How useful is the concept of rent for post-growth political economy?

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The thesis has been prepared in an alternative format to allow the candidate to gain experience in writing in journal articles and to publish and disseminate her research results without time delays. As a result, the alternative format has increased the timely impact of the research.

The thesis contains seven chapters. Chapters 2 and 4 each consist of one published academic journal article. Chapters 3 and 5 each consist of one manuscript ready for submission to a journal. Chapter 1 introduces the thesis, contextualising the four articles in the wider literature and outlining their relevance to the overall research question. Chapter 6 is a discussion chapter, bringing together the findings of all four articles to reflect on the overarching research questions. Chapter 7 concludes with a summary of the contributions and limitations of this thesis and avenues for future research.

The work in **Chapter 2** of this thesis has been published as:

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The work in **Chapter 3** of this thesis will be submitted for publication in *European Journal of Communication*. Contributions to this article were as follows:

- Beth Stratford: conceived the project and research questions; drafted the messages to be tested and the survey design; liaised with the polling organisation ICM; analysed the results in SPSS and excel; wrote the article.

- Dan O'Neill (supervisor): provided input on the survey design; advised on the statistical analysis; provided feedback on several drafts of the article.
- Bec Sanderson: suggested framing literature to include in the review; helped refine the messages to be tested and the design the survey; provided feedback on a draft of the article.
- Dora Meade: helped refine the messages to be tested and the design of the survey; was the main point of contact at NEON, who funded the survey.
- ICM (polling organisation) conducted the survey and provided the data in raw and summary form.

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Abstract

Post-growth economists are concerned with adapting our economies to support human flourishing without relying on continued growth in economic output, which is inextricably linked to ecological damage. This thesis examines what the concept of rent – income extracted through control over persistently scarce or monopolised assets – can offer this inquiry.

It makes contributions in four key areas. First, it makes several novel propositions regarding the relationship between rent extraction, growth, and resource use. It warns that resource constraints could trigger intensified rent-seeking – accelerating the shift of investment away from productive innovations and efficiencies, toward the acquisition, creation, and exploitation of rent-bearing assets, such as real estate, patents, and financial assets. It shows that the rent relation underpins our current dependence on growth to avoid crises of unemployment, debt, and inequality. And it proposes that socialising rent-bearing assets (or the rents they accrue) could offer a defence against exploitation for both people and planetary resources.

Second, it evaluates the strengths and weaknesses of the concept of rent as a discursive frame for the post-growth movement – to counter the myth of the meritocratic free market and build the coalitions necessary to transform our economy. It reports the findings of an experimental framing study, that uses renationalisation of the UK's energy system as case study to evaluate the efficacy of three different rent frames.

Third, it offers a partial genealogy of the concept of rent, to explain the emergence of two rival definitions of rent and highlight misunderstandings that could arise when deploying contested terms like rent and rent-seeking. Finally, it introduces a new theoretical construct – the rent-free counterfactual – which prompts a re-evaluation of core assumptions in rent theory. Specifically, it proposes that the comprehensive diffusion of rentier power, rather than return capitalism to some 'purer' form, would undermine capital as a social relation.

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1 Introduction

1.1 Introducing the research questions

1.1.1 Why post-growth economics?

Our current economic model is eroding the ecological basis of civilisation. Wildlife populations have declined by nearly 70% in the last half century (Almond *et al.* 2022). Wildfires burn nearly twice as much tree cover today as they did 20 years ago (Tyukavina *et al.* 2022). 3.6 billion people now face water shortages for at least one month a year (WMO 2021). An entire chapter could be filled with such grim statistics – symptoms of an underlying addiction: our ever-growing consumption and disposal of planetary resources (Haberl *et al.* 2006, Krausmann *et al.* 2009, Steinmann *et al.* 2017, UNEP 2020).

This is not just about fossil fuels and attendant climate change. There are damages associated with the extraction, processing and waste of biomass, metals, and non-metallic minerals too; and across all of these categories, our material consumption continues to rise (Hickel *et al.* 2022). Notwithstanding the problems with approximating a planetary boundary for aggregate resource use, industrial ecologists have estimated 50 billion tonnes per year might be the upper limit for global sustainable resource use (Dittrich 2012, Hoekstra and Wiedmann 2014, Bringezu 2015, Fanning and O'Neill 2016). In 2017, consumption surpassed 90 billion tonnes, with high income countries (according to the World Bank's classification) collectively responsible for 74% of cumulative excess material use between 1970 and 2017, despite representing only 16% of the world population (Hickel *et al.* 2022, p. e346). Worse, most ecological pressure from excess consumption in rich nations is outsourced to poorer nations (Muradian and Martinez-Alier 2001, Temper *et al.* 2018). Thus, the populations most vulnerable to the effects of ecological breakdown are also the least responsible for causing them. These are the injustices that motivate my research.

If rich countries are serious about 'providing good lives for all within planetary boundaries' they need to radically reduce their own resource use, including fossil

fuels (Steffen *et al.* 2015, O'Neill *et al.* 2018, Hickel 2019). But this moral imperative conflicts with the goal of growing production and consumption, as measured by Gross Domestic Product (GDP), because GDP has been coupled with material use since records began (Wiedmann *et al.* 2015, Ward *et al.* 2016, Haberl *et al.* 2020). Even a modest-sounding goal of 2% growth per year translates into a doubling of consumption every 35 years. Green growth advocates maintain that we can decouple economic activity from resource use. But there is no evidence of long-term absolute[1] decoupling of economic growth from resource use, either in historical data or modelled projections (Ward *et al.* 2016, Hickel and Kallis 2019, Parrique *et al.* 2019, Haberl *et al.* 2020, Vadén *et al.* 2020).

Fortunately, there is a burgeoning field of research exploring how to support human wellbeing under conditions of low or negative growth and redesign the economy to 'go slow by design not disaster' (Victor 2008). I use the term 'post-growth' as a generic term covering a range of approaches within this field, including degrowth (D'Alisa *et al.* 2014, Kallis *et al.* 2020), steady-state economics (Daly 1973, Dietz and O'Neill 2013), doughnut economics (Raworth 2017) and wellbeing economics (Trebeck and Williams 2019).

One insight from this literature is that – apart from damaging vital earth systems – the pursuit of output growth above all else destroys places of serenity, intensifies pressure at work and robs us of leisure time to spend with family and friends (Douthewaite 1999a, Daly 2016, Kallis 2018). It relies on the commodification of experiences, the bombardment of adverts, and the erosion of labour protections and food standards, in the pursuit of ever cheaper goods (Jackson 2009, Hickel 2020). It should be no surprise, then, that among wealthy nations, per capita GDP is a poor predictor of health (Steinberger *et al.* 2020), well-being (Easterlin *et al.* 2010), and other social outcomes (Wilkinson and Pickett 2009).

But despite mainstream acceptance that GDP is a poor measure of progress (Coyle 2014, Stiglitz *et al.* 2018), politicians remain fixated on it. This continued preoccupation has – I believe – a lot to do with rent and, specifically, the unequal

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[1] Absolute decoupling requires absolute reductions in resource use coinciding with GDP growth, as opposed to 'relative decoupling', where resource use or emissions merely increase less quickly then GDP.

control of rent-bearing assets. The next section briefly introduces this concept, to provide some context for my research questions, and the rest of this introduction.

1.1.2 A brief introduction to the concept of rent

Rents are incomes analogous to land rents in that they are extracted through control over persistently scarce or monopolised assets. Whenever an actor controls access to something that is needed or wanted by others, and yet is difficult or impossible for others to replicate, they gain a potential economic advantage. Rents arise from the exploitation of that advantage. Loosely, rent extraction is about taking rather than making. The earliest rent theorists focussed on the way that financial assets, natural resources, intellectual property and monopolised infrastructures could all yield economic returns analogous to land rents (e.g., Hobson 1909, p. 105, Hobhouse 1911, p. 49). These rent-bearing assets remain a key focus for contemporary theorists (e.g. Bezemer and Hudson 2016, Standing 2016, Mazzucato 2018, Birch 2019, Christophers 2020), though other sources of rent have gained significance in recent decades, including digital platforms (e.g., Sadowski 2020, Komljenovic 2021, Wark 2021) and outsourcing contracts (e.g. Appelbaum 2017, Christophers 2020).

Rents are typically understood to be both unearned and inefficient.[2] Early rent theorists portrayed rents as unearned because they bore no relation to *effort and sacrifice* (Mill 1848, p. 364, Marshall 1890, app. K, § 2, Hobhouse 1911, pp. 26, 52). In contemporary rent scholarship it is common to also find rents described as incomes disproportionate to value or wealth creation[3] – where one's contribution to wealth creation might include risk-taking, innovation or the application of skill (Mazzucato 2018). As Sayer notes, we do not need to take a position on how deservedness ought to be measured to conclude that incomes extracted from control over scarce assets are unearned: 'Quite simply, it's something for nothing, based on power … and unrelated to effort, merit or need' (2020, p. 6).

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[2] The claim that rents are unearned and inefficient should not be taken to imply that all non-rents are earned and efficient.

[3] Stiglitz, for example, writes that the rent-seeker gets an income 'not as a reward for creating wealth but by grabbing a larger share of the wealth that would have been produced anyway' (2015a, p. 141). What constitutes wealth or value is rarely defined.

The characterisation of rents as inefficient arises from the observation that many economic goals could be met at a lower cost if the power to extract rent was absent. First, society would be able to access many essential resources without paying a functionless 'gatekeeper' for the privilege. For example, researchers argue that the UK's privatisation of critical infrastructures for the delivery of water, electricity, gas, bus, railway, telecommunication and postal services has resulted in rising prices and/or deteriorating quality, since the private owners of such critical infrastructures can use their monopoly power to extract returns for shareholders, creditors and CEOs, while facing little incentive to invest in improvements (Meek 2014, Bayliss and Mattioli 2018, Christophers 2019, Weghmann 2019). Second, many costly and wasteful rent-seeking behaviours would no longer be encouraged. For example, Epstein and Montecino argue that the rent-seeking practices of financiers – such as the creation of excessively complex and risky derivatives and the misallocation of credit to speculative investment – have become such an engine of economic instability that 'it would be a lot cheaper simply to write them a check every year [to cover their current incomes] than to let them continue business as usual' (Epstein and Montecino, 2016, p. 4). Similarly, Bessen and Meurer (2012) argue that that the litigation costs and license fees associated with the current patent system actually function to *discourage* innovation.

Rentiers versus capitalists?

It is worth addressing one potential source of confusion at this point: the tendency for some commentators to contrast rentiers with capitalists. During the first few centuries of capitalism, there were understood to be three relatively separate classes with distinct interests: landowners, capitalists, and workers. The capitalist was typically an owner-manager who directly owned the means of production and managed production. But soon after the birth of the corporation,[4] these two functions – ownership and management – became increasingly separated (Buller and Lawrence

[4] A corporation is an organisation recognised by the state as a separate entity, distinct from its managers and owners. The legal owners (shareholders) enjoy limited liability, meaning that they are not personally liable either for contractually agreed obligations of the corporation, or harms committed by the corporation against a third party. See Ireland (2010) and Ferreras (2017).

2022, p. 53). Marx observed this shift in Volume 3 of Capital, contrasting the passivity of capital ownership with the active function of capital management, and drawing attention to the way that capital ownership, like landownership, was becoming external to the productive process (Marx 1993 [1894], Vercellone 2010, pp. 100–101). The French term 'rentier' soon caught on as a label for this relatively new class of capital owners who derived their income passively from financial titles.[5] For example, Keynes (1923) described the 'Investing Class' as rentiers, distinct from the 'productive classes' – the 'Business Class' and the 'Earning Class' – noting that 'interest today rewards no genuine sacrifice, any more than does the rent of land' (Keynes 2018 [1936], p. 334).

Some economists, particularly post-Keynesians, still use the term rentier in this relatively narrow sense. But the term rentier is now also used to refer more generally to anyone who profits handsomely from scarcity or monopoly (Standing 2016, Mazzucato 2018, Birch 2019, Christophers 2020, Sayer 2020). These include the direct owners of financial assets, but also people employed by businesses wielding rentier power, who may play an active role in the construction or maintenance of scarcity and monopoly.

I use the term rentier in this latter sense and avoid contrasting rentiers with capitalists on the grounds that the two are intimately 'entangled and intermixed' (Sayer 2020, p. 7). As management strategy theorists recognise, the most successful capitalist firms owe their competitive advantage to their control over resources and capabilities that are both valuable and protected from imitation or substitution (e.g., Hoopes *et al.* 2003) – in other words, rent-bearing assets. An analysis of companies with the largest market share on the London Stock Exchange concludes that 'rentierism is embedded in their individual and collective DNA' (Christophers 2019, p. 21).

The fact that there is 'no cut-and-dried distinction' (Christophers 2020, p. xxv) between rentiers and capitalists should not detract from the fact that profits can be more, or less, reliant on rentier power. The *rentierisation* of capitalism refers to the

[5] In 1916 Lenin wrote of the 'extraordinary growth of a class, or rather, of a stratum of rentiers, i.e., people who live by "clipping coupons," [collecting interest payments on bonds] who take no part in any enterprise whatever, whose profession is idleness' (Lenin 1963, chap. VII).

increasing centrality of rent-seeking within profit-seeking strategies – that is, the shift away from investments in productive innovations and efficiencies, toward the artificial construction of scarcity, and the acquisition, trading and 'sweating' of scarce and monopolised assets.[6] The rentierisation of capitalism is widely associated with neoliberalism, and blamed for rising inequality and financial instability, the slowing of innovation and productive investment (e.g. Bezemer and Hudson 2016, Standing 2016, Lindsey and Teles 2017, UNCTAD 2017, 2018, Mazzucato 2018).

This thesis is motivated by a concern that rent-extraction and rent-seeking are barriers to an equitable post-growth future, but also by two more hopeful hypotheses. First, the socialisation of scarce and monopolised assets, and/or the rents that accrue to them, could offer a defence against the exploitation of both people and planetary resources. Second, the concept of rent could help counter the myths we are told about capitalism and build the coalitions necessary to win key reforms on the path to an equitable post-growth future.

1.1.3 The research questions and structure of this thesis

This thesis offers an in-depth exploration of what rents are, why we need to be rid of them if we are to live well within resource limits, and what risks and opportunities are associated with using the concept of rent as a tool for consciousness-raising and coalition-building. The thesis is divided into three distinct inquiries, explored over four chapters, and brought together by a discussion chapter:

RQ1. Can the concept of rent help us redesign the economy for a post-growth future?

The post-growth literature has identified three main macro-level risks that are *ceteris paribus* exacerbated in the context of low or negative growth: rising inequality,

[6] It is worth acknowledging that many attempts to neatly delineate productive from unproductive activity have been tried and failed (Nitzan and Bichler 2009, pp. 111–115, Mazzucato 2018). The fact that it is impossible to neatly distinguish productive from unproductive activity, however, need not lead to the conclusion that no such difference exists.

unemployment, and debt (Stratford and O'Neill 2020). Adapting our economy for a post-growth future requires an understanding of what drives these problems and how they can be mitigated in the absence of growth. In **Section 1.2** of this introduction, I offer an overview of the diagnoses and remedies proposed by post-growth scholars for each of these threats – inequality, unemployment, and debt. Since this review provides important context for Research Question 2 as well, I give it more space relative to later sections.

I argue that the post-growth literature gives insufficient attention to the concentrated control over scarce and monopolised assets (rent-bearing assets) that underpins accumulation and exclusion, and the rent-seeking behaviours that contribute to financial fragility. In Chapter 2 I argue that a pre-condition for averting crises of inequality, unemployment, and debt in the absence of growth is the removal these power imbalances, and the closure of opportunities for rent-seeking.

RQ2. Can the concept of rent help us develop effective communication frames, to build support for the economic transformations needed?

Framing is the process by which political actors attempt to shape thinking around an issue. It involves the use of emphasis, language and metaphor to promote a particular interpretation of the causes and thus the correct response to a given controversy. A key hypothesis underpinning this thesis is that the concept of rent may help post-growth economists develop effective frames to build support for the reforms necessary for an equitable post-growth economy, including the democratisation of workplaces, the renationalisation of certain infrastructures, the dismantling of rentier power and redistribution of rents more broadly. **Section 1.3** outlines the basis for this hypothesis as well as offering a brief introduction to the theory behind framing, and the rationale for choosing public ownership of energy infrastructure as a case study for testing my hypothesis. Chapter 3 – *Using the rent frame to build support for public ownership of energy* – is the product of this experimental framing study.

RQ3a. What potential misunderstandings and confusions could arise when using terms like rent, rentier and rent-seeking?

RQ3b. Can and should the definition of rent be clarified if such terms are to be used by post-growth political economists?

In academic enquiry, concepts that initially seem straightforward often transpire to be highly syncretic and contested. **Section 1.4** introduces some important inconsistencies and ambiguities in the literature on rent, to explain why this final inquiry is so important, and how Chapters 4 and 5 contribute to it. Chapter 4 – *Rival definitions of rent: historical origins and normative implications* – is the product of a deep dive into the origins and evolution of the concept of rent. It highlights (in answer to RQ3a) that the terms 'rent' and 'rent-seeking', if left poorly undefined, could inadvertently reinforce a set of flawed theoretical premises and counterproductive normative positions. Chapter 5 – *The rent-free counterfactual* – proposes and evaluates a new benchmark for measuring rent that could be used to mitigate this risk and clarify the scarcity-based definition introduced above (Section 1.1.2). Chapter 6 brings together the findings from Chapters 4 and 5, to reflect on the pros and cons of attempting to remove ambiguity from the definition of rent.

The overall structure of this thesis is summarised in Figure 1.

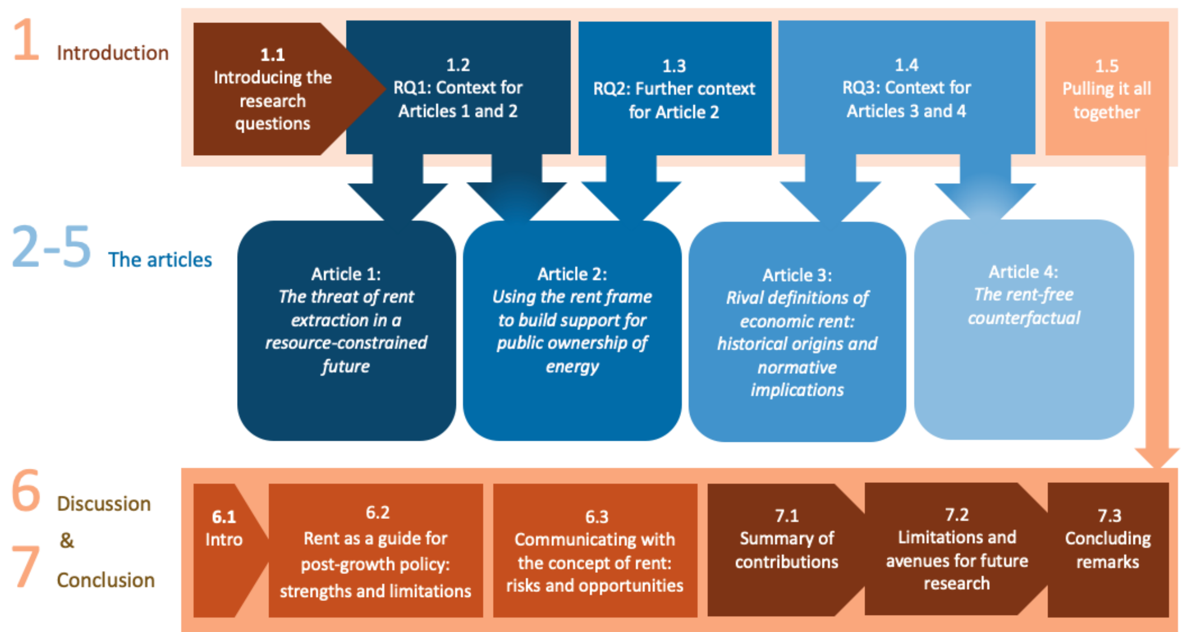

Figure 1.1: Structure of the thesis

1.2 Macroeconomic threats in a post-growth future

This section offers an overview of the research on macroeconomic threats in a post-growth context, and how they may be overcome. After briefly explaining the difference between growth *drivers* and growth *dependencies*, and why the focus of this thesis is on the latter (Section 1.2.1), I introduce the post-growth literature on the risks of rising inequality (Section 1.2.2), unemployment (Section 1.2.3) and debt (Section 1.2.4), and how scholars propose to mitigate each. Chapter 2 of this thesis was motivated by the relative lack of attention to the role of the rent relation in underpinning or exacerbating each of these macroeconomic threats.

Since my research concerns barriers to an equitable post-growth economy in the UK and similar wealthy capitalist economies, this review focuses on those drivers of debt, inequality and unemployment affecting populations within the UK and similar countries in the Global North. Addressing global injustices also requires attention to features of the global economic system that facilitate neo-colonial wealth extraction from the Global South (Bhambra 2021, Hickel *et al.* 2021).

1.2.1 Why focus on growth dependencies not growth drivers

A growth *driver* makes growth in production and consumption more likely at an aggregate level, in the absence of any hard limit acting in the opposite direction. An example is the availability of cheap energy sources, or – relatedly – technological innovations that reduce the energy needed per unit of output (Ayres *et al.* 2013, Sakai *et al.* 2018, Brockway *et al.* 2021).

A growth *dependency*, by contrast, is a set of dynamics within the economy that create crisis in the absence of GDP growth. By crisis, I mean phenomena like mass unemployment, unpayable debts, and rapid falls in living standards, which are not socially or politically sustainable. Overcoming our growth dependency means identifying and neutralising the key structures, power imbalances and feedback mechanisms that make our economy reliant on growth to avoid such crises.

Because of the close relationship between environmental damage and GDP growth, robust environmental protections will not be socially or politically acceptable until we have tackled our growth dependency. By contrast, a growth driver does not necessarily stand in the way of environmental protections.[7] Moreover, because there are ways to directly limit resource use and environmental damage – including taxes, caps on the import or extraction of resources, regulations and bans on particular pollutants or infrastructures – an indiscriminate approach that blocks any GDP growth is unnecessary (van den Bergh 2011, p. 889, Strunz and Schindler 2018, p. 70). Once such protections are in place, growth drivers need not concern us, because growth occuring within sustainable resource/pollution limits is green by definition.

I emphasise this because there is a risk that researchers concerned with ecological limits could evaluate policies according to whether they would, all else equal, boost GDP and resource use, rather than applying the more systemic lens of growth *dependency*. Such evaluations assume, implicitly, that we cannot rely on

[7] Matters are complicated by the fact that it is possible for some institutions to *drive* growth as well as contribute to growth *dependency* – interest-bearing bank credit being one such example. The creation of credit by a bank injects new purchasing power into the economy, so that new investment need not depend on prior saving. As Schumpeter concluded, the dynamism of capitalism cannot be understood without reference this distinctive monetary system (Schumpeter 1954, Ingham 2008). But high levels of interest-bearing debt also create systemic fragility, such that a cessation of growth can trigger a chain of defaults (see Section 1.2.4).

environmental protections to directly constrain resource use and must constrain resource use indirectly by dampening growth drivers.

This dangerous logic could lead to the neglect of policies which would, *ceteris paribus*, boost growth (e.g. by redistributing wealth to income-contrained households or boosting innovations and efficiency) but that are nevertheless vital for meeting needs satisfactorily within robust resource constraints – including policies that redistribute rentier power, and discourage rentierism. Our priority, therefore, should be ending growth dependencies, so that robust and comprehensive environmental protections can be established without risk (Cahen-Fourot, 2022, p. 20).

A term that is sometimes used interchangeably with growth dependency is growth *imperative*. A growth imperative can exist at the micro-level or macro-level, whereas growth dependency usually refers to economy-wide dynamics. Like Richters and Siemoneit (2019), I reserve the term growth *imperative* for a pressure that is more or less irresistible, where the risks involved in not growing output are of an existential nature. At the micro-level, this could be an unacceptably high risk of insolvency for a firm; at the macro-level, a high risk of economic crisis that would force government from office (i.e. a growth dependency). Pressure on firms and individuals to increase their output may translate into a systemic growth dependency, but this depends upon mediating institutions (Cahen-Fourot 2022). A key proposition in this thesis is that eliminating the rent relation, and rent-extractive behaviours, might prevent certain micro-level growth imperatives from translating into a macro-level growth imperative (see Section 6.3).

I will now turn to the core growth dependencies identified in the post-growth literature – our reliance on growth to mitigate the threats of rising inequality, unemployment and debt.

1.2.2 The threat of rising inequality

Equity and just distribution have been core concerns for the post-growth movement since its inception (Jackson 2009, Schneider *et al.* 2010, Daly and Farley 2011, Gough 2017, Büchs and Koch 2018). The closer we get to a zero growth economy

the closer we get to a zero sum game in terms of income, where increasing one person's income implies decreasing someone else's. Preventing inequality in a post-growth context thus requires an end to accumulation and/or the 'privileges attached thereto' (Daly 1973, p. 27). Piketty's (2014) thesis that inequality will increase if returns to wealth exceed the rate of growth in the economy ($r > g$) has focussed attention on the problem of accumulation (Jackson and Victor 2016, 2018, Richters and Siemoneit 2019, Hartley *et al.* 2020). If environmental limits force g to zero or below, how is society to force r even lower?

Modelling inequality in a post-growth future

At the time that Chapter 2 was published, the only post-growth scholars to directly address Piketty's thesis were Jackson and Victor (2016, 2018).[8] They use stock-flow-consistent models to explore how rewards from the productive process might be divided between capital and labour as growth slows, and to test the efficacy of several proposals for alleviating inequality that have been advocated in the post-growth literature: a Universal Basic Income, a wealth tax and a graduated income tax. Since these models – and their limitations – were a major impetus for my focus on rents and rentier power in this thesis, I will describe them in some detail.

Implicitly Jackson and Victor's model assumes that all wealth is invested as perfectly reproducible productive capital,[9] and that returns are determined by the marginal productivity of that investment.[10] Their justification for adopting this neoclassical approach, in spite of its acknowledged limitations,[11] is so that the model can be

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[8] A more recent contribution by Hartley *et al.* (2020) extends Jackson and Victor's model and provides confirmation for the core argument made in Chapter 2. I discuss this contribution in Chapter 6.

[9] By productive capital I mean *produced means of production* – human-made goods and services that can be enlisted as inputs in some production process (Varoufakis 2014, p. 20) or 'physical goods used in combination with labour and land to generate overall output' (Seccareccia and Lavoie 2016, p. 206). Productive capital does not therefore include land, natural resources, financial assets or other speculative assets.

[10] The marginal product of reproducible capital is supposedly the extra output that is produced if the supply of capital is increased by one unit, and all other factors remain constant (Moseley 2012, p. 131).

[11] Both the concept of 'marginal productivity' of capital and of an aggregate production function have been shown to be logically incoherent (Harcourt 2015, Moseley 2015).

directly compared with Piketty's own model (Piketty 2014, chap. 6, Jackson and Victor 2016, p. 208).

Their analysis highlights the impact of manipulating the elasticity of substitution in a context of perfect competition.[12] A high value for the elasticity of substitution indicates a situation where it is relatively easy for labour to be replaced with productive capital, so that the owners of that capital can continue to increase their revenues, even when output stops growing, by lowering their labour costs.[13] By contrast, a low value indicates a situation in which labour is more essential to the production process, or workers wield more power to resist their replacement by algorithms and machines. Since, in Jackson and Victor's model, the only thing that one can do with one's savings is to add to the stock of productive capital, the effect of investment in the context of a low elasticity of substitution is to create an over-supply of capital: 'when the growth rate has (by construction) fallen to zero, net investment is simply soaking income away from consumption and government expenditure, building capital for no apparent reason.' (Jackson and Victor 2018, p. 10). This results in steeply diminishing returns on productive capital.

Given that investors are unlikely to continue to invest in a form of capital which is delivering steeply diminishing returns, Jackson and Victor (2018) also analyse the effect of the savings rate declining to zero in line with the growth rate. This decline in the savings rate tends to stabilise the decline in the rate of return on investment which, to some extent, then protects the incomes of capitalists. When the savings rate is programmed to decline so that by the end of the run there is no net investment, inequality remains high, but it is stabilised. When policies of a graduated income tax, a modest wealth tax and a Universal Basic Income are additionally introduced, inequality is almost entirely eliminated (Jackson and Victor 2018, p. 20). By

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[12] If an elasticity of substitution is zero then this means that capital and labour must be used in fixed proportions for any production to take place; there can be no substitution whatsoever. So if there is an increase in capital relative to labour – just one more machine, for example – then it cannot be put to use to increase output and the 'marginal productivity' of capital will be zero. At the other end of the spectrum, if the elasticity of substitution is infinite, then this means that labour and capital are perfectly substitutable. In this scenario the 'marginal productivity' of capital is fixed and does not fall at all as a result of an increase in its availability (Piketty 2014, p. 217).

[13] As Jackson acknowledges, there is a real danger that we are heading toward a future where 'new digital and robot technologies will remove the need for whole sections of the working population, leaving those who don't actually own the technologies without income and without bargaining power' (Jackson 2018, p. 29).

contrast, these redistributive policies fail to prevent the inevitable rise in inequality in the context of a high elasticity of substitution and positive savings rate.

In light of these findings, the authors emphasise two key strategies for limiting inequality in a post-growth context. First, they highlight the case for transitioning ‘away from resource-intensive mass production processes and towards the evolution of an economy of quality and service’, where it is far more difficult and expensive to substitute labour for capital (Jackson and Victor 2018, p. 23). Outside of the public sector this shift might be engineered through the imposition of very tough constraints on resource use alongside the removal of taxes on labour (Dresner *et al.* 2006), and public funding for infrastructure that supports service-based sectors such as arts, care, and education (Jackson 2016, p. 201). Second, Jackson and Victor identify the need to protect workers against ‘aggressive incursions of capital’, including through ‘institutional innovations which better represent the interests of workers in the management of firms’ (Jackson and Victor 2018, p. 23).

By highlighting the need for such policies, Jackson and Victor make an important contribution to post-growth thinking. But they also risk reinforcing a tendency within the post-growth literature to overlook rentier power. Their emphasis on these strategies is an inevitable result of the model’s core assumption – that the only way to invest wealth is in tangible reproducible productive capital. This is clearly not the only form that wealth can take. Indeed, as Michael Hudson (2014, p. 126) notes, returns to this form of wealth have been outpaced in recent years by returns on scarce and monopolised assets:

> [I]ndustrial profits on such investment [tangible investment in means of production] have fallen relative to more passive gains from asset price inflation (rising debt-fueled prices for real estate, stocks and bonds), financial speculation (arbitrage, derivatives trading and credit default insurance), and land rent, natural resource rent (oil and gas, minerals), monopoly rent (including patent rights), and legal privileges topped by the ability of banks to create interest-bearing credit.

