ON THE LIMITS OF RENTIER CAPITALISM

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Following the global financial shock in 2009, the associated economic recession, a further decade of austerity, and then the pandemic, global capitalism has limped into a period of stagnation and an inflationary burst. The OECD (2023) has revised down its forecasts for economic growth across the major national economies, including China. And yet, capitalism continues to generate ever-increasing incomes and wealth for the managers and owners of capitalist businesses, clustered in the top ten, five and one percent of the populations of those same countries. Concurrently, most people see their real incomes and living standards falling. The increasing income polarisation and inequalities of wealth and opportunity are being expressed in popular discourse as ‘a cost-of-living crisis’.

Political economic commentators point to the underlying structural and institutional changes in the nature and dysfunctionality of contemporary capitalism in its current global manifestation. Among other features, attention has been focused on ‘the financialisation of capitalism’ (Albers 2016) and on the parasitic super-rich (Sayer 2015; Mazzucato 2018). Brett Christophers broadened this scope somewhat in his book *Rentier Capitalism* (2020), arguing that something important has happened to require a radical change in analysis and progressive public policy. In this article, I attempt to unpick this claim, focusing on the arguments in Christophers’ book. In doing so, I treat housing provision as a particularly useful case to illustrate the limits of the concept of *rentier capitalism*, both to understand the significance of the developments described and the implications for public policy.

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What is rentier capitalism?

Christophers claims to have identified a new ('highest'?) stage of capitalism, or at least a new variant. It is one with deep historic roots in Britain, the case he concentrates on as the 'purest' exemplar of a trend also discernible in other western capitalist societies. To briefly summarise his thesis, Christophers identifies seven channels by which the wealthiest 1% of people in Britain accumulate and preserve their wealth.

First, wealth is appropriated through acquiring financial assets. Increasingly, the wealthiest people gain most of their annual incomes from interest and dividends, lightly taxed capital gains, and through the bonus-fed remuneration packages of the senior executives of large corporations who figure prominently in the top 1%, enabling them to rapidly accumulate wealth through tax reduction practices. This observation has long fuelled debates over the 'financialization of capitalism', particularly since the onset of the Global Financial Crisis (GFC).

Second, wealth flows to the wealthy from control over the exploitation of natural resources through licencing agreements with governments or other owners of rights that generate 'rents' through product sales.

Third, wealth is hoovered up by those who own intellectual property (IP), the rights to which are embedded in law and hence depend for their efficacy on the general rule of law and the sanctions of the state lying behind the legal system. 'Rents' to IP accrue in the form of product sales and licencing agreements, with Big Pharma being the leading horse in this field.

Fourth, 'rents' arise from the invention and deployment of proprietary digital platforms through commissions and licencing agreements.

Fifth, letting of service contracts through supposedly competitive bidding processes, especially by government outsourcing, generates service fees.

Sixth, infrastructure provision by private consortia taking over ownership and operation of assets privatised by government agencies has radically transformed contemporary capitalism in many countries during the neoliberal era, and supercharged the ability of capitalists to extract profits, especially where these strategic assets come with intrinsic monopoly power attached.

Finally, land ownership has become concentrated, by the privatisation of publicly owned land, generating rivers of land rent to its owners.

‘Rentier capitalism’: an incomplete lens

Christophers has documented important observable developments with significant social, political and economic consequences. However, as I argue in this article, he puts too much focus on the first word in the term ‘rentier capitalism’ and not enough on the second. My critique has two aspects. First, his analysis adopts an empiricist cast that is dominated by describing developments on the ground but ignores the underlying causal mechanisms that drive those observable outcomes. The second substantive limitation is his failure to explain *why* the trends he observes are manifesting as they do (and not some other way) and what are the limits to ‘rentierisation’. What are the silences? What is *not* happening and why?

Christophers adopts a positivist-empiricist methodology, rather than a realist approach that would seek to explain why and how events are unfolding in real time and space. As I have argued at length elsewhere:

> Realist, as opposed to positivist/empiricist, approaches to explaining observed regularities in social life, are not satisfied with a ‘deductive-nomological’ theory that deduces those regularities from general laws. Positivism is a ‘thin’ philosophy of scientific explanation that refuses to deal with unobservable entities (like utility and value) or treats them as useful fictions to aid prediction (Berry 2023:4).

