

Our 'Rentier Capitalism' Is One More Nail in Earth's Coffin

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“Workers of the world unite, you have nothing to lose but your chains.” This famous socialist slogan, adapted from Karl Marx and Friedrich Engels’ “The Communist Manifesto,” struck Noam Chomsky as a poor fit for most people in the world’s rich nations almost half a century ago.

“There is no doubt,” [Chomsky wrote in August 1969](#) (when I was a sixth-grader mourning the Chicago Cubs’ collapse before the onrushing New York “Miracle Mets”), “that we can learn from the achievements and failures of revolutionary struggles in the less-developed countries. ...” But, Chomsky added, “In an advanced industrial society, it is, obviously, far from true that the mass of population have nothing to lose but their chains ... [since] they have a considerable stake in preserving the existing social order.”

Chomsky’s statement came at the peak of the post-WWII “golden age” of U.S.-led Western capitalism. As the liberal U.S. economist [Paul Krugman has noted](#):

[Post-World War II America] was a middle-class society, to a far greater extent than it had been in the 1920s—or than it is today. ... Ordinary workers and their families had good reason to feel that they were sharing in the nation’s prosperity as never before. And, on the other side, the rich were a lot less rich than they had been a generation earlier. ... The postwar generation was a time when almost everyone in America felt that living standards were rising rapidly, a time in which ordinary Americans felt that they were achieving a level of prosperity beyond their parents’ wildest dreams.

Similar developments occurred in Western Europe, where *les trente glorieuses* (the “30 golden years” of 1945 to 1975) brought unprecedented middle-class expansion and prosperity combined with a [significant reduction in inequality and poverty](#). Things have changed. [Inequality has resurged](#) significantly in the “advanced” nations (what one academic calls “the affluent capitalist democracies”), bringing depressing expansions of poverty.

After four-plus decades of neoliberalism, we now live under the rule of a rentier capitalism, in which the top 10th of the upper U.S. 1 percent owns as much wealth as the nation’s bottom 90 percent. [CNBC reported last fall](#) that 57 percent of Americans have less than \$1,000 in savings; 39 percent have no savings at all. Last January, the same network [reported that](#) more than a third (36 percent) of Americans would have to go into debt to pay for a major unexpected expense like a trip to the hospital or a car repair.

Four basic underpinnings of the more broadly shared prosperity in the post-World War II years have been undone inside the “advanced” nations, helping to create such shocking inequality and poverty in the U.S.

First, rising productivity used to be matched by rising wages. [However, beginning in the 1980s](#), U.S. wages stagnated while productivity continued to soar.

Second, rising employment used to generate corresponding wage hikes. This is no longer the case. Today, when employment rises, wages stay stagnant or fall because the new jobs pay worse than the

old jobs. The [long Obama-Trump “recovery”](#) is biased toward—one might even say contingent upon—the expansion of low-paid jobs, as has been most job growth in the long neoliberal era.

Third, rising employment used to produce more tax revenue for the public sector. Again, this isn’t true today, because so many new jobs pay too little and governments have raised the threshold for paying income tax.

Fourth, rising company profits used to lead to higher average pay. That, too, has gone away. As the British economist Guy Standing noted in his indispensable 2016 book, [“The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay”](#): “Profits are more concentrated in [largely high-tech] firms that don’t employ many workers. Employment has grown mainly in low-tech sectors, weakening the link between profits, employment, and wages.”

These four reversals are most evident in the U.S. and, to a somewhat lesser extent, Britain, but they are global in nature and hold across most if not all the world’s rich nations.

The nascent disparity and want in the “advanced” world is direr than the standard economic data indicate. It’s also about the decline of “social income”—the totality of social and environmental resources we rely upon—and the rising insecurity of that income. As Standing observed:

Social income includes non-wage company benefits and perks such as paid holidays and sick leave, maternity and paternity benefits, company pension schemes and subsidized transport. And it includes community benefits—informal support from family, neighbors, and friends, and access to public services and the commons ... an important source of income for those lacking other resources. ... Conventional income statistics also fail to reflect the fact that the same money income is worth more to the recipient if predictable and certain than if unpredictable and uncertain. For example, guaranteed access to state benefits is worth more than access to benefits of equivalent amount that depend on means testing, behavior testing or the discretion of bureaucratic officials. Income security has a value in itself.