Piketty, too, has been criticised for neglecting the role that these returns to wealth play in driving *r* up and pushing *g* down (Varoufakis 2014, Stiglitz 2015b, Seccareccia and Lavoie 2016). His core theoretical explanation for why he expects *r* to exceed *g* assumes, like Jackson and Victor, that *r* is determined by the marginal

productivity of reproducible productive capital.[14] As a result, he proposes a remedy for rising inequality – a global wealth tax – that ‘does not discriminate between what is earned ‘productively’ and what is squeezed out by rent extraction or obtained by capital gains’ (Hudson 2014, p. 126).

1.2.3 Proposals for limiting inequality in the post-growth literature

Minimum and maximum incomes

Herman Daly’s proposal for limiting inequality in a post-growth context is a minimum income and a maximum cap on wealth and income,[15] with the latter operationalised through a 100% marginal tax band (Daly 1991, p. 54). These proposals remain, alongside more moderate proposals for progressive taxation, the most widely referenced policies for tackling inequality in the post-growth literature (Buch-Hansen and Koch 2019, Fitzpatrick *et al.* 2022). The proposal for a Universal Basic Income has proved particularly popular, embraced as a means to guarantee a dignified standard of living, regardless of employment status (Dietz and O’Neill 2013, Alexander 2014, Hickel 2020, Schmelzer *et al.* 2022).

This thesis was partly motivated by a concern that the maximum income/wealth approach, which effectively relies on clawing back returns that have *already* been extracted, will mean fighting an uphill battle against a structure of rights designed to reward asset-owners, an abundance of tax evasion techniques (Shaxson 2012, Bullough 2023), and a powerful set of narratives that portray any incomes extracted through the market as fair (Wisman and Smith 2011). Moreover, while key rent-bearing assets that are essential for meeting basic needs (like land, energy, pharmaceuticals, telecommunications, and transport infrastructure) remain in private monopoly control, cash transfers will offer an inadequate protection against poverty and destitution, since the rentier class can simply take advantage of increased purchasing power and raise prices. Moreover, if governments try to subsidise

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[14] This is despite the fact that Piketty’s valuable empirical work documents the rise of wealth defined more broadly, to include not just productive capital but also ‘land, real estate, financial instruments’ (Piketty 2014).

[15] Daly (1991, pp. 53–4) states a preference for minimum and maximum incomes over ‘blundering interference in the price system’ and hopes the policy would ‘enable the outlawing of strikes’.

household spending, without challenging the power of rentier owners, the likely result will be a direct transfer of public money to the rentier class.

This problem was illustrated during the pandemic. As many workplaces were forced to close due to Covid-19, the UK government introduced a furlough scheme to pay workers 80% of wages. But they did not require those in control of key rent-bearing assets – residential and commercial landlords, mortgage lenders, energy companies, monopoly supermarket chains, tech giants like Amazon – to take a similar hit to their income (Stratford and O'Neill 2020, p. 34). An early analysis estimated that up to 45% of the net cost of the furlough scheme would be spent on rent and debt repayments, amounting to an implicit bail-out for banks and landlords (Berry *et al.* 2020).

Reforms to the ownership and governance of assets

There are, however, other proposals discussed in the post-growth literature which could mitigate inequality through fundamental shifts in the control and governance of assets which – once achieved – would be much more difficult to dismantle than a redistributive tax. These include the shift to worker-owned and democratised workplaces, the introduction of Universal Basic Services, and the capture and redistribution of land and resource rents.

A strong consensus exists in the post-growth community around the ideal of moving away from systems of provision organised around the pursuit of profit, toward collective- and worker-owned social enterprises, which no longer separate labour from the means of production (Johanisova *et al.* 2013, Barca 2017, Hinton 2020, Nesterova 2020, Chertkovskaya and Paulsson 2021). To my knowledge, however, there has been no detailed discussion in the post-growth literature of how this goal relates to the project of tackling rentier power, nor how the concept of rent could be used to help build the case for worker ownership and control.

The same gap exists in discussions of Universal Basic Services, a proposal which has gained some traction among post-growth scholars in recent years (Bohnenberger 2020, Kallis *et al.* 2020, pp. 69–70, Büchs 2021, Frankel 2022). The proposal is to

extend and improve the provision of collective services to ensure that everyone can meet their basic needs – not just for health care and education where the principle of public provision is now well established, but also for services like energy, mobility, broadband, housing, childcare and adult social care (Portes *et al.* 2017, Coote and Percy 2020, Coote 2021). Given that many of the infrastructures that we depend upon to meet these basic needs are owned or controlled by private monopolies, the efficient delivery of Universal Basic Services depends upon bringing these rent-bearing assets into forms of public or collective ownership.

The rent-bearing assets that receive most attention in the post-growth literature are, unsurprisingly, natural resources. Resource rents can be captured via tax, or via cap-and-auction schemes whereby the government caps throughput at sustainable levels, then auctions off access to the private sector (Farley *et al.* 2013, p. 2819). Such policies are often primarily conceived as a means to limit environmental damage in the post-growth literature (e.g., Alcott 2010), rather than as a means to address inequality or capture rents (cf Farley *et al.* 2013, 2015, Richters and Siemoneit 2019). However, the capture and *redistribution* of resource rents – via a citizens' dividend, for example – could contribute to alleviating inequality (Segal 2011, Boyce 2018, 2019).[16]

The case for a land value tax is noted in a few contributions to the post-growth literature (Daly 2010, Farley *et al.* 2013, 2015, Richters and Siemoneit 2019). However, it appears that proponents imagine such a tax being levied at a very low rate, and/or falling only on the unearned increment in land value – or else they have not considered the seismic macroeconomic consequences of introducing a tax that captures the full rental value of land. At a low rate, a land value tax would help to discourage hoarding and speculative behaviour in the land and house market but would be insufficient to end accumulation through the control of land and housing. An alternative approach is offered by Gerber and Gerber (2017) who propose the decommodification of assets like land, highlighting examples of housing

[16] Redistribution is essential, since raising the price of resources, particularly energy, tends to be highly regressive: although wealthier households use more energy and resources in absolute terms, low-income households tend to consume more as a proportion of their income (Gough *et al.* 2011, Büchs and Schnepf 2013). This is why green taxes should not replace progressive income taxes as a funding source for state activity, including insulation schemes (Owen and Barrett 2020).

cooperatives, municipal land ownership, and the decommodification of forestry in Switzerland (including through guaranteed access rights).

Outside of these examples, there is relatively little engagement by post-growth scholars with the problem of concentrated control over rent-bearing assets, and the threat that this poses to inequality in a post-growth context. Neither is there any discussion of the likelihood that resource constraints will trigger an intensification of rent-seeking behaviours. One of the goals of this thesis is to encourage more detailed development of policies that can realistically address these threats.

1.2.4 The threat of unemployment and proposed remedies

Historically periods of economic contraction and stagnation have been associated with higher levels of unemployment (Lee 2000, Sögner and Stiassny 2002). One factor mediating the long-term relationship between economic growth and unemployment is technological innovation, such as automation and economies of scale, which reduce the need for labour in the production process (Arntz *et al.* 2016, Frey and Osborne 2017). Conventional economic theory suggests that the best way to prevent 'robots stealing our jobs' is to rely on the forces of competition to translate productivity gains into lower prices, so that people can consume more, and workers who would otherwise lose their jobs can instead be employed producing more goods. Clearly this is not a viable option in a post-growth economy.

Some post-growth scholars propose that the threat of technology-induced unemployment could be mitigated to some extent by encouraging a shift (as discussed above) away from resource-intensive mass production toward more labour-intensive sectors and processes, where there is less scope to replace labour with machines and algorithms (Jackson 2009, Jackson and Victor 2011, Antal 2014).[17]

A complementary solution is to gradually reduce and redistribute working hours (Schor 2005, Victor 2008, Jackson 2009, Kallis *et al.* 2013, Antal 2014, Pullinger

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[17] It is possible that resource constraints – and particularly those that increase the cost of energy – could in any case increase the labour-intensity of some sectors, by increasing the cost of running energy-intensive machinery (Sorman and Giampietro 2011, Trainer 2012).

2014)05/07/2023 15:51:00. Working-time reduction has been described as 'the iconic reform for the degrowth movement' (Levy 2017, p. 316, cited by Strunz and Schindler 2018, p. 71). In the context of short-term shocks to employment, like pandemics, it may be necessary for governments to use subsidies to incentivise the shift to reduced working hours (Hijzen and Martin 2013, Frey *et al.* 2020, IMF 2020). But over the long-term working time reduction could be gradually enforced through the introduction of more public holidays, rights to longer maternity/paternity leave, or shortening of the standard working week (Pullinger 2014, Bohnenberger 2022).

It is not always acknowledged that pay at the bottom of the spectrum is now so low that many workers want more hours, not fewer. Such workers would therefore be unlikely to welcome limits on the working week imposed from above, unless they were accompanied by substantial increases in the minimum wage – which would be fiercely resisted by profit-oriented companies. It is telling that historical reductions in working time were won through sustained union organising and they stalled when the balance of power in workplaces shifted away from workers (Roberts *et al.* 2019, Stirling 2019).

An alternative source of protection against unemployment, particularly short-term crises of unemployment arising from the business cycle, is the proposal for a Job Guarantee (Alcott 2013, Sekulova *et al.* 2013, Unti 2014, Fitzpatrick *et al.* 2022). The expectation is that people employed via such a scheme could provide socially valuable services, such as care, education and ecological restoration (D'Alisa *et al.* 2014, pp. 12–13). The expansion of publicly funded jobs requires a concomitant increase in public revenue. Several scholars have warned that even maintaining the current welfare spending may be difficult in a post-growth context (Bailey 2015, Strunz and Schindler 2018, Büchs and Koch 2019, Corlet Walker *et al.* 2021). As Bailey observes, '[i]f we are to reduce levels of (taxable) economic activity as post-growth theorists suggest, we *ceteris paribus* threaten the public sector funding base of welfare states' (Bailey 2015, p. 798).

At the time that I submitted Chapter 2 for publication,[18] there had been little discussion in the post-growth literature of the role that the rent relation plays in exacerbating the short- and long- term drivers of unemployment, or indeed the costs facing the welfare system. Nor had scholars identified the potential role that the socialisation of rents could play in supporting working time reduction, a Job Guarantee and/or meeting needs through the welfare system. Chapter 2 and the Discussion chapter contribute to filling these gaps in the literature.

1.2.5 The threat of debt crises and proposed remedies

The final macroeconomic threat to wellbeing in a post-growth economy is the increased risk of debt crises. A century ago, Frederick Soddy (1926) observed that there is a conflict between compound interest, which permits exponential growth of financial assets (or 'virtual wealth'), and the laws of thermodynamics, which put limits on the scale of physical output (or 'real wealth'). This conflict was highlighted by several early post-growth economists (Daly 1980, Martínez-Alier 1987, Douthewaite 1999b).

While the promise of interest creates an incentive to accumulate surplus money in order to lend,[19] the threat of compounding debts creates a pressure on debtors to earn a surplus (Douthewaite 1999b, p. 29, Heinsohn and Steiger 2000, p. 511, Lietaer *et al.* 2012, p. 203).[20] As Gerber and Gerber note, 'once an economic actor – whether rich or poor – has engaged his or her property as collateral in a credit contract, he/she must fully focus on the potential demand of money-holders' (Gerber and Gerber 2017, p. 552). But it is very difficult (albeit not mechanically impossible[21]) for all

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[18] In recent years contributions to the emerging sustainable welfare literature have made connections with the concept of rent. These are outlined briefly in Chapter 6.

[19] Svartzman *et al* (2020, p. 273) draw on institutional accounts of the co-emergence of capitalism with depersonalised credit instruments to argue that the 'progressive generalization of interest-bearing debt money starting in the Middle Ages is intricately related to the legitimization of money in its function as a store of value, which in turn increases the propensities to save and accumulate that are incompatible with a non-growing economy'.

[20] A similar argument has been made in relation to the sovereign debt (Lietaer *et al.* 2012, p. 103).

[21] One of the errors made in discussions about the debt-based monetary system has been an assumption that paying interest is mathematically impossible in a zero growth economy (Stratford 2012). The idea makes intuitive sense, but it is based on a confusion of stocks and flows (Keen 2010). Stock-flow consistent modelling demonstrates that it is theoretically possible to sustain a steady amount of economic activity even when all the money in circulation is based on debt – as long as

debtors to achieve this surplus in an economy that is not growing. The lower the rate of growth, the higher the rate of interest and the greater the quantity of debt, the greater the risk of debtors failing to service their debt, and thus ending up with compounding liabilities (Douthewaite 1999b, Graeber 2011, Hartley and Kallis 2021).

The historical record of debt crises in societies experiencing low or zero growth provides empirical confirmation of this problem. Kallis and Hartley (2021, p. 2) review the evidence in ten historical cases drawn from across Eurasia, Oceania, and the Americas, with dates ranging from bronze age societies of the 3rd millennium BCE up to the 19th century CE. They conclude that 'in general, the presence of interest-bearing debt in a non- or slow-growing economy tended to be accompanied by the accumulation of unpayable debts, debtor dispossession, and social upheaval' (Hartley and Kallis 2021, p. 9).

Hartley and Kallis identify a range of measures which have been used historically in an attempt to avoid or to mitigate the consequences of unpayable debts, including instituted debt cancellation[22] (through regular jubilees in ancient Mesopotamia and among the Hebrews, for instance); bans on the charging of interest altogether (in Rome, China, Christianity, and Islam); bans on the charging of compound interest; and limitations such as caps on interest rates or on the size and duration of loans. The authors emphasise that not all of these solutions would be practical today (Hartley and Kallis 2021, p. 9), but point to proposals for state-provided equity finance for first-time buyers, students, and small businesses, which could permit a paying down of debt (Hudson and Goodhart 2018, see also Keen 2017).

The threat of compounding interest has led to a widespread concern that the modern debt-based monetary system, under which the vast majority of money is created as interest-bearing debt by private banks (Ryan-Collins *et al.* 2011, McLeay *et al.* 2014), is incompatible with the post-growth agenda (Douthewaite 1999b, 2012,

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creditors' profits are spent back into circulation, rather than hoarded, so that interest does not compound (Stratford 2012, Cahen-Fourot 2013, 2022, Jackson and Victor 2015, Richters and Siemoneit 2017, Strunz *et al.* 2017, Barrett 2018, Hein and Jimenez 2022).

[22]In response to the problem of international debts, the degrowth movement has embraced the practice of citizen-led debt audits, inspired by civic movements of the 1990s – such as the Jubilee Debt Campaign – which lobbied successfully for the cancellation of large portions of the debts accumulated by the world's most impoverished nations in the Global South (Cutillas *et al.* 2014).

Mellor 2010, Lietaer *et al.* 2012, Farley *et al.* 2013, Jackson 2016, Svartzman *et al.* 2020). Proposed alternatives to the current system vary. Some scholars have argued for Full Reserve Banking (or similar), which would remove the power of money creation from private banks, so that they merely act as intermediaries between depositors and borrowers (Mellor 2010, 2014, Dittmer 2015, Røpke 2017).[23] Instead, government would become the sole issuer of money, and could spend money into existence debt-free (and then remove it from circulation through taxation). Others within the post-growth movement advocate for local and complementary currencies to circulate alongside national currencies (Lietaer *et al.* 2012, Dittmer 2013, Svartzman *et al.* 2020).

But regulating, side-lining or even getting rid of, our debt-based money system will only solve part of the problem. Debt crises pre-date the invention of the modern monetary system by thousands of years (Douthewaite 1999b, Graeber 2011, Hartley and Kallis 2021). In the UK today millions of households are in debt to non-monetary-financial organisations, including landlords, utility providers, predatory lenders and companies that sell goods on 'buy now pay later' terms (Citizens Advice 2020, Poll and Byrne 2021). Meanwhile, the growth in corporate bond issuance (again, a form of borrowing from non-monetary-financial institutions) over the last two decades has been rapid enough to trigger concerns about the threat to global financial stability (Abraham *et al.* 2020, Çelik *et al.* 2020).

Stock-flow consistent models have shown that high levels of debt can be rendered compatible with a non-growing economy only if a sufficient share of creditors' profits are spent back into circulation, rather than lent or re-invested for return (Richters and Siemoneit 2017, p. 115, Cahen-Fourot 2022, p. 5, Hein and Jimenez 2022, 2022). Or, as Hartley and Kallis put it, 'the condition required for the compatibility of interest with a non-growing economy in these models is zero net saving, since if there is zero net saving then the compounding of interest is avoided' (Hartley and Kallis 2021, p. 1). This conclusion applies more broadly to any mechanism of accumulation in the economy.

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[23] This is the role that banks are typically (erroneously) assumed to play in most macroeconomic models (Ryan-Collins *et al.* 2011).

Averting the threat of debt crisis in a post-growth economy therefore requires attention not just to banking and monetary reform, but to mechanisms of upward redistribution throughout the economy. These include the monopoly pricing of essential goods and services like housing, transport, and energy, that forces ordinary households into debt; and the use of corporate debt for share buy backs,[24] leveraged buyouts and other forms of value-extraction (Lazonick and Shin 2019, Aramonte 2020). In short, it requires attention to rent.

1.2.6 The contribution of Chapter 2

Chapter 2 helps fill the gaps identified in this review, addressing five key issues that have received insufficient attention to date. First, it highlights the threat that resource constraints could exacerbate a shift in profit-seeking strategies away from investment in productive innovations and efficiencies, toward the construction and exploitation of rentier power. Second, it considers the likely implications for inequality and financial stability of continued (or intensified) rent-seeking in a resource-constrained future. Third, it argues that minimum and maximum incomes – the most widely referenced measures for limiting inequality in the post-growth literature – are unlikely to be robust or sufficient in the face of rentier power. Fourth, it highlights that the rent relation underpins the problem of technological unemployment and forms a barrier to the proposed remedy of working time reduction. Fifth, it highlights the contribution of rent-seeking to accumulating debts, that cannot be easily paid down without growth. In short, it proposes the existence of a 'rentier growth imperative' and calls for greater attention to the socialisation of rents and rent-bearing assets as a precondition for achieving an equitable post-growth economy.

Chapter 6 develops these ideas further, bringing them into dialogue with a more recent contribution to the post-growth literature that identifies the market relation and the wage relation as the cause of inequity and instability in the absence of growth (Cahen-Fourot 2022).

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[24] Corporations buy back their own shares to boost share price – rewarding shareholders and inflating the 'earnings-per-share' metric that determines the 'performance' of executives.

Other post-growth literature focussing on ownership

My proposition that private control over rent-bearing assets is a key barrier to post-growth equity overlaps to some extent with the analyses of Gerber and Gerber (2017) and Van Griethuysen (2012). Their critical institutional perspective is inspired by Gunnar Heinsohn and Otto Steiger's theory of ownership which distinguishes between what they call 'property' and 'possession'. Possession rights exist in all societies in some form. They regulate the material reproduction of society – 'who has the right to use what kind of resources, with whom, for what purposes, for how long, under which condition of pollution' (Gerber and Steppacher, 2012, p. 113). Gerber and Gerber argue that possession-based economies are typically 'embedded' in the social system, and they lack any inbuilt growth imperative (Gerber and Gerber, 2017, p. 552). Property-based systems, by contrast, are characterized by the imposition of 'state-enforceable titles that, ultimately, allow the 'deep' commodification of the economy through sale, lease, credit, and debt transactions' (Gerber and Gerber 2017, p. 552). 'As much as the sharecropper represents a system based on possession, the shareholder is a central figure in the property system' (Gerber and Steppacher, 2012, p. 113).

There is an echo here of the distinctions made by earlier institutionalists and rent theorists (Sayer 2020, p. 6). Hobson proposed that 'property' should refer to possessions that are used by the individual or group owning them, while 'improperty' should refer to assets held not for use by the owner but for extracting payments from others (Hobson 1937, cited in Sayer 2020, p. 6). Similarly, Hobhouse contrasted 'property for use' with 'property for power' (Hobhouse 1913, cited in Sayer 2020, p. 6).

Gerber and Gerber's solution, as noted above (Section 1.2.3) is to decommodify parts of the economy through processes of collectivisation and nationalisation. Van Griethuysen (2012) proposes imposing 'stricter eco-social obligations' to constrain the 'scope of exclusiveness provided by property titles', and thus reduce 'the correlated exclusion of non-proprietors as well' (van Griethuysen 2012, p. 265). He also proposes limits on first-order capitalisation processes (such as loans secured

against formal property titles or stock options created by a corporation) and questions whether second-order capitalisation processes (the creation of financial derivatives) should be permitted at all, or simply discouraged through a financial transaction tax, or similar.

I propose that the concept of rent might augment such analyses, helping to identify which forms of property lend themselves to capitalisation and thus might be best suited for collective ownership or in need of closer democratic control. From a communications point of view, too, the suggestion that property has to be eliminated may cause some audiences to disengage before one has the chance to define the term, whereas they might be more receptive to the problematisation of rent-extraction. This brings us to the topic of the next section: the potential of the rent frame as a tool for persuasion and consciousness-raising.

1.3 Using the rent frame in communications

To overcome the powerful vested interests that benefit from the status quo, the post-growth movement needs to build 'a constellation of social forces' willing to struggle for the necessary structural changes (Buch-Hansen 2018, p. 160). Moreover, in parliamentary democracies, these reforms need the support, or 'at least passive consent', of the majority (van Apeldoorn and Overbeek, 2012, p. 5–6, cited in Buch-Hansen, 2018, p. 161). The second research question in this thesis asks whether the concept of rent can help post-growth economists develop effective communication frames, to build support for the economic transformations needed. This section explains the basis for supposing it could. Section 1.3.1 introduces the theory of framing. Sections 1.3.2 and 1.3.3 outline how framing certain incomes as rents, or actors as rentiers, may help post-growth economists navigate around key barriers to change – particularly the notion that current distributional outcomes are broadly meritocratic and that there is no realistic alternative to capitalism. 1.3.5 explains why I chose the energy system as a case study to test this hypothesis.

1.3.1 What is framing?

Issue framing is the process by which a political actor attempts to define and construct a political issue or controversy (Nelson, Clawson, *et al.* 1997, p. 567). It involves the selection and emphasis of information and the use of language and metaphor to promote a particular interpretation of an issue (Entman 1993, p. 52). A frame points towards ‘a central organizing idea or story line that provides meaning’ to events; it suggests ‘what the controversy is about, the essence of the issue’ in order to offer an ‘implicit answer to what should be done’ (Gamson and Modigliani 1989, p. 143). For example, high energy prices can be framed as the result of Putin’s invasion of Ukraine, or booming demand from China, or the monopoly pricing power of fossil fuel suppliers. Each of these framings imply a different primary solution.

Numerous experiments, surveys and case studies have demonstrated that the way issues are framed – which values are appealed to, what metaphors and analogies are used – can have a powerful effect on the way that people think and, by extension, how they are likely to behave (Lakoff 1990, Sniderman and Theriault 2004, Chong and Druckman 2007, Fausey and Boroditsky 2010, Thibodeau and Boroditsky 2011).

Explanations for the power of framing are predicated on the assumption that as well as being constrained by time and interest, people are ‘cognitive misers’ and rely on ‘an elaborate constellation of shortcuts’ when making normative evaluations (Ross 2000, pp. 171–3). The way that an issue is framed will influence which shortcuts are made – that is, which pre-existing beliefs, values and considerations are considered relevant and given weight, as people make sense of an issue (Nelson, Oxley, *et al.* 1997, Chong and Druckman 2007, p. 104).

The most effective frames will connect to the schema or mindsets that already exist in collective psychology (Entman *et al.* 2008, p. 176). They will resonate because they tap into prevailing cultural beliefs and values (Sheets *et al.* 2022, p. 5). But such beliefs and mindsets are not fixed or static. When effective frames are activated and repeated by actors with narrative power, the strength of different mindsets within a culture can shift (Frameworks 2020).

1.3.2 The challenge of undermining belief in the meritocracy

Numerous studies have found that consent for the status quo, and for the distributional outcomes of capitalism, depends upon the belief that income differentials are 'meritocratically deserved' – that rewards are proportional to the effort and contribution of the recipient, rather than luck, class background or connections (Larsen 2016, Almås *et al.* 2020, Heuer *et al.* 2020, Mijs 2021). Meritocracy can thus be considered a core ideology for the legitimization of inequality (Heuer et al., 2020, p. 543). Fortifying the idea that capitalist distribution is meritocratic, is the belief that market exchanges are voluntary, that people are free to accept or decline exchange offers, and thus the *process* by which inequalities emerge is fair (Nozick 1974, Welch 1999, Varoufakis 2002).

Political actors frequently engage these belief systems to their advantage. Studies of welfare state retrenchment in Western Europe have found that government justifications for cuts relied heavily on the presentation of welfare recipients as undeserving (Green-Pederson 2001, p. 967). At least one experiment has confirmed that such framing is effective: participants exposed to messages that framed welfare recipients as benefiting passively at the expense of taxpayers were more supportive of welfare state retrenchment (Slothuus, 2007, p. 332).

One of the potential strengths of a political project focussed on tackling rents is that it could allow campaigners to use this framing strategy for very different ends: to build support for public ownership of key assets, the provision of Universal Basic Services, the democratization of workplaces and effective constraints on monopoly power. To frame an income as a rent – i.e., dependent upon monopoly pricing power – is to suggest that the income is unearned, and that it is a zero-sum transfer underpinned by coercive power. The rent frame can thus engage widely held normative beliefs: that people should be rewarded for their contribution, not merely their power; that individuals should be able to negotiate prices and contracts from a position of freedom not coercion. It can be used to highlight how many of the wealthiest in society profit from control over assets they had no hand in creating – assets that rightly ought to be part of our common social inheritance; '[b]uilt up over generations, belonging to no one and to everyone' (Benanav 2022, pp. 91–2). It can highlight how the unequal control over scarce and monopolized assets limits the

choices available to the asset-poor, and thus makes market exchange coercive, undermining the idea of voluntary exchanges (Cohen 1981, Varoufakis 2002). And it can direct attention at the real 'free riders' in society: the rentiers benefiting passively at the expense of ordinary people.

The rent frame is not, however, risk-free: concerns have been raised that speaking pejoratively about 'unearned' incomes could inadvertently undermine solidarity with those unable to find work. Thus, the study in Chapter 3 of this thesis was designed to check for this unintended effect.

1.3.3 It is easier to imagine the end of the world, than the end of capitalism

A second potential strength of rent frame is that it may face less resistance than messages that explicitly portray capitalism and/or private property as the problem. While surveys show that younger generations are increasingly critical of capitalism (Niemietz 2021), the vast majority of people still find it difficult to imagine an alternative to it (YouGov 2015, 2017, Buch-Hansen 2018). Generations have been socialised to believe that any attempt to transcend capitalism would involve an unacceptable curtailment of personal freedom (Cohen 1981). If, as Frederik Jameson famously remarked, it is 'easier to imagine the end of the world, than the end of capitalism' (Fisher 2009), then people may disengage at the suggestion that solving environmental problems requires overthrowing capitalism.

The rent frame has a 'wedge-like' nature that may offer a way around this cultural barrier: campaigners can start at the thin edge of the wedge, highlighting the most egregious and relatable abuses of rentier power and the most familiar and feasible solutions. Polling suggests, for example, that the UK's experiment with privatisation has led the vast majority of the UK electorate to recognise that natural monopoly infrastructures ought to be in public ownership (We Own It 2022). The rent frame can draw upon such common sense to build an association between private control over scarce/monopolised assets on the one hand, and experiences of coercion, unfreedom and injustice on the other. Once this association is more firmly established in the popular consciousness, campaigners can push the wedge deeper, using the same language and arguments to delegitimise extractive profits elsewhere

in the economy. In this way, the rent frame offers a way to connect fairly moderate and palatable reforms to a broader critique of capitalism and vision of transformation.

I am not, of course, the first to notice the persuasive potential of the rent frame. What excited many early rent theorists about the concept is precisely its potential to garner support for socialist reforms among those ideologically predisposed to oppose them – to persuade 'the individualist who was in earnest about his principles to march a certain distance on parallel lines with the Socialist enemy' (Hobhouse 1911, p. 25; see also Webb 1888, p. 208, Hobson 1909, p. 4). The study in Chapter 3 of this thesis is, to my knowledge, the first controlled test of this hypothesis.

1.3.4 Testing the rent frame as a means to build support for public energy

Chapter 3 evaluates the capacity of four different messages – three with a rent frame and one without – to boost support for renationalisation of the energy system – which was broken up and privatised in the 1980s and 1990s. It also evaluates the propensity of each message to produce spill-over effects, in terms of broader attitudes about how the economy does or should work, including approval/disapproval of rentier power, and support for those unable to find work.

Energy resources and energy infrastructure have long been recognised as a potential source of rents (e.g., Hobhouse 1911, p. 49, Marx 1993 [1894], chap. 38). Energy, in a usable form, is a scarce resource: most people would use more of it, if they could afford to do so. The inherent scarcity of fossil fuels and appropriate sites for renewable infrastructure is compounded by the high upfront capital costs, scarce metal inputs and/or onerous planning requirements for large scale renewables installation and power stations (particularly nuclear). Rents can also be extracted further down the energy supply chain. First, there is only one set of pipes, cables and pylons that delivers energy to end users, meaning that whoever controls these transmission and distribution networks has a natural monopoly. Second, even when it comes to the retail sector – the final stage in the supply chain that is supposedly most amenable to competition – the customer base itself can be a rent-bearing asset, since

few customers have the time, skills, and inclination to sift through complex and often biased information in search of a fairer price (Antal 2018, Weghmann 2019, p. 16).

The extractive nature of the energy system was brought into focus by Russia's invasion of Ukraine in February 2022, which exacerbated pre-existing shortages on the global wholesale market, and sent wholesale prices soaring. The main beneficiaries of this inflation have been oil and gas producers like BP and Shell, which both recorded record profits in 2022. But companies owning renewable and nuclear capacity have also been able to extract rents.

The resulting cost of living crisis offers an opportunity for campaigners to push for radical changes in the UK's energy system that could support our transition to a post-growth economy. Key reforms include public ownership (of energy generating capacity, transmission and distribution grids, and retail companies), windfall taxes on oil and gas producers, and energy tariff reform.[25]

The case for public ownership of renewable energy infrastructure has been embraced by post-growth scholars (Mastini *et al.* 2021), although public ownership is sometimes framed as necessary principally because the returns on renewable energy infrastructure are insufficiently large to attract private investment (Jackson 2009, p. 111). By contrast, the frames developed for testing in Chapter 3 were intended to highlight that returns for owners of the UK's energy system are undeserved (disproportionate to contribution), extracted directly at the expense of customers, and/or dependent upon a form of coercion.