More specifically, a realist analysis attempts to identify the underlying ‘causal mechanisms’ in the realm of the 'real' that result in tendencies and countertendencies driving actual outcomes that may or may not be empirically observed, since available metrics are inappropriate or multiple contingent factors intrude (Bhaskar 1975; Outhwaite 1993; Reiss 2013).

Bhaskar identifies three domains of reality: the real, the actual and the empirical. Events in the empirical domain are or can be observed, either directly or indirectly by, for example, using calibrated instruments like microscopes and social surveys. This domain is separate, ontologically and epistemologically, from actual events that occur regardless of whether they are observed because they ‘may just happen to be unobserved because there is no one around to observe them, or they may be too small/large/fast/slow to be perceived’ (Outhwaite 1993:322). Thus, the tree *does* fall in the forest. Finally, as noted, structural tendencies and causally generative mechanisms in the domain of the real exist regardless of whether the actual events they tend to cause occur or are observed, since these tendential processes may or may not cancel each other out (Berry 2023:4-5).

For Christophers, 'rent' is a descriptive category for any income return to an asset owner or, more accurately, a return to the owner of an asset that can be monetised, like a parcel of centrally located land, a government bond or a patent. He offers no analysis of how the rent is determined, its size and its limits, other than to point to the institutionally embedded existence of monopoly power in the economy and unequal political power in the polity. But what generates the pool of profits from which those with monopoly power extract excess gains? And what are the limits to this economy-wide pool? What, in short, are the deep-lying real causal mechanisms and tendencies at work?

His is an 'end-of-pipe' analysis, focused on the realm of the empirical. The basic division is between asset owners and non-owners, without an explanation of how asset ownership results in ever-accruing expansions of wealth concentrated in a declining proportion of the population. Interest is only paid because profits are made somewhere in the capitalist economy. Patents only return licence fees to their owners because they are profitably applied by capitalists somewhere in the capitalist economy. Land returns an occupancy fee only because capital and revenues flow through the built environment causing production somewhere (some place) in the capitalist economy, thereby generating a profit. A further example: the 'rent' flowing to providers of services outsourced by government also depends on the prior creation of value and the taxes paid by capitalists, workers and others.

In short, what Christophers calls 'rents' are only the myriad ways in which profit is distributed throughout the economy and society. The extraction of profits across the economy is a necessary prerequisite, causally, for 'rents' to be appropriated in the form of interest, dividends, license and service fees, including for access to land.[1] In the current phase of advanced capitalism, the key causal mechanism can be characterised as the operation of the law of 'real competition' (Shaikh 2016) tending to equalise profit rates throughout the economy, overdetermined by the uneven growth of monopoly power that concentrates a growing proportion of total profits in the economy in the coffers of large corporations. The latter continually buttress their dominant position by deploying the techniques of market and political power that have long been identified by critics of the system, and which are also noted by Christophers.

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[1] Monopoly 'rents' are extracted from control over scarce resources but, in a developed capitalist economy, are indirectly appropriated from the total mass of realised profits.

From this vantage point, the key to understanding what is happening turns on what determines the total pool of profits in the economy. For Marxists the answer is provided by Marx's analysis in *Capital* of the workings out of the law of value and the circulation of capital throughout the economy, with all the tendencies and counter tendencies entailed.[2] The ubiquitous production and realisation of commodity values entailing the extraction and appropriation of surplus value is then distributed to individual capitalists in the form of money profits that underscore the distribution of 'rents' in their various forms.

In support of his claim that the key class division is between asset owners and non-owners, Christophers presents the following teaser:

> No asset – No rent – No rentier
>
> I contend that this should be, more fully:
>
> No labour – No value – No profit – No asset – No rent – No rentier

Profit arises from the production and sale of something someone wants to buy. Production occurs when human labour (usually collectively) changes material reality, with or without the use of tools and machines. 'The labour process in its general form breaks down into three components. The simple elements of the labour process are: (1) purposeful activity, that is work itself; (2) the object on which that work is performed; and (3) the instruments of that work' (Marx 1976:284).