Beyond economic discrepancies, the population is sorted also by related inequalities of health and life quality. The well-off live in better neighborhoods and experience far less exposure to crime and pollution than do the nonaffluent majority in “developed” as well as in “developing” nations. They and their children attend better schools and have more access to greenspace, quality food and good medical care. They travel and exercise more, enjoy cultural resources on a greater scale, marry better-off spouses (“selective mating”) and pass on pronounced inherited advantages to their progeny.

As the author and philosopher Matthew Stewart recently reported in an [essay in The Atlantic](#), the “winners” are getting healthier while “people in the lower deciles are actually getting less healthy in many respects.” White U.S. working-class [life expectancy has declined](#) in recent years—an unprecedented development outside wartime—largely due to the collapse of the labor market and social safety net for lesser-skilled workers.

As the Harvard sociologist Robert Putnam showed in his chilling book [“Our Kids: The American Dream in Crisis”](#) (2016), the white lower and working (and ex-working) classes are increasingly plagued by many of the same characteristics that 20th-century social scientists identified with the nation’s black urban “underclass”: addiction, high rates of school dropout, fragile and single-parent families, rampant mental illness, domestic and child abuse, and high crime and violence rates.

It isn’t about the dualistic division between “the 1 percent” and everyone else that the Occupy Movement turned into a populist catchphrase—or between Marx’s “bourgeoisie” and “proletariat.” Those dichotomous categories don’t do justice to the multiple lines of class stratification found in contemporary capitalism.

Across the “rich” nations, Standing found, a new “global class structure” has been “superimposed

on preceding class structures.” It consists of six core constituent elements defined largely by their ability or inability to garner income from the ownership of property and from the political power and policy influence that flow from that possession: “a tiny plutocracy (perhaps 0.001 percent) atop a bigger elite, a ‘salaried’ (in relatively secure salaried jobs), ‘proficians’ (freelance professionals), a core working class, a precariat, and a ‘lumpen-precariat’ at the bottom.”

The top three groups, Standing determined, “gain most (or an increasing part) of their income from capital and rental income” while the bottom three “gain nothing in rent” and “increasingly ... *pay rent in some form to the classes above them*” (emphasis added). As wealth concentrates primarily in the hands of the rentier plutocracy (the United States’ richest three people—Jeff Bezos, Bill Gates and Warren Buffett—now possess as much net worth among them as the bottom half of the U.S. populace) and the better-off sections of the salariat and professional class (a “9.9 percent” that Stewart in his Atlantic piece finds to have at least “kept pace” with “the top 0.1 percent”), it is the “precariat” and the “lumpen-precariat” that have most dramatically expanded both in the “advanced” (rich) nations and across the world.

The precariat is composed of “millions of people obliged to accept a life of unstable labor and living, without an occupational identity or corporate narrative to give to their lives,” Standing said. “Their employers come and go, or are expected to do so. Many in the precariat are over-qualified for the jobs they must accept. They rely on money wages, which are often inadequate, volatile, and unpredictable.”

The “remorselessly” growing “lumpen-precariat” is “the underclass”: destitute, often homeless and reliant on charity, “suffering from social illnesses including drug addiction and depression,” and especially subject to mass incarceration and criminal marking in the United States.

The classic working class, or proletariat—people working in stable, full-time wage positions usually with schooling that matches the skills their jobs require—is fading, except in China and India. It has been shrinking dramatically in the “developed” world throughout the neoliberal era, a period of savage deindustrialization in the rich nations. That’s because big capital and the better-off salaried and professional “elites” have increasingly relied less on the production of goods and services for their wealth and income as they make more money on the parasitic extraction of rents rooted in the monopolistic ownership of assets.

This rentier extraction reflects and furthers a panoply of corrupt and oligarchic state-capitalist government policies that reflect a revolving door between politics and big business that is ubiquitous across world governments. These include patent, trademark and copyright laws that monopolize profitable knowledge; multiple and many-sided direct and indirect subsidies; ubiquitous regressive tax breaks, credit shelters and loopholes; regressive austerity measures; multiple and often complex debt mechanisms; economic, environmental and social deregulation, and ubiquitous privatization.

