

## EUPHORIA OF THE RENTIER?

**N**OTWITHSTANDING THE cyclical downturns and occasional depressions, it is customary to speak of capitalist development as a dynamic of self-expanding growth. Since the 1970s, however, stagnation has set in on a global scale amid falling profitability in the sphere of commodity production. The relocation of the world's manufacturing base to low-wage economies has failed to offset this process—on the contrary, late industrializers have compressed the productivity gains of their predecessors into ever-shorter growth cycles, recreating their problems in an accelerated fashion. In the meantime, capital has turned to speculative ventures, promising better returns. The result has been a pattern of weak growth sustained by financial bubbles, leaving a trail of destructive crashes and jobless recoveries in the build-up to the Great Recession. In the decade since 2009, the central banks of the rich world have blanketed their anaemic economies with money, but to no avail. As growth fails to pick up, the wealthy are abdicating their investment duties, parking their capital in government bonds regardless of negative interest rates—the owners of capital are now literally paying states to take their money.

Though the story of secular stagnation is by now familiar, considerable debates continue to surround it. First, there are competing ways of conceptualizing the present stage of capitalist development. Conceptual trends have varied over the decades: late capitalism, post-Fordism, cognitive capitalism. However, the term that has risen to dominance over the last fifteen years or so is 'financialization'—a concept that highlights the growing salience of finance, insurance and real estate in the world economy at the expense of manufacturing.<sup>1</sup> Second, the underlying causes of the rise of 'financialized capitalism' are a matter of dispute. Some see stagnation as a consequence of neoliberal restructuring in the wake of the stagflation crisis of the 1970s. According to this view,

neoliberalism empowered short-sighted financiers with their speculative interests, stunting capitalism's productive dynamism in the process. Others argue that capitalism peaked with the 'golden age' of the postwar boom, as intense international competition gave way to thinning profitability and secular stagnation, leading to an outgrowth of excess capital in the form of finance.

There is a third debate lurking beneath the surface, one that has not yet begun in earnest but that is drawing increasing attention: the question of whether we are witnessing a transition out of capitalism. Immanuel Wallerstein saw financialization as the twilight of the capitalist world-system, with the Great Recession signalling its irreversible demise. At the time, he prophesied that 'we can be certain that we will not be living in the capitalist world-system in 30 years'—'the new social system that will come out of this crisis will be substantially different'. What it might be, however, was 'a political question and thus open-ended'.<sup>2</sup> Most theorists are, for good reason, less confident in making predictions with such astronomical precision, but this has not prevented a growing number of voices from raising the possibility that capitalism as we know it may be warping into something else.

For classical political economists, capitalism was defined by a pattern of self-sustaining growth driven by market competition. Competition compels producers to maximise the cost-efficiency of their operations, typically with labour-saving means, resulting in a systematic expansion of output that cheapens the price of commodities—this is what Marxists have long called 'the law of value'. If such a dynamic is what distinguishes capitalism from other modes of production, then we need to confront the fact that the capitalist world economy appears to be transforming into the mirror image of this. With growth slowing down to a trickle and productivity stagnating, it appears that accumulation is now less about *making anything* and more about simply *owning something*. Profit-making is increasingly about cornering scarce assets in

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<sup>1</sup> Greta Krippner, 'The Financialization of the American Economy', *Socio-Economic Review*, vol. 3, no. 2, 2005. Özgür Orhangazi, *Financialization and the US Economy*, Cheltenham 2008. Thanks go to Elisabeth Wallmann, Callum Ward and Ilias Alami for commenting on earlier drafts. This essay was written with the financial support of the Leverhulme Trust.

<sup>2</sup> Immanuel Wallerstein, 'El sistema que salga de la crisis será muy diferente', *Periódico Diagonal*, 19 February 2009.

order to drive up their price—a practice that the classics called ‘rent’ and which they identified not with capitalists, but with landlords. As rentierism takes over, it appears that capitalism’s distinct forms of surplus extraction, organized around the impersonal pressures of the world market, are giving way to juridico-political forms of exploitation—fees, leases, politically-sustained capital gains. From the late David Graeber to Robert Brenner, authoritative theorists of capitalism with opposing ideas of its origins and development are now converging on the view that contemporary patterns of class domination look, increasingly, non-capitalist.<sup>3</sup> For McKenzie Wark, this warrants the provocative question: is it something worse?<sup>4</sup>

### *Redefining rent*

In a masterful study, Brett Christophers casts light on contemporary capitalist dynamics by reformulating the concept of ‘rentierism’. *Rentier Capitalism* defines rent as ‘payment to an economic actor (the rentier) . . . purely by virtue of controlling something valuable’. Rent-bearing assets can be physical, like enclosed natural resources or a piece of the built environment, or they can be purely legal entities, like intellectual property. The point is to secure ‘income derived from the ownership, possession or control of scarce assets under conditions of limited or no competition’.<sup>5</sup> Christophers describes this as a synthesis of the views of classical political economists, who saw rent as monopoly profits derived from the objective scarcity of an asset, with those of orthodox economists, who describe as ‘rent’ all excess profits made from stunted competition, such as through regulatory capture. This contradistinction is somewhat of a caricature: was Marx, for example, truly unaware that ground-rent arises out of enclosure, and not just out of the sheer scarcity of land? Yet, Christophers’s redefinition of rent injects a remarkable dose of clarity into an otherwise obscure and intricate topic, one until recently confined to critical geography, the author’s disciplinary home.