That human labour is the decisive factor in all human societies is easily grasped. Drop a load of raw materials, machines and tools onto a vacant block of land. The only things produced will be rust and weeds. The same is true of a patent. If nothing is produced using the patent all the patent owner is left with is a piece of paper with legal writing on it (this, incidentally, is the fate of most patents and their owners). Absent intentional organised human labour, natural resources remain in the ground. Mining equipment doesn't operate itself – yet. And when it does it will have to be produced by human labour. Until artificial intelligence takes over completely, the robots will be built by – you guessed it – human labour.

This inevitably raises the question – where do profits come from? For Marx, as noted, profits are realised on the sale of commodities organised

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[2] I develop such an analysis in my book, *A Theory of Housing Provision Under Capitalism* (Berry 2023).

by productive or 'functioning' capital appropriating surplus value from wage labour, the direct producers. The speed of production and the total mass of surplus value and profits extracted throughout the economy will be boosted by the intervention of unproductive capital advanced in the exchange process and by financial capital. Finance, in particular, has come increasingly to regulate the overall circulation of capitals and mobilisation of labour on an expanding scale.

Unsurprisingly, then, the ownership of financial assets has become the major form of rapidly rising inequalities identified by authors like Christophers and Piketty (2014).[3] The other major form is ground rent, especially in its urban context. Berry (2023: Ch. 6) presents an approach to urban land rent that builds on Marx's original concepts of differential and monopoly ground rents.[4] It should be remembered that residential property ownership accounts for between 20 to 70% of total net worth in Western capitalist societies, though as noted, this proportion drops the higher up the wealth scale we go.

Understanding where 'rents' come from is critical because it is then possible to interrogate the limits to appropriation in all its forms inscribed through the contradictions that undercut the routine circulation of capital in search of profits. This is most clearly seen in the case of financialization. As capital is drawn away from the production of commodities (I include capitalist-provided services here), the total mass of surplus value extracted falls, undercutting the realisation of money profits across the economy and intensifying the competitive pressures on capitalists to 'accumulate or perish'.[5] Capital also flows through increasingly speculative channels,

[3] Christophers refers to Piketty's law r>g which reflects the built-in tendency of the rate of return on capital wealth to increase faster than the overall growth of the economy, reinforcing the trend to wealth concentration. This 'law' has come under sustained criticism: see Berry (2017:Ch. 13) and Galbraith (2014).

[4] Marx's rent analysis was focused, as were the classical economists, on the dominant agricultural sector. But I argue that, following hints from Marx, the concepts can be adapted to the urban context. See further below.

[5] Marx himself confined his analysis of productive labour to the production of physical commodiies. At that time, services had a marginal place in the economy, mainly provided by petty commodity producers and domestic servants to the landed and commercial gentry. Their 'wages and board' represented not the expression of the capital-labour relation but the direct expenditure of individual capitalists on luxury consumption. In contrast, the service sector now constitutes the dominant core of the Western capitalist economy.

bidding up the market prices of existing assets like equities and land/housing. This was described by Keynes (1936: Ch. 12) as turning the economy into a 'casino' and by Joseph Schumpeter (1939:145-7) as a 'secondary wave' of speculative innovation. As always, speculation will feed off itself – until a shock like the failure of a major bank – brings the escalating surge in market ('fictitious') values crashing down.

"Speculation in its narrower sense of the word will take the hint and start on its course, or rather, anticipating all this, stage a boom even before prosperity in business has had time to develop. New borrowing will then no longer be confined to entrepreneurs, and 'deposits' will be created to finance general expansion, each loan tending to induce another loan, each rise in prices another rise (Schumpeter 1939:145)."

Speculation here goes beyond what Schumpeter called 'the primary wave of credit' that finances productive innovations resulting in marketable products to a 'secondary wave' that gambles ahead of the market in the hope that profitable sales will result.

In Keynes' (1973 [1936]:159) words:

> Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a steady stream of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.

Speculation in the market values of existing assets draws accumulated wealth away from its recommitment to new rounds of productive capital accumulation (enterprise), thus undercutting the mass of profits from which 'rents' are syphoned.[6] This is, at the observable level, a zero-sum game in which the ultimate loser is the agent that gets left owning the asset when the speculative frenzy suddenly ends or is disrupted in a major way. Think of the shareholders of Northern Rock, the UK commercial bank forcibly nationalised by the UK government during the GFC; or the Silicon Valley Bank holding swathes of US bonds that had to be marked down in value as the Federal Reserve drove interest rates up and the bank to a forced takeover in 2023.