Along the way, traditional “[Fordist](#)”-era labor markets have been swept into history’s dustbin by outsourcing, automation and the “flexible,” “on-demand” industry trailblazed by such new regional, national and global “labor brokers” as Uber, Lyft and the aptly named company PeoplePerHour.

Rents have not declined in modern society with the disappearance of feudal landlordism. They are more central to ruling-class incomes than ever before. As Standing explains:

[A] tiny minority ... across the world are accumulating vast wealth and power from rental income, not only from housing and land but from a range of other assets, natural and created. “Rentiers” of all kinds are in unparalleled ascendancy and the neo-liberal state is only too keen to oblige their greed. ... Rentiers derive income from ownership, possession or control of assets that are scarce or artificially made scarce. ... They include the income lenders gain from debt interest; income from ownership of “intellectual property” (such as patents, copyright, brands and trademarks); capital gains on investments; “above normal” company profits (when a firm has a dominant market

position that allows it to charge high prices or dictate terms); income from government subsidies; and income of financial and other intermediaries derived from third-party transactions.

Especially disturbing is Standing's discussion of how advanced- and developing-nation governments have been induced to escalate "the plunder of the commons"—the "giving away" (policy-mediated plutocratic taking) of what was once publicly owned and commonly shared to private owners, who garner rental income streams from natural and social resources formerly owned by whole societies on behalf of all, regardless of wealth and other invidious distinctions. Examples of this ongoing enclosure and dispossession include "the confiscation and usurpation of native land, for mining"; the selling off of formerly public oil reserves to multinational corporations at "fire-sale prices"; the handing over of national parks and other public lands to fracking firms; the relentless governmental privatization and commodification of water, city streets, town squares, community and public gardens (and garden allotments), public transport, public housing, social services, health care, the arts, public libraries, museums, concert halls, the educational system and even fresh air and the criminal justice system.

It has nothing to do with the mythical "free market" capitalism that neoliberal politicians claim to uphold. It's about the rich using the state to make themselves richer and to thereby—since wealth is power and pull—deepen their grip on politics and policy.

This plutocratic, even now oligarchic rentier capitalism's concentration of wealth and power into ever fewer hands has plunged ever more of us into the precariat and lumpen-precariat (this writer has spent the bulk of his adult life in the neoliberal U.S. shifting among the proficiat, the proletariat and precariat). It saddles us with unsustainable and nerve-wracking multiple debt and rental payments that drain and negate our wages. It heightens violence, racism, anxiety, depression, desperation, scapegoating, illness, addiction, irrationality and suicide. It turns millions of upended people into confused and angry fodder for dangerous demagogues who focus working people's ire on immigrants fleeing social, political and environmental nightmares created in poor ("developing") nations by the same global system that engenders widespread insecurity within rich ("advanced") nations.

And these are not even neoliberal capitalism's worst sins. The "plunder of the commons" has put humanity on the path to ecological self-extinction as we march to the plainly fatal mark of 500 carbon parts per atmospheric million by 2050, if not sooner. As a young opponent of the planet-cooking Dakota Access pipeline screamed in futility through the glass walls separating environmental activists from the Iowa Utilities Board in the late summer of 2016, "We've got nothing to lose but a livable planet." The walled-off protester cried out in Des Moines, Iowa, situated in the agricultural heartland of the world's richest and most powerful nation.

While those most vulnerable and exposed to the climate and broader environmental crises today are found in the poorest parts of the world, the "advanced" states ultimately have no special exemption from the lethal consequences of the melting of Greenland and Antarctica's ice sheets and the permafrost layers of Alaska and Siberia. There's "no planet B," even for Bezos and his four children.

In light of the ecological peril, it is interesting to note a change of sorts since Chomsky's take on what the wealthy world has to learn from what used to be called the Third World. As [he noted five years ago](#), "Trying to mitigate or overcome these threats [to the planet] are the least developed societies, the indigenous populations, or the remnants of them, tribal societies and first nations in Canada," Chomsky wrote. "So, at one extreme, you have indigenous, tribal societies trying to stem the race to disaster. At the other extreme, the richest, most powerful societies in world history, like the United States and Canada, are racing full-speed ahead to destroy the environment as quickly as possible. Unlike Ecuador, and indigenous societies throughout the world, they want to extract every drop of hydrocarbons from the ground with all possible speed."