We developed and tested three variations of the rent frame: the first drew an analogy between energy companies and landlords; the second drew an analogy between energy companies and train/water companies; the third emphasised that energy resources should belong to all of us and invoked the metaphors of 'common inheritance' and 'gifts from nature'. A fourth message contained the same basic

[25] One proposal for tariff reform involves scrapping the regressive standing charges, and instead giving each household a band of free energy. Once this minimum has been used, prices could gradually escalate to discourage profligate energy use (Stratford and O'Neill 2020, Stirling and Caddick 2022).

information about the savings that could be made through public ownership but lacked an explicit rent frame.

By asking respondents to highlight specific phrases that they agreed with or found confusing, to summarise the messages in their own words, and to answer a series of demographic questions, we were able to see which specific arguments and frames resonated for which groups, and which words and ideas were particularly memorable.

The study produced some surprising and intriguing results, alleviating some concerns, but drawing our attention to the risk that rent frames may alienate those groups identified as undeserving in them. Overall, the study affirmed the need for communications to be tailored for their audience and generated a number of new hypotheses and avenues for future research.

1.4 Clarifying the definition of rent

When I began writing Chapter 2, I perceived there to be a degree of consensus around the definition of rent: rents are a reward for ownership or control, rather than for labour or contribution. But upon searching for a more precise formulation, I discovered a bewildering array of definitions, some diametrically opposed to each other. This discovery led to the third key inquiry: **What potential misunderstandings and confusions could arise when using terms like rent, rentier and rent-seeking? Can and should the definition of rent be clarified if such terms are to be used by post growth political economists?** This section provides some of the context necessary to understand how Chapters 4 and 5 contribute to answering these questions. I start by outlining the definitional ambiguity and contradiction I encountered in the literature on rent (Section 1.4.3), including the relatively small selection of post-growth texts that engage with the concept (Section 1.4.3). I then describe the contributions that I make in Chapters 4 and 5 and how these help to answer my research questions (Sections 1.4.4 and 1.4.5).

1.4.1 Confusion and contestation around the definition of rents

As Raymond Geuss (2003, p. xiii) notes (when writing about the distinction between public and private goods), any significant concept 'that has succeeded in maintaining itself throughout a long history into the present… can be expected to be a highly stratified composite whose parts derive originally from different periods' and whose 'rationale …will have been oriented to a completely different (past) context'.[26] The concept of rent is no exception.

Most political economists utilising the concept of rent emphasise the control or ownership of assets and resources as the source of rentier power, many contrasting rents with income from labour. Piketty (2014, p. 422), for example, defines rent as 'remuneration for ownership of [an] asset, independent of any labor'. Similarly, for Standing (2016, pp. 4–5) 'a rentier is someone who gains income from possession of assets, rather than from labour.' Many political economists emphasise the scarce nature of rent-bearing assets, whether that scarcity is inherent or constructed (Lindsey and Teles 2017, p. 16, Birch 2019, p. 4). Others emphasise the monopolised nature of those assets (Christophers 2019). Harvey (Harvey 2012, p. 94), for example, defines rent as 'a return to the monopoly power of private ownership of some crucial asset'**.** Hudson (2012) describes rent as payment in excess of the 'necessary costs of production' – 'an overhead charge for access to land, minerals, or other natural resources, bank credit or other basic needs that are monopolised'. While open to interpretation at the edges, these definitions have a degree of overlap and compatibility. For the sake of brevity, I refer to this as the 'scarcity-based' understanding of rent throughout this thesis.

The term rent has a very different meaning for neoclassical economists, however: 'the return to any agent of production greater than that required to keep it in its present employment' (Worcester 1946, p. 261). A widely accepted proxy for this minimum is opportunity cost – that is, the income foregone by not investing one's labour or resources elsewhere in the economy. Neoclassical economists tend to portray prices aligned with opportunity cost as 'competitive prices'.[27] Economists

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[26] Thanks to Adam Ferner for drawing my attention to this quote.
[27] In Section 4.3.1 I argue that prices aligned with opportunity cost cannot, in fact, be coherently described as 'competitive prices' in an economy featuring high levels of wealth inequality.

deploying the neoclassical definition of rent tend, just like political economists, to use the term in a derogatory way, to cast incomes as unearned or inefficient. But their definition leads them to very different conclusions. For example, returns derived solely from ownership of scarce assets qualify as a rent in the scarcity-based understanding, but if they do not exceed the maximum that could be extracted by selling or leasing those assets elsewhere, they do not qualify as a rent under the neoclassical definition. Conversely, a minimum-wage worker in an area suffering unemployment extracts no rents under the scarcity-based definition. Yet that worker, lacking alternative options, almost certainly earns more than the minimum they would have accepted absent that minimum wage, and thus does gain a rent under the neoclassical definition.

Initially I presumed that the literature deploying the neoclassical definition would be quite separate from the literature deploying the scarcity-based definition. But this illusion was gradually dispelled too. For example, in a widely cited paper attempting to redefine class around the concept of rent, the sociologist Sørensen (2000, pp. 1534–5) begins by defining economic rent as the 'advantage gained from effectively being able to control the supply of assets', whether the supply is 'inherently limited by nature', or the supplier has 'created a monopoly'. But he later contradicts himself by defining rents as 'payments to assets that exceed the competitive price' (2000, p. 1536). Eventually, the creeping neoclassical understanding leads him to identify minimum wages as a source of rent: 'The declining real value of the minimum wage [...] reduces employment rents for those less productive workers paid more than their competitive wage because of the minimum wage' (Sørensen 2000, p. 1552).

Another example of inconsistency can be found in the 2017 United Nations Trade and Development report, which initially defines rents as 'income derived solely from the ownership and control of assets, rather than from innovative entrepreneurial activity and the productive use of labour' (UNCTAD 2017, p. 120). Then, just two paragraphs later it provides this alternative definition from Khan and Jomo (2000, p. 21): 'a person gets a rent if he or she earns an income higher than the minimum that person would have accepted, the minimum usually being defined as income in his or her next-best opportunity' (UNCTAD 2017, p. 120).

1.4.2 Understandings of rent in the post-growth literature

Even among the relatively small group of post-growth scholars who engage with the concept of rent there is a notable variety of understandings. Strunz and Schindler (2018, p. 69) deploy the understanding of rent-seeking promoted by right-wing public choice theorists: interest groups who seek to 'influence regulation in their favour' are engaged in rent-seeking. As I show in Chapter 4, this understanding of rent-seeking is built on the neoclassical definition of rents. Loehr (2012) adopts the narrow Keynesian understanding of rentiers as receivers of interest.[28] In the Post-Keynesian literature the category of rentier is usually expanded slightly to include receivers of financial returns more broadly.[29] Hartley *et al* (2020) for the most part deploy a narrow Marxian understanding of rent which distinguishes land and resource rent from interest and profit. But in a footnote (2020, p. 245), they refer to a neoclassical understanding of economic rent – income in excess of marginal productivity:

> Even in the case of productive investments, the proportion of income distributed to capital may not result solely from capital's marginal productivity, but might include some form of economic rent […] For example, if capital uses its power to pay wages that are less than the marginal productivity of labour, those 'profits' are a form of economic rent.

In one of the more extensive discussions of rent found in the post-growth literature, Farley *et al* (2015, p. 73) propose that rent is 'unearned income (i.e. revenue above and beyond what is required to bring a resource to market)'. As such, it 'includes the return on land and other natural resources' but not the 'fair returns to … capital necessary to extract resources' (2015, p. 73). What constitutes a 'fair return' to capital is open to interpretation, as is the sum required to 'bring a resource to market'. Is this meant to include only the *real costs* facing the capital owner – for instance, the expense and time required to maintain the machinery and systems necessary to bring the resource to market? Or is it meant to include – as per the

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[28] Seccareccia and Lavoie (2016, p. 207) speculate that Keynes's narrower terminology may reflect a 'classic British convention as the term evolved by the late nineteenth century from the French *rentes* or annuities, namely, the interest return to government long-term bond holders.'

[29] For example, rentiers are variously defined to include receivers of 'interest and dividends' (Onaran *et al.* 2011), 'interest, dividends and real-estate rents' (Bresser-Pereira 2020) or 'income from financial assets and transactions' (Stockhammer 2004).

neoclassical definition – the *opportunity cost* facing the capital owner who uses their capital to bring a resource to market? The latter would include the money they could make by selling said machinery and investing their money in the stock market, for instance. Farley *et al*. (2015) are far from alone in leaving such questions unanswered. As we saw above, for example, Hudson (2012) describes rent as payment exceeding the 'necessary cost of production' but does not specify whether necessary cost should include opportunity cost.

1.4.3 A deep dive into the history of rent theory

This ambiguity in the scarcity-based understanding of rent concerned me. The argument I present in Chapter 2 could be distorted and misunderstood if people interpret rent in neoclassical terms, while it would have more limited relevance if people interpret rent in a narrower Marxian or Keynesian sense (to mean simply land/resource rent or interest, respectively). Thus, I found myself wading deep into the weeds of early rent theory, in search of an unambiguous benchmark for measuring rent that could be used to refute the neoclassical definition, and affirm the coherence of a broad scarcity-based understanding of rent.

I never found this benchmark.[30] Instead, I pieced together a fascinating genealogy of rent, stretching from the early 1800s to the contemporary neoliberal era. While several theorists have noted the discrepancy between the scarcity-based and neoliberal understandings of rent, I could find none explaining how such contradictory understandings evolved. Critical social science exists not only to call out false beliefs but to explain *why* they are held (Sayer 2009, p. 770). So I decided

[30] This is why, in Chapter 2, to guard against a neoclassical interpretation, I define rent as an economic reward which is sustained through control of assets that cannot be quickly and widely replicated, and which *exceeds proportionate compensation for the labour of the recipient*. This definition does, at least, prevent the term being deployed for wholly regressive purposes. However, it leaves some ambiguity. First, who is to say what proportionate compensation is? Second, how are we to know when it is rentier power creating the excess, and not some other source of advantage? There are a number of reasons why someone may be able to demand an income in excess of proportionate compensation for effort and sacrifice, besides rentier power. These include information asymmetry, innovation, risk-taking, exceptional ability, and the simple good fortune of being in the right place at the right time.

to publish my findings in *Rival definitions of economic rent: historical origins and normative implications* (Chapter 4).

This chapter identifies key moments of evolution in the history of the concept of rent and highlights the ambiguities at each stage of theoretical development, which left the door open for further reinterpretation and revision. In particular, I show that the early rent theorists never satisfactorily answered the question of what should function as the baseline for measuring rent. Sometimes rents were payments exceeding proportionate compensation for the efforts and sacrifice of the recipient (Mill 1848, p. 364, Hobhouse 1911, pp. 26, 52) – as Marshall put it, rents were returns above 'the sum total of the efforts and sacrifice' required for production (Marshall 1890, App K, § 2). At other times rents were payments exceeding the minimum necessary to 'maintain and stimulate' that effort (Hobson 1909, p. 131, Hobhouse 1911, p. 50). There was little open reflection about the possibility that these two payments could diverge in an economy where people face highly unequal opportunities in life.

When it came to putting a number on the payment proportionate to effort, or sufficient to incentivise that effort, I argue that Ricardo's (1817) theory that land rents will decline to zero at the margin had a decisive and detrimental influence on thinking: several influential rent theorists simply assumed that workers' wages and investors' returns under the least advantageous conditions – that is, the minimum necessary to pull a worker or resource out of 'idleness' – could be used as a benchmark to measure the rent component in incomes elsewhere in the economy (Webb 1888, Marshall 1890, Hobson 1891, Hale 1924).

Chapter 4 explains how this flawed assumption paved the way for the adoption, by neoclassical economists, of an entirely different definition of rent – income in excess of opportunity cost or 'competitive price'. It explores in detail the normative implications of this neoclassical interpretation of rent and shows them to be, at best, unhelpful for the agenda set out in Chapter 2. Worse, it outlines how the neoclassical definition has been reinterpreted and redeployed by neoliberals to justify a raft of policies that have ultimately helped privatize and concentrate control over scarce and monopolisable assets.

1.4.4 Exploring the implications of a post-rent economy

The analysis in Chapter 4 suggests that the terms ‘rent’ and ‘rent-seeking’, if left undefined, could inadvertently reinforce a set of normative positions that are counterproductive for the agenda set out in Chapter 2. Moreover, it highlights an ambiguity at the heart of rent theory: although most political economists agree that rents are surplus incomes extracted through control of scarce or monopolised assets, and are not justified by the recipient’s contribution, there is no consensus around how this surplus should be defined – that is, no agreed baseline or benchmark from which we can ‘measure’ rent, even conceptually. It is this weakness, I propose, that permitted the eventual appropriation of the concept of rent by neoliberals. Chapter 5 explores whether this weakness can be remedied, and thus contributes to answering the final research question: Can and should the definition of rent be clarified if such terms are to be used by post growth political economists?

In Chapter 5 I propose that one way to estimate what portion of any income results from rentier power, is to remove the source of that power and observe what payment can be demanded in its absence. If, following early rent theorists, we understand rents to arise from control of scarce and monopolised assets, then removing rentier power implies getting rid of scarcity and monopoly where possible and ensuring that control over unavoidably scarce or monopolised assets is equitably distributed so that it no longer systematically advantages one group over another. I propose that prices in this idealized rent-free counterfactual could thus provide a conceptual benchmark for measuring rent, consistent with the scarcity-based understanding of rent: rents are payments in excess of what could be demanded for a given service (labour, loan of land or capital) in the context of equitable control over scarce or monopolized assets.

It is impossible to say with any confidence, however, where prices would settle following such a seismic shift in the balance of power. The only certain outcome is a dramatic increase in compensation for labour, particularly for work that is unpleasant or fails to offer a degree of autonomy and intrinsic satisfaction. The power of capitalist bosses to extract surplus value in the workplace derives from the exclusion of workers from land and other scarce and monopolised assets, as Marx (and many before him) recognized (Dobb 1973, pp. 139, 151, Marx 1990, chap. 27, Harvey 2018, p. 359). If the project of tackling rentier power were taken to its logical

conclusion, it would effectively reverse the enclosure and expropriation that shapes all prices under capitalism. To accept the logic of the rent-free counterfactual as a benchmark is thus to admit that there is no practical way to accurately measure rents.

Drawing a neat line between rents and non-rents is arguably less important, however, than clarifying what is required to remove rents from the economy. For me, the purpose of searching for a benchmark consistent with the scarcity-based definition is to guard against the neoliberal conclusion that rents can be minimised by removing all protections against the disciplines of capitalist competition. On this criterion, the performance of the rent-free counterfactual is mixed. On the plus side, unlike 'opportunity cost' or 'competitive prices' or 'average profits', it points to the redistribution of power as the solution to rents. On the other hand, it offers no guidance for how the 'equitable distribution of scarce or monopolised assets' might be achieved and maintained.

Nevertheless, the rent-free counterfactual offers a steer for policy makers concerned with improving efficiency, without the use of economic coercion. Institutions designed to maintain equitable control over scarce and monopolised assets could remove many forms of wasteful and costly rent-seeking, while emancipating workers from the imperative to submit to exploitative pay and working conditions. Such institutions would not prevent rewards for ability, innovation and risk-taking, but would remove the class of rentiers who currently free-ride on the labour of others.

Reflecting on the rent-free counterfactual prompts a re-evaluation of certain narratives around rent. The notion that tackling rentier power will boost growth and restore capitalism's legitimacy only makes sense, I argue, if the project is limited to a partial diffusion of rentier power. The complete dismantling of the rent relation, by contrast, would represent an attack on the power imbalance at the heart of capitalism. Equitable and democratic control over rent-bearing assets could provide a barrier to the exploitation of both labour and our common natural resources. The rent-free counterfactual is likely to be rejected as a benchmark for measuring rent by anyone ideologically opposed to this end goal, or sceptical about the kind of strong public institutions required to bring it about.

The discussion in Chapter 5 points to a possible explanation for the failure of early rent theorists to specify a benchmark for measuring rent: the benchmark consistent with the scarcity-based understanding has extremely radical implications. It is possible that some early socialist rent theorists recognised this and decided it would be strategic to accept some ambiguity in their definition of rent, for the sake of building alliances with liberals. In the Discussion chapter I consider what the post growth community should do, faced with the same dilemma.

1.5 Putting it all together

Chapter 2 primarily addresses RQ1: **Can the concept of rent help us redesign the economy for a post-growth future?** It argues that the success or failure of the socioecological transition will depend critically on our ability to understand and mitigate the macroeconomic and distributional consequences of rent extraction and rent-seeking. It highlights three interconnected blind spots in the post-growth literature (and ecological economics more broadly): the threat of intensified rentierism in a resource-constrained future, the roles that rentierism and the rent relation play in our growth dependency, and the opportunities that may flow from using the concept of rent in our communications.

Chapter 3 primarily addresses RQ2: **Can the concept of rent help us develop effective communication frames, to build support for the economic transformations needed?** Using the campaign to renationalise the UK's energy system as a case study, it tests the efficacy of four different messages (three with rent frames and one without). It highlights the potential for well-designed rent frames to play a role in raising consciousness of rentier power, but also a risk that certain rent frames may be confusing or off-putting for some.

Chapter 4 primarily addresses RQ3a: **What potential misunderstandings and confusions could arise when using terms like rent, rentier and rent-seeking?** It explores the normative implications of the neoclassical interpretation of rent – income in excess of opportunity cost – and shows it to be fundamentally at odds with the agenda set out in Chapter 2. Based on an analysis of how the neoclassical definition emerged, it proposes that to guard against the neoclassical interpretation of

rent, progressives may need to identify a benchmark for measuring rent consistent with the scarcity-based definition.

Chapter 5 primarily addresses RQ3b: **Can and should the definition of rent be clarified if such terms are to be used by post growth political economists?** It introduces a new theoretical construct – the rent-free counterfactual – that forms the basis of a new benchmark for measuring rent (at least conceptually) that is consistent with the scarcity-based understanding. The evaluation of this benchmark, however, highlights several reasons why it may meet rejection, including the fact that it suggests the need for a more radical rebalancing of power in the economy than many rent theorists appear to ready endorse.

Chapter 6 brings all of these findings together. The first half summarises the growing attention to rent in the post-growth literature and reflects on the strengths and limitations of the concept of rent as a guide for redesigning the economy. It brings the analysis of Chapter 2 together with the rent-free counterfactual to consider what problems would be resolved, and which would remain in a post-rent post-growth economy. The second half reflects on the risks and opportunities associated with deploying the concept of rent as a tool for consciousness-raising and political persuasion, building on the findings of Chapters 3, 4 and 5.

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2 The threat of rent extraction in a resource-constrained future

Abstract

Ecological economists aim to transform our economic institutions so that society can flourish within planetary boundaries. The central message of this article is that private rent extraction forms a key barrier to the realisation of that goal.

I define rent as an economic reward which is sustained through control of assets that cannot be quickly and widely replicated, and which exceeds proportionate compensation for the labour of the recipient. I argue that unless we close opportunities for rent extraction, and socialise unavoidable rents, our governments will be compelled to pursue output growth, regardless of its environmental consequences, in order to prevent spiralling inequality and unemployment.

The positive proposition in this article is that the concept of rent can help us to identify, and build democratic support for, the institutional transformations necessary to prepare for a resource-constrained future. Measures to reduce and redistribute rentier power could be emancipatory for the poorest in society, while making more feasible many proposals that have been advocated already in this journal, including reduced working hours and resource caps.

By contrast, if environmental protections are introduced before opportunities for private rent extraction are closed, we could see intensified rent-seeking, asset price bubbles, poverty, and economic insecurity.

Keywords: Rent; Growth imperative; Debt; Inequality; Working hours; Ecological macroeconomics

2.1 Introduction

Over recent decades, analysts of diverse political persuasions have noted a shift in investment patterns away from productive investment, where returns are achieved through innovation and output growth, toward non-productive investment, where returns are achieved by extracting economic rent. The rise of 'rentier capitalism' has been held responsible for increasing inequality and financial instability (Mazzucato, 2018; Standing, 2016; UNCTAD, 2017).

Despite an explicit concern for just distribution, there has been relatively little discussion of rising rent extraction among ecological economists (Hardt and O'Neill, 2017; Rezai and Stagl, 2016), perhaps because the redirection of capital from rent-seeking to productive investment is likely, in the absence of tough environmental protections, to result in higher rates of resource consumption.

This article is partly an appeal for ecological economists to take seriously the threat posed by continued rent extraction and rent-seeking to our aspiration for 'a good life for all within planetary boundaries' (O'Neill et al., 2018). I argue that if we try to impose environmental protections without first closing down opportunities for rent extraction, we are likely to experience increasing inequality and financial instability. Further, I argue that concentrations of rentier power, and certain forms of rent-seeking, create a 'political growth imperative' (Richters and Siemoneit, 2019) whereby governments are compelled to pursue output growth, regardless of its environmental consequences, in order to prevent debt, poverty and unemployment from becoming politically destabilising.

The positive proposition in this article is that the concept of rent can be used to identify and build democratic support for the economic transformations necessary to prepare for a resource-constrained future. The concept of rent allows us to challenge the social efficacy and moral legitimacy of payments delivered through market exchange, without necessarily rejecting any role for markets (Frayssé, 2015, p. 176). Measures to reduce and redistribute rents could be emancipatory for millions of people and make more feasible key proposals that have been advocated in this journal, including reduced working hours (Zwickl et al., 2016) and resource caps (Alcott, 2010; Boyce, 2018).

The structure of this chapter is as follows. In Section 2.2, I offer an introduction to 'rent theory Lockeanism', which informs my definitions of rent, rent-seeking and rentier power. In Section 2.3, I discuss the way that environmental protections could directly and indirectly influence the mobilisation of rentier power and outline some likely consequences for society. In Section 2.4, I propose that there is a paradox in the relationship between rent and growth. On the one hand, widespread opportunities for rent extraction can dampen prospects for economic growth. On the other hand, rent-seeking and rent extraction create a systemic growth dependency. In Section 2.5, I draw out the implications of the analysis in the preceding sections for ecological macroeconomics and the task of redesigning our economy for a finite planet. In Section 2.6, I reflect on the potential strategic advantages of delegitimising and diffusing rentier power, compared to relying on minimum and maximum incomes, and wealth caps, to limit inequality. Section 2.7 concludes.

2.2 The concept of economic rents

2.2.1 Rent theory Lockeanism

I follow those writers from classical, institutional, post-Keynesian and socialist traditions who have used the term 'rent' to denote economic rewards which are *analogous* to the land rents or ground rents captured by hereditary landowners. Such ground rents patently bear no relation to labour or sacrifice on the part of the landlord and thus lack any rights-based Lockean justification, as Smith ([1776] 1843, bk. 1, ch XI, part 1), Ricardo (1817, chap. 2) and Mill (1885, pp. 629–630) all acknowledged.

For most of the 19th Century, land rents were considered an exception to the general rule that, in competitive markets, prices would coincide with the costs of production. Thus, popular campaigns for land reform attacked land rents on the basis that they were unearned and inefficient, but typically left unchallenged the wider distributive results of free market capitalism (e.g. George, 1935). But as Wickstead, Wicksell, John Bates Clark and others recognised toward the end of the nineteenth century, Ricardian land rents were just a special case of a general principle (Blaug, 1997, p. 133): surplus payments accrue to the more productive units of any factor that is not perfectly elastic in supply.

These insights threw into question the moral legitimacy of capitalist distribution. In response, John Bates Clark offered a new controversial but influential defence for laissez-faire capitalism: 'free competition tends to give to labour what labour creates, to capitalists what capital creates, and to entrepreneurs what the coordinating function creates' (Clark, 1908, p. 3). As legal theorist Robert Hale remarked, 'the basis of distribution on this theory has shifted from the earlier basis of "sacrifice" to that of "imputed productivity", a basis which Clark expressly approves as "ethical", but without any discussion of the ground' (Hale, 1924, cited in Fried, 1998, p. 133).

Hale was part of a movement of social theorists and economists who mobilised around a 'rent theory Lockeanism' (Fried, 1998, p. 75) to challenge Clark's normative claims and press for redistribution and economic reform in the late 19th and early 20th Century. Locke's famous declaration that 'Labour being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to' (Locke, 1823 [1669], p. 116) has been interpreted by many conservatives to justify a strong, laissez-faire, property rights regime. But for Hale and his allies, rather than justifying entitlement to whatever payment the market might deliver, Lockean theory suggested that people are entitled only to that portion of revenue that compensates them for their *labour and sacrifice* in the provision of goods and services.

The rent theory Lockeans (including American institutionalists, British Fabian socialists and New Liberals) were spurred on by the predictions of marginalist economics: that prices would tend to reflect the costs of production only where supply was perfectly elastic, and in all other cases, those in control of superior capabilities and assets would receive a reward in excess of both expenditure and effort – variously called 'economic rent', 'unproductive surplus', or 'unearned increment' (Fried, 1998, p. 25).

2.2.2 Defining rent, rent-seeking and rentier power

Building on this rent theory Lockeanism, I define rent as an economic reward which is analogous to ground rent in the following two ways: (1) it is sustained through

control of assets that cannot be quickly and widely replicated, and (2) it exceeds proportionate[31] compensation for the labour of the recipient.

Like many contemporary rent theorists, I use the term asset broadly to include, for instance, brand recognition, bargaining powers, economies of scale, tacit knowledge, affective relations, art, protected information, techniques, and processes (Andreucci et al., 2017; Birch, 2017; Bowman and Toms, 2010; Mihályi and Szelényi, 2016; Sørensen, 2000).

Rentier power is the power to extract rent, while rent-seeking is the investment of time and resources in the pursuit of rents. Typically, rent-seeking involves acquiring *existing* assets like land, patents, or financial assets (Hudson and Bezemer, 2012; Korinek, 2012; Ryan-Collins et al., 2017), establishing private ownership titles over socio-ecological commons (Andreucci et al., 2017), or constructing 'isolating mechanisms' to prevent the imitation of the valuable capabilities and resources (Hoopes et al., 2003, p. 891).

Rentier power can be wielded by individuals, by whole social classes[32] (Keynes, 2000 [1923]; Sørensen, 2000), and also by firms (on behalf of individuals). However, profits accruing to firms cannot accurately be categorised as rents or non-rents, because the definition requires us to consider the *labour* of the individual. Only when (and if) the profit translates into a reward for an individual, can we judge whether or not it is a rent.

Rent will typically account for a large proportion of interest, dividends, capital gains, ground rents and so on. But wages can also include rents, where workers' remuneration is disproportionate to their labour and is sustained by their own, or their firms', control over assets. Rents extracted through the financial system, for

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[31] The question of what reward is *proportionate to labour* can only be answered through social deliberation, and comparison with rates of compensation across society for work requiring a similar time commitment and degree of toil. We cannot hope to answer the question with perfect accuracy and objectivity, and attempting to do so would create an overbearing bureaucratic burden (Wright, 2016). But where certain groups and professions enjoy remuneration levels widely recognized as disproportionate to the time and effort expended, this premium can serve as a prompt for civil society and government to investigate whether rentier power is involved.

[32] Keynes (1923) defined rentiers as the 'Investing Class', as against the 'Business Class' and the 'Earning Class', noting that, 'interest today rewards no genuine sacrifice, any more than does the rent of land' (Keynes 1936: 376, cited in Seccareccia and Lavoie, 2016, p. 207). The concept of rentier in this paper is therefore consistent with, but broader than, Keynes' own use of the terms.

instance, are often paid out in the form of wages or bonuses (Lindley and Mcintosh, 2017).

An unearned income — that is, a reward exceeding proportionate compensation for one's labour — can avoid the label 'rent' if it arises because of an innovation or productivity improvement *that can be quickly and easily replicated or imitated by others*. This replicability should ensure that the surplus is relatively short-lived, and the benefits of the improvement are *relatively* widely shared.[33]

As theorists from the field of management strategy recognise, firms achieve sustained competitive advantage precisely by *preventing* such replication: by building up resources and capabilities that are both valuable and isolated from imitation or substitution (Hoopes et al., 2003). According to the understanding of rent which I am advancing in this article, a temporary innovation-induced surplus is transformed into a rent *to the extent that* such barriers to replication exist.

2.2.3 Synergies and contrasts with other understandings of rent

The concept of a temporary innovation-induced surplus just discussed has similarities with the 'rents' that Schumpeter credited with driving the capitalist process of technological progress (Schumpeter, 2017 [1911]), and with Marshall's concept of 'quasi rents' (Marshall, 1920). However, the nature of these surplus incomes is ambiguous in both Schumpeter and Marshall's writing: Are they *purely* based on replicable innovations, and thus genuinely transitory, or might they sometimes be sustained by the presence of intellectual property, tacit knowledge, privileged access to finance, or other sources of rentier power? To avoid ambiguity, I prefer to reserve the term rent for surplus incomes that are protected from erosion through control over assets that are inherently scarce or difficult to replicate.

[33] The distribution of such temporary non-rents is still likely to systematically under-reward workers whose bargaining power is weakened by their lack of access to land, or other assets that could offer a route to subsistence or allow them to raise finance for self-employment. See Section 2.4.2.

The understanding of rent I deploy in this article builds implicitly on Marx, who developed Ricardo's theory of rent in several important ways (Harvey, 2018, chap. 11). Marx established, for instance, that variations in natural fertility were not the only source of ground rent. Rather, investments in the productive capacity of the land (a strategy for accumulation by expansion) could, under certain circumstances, become the basis for a more or less permanent surplus, that could be appropriated by the landlord as rent (Marx, 1993 [1894], chaps. 40–44).

The understanding of rent I adopt in this paper is *not* consistent with the neoclassical concept of rent. Most neoclassical textbook definitions make no reference to control over scarce assets or to the unearned nature of rents, but rather define a rent as an 'income in excess of opportunity cost' (McEachern, 2013, p. 244). According to this definition most payments made to landowners for the use of land would not be classed as rents. Significantly, the neoclassical understanding of rent (and rent-seeking in particular) has been deployed to advocate for *less* government intervention in the economy (e.g., Krueger, 1974). By contrast, the early rent theorists that I draw upon in this article developed the concept of rent to *challenge* the logic of laissez faire economics.

2.3 Why the concept of rent is important for ecological economics

2.3.1 Environmental protections and scarcity rents

Many ecological economists have made the case for hard limits on resource use and waste emissions (Alcott, 2010; Kallis and Martinez-Alier, 2010). This self-imposed scarcity could help mitigate ecological collapse and prevent even greater, possibly irreversible, scarcity in the future. Nevertheless, an increased scarcity of goods allocated by the market could, *ceteris paribus,* mean higher prices and a greater opportunity for rent capture.[34] It is incumbent upon ecological economists to consider who will be in a position to capture those rents, and on whom the burden will fall (Boyce, 2018, 2016; Farley et al., 2015; Felli, 2014; Fuss et al., 2016;

[34] In some cases substitution effects could reduce the scope for private rent capture over the longer term. For example, carbon caps could encourage the emergence of new electricity generation technologies that are less easily subject to monopoly control.