[6] This tendency is to be distinguished from Harvey's (1982) analysis of capital switching from the primary to the secondary circuit of capital, which entails both the productive and speculative pursuit of profits.

Thus, modern finance plays a double and contradictory role: first, speeding up the concentration and accumulation of capital on an ever-expanding temporal and global scale; second, stoking speculative surges in the market price of existing and anticipated assets whose future prices are radically uncertain and prone to sharp downward revisions, feeding into macroeconomic crises.

It is not only the bond market and financial engineering by 'the brightest guys in the room' that have imparted greater instability to the capitalist economy. Christophers notes that asset owners are overwhelmingly focused on 'sweating' their balance sheets, boosting the market value of their assets by appropriating 'rent'. But all economic agents (including governments) are focused on the 'health' of their balance sheets.

Minsky (1986) argued that the modern capitalist corporation (productive and non-productive) is increasingly at risk of bankruptcy due to the competitive pressures to over-leverage their operations. The more indebted, the greater the likelihood of failing to meet loan repayment and other short-term commitments.[7] A liquidity squeeze morphs into a solvency crisis. Typically, the financial structure of a firm goes from being in a 'hedge' position in which current revenues more than cover current loan and other liabilities with the surplus building a reserve or hedge against future downturns, to a 'speculative' position where a shortfall in current revenues to meet liquidity requirements is made up by drawing down reserves and 'refinancing', that is, borrowing more to repay past borrowings in the hope that future revenues will pick up. If they don't and once liquid reserves and avenues for refinancing are exhausted, the firm's balance sheet shrinks as liabilities overwhelm assets. This is a financing structure Minsky terms 'Ponzi'. Then it is only a matter of time before the creditors send in the liquidators.

As a general trend, the macroeconomic implications of a linked chain of Ponzi bankruptcies are to impart another crisis tendency to capitalism, resulting in a general recession and severe disruption to the circulation of productive capital, and consequently the flow of profits as 'rents' of various types. Minsky terms this 'the financial instability hypothesis'.

[7] The individual firm's incentive to borrow in order to maximise return on equity is reinforced in many countries by favourable tax regimes.

There is, as noted, an underlying trend towards stagnation, as accumulated wealth is side-tracked into the speculative circuit away from the production of value and extraction of surplus value:

> No productive labour – No value – No profit – No asset – No rent – No rentier

In the absence of a flow of new income caused by the disappearance of opportunities for productive investment (enterprise), the bubbles of speculation erupt – until the music stops. The game of 'pass the parcel' eventually ends with someone unable to pass it on. Then the balance sheets of most economic agents, including the wealthy, shrink. Creative destruction does its work.

Of course, this process has unequal effects. All or almost all may lose, but some lose more than others. The super-wealthy are able to use insider information and political influence to deflect most of the damage away from themselves – witness the success of large banks and their senior managers in gouging bailouts from national governments and avoiding gaol time, while millions of workers lost their jobs, homes and pension savings during the GFC.

It is pertinent to note that Adam Smith made only a single obscure metaphorical reference to 'the hidden hand of the market' in his classic *An Inquiry into the Nature and Causes of the Wealth of Nation*s. It was a metaphor that has been eagerly grasped by orthodox economists and conservative interests to legitimate their neoliberal fantasies. Many more times in that great book, Smith castigated business interests and governments for erecting monopolies at home and abroad, referring to 'the conspiracy of merchants'. It was monopoly that Smith excoriated, the basis of extremes of wealth and poverty that he found inimical to the general welfare of Britain and other emerging capitalist societies. Adam Smith was a great moral philosopher, but:

> For Smith, the most pressing dangers to modern commercial societies arose not from the alleged impacts of markets upon morals, but from the way in which power and wealth could be reconfigured in ways that opened the door to the renewed domination of the weak by the powerful (Sagar 2022:203)

The circular self-reinforcing link between inequality, wealth and power is increasingly creating the capitalist landscapes described by Christophers and others. The political implications are not simply to attack the 'rentiers' – although a strong case can be made for the adoption of punitive taxation

(see Saez and Zucman 2019) – but to ‘put sand in the mechanism’ by breaking the class power of capitalists in the uneven labour process. This means not only working towards genuine industrial democracy in the economy but also fighting for policies like a generous guaranteed universal minimum income scheme (not a ‘basic income’) and universal coverage in areas like health and housing (see the discussion of elements of a radical social democratic agenda in Berry 2017 and 2021). By breaking the absolute dependence of workers on selling the only resource they have – their labour power – at ‘market price’, the capacity of the 1% to harvest continuing ‘rents’ would subside like a deflating balloon.