These are the most important questions of the current historical moment: economic hyper-disparity, rentier-capitalist plutocracy and, last but not least, the *biggest issue of our or any time*, environmental ruin. It has been the role of the Twitter-addicted monstrosity President Donald Trump and the Trump-addicted corporate media to (among other things) keep the eyes of citizens and the news cycle off these and other critical matters (see Chomsky's [brilliant reflections](#) last March on Trump's central role of constant distraction) and recurrently focused instead on his latest insane outrage.

The irony is that the leading climate change denier, Trump himself, is an epitome of precisely the parasitic, aristocratic and plutocratic rentier capitalism that Standing described in his book, published before Trump's election. The Fortune 400 billionaire Trump is the ultimate bloodsucking rentier. He's never contributed to the production of any useful goods or services. The vast personal wealth he [relied on](#) to leapfrog over the more traditional Wall Street Republicans he defeated in the 2016 presidential primaries by absurdly posing as a champion of the "forgotten" blue-collar working class (especially its white members) was rooted in inherited wealth, landlordism, epic debt manipulation, public subsidy and branding gone wild. Regarding the last rentier attribute, the [Chicago Tribune reported](#) three months ago:

Before he ran for office, Donald Trump made millions by selling his name to adorn other people's products. There was Trump deodorant. Trump ties. Trump steaks. Trump underwear. Trump furniture. ... In 2015, Trump listed 19 companies that were paying him to produce or distribute Trump-branded consumer goods. ... "It's ties, shirts, cufflinks, everything sold at Macy's. And they're doing great," Trump told David Letterman in 2012, during an interview in which he'd also complained that China was overtaking the United States as an economic power. "Number-one-selling tie anywhere in the world. ..." "The ties are made in China," Letterman said. Then Trump ran for president.

It was the wealth garnered from anti-worker rentier and global capitalism—including the brazen trademarking of ties manufactured in China and real estate deals made with corrupt investors, politicians and policymakers the world over—and his related extreme media visibility that ironically put Trump in position to mockingly masquerade as a hero of the fading American proletariat in its ongoing struggle with parasitic global and neoliberal capitalism. Even after he spearheaded a massive tax cut for the already absurdly rich 0.1 percent last Christmas, Trump clings to this pose effectively enough to maintain an approval rating in the low 40s, including support from 90 percent of Republicans and 51 percent of union members.

How much longer Trump can keep his distance from the parasitic rentier capitalism that has made his fortune—and whose aristocratic wealth he has expanded with tax cuts and deregulation advanced in the deceptive name of free market capitalism? Probably as long as the U.S. job market continues to grow, pushing the official unemployment rate down closer to 3 percent.

But it's not about the endless distraction Trump provides. He's just a symptom—a noxious and maddening one, to be sure, but a symptom nonetheless. It is the class and profits system on which his and other rentier capitalists' wealth and power rest that we must ultimately fight against and overcome. Millions upon millions of Americans for decades have been losing middle- and even working-class status, income and security and getting knocked down into the precariat, or having to work twice as hard to avoid falling. And it's all so the already super-rich can get more absurdly prosperous, not through the production of goods and services, but through rents garnered from their monopolistic ownership of artificially scarce assets and their related control of politics and government.

The main thing we have to lose under the current system is a livable earth. As Marx (a great [devotee of science](#)) would certainly recognize if he were granted a posthumous research trip into the 21st century, capitalism has not produced its own working-class "gravediggers" (the "revolutionary")

industrial proletariat he thought he saw coming into being in his time). The profits system is not the “dialectical” midwife of socialism. It is an environmental as well as social, political and spiritual cancer—an exterminist endgame wired to take us beyond mere precarity to full-on extinction. If all of us—from the bottom up and top down—don’t figure out how to become the undertakers of this commons-plundering rentier regime, the insight of onetime leading neoconservative philosopher Francis Fukuyama will be borne out, though not in the sense he meant: Capitalism will indeed mark “the end of history and the last man,” through literal extinction.