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<sup>3</sup> David Graeber, ‘Imagining a World with no Bullshit Jobs’, *Dissent*, 16 August 2018. Robert Brenner has made this observation in a series of recent interviews on *Jacobin Radio*.

<sup>4</sup> McKenzie Wark, *Capital Is Dead: Is This Something Worse?*, London and New York 2019.

<sup>5</sup> Brett Christophers, *Rentier Capitalism: Who Owns the Economy, and Who Pays for It?*, London and New York 2020, pp. xvi, xxiv.

For Christophers, capitalism in its current stage is not just dominated by rent and rentiers; it is also, ‘in a much more profound sense, substantially scaffolded by and organized around the assets that generate those rents and sustain those rentiers’. In other words, we are living in a fully-fledged *rentier capitalism*: ‘a mode of economic organization in which success is based principally on what you control, not what you do—the balance sheet is the be-all and the end-all’. The days of creative destruction are long gone. This variant of capitalism is structured around ‘having’ rather than ‘making’; it is ‘pervaded by a proprietorial rather than entrepreneurial ethos’, in which the pace of societal reproduction is no longer set by fierce competition in the sphere of commodity production, but by ‘securing, protecting and sweating scarce assets’. This carries inherently monopolistic tendencies which are ‘generally inimical to dynamism and innovation’, as the safety of rentierism disincentivizes productivity-enhancing investments. For Christophers, the term ‘rentierization’ captures better the stagnant state of contemporary capitalism than ‘financialization’, which focuses on the redirection of economic activities towards financial channels. The latter ‘privileges one strand of a broader structural transformation and ignores all of the others—several of which, data suggest, have been just as materially significant as the expansion of finance, if not more so’.<sup>6</sup> As Christophers taxonomizes in the book, contemporary rentierism is a highly complex and multi-faceted phenomenon. If the rentier of the nineteenth century was predominantly a financier or a landlord, the rentiers of today also derive income streams from digital platforms, natural-resource reserves, intellectual property, service contracts or infrastructure.

### *Rentierism in one country*

The empirical focus of the book is on neoliberal Britain—the rentier economy *par excellence*. Across seven chapters brimming with useful data, Christophers explores the role of different types of rentier that have flourished since the 1970s, charting their weight in the economy as well as the institutional transformations underpinning their activities. Thatcher’s massive privatization of public assets—state-owned companies, buildings, land—birthed infrastructure rentiers and swelled the ranks of land rentiers, while the spread of public contracts due to outsourcing gave rise to service-contract rentiers. The liberalization of finance and falling interest rates enabled a surge in interest-bearing household, corporate

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<sup>6</sup> *Rentier Capitalism*, pp. xviii, 40, 31, 5.

and sovereign debt that boosted the power of financial rentiers. The exploitation of oil reserves in the North Sea and the invention of digital-platform technologies expanded the pool of natural-resource and digital rents. In turn, the fortification of property rights buttressed rentierism as a whole, as did the long-term neutralization of competition law and a growing leniency towards monopoly practices. Fiscal policy was also key, particularly the weakening of capital-gains tax, which released fiscal pressure on the gains occurring upon asset disposal, allowing asset-price increases to grow unchecked. As such, neoliberalism did not just support the incomes of rentiers, but also the value of rentier assets themselves. The exorbitant monopoly profits afforded by rentierism redirected capital towards low-productivity sectors, resulting in a stagnant economy that, due to the disarticulation of working-class organizations, is also marked by growing inequality. Underpinning this social formation is a tacit class alliance between large corporations and petty rentiers: homeowners anxious about house-price increases and comfortable *Telegraph*-reading retirees relying on pension-fund income.

For all its conceptual and empirical strengths, *Rentier Capitalism* suffers from a number of lacunae. Despite aiming to tell a broader story about the neoliberal age, the book's approach displays a considerable 'methodological nationalism'. Besides an opening recognition that British capitalism now lacks geo-economic integrity ('London is a place where world capitalism does business—no longer one where British capitalism does the world's business'), the book does not engage much with the position of rentier Britain in the global political economy, nor with how this might be shaped by a legacy of global imperialism and neo-colonial power.<sup>7</sup> Moreover, though the book opens with an excellent theoretical exploration of rentierism, it neglects the other term that appears in the book's title: capitalism. What capitalism itself is, is effectively taken for granted throughout the study. This omission is particularly important for our purposes, as it prevents Christophers from fully grasping what the ongoing process of rentierization, captured so well by his findings, indicates about the past, present and future of capitalism.

The closest thing to a definition of capitalism in Christophers's study is a passing identification of its 'essence' with commodity exchange.<sup>8</sup> This is tantamount to falling back on a notion of 'commercial society', according

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<sup>7</sup> *Rentier Capitalism*, p. 6.