The case of housing

Housing is primarily produced as a commodity in developed capitalist societies. But housing is a highly differentiated commodity sold in multiple submarkets differentiated by stock size, age, quality, functionality, location and tenure. The bundle of use values purchased by homeowners and tenants varies across these sub-markets which are interlinked on both the supply and demand sides. What happens to price and cost in one sub-market can impact the costs, prices and access in other sub-markets. As a long-term asset, housing also functions as a store of wealth and undergoes physical depreciation, obsolescence and renovation (revalorisation) over time, at different rates across sub-markets.

Most importantly, housing is as a joint product, comprising a structure and a site. The land-house package offering ‘usable space’ is the commodity in question. Even temporary shelter must have a site. ‘Permanent’ housing, whether in the form of a single dwelling or a higher density structure, is anchored in space at any point in time. However, a house may be separated from its current site by deconstructing and moving it to another site or by demolition. Any particular site can be switched to other uses, both residential and non-residential. The construction of new housing is a long and risky process, involving acquisition and development of the site, design and construction, marketing and finally sale to homeowners and landlord investors. A lot can go wrong during this process. Delays caused by bad weather, regulatory blockages, labour disputes, financial crises, general economic stagnation, regulatory changes and other unexpected contingencies can threaten to derail the process of land development and

construction, completely or enough to cause the finished commodity to get to market just as demand collapses.

Capitalists operate in this uncertain environment, borrowing and advancing capital ahead of realisation through sale, all along the line, from the purchase of raw sites through subdivision, design, regulatory compliance, marketing and construction.[8] The price of the finished land-house package will reflect the relative quantities of socially necessary labour power expended in its production, determined by the double distribution of total surplus value in the economy through the force of uneven monopoly power modifying the competitive equalisation of profit rates across the economy in the form of 'prices of production'.[9]

The prices of new housing coming on the market will impact the observable resale prices of existing houses across the various sub-markets. These mutual interactions will also provide opportunities and incentives for capital investment in redeveloping existing houses and sites, a continuing process of revalorisation, the self-augmenting advance of capital in search of new profits through refashioning urban space, including the housing stock. It is here than a robust theory of urban land rent is vital to grasping why and how this happens and what the limits to the process are. For this purpose, Berry (2023: Ch. 6) adapts Marx's theory of agricultural rent to the urban context, applying different categories of rent, as follows.

Differential rent addresses the ways in which enhanced prices and excess profits are generated by houses located in places accessible to jobs, schools, health and shopping facilities, and convivial physical and social environments.[10] The higher prices for the house in favoured locations is

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[8] I am ignoring here the historical remnants of petty commodity producers, small self-employed builders and subcontractors and DIY enthusiasts who operate around the edges of the construction and renovation functions. But even these actors are constrained to purchase their means of production from capital commodity producers.

[9] Prices of production are dynamic (moving) equilibrium prices around which actual, empirically observed prices oscillate due to contingent supply and demand factors operative in each housing submarket. The tendency to equalisation of profit rates is caused by what Shaikh (2016) calls 'real' or 'turbulent' competition. For a more detailed account of capital circulation in the housing sector, see Berry (2023:Part I). For an alternative critical realist approach to housing studies, see Lawson (2006).

[10] During the 1970s qnd 1980s, there was an important and partly forgotten debate among Marxist economists on the theory of rent in the pages of the journal, *Economy and Society*,

'capitalised' into the land 'values' of adjacent sites, encouraging their redevelopment, often at higher densities. The widely described phenomenon of 'gentrification' demonstrates this dynamic, as does the creation of insulated 'gated communities' to meet the desires and deep pockets of the affluent. The first case reflects the appropriation of 'differential rent I'; the second of 'differential rent II'. More particularly, the expectation of future land rent galvanises landowners to intervene in planning and other government policies to facilitate urban change that delivers enhanced land rents. Thus, in a very real sense, urban development is the outcome of the never-ending quest for land rent. *But it is critical to see that this flow is dependent on the profits realised from the production and realisation of the new land-house commodity and the complex impacts across the existing stock submarkets*. Speculative development can quickly feed on itself and burnout just as rapidly, leaving developers, capitalists big and small, with devalued assets.

