maclean, 2017, and Birch, 2018). Hence, the neoliberal theorists' esoteric view of democracy as a threat to property and to the optimal functioning of markets has to be largely concealed in the exoteric discourse. Particularly in the innocent-sounding 'public choice theory' developed by James Buchanan and associates with the aid of covert funding from the Koch brothers and other corporate billionaires, government and other public agencies were represented as rent-seeking monopolies, seeking to enlarge their revenues and power at the expense of the public (Maclean, 2017). For Buchanan, rent-seeking meant "any collective effort by citizens or public servants to prompt government action that involved collecting tax revenues." (Maclean, 2017, p. 98). Thus, anyone dependent on the state and hence indirectly dependent on tax revenues was a parasite, preying on property owners who had to pay taxes. It mattered not whether such democratic movements were for environmental protection or state-funded education or health services: for Buchanan they could only be motivated by selfish desire to free-ride on others. Transfers – in the sense of money transferred via democratically-approved taxation from those able to work to those too young, old or infirm to work and to pay for what they need – were, for Buchanan and other members of the US libertarian Right, parasitic, while major owners of improperty were an exploited minority. The elephant in the room of private monopolies was ignored by appealing to theoretical arguments that if only the government would deregulate markets then monopoly rents would be wiped out through competition. In reality, of course, political neoliberalism has encouraged corporate lobbying and regulatory capture and fostered the rise of some extraordinarily large private monopolies, many of them in public utilities from which public money can be harvested directly. As Kean Birch argues, contrary to the rhetoric of entrepreneurship and markets, actually-existing neoliberalism is underpinned by rentiership (Birch, 2018, p.131). Yet in its esoteric theory, it attempts to turn the classical critique of rentiership on its head and sets up voters as parasites or 'takers' and improperty holders as 'makers'.

Thus, the public choice treatment of rent-seeking involves a double sleight of hand. First, in substituting an idealised model of competitive markets for actually-existing markets in which monopoly and rent-seeking are rife, it allows rent-seeking to be seen as restricted to the state. Second, it ignores the moral economic difference between unearned income, based on power via control of assets that others lack, and transfers, based on recognition of need and dependency as an unavoidable feature of human social being: we are all, for significant parts of our lives, unable to contribute to economic provisioning, and hence dependent on others for our upbringing and care.

Even in the neoliberal period there have been radical responses to rentiership that owe more to classical critiques of rent and calls for the restoration of the commons. Community land trusts and support for land value taxation are a long-standing case, now supplemented by calls for open-source software, open access publishing and the social ownership of platforms (Alperovitz and Daly, 2008; Christophers, 2018; Fainstein, 2012; Gibson-Graham et al, 2013; Ingram and Hong, 2012; Standing, 2016). Both in the wider political discourse and in practice, these alternative perspectives have struggled to achieve more than marginal impact.

In conclusion: curtailing rentiership and saving the planet.

Curtailing rentiership would block a major form of wealth extraction and stop the transfer of wealth from the asset poor to the asset rich and allow an equalisation of the distribution of property^{H}. Former rentiers would have to work productively to get their income. With these extra workers and the redirection of savings and credit from wealth-extracting assets to productive activities, output could go up. But since the planet is finite and the biosphere in crisis, I would argue that at least in rich countries aggregate consumption should not increase; in this case eliminating rent extraction would mean that, other things equal, the average amount of work each worker needed to do could fall.

Given that the most pressing issue for the survival of the species is stopping global heating and ensuring the survival of the planet's ecosystems, on which we depend completely, one might ask if attacking rentiership is a distraction? Capitalism's growth imperative and the impossibility of fully decoupling CO2 growth from economic growth puts the planet in jeopardy. But in several ways, rentiership makes the situation worse:

- Financialization, central to contemporary rentiership, is predicated on future economic growth, as already noted. While the 2007-8 crisis was a symptom of financially unsustainable assumptions of such growth, continued economic growth in rich, high per capita CO2 countries is in any case ecologically unsustainable. Nor is it necessary for improving well-being in such countries. Of course, while unsustainable sectors like fossil fuels will have to be rapidly contracted the development of sustainable energy and energy-efficient buildings and production-processes will itself require investment. This is best funded by banks dedicated to such wealth-creating investment. However, a major challenge in moving the finance sector away from parasitism is to do so in a way that doesn't undermine pensions and put home-owners into serious negative equity. This will require compensating innovations such as enlarged state pensions and a Green New Deal which invests savings productively.
- Fossil fuel capital is dependent on rent. Shares in fossil fuel companies are a mainstay of pension funds and other financial institutions. By virtue of their size and the dependence of the public on their products, their ability to influence governments is considerable. Divestment from fossil fuel firms is necessary though insufficient for challenging their power.
- Neoliberalism's assault on government and democracy reduces the capacity of governments to stop fossil fuel extraction and to mobilise resources to develop renewable energy at a speed sufficient to stop runaway global heating. For these reasons too, a green politics has to be both anti-capitalist and anti-rentier.
- Private land ownership creates private spatial monopolies and fragments control over ecosystems. This is true of property^{H} owners as much improperty owners. Our extraordinarily geographically-extended division of labour means that the

environmental impacts of producers and consumers are often hidden by distance. While there is a strong case for equalisation of property[H] ownership and new forms of commons there is also one for restricting ecologically-damaging activities of owners.

- If a radical Green New Deal is to find public support, then it must be demonstrably egalitarian, providing working class people with economic security, decent housing, and good public services. Given that the richest 10% of the world's population generate half of global C02 consumption emissions, and within that 10%, per capita emissions correlate positively with income, not only the rich but the comfortably off need to reduce their consumption levels. An anti-rentier policy of taxing away their unearned income would contribute to this. Bizarrely, at present in the UK unearned income is actually taxed *less* than earned income. Reversing this situation might allow income taxes to be reduced, again helping to make a Green New Deal more popular.

For all these reasons, it is vital that we expose and critique rentiership and work out how to curtail it.

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[i] I acknowledge that the term 'moral economy' is used in several other ways too; no author has a monopoly on the term.
[ii] It might be objected that some goods and services do not deserve to be called use-values (e.g. astrological predictions, bombs) though those who demand them obviously consider that they do have such value. Whether some goods or services should not, from a normative perspective, be considered use-values is a separate issue that has no bearing on the earned-unearned distinction as I define it here.
[iii] Interest is not strictly necessary for lending money. When someone borrows money from a friend they don't expect to pay interest on the sum, in fact if the friend demanded interest, they would likely see it as an affront. The most important argument against usury is that it allows the strong to take advantage of the weak.
[iv] See especially Cohen's (1988) and Harvey and Geras' critique of the labour theory of value (Harvey and Geras, 2019).
[v] Nevertheless, it should be remembered that producers owe their productivity overwhelmingly to the inheritance of accumulated intelligence, know-how and investments of successive generations (Alperovitz and Daly, 2008; Sayer, 2014).
[vi] However, this does not mean that workers should think of themselves as entitled to the full value of that output, for there is always a significant proportion of the population who are too young, old, disabled or infirm to contribute to production and who therefore must be supported by transfers from those who can work. Transfers are justified by criteria of need. Within households they are made with the consent of the donor; at the level of the state they require democratic approval. Unearned income by contrast is a function of neither need nor desert nor gift, but simply power.
[vii] Here I differ from Mazzucato (2018, p.xviii). Again, mere ownership produces nothing.
[viii] Hence Marx warned against allowing the critique of rentiership to obscure the critique of capital in *Theories of Surplus Value*, p.892.
[ix] Recent calls for guild or market socialism based on cooperatives and community-based enterprises are similar.