<sup>8</sup> *Rentier Capitalism*, p.29.

to which capitalism is essentially a mode of economic organization in which profits are made through trade. The problem with this view is that it assumes precisely what needs explaining. Commodity exchange has existed since time immemorial without setting in motion the dynamics of modern economic development. This became clear to Marx in his efforts to historicize the origins of capitalism. For him, the simple outgrowth of ‘antediluvian’ forms of capital (‘interest-bearing capital . . . together with its twin brother, merchant’s capital’) was insufficient to explain the rise of the capitalist mode of production. On the contrary, Marx noted, whenever capital achieved a certain social supremacy before capitalism, it tended to do so at the expense of production: it ‘clings to it like a parasite’—‘it cripples productive forces instead of developing them, and simultaneously perpetuates these lamentable conditions in which the social productivity of labour is not developed’.<sup>9</sup>

### *Two logics*

These pre-capitalist capitals operated according to what Christophers would describe as a rentier logic. As Ellen Meiksins Wood has shown, the commercial activities of pre-capitalist merchants relied not so much on competitive production as on their capacity to arbitrage the supply of goods across disjointed markets—to buy cheap and sell dear.<sup>10</sup> In this context, superior shipping capacities, monopolistic privileges or political connections acted as rent-bearing assets that allowed pre-capitalist mercantile actors to *exploit the socially determined scarcity of commodities*. Marx agreed that rentier capital had a tendency to smother productive capital in pre-capitalist societies. This, however, was no longer the norm ‘in the context of the capitalist mode of production’, where ‘commercial capital becomes demoted from its earlier preponderant existence’.<sup>11</sup> Capitalism, in short, is the first historical society where productive capital is capable of offsetting the smothering effects of commercial capital, allowing both to develop in a symbiotic rather than contradictory manner.

Marx’s point can be illustrated by the role of ground-rent in capitalist agriculture. In pre-capitalist societies, peasant producers organized their subsistence around ‘safety-first’ strategies reliant on unpaid family labour. This discouraged risky productive innovations, which meant

<sup>9</sup> Karl Marx, *Capital: Volume III*, London 1981, pp. 728–32.

<sup>10</sup> Ellen Meiksins Wood, *The Origin of Capitalism: A Longer View*, London 2002.

<sup>11</sup> Karl Marx, *Grundrisse*, London 1981, pp. 505–7.

that, whenever output needed to be expanded, peasant households tended to respond by deploying as much family labour as was needed, irrespective of falling output per additional hour worked. As such, the tendency was for agriculture to become more labour-intensive over time, leading to stagnating or even declining levels of productivity and eventually subsistence crises. In the context of a stagnant social surplus, the rent hikes of landlords claimed larger shares of a shrinking pie. This, in turn, aggravated the problem of subsistence for the peasantry and accelerated the decline of their productivity. Capitalist agriculture, however, is premised on constant productivity growth. Fierce competition puts capitalist farmers under relentless pressure to introduce capital-using and labour-saving technologies just to stay in business. In this context, *the rent extracted by landlords merely eats into an already expanding social surplus*, which means that rentierism need not neutralize productivity gains. In fact, land rent and capitalist production can even develop a symbiotic relationship, with capitalists developing the productive forces even faster just to offset the cost of rent hikes. For Robert Brenner, this self-reinforcing spiral of rent and productivity increases is precisely what birthed capitalist agriculture in the first place.<sup>12</sup> In early modern England, lords forced peasants into short-term leases, locking them into a competitive land market that raised rent prices as population growth pressed against the supply of land. In this context, raising output became the condition to renew a tenant's access to the land, driving the spread techniques of crop rotation and new forms of animal husbandry. Over time, the pressure of ground-rent rewarded the most productive tenants, who consolidated leases into large capitalist farms employing waged labour.

To be sure, capitalist production and rent extraction operate according to diametrically opposite logics. Capitalist production involves the continuous expansion of output with productivity increases. Impelled by competition, the capitalist improves the cost-efficiency of the commodities he sells, driving down prices despite falling rates of profit. Rent extraction, by contrast, relies on the reproduction of scarcity. The rentier is a hoarder by definition, a commercial actor exploiting the capacity to corner markets in order to raise prices as much as possible. Perhaps for this reason, Christophers argues that 'derentierization' would result in a 'purer' form of capitalism, one that is 'fairer and more competitive'.<sup>13</sup>

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<sup>12</sup> Robert Brenner, 'The Agrarian Roots of European Capitalism', *Past and Present*, no. 97, November 1982.

<sup>13</sup> *Rentier Capitalism*, p. 388.

Echoing the works of Thomas Piketty and Mariana Mazzucato, he invariably sees rent as a hindrance to the capitalist mode of production, as the inflated profits of rent-bearing assets distract capital away from its duties in productivity and innovation. But the relationship need not to be a contradictory one. Though rent extraction is always a nuisance for the individual capitalist—as it syphons away excess profits—it does not need to undermine capitalist dynamism per se, for capitalism is the first mode of production in which the growth of productive capital can outpace the stifling effects of rentier capital.

This problematizes Christophers's historical account of the ongoing process of rentierization. Christophers describes the United Kingdom as a rentier nation 'by historical disposition', noting that rentiers have had a dominant role in British society 'from the earliest days of its capitalist odyssey', particularly landlords and financiers. He argues that the rentier was temporarily displaced from dominance in the early to mid-twentieth century, when vast amounts of land were taken into public ownership and finance was subdued by government regulation, paving the way for the manufacturing boom of the postwar years. When this boom reached a point of exhaustion in the 1970s—described as a 'secular decline' without additional explanation—neoliberal restructuring brought the revenge of the rentier. With rentierism running rampant, the return to the norm has taken a toll on the dynamism of British capitalism ever since.<sup>14</sup> The problem with this narrative is that it fails an elementary test of historical comparison. Considering that Britain pioneered the agrarian and industrial revolutions, why did the country's historical disposition towards rentierism not stifle the development of the productive forces back then? This unanswered question raises additional ones. If rentierism did not strangle capitalist dynamism in the nineteenth century, then what is to say that it is doing so now? And, by extension: what if the ongoing process of rentierization is not the source of capitalism's slowdown at all, but only the symptom of a deeper malaise?