Kornek et al., 2017; Segal, 2012). In the early rounds of the EU's Emissions Trading Scheme, for example, permits to emit carbon dioxide were gifted to companies on the basis of their historical emissions, meaning that the scarcity rents arising from the (weak) emissions cap were captured by many of the largest corporate polluters, while costs were passed onto citizens, with the poorest shouldering the largest burden (Cornerhouse, 2013; Keppler and Cruciani, 2010; Spash, 2010). By contrast, designing our system of caps and environmental protections so that unearned scarcity rents are redistributed — either as a dividend or as free entitlements to energy, transport, and other basic services — could be emancipatory for the poor, and help build popular support for the gradual tightening of those caps.

2.3.2 Could resource caps lead to intensified rent-seeking?

The link between resource scarcity and rent extraction has been widely discussed. But there is a more subtle and pervasive way in which environmental protections could trigger a mobilisation of rentier power.

The argument I make in this section builds on the substantial volume of literature in ecological economics that suggests that limits on resource throughput will constrain consumption and production (D'Alisa et al., 2014; Daly, 1996; Dietz and O'Neill, 2013; Jackson, 2009; Kallis, 2011; Meadows et al., 1972; Victor, 2008). Although it may be possible for the state to shape the direction of the economy, such that growth in particular sectors can be 'decoupled' from environmental impact for limited periods of time (e.g. Mazzucato and Perez, 2014), the balance of evidence suggests that the rates of growth we are accustomed to for the economy *as a whole* cannot be sustained whilst also respecting planetary boundaries (Hickel and Kallis, 2019; Parrique et al., 2019). As such, it is essential for society to anticipate the possible macroeconomic and distributional impacts of low, zero and negative growth rates.

Of particular concern here is the fact that the closer we get to zero growth in production and consumption, the closer we get to a zero-sum game where consumption gains for one person require consumption losses for another, in absolute and not just relative terms. In an economy that is flatlining in GDP terms, if incomes

rise for one group in society, this expansion must be mirrored by a contraction of incomes elsewhere in the economy.

Broadly speaking there are two ways of increasing one's income. The first is to expand one's output, either by working harder, or by improving productivity. The second is to make a more powerful claim over the existing output of the economy. If opportunities for *expanding* production become more limited due to environmental protections, those seeking to increase their income and wealth may be tempted to pursue the second approach: to make more powerful claims over the spoils from *existing* production. For those in positions of power this is likely to mean extending and exploiting control over scarce and irreplicable assets. In other words, if resource constraints hamper accumulation through expanded production, we may see a trend toward land and resource grabbing, intensified exploitation of workers, financial speculation, aggressive use of intellectual property and monopoly powers to block competition, and pressure to privatize public infrastructures and commons. Such a shift in investment would represent an intensification of a pattern that has been underway for decades, and which many Marxists consider a response to capitalist crises of over-accumulation and under-consumption (e.g., Bellamy Foster and Magdoff, 2014; Harvey, 1985; Streeck, 2016). In short, if ecological limits (self-imposed or exogenously imposed) make it difficult to grow output, rent-seeking is likely to intensify, unless deliberate steps are taken to close rent-extractive opportunities.

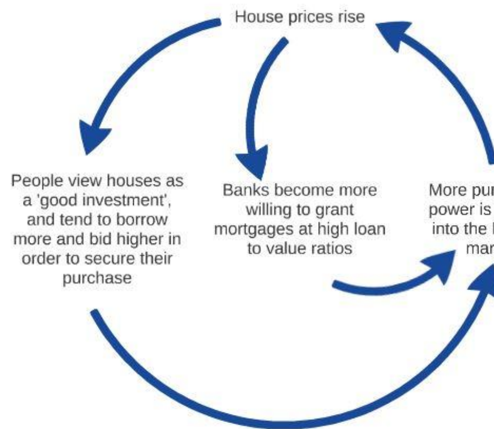
How concerned should ecological economists be about a continuation, or intensification, of rent-seeking in a resource-constrained future? Below I highlight three relatively straightforward ways that opportunities for rent extraction pose a threat to ecological economists' aspiration to '*live well* within limits' (O'Neill et al., 2018; Raworth, 2017). Section 2.4 will then build on this analysis to consider the more complex and paradoxical relationship between rent extraction and growth.

2.3.3 Rent extraction further impoverishes the poorest

Where rent-seeking is successful, the rewards for rentiers inevitably come at the expense of those with less power (Sørensen, 2000) – be they workers, suppliers, debtors, customers, tenants, or citizens. For instance, rent-seeking through privatised public infrastructures has frequently resulted in rising prices for services like water (Bayliss and Hall, 2017; Chong et al., 2006), transport (Blanc-Brude et al., 2006) and telecommunications (Stryszowska, 2012). Rent extraction through the housing market comes directly at the expense of those who do not inherit housing wealth (Clarke et al., 2016; D'Arcy and Gardiner, 2017; Stephens et al., 2014). Rising costs for essentials like housing, energy, transport, and communication costs hit the poorest hardest, eating up a larger share of their income (Gough et al., 2011).

2.3.4 Debt-fuelled rent-seeking can lead to financial crisis

The interaction of rent-seeking with our debt-based monetary system and the Too-Big-To-Fail limited liability model of banking poses a second threat to ecological economists' goal of going 'slower by design, not disaster' (Victor, 2008). When a bank creates a loan it creates new money, adding to aggregate purchasing power (McLeay et al., 2014). When this expanded purchasing power fuels a bidding war for *existing* assets, such as houses, the result tends to be asset price inflation (Ryan-Collins et al., 2017). Without effective taxation and regulation, this asset price inflation can activate a feedback loop between the behaviour of banks and the rent-seeking of borrowers and investors, seeking to make capital gains (Figure 1a).



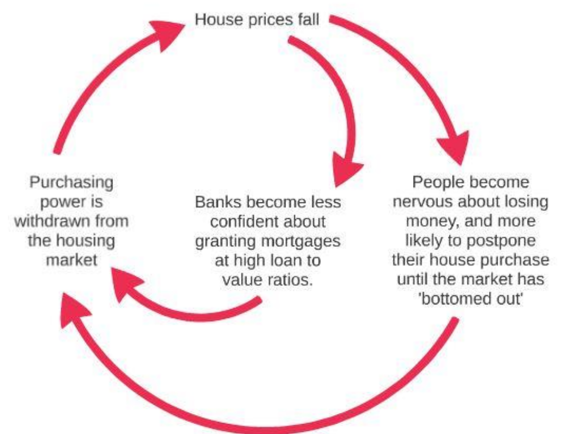


Figure 2.1: Feedbacks pushing house prices up (a) and down (b)

In the UK, for instance, the treatment of homes and land as a source of unearned income/wealth (via both capital gains and rental income), and the availability of cheap mortgage debt to support this rent-seeking, has been a major driver of house price inflation (Green and Bentley, 2014; Ryan-Collins et al., 2017; Saunders, 2016; Seabrooke and Schwartz, 2009).

Such debt- and rentier-fuelled feedback loops can easily slip into reverse if anything occurs to shake the confidence of banks and investors (Figure 1b). Asset prices can thus collapse suddenly, pushing businesses and banks toward insolvency and households toward negative equity. These reversible feedback loops explain the strong empirical link between rapid credit creation (particularly for real estate) and the onset of financial crisis (Alessi and Detken, 2011; Borio, 2014; Scatigna et al., 2014). Such macroeconomic consequences are incompatible with the goal of delivering wellbeing within ecological limits since the periods of economic insecurity and contraction which tend to follow financial crises are associated with significant losses in well-being (Easterlin et al., 2010; Fanning and O'Neill, 2019).

2.3.5 Rent-seeking is an inefficient use of time and resources

An efficient economy, from an ecological perspective, is one that meets human needs, and supports human flourishing, with the lowest ecological cost (O'Neill et al., 2018). In addition to social changes, achieving this kind of efficiency is likely to require significant investment in both resource-efficiency and labour-saving innovation. A discerning approach to such innovation is warranted, given their historical association with expansions in consumption (Alcott, 2005; Sorrell et al., 2007), losses in job satisfaction and deteriorations in the quality of goods and services. However, when deployed in the context of tough resource caps and diffuse rentier power, labour-saving technologies have the potential to liberate us to spend time in democratic dialogue, caring for one another, repairing our damaged ecosystems, and simply enjoying ourselves. And without investment in *both* labour saving and resource efficient innovations, caps on fossil fuels and other resources could make us more reliant on human labour to meet basic human needs than we have been for decades (Sorman and Giampietro, 2011).

Rent-seeking obstructs investment for such socially useful purposes. It channels resources and time into costly legal battles over intellectual property that can actually *slow* the emergence and spread of innovation (Bessen and Meurer, 2008; UNCTAD, 2017). It leads companies to spend more on share buybacks than they do on research and development (Lazonick et al., 2013). It inspires tunnelling through the Pennsylvanian mountains to lay fibre optic cables that will give three milliseconds of advantage to high frequency traders (Krugman, 2017). It is hard to think of more profoundly wasteful uses of human time and planetary resources.

2.4 The paradoxical relationship between rent and growth

One possible explanation for ecological economists' neglect of the phenomena of rents may be that reducing rent-seeking and rent extraction is often framed as a strategy for achieving higher or more consistent economic growth (Baumol, 1996; Ricardo, 2001, 1817; van der Ploeg, 2011), which, as noted already, many ecological economists consider incompatible with ecological sustainability. In Section 2.4.1, I highlight three key ways in which closing opportunities for rent extraction *could*

indeed boost production and consumption, before turning to explain (in Section 2.4.2) why I believe, paradoxically, closing opportunities for rent extraction is an *essential precondition for ending our systemic dependency on growth*.

2.4.1 Opportunities for rent extraction hamper growth

First, rent extraction can dampen growth by squeezing consumption demand. As noted in Section 2.3.3, the burden of rent extraction tends to fall on the poorest, who have the highest propensity to consume out of their income (Hartwig, 2014; Onaran and Galanis, 2012). Of course, rentiers are also consumers, so rewards for rentiers do recirculate *eventually*. But rentiers have a greater propensity to leave their income sitting idly in a bank account or to move it into the FIRE sector (finance, insurance, and real estate), thus contributing to deficient demand in the rest of the economy. A gap thus opens up between the wages put into circulation, and the money values to be realised in the market through higher prices (Klitgaard and Krall, 2012). Closing the most flagrant opportunities for rent extraction could therefore help demand to keep pace with productive capacity.

Second, if the surplus that is currently channelled into socially useless rent-seeking were redirected into productivity improvements, the likely result would be growth, unless resource caps were in place to prevent such an outcome. As many ecological economists have observed, labour saving and resource efficient innovations often lead to economic savings and lower prices, and thus act as an overall stimulus to consumption (Alcott, 2005; Ayres and Warr, 2009, 2005; Sorrell et al., 2007).

Third, as noted in Section 2.3.4, where rent-seeking interacts with our poorly regulated debt-based monetary system, it can result in violent asset price booms and busts, which create the conditions for a balance sheet recession (Koo, 2003). Closing opportunities for rent extraction through our financial and housing systems would reduce or eliminate such recessions.

2.4.2 Should we thank rentiers as unlikely environmental saviours?

If rent-seeking and rent extraction tend to suppress production and consumption in the ways outlined above, should we thank rentiers as unlikely environmental saviours? I believe that ecological economists must be vehement in their rejection of this logic, for two reasons.

First, ecological economists often point out that those who celebrate anything that promotes growth, regardless of its social consequences, are confusing means with ends (Daly, 1973; Daly and Farley, 2011, chap. 3). It follows that to celebrate anything that curtails growth, is to be guilty of the same fallacy. The challenge that we face is not just reducing aggregate material consumption to a level that is within planetary boundaries, but doing so in a way that creates opportunities for all to flourish (Jackson, 2009; O'Neill et al., 2018; Raworth, 2017). The mechanisms by which rent-seeking and rent extraction dampen resource consumption are unhelpful, and sometimes extremely damaging, from the point of view of this goal.

Second, the relationship between rent and resource throughput is far more complex than immediately meets the eye. In fact, I propose that the distributional and macroeconomic consequences of concentrated rentier power and rent-seeking constitute a 'political growth imperative' (Richters and Siemoneit, 2019). In other words, concentrations of rentier power and rent-seeking create the conditions under which politicians feel compelled to pursue growth-oriented policies, regardless of their environmental consequences. I highlight here three mechanisms at play within this *rentier growth imperative*.

Concentrated rentier power makes growth necessary to maintain employment

The first form of growth dependency emerges out of the interaction of labour productivity improvements with the unequal distribution of land and other rent-bearing assets. Automation, mechanisation, economies of scale and so on reduce the need for labour in the production process. In a growing economy, surplus labour can be quickly reabsorbed to produce more units of output. But in the absence of growth, labour saving innovations threaten to cause rising unemployment. The solution

embraced by many ecological economists is to use labour productivity improvements to reduce and redistribute working hours (Bosch 2002; Victor 2008; Coote et al. 2010).

But this strategy is unlikely to succeed unless the benefits of productivity improvements are shared with ordinary workers, rather than captured wholly or largely by managers, shareholders, landowners and so on. In this latter case, the hourly pay of ordinary workers is likely to stagnate, even as productivity rises, such that a reduction in working hours implies a pay cut. One of the things that gives shareholders and senior managers the power to suppress wages, as Marx recognised, is the unequal control over land and other rent-bearing assets: people dispossessed of land and other scarce assets that would offer a route to subsistence or self-employment are effectively dependent for a livelihood upon the sale of labour-power for a wage, and thus in a weak bargaining position (Dobb, 1973, p. 151; Harvey, 2018, p. 359).

Even in contexts where firm managers and shareholders do not exploit their workers — in worker-owned firms, for instance — many workers are not inclined to choose part-time work because of the financial and cultural pressures they themselves are under from rentiers elsewhere in the economy. There is evidence, for instance, from Canada (Fortin, 1995), Italy (Del Boca and Lusardi, 2003) and the UK (Bottazzi et al., 2007), that the pressure to keep up with mortgage payments is compelling households to devote more hours to paid work than they might otherwise choose.

In short, the unequal distribution of rentier power stands in the way of work-sharing, and therefore lies at the heart of the problem of so-called ‘technological unemployment’. The hopeful flipside of this analysis is that diffusing rentier power could facilitate the reduction and redistribution of working hours (Section 2.6.3).

Rent extraction drives poverty

A second and related form of growth dependency arises out of the tendency for rent extraction to happen at the expense of the poorest. If governments wish to address relative and/or absolute poverty, but are unwilling or unable to challenge rentier

power, growth promises a less politically conflictual route than redistribution. Expansions of output *can* function to mask the exploitation arising from rent extraction, or at least to cushion non-rentiers from its full force. To use the classic pie metaphor, if some individuals at the table use their accumulating rentier power to demand a larger slice of the pie at every meal, the slices of pie available to the rest will shrink to crumbs, *unless* the pie itself grows. Growth in economic output does not address the underlying injustice of rent extraction, but it can alleviate distributional conflict, and prevent absolute declines in material living standards.[35]

The promise that growth will reduce relative and/or absolute poverty is most likely to be delivered if the rate of growth is higher than the rate of rent extraction. This point is similar to Piketty's observation that if the rate of return on wealth[36] (*r*) is higher than the rate of growth of average incomes (*g*), inequality will tend to increase (Piketty, 2014). Although aspects of Piketty's theoretical work have come under justified criticism (e.g., Galbraith, 2014; Moseley, 2015; Seccareccia and Lavoie, 2016; Varoufakis, 2014), this core claim is difficult to refute (see Appendix). Piketty's thesis thus raises a challenging question for ecological economists, which has not been satisfactorily answered to date: *how are we to ensure that r remains below g, if we anticipate resource caps forcing g towards zero?*

The only studies in ecological economics to directly address Piketty's thesis are two articles by Jackson and Victor (2016, 2018) which use stock-flow-consistent models to explore how rewards from the productive process might be divided between capital and labour as growth slows. The models suggest that the propensity for *r* to exceed *g* will be greater in contexts where workers can be easily replaced with built machines. This is a prescient point given trends toward automation (Brynjolfsson and Mcafee, 2014; Frey and Osborne, 2017). It is also a finding which fits neatly with the thesis presented in the present article, since in reality the power of capital to dispense with workers, and/or exclude them from sharing in the benefits of technological improvements, is itself shaped by the distribution of rent-bearing assets. However,

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[35] It is worth noting that for many aspects of well-being it is relative, not absolute poverty that matters.
[36] Piketty uses 'the words capital and wealth interchangeably, as if they were perfectly synonymous' (Piketty, 2014:47) even though they have distinct meanings in most schools of economic thought. Piketty's returns to wealth are not perfectly synonymous with rents, due not least to the presence of rents in wages. Nevertheless a large proportion of rents do take the form of dividends, interest, rental income, and so on measured by Piketty.

the models do not allow for an explicit manipulation of rentier power, or of rent-seeking through financial speculation, real estate investment, monopoly power or control of finite natural resources. The authors call for further analysis of structural features which might enable agents to extort more than their 'fair' share of the output from production (Jackson and Victor, 2016, p. 209), and this is something I intend to offer in a forthcoming article.

Post-bubble debt build-ups cannot be paid down without growth

A third form of growth dependency emerges out of the dynamics discussed in Section 2.3.4 — that is, the tendency for debt-fuelled rent-seeking to lead to asset price booms and busts, which leave in their wake very high debt-to-GDP ratios.

A high debt-to-GDP ratio creates a political growth imperative because reducing the debt-to-GDP ratio (whether public or private debt) is extremely challenging in the absence of GDP growth, and without recourse to unorthodox and controversial interventions such as debt cancellation and/or extensive monetary financing by the central bank (Keen, 2017; Turner, 2015). Efforts by the private sector (households and businesses) to repay debts without taking on new loans can cause the economy to shrink and thereby worsen the debt ratio (Boait and Hodgson, 2018, p. 47; Koo, 2003). Further problems are attached to the use of fiscal austerity to pay down public debt. When governments cut back on spending in an effort to run a budget surplus, the result tends not only to be contraction of private domestic demand and GDP, which can result in a worsening debt-to-GDP ratio (Guajardo et al., 2011), but also rising inequality and poverty (Ball et al., 2013). Inflation can help to reduce the burden of both public and private debt, but – in the absence of growth – there are limits to the efficacy of this strategy, as buyers of government debt will demand ever-higher nominal interest rates to compensate for the additional inflation they expect (Boait and Hodgson, 2018, p. 44).

By far the most effective and least controversial way to improve the debt-to-GDP ratio is a government stimulus aimed at boosting economic output. Thus, debt- and rentier-fuelled asset price bubbles, by increasing the debt-to-GDP ratio, tend to

necessitate political interventions to support productive investment and/or prop up consumption demand.

2.5 Implications for designing our socio-ecological transition

I have proposed three interrelated forms of ‘rentier growth imperative’ which mean that, when environmental protections come into conflict with growth, policy makers are likely to feel compelled to prioritise growth, in order to manage levels of debt, unemployment and poverty. To end this growth-at-any-cost mentality, we must diffuse rentier power, discourage rent-seeking and redistribute rents.

I have also shown that it is important that measures to close opportunities for rent extraction go hand in hand with tough resource caps and environmental protections. This is because closing down opportunities for rent extraction could, at least in the short term, stimulate productive investment and boost demand, leading to higher levels of resource consumption and waste emissions (Section 2.4.1). If tough resource caps and environmental protections are in place, however, then a reallocation of funding from rent-seeking to productivity improvements need not be a threat to the ecosystem. It is the *combination* of pre-emptive environmental protections alongside checks on rentier power that will allow our economy to ‘go slower by design, not disaster’ (Victor, 2008).

Figure 2.2 summarises this thesis, mapping different economic systems — historical, contemporary, and potential — onto two axes: the degree to which rentier power is kept in check, and the degree to which resource use is constrained.

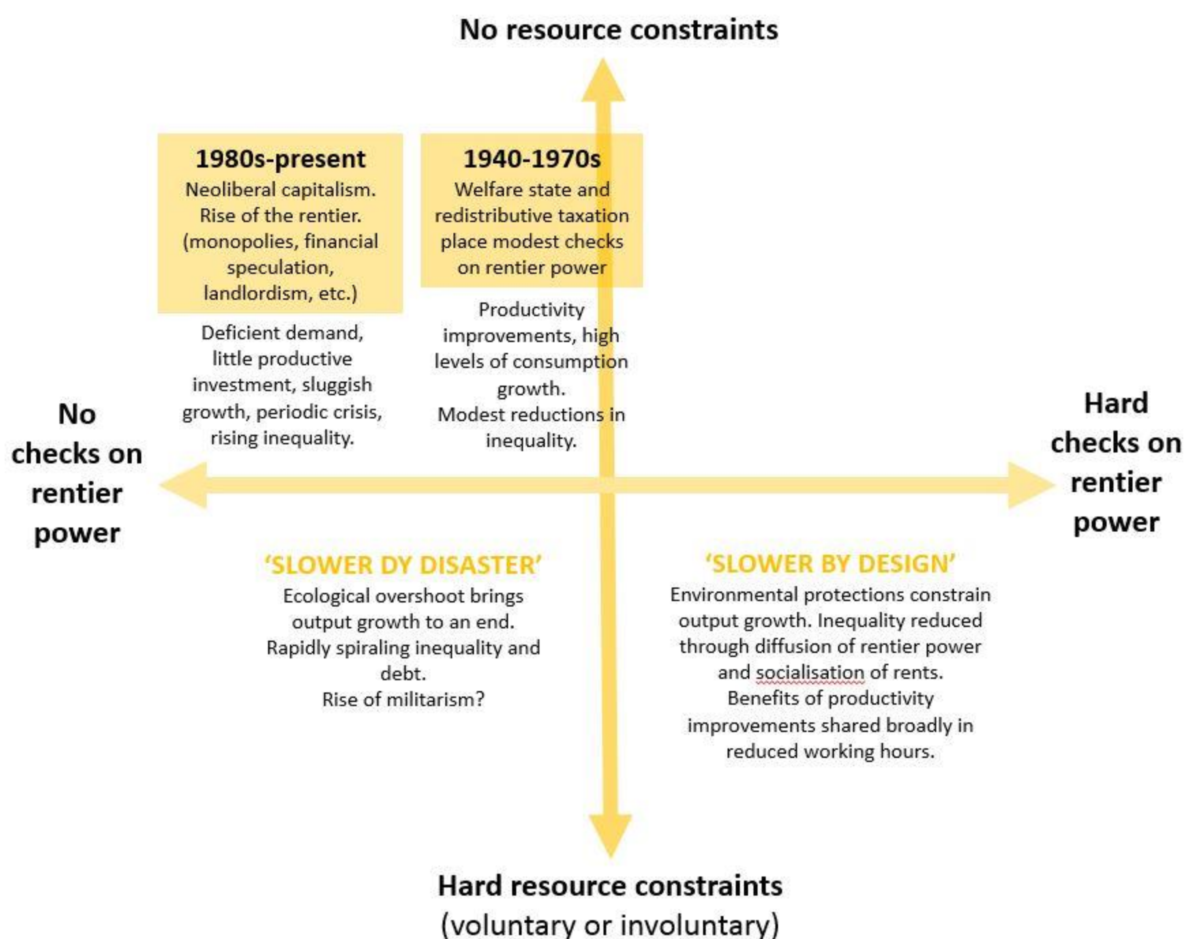

Figure 2.2: Four different economy 'types' mapped onto two intersecting axes: degree of resource constraints and concentration of rentier power.

The option of staying in the non-resource-constrained space (above the horizontal axis in Figure 2) is no longer open to us, at least not in the long run. Growth in resource throughput can only be enjoyed temporarily, by appropriating ecological space that people elsewhere in the world and/or future generations need to meet their basic needs. By focussing on the case for environmental protections but neglecting to formulate proposals for reining in rentier power, the environmental movement risks setting us onto a trajectory toward the bottom left quadrant, for the reasons discussed in Sections 2.3 and 2.4, and summarised in Figure 2.3.

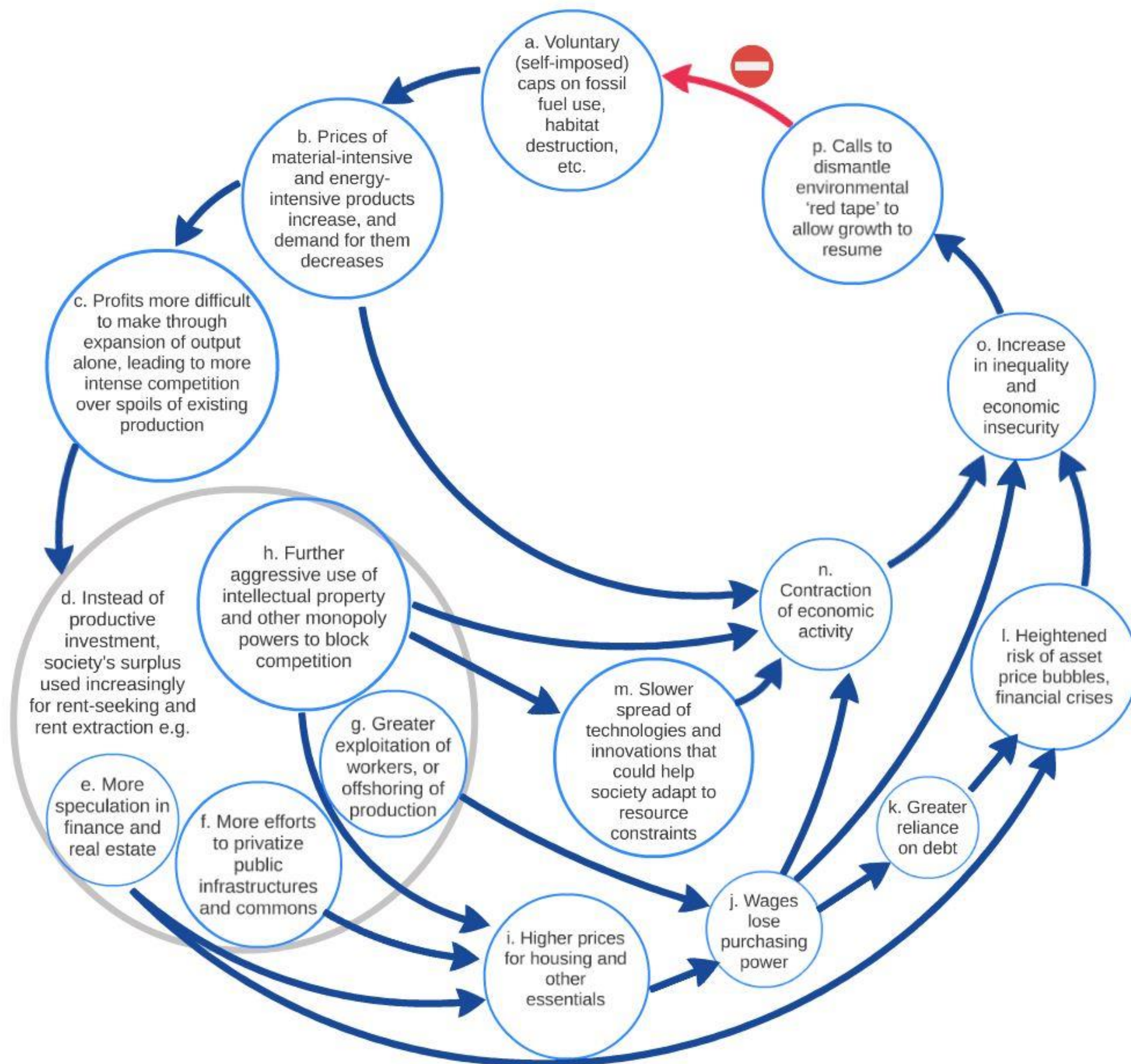

Figure 2.3: Feedbacks under conditions of resource constraints and concentrated rentier power

Implementing fossil fuel caps/taxes and other environmental protections could lead to higher prices and lower demand in many industries in the real economy. If profits become difficult to make by *expanding production*, profit seeking strategies could shift toward *claiming an increasing share of the rewards from existing production* (Figure 3, a–h) unless deliberate steps are taken to prevent this outcome. As noted in Section 2.3.2, this shift is likely to manifest itself in more speculation in finance and real estate, more aggressive use of intellectual property and monopoly powers to block competition, greater exploitation of workers and/or offshoring of production, and more pressure to privatize public infrastructures and commons.

A continuation or intensification of such rent-seeking strategies is likely to inflate prices for housing, energy and other essentials, cause wages to lose their purchasing power, fuel asset price booms and busts, and slow the emergence and spread of innovations that could help us to adapt to resource constraints (Figure 3, i–n). Unless society can identify the real culprit for the resultant inequality and economic insecurity, it is likely that the finger will be pointed at environmental protections, and pressure will build for their abandonment (Figure 3, o–p).

Ensuring that caps on resource use go explicitly hand in hand with measures to redistribute rents and rentier power is thus not only a moral responsibility for environmentalists, but a question of political realism. If we are to have any hope of mobilizing a 'comprehensive coalition of social forces' (Buch-Hansen, 2018) in support of environmental protections, the protections must come as part of a package of reforms that are more attractive and emancipatory for ordinary asset-poor citizens than the (illusory) promise of growth, full employment and cheaper consumer goods (Barca, 2017; Pineault, 2018). I turn now to consider what that package of reforms might consist of and how it might best be framed and justified.

2.6 Redistribution versus structural change

The solutions most commonly offered by ecological economists to the threat of rising inequality in a post-growth economy are the proposals for minimum and maximum incomes, and a wealth cap (Alexander, 2014; Buch-Hansen and Koch, 2019; Cosme et al., 2017; Daly, 1977). At first glance, these proposals would seem to have the attraction of simplicity on their side, requiring only a handful of policy changes rather than scores of separate policies to transform the many different institutions from which rentier power flows.

The standard proposal is that the caps on income and wealth would be operationalised through 100-percent tax rates on the highest marginal tax band (Daly, 1977, p. 56): any income or wealth exceeding a certain level would be entirely taxed away. Daly's proposal for a minimum income is similar to the proposal for a Universal Basic Income which is often presented as a solution to automation-induced unemployment (e.g., Srnicek and Williams, 2015). Daly has argued that such policies

would be perfectly compatible with a 'free market' approach to economic policy, allowing us to do away with 'blundering interference with the price system' such as rent controls, minimum wages, and labour unions (Daly, 1977, pp. 54–6). This is a stance that we see echoed by contemporary libertarian supporters of the basic income (Clarke, 2018; Young, 2017), and which I propose is misguided.

2.6.1 Minimum and Maximum Incomes: potential limitations

A key problem with relying on a basic income to address inequality is that putting more purchasing power in the pockets of ordinary people, without challenging wider imbalances of power in the economy, is likely to empower rentiers to raise prices and lower wages. Such an effect is visible in the UK housing market, where payments of housing benefit — although beneficial for tenants — have also enabled landlords to raise rents above the level that people would otherwise be able to afford (Gibbons and Manning, 2006).