There is a second form of urban land rent – 'monopoly rent I' – that flows to landowners of sites that are in chronic excess demand, for example, housing located on the small number of sites with a stunning sea view. This is analogous to Marx's agricultural example of wine of a particularly appreciated type that can only be grown in a small region. In my city, Melbourne, there is limited remnant stock of Victorian terrace houses that command a price in excess of that caused by gentrification (DRI).[11] 'Monopoly rent II (MRII) can also be appropriated in cities where large land developers use their individual capital reserves to collectively control (that is, slow) the release of developed land to house builders in order to drive up new house prices. This effect was revealed in a report on land releases on the outskirts of Australia's major cities in the 2011-2019 period, finding a negative correlation between average prices and number of sales. Only 25% of rural land rezoned for urban development was released over that period. The report concluded:

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and the general literature on urban political economy. For example, see Edel (1978), Fine (1979), Harvey (1974, 1982), Ball (1979), Tribe (1977), and Haila (1988).

[11] The 'scarcity' of genuine stock is caused by the intersection of resident and investor 'tastes' and historical contingency. In Melbourne, unlike Sydney, the process of 'slum clearance' was less ubiquitously pursued by governments; and local communities were more resilient in opposing wholesale block clearance until the process of inner-city gentrification took off in the 1970s.

> If supply can be curtailed in this way, we suggest it shows that property markets are inherently monopolistic, rather than competitive; land banks are patiently managed and development projects are timed to maximise overall returns (Fitzgerald *et al.* 2022).

The capacity of developers to garner monopoly rent II can be enhanced by the actions and inaction of public policy, especially through government regulatory planning and subdivision systems. Delays, intentional or not, help to underpin the 'class monopoly power' of developers. So too have certain non-actions of governments, like the unwillingness of regulators to tax unreleased developed sites at sufficiently high rates to make land banking prohibitively costly or place stringent time limits on rezoned sites before planning permission lapses. Of course, other polices like betterment levies, and direct intervention by government land development agencies can also reduce the incentives for the exercise of monopoly power by private developers. The latter group is well aware of this fact and maintain close links to government, especially at the state and local levels to ensure that 'unhelpful' policy initiatives are kept off political agendas.

There are further constraints limiting the extraction of monopoly rent (MR II). Urban developers operate a kind of cartel, through a mix of tacit collusion and 'price leadership' by the largest members. But cartels are notoriously prone to 'cheating'. Each individual developer has an incentive to break ranks and rush product to market, while the rest hold back. Developers as a group play the classic 'prisoners' dilemma' game. Holding the line to prevent defection involves social processes of mutual reassurance through clubs and industry associations, and the implied threat of exclusion, expulsion, 'professional shaming' and takeover. Broader limits on MR II come from the increased incentive for more intense development within the existing urban area, a case of MRII being constrained by the greater appropriation of DR I and DRI II.

In general, the impacts of urban land rent on housing outcomes in cities with growing populations is to contribute to the historically observable upward trend in prices across many, if not most, housing submarkets. Other mutually reinforcing forces (tendencies) work in the same direction:

- quality improvements involving new technologies, fixtures and fittings that improve the bundle of use values for residents but also entail the costly commitment of more labour power in development and construction

- continuing growth in household numbers fed by immigration and natural increase
- the magnet effect of large urban settlements
- increasing economic inequality.

The growing inequality over the past forty years during the neoliberal era has been crucial in driving achievable housing outcomes up the income range, creating a systemic shortage of affordable housing for the bottom third to half of the population. The flow of capital through the housing system has been hijacked by the 'demand' of households with well-paid jobs or favoured by family wealth. It is important here to understand what is meant by 'demand'. First year economics students are told that markets meet human needs by allocating 'supply' to those who want the product. In fact, product is supplied to only those who want the product *and* are able to pay the going price: those who want the product but can't pay for it miss out, no matter how great their need. Claims that housing markets efficiently allocate stock across the population confuse want and need and ignore ability to pay. A system that routinely leaves people in precarious jobs and on government benefits – and even full-time workers on low to middle incomes - unable to find affordable housing appropriate to their needs cannot be said to be efficient in anything other than the narrow meaning attributed by Paretian welfare economics.