### *Industrial overcapacity*

Perhaps it is capitalism itself that is in retreat, with rentierism merely colonizing its ruins. This is the central premise of Aaron Benanav's *Automation and the Future of Work*: that the engine of capitalist growth—productive capital—is winding down of its own accord. The book is

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<sup>14</sup> *Rentier Capitalism*, pp. 1–5, 19.



written in critical dialogue with the ‘automation discourse’, the now widespread view that runaway technological change is rendering waged labour increasingly redundant. Embraced by a broad spectrum of commentators—from ultraconservative neoliberals and tech gurus to far-left accelerationists—the automation discourse locates the source of rising job insecurity and stagnant wages in a new generation of labour-saving technologies. Benanav refutes this thesis. If labour-saving technology were responsible for a long-term pattern of job destruction, then rates of labour productivity growth (output per worker) should be speeding up, when in fact they are slowing down. Unlike Christophers, however, Benanav does not ascribe the slowdown to the outgrowth of rentierism, but to ‘a worsening overcapacity in world markets for manufactured goods’.<sup>15</sup>

In barely one hundred pages, Benanav combines technical precision with an admirable degree of argumentative clarity to rearrange the puzzle of global stagnation. Building on the ‘long downturn’ thesis of Robert Brenner, Benanav argues that this historic saturation of global capitalism traces its origins to the post-World War II era. Underpinned by American technology transfers and geopolitical interests, the reconstruction of Europe and Japan brought their manufacturing bases up to speed with American producers and intensified international competition for manufacturing exports. This, however, did not dissuade other regions of the globe from building up their manufacturing capacities as well and adopting export-led growth strategies. The spread of industrialization crowded international markets and depressed prices for manufactured goods, making rapid rates of industrial expansion more difficult to achieve. From the late 1960s, high-income countries began to shed industrial employment amid falling profit rates, with later industrializers following apace as they reached the technical frontier. Deindustrialization reached Southern Europe in the late 1970s, with Latin America, East and Southeast Asia, and Southern Africa following in the 1980s and 90s. In many poorer countries, industrialization peaked at such low levels ‘that it may be more accurate to say that they never industrialized in the first place’.<sup>16</sup>

Benanav’s account leaves capitalism’s historic drive to maximize productivity in an awkward position, one that could use greater qualification.

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<sup>15</sup> Benanav, *Automation and the Future of Work*, London and New York 2020, p. 24.

<sup>16</sup> *Automation and the Future of Work*, p. 21.

He stresses that the immediate cause of stagnation is not productivity growth per se, but a glut in the world market caused by the replication of technical capacities. Yet, it is evident that the underlying cause of overcapacity is an imperative to increase productivity by capital-intensive means, otherwise there would have been no need to replicate technical capacities in the first place. Benanav, however, seems fully aware of this. As he points out, the economies that have managed to retain the greatest shares of manufacturing employment are precisely those that have robotized the most in response to fierce industrial competition.<sup>17</sup> In other words, the apparent demotion of productivity from his narrative needs to be read alongside his critique of the automation discourse.

The mistake of the automation theorists lies in ascribing global deindustrialization to productivity growth *directly*, prompting them to miss a number of intermediate linkages in the causal chain. This grows out of a statistical deception. Automation theorists wrongly assume that industrial-productivity rates are accelerating because they have remained high relative to output growth. Yet, this only appears as such ‘because the yardstick of output growth, against which [productivity] is measured, has been shrinking’. In reality, industrial-productivity rates are slowing down and output is slowing down even faster. The story is really one of ‘output-led’ deindustrialization. Overcrowded global markets for manufactured goods have translated into thinning rates of profit and declining rates of investment in fixed capital, with a corresponding economic slowdown. This, in turn, comes with slowing productivity, as low growth rates mean that firms ‘forgo major investments in expanding their productive capacities; many new gadgets on display in trade shows thus fail to find their way onto shop floors’.<sup>18</sup> In other words, capitalism’s drive to intensify productivity remains at the source of the problem, but the story is more complex than the automation theorists’ fixation with technology would suggest.

### *A general downturn*

This exhaustion of global industrialization casts a dark prospect over the future of capitalism, as there are no viable alternative engines of growth. Overcapacity is even more extreme in agriculture, and the service sector—which by now amounts to a majority of the global workforce—

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<sup>17</sup> *Automation and the Future of Work*, p. 28.