Similarly, caps on individual income and wealth leave unchecked the rentier power of corporate entities. One of the widely acknowledged features of capitalist market exchange is that the winners in 'round one' are at an advantage in subsequent rounds (Lawn, 2011, p. 8), benefitting from economies of scale, network effects, brand recognition, bargaining powers vis-à-vis tax authorities, retailers and suppliers, and many other assets that cannot be easily replicated by smaller players and new entrants. The result is steady consolidation of corporate power – a trend that has been documented over the past two decades at both national (EIG, 2017; Foster et al., 2011; Grullon et al., 2017) and international levels (UNCTAD, 2017, pp. 126–7). Such accumulating corporate power is a threat to democracy and a particular threat to enactment of tough environmental protections and high marginal tax rates (Chomsky, 2017; Klein, 2015; Moe, 2010; Monbiot, 2001).

Further, in any society where political leaders can be voted out of power, a policy of minimum and maximum incomes will only be robust if it has popular legitimacy, and that requires a set of supportive institutions and cultural narratives very different to those that pertain today. It is tempting to see caps on income and wealth as a silver bullet for limiting inequality, just as caps on resource use are sometimes imagined to

be a silver bullet for dealing with ecological challenges. But a cap on fossil fuel use will be vulnerable to opposition if it raises prices to the point where significant sections of the population cannot afford transportation to get to work or energy to heat their homes. Likewise, a cap on wealth and income will be vulnerable to opposition if the market systematically delivers pre-tax incomes in excess of the cap to significant sections of the population, and if these incomes are portrayed in popular discourse as being aligned with and justified by the 'productivity' of the recipient.

In short, if the wider system remains as it is, straining in the opposite direction, then wealth and income caps, and/or a basic income, may be ineffective and short-lived, if enacted at all.

2.6.2 The concept of rent in democratic persuasion

The constructive message of this article is that the concept of rent could be a useful discursive frame to help build popular support for overhauling our economic institutions, so that there is far less work for redistributive taxes to do. A campaign against the *injustice* and *inefficiency* of specific kinds of rent extraction could, I propose, be more effective than a simple appeal for limits on inequality. As Varoufakis (2002, p. 459) argues, it is a typical weakness of discourse on the political left to discuss inequality as if it were 'uniform in quality and variable only in quantity', and that there is some 'optimum' quantity to aim for. Herman Daly, for example, writes:

> 'The goal of total equality can become a pathological quest for a jealous homogeneity at the lowest common denominator... To avoid the absurdities of too much equality as well as too much inequality, we should think in terms of limits to inequality; of a range within which inequality is *necessary, efficient, and just*, and beyond which it is *unnecessary, inefficient, and unjust*.' (Daly, 1977, p. 81, my italics)

Surely any judgement about whether inequality is 'necessary, efficient and just' requires an examination of the *process* by which it has come about (Varoufakis,

2002). The concept of rent can be a helpful guide as we make that examination, helping to undermine two typical defences for unearned income.

The first defence, articulated by Nozick (1974), is that the rich are entitled to their wealth as long as the contracts and transactions underlying that wealth are voluntary. But as Macpherson (1973) and Sen (2001) have eloquently argued, freedom of choice is only meaningful if one has a sufficient breadth of feasible alternative options. If your next best opportunity is seriously unattractive, then you do not have a meaningful free choice. The power to extract rent is inextricably tied to imbalances in 'opportunity cost', which is really about a relative *lack* of freedom for some people. MacPherson in particular recasts freedom as freedom from the *systematic extractive power of others*, and freedom to develop one's capacities (Varoufakis, 2002, p. 468). When we think of freedom in this way, it is quite clear that a rentier 'monopoly of productive resources by one social class makes freedom impossible for the many' (ibid, p. 471).

The second justification for unearned income, articulated by John Bates Clark (1899), is the notion that the market will tend to reward factors of production according to their contribution to productivity or value creation. This assumption is still implicit in the mainstream approach to calculating the *productivity* of, or *value added* by, a firm or a workforce – an approach that ignores the role of relative scarcity in determining prices. The concept of rent, by contrast, encourages us to distinguish those individuals and firms making a genuine contribution through *replicable* innovations, whose benefits can be broadly shared, from those benefiting from monopolistic control over assets, and 'barriers to imitation', which *prevent* the spread of productivity enhancing innovation.

The concept of rent allows for a campaign narrative aligned with, rather than working in opposition to, the deeply held cultural belief that people should contribute to society, if they can, rather than depending on the labour of others. Currently this powerful belief system is harnessed by right-wing politicians and commentators to demonise the most marginalised in society, those dependent on welfare payments to survive (e.g. Mason, 2013). The concepts of rent and rentier power offer us the opportunity to highlight the real 'free riders'.

2.6.3 The policy development challenge

Moving from delegitimising rentier power to diffusing it will not necessarily be easy. To date my own research has focussed on rent extraction through the British land and housing system, and particularly the challenge of reducing and socialising land rents without triggering a crash in house prices, which would bring its own social, political and macroeconomic problems (Stratford and McCann, 2019). My proposed solutions to this conundrum are set out in a co-authored report on land reform for the UK Labour Party (Monbiot et al., 2019).

Knowing the complexities involved in this one policy area makes me reticent to offer quick prescriptions for financial rents, monopoly rents, resource rents, advertising rents, managerial rents and so on, which will each raise their own peculiar questions. For instance, if we reduce the rent-extractive power provided by the intellectual property regime, and rely on public institutions to play a greater role in funding and de-risking innovations (Mazzucato, 2013), how ought the power to direct such public support be diffused and democratised? How can we break the monopolistic power of the digital giants like Facebook and Google, whose surveillance-and-manipulation business model is undermining democracy itself (Hind, 2019)? Should the rents arising from our common resources be redistributed through equal per capita dividends as some propose (Boyce, 2016; Chamberlin et al., 2015), or in the form of free entitlements to transport, housing, energy, healthcare, education, and food (Coote et al., 2019)? How can we protect our economy against the risks of capital flight and the offshoring of jobs as we reduce the extractive power of financiers and empower workers (Berry and Guinan, 2019)?

It will not be possible to entirely eliminate rents. But structural changes that reduce opportunities for rent extraction and redistribute unavoidable rents could radically reduce the strain to be taken by redistributive taxation, lower the risk of asset price bubbles, and – critically – facilitate a key plank in the socio-ecological transition: the reduction of working hours. If our anti-monopoly policies are successful, then no single firm would have the power to extract rents through control of technology or data. If firms were mutually owned and democratically managed, workers' hourly

remuneration would be more likely to rise in line with productivity improvements. And with a 'Common Wealth Dividend' and/or Universal Basic Services (Coote et al., 2019) people would have a route to subsistence and security without selling their labour. Such structural shifts would make workers both more inclined and more empowered to negotiate reduced working hours.

2.7 Conclusion

The purpose of this article has been to highlight three interconnected blind spots in ecological economics: the threat of intensified rent-seeking in a resource-constrained future, the roles that rent-seeking and concentrated rentier power play in our growth dependency, and the opportunities that may flow from mobilising around the concept of rent.

The paradox in the relationship between rent and growth that I have highlighted has important implications for the success or failure of different strategies for socio-ecological transition. I have argued that reining in rentier power is a pre-condition for imposing tough limits on resource use without social damage, and tough limits on resource use and waste emissions are a precondition for reining in rent extraction without environmental damage. If the checks on rentier power and resource caps go together, there need be no trade-off between meeting the needs of all today, and ensuring the planet is in a fit state to support the needs of tomorrow.

The final hopeful message of this article is that the concepts of rent and rent-seeking may offer a powerful discursive frame for delegitimizing incomes which are neither earned, in the sense of being proportionate to labour, nor socially useful, in the sense of stimulating innovations whose benefits are broadly shared. Thus, these concepts may help to build the popular and political support that is needed to transform our economic institutions so that they can support a good life for all within planetary boundaries.

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3 Using the rent frame to build support for public energy: results from a message-testing experiment

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ABSTRACT

The current cost of living crisis has revived calls for the UK's energy system to be brought back into public ownership. This framing experiment provides communication insights for those advocating energy renationalisation, and/or seeking to tackle rent-extraction more broadly.

Rents are incomes extracted through control of assets, rather than through effort and contribution. Any scarce or monopolised asset – like energy infrastructure, land, or intellectual property – can be a source of rents. For the purpose of this article, communicating with a *rent frame* means presenting an income as a reward for control/ownership, rather than effort and contribution, and/or emphasising that actors in control of scarce and/or monopolised assets have coercive price-setting power.

This study tests the hypothesis that messages with an explicit rent frame are more effective than messages without a rent frame, through a survey of 2000 British adults. We test four messages: one focussing simply on the savings that could be made through public ownership (without an explicit rent frame), and three rent-framed messages deploying three distinct analogies/metaphors: the first comparing energy companies with landlords, the second comparing energy companies to train and water companies with monopoly power, and the third presenting energy resources as 'gifts from nature' that should belong to everyone. Our evaluation of each message is based not just on its capacity to boost support for public ownership of energy, but its propensity to produce intended and unintended 'spill-over effects' on other beliefs about how the economy does or should work.

Contrary to our hypothesis, the message *without* the rent frame appeared most effective at building support for nationalising the energy system. The rent-framed messages appeared to alienate some respondents who were themselves shareholders. However, the rent-framed message drawing an analogy with train and water companies performed well, with positive spill-over effects. An important finding is that none of the rent-framed messages appeared to undermine solidarity with unemployed people; respondents seemed able to distinguish morally between unearned income flowing to rentiers and the unemployment benefits that form part of our shared social security system.

We recommend that future experimental framing research measures frames against a willingness to take action in support of change, or in defence of the status quo, in addition to support for policy proposals.

3.1 Introduction

In political economy the term rent refers not just to payments flowing to landlords, but to all analogous incomes – that is, any incomes extracted through control of scarce and/or monopolised assets, rather than effort and contribution.[37] Energy resources and energy infrastructure have long been recognised as a potential source of rents (e.g. Hobhouse 1911, p. 49, Marx 1993 [1894], chap. 38). First, energy, in a usable form, is a scarce resource: demand almost always outstrips supply.[38] Second, there is only one set of pipes, cables and pylons that delivers energy to end users, meaning that whoever controls these transmission and distribution networks has a natural monopoly. Third, even when it comes to the retail sector – the final stage in the supply chain that is supposedly most amenable to competition – the customer base itself can be a rent-bearing asset, since few customers have the time, skills, and inclination to sift through complex and often biased information in search of a fairer

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[37] This is the original scarcity-based understanding of rent that emerged in the late 19th century. Neoclassicals adopted a different definition in the mid 20th century. For an account of the evolution of rival definitions of rent see Stratford (2022).

[38] This is not only due to the scarcity of fossil fuels and appropriate sites for renewable infrastructure. It is also due to the high upfront capital costs, scarce metal inputs and/or onerous planning requirements for large scale renewables installation and power stations (particularly nuclear).

price (Antal 2018, Weghmann 2019, p. 16). Unsurprisingly, then, since its privatisation in the late 1980s and early 1990s, the UK's energy system has proved to be a lucrative source of rents for shareholders, private creditors, and CEOs all the way along the supply chain.

The purpose of this study is to test the efficacy of messages designed both to delegitimise incomes extracted through control of the UK's energy system and build support for bringing the system back into public ownership. Specifically, the present study tests the hypothesis that messages employing an explicit 'rent frame' will be more effective than a message focussing more narrowly on the capacity of public ownership to reduce high energy costs.

According to Lakoff (1990, p. 18), frames are 'mental structures that shape the way we see the world'. In communications scholarship, framing refers to the process by which actors attempt to tap into, shape and reinforce those mental structures, in order to promote a particular conceptualisation of issues. It involves the selection and emphasis of information, the use of language, image, and metaphor, to point towards 'a central organizing idea or story line that provides meaning' to events (Gamson and Modigliani 1989, p. 143).

For the purpose of this article, using a *rent frame* means drawing attention to the way that certain incomes are extracted through control and ownership, rather than work and contribution and/or highlighting the coercive power wielded by people and organisations who control scarce or monopolised assets.[39]

This study used the campaign for renationalisation of the energy system as a case study to develop three different rent frames and evaluate their efficacy. The evaluation was based not just on the capacity of the rent frame to boost support for public ownership of energy, but its propensity to produce intended and unintended

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[39] The rent frame could be defined more broadly than this, to include messages that emphasise the inefficiencies that arise from private control over scarce and monopolised assets. In that case, the *Simple Efficiency* message (see Section 3.1.3) could be said to include an 'inefficient rent frame', while the other messages invoke an 'unfair rent frame'.

'spill-over effects', including shifts in beliefs about the meritocracy, and attitudes towards the unemployed.[40]

To illustrate why the UK's energy system is a suitable case study for this research, Section 3.1.1 details the rise of rent extraction through the UK's energy system and the arguments made for bringing it into public ownership. Section 3.1.2 summarises the research on values and frames that informs and motivates this study. Section 3.1.3 sets out the research questions. Section 3.2 describes the methodology followed. Section 3.3 presents the results for each research question in turn. Section 3.4 discusses these results, their implications, and where further research is needed. Section 3.5 concludes with an evaluation of key findings.

3.1.1 Rent extraction through the UK's energy system

The privatisation of the UK's energy system began with the sale of British Gas in 1986 and was largely complete within a decade. It was driven by a distrust of government management and the belief that competition between private energy companies would deliver efficiencies (Pearson and Watson 2012, Weghmann 2019). Introducing competition required 'unbundling' the system – that is, separating the elements of the energy system supposedly amenable to competition, namely production, generation, and retail, from the transmission and distribution systems, which are widely recognised as natural monopolies. There is no evidence, however, that this process has produced efficiencies. Instead, the evidence points to a highly consolidated sector, extracting rents[41] at every stage of the supply chain (CMA 2016, Bayliss and Mattioli 2018a, Weghmann 2019, Hager *et al.* 2021, Baines and Hager 2022a, 2022b).

[40] Intended and unintended, that is, from the point of view of those seeking to tackle rent-extraction and safeguard basic needs.
[41] We use the term rent to refer to incomes arising from control and ownership of assets, rather than labour, sacrifice, innovation and so on. Dividends, interest and other returns on financial assets consist almost entirely of rent. Inflated salaries are likely to also consist of rent if the company paying them has control over some scarce or monopolised asset (like drilling licenses, energy infrastructure or real estate). Rent can be thought of as the portion of income that would be unpayable if scarcity and monopoly power were to disappear.

Generation and production

At the top of the supply chain are those companies involved in the production of fossil fuels and the generation of electricity. The extractive power of these companies has come under scrutiny since Russia's invasion of Ukraine, which exacerbated an existing global gas shortage, and sent prices for wholesale gas and electricity soaring. UK Treasury analysis show that UK gas producers and electricity generators could together make 'excess profits'[42] of up to £170 billion over the next two years, two fifths of which would flow to electricity producers (Wickham and Gillespie 2022). Instead of channelling such windfalls into new capacity, to improve energy security and reduce our dependence on fossil fuels, energy producers have been paying out to shareholders in the form of dividends and share buy backs (which inflate the value of stock). For example, the two major integrated[43] oil and gas companies headquartered in the UK, Royal Dutch Shell and BP, transferred more than $28bn to shareholders through stock buy backs in 2022 alone (Evans 2022).

But the power of energy producers to extract rents predates Russia's invasion of Ukraine. In the decade to 2020, the 'Big Six' (now the 'Big Five'[44]) energy suppliers, which all own their own generating capacity, paid out almost £23 billion in dividends, and awarded their highest paid directors, on average, almost fifty times the pay of the average worker in the company (Hager *et al.* 2021). They also incurred £10.22 bn in interest expenses on debt, often owed to parent companies and affiliates, who charge interest rates well above the average rates on long-term UK government debt (Hager *et al.* 2021). Meanwhile, in the same decade, Shell and BP

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[42] Excess profits are defined by the Treasury as the difference between the profits energy producers are predicted to make in the future, and the profits they could have expected to make based on the outlook for prices before Russia's invasion of Ukraine.
[43] An integrated oil and gas company is a business entity that engages in the exploration, production, refinement, and distribution of oil and gas, as opposed to companies that specialize in just one segment.
[44] The "Big Six" energy companies were British Gas, EDF Energy, E.ON, RWE npower, ScottishPower and SSE. Today the market is dominated by just five legacy producers, following E-ON's acquisition of Npower in 2019, and the purchase of SSE's retail business in January 2020 by OVO Energy.

together spent £147.2 billion on stock buybacks and dividends - far in excess of the FTSE 100 average of £10.8 billion over the same period (Baines and Hager 2022a).

Until the UK government bowed to pressure in May 2022 and announced a temporary 25% 'Energy Profits Levy' (Seely and Keep 2022), profits from North Sea oil and gas extraction were taxed at just 40%, the lowest rate of taxation on offshore oil and gas extraction anywhere in the world, and well below the global average of 70% (Greenpeace 2022). By contrast, with a permanent tax rate of 78% on oil and gas production (We Own It 2012), Norway has been able to build up a £1.4 trillion sovereign wealth fund which it is currently using to shield households from volatile global energy prices (Reuters 2022).

The grid

The handful of companies that own the transmission and distribution networks are a less visible but still highly extractive part of the energy system. The Office of Gas and Electricity Markets (Ofgem) determines the level of revenue that the owners are allowed to generate from customers. But they are widely accused of failing in their mandate to ensure a fair deal for customers and ensure that the network benefits from investment, particularly to integrate new renewable capacity (Helm 2017, Wild 2017, Labour Party 2019, Smeeton 2019, Baines and Hager 2022b). The high-voltage transmission grid is owned by the National Grid Company, one of the single largest 'investor owned' utility companies anywhere in the world, and which paid out £1.4billion in dividends in 2021 alone (Yates 2022). Between 2017 and 2021, the major Gas Distribution Networks (GDNs) enjoyed an operating profit margin of 42.6%, and the major Distribution Network Operators (DNOs) – the companies in control of the low-voltage distribution system that takes power from the transmission system to end users – enjoyed profit margins of 49.2% (Baines and Hager 2022b). For comparison, the average profit margin for the FTSE 100 was 10.5% around the same period.

By comparing the cost of dividends and interest paid by the private companies with the cost of refinancing the current equity and debt with debt raised by issuing

government bonds, one analysis has found that bringing the energy transmission and distribution grids into public ownership could save £3.7 billion per year (Hall 2019).

The monopoly retailers

The 'Big Six' energy supply companies (now the 'Big Five'), which have dominated the UK's retail market for two decades, all inherited a large portfolio of customers at the time of privatisation (Bayliss and Mattioli 2018b, p. 9). Their profitability has depended partly on a 'loyalty penalty' paid by those customers who stay on the expensive Standard Variable Tariff and do not switch suppliers regularly (TUC 2022a).[45] An investigation in 2015 by the Competition and Markets Authority (CMA) found that the Big Six suppliers were overcharging domestic customers by around £1.4bn a year (CMA 2016). And despite prices rises outstripping inflation, the CMA found that standards of service had deteriorated (CMA 2016, Bayliss and Mattioli 2018a, p. 10). Faced with the evidence that 'switching' campaigns are not an effective solution to overcharging, the UK government finally introduced a price cap in January 2019 which effectively re-regulates the standard tariffs from the largest companies (Weghmann, 2019, p. 17).

The impact on customers

Studies on the impact of unbundling and privatisation of energy systems across Europe have found these transformations to have, if anything, reduced efficiencies and raised costs (Brau *et al.* 2010, Pollitt 2012, Fiorio and Florio 2013, Florio 2014, Weghmann 2019, p. 23).[46] In the UK, the proportion of total household expenditure

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[45] The Big Six/Big Five are also all vertically integrated companies, allowing them to make money by generating electricity, as well as by retailing that electricity. Newer entrants, by contrast, have to buy all their energy on the volatile wholesale market, which is why so many went out of business when wholesale energy costs began to rise (see also Citizens Advice 2021). The two firms that have experienced the sharpest increases in profit margins during the current energy crisis – Centrica Plc and SSE Plc – also engage in production operations in the North Sea, enabling them to profit directly from gas price rises (Baines and Hager 2022a).

[46] A study of prices across 15 EU countries between 1990 and 2007 concludes that 'consumers pay lower net-of-tax prices of electricity in countries where there are still incumbents owned by national governments' and that 'the magnitude of the net effect is …up to 30% on net-of-tax prices' (Florio

spent on electricity and gas has soared for the poorest households, from 5.5% in 2005 to 8.5% in winter 2021 (TUC 2022a), pushing over 3 million households into fuel poverty (EFPC 2021). More recent price rises, driven by rent extraction at the top of the supply chain, have pushed the number of households in fuel poverty up further to 7 million (EFPC 2021). This figure would be higher still were it not for government support packages, which shield households and businesses from further price rises, whilst effectively guaranteeing the income of energy suppliers (Hager 2022). Ultimately ordinary working people will foot the bill for this support. By contrast, the French government forced EDF (which is largely owned by the French state) to cap price rises for French customers at 4% (Channon 2022).

Policies for tackling rent extraction in the energy system

Greenpeace proposes that the UK government should increase the tax level on oil and gas producer profits to at least 70% and estimate that this would generate an additional £13.4 billion for the Exchequer every year (Greenpeace 2022). Another way to effectively capture the scarcity rents arising from the finitude of fossil fuels would be to auction licenses to extract and import fossil fuels and redistribute the revenues (Boyce 2016, 2019). Some alternatively advocate for nationalising oil and gas producers (Bozuwa and Táíwò 2021), although companies like BP and Shell are multinational corporations, meaning a public buyout would be complex and expensive.

However, there are many other parts of the energy system that do lend themselves to renationalisation. Those advocating for public ownership point to numerous practical benefits besides ending rent extraction. For example, bringing the Big Five energy suppliers into public ownership could allow the government to roll out home retrofits more easily and mandate a fairer tariff structure to protect low-income households (TUC 2022a). Bringing the energy transmission and distribution grids into public ownership could accelerate the investments that are urgently needed to incorporate

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2014, p. 44). A study of gas policy reforms over a similar period concludes that there is ‘evidence pointing to a residual role of public ownership of the utilities as a mechanism that caps prices’, and that the ‘market is in fact still intrinsically oligopolistic and privatization, unbundling, and formal legislation allowing entry do little to alter this feature’ (Brau *et al.* 2010, pp. 10–11).

renewables into the grid (Labour Party 2019, Minio-Paluello and Markova 2022).[47] Meanwhile, setting up a new state-owned renewable energy company to invest in renewable power would reduce our dependence on fossil fuels and improve energy security (Deleidi *et al.* 2020, Steffen *et al.* 2022). An analysis for the TUC has estimated that had the UK kept hold of its publicly owned electricity generation infrastructure, and scaled in line with publicly owned companies in Sweden, France, and the German state of Baden-Württemberg, it would be in a position to capture between £63 billion and £122 billion in windfalls from selling electricity at inflated prices over the coming two years (though in practice, it would likely pass on much of this in price reductions to customers) (Minio-Paluello and Markova 2022). The present study focusses on the potential to build on such pragmatic arguments for public ownership of energy, and use the rent frame to engage broader normative values.

3.1.2 Framing theory

Issue framing is the process by which a political actor attempts to define and construct a political issue or controversy (Nelson, Clawson, *et al.* 1997, p. 567). A key premise of framing theory is that people rely on 'an elaborate constellation of shortcuts' when making normative evaluations (Ross 2000, pp. 171–3). The way that an issue is framed will influence which shortcuts are made – that is, which pre-existing beliefs and values are considered relevant and given weight, as people make sense of an issue (Nelson, Oxley, *et al.* 1997, Scheufele 1999, Chong and Druckman 2007, p. 104). By suggesting 'what the controversy is about, the essence of the issue', a frame offers an answer, implicit or explicit, to what should be done (Gamson and Modigliani 1989, p. 143).

Different choices in how to frame an issue — varying, for instance, what is explained, which values are appealed to, or what metaphors and analogies are used — can have a powerful effect on how people think and, by extension, how they are

[47] In the April 2022 the Government announced it will bring a part of the National Grid – the Electricity System Operator – back into public ownership. Some analysts argue, however, that the system operator alone will not be able to guarantee the network transformations necessary to meet net zero targets (Minio-Paluello and Markova 2022).

likely to behave (Lakoff 1990, Sniderman and Theriault 2004, Fausey and Boroditsky 2010, Thibodeau and Boroditsky 2011). Several studies have shown the potential of metaphors, in particular, to structure how people think (Thibodeau and Boroditsky 2011, Reali and Arciniegas 2014, Potts and Semino 2019). For example, one experiment presented two groups of participants with a short message about rising crime rates. The messages were identical except for one word: one described crime as a '*virus* ravaging the city', the other as a '*beast* ravaging the city'. The researchers found that participants exposed to the virus metaphor were more likely to propose 'investigating the root causes of the issue and instituting social reforms'. Participants exposed to the beast metaphor were more likely to propose 'catching and caging the criminals' (Thibodeau and Boroditsky 2011, p. 5).

To be effective, frames must connect to the 'stock of schemas commonly found in the minds of a society's individuals' (Entman *et al.* 2008, p. 176), and make these schema or mindsets seem relevant to an issue. When effective frames are activated and repeated by actors with narrative power, the strength of different mindsets within a culture can shift (Frameworks 2020).

Frames and values

It is widely acknowledged that frames that tap into prevailing cultural beliefs and values will stand the best chance of resonating with the audience, and thus influencing individual perceptions (Chong 2000, Druckman and Nelson 2003, Sheets *et al.* 2022, p. 5). For example, in one frame-testing experiment, respondents were asked whether they thought a hate group should be permitted to hold a political rally. When the question was prefaced with the suggestion, 'Given the importance of free speech,' 85% of respondents answered in favour, whereas only 45% were in favour of the rally when the question was prefaced with the phrase, 'Given the risk of violence' (Sniderman and Theriault 2004).

The rent frames developed for this article were designed to tap into the widely held normative beliefs that people should be rewarded for hard work and contribution, not just for power, and that systems tend to have unfair outcomes if they involve coercion.

Numerous studies have found that consent for the status quo, and for the distributional outcomes of capitalism, depends upon the belief that income differentials are 'meritocratically deserved' – that rewards are proportional to the effort and contribution of the recipient, rather than luck, class background or connections (Larsen 2016, Almås *et al.* 2020, Heuer *et al.* 2020, Mijs 2021). One experiment suggested further that efficiency considerations alone do not make people willing to accept inequalities (Almås *et al.* 2020).

Actors across the political spectrum use frames that engage these belief systems to their advantage. Studies of welfare state retrenchment in Western Europe have found that government justifications for cuts relied heavily on the framing of welfare recipients as undeserving (Green-Pederson 2001, p. 967). Similarly, an analysis of British press coverage from 2009-2014 finds right wing papers consistently presenting the benefit recipients as getting 'something for nothing', referring to individuals as 'shirkers', 'lazy scroungers' or 'freeloaders' who are 'sponging off the state', 'milking the system' (Tihelková 2015, p. 132). At least one experiment has confirmed that such framing is effective: participants exposed to messages that framed welfare recipients as benefiting passively at the expense of taxpayers were more supportive of welfare state retrenchment (Slothuus 2007, p. 332).

The rent frames tested in this study were designed to use this same framing strategy but for very different ends: to frame managers and owners of energy companies as benefiting passively at the expense of ordinary people, in order to build support for policies that reduce such 'free-riding' by the asset-rich. There are, of course, risks with using frames typically deployed by political opponents. In this case, messages suggesting that rewards should be proportionate to contribution and effort could inadvertently weaken support for those unable to find work. This survey was designed to check for this unintended 'spill-over' effect.

A second normative principle that rent frames typically invoke is that systems tend to have unfair outcomes if they involve coercion. A key defense for capitalist distribution is the belief that market exchanges are voluntary, that people are free to accept or decline exchange offers, and thus the *process* by which inequalities emerge is fair (Nozick 1974, Welch 1999, Varoufakis 2002). However, most people have first-hand experience of having limited options in the market, and of consequently

feeling 'ripped off' or 'short changed' by companies or individuals selling/renting things they need and can't easily get elsewhere. Therefore, two of the rent frames developed for this study included analogies intended to invoke such experiences, to connect these experiences with the fact of private control over scarce/monopolised assets and offer public ownership as a solution.

3.1.3 Research objectives and research questions

The central purpose of this research is to test the hypothesis that messages employing an explicit rent frame will be more effective than messages lacking a rent frame. The evaluation of efficacy is based not just on the impact of messages on support for public ownership of energy, but their propensity to produce intended and unintended 'spill-over effects' (detailed below).

A second key goal of this research is to develop and compare the performance of a few different versions of the rent frame. To that end, we developed three distinct rent frames:

- A *Landlord Analogy* frame, emphasising the analogy between energy companies and landlords
- A *Monopoly Power* frame, emphasising the analogy between energy companies and train/water companies, and the lack of choice for customers
- A *Common Wealth* frame, emphasising that energy resources should belong to all of us, and invoking the metaphors of 'gifts from nature' and a 'common inheritance'.

The performance of these messages is compared with a *Simple Efficiency* message, which communicates the same information about the savings that could be made through public ownership, but does so without drawing attention to the unearned nature of incomes extracted by private owners of the UK's energy system, nor their basis in scarcity and monopoly power. Instead, the emphasis in this message is simply on the need to reduce bills for struggling households, and as such it does not

include rent frames, according to our definition.[48] Other studies have followed a similar methodology, comparing a group that is exposed to frames with a group receiving basic descriptive information about the issue (Chong and Druckman 2007, p. 109).

A third key goal is to understand whether and how experiences and demographic factors affect the efficacy of the different messages. For instance, do renters or working class respondents find certain messages more persuasive than homeowners or upper class respondents? Do people who consider rents to be unfairly high find the Landlord Analogy more persuasive? And a final goal is to identify specific phrases and words that appeared particularly effective or ineffective.

These objectives lead to the following research questions:

1. To what extent do the different messages affect levels of support for bringing the energy system into public ownership?

Spill-over effects

2. To what extent to the different messages affect levels of support for raising taxes on shareholder dividends?[49]
3. To what extent do the different messages affect support for the broad principle that companies should not be able to turn a profit simply through controlling scarce resources or monopolised infrastructure?
4. To what extent do the different messages affect consciousness of rentier power in the rest of economy?
5. Do any of the messages undermine public support for the idea that people have a right to have their basic needs met, even if they cannot find work?

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[48] For the purpose of this article, using a rent frame means drawing attention to the way that certain incomes are extracted through control and ownership, rather than work and contribution and/or highlighting the coercive power wielded by people and organisations who control scarce or monopolised assets. However, see footnote 41.

[49] Taxation of shareholder dividends was chosen over a more targeted policy such as taxes on windfall profits in the energy system, partly because other polls had already revealed very high levels of support for the latter, and partly in order to ascertain whether the messages would increase support for redistributing rents more generally, right across the economy.