It should be obvious that governments exert significant influence on how housing outcomes emerge over time in advanced capitalist societies. Their impacts stem from the modes of intervention, regulation and allocation. That is, they arise through authoritative command backed by legal sanction or by the use of fiscal instruments, taxes, fees and charges, on the one hand, and public spending, on the other hand.

Under neoliberalism, as Christophers demonstrates, private investors – corporate, individual and institutional – have become adept at capturing the political-administrative levers in order to divert revenue flows to underpin their operations. It is, however, critical to appreciate how inequalities of power, increasingly tilted in their favour, are constrained by the general processes generating instability in the capitalist economy at local, national and global scales that, both routinely and unexpectedly, interrupt the circulation of capital, the extraction of surplus value and the distribution of realised profit along the various 'rental' channels created. These constraints also bite on the government fiscal resources available to

facilitate capital circulation through the built environment and more generally. Historically, the dynamic growth of economies under capitalism has provided governments with the resources to carry out their many functions, including the regulation of urban development and investment in housing and infrastructure. The continued flows of value created underpin and limit these interventions and the 'rents' resulting.

The constraints on policy alluded to above implicitly refer to what Lukes (1975) termed the first and second 'dimensions of power: overt or implied coercion and 'non-decision-making'. The second dimension he also calls 'agenda power', pointing to the ability of the powerful to control the policy agendas of governments, and to keep certain policies from becoming an object of consideration, still less action. Housing and urban development policies have been a fertile field for the deployment of this agenda power. Land use and development is the classic symbol of 'private property', with historical overtones of pre-capitalist times when most of the population directly depended on access to land to survive. This inherent cultural resonance is overlaid by the current position of land ownership and development in underpinning the wealth and power of the dominant class.

The house is also a material container of the 'home', as a complex socially constructed world of intimate interpersonal and community relations. Thus, governments of all persuasions tread carefully here for fear of sparking resident outrage, further clearing the field for capital to flow unimpeded through the built environment in search of enhanced land rent. At the same time, the home has become an arena for the more intensive penetration of capital, through the marketing of domestic consumer goods and the commodification of household production (Uber Eats, cleaning services, care) as gender roles are redefined and electronic outwork breaks down the historic material and cultural barriers between work and home.

These developments reinforce the 'normalisation' of capitalism in everyday life, expressing the third dimension of power identified by Lukes: the capacity of some agents to benefit from the unconscious compliance of other agents to situations that objectively benefit the former at the expense of the latter. Policies that would potentially benefit the powerless are off the agenda because they are literally 'unthinkable'. 'Indeed, is it not the supreme exercise of power to get another or others to have the desires you want them to have – that is to secure their compliance by controlling their thoughts and desires?' (Lukes 1975:23).

Conclusion

What I have set out to show here is that *rentier capitalism* is not a new form or stage of capitalism. Rather, it is the 'perfection' – or at least, the evolution – of the way that capitalism has always worked but now operating in the political economic circumstances of the world today. It is the old beast in new clothes. Neoliberalism has cleared the field for virulent forms of exploitation to prosper, driving increasing inequalities of income, wealth and power in this century. The *rentier capitalist* concept is limited in the double sense used in this article. First, it over-concentrates attention and responses on the consequences of capital circulation; and. second, it misses the forces that circumscribe the capacity of 'rents' to be extracted in the turbulent environment of the modern capitalist world. Christophers and others have focused on the 'end-of-pipe' consequences of these developments and provided useful accounts of the contours of this 'progression'. But it is also necessary to explore and understand what goes into and through the pipe and what determines its flow characteristics. By taking one of Christophers' seven channels of rental flows – urban land rent – I have sought to illustrate how this can be approached.

Capitalism has proved remarkably resilient as a means of social reproduction because its institutional form changes as new contradictions and crises emerge, sometimes unexpectedly and with often devastating consequences. The most critical crises and contradictions today are climate change, pandemics and artificial intelligence, assuming that nuclear Armageddon can be kept off the human agenda. Watch this space.

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