<sup>18</sup> *Automation and the Future of Work*, pp. 23, 21, 42.

is not particularly amenable to leaps in productivity. Historically, impediments to raising the productivity of services have been overcome 'precisely by industrializing them', that is, by replacing service workers with manufactured goods, just as laundresses' labour was replaced by the washing machine. Echoing the work of William Baumol, Benanav argues that services suffer from an inherent 'cost disease'. Sluggish rates of productivity growth mean that 'services become ever more expensive relative to goods', which in turn means that the 'growth of demand for services depends on the growth of incomes across the wider economy'. This poses a serious problem in a context of stagnating wages and widespread precarity: 'as the rate of overall economic growth slows with the dilapidation of the industrial growth engine, the pace of service-sector employment growth should slacken, too—and it generally has, across the advanced-capitalist countries'.<sup>19</sup>

So where does capital go in a stagnant world economy? 'As countries have deindustrialized, they have also seen a massive build-up of financialized capital, chasing returns to the ownership of relatively liquid assets rather than investing long-term in new fixed capital'. The process is one of constant disinvestment away from productive capital 'and falling long-term interest rates, as the supply of loanable funds far outstrips demand'. The outgrowth of finance capital has in turn fed asset-price bubbles, delivering a periodical mirage of wealth effects to richer households, enabling them to boost their consumption. When bubbles burst, these same households tend to 'withdraw from consumption to pay down their debts, generating long periods of economic malaise'.<sup>20</sup> This dynamic of stagnation-financialization is what underlies the rentierization of capitalism, and not the other way around, as Christophers claims. In the face of stagnant growth rates, capital accumulation becomes a largely zero-sum redistributive conflict in which investment flees to the safety of rentierism. Neoliberal reforms did not originate this process, though they certainly magnified it by removing restrictions to monopoly profits and facilitating bubble-induced capital gains. As in pre-capitalist societies, the rhythms of productive growth are now increasingly subordinate to the rentier dynamics of finance and mercantile activity, though this time the underlying cause is not the smothering grip of the rentier, but capitalism's own productive exhaustion.

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<sup>19</sup> *Automation and the Future of Work*, pp. 57–60.

<sup>20</sup> *Automation and the Future of Work*, pp. 35–8.

The problem is that, as rentierism takes over, capitalism looks less and less like itself. Are we caught in a transition out of capitalism? The mere question may elicit incredulous responses. Of course, we still live in a society mediated by money and markets, but so did the humans of antiquity. One could point out that the productive stagnation of the kind Benanay identifies is itself a function of capitalist competition—that the capitalist ‘law of value’ is still at play. But then again, historical transitions are often drawn-out, messy processes, where old modes of production tend to linger and coexist with new ones. ‘There are no cut-and-dried distinctions’, writes Christophers about rentiers; ‘it is unlikely to be the case that all of the rentier’s income takes the form of rent’—‘income derives simultaneously both from control of an asset and from the work involved in delivery of the product or service underwritten by it’.<sup>21</sup> The same could be said about entire social formations, with capitalist production persisting but becoming demoted from its preponderant role in the new society. To determine whether a society merits the label ‘capitalist’ or not, the crucial question is what sets the pace of societal reproduction. If, as Christophers claims, rentierism has indeed become the dominant logic, displacing productivity growth and creative destruction as the central principle of social organization, then the capitalist mode of production has become subservient to something else. In which case, to speak of ‘rentier capitalism’ would be a misnomer—we would need a new term for it.

### *Burying capital*

‘Of course, there’s plenty of evidence for this still being capitalism or mostly capitalism’, writes McKenzie Wark in *Capital is Dead*. The question, rather, is ‘whether an additional mode of production is emerging and whether it is qualitatively different enough to call it something else’. This is the starting premise of Wark’s provocative book, which takes aim at the lack of historical imagination of contemporary Marxism, accused of contenting itself with the thought that ‘since communism has not prevailed, this must still be capitalism’. For Wark, after decades of crushing defeat, the ‘genteel Marxists’ of academia have ceased to examine capitalism as a historical, evolving phenomenon, because they have tacitly made peace with the idea that it cannot be overcome. The task, then, is to shock us out of what Wendy Brown once called ‘left melancholy’.<sup>22</sup>

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<sup>21</sup> *Rentier Capitalism*, p. xxv.

<sup>22</sup> *Capital Is Dead*, pp. 81, 12, passim; Wendy Brown, ‘Resisting Left Melancholy’, *boundary 2*, vol. 26, no. 3, 1999.

Wark reminds us that once upon a time there was ‘a language about transitions between modes of production’, one in which capitalism was a process with a clear historical origin, and, potentially, an end.<sup>23</sup> The book aims to recover this form of historical reasoning through a creative thought experiment, with bittersweet conclusions. ‘So the bad news is: this is not capitalism anymore, it’s something worse. And the good news is: capital is not eternal, and even if this mode of production is worse, it is not forever. There could be others.’<sup>24</sup>

So what is the latest monster that class society has engendered? Wark baptises it the *vectoralist* mode of production. Recent technological advances have made information extremely cheap and abundant, raising the problem of ‘how to maintain forms of class inequality, oppression, domination and exploitation, based on something that in principle is now ridiculously abundant’. To resolve this contradiction, a new mode of production has morphed out of capitalism, one based on the control of what she calls ‘vectors of information’, an abstraction that designates the ‘infrastructure on which information is routed, whether through time or space’. If the ownership and control of the means of production confer upon the capitalist the power to organize labour, then ownership and control of the vector gives the vectoralist the power to organize the means of production themselves, through ‘patents, copyrights, brands, trademarks, proprietary logistical processes and the like’. For Wark, much of the power and property of the world’s largest corporations is now in vectoral form. Like Christophers, she notes that many of them ‘don’t actually make the things they sell’, and even when they do, ‘a quite remarkable amount of the valuation of the company comes from portfolios of intellectual property, or proprietary data about their customers’.<sup>25</sup>

Importantly, the vectoralist class is a ‘new kind of ruling class’, that does not appropriate a quantity of surplus value so much as ‘exploit an asymmetry of information’. This dynamic has called into existence a new subordinate class of relatively privileged ‘hackers’.<sup>26</sup> Like Berardi’s

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<sup>23</sup> *Capital Is Dead*, pp. 22–3. This language remains alive and well. The Transition Debate rages on, if not with the intensity of the 1970s. For a recent collection on the topic, see Xavier Lafrance and Charles Post, eds, *Case Studies in the Origins of Capitalism*, London 2019.