Interpreting the results

6. How do opinions about the fairness of rents affect the efficacy of the Landlord Analogy?
7. How do demographic factors – such as class, housing tenure and gender – affect the efficacy of the messages?
8. Which phrases/words in the messages are most 'sticky', which stimulated the most agreement, and which caused confusion?

3.2 Methodology

The polling organisation ICM was commissioned to poll a representative sample of ~2000 British adults. The sample was divided randomly into five groups (~400 in each): a control group that read no message, and four groups that were each asked to read one of our four messages. The messages were followed by a series of questions.

3.2.1 The messages

The full messages are given in Appendix B. All four include the following core arguments:

- Big private companies control the UK's electricity, gas, and oil.
- Research shows that the privatisation of energy systems leads to higher prices.
- A chunk of every customer's energy bill goes to company shareholders.
- This leaves households struggling to put food on the table and heat their homes.
- If we took the UK's energy system back into public ownership, we could save over £3.7 billion every year.
- This would reduce bills for those struggling, and help us pay for the greener, cleaner energy that we need to tackle climate change.

The *Simple Efficiency* message additionally opens with the statement that 'most of us are trying hard to keep our household costs down' and included the claim that energy

companies are ‘driving soaring bills’. (These phrases are intended to maintain focus on the need for cost savings, but the results suggest they may have had an effective framing effect – see Section 3.4.1).

By contrast, the three rent-framed messages open with the value-based statement that ‘most believe society should reward people for their effort and contribution’, and then made the following contrast: ‘whilst most of us rely on our work to make a living, some people make money by simply owning and controlling the things we all rely on’. The rent-framed messages also describe shareholders as ‘distant’, and assert that they had ‘done nothing to contribute to the supply of energy’.

The three rent-framed messages are then differentiated in the following ways:

The *Landlord Analogy* message introduces the idea that incomes extracted through the energy system are analogous to the rents extracted by landlords, by stating that energy companies ‘make an easy buck from controlling the energy we all depend upon – just like landlords who own houses and make money out of people who need a home.’ This analogy is reinforced by stating that a chunk of every customer’s energy bill is ‘collected as rent by distant shareholders’ and that if we take the UK’s energy system back into public ownership, we can ‘stop companies operating like shark landlords when energy is scarce.’

The *Monopoly Power* message emphasises the presence of monopoly power in the energy system and the coercion (through lack of customer choice) that flows from this power by stating that ‘big private companies that control the UK’s electricity, oil and gas have monopoly power, just like water companies and train companies. They can push prices higher and higher, because customers have little choice but to pay.’ This message states that customers are ‘lining the pockets of distant shareholders’. The monopoly power frame is reinforced toward the end of the message by stating that: ‘If we took the UK’s energy system back into public ownership, we could … end the profiteering by energy monopolies.’

In order to reinforce the idea that energy companies are getting ‘something for nothing’, the *Common Wealth* message introduces the idea that energy resources should belong to all of us, by using the metaphors of ‘gifts from nature’ and a ‘common inheritance’. It includes the argument that ‘some people make money by

simply owning and controlling gifts from nature that should belong to all of us. The gas and oil in the ground, and the renewable energy potential of our windswept coastlines, are part of our common inheritance.' Again, this message states that customers are 'lining the pockets of distant shareholders'. Finally, the *Common Wealth* frame is reinforced toward the end of the message by stating that if we took the UK's energy system back into public ownership, it would 'allow everyone to benefit from the energy beneath our feet and on our shores.'

3.2.2 The survey questions

Participants answered a series of questions, in a randomised order. For questions 1-6, respondents were asked to rate their level of support (or agreement) on a scale from 0 to 10, where 0 indicates strongly oppose (or strongly disagree), 10 indicates strongly support (or strongly agree), and 5 indicates a neutral position – neither support nor oppose (or neither agree nor disagree).

To investigate research **Question 1** participants were asked:
To what extent do you support or oppose the following proposal?

- Bring energy companies into public ownership (Q1)

To investigate research **Question 2** participants were asked:
To what extent do you support or oppose the following proposal?

- Raise taxes on shareholder dividends (Q2)

To investigate research **Question 3** participants were asked:
To what extent, if at all, do you agree or disagree with the following statements:

- Private companies should not be able to turn a profit from simply owning a natural resource like water, land, or oil. (Q3a)
- Private companies should not be able to turn a profit from simply owning the infrastructure we all rely on, like roads, sewage systems and electricity pylons. (Q3b)

To investigate research **Question 4** participants were asked:

To what extent, if at all, do you agree or disagree with the following statements:

- Most of the richest people in the UK make their money by owning and controlling things, rather than by working for a living. (Q4a)
- In the UK people get a fair reward for their hard work and contribution to society. (Q4b)

To investigate research **Question 5** participants were asked:

To what extent do you support or oppose the following proposals:

- Raise the level of support (universal credit) for people who are unable to find work. (Q5a)

To what extent do you agree or disagree with the following statement:

- A fair society would make sure everyone can meet their basic needs, even if they fall on hard times and cannot find work (Q5b)

To investigate research **Question 6** participants were asked:

To what extent, if at all, do you agree or disagree with the following statements:

- Most landlords set rents at a fair level that reflects the hard work they put into maintaining the property. (Q6)

To investigate **Question 7** respondents were also asked about their gender, housing tenure, class, working status, age, education, and household income – standard socio-economic and demographic data collected by ICM.

To encourage cognitive engagement with the ideas in the messages, and to provide data for research **Question 8**, participants were given three tasks immediately after reading the message (these tasks were not asked of the control group):

- Please use the RED HIGHLIGHTER TOOL to mark specific words or phrases that you find CONFUSING
- Please use the GREEN HIGHLIGHTER TOOL to mark specific words or phrases that you AGREE WITH
- In your own words, what was the main idea of the message you just read?

3.3 Results

According to the Kolmogorov-Smirnov test, responses to all of the questions in this survey were non-normally distributed ($p < 0.001$) (see Appendix C). In most cases, the responses were heavily clustered around 'strongly agree/support', giving the results a strong negative skew.[50] At the same time, a large number of respondents chose to record a neutral position (neither support/oppose; neither agree/disagree), creating a bi-modal distribution. The non-parametric Mann-Whitney test was therefore used to test for significant differences between the groups. There were no statistically significant differences between groups who received a message, but there were significant differences between the message groups and the control group for survey questions 1-3 (Table 3.1; see Appendix D for the results to Qs 4a-5b). In Table 3.1 below the Mann-Whitney test results refer to the difference between each message group and the control group. It is conventional to report median and interquartile range for non-normal data. However, since the effect of the messages is small, while the 0-10 scale for responses is relatively coarse, differences between groups are not captured well by the median. Moreover, since these results are bimodal, there is no central tendency, and so no single statistic that represents the data well. To give as full a picture as possible we therefore include the mean, standard error, and total percentage of respondents in support or opposition (or agreement and disagreement) (Table 3.1).

[50] This was true for questions 1, 2, 3a, 3b, 4a, 5a and 5b. By contrast, the skew was hardly present in results for Q4b and Q6 where responses were much more clustered around the neutral position.

Table 3.1: Statistical analysis of responses to questions 1-3 by message group

Q1. Bring energy companies into public ownership	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET SUPPORT†	61.1%	76.9%	70.1%	73.8%	73.1%
NET OPPOSE	11.4%	8.5%	11.0%	9.0%	10.1%
Difference in net support compared to control		15.8%	9.0%	12.7%	12.0%
Mean††	6.83	7.68	7.18	7.43	7.31
Std. Error of Mean	0.131	0.128	0.139	0.13	0.13
Difference in mean score compared to control		0.85	0.35	0.60	0.48
Mann-Whitney U†††		65227.5	74244	70320	72294.5
Z		-4.995	-2.438	-3.641	-2.862
Sig. (1-tailed)		< 0.001	< 0.01	< 0.001	< 0.01
Q2. Raise taxes on shareholder dividends	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET SUPPORT†	56.8%	68.6%	62.2%	72.1%	63.5%
NET OPPOSE	12.6%	9.1%	14.1%	9.3%	10.6%
Difference in net support compared to control		11.8%	5.5%	15.3%	6.7%
Mean††	6.43	7.15	6.76	7.11	6.85
Std. Error of Mean	0.131	0.127	0.134	0.126	0.136
Difference in mean score compared to control		0.72	0.33	0.68	0.42
Mann-Whitney U†††		68337	76054	69239.5	73541.5
Z		-4.013	-1.879	-3.952	-2.476
Sig. (1-tailed)		< 0.001	< 0.05	< 0.001	< 0.01
Q3a. Private companies should not be able to turn a profit from simply owning a natural resource like water, land or oil	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE†	71.8%	74.4%	72.4%	80.1%	73.7%
NET DISAGREE	9.5%	9.5%	9.2%	7.9%	9.4%
Difference in net agreement		2.6%	0.6%	8.3%	1.9%
Mean††	7.37	7.55	7.52	7.72	7.44
Std. Error of Mean	0.126	0.128	0.128	0.118	0.127
Difference in mean score compared to control††		0.18	0.15	0.35	0.07
Mann-Whitney U†††		77587	78737.5	76132	80232
Z		-1.181	-1.07	-1.868	-0.424
Sig. (1-tailed)		0.119	0.1425	< 0.05	0.3355
Q3b. Private companies should not be able to turn a profit from simply owning the infrastructure we all rely on, like roads, sewage systems and electricity pylons	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE†	70.5%	76.3%	70.8%	76.7%	73.2%
NET DISAGREE	10.4%	8.0%	12.0%	8.0%	10.2%
Difference in net agreement		5.8%	0.3%	6.2%	2.7%
Mean††	7.23	7.67	7.46	7.65	7.33
Std. Error of Mean	0.125	0.12	0.13	0.121	0.13
Difference in mean score compared to control		0.44	0.23	0.42	0.10
Mann-Whitney U†††		73285.5	77212	74259.5	79267.5
Z		-2.508	-1.534	-2.442	-0.72
Sig. (1-tailed)		< 0.01	0.0625	< 0.01	0.236

†The value for 'net support' includes everyone who chose a position on the scale higher than the central point labelled 'neither support nor oppose'; the value for 'net oppose' includes everyone who chose a position lower than the central point; difference in net support is calculated by subtracting the net support in the control group, from the net support in each message group.
††Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The mean results here relate to that scale. The difference in mean score is calculated by subtracting the mean score in the control group from the mean score in each message group.
†††Mann-Whitney test results refer to the difference between each message group and the control group.

3.3.1 Research question 1: Support for energy nationalisation

The first research question concerned the effect of messages on levels of support for bringing the energy system into public ownership. Respondents in the control group expressed a high level of support for bringing energy companies into public ownership (61% net support, 11% net oppose;[51] Figure 3.1). All groups exposed to messages advocating public ownership of energy recorded higher levels of support for this policy, compared with the control group. This difference was statistically significant at $p < 0.01$ for all messages, but only significant at $p < 0.001$ for the groups exposed to the *Simple Efficiency* and *Monopoly Power* messages.

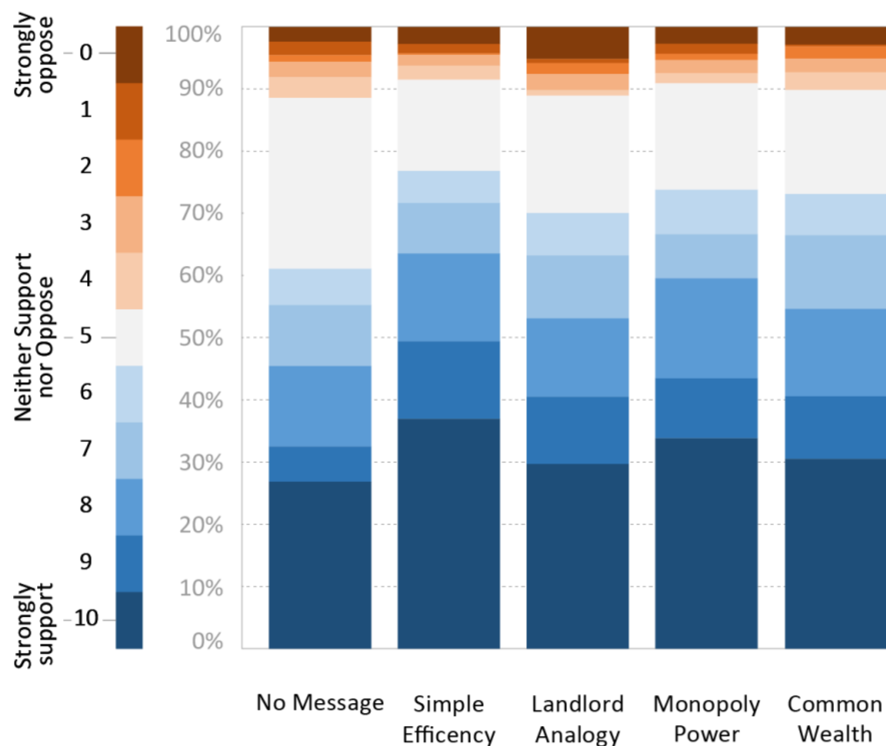

Figure 3.1: Support for the policy 'Bring energy companies into public ownership'

[51] Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The figure for 'net support' includes everyone who chose a position on the scale higher than the neutral point labelled 'neither support nor oppose', and the figure for 'net oppose' includes everyone who chose a position lower than this mid-point.

The *Simple Efficiency* message appeared most effective at boosting support for public: 77% in this group expressed support for nationalising energy, compared to 74% in the *Monopoly Power* group, 73% in the *Common Wealth* group, and 70% in the *Landlord Analogy* group. The differences among message groups, however, were not statistically significant. While all messages appear effective at moving people out of the neutral category (neither support nor oppose), the *Simple Efficiency* message appears to have moved many more towards the Strongly Support category.

3.3.2 Research question 2: Support for taxing dividends

The second research question concerned the effect of the messages on levels of support for raising taxes on shareholder dividends. Reponses from the control group revealed high levels of pre-existing support for the proposal to 'Raise taxes on shareholder dividends' (57% support, 13% oppose; Figure 3.2). Again, all groups exposed to messages recorded higher levels of support for raising taxes on

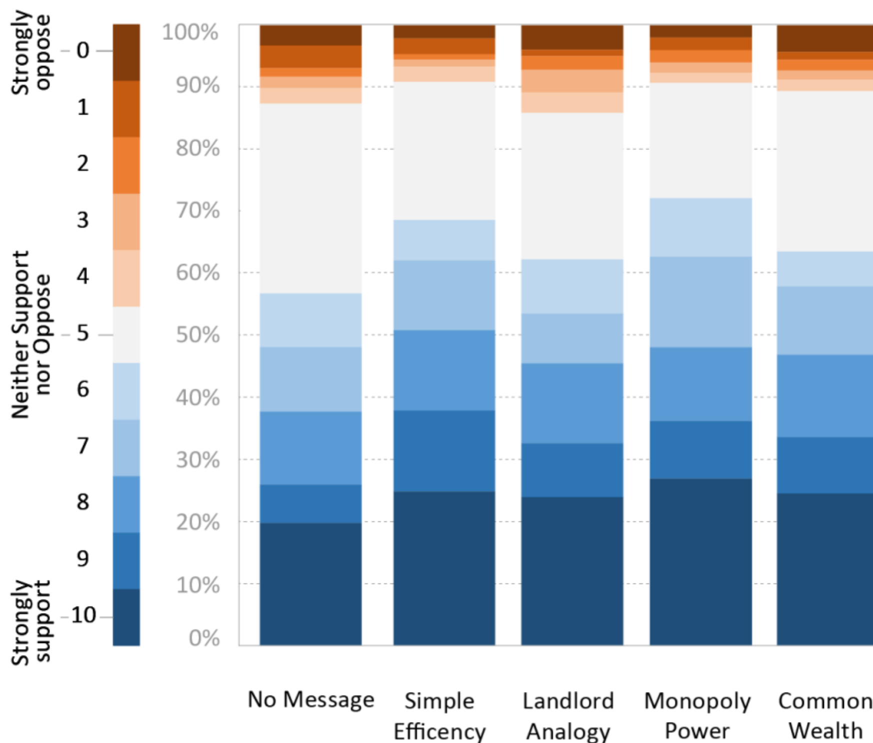

Figure 3.2: Support for the policy 'Raise taxes on shareholder dividends'

shareholder dividends, compared with the control group. This difference was statistically significant at $p < 0.05$ for all messages, but only significant at $p < 0.001$ for the groups exposed to the *Simple Efficiency* and *Monopoly Power* messages. It appears that the *Monopoly Power* message had the biggest impact on support for raising taxes on shareholder dividends. 72% in the *Monopoly Power* group expressed support for raising taxes on dividends, compared with 69% in the Simple Efficiency group, 64% in the *Common Wealth* group, and 62% in the *Landlord Analogy* group. The differences between message groups, however, were not statistically significant.

Again, the effectiveness of the *Monopoly Power* and *Simple Efficiency* messages appears to mainly lie in their ability to move people out of the neutral category and towards the Strongly Agree categories, rather than reduce the levels of opposition. The Landlord Analogy appears to have potentially alienated a few respondents, leading to an increase in opposition.

3.3.3 Research question 3: Disapproval of rentier power

The third research question concerned the effect of different messages on agreement with the broad principle that companies should not be able to turn a profit simply through controlling scarce resources or monopolised infrastructure. Respondents in the control group expressed a very high level of agreement with the statement that ‘Private companies should not be able to turn a profit from simply owning a natural resource like water, land or oil’ (72% agreed, 9% disagreed; Figure 3.3). The *Monopoly Power* message appeared most effective at boosting agreement with this statement. 80% of respondents in the *Monopoly Power* group agreed with the statement. The higher levels of support in this group (when compared with the control group) were statistically significant ($p < 0.05$). Again, the *Monopoly Power* message appeared effective by moving people out of the neutral category (neither agree/disagree) and towards strong levels of agreement. None of the other groups were significantly different from the control group, and differences between message groups were also not statistically significant.

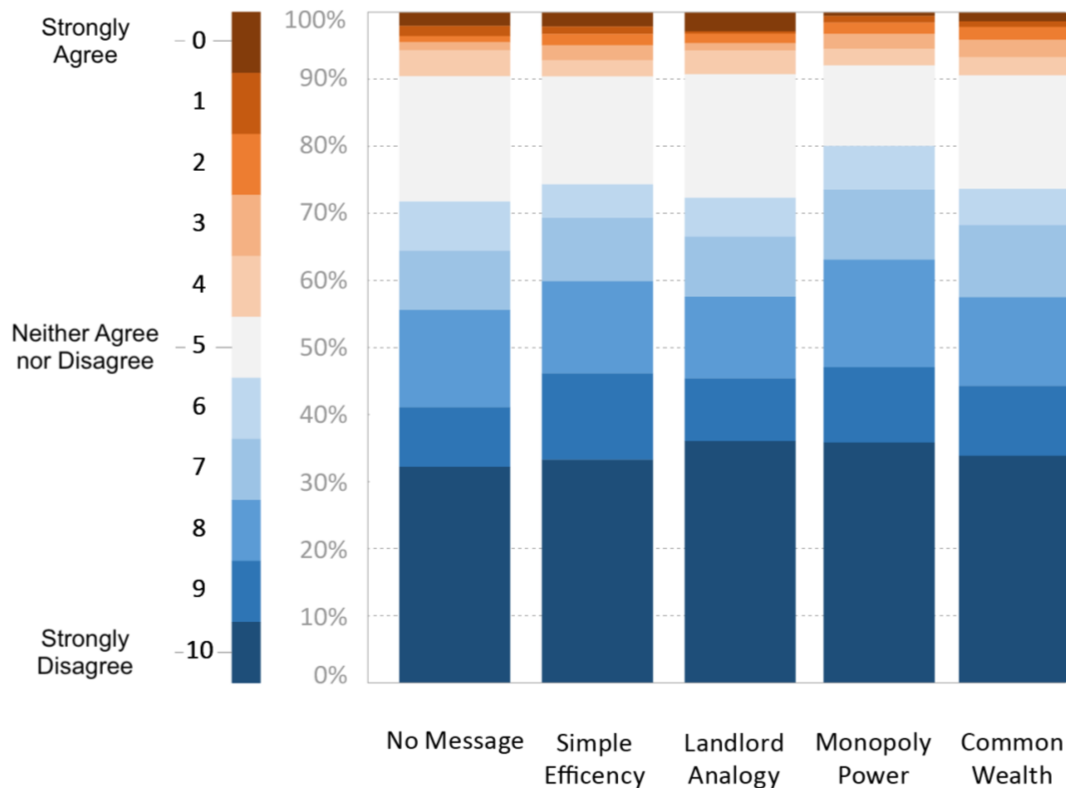

Figure 3.3: Responses to the statement 'Private companies should not be able to turn a profit from simply owning a natural resource like water, land or oil'

Responses from the control group showed overwhelming agreement with the statement that 'Private companies should not be able to turn a profit from simply owning the infrastructure we all rely on, like roads, sewage systems and electricity pylons' (71% agreed, 10% disagreed; Figure 3.4). The *Monopoly Power* message appeared to be the most effective at shifting opinion (with 77% in agreement with the statement), followed closely by the *Simple Efficiency* message (76% in agreement). These responses are both significantly higher than the control group ($p < 0.01$). Again, these messages appeared effective by moving people out of the neutral category (neither agree/disagree) and towards strong levels of agreement. Responses in the *Landlord Analogy* and *Common Wealth* groups were not significantly different from the control group. Differences between message groups were also not statistically significant.

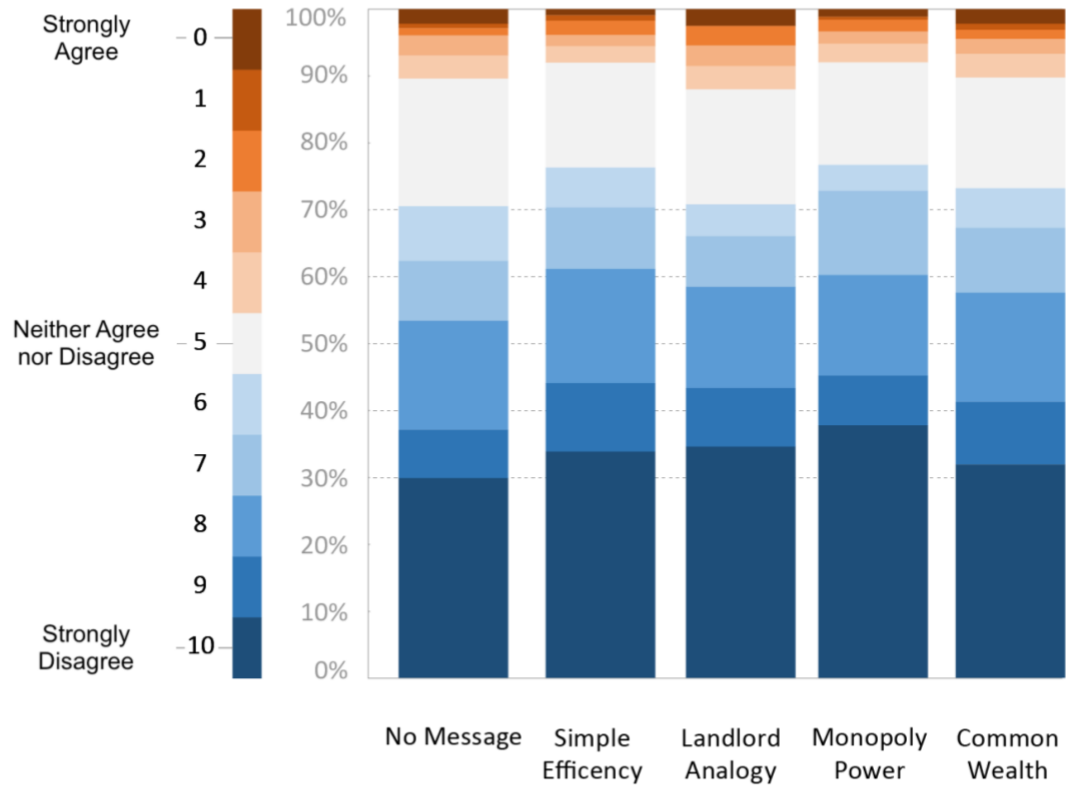

Figure 3.4: Responses to the statement 'Private companies should not be able to turn a profit from simply owning the infrastructure we all rely on, like roads, sewage systems and electricity pylons'

3.3.4 Research question 4: Consciousness of rentier power

The fourth research question concerned the effect of the messages on consciousness of rentier power in the rest of economy. Respondents in the control group expressed a high level of agreement with the statement that 'Most of the richest people in the UK make their money by owning and controlling things, rather than by working for a living' (76% agree, 7% disagree). But responses to the following statements were more evenly split: 'In the UK people get a fair reward for their hard work and contribution to society' (42% agree, 36% disagree). None of the messages had a statistically significant effect on responses to these statements according to the Mann-Whitney test (see Appendix D).

3.3.5 Research question 5: Support for unemployed

The fifth research question concerned the effect of the messages on solidarity with the unemployed. Respondents in the control group expressed overwhelming agreement with the statement that 'A fair society would make sure everyone can meet their basic needs, even if they fall on hard times and cannot find work' (79% agree, 9% disagree). They also expressed support for the proposal to 'Raise the level of support (universal credit) for people who are unable to find work' (60% support, 17% oppose). Responses were not significantly different for groups that read the messages, when compared to the control group (see Appendix D).

3.3.6 Research question 6: The effect of attitudes toward landlords/rents

The sixth research question concerned whether the efficacy of messages, particularly the *Landlord Analogy* message, would depend on respondents' evaluation of the fairness of rents. To investigate this, responses to questions 1, 2, 3a and 3b were averaged to create an index – the Anti-Rent Index – where a higher score indicates higher overall disapproval of rentier power and higher support for policies that would reduce and/or redistribute rents. The sample was then divided into a group that agreed with the statement 'Most landlords set rents at a fair level that reflects the hard work they put into maintaining the property' (36% of the sample) and a group that disagreed (37%) (responses in the neutral category were discarded). For brevity we refer to the former group as landlord sympathisers and the latter as landlord critics.

Among landlord critics, the *Landlord Analogy* appeared to be just as effective as the *Monopoly Power* message in boosting the Anti-Rent Index score. But among landlord sympathisers it appeared to be considerably less effective (Figure 3.5; see also Appendix E). These results suggest that the poor performance of the *Landlord Analogy* message relative to the *Monopoly Power* message may have resulted from alienating people who are sympathetic toward landlords.

Interestingly, *none* of the messages were particularly persuasive for landlord sympathisers. In every message group, the difference between responses from landlord critics exposed to the message and landlord critics in the control group was statistically significant (p <0.001 for *Simple Efficiency*, p <0.01 for *Landlord Analogy*, p <0.01 for *Monopoly Power*, p <0.05 for *Common Wealth*), according to the Mann Whitney Test, while the difference between responses from landlord sympathisers exposed to the message and landlord sympathisers in the control group was not (see Appendix E).

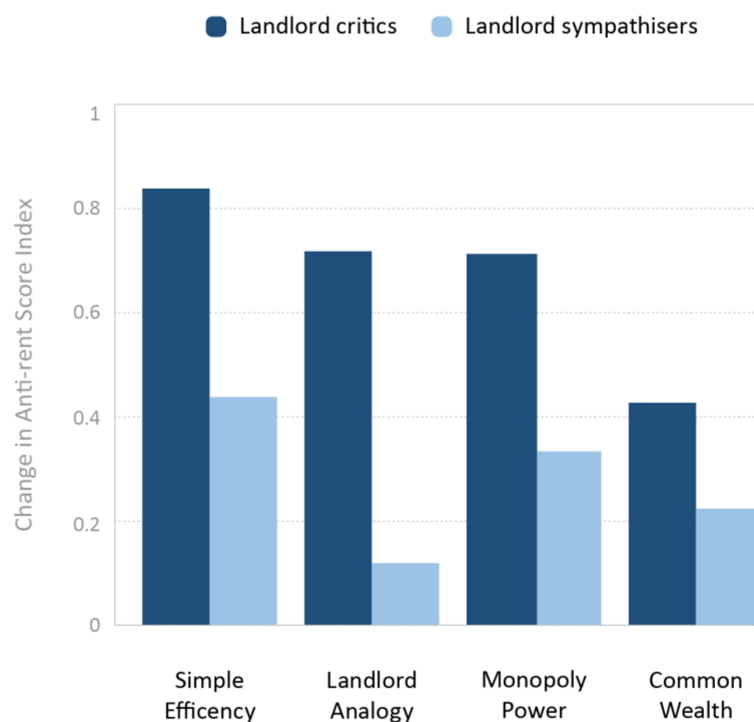

Figure 3.5: Message efficacy for landlord critics compared to landlord sympathisers

The figure shows the change in Anti-Rent Index score between control group and each message group (the Anti-Rent Index score for each message group minus the Anti-Rent Index score for the control group).

3.3.7 Research question 7: Demographic factors

The seventh research question concerned the effect of demographic factors – such as class, housing tenure and gender on the efficacy of the messages. As an exploratory first step, the Anti-Rent Index scores for the sample as a whole were analysed by the demographic variables collected (Table 8.4, Appendix F). As above, the *Anti-Rent Index* score was created by averaging the responses to questions 1, 2, 3a and 3b. A higher score indicates higher overall disapproval of rentier power and higher support for policies that would reduce and/or redistribute rents.

The demographic group with the lowest Index score by far (i.e. showing least support for tackling rentier power) was people retired on a private pension (Mean = **6.85**, SE = 0.14) the group likely to contain the highest proportion of people benefiting directly or indirectly from investment income. According to the Mann Whitney test their low score result was significantly different ($p < 0.01$) from the rest of the sample (Mean = **7.37**, SE = 0.05).

The low index score for private pensioners led to the hypothesis that the rent-framed messages, by portraying shareholders in a particularly negative light, had alienated the private pensioner group. To test this hypothesis, we separated private pensioners from the rest of the sample, and looked at the extent to which each message boosted the Anti-Rent Index score (Figure 3.6). This analysis was very revealing. For the sample excluding private pensioners, average Index scores were significantly higher in all four message groups when compared to the control group ($p < 0.001$ for *Simple Efficiency*, $p < 0.01$ for *Landlord Analogy*, $p < 0.001$ for *Monopoly Power*, $p < 0.05$ for *Common Wealth*), with the Monopoly Power message appearing most effective (the differences between message groups were not significant). For private pensioners, by contrast, only the *Simple Efficiency* message had a statistically significant effect ($p < 0.05$) (Table 8.5, Appendix F). This finding offers support for the hypothesis that the rent-framed messages were alienating for private pensioners (the group most likely to be shareholders).

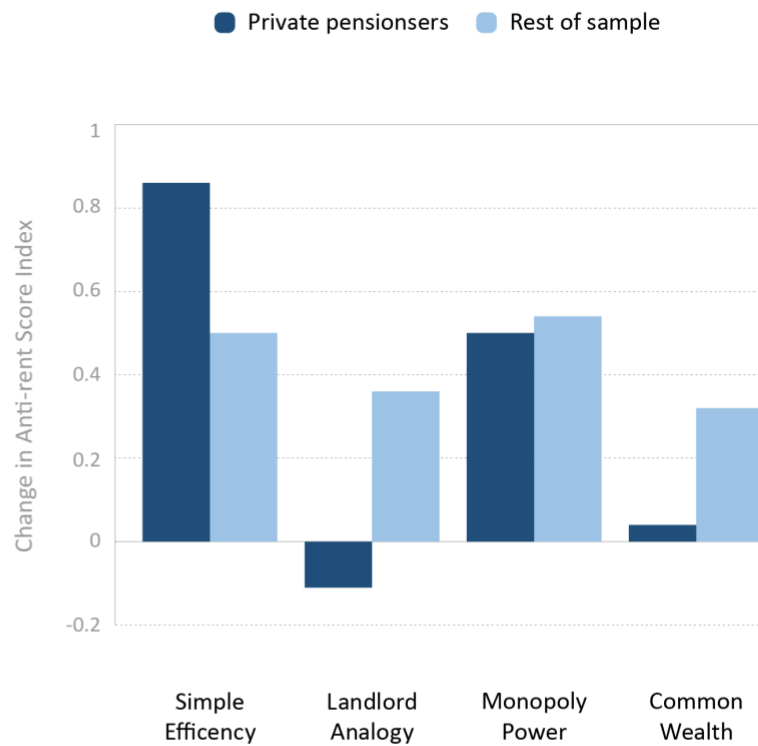

Figure 3.6: Message efficacy for private pensioners compared to the rest of the sample

The figure shows the change in average Anti-Rent Index scores between control group and each message group, for private pensioners compared to the rest of the sample; a higher Index score indicates greater support for policies that would reduce and/or redistribute rents and greater disapproval of rentier power.

Interestingly, if we look just at responses (from the sample excluding private pensioners) to questions 2, 3a and 3b – which tested for anti-rent 'spill-over' effects – then the *Monopoly Power* treatment appears to outperform the *Simple Efficiency* message by an even bigger a margin (Table 3.2; see also Table 8.6, Appendix F). Again, the difference between these two groups is not statistically significant.

Table 3.2: Percentage of respondents in support/agreement with Qs 1,2,3a,3b, sample excluding private pensioners

		Control Group	Simple Efficiency	Landlord Analogy	Monopoly Power	Common Wealth
Q1	Net support (%)	61.0	**77.6**	71.9	73.9	73.7
Q2	Net support (%)	58.4	67.2	62.6	**73.0**	63.6
Q3a	Net agree (%)	71.7	74.3	75.4	**78.8**	74.3
Q3b	Net agree (%)	69.1	76.7	74.3	**77.3**	72.8

Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The figure for 'net support' (or 'net agree') includes everyone who chose a position on the scale higher than the neutral point labelled 'neither support nor oppose' ('neither agree nor disagree').

Finally, to see which messages were most persuasive for the groups most likely to have a material interest in tackling rentier power we separated out the responses from renters and working class respondents (Figure 3.7). Renters and working class respondents exposed to the *Simple Efficiency, Monopoly Power* and *Common Wealth* messages all recorded significantly higher responses compared to their counterparts in the control group ($p < 0.01$ in each case) (Table 8.7, Appendix F). The *Landlord Analogy* had no statistically significant effect on responses from either group. This suggests that the *Landlord Analogy* did not only perform badly because it alienated landlords. The differences between the message groups were also not significant.

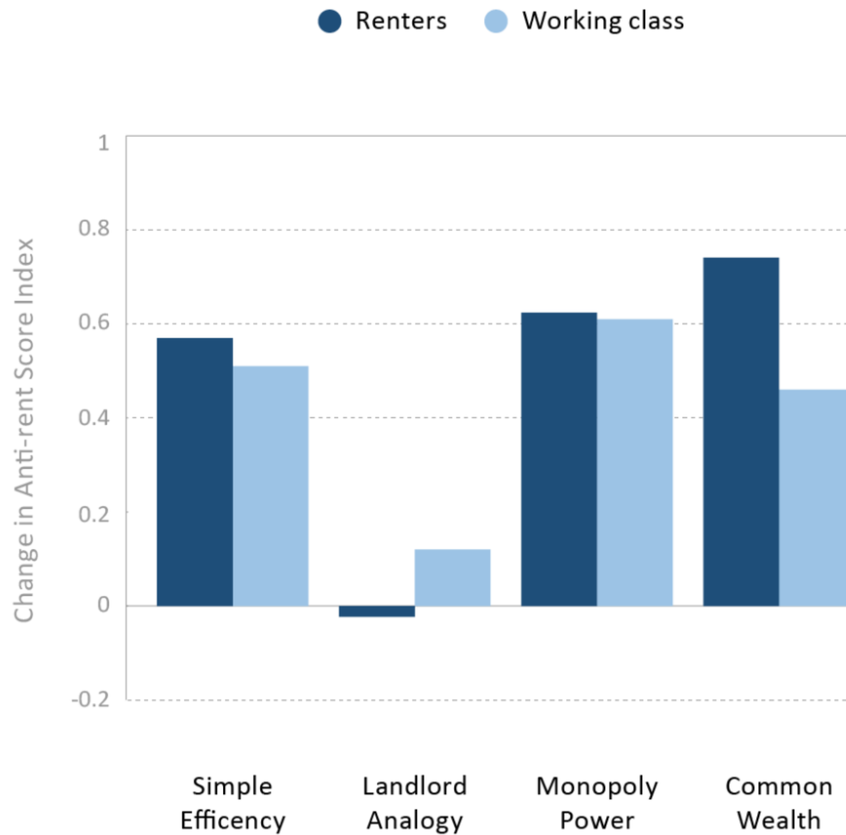

Figure 3.7: Message efficacy for renters and working class respondents

The figure shows the change in average Anti-Rent Index scores between the control group and each message group, for both renters and working class respondents; a higher Index score indicates greater support for policies that would reduce and/or redistribute rents and greater disapproval of rentier power.

3.3.8 Research question 8: Specific frames and words

Answering the eighth research question required an analysis of which particular phrases/words were most 'sticky', which stimulated the most agreement, and which caused confusion.

Phrases that elicited agreement

Readers had been asked to highlight specific words and phrases that they agreed with in green. The results reported here are purely descriptive since it was not feasible to

perform statistical tests on these results. The proportion finding something to agree with was high and similar (94-95%) for all groups.

The claim that 'most of us are trying hard to keep our household costs down' was the phrase that elicited the highest level of agreement (38%[52]) across all messages, which may help to explain the efficacy of the *Simple Efficiency* message. The equivalent opener in the rent-framed message that 'society should reward people for their effort and contribution' was also popular (33%) – even though those responding to rent-framed messages had many more phrases to choose from.[53]

The phrases designed to persuade and inform across all messages (rather than to test frames) also elicited very high levels of agreement. These included the claim that if we took the UK's energy system back into public ownership 'we could save over 3.7 billion every year' (39%),[54] and the assertion that doing so would 'reduce bills for those struggling' (30%) and help pay for the 'greener cleaner energy we need to tackle climate change' (28%). The claim that 'a chunk of every customer's energy bill goes to company shareholders' also elicited a relatively high level of agreement (25%).[55]

The results from the highlighter exercise suggests that overall, the rent frames in the *Monopoly Power* message tended to resonate more than the rent frames used in the *Landlord Analogy* and *Common Wealth* message. In particular, the description of coercion experienced by customers ('customers have little choice but to pay') in the *Monopoly Power* was highlighted more often than all other rent frames (Figure 3.9).[56] It is also striking that the comparison between energy companies and train /

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[52] The percentages given in brackets in this section gives an indication of the proportion of respondents to highlight that specific phrase. It is calculated by taking an average of the level of agreement shown for each word in the phrase.

[53] The fact that rent-framed messages were much longer makes direct comparisons with highlighting results in the Simple Efficiency message inadvisable.

[54] The results given in this paragraph are taken from the *Simple Efficiency* message.

[55] Agreement appeared highest for these phrases in the *Simple Efficiency* message. However, we should be wary of making a direct comparison between responses to the *Simple Efficiency* message and responses to the explicitly rent framed messages: the reported levels of agreement (or confusion) with any particular sentence may partly reflect the length of the message – i.e. the fact that the rent framed messages were longer and so participants had a greater number of sentences that they could choose to highlight.

[56] This line elicited almost as much agreement as the key value frame ('society should reward people for their effort and contribution') and the key message on savings ('we could save over £3.7billion per year').

water companies resonated far more than the comparison between energy companies and landlords.

Interestingly, while renters tended to express greater agreement with rent frames respondents as a whole, this was *not* true for the frames drawing an explicit analogy between energy company shareholders and landlords (Figure 3.9). This result, however, should be interpreted with caution: older respondents tended to engage with the highlighter tool more than younger respondents, and renters tended to be younger than the sample as a whole.

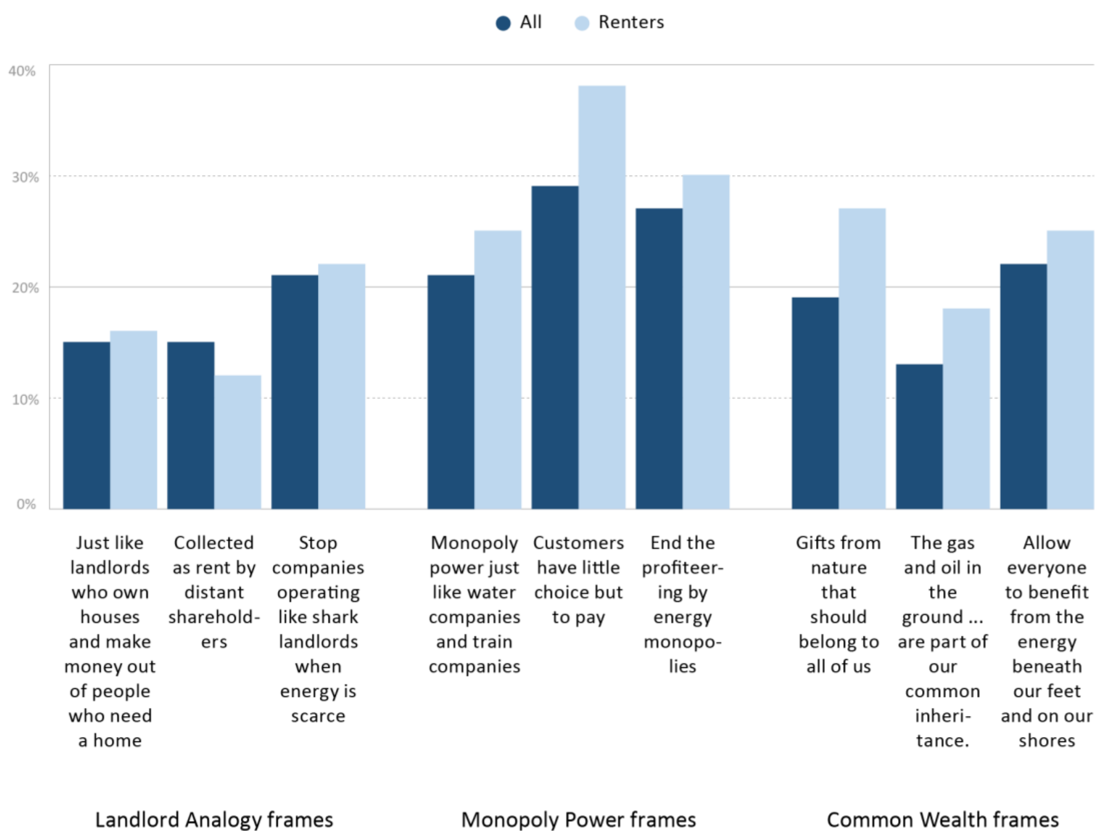

Figure 3.7: Average levels of agreement expressed for key rent frames, sample as a whole and for renters only

Respondents were given the opportunity to highlight specific phrases they agreed with. The figure shows the proportion of renters to express their agreement with key rent frames within each message, compared to the sample as a whole.

The highlighter exercise offered further evidence to support the hypothesis that the rent-framed messages alienated a minority of private pensioners (the group most likely to be shareholders). Even though private pensioners (like other older groups) tended to use the highlighter tool more enthusiastically than respondents as a whole, highlighting multiple words and phrases, between 10 and 12% of private pensioners chose not to express agreement with anything within the rent-framed messages – on average six times more than the proportion who chose not to express agreement with anything in the *Simple Efficiency* message (Figure 3.10).

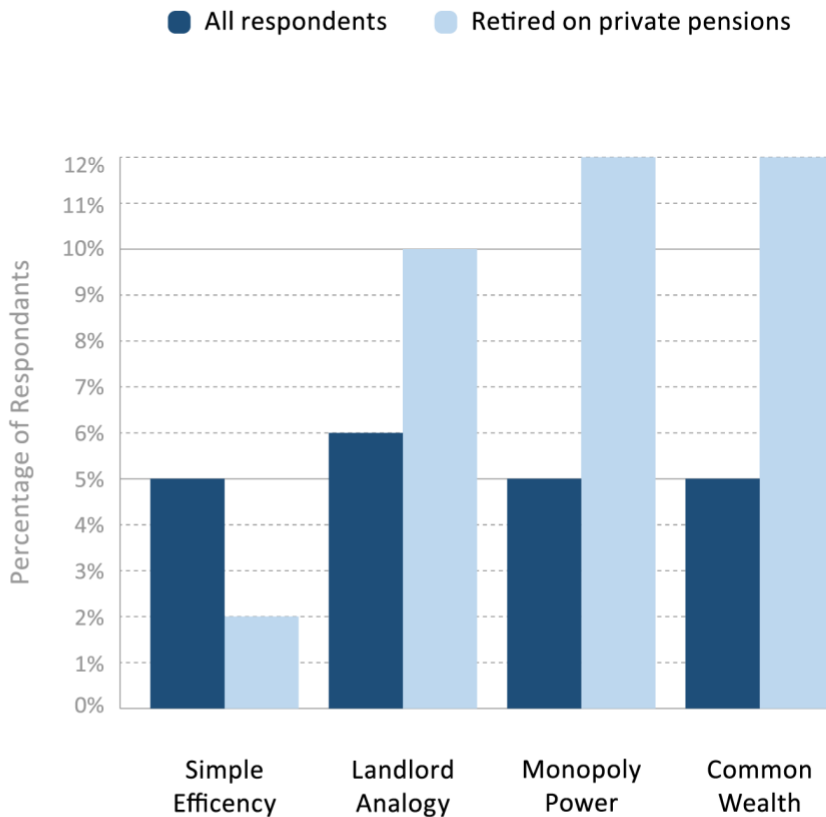

Figure 3.8: Proportion of respondents who expressed no agreement with any word/phrase

Respondents were given the opportunity to highlight specific phrases they agreed with. The figure shows the proportion of private pensioners to express no agreement with any phrase in each message, compared to the sample as a whole.

Overall accessibility of messages

Figure 3.11 shows what proportion of respondents highlighted something within the message as confusing. Among respondents as a whole the most confusing message was the *Common Wealth* message, followed by the *Landlord Analogy* message. The least confusing was the *Simple Efficiency* message. Among the words most often highlighted as confusing were: ‘soaring’, ‘privatisation’, ‘rent’, ‘distant shareholders’, and ‘controlling gifts from nature’ (for more details, see Appendix G).

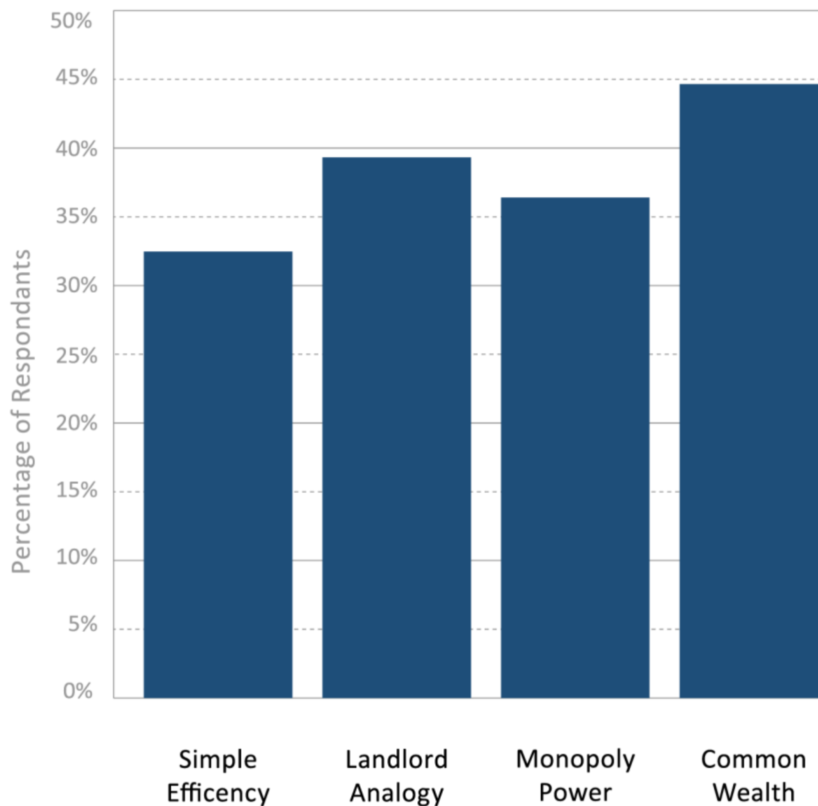

Figure 3.9: Proportion of respondents who highlighted something within the message as confusing

Popular words in the verbatim summaries

Participants were asked to summarise the main idea of the message they had just read. These verbatim responses offer additional insights into which phrases/ideas were 'sticky' (likely to stick in the memory and be repeated by respondents), and what other common words people naturally use to discuss injustice in the energy system.

The terms such as 'take back', 'bring back' and 'put back' (into public hands, etc.) were sticky (appearing in 14% of all summaries). For respondents who read the *Monopoly Power* message, the idea that customers had 'no choice' was sticky, appearing in 19% of summaries. The word 'profiteering' was also popular, appearing in 14% of the summaries given by the *Monopoly Power* group. It was also used by two respondents who did *not* read this word in their message. The idea that the energy system was 'lining the pockets' of shareholders (or the rich more generally), was sticky, appearing in 16% of the summaries given by respondents who read this phrase. It was also used by four respondents who did not read this phrase. For respondents who read the *Common Wealth* message, the idea that energy 'belongs to all of us' was sticky, appearing in 22% of summaries (while a further 6% used similar phrases like 'the people should own' our natural resources).

The idea of that the beneficiaries are not the ones contributing (the idea of taking and not giving back) appeared explicitly in just 3% of verbatim answers. Four respondents (1%) mentioned the word landlord in their verbatim response, but none used the term as an analogy. Only two mentioned the word rent or rentier (0.5%).

Some respondents used their own words to indicate their moral disapproval of the energy companies/owners and their incomes/prices, including: greedy, take/charge too much, unfair, ripped off, fat cat, and exploit (for a full list, see Table 8.8, Appendix H). Some of these could be worth testing in future communications.

3.4 Discussion

Among the more surprising results from this survey was the overwhelming disapproval of the two key forms of rentier power at play in the energy system, even among those who were not exposed to any messages. 72% of people in the control group agreed with the statement ‘Private companies should not be able to turn a profit from simply owning a natural resource like water, land or oil’, and only 9% disagreed. 71% from the control group agreed with the statement ‘Private companies should not be able to turn a profit from simply owning the infrastructure we all rely on, like roads, sewage systems and electricity pylons’, and only 10% disagreed.

Moreover, the highlighter exercise revealed that one of the core values that the rent frames were intended to appeal to – that ‘society should reward people for their effort and contribution’ – resonated widely with respondents, including Conservative voters and private pensioners.

Given these results – alongside evidence from previous experiments in the US and Norway suggesting that people are more motivated by considerations of fairness than efficiency (Almås *et al.* 2020) – one might have expected our hypothesis to have been borne out. We might have expected that the *Simple Efficiency* message would be less effective than the messages that drew attention more explicitly to the way in which energy company shareholders extract dividends through their control and ownership, rather than through work and contribution. To the contrary, from the point of view of boosting support for nationalising the energy system, the *Simple Efficiency* message appears to have been *more* effective than *all* other messages (appearing to shift support from 61% to 77%), and more effective than both the *Landlord Analogy* and *Common Wealth* messages in terms of boosting support for raising taxes on shareholder dividends and boosting disapproval of profiting from control of infrastructure. The latter two messages had a very small but significant impact on support for bringing energy into public ownership and raising taxes on dividends, but otherwise had no significant impact on responses.

However, in terms of the intended ‘spill-over effects’ we measured, the rent-framed *Monopoly Power* message appeared most effective, delivering the highest percentage increase in support for raising taxes on dividends (from 57% to 72%), disapproval of

profiteering through control of natural resources (from 72% to 80%), and disapproval of profiteering through control over infrastructure (from 71% to 77%). On these measures, when private pensioners were excluded from the sample, the *Monopoly Power* message appeared considerably more effective than the *Simple Efficiency* message.

3.4.1 Possible strengths of the *Simple Efficiency* message

There are at least three factors that may help to explain the efficacy of the Simple Efficiency message. First, unlike the rent-framed messages, the *Simple Efficiency* message opened with the statement that 'most of us are trying hard to keep our household costs down' and included the claim that energy companies are 'driving soaring bills'. At a time when over half of households were facing a winter in fuel poverty (Bradshaw and Keung 2022), this framing may have been especially powerful, making concerns about affordability even more salient as respondents evaluated the case for public ownership of energy.

A second (more prosaic) reason for the efficacy of the *Simple Efficiency* message may have been its brevity and simplicity. The *Simple Efficiency* message included all the key pieces of information designed to inform and persuade – i.e. that 'research shows that privatisation leads to higher prices', that 'a chunk of every customers' energy bill goes to company shareholders', that 'if we took the UK's energy system back into public ownership we could save over 3.7 billion every year', and that doing so would 'reduce bills for those struggling' (and the idea of 'taking back' or 'bringing back' proved to be particularly memorable). The *Simple Efficiency* message did not dilute these simple ideas with any other arguments liable to confuse or offend. By contrast, the rent-framed messages all told more complex stories and were almost twice as long. Some respondents may have lost interest before reaching the end of these messages. In future message-testing surveys of this type it would be sensible to ensure all messages are of a similar length.

A third possible explanation is that the *Simple Efficiency* message *did* evoke a subtle rent frame, but did so whilst maintaining a more impartial tone. Studies show that the impact of frames and arguments tend to be weakened when messengers have a

perceived bias (Callaghan and Schnell 2009). People are generally capable of identifying communications designed to persuade rather than offer impartial information (Friestad and Wright 1994). For example, one experimental study looking at emphasis framing in communications around Carbon Capture and Storage (CCS) technologies, found that messages that gave obviously greater weight to the advantages of CCS over disadvantages (or vice versa) were perceived as manipulative (de Vries *et al.* 2016, p. 206). Readers of the Simple Efficiency message were effectively informed that shareholders were enjoying rewards at the expense of customers, and that these payments were ultimately unnecessary. But the message stopped short of casting any moral judgement on those shareholders, and in doing so may have avoided both alienating shareholders and compromising the credibility of the message as an impartial source of information.

3.4.2 The risk of alienating shareholders and landlords

Although most rent frames appeared popular in the highlighter exercise, by portraying shareholders as undeserving, and in some cases exploitative, they appear to have alienated some respondents who might identify as shareholders (or landlords). Research in social psychology has found that people act to protect or enhance their in-group identity when it is threatened, by 'minimizing deviance' and by offering 'moral justification for ingroup actions' (Bandura 1999). And a recent experimental study suggests that social identity is a key mediator for the efficacy of frames (Sheets *et al.* 2022). While all messages implied that shareholders were benefiting at the expense of customers, the rent-framed messages additionally asserted that 'distant' shareholders had 'done nothing to contribute to the supply of energy'. The *Landlord Analogy* message further compared shareholders with 'shark landlords' – a dehumanising frame – who 'make money out of people who need a home'. It seems likely that these negative portrayals would have made the frames resonate less for respondents who were shareholders or indeed landlords themselves, and could have provoked defensive reasoning.

The connection between the UK stock market and pensioner welfare is weaker than many might assume. Only six percent of UK share dividends and buy backs end up

benefiting UK pension funds (TUC 2022b, p. 2); and of this six percent, half accrues to just the richest ten percent of households by wealth (ONS 2022a). For poorer pensioners corporation tax is more important than dividends in terms of the contribution of corporate Britain to their pensions (TUC 2022b). Nevertheless, the spectre of a dent in pension returns is regularly used to justify opposition to public ownership of utilities (e.g. GIIA 2019). Campaigners should bear in mind that while only around 12% of British households invest directly in stocks and shares (ONS 2022b), some 58% of people below state pension age were actively contributing to a private pension in 2018-2020 (ONS 2022a). Meanwhile, some 2.6 million people are landlords in the UK (HMRC 2022).

Future research could try testing rent frames that avoid casting moral judgement on such small-scale rentiers and instead focus on those rentiers who are harder for ordinary members of the public to identify with. For example, the messages could have drawn attention to the fact that Northern Powergrid (one of the companies controlling the regional power grids) is owned by Berkshire Hathaway Inc., one of the largest companies in the world,[57] and controlled by Warren Buffet, one of the richest men in the world (Bayliss and Mattioli 2018a, p. 11). Or that UK Power Networks (which owns London Power Networks, South Eastern Power Networks and Eastern Power Networks), is owned by a collection of companies controlled by Li Ka Shing, the Hong Kong billionaire, another of the richest men in the world (Bayliss and Mattioli 2018a, p. 11).

As with all campaign messaging, the risk of alienating vested interests needs to be balanced against the potential benefit of engaging and galvanising those groups most likely to play an active role in pushing for system change. After all, passive support or acquiescence is not enough to bring about change. Future surveys could ask participants not just about their support or opposition to a policy, but how likely they are to actively campaign in support or in opposition to a policy, through posting on social media, writing to an MP, or attending a protest.

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[57] See https://companiesmarketcap.com/

3.4.3 Strengths of the *Monopoly Power* message compared to the *Landlord Analogy* and *Common Wealth* messages

The results point to three possible ways in which the *Monopoly Power* message may have been able to overcome the alienating effect of the rent frame. First, the *Monopoly Power* message was the only rent-framed message to explicitly evoke an experience of coercion. The claim that energy companies can push prices higher and higher and 'customers have little choice but to pay' proved to be one of the most popular phrases within the *Monopoly Power* message. Perhaps this is because it is an experience that is familiar to many. Or perhaps, like the opening line of the *Simple Efficiency* message, it is because this sentence focusses attention on the experience of struggling households.

Second, the analogy with train and water companies seemed to resonate far better than the analogy with landlords. Almost everyone in the UK will be familiar with the fact that you cannot choose your water supplier, and you cannot choose your train company if you need to travel from point A to point B. As such, these companies are among the clearest examples of natural monopolies in the UK economy. Polls show very high levels of support for public ownership of water (69%) and train (67%) companies (Survation 2022), while calls to renationalise these sectors are part of mainstream discourse. By contrast, although there are growing demands for rent controls and for the construction of more social housing, the calls for privately rented homes to be brought into public ownership are relatively marginal.

Framing theorists propose that when people are presented with analogies and metaphors, they carry out mental comparisons, scanning for similarities. Only if such similarities are discovered, do people 'license the transfer of inferences from one domain to the other' (Thibodeau and Boroditsky, 2011, p. 9). It may be that respondents found too few similarities between landlords and energy companies for that analogy to resonate, even among those most likely to have experienced coercion at the hands of landlords.

A third factor contributing to the efficacy of the *Monopoly Power* message may have been its use of common words and phrases that evoke a sense of injustice – like 'no choice', 'lining the pockets', and 'profiteering' – and that were 'sticky' enough to

appear repeatedly in respondents' own summaries. The word monopoly itself may also have been persuasive for some respondents.

Respondents' own summaries of the *Common Wealth* message suggest that the idea that the energy resources should 'belong to all of us' was easy to recall, and it is clear that this framing resonated with many of those most impacted by rentier power, particularly renters. However, the metaphor of 'gifts of nature' seems to have confused a substantial minority, perhaps because the energy system clearly consists of more than just raw energy resources; it includes human-made infrastructure and services that are clearly not 'gifts from nature'. Further qualitative research may help ascertain why this frame was not particularly effective.

3.4.4 Rent frames do not weaken support for the unemployed

Reassuringly, none of our messages had a significant effect on support for people who are unable to find work, suggesting that the rent frame does not weaken support for the unemployed, despite drawing attention to the importance of rewarding hard work. People appear to be able to distinguish morally between unearned income flowing to rentiers and the unemployment benefits that form part of our shared social security system.

3.4.5 The need for popular political education

The results of this study indicate that there is plenty of work still to do in raising awareness of the presence of rentier power more generally in the economy, and its impact on distribution and prices. The high level of agreement with the statement that 'Most of the richest people in the UK make their money by owning and controlling things, rather than by working for a living' (76% agree, 7% disagree), might lead us to expect overwhelming *dis*agreement with the statement that 'In the UK people get a fair reward for their hard work and contribution to society'. In fact, there was slightly more agreement than disagreement with this statement (42% agree, 36% disagree).

How do we make sense of this apparent contradiction? One possible explanation is that a significant minority think that owning and controlling things is a form of contribution, and do not see a necessary connection between rewards for rich owners and under-compensation for those who are working for a living. Another possible explanation is that people will – all else being equal – tend to agree with statements, rather than disagree. The latter explanation fits better with the fact that the latest British Attitude Survey reports that 67 percent agree that 'ordinary working people do not get their fair share of the nation's wealth' (Butt *et al.* 2022).

The tendency to agree with statements also partly explain the surprisingly even split in responses to the statement that **'**Most landlords set rents at a fair level that reflects the hard work they put into maintaining the property' (36% agree, 37% disagree). It is hard to square this result with polls showing that three quarters of Britons want to see rent controls introduced (Ipsos Mori 2019, 2022). Both questions could be investigated further by testing agreement/disagreement with similar statements in a reversed formation (e.g. 'Most landlords charge rents that are unfairly high and more than compensate for the work they put in and expenses they face.').

3.5 Conclusion

This study developed and tested the efficacy of four different messages designed to raise awareness of rent extraction through the UK's energy system and build support for bringing the system back into public ownership:

- A ***Simple Efficiency*** message, emphasising the plight of struggling households and the savings that could be made through public ownership (no explicit rent frame);
- A ***Landlord Analogy*** message with explicit rent framing, emphasising the parallel between energy companies and landlords
- A ***Monopoly Power*** message with explicit rent framing, emphasising the parallel between train/water companies, and the lack of choice for customers

- A ***Common Wealth*** message with explicit rent framing, emphasising that energy resources are 'gifts from nature' that should belong to all of us

The evaluation was based not just on the capacity of the messages to boost support for public ownership of energy, but their propensity to produce intended and unintended 'spill-over effects', including attitudes toward rentier power more broadly.