<sup>24</sup> *Capital Is Dead*, p. 29.

<sup>25</sup> *Capital Is Dead*, pp. 5, 55, 45, 115.

<sup>26</sup> *Capital Is Dead*, p. 54, 13, passim.

'cognitariat',<sup>27</sup> the hacker class is described as that which produces new hacks of information, whether of a technical or a cultural kind. Hacker labour is 'not like the seasonal repetitions of farming or the clocking-on of the worker', it has a distinct rhythm of its own that resists old forms of workplace discipline. Importantly, it also lacks a 'relation between the units of labour time and the units of value produced'; 'Something cooked up on the spur of the moment might have enormous value. Long hours of slog might end up being for nothing.' The qualitative work of producing new information is then appropriated by the vectoralist, who commodifies it by turning it into a commodity that can be rendered equivalent in the market. Pre-vectoralist class antagonisms, such as the landlord-tenant or capital-labour relation, coexist and interact with the new vectoralist-hacker dynamic. Vectoralism still sits atop a pyramid of exploited labour: when corporations like Apple or Google appropriate information produced by their armies of hackers, they then incorporate it into 'products whose manufacture can be tendered out to a subordinate class of capitalists'. Likewise, landlords benefit from the rise of the vector in ways that capital does not. The influx of 'creatives' and 'techies' gentrifies neighbourhoods and drives out working-class tenants. Simultaneously, it adds 'layers of information to the place that can be recuperated as value to sell it to bankers and lawyers and drive out mere hacker-class tenants in turn'.<sup>28</sup>

In this complex modal formation, Wark argues, the vectoralist mode of production has become dominant, relegating capitalist production to a subordinate element. The emergence of vectoralism is described as an unintended outcome of the secular stagnation of capitalist production. The forces of production piled up against their limits in the 1970s, unable to yield much by way of productivity increases or attend to the demands of labour. The capitalist class found a way out of the impasse 'by replacing labour with the vector and escaping along it', using information technology to unlock more abstract and flexible ways of organizing production (globalization, outsourcing) and consumption (financialization). However, 'what at first appeared to assist capital to defeat labour in the overdeveloped world was also a defeat for capital.' The capitalist class found itself struggling against a new class that provided the very means

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<sup>27</sup> Franco Berardi, 'What does Cognitariat Mean? Work, Desire and Depression', *Cultural Studies Review*, vol. 11 no. 2, 2005.

<sup>28</sup> *Capital Is Dead*, pp. 43–46, 92.

of that victory—the vectoralists: ‘like the sorcerer’s apprentice, Capital summoned up forces it could not restrain or control’. The result is ‘not just a rentier bubble of speculation spooling out of the “real economy”’, but something worse, because information has ontological properties that change the commodity form in qualitative ways. Once created, information ‘is infinitely replicable, cheap to store, cheap to transmit’, which means that its commodification needs artificial means of enclosure, like intellectual property. As the commodity escapes its material limits and private property moves into such a high level of abstraction, everything becomes up for grabs, even privacy: ‘we have run out of world to commodify. And now commodification can only cannibalize its own means of existence, both natural and social.’<sup>29</sup>

In short, capitalism is dead and vectoralism is feasting on its corpse. The argument synthesized above runs through Wark’s book like a loose thread. As the writing progresses, interesting remarks about the post-capitalist transition become increasingly interspaced with expeditions into all sorts of topics, including: left-wing scientists of the twentieth century; the changing outlook of the Chinese Communist Party; the conceptual genealogy of ‘vulgar Marxism’; or a commentary on Raoul Peck’s film *The Young Karl Marx*. To a reader not accustomed to the logic of cultural studies (like myself), the structure of the book may seem eclectic and disorienting at times. Nevertheless, it is undeniable that Wark’s blend of philosophical inquiry and literary creativity makes for a remarkably thought-provoking work. Out of the three books examined in this essay, *Capital is Dead* raises by far the most interesting and provocative questions, even if they are best answered when Christophers’s and Benanav’s books are read alongside it.

### *Varieties of rentier*

Wark’s argument has more convincing to do on at least two fronts. First, it remains unclear why the control of information is the dominant feature of the nascent mode of production. There is nothing peculiar to the vector about profiting from ‘owning’ rather than ‘making’. A similar logic applies to a myriad of other rent-bearing sectors, like built infrastructure, landownership, natural-resource reserves. Indeed, from the perspective of Christophers’s taxonomy, the vectoralist is simply one

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<sup>29</sup> *Capital Is Dead*, pp. 57, 79, 95, 42, 48.

kind of rentier amongst many. Or rather, a combination of two types of rentiers—those who derive income streams from digital platforms and from intellectual-property rights. If Christophers disputes the term ‘financialization’ for privileging only one aspect of a broader process, one could say the same about Wark’s account of *vectoralization*. Where Wark and Christophers converge is in the thesis that a new rentier/vectoral logic has displaced productive capital from dominance. This is the second area that needs more reflection. Benanav’s book describes how the capitalist mode of production has reached a point of exhaustion, but his findings suggest that it continues to set the pace of societal reproduction. In spite of rentierization, Benanav shows how the fortunes of wealthier economies have remained ‘strongly tied to the fate of their manufacturing sectors’. In the absence of an alternative engine of growth, fierce industrial competition remains the driving force of the global economy, which explains why firms ‘have reacted to overaccumulation by trying to make their existing manufacturing capacity more flexible and efficient, rather than ceding ground to lower-cost firms from other countries’.<sup>30</sup> Capitalism may well be in a moribund state, but it seems too early to pronounce it dead.

While Wark’s book shakes the historical consciousness of the reader by presenting the world in a state of flux, it does less to identify paths forward. *Capital is Dead* builds on the thesis of one of Wark’s earlier books, *A Hacker Manifesto* (2004), written at a time when it seemed ‘as though the one thing that really could form the basis of the commons was information’. At the time, peer-to-peer file sharing was blowing apart the culture industry and the producers of information were starting ‘to think not just about their craft or trade interests but about a class interest’. Fifteen years on, she now seems much less optimistic about the prospects for resistance. New techniques for ‘the capture of creation’ have been invented, to the point where production of information can now be outsourced to ‘free labour’. ‘Even when you just stroll down the street, the phone in your purse or pocket is reporting data back to some vectoralist entity’. Hacker politics now appear much more ambiguous as well. Though there have been remarkable instances of self-organization, like the Google walkouts of 2018, the hacker class seems to have ‘a very hard time thinking about its common interests, because the kinds of new information its various subfractions produce are all so different.’ Silicon Valley start-up types are also highly prone to

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<sup>30</sup> *Automation and the Future of Work*, p. 36.



getting caught in aspirational dreams of corporate advance, even though these are rarely fulfilled.<sup>31</sup>

Towards the end of the book, Wark calls for a politics of ‘acomunism’ (a play on atheism): ‘We’re free to desire another project for what might come after capitalism. It won’t be Communism; as it turns out, the exit from Capital through external revolution was an off-ramp not taken’. In the absence of the hacker class assuming a new revolutionary subjecthood, it remains unclear what Wark thinks the possibilities are. Perhaps defeated by her own thought experiment, the concluding chapters relapse into a strong sense of left melancholy: ‘Let us admit, comrades, that we are a defeated people. There will be no second coming for us’. We are left with little to look forward to: capitalism is dead, communism has missed the boat, and we are now stuck with something worse.<sup>32</sup>

### *A mixed economy*

By contrast, *Rentier Capitalism* outlines a battery of policy proposals for de-rentierization. In a thoughtful and clear exposition, Christophers calls, among other things, for a more stringent competition policy, increased taxation on capital gains, and a nationalization of certain sections of the economy. Socialized sectors would then be managed by either different scales of the state or by communal bodies. In this vision, a *dirigiste* industrial policy would be pursued with the support of public-investment banks. One of the most pressing tasks of this invigorated public sector would be to enforce an urgent process of decarbonization. To be sure, ‘a non-rentier or minimally rentierist’ private economy would remain in place. A considerable number of assets would still be privately owned and marketed for profit, including: some financial assets, intellectual property and, importantly, housing. But the chief point, we are reassured, is that the owners of capital will not ‘be encouraged and enabled to be rentiers’. Laying his cards on the table, Christophers argues that ‘a mixed, plural ecology of ownerships is probably the best objective—and is certainly the most politically and economically viable outcome’.<sup>33</sup>

In this society, he points out, ‘economic resources would be subject to much more dispersed and democratic control’, which already makes this

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<sup>31</sup> *Capital is Dead*, pp. 54, 115, 48.

<sup>32</sup> *Capital is Dead*, pp. 142, 169.

<sup>33</sup> *Rentier Capitalism*, pp. 393, 407.

agenda worth pursuing. However, he overplays his hand when describing the radicalism of this vision. Perhaps pre-empting accusations of reformism, Christophers claims that it would be impossible to call what he proposes ‘simply “capitalism” in any of the various senses in which we have come to use the word’—‘it is not capitalism, therefore, that one would be saving’.<sup>34</sup> As indicated earlier, it is not clear what Christophers understands by capitalism, and hence what ‘various senses’ of the word he is working with, but what if we were to simply call this vision: *social-democratic capitalism*?

To be sure, the agenda that Christophers is proposing is urgent, at the very least due to the looming environmental catastrophe. From the perspective of anticapitalist resistance, it may even be desirable as a transitional programme towards something else, just as the more radical advocates of the Green New Deal have argued.<sup>35</sup> But to represent this as a transcendence of capitalism seems somewhat unimaginative and rather self-limiting, especially considering that what Christophers is proposing looks a lot like a recharged version of the social-democratic regimes of the so-called Fordist era, only with more environmental considerations and less public housing—and the mixed economies of this period were certainly within the bounds of a range of definitions of capitalism. This brings us to a different but related problem. The redistributive regimes of the postwar period were premised on highly profitable manufacturing sectors. Today, however, we live in a world of overdevelopment and saturated markets. From Christophers’s analysis, one might deduce that lifting the dead hand of the rentier would be sufficient to unlock a renewed cycle of industrial productivity. The crucial yet unaddressed question is whether the ‘golden age’ of social-democratic capitalism can be recreated in an era of secular stagnation, when there are no opportunities for growth like those afforded by reconstruction or catch-up industrialization.

### *Full socialization*

In the final chapters of *Automation and the Future of Work*, Benanav argues that mixed-economy solutions, like those advanced by Christophers or by the left-wing proponents of Universal Basic Income, are not only

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<sup>34</sup> *Rentier Capitalism*, p. 408.

<sup>35</sup> Thea Riofrancos, ‘Plan, Mood, Battlefield: Reflections on the Green New Deal’, *Viewpoint*, 16 May 2019.

unrealistic in a context of secular stagnation, but they are also not going to cut it in the arena of class conflict. These options obviate how, in a world economy in which there is little growth to redistribute, 'distributional struggle would quickly become a zero-sum conflict between labour and capital'. As in the postwar period, capital would resort to 'the heavy artillery of the class conflict: the capital strike', only the stakes would be even higher today, as depressed levels of investment and soaring underemployment make disinvestment a stronger weapon. (How this escalating dynamic might play out in a world of negative interest rates is not considered.) To fend off the insubordination of business elites, reformist state managers will need to 'threaten firms with full socialization' and to follow through on those threats by 'disseminating a clear plan for doing away with private enterprise' with the backing of mass social movements. Even then, 'facing such a *salto mortale*, reform parties typically have blinked'. The example is the Meidner Plan, which culminated in the capitulation to capital of the Swedish social-democrats in the 1970s. Rather than seeing this as an impediment, Benanav leans into the option of full socialization and charts a non-market alternative out of the current impasse. To be sure, he does not seek answers in central planning, which turned out to be 'both economically irrational and ecologically destructive, filling warehouses with shoddy products and proving susceptible to autocratic bureaucratization'.<sup>36</sup> Instead, he draws inspiration from the post-scarcity tradition, sketching out the contours of an alternative mode of existence based on the Aristotelian division between the *realm of necessity* and the *realm of freedom*.

The realm of necessity is to be managed by a logic of cooperative justice, one that ensures the provision of all goods and services outside of the market. For Benanav, these needs will include 'housing, food, clothing, common intermediate and final goods, sanitation, water, electricity, healthcare, education, child and elder care, means of both communication and transportation, and so on', to be allocated through institutions such as social storehouses. Importantly, he points out that such needs would not be determined *a priori*, but decided on a democratic basis. These labours could take anywhere between three to five hours a day, though this working time could be concentrated in different portions of the year or of a worker's life, making allowances 'for rest, for travel, for grief, or for cultural immersion'. There would be no central plan but a series of overlapping partial plans, with some aspects managed at

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<sup>36</sup> *Automation and the Future of Work*, pp. 78, 70–1, 79, 81.

a local level and others coordinated with advanced computer technologies on a global scale. Existing distinctions between waged and unwaged labour, which have traditionally confined women to the realm of household labour, would need to be dissolved. There would also predictably have to be some kind of sanction system ‘to hold producers accountable were they to fail to meet democratically determined social standards’, though these sanctions would not deprive producers from their portion of the social surplus.<sup>37</sup>

The administration of societal needs and the reduction of the working day would be ‘the condition of possibility of everything else we want to do’—the realm of freedom. In a beautiful passage, Benanav imagines the thriving of ‘activities that cannot be described simply as either work or leisure’: ‘painting murals, learning languages, building waterslides—or discovering new ways to do common tasks to make them less time-consuming . . . writing novels, or self-reinvention through education or exploration’. The end of socially-determined scarcity ‘would enable people to enter voluntary associations with others from all over the globe: to join consortia of mathematical researchers, clubs for inventing new musical instruments, or federations for building spaceships’. For most, ‘this would be the first time in their lives that they could enter truly voluntary agreements—without the gun to their heads of a pervasive material insecurity’. In the absence of market competition, there would be ‘no built-in growth trajectory’ and the implementation of productivity improvements will likely take longer than it does now. But there would also be no need for growth at the current pace, since ‘most labours of necessity would be services whose productivity is difficult to raise without sacrificing quality’. In a statement reminiscent of Moishe Postone’s concept of ‘historical labour-time’, Benanav stresses that in this society, what today we call ‘capital’ would be ‘recognized for what it is: our common social inheritance. Built up over generations, belonging to no one and to everyone, it is that without which no one could achieve their larger goals, or even imagine them’.<sup>38</sup>

Of course, many thorny issues remain neglected in this picture, such as the role of specialization and expertise, the difficulties posed by

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<sup>37</sup> *Automation and the Future of Work*, pp. 86–90.

<sup>38</sup> *Automation and the Future of Work*, pp. 91–2; Moishe Postone, ‘Necessity, Labour and Time: A Reinterpretation of the Marxian Critique of Capitalism’, *Social Research*, vol. 45, no. 4, 1978.

population movement, or the political dilemmas that might arise in the likely event that transition does not happen at once and on a global scale. If historical precedent serves as a guide, this new world would likely be born under siege, much like the Paris Commune or the Soviet Union. Ultimately, Benanav's utopian vision avoids the defeatism of Wark but also the concreteness of Christophers's programmatic proposals. Nevertheless, it is a bold and necessary look beyond capitalism's rentier morbidity—one that makes the dream of a democratic and decentralized communism an almost tangible possibility.