Our hypothesis was that messages deploying an explicit *rent frame* – i.e., highlighting that dividends extracted through the energy system are based on control and ownership, rather than effort and contribution – would be consistently more effective than the *Simple Efficiency* message. This hypothesis was not confirmed. In fact, the *Simple Efficiency* message led to the greatest increase in support for public ownership of energy.

However, the message most effective at delivering intended 'spill-over' effects – boosting disapproval of rentier power and support for raising taxes on dividends – was a rent-framed message: the *Monopoly Power* message. The focus on the coercion and lack of choice experienced by customers appeared to resonate particularly well, as did the analogy drawn between energy companies and water and rail companies. The fact that public provision of water and train services is a popular and familiar remedy to rentier power may have helped this rent frame to resonate. These results demonstrate that certain rent-frames, when chosen carefully, can be an effective attitude-shifting tool.

Our analysis suggests that the efficacy of the rent-framed messages in this experiment may have been hampered by their negative portrayal of shareholders and landlords, which appeared to make some respondents less receptive to the arguments. Thus, it is possible that the relatively strong performance of the *Simple Efficiency* message in this study reflected its more impartial tone (or indeed its brevity and simplicity), rather than the absence of an explicit rent frame *per se*.

Future experiments could compare the performance of rent frames (like those tested in this study) that imply moral condemnation of large swathes of the public with rent frames that focus attention on the elite rentiers who are harder for ordinary members of the public to identify with. Similarly, future research could compare the efficacy

of rent frames highlighting the unearned nature of rents (i.e., focussing attention on the beneficiaries of rentier power), with rent frames highlighting the consequences of rentier power for ordinary people — e.g., the coercion they experience or the struggle to make ends meet.

The latter 'sanitised' rent frames may avoid offending vested interests. On the other hand, they may make do less to galvanise and mobilise those most likely to campaign in support of public ownership (or tackling rentier power more broadly). Future research should focus squarely on this question, and measure not only levels of support for policies but willingness to take action in support of change, or in defence of the status quo.

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4 Rival definitions of economic rent: historical origins and normative implications

ABSTRACT

Across the political spectrum, the concept of economic rent is used to delegitimise certain incomes by marking them out as unearned and/or inefficient. But too often, users offer either no definition of rent, multiple definitions that are logically incompatible, and/or definitions whose normative implications they appear not to comprehend. The first generalised concept of rent, which gained traction in the late 1800s, referred to *incomes analogous to land rents* in the sense of rewarding control over persistently scarce or monopolised assets, rather than labour or sacrifice. But by the mid-twentieth century, a very different concept of rent had been widely adopted by neoclassical economists: *income in excess of opportunity cost* or competitive price. According to this revised concept, most land rents would no longer qualify as rents. This article offers an account of how such rival understandings of rent emerged, evaluates the normative positions embedded within each, and considers why so many commentators fail to spot their incompatibility. It describes how the concept of rent, that the earliest adopters hoped would justify the socialisation of scarce and monopolised assets, became bent out of recognition, and deployed for diametrically opposed purposes.

Key words: Rentier; rent-seeking; rent theory; scarcity; monopoly; opportunity cost

4.1 Introduction

Since the mid-nineteenth century, the term rent has been used by political economists to refer to incomes that are analogous to land rents, in the sense that they reward control of persistently scarce or monopolised assets, rather than contribution. This

concept of rent permeated political rhetoric in Britain and the United States at the turn of the last century. The scarcity-based concept of rent is on the rise again today, particularly among those concerned with the resurgence of 'rentier capitalism' and new practices of 'rentierism' (Piketty 2014, p. 422, Standing 2016, pp. 3–5, Lindsey and Teles 2017, p. 16, Birch 2019, p. 4, Sayer 2020, p. 4).

But in the meantime, an alternative understanding of rent has come to dominate neoclassical economic discourse: 'the return to any agent of production greater than that required to keep it in its present employment' (Worcester 1946, p. 261), a definition widely considered synonymous with 'reward in excess of opportunity cost' (i.e. in excess of the maximum that could be claimed by deploying labour or resources elsewhere). The rise of these neoclassical definitions has caused considerable confusion.

Some commentators claim to subscribe both to the original understanding of rents as surplus incomes arising from control over scarce or monopolised assets, and the neoclassical understanding of rents as rewards in excess of opportunity cost (e.g. Sørensen 2000, pp. 1536–37, UNCTAD 2017, p. 120). But one cannot coherently subscribe to both. For example, returns derived solely from ownership of scarce assets qualify as a rent in the scarcity-based understanding, but if they do not exceed the maximum that could be extracted by selling or leasing those assets elsewhere, they do not qualify as a rent under the neoclassical definition. Conversely, a minimum-wage worker in an area suffering unemployment extracts no rents under the scarcity-based definition. Yet that worker, lacking alternative options, almost certainly earns more than the minimum they would have accepted absent that minimum-wage, and thus does gain a rent under neoclassical definitions.

This semantic confusion has significant real-world consequences. The concept of rent is generally invoked to delegitimise certain incomes—as inefficient and/or undeserved—and urge policy reform reducing those rewards. Consciously or unconsciously, the choice of definition can therefore reinforce very different normative positions.

Some rent theorists have acknowledged the discrepancy between the neoclassical and scarcity-based definitions (Christophers 2019, p. 5, Sayer 2020, p. 10). This article

goes further, addressing three questions that have remained under-explored in the literature. First, what explains the emergence of such different understandings of rent? I outline some key moments in the history of economic thought that spawned and shaped these rival understandings. Second, what normative positions are implied by each definition? Third, why do so many commentators fail to recognise the incompatibility of the scarcity-based and the neoclassical definitions of rent?

Section 4.2.1 outlines the origins of the scarcity-based concept. I distinguish two parallel arguments used to delegitimise rents in this tradition—a rights- or justice-based argument casting rentier income as unearned, and a utilitarian argument portraying rentier income as inefficient. Section 4.2.2 argues that early theorists of economic rent failed to articulate a benchmark for measuring rents consistent with both justice-based and efficiency-based arguments, partly due to flawed assumptions in Ricardian rent theory which exerted a powerful influence at that time. This failure, I suggest, created a theoretical vacuum in which a controversial new understanding took root.

Section 4.3.1 outlines the emergence of the neoclassical definition of rent—payment in excess of opportunity cost. This neoclassical definition has been widely interpreted, in everyday speech, as ‘payment in excess of competitive price’. This misleading interpretation, I propose, may explain why so many contemporary commentators fail to recognise the neoclassical definition as incompatible with earlier rent theory (which also emphasised lack of competition as a source of rentier power). Section 4.3.2 argues that the neoclassical concept of rent, sometimes unwittingly adopted by progressives, has undermined efforts to improve both distributional justice (as understood by early rent theorists) and economic efficiency (even on neoclassical terms). In fact, public rent theorists have deployed it to justify policies that further privatise and concentrate control over scarce and monopolisable assets.

Section 4.4 summarises the key contributions of this paper and concludes.

4.2 Early rent theory

4.2.1 Origins of the concept of rent as reward for control of scarce/ monopolised assets

The case for socializing land rent.

The movement for land taxation or nationalisation that gathered momentum in the nineteenth century emphasised two key objections to land rent. The first was rights-based, exemplified by John Stuart Mill:

> Suppose that there is a kind of income that constantly tends to increase, *without any exertion or sacrifice* on the part of the owners… In such a case it would be *no violation of the principles on which private property is grounded* if the state should appropriate this increase of wealth. (Mill 1848a, p. 364)

The 'principles' Mill appeals to are those implied in Locke's famous declaration that 'Labour being the unquestionable Property of the Labourer, no Man but he can have a right to what that is once joined to, at least where there is enough, and as good left in common for others' (Locke [1669] 1823, p. 116)**.** Lockean labour theory was taken by many of his conservative heirs to justify a strong laissez-faire property rights regime (Fried 1998, p. 23).[58] But for Mill, like many socialists and progressives writing in the nineteenth century, the appealing intuition on which this theory rested, was that effort and sacrifice deserve reward (Fried 1998, p. 24). '[P]roportion between remuneration and exertion' Mill argued, 'is the 'equitable principle … on which every vindication of the institution of property that will bear the light is grounded' (1848b, bk. II ch. 2 §3). Thus, rather than justifying entitlement to whatever payment the market might deliver, they insisted that Lockean theory justifies only that portion of revenue that compensates *labour and sacrifice*.

Following the Ricardian socialists, land tax advocate Henry George argued further that 'the right to the produce of labour cannot be enjoyed without the right to the free use of the opportunities offered by nature, and to admit the right of property in these

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[58] Locke has also been invoked to justify colonial appropriation (Harris 1993).

is to deny the right of property in the produce of labour' (George 1883, p. 302). In other words, the failure to leave, as stipulated by Locke, 'enough and as good' for others, creates the conditions for exploitation:

> If one man can command the land upon which others must labour, he can appropriate the produce of their labour as the price of his permission to labour… The one receives without producing; the others produce without receiving. The one is unjustly enriched; the others are robbed. (George 1883, p. 306)

The second argument for socializing land rents was more utilitarian, casting them as a functionless, inefficient, and a drag on progress. Ricardo argued that the increasing scarcity of fertile land, by raising land rents, would dampen profits, investments, and growth across the economy (Ricardo 1817, p. 471, Dobb 1973, p. 98). Henry George added that 'the swift and steady increase of rent' led speculators to withhold 'land from use in expectation of higher prices, thus forcing the margin of cultivation farther than required by the necessities of production' (George 1883, p. 231).

Crucial to George's proposed solution—a tax on land's rental value—was the claim that, unlike taxes on labour and capital, a land tax would not discourage the supply of land. On the contrary:

> [T]o shift the burden of taxation from production and exchange to the value or rent of land would not merely be to give new stimulus to the production of wealth; it would be to open new opportunities. For under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to improvement. (George 1883, p. 392)

These arguments proved persuasive. By the century's end, a powerful movement for land tax or nationalisation had gained supporters across the political spectrum (Collini 2009). Yet many contemporary social reformers could see that socializing land rents was not the panacea that advocates like Henry George claimed. Reflecting on the period, Edward Pease, general secretary of the Fabian Society, wrote, 'Land may be the source of all wealth to the mind of a settler in a new country. To those whose working day was passed in Threadneedle Street and Lombard Street, on the floor of the Stock Exchange, and in the Bank of England, land appears to bear no

relation at all to wealth, and the allegation that the whole surplus of production goes automatically to the landowners is obviously untrue' (Pease 1925, as cited in Fox and Gordon 1951, p. 309). It was in this context that the broader concept of *economic rent*—of unearned income from control of scarce or monopolised assets more generally—took root.

The generalisation of the concept of rent.

The analogy between land rents and monopoly prices was obvious to many classical economists (Evans 1991). But these were understood as exceptions to the general rule that market prices reflected the costs of production.

Among the first to deviate from this consensus was Archbishop Richard Whately. An appendix to his treatise on logic argued that the rent of land 'is only a species of an extensive genus'. Rent, he proposed, 'arises from the exclusive right to some instrument of production, enabling the employment of a given amount of labour or capital to be more than usually productive'. It does not 'bear a ratio to sacrifice'; it 'owes its origin, not to the will of its possessor, but to accident'. '[A]ll extra-ordinary powers of body or mind, all processes in manufacture which are protected by secrecy or by law, all peculiar advantages from situation or connexion, in short, *every instrument of production which is not universally accessible*' can generate rents (Whately 1834, p. 320, emphasis added). John Stuart Mill observed similarly that '[a]ll advantages, in fact, which one competitor has over another, whether natural or acquired, whether personal or the result of social arrangements . . . assimilate the possessor of the advantage to a receiver of rent' (Mill 1848b, p. 565).

However, not until the marginal revolution in economics, in the late nineteenth century, was there widespread acknowledgement that laws governing the magnitude and persistence of land rents, and the arguments for their socialisation, might apply to many other incomes. The trigger for the marginal revolution was the realisation that Ricardo's theory of differential rent extended to other factors of production. Ricardo observed that less fertile land required more capital and labour to produce the same output (Ricardo 1817). As demand rose, incrementally inferior pieces of land were brought into cultivation. Ricardo argued the price of all grain tended to

reflect the cost of cultivation on the most marginal land, creating a surplus for producers on more productive, lower cost inframarginal land (Figure 1). Landowners captured this surplus by raising rents, because fertile soil was the scarce element, rather than labour or capital. According to this theory, the difference between the production cost on any given site and the production cost at the margin determine the magnitude of rent.

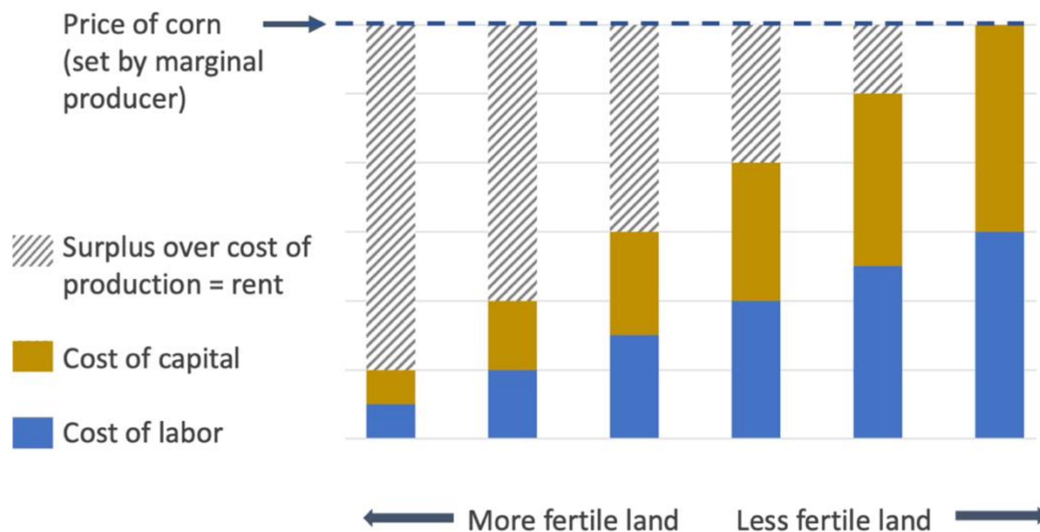

Figure 4.1: Ricardo's Differential Theory of Rent

The late 1880s and early 1890s saw a flurry of articles and books published, extending Ricardo's 'law of rent' to other factors of production (Wicksteed 1894, Clark [1899] 1908, Webb 1888, Wicksell [1893] 1970, Walker 1887, Marshall 1890). Among the first to develop progressive political arguments from this insight was Sidney Webb, whose article 'the laws of distribution' became a cornerstone of Fabian political economy (Collini 2009, p. 62). Webb described rents of ability 'owing to the employment of more skilled workers', rents of land 'owing to the greater advantages of better land', and rents of capital 'owing to the advantage of the particular capital over that minimum capital employed … at the margin of cultivation' (Webb 1888, p. 203). Moreover, he argued 'windfall' profits and 'temporary monopolies' from 'the possession of capital, in a certain form, at a

particular point of time and space' more often reflected 'opportunity and chance' than business ability (1888, p. 203).

If his theories proved correct, Webb speculated, '[t]hose economists who are land nationalisers may find themselves drawn closer to their socialist colleagues' (1888, p. 208). If land rents were a special case of a general principle—an idea established economists like Marshall, Wickstead and Wicksell were embracing—then the land reformers' arguments might justify socializing many other unearned incomes (see also Hobson 1909a, p. 4).

Certainly, the generalisation of Ricardian rent theory posed a direct challenge to the Lockean defence of capitalist distribution: that competitive market prices would, with the exception of land, reflect the producers' cost and sacrifice. Marginalist theory suggested, rather, that prices would only reflect costs at the margin of production, and surplus payments would accrue to anyone controlling more productive land, labour, or capital. Marshall insisted on the term 'quasi-rents' for surplus payments accruing to labour and capital, since they would be fleeting compared to land rents. His contemporaries were less sanguine.

The new marginalist theory of exchange value was so influential that in England, by the 1890s, many economists and political theorists sympathetic to socialist goals shifted from Lockean arguments built on the traditional labour theory of value, towards what Fried calls 'rent-theory Lockeanism' or 'progressive rent theory' (Fried 1998, pp. 146, 204). Among the most influential were New Liberals Leonard Hobhouse and John Hobson. Their justification for redistributive policies stressed a distinction between wealth arising from personal effort, and wealth arising from social factors—including state investments, collaborative innovations, and countless people's labour (paid and unpaid). 'All that is known as "economic rent"', wrote Hobhouse, 'is due not so much to the exertions of any assignable individual as to the general growth and energy of the community' (Hobhouse 1899, as cited in Clarke 1978, p. 66). It arises 'whenever anything of worth to men of which the supply is limited falls into private hands' (Hobhouse 1911, p. 26). Alongside private land ownership, he highlighted 'financial and speculative operations', privatised municipal services, such as water, gas and transport, and liquor licensing, as generating unearned rents (Hobhouse 1911, p. 49).

Defending the 1909 budget, Hobhouse urged 'the true function of taxation is to secure to society the element in wealth that is of social origin or, more broadly, all that does not owe its origin to the efforts of living individuals… A tax which enables the State to secure a certain share of social value is not something deducted from that which the taxpayer has an unlimited right to call his own, but rather a repayment of something which was all along due to society.' (Hobhouse 1911, p. 104).

Reformers invoking these powerful rights-based arguments for socializing rents often added a secondary claim: that rents of capital were as economically functionless as rents of land.[59] For instance, Webb's 1888 article observed that the supply of capital is not 'automatically regulated by the return to be obtained from its use', and noted a variety of 'other motives for thrift' (Webb 1888, p. 203). The implication was clear: as with land, the supply of capital need not depend on returns to capital. 'In every process of every industry', argued Hobson, owners of scarce resources could extort a surplus payment 'over and above *that payment for which its owners would consent to apply it in production,* if they could not get this surplus' (1909b, p. 131, my italics).

This combined rights-based and efficiency-based critique has persisted. Keynes, for example, described the 'investing class' as 'functionless' rentiers who 'exploit the scarcity-value of capital', extracting interest that 'rewards no genuine sacrifice, any more than does the rent of land' (Keynes [1936] 2018, p. 334).

4.2.2 The failure to identify a satisfactory benchmark for measuring rents

Since progressive rent theorists used rights-based and efficiency-based objections interchangeably, they seemed to assume a line could be drawn between rents and non-rents that satisfied equally the pursuit of justice and the pursuit of efficiency (e.g., see Hobhouse 1911, 50). All agreed that rents were surplus incomes extracted through control of scarce or monopolised assets (or attributes) and not justified by the recipient's contribution. But they lacked a consistent normative definition of *surplus* and *contribution*.

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[59] Some argued that 'rents of ability' were also as economically functionless as land rents, arguing that rents were 'often taken by industrialists, merchants, and professional men, far exceeding the necessary incentives to evoke the use of their special ability' (Hobson 1922, 3, as cited in Jackson 2007, 76).

According to Lockean rights-based arguments, income that compensated the recipient for sacrifice and effort was not rent. Consistent with this, many discussions of rent or quasi-rent described the surplus in question as a return above 'the sum total of the efforts and sacrifice' required for production (e.g., Marshall 1890, App K, § 2, Hobhouse 1911, p. 26). Labour's sacrifice was considered to depend upon factors such as the difficulty of learning the trade, the 'agreeableness' and 'constancy' of the employment, and the risk of failure (Dobb 1973, pp. 52–53). Financiers' sacrifice was considered (by some) to consist of 'abstinence'.[60] How are we to price such 'sacrifice'? Unsurprisingly, Ricardian theory exerted a powerful influence as early rent theorists fumbled for an answer.

Ricardo theorised that the worst-quality land, at the margin of production, would receive no rents; output here would be just high enough to pay labour and capital costs. If Ricardo was correct, and if rents of ability and rents of capital were truly analogous to land rents, it follows that they would also diminish to zero at the margin, so that wages and returns to capital here would represent the real costs of production. This assumption was adopted in several early or influential discussions of rent theory, including by Sidney Webb (1888), John Hobson (1891), Alfred Marshall (1890) and Robert Hale (1924, pp. 202–3). Marshall stated explicitly that marginal prices reflected the sacrifice and effort of both workers and investors (Marshall 1890, bk. V, ch. III § 2). Webb implied the same, proposing that workers' wages and investors' returns under the least advantageous conditions be used as a benchmark to measure the rent component in incomes elsewhere in the economy (Webb 1888, pp. 207–208, Ricci 1969).

This assumption appealed not simply because it aligned with Ricardian theory. It also seemed to answer—at first glance—concerns with efficiency. Incomes on the margin were understood by many theorists as reflecting the 'reservation price' for labour and capital—the 'minimum necessary to attract a factor out of a state of idleness' (Bird and Tarascio 1992, pp. 913, 916). Early rent theorists reasoned that if public policy could be designed to eliminate or socialise the *surplus above reservation price only,*

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[60] Curiously, no rent theorists considered abstinence on the part of landowners—who could after all sell their land and spend the proceeds immediately—significant enough to earn them a Lockean claim on any portion of land rents. On the development of abstinence theory as an extension of the labour theory of value, see Herbert Davenport (1913, p. 370 n1).

the supply of labour and capital would not be discouraged (Davenport 1894, 570–71, Hobson 1900, pt. 1 chap. 1).

Marginal prices may not be rent-free.

Unfortunately, Ricardo's proposal that land rents decline to zero at the margin, led early rent theorists down a *cul de sac*. The theory was developed to uphold the classical position that production costs determine prices—i.e., rent forms no part of price.[61] In reality, land rents decline to zero only on land with one possible use (e.g. sheep farming), and even then only when the total supply of land for that purpose exceeds demand (Hobson 1891, pp. 272–73). Land marginal for producing a specific good or service will still carry a rent if it is suitable for an alternative (tourism, housing, manufacturing).

If rents are understood as incomes analogous to land rents, then only forms of fixed capital with one possible application, whose supply exceeds demand, would be unable to attract rent. Since money capital, by definition, always has multiple possible applications, there may not exist an observable rent-free margin for money. Moreover, problems arose with the idea that incomes exceeding marginal reservation prices would necessarily be unearned and inefficient.

Marginal prices are no guide to effort/sacrifice.

Marginal incomes can only reflect effort and sacrifice if parties to the exchange have equivalent bargaining power. The reality is that people without land or capital enter agreements under a form of coercion, as vividly illuminated by political economist Piercy Ravenstone:

> From this moment labour ceases to be free. A man cannot exercise his faculties without paying for the permission so to do. He cannot make use of his limbs without sharing the produce of his labour with those who contribute nothing to

[61] Marx's sophisticated analysis of ground rent in Volume 3 demonstrated that Ricardo's theory was wrong here (Harvey 2018, pp. 349–358), but unfortunately Marx died before finishing his analysis. Although Engels completed Volume 3 of Capital and published it in 1897, it appears to have had little influence on the early progressive rent theorists.

> the success of his exertions… Everywhere the labourer must purchase the permission to be useful. (1821, pp. 199-200 cited in Dobb 1973, p. 139)

Most asset-less 'marginal' workers will have to choose between various 'pains': wage labour, begging, stealing or starvation. But those considering what to do with their assets arguably choose between 'pleasures': consuming now, or abstaining in order to consume later, and potentially to consume *more* later (Davenport 1908, pp. 46–47).

Investors do bear risk, and this risk-bearing is associated with psychological and material costs,[62] which muddies this contrast slightly. But they are far from the only risk-bearing actors. A worker may pay to retrain, invest in equipment, or travel to seek work, for instance. Such risk-taking may entail considerably more hardship for the asset-poor (Hobson 1909, 85), yet wages for the 'precariat' in no sense compensate this. Rather, job insecurity tends to come with lower bargaining power and thus lower wages (Blanchflower 1991, Campbell *et al.* 2007, Scicchitano *et al.* 2020). Meanwhile, appetite for large risky investments is highest among the wealthiest investors, suggesting they may experience lower levels of psychological burden from their risk-bearing (Kumar *et al.* 2015, Fang *et al.* 2021). Nevertheless, they are likely to be in a stronger position to demand compensation for that sacrifice than asset-poor entrepreneurs and workers.

Marginal reservation prices, like all market prices, reflect the balance of power between parties to the exchange, which is largely determined by the distribution of scarce and monopolised assets. It makes no sense to use prices that are already distorted by the unequal control over scarce and monopolised assets as a benchmark for estimating what proportion of incomes arise from that very inequality. Early progressive rent theorists seemed to understand perfectly well that the coercion and exclusion experienced by asset-poor workers *creates* the potential surplus for asset-rich investors (see e.g., Hale 1923, pp. 470–94, Hobhouse 1904, p. 226). But they nevertheless failed to propose an alternative benchmark for measuring rent that was consistent with this insight.

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[62] An investor may not recover their money if shares drop in value or borrowers go bankrupt. Similarly, entrepreneurs' effort, once expended, can never be recovered.

Marginal prices are no guide to efficiency.

Fried speculates that it was the ‘twin allegiances to utilitarian and Lockean concerns’ that led most progressive rent theorists to ‘acquiesce without comment’ in the view that the marginal supply price for capital reflected the sacrifice of the investor (Fried 1998, pp. 140–1). But the idea that marginal prices indicate where ‘efficient’ returns end and ‘functionless’ returns begin, is also flawed. Marginal reservation prices indicate the rewards required to bring a factor of production out of complete idleness, where the recipient’s choice is binary: use your labour/land/capital, or don’t. They do not indicate the rewards required to attract a factor of production to its most efficient use (however defined) when the recipient faces multiple different options for deploying their land/labour/capital.

Many believed the Georgian response side-stepped this issue. A land-value tax, if regularly adjusted to reflect changes in market-rental value, would capture the entire rent of land, and preserve landowners’ incentive to evict less profitable tenants and search for more profitable land uses. It was difficult to imagine how a tax on ‘surplus’ rewards for all intramarginal investors and workers could be designed to preserve this price-signalling role. Although most rent theorists recognised that the most profitable application of resources is not necessarily the most socially useful application, many nevertheless believed profit-seeking behaviours brought efficiencies, and worried about diminishing them. Hobhouse, for instance, worried that the Liberal policy of taxing unearned income more heavily than earned income, while ‘on the right lines’, could be ‘misconceived’ insofar as such taxes ‘diminish the profits’ and ‘weaken the motive springs, of industry’ (Hobhouse 1911, p. 52).

Although the rhetoric of unearned rents had some impact upon policy and law,[63] utilitarian concerns and/or political pragmatism eroded early rent theorists’ confidence to defend the original concept of rent and assert its value in guiding

[63] The Liberal Party under Lloyd George’s guidance attempted to restructure British fiscal policy along rent-theory lines, including by differentiating between ‘earned and unearned’ incomes, and introducing a land value tax (Collini 2009, p. 119). See Ricci (1969) on the influence of Fabian rent theory on British Labour Party policy. See Fried (1998) on the influence of rent theory on public utilities regulation in the United States.

policy.[64] This vacuum created the conditions for a new concept of rent to take root—one that lent itself to a radically different political agenda.

4.3 Rent in neoclassical theory

4.3.1 Origins of the concept of rent as 'income in excess of opportunity cost'

Joan Robinson's influential definition of rent.

The Economics of Imperfect Competition, published in 1933, marked a decisive moment of bifurcation in understandings of economic rent. Robinson began her discussion of rent by explicitly acknowledging that economists had borrowed the term 'rent' to describe earnings analogous to land rents. But she narrowed the focus to just one aspect of this analogy — the economically functionless nature of rents**:** the fact that 'the free gifts of nature …do not require to be paid in order to exist' (1969, p. 103).

Thus, Robinson abandoned the earlier rent theorists' concern with distinguishing rewards for real sacrifice and effort, and rewards for ownership and control—between earned and unearned incomes. Instead, she focused on the idea that rents represent a surplus 'over and above the minimum earnings necessary to induce [a factor of production] to do its work' (1969, p. 102).

Robinson's innovation was to analyse this surplus from the perspective of a particular commodity, rather than the entire economy. From this vantage point, what matters is not the minimum required to bring a factor of production out of idleness, but the payment required to keep a factor of production in a particular use:

> A worker, an entrepreneur, or an acre of land, will be transferred to one use from others when the reward that it can earn in the one use is higher than in the

[64] The tension between rights-based and utilitarian concerns spurred Hobson to develop a more complex categorisation of incomes, with cost and surplus sub-divided again to include a necessary surplus which nurtured 'progressive efficiency', and an 'unproductive surplus' (Hobson 1909b).

> others…The price which is necessary to retain a given unit of a factor in a certain industry may be called its transfer earnings.[65] (1969, p. 104)

This analysis led Robinson to a wholly new understanding of rent: the difference between actual earnings and transfer earnings, which she argued were largely determined by the payment that a factor of production could attract in 'the next most profitable use' (1969, p. 107).[66] Effectively, Robinson specified the portion of incomes that could be eliminated without altering the existing distribution of factors of production among industries and applications.

Key weaknesses in Robinson's definition of rent.

Robinson's definition had threads of connection to the pre-existing discourse. Early rent theorists had identified limited competition as a key source of rentier power, and competition was clearly required to eliminate Robinsonian rents—that is, to align payments with opportunity cost. Nevertheless, Robinson's definition was distinct in several controversial ways. A large part of the rent of land would no longer be considered rent, as Gunnison Brown noted with exasperation:

> [T]he expression "economic rent" comes clearly to exclude a large part of what, originally, it was specifically chosen to mean! …[T]the owner of a piece of land in a centrally located business block of a large city who derives (say) $20,000 a year on the land from a tenant who uses it for a particular kind of merchandising, but who could derive $19,900 a year if the land were used for another kind of merchandising or for banking and finance, does not really have $20,000 of economic rent but only $100! (Brown 1941, p. 834)

Moreover, the portion of rent would be infinitesimally small if, instead of comparing actual returns with those available in the next most profitable domestic industry, we

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[65] Here Robinson built on Hubert Henderson's work, which had introduced the concept of a margin of transference between any two occupations of land (Haila 2015, p. 52).

[66] Various scholars have highlighted that the *payment necessary to maintain resources in their present occupation* may not be identical to the *payment any factor is able to attract in the next most profitable opportunity* (Mishan 1969, p. 636, Barzel 1985, Bowles and Gintis 1990). However, the difference between the two is insignificant compared to the difference between Robinson's approach to rent and earlier approaches, which is the focus of this article.

compare actual returns with those available in the next most profitable opportunity anywhere in the economy. This drew complaints that Robinson's definition 'leaves rent theory in a nebulous state', by giving drastically different estimates of the magnitude of rent, depending on the level of analysis (Worcester 1946). For precision, we need to specify not only the realm of comparison—industry, region, country, world—but also the time period, since an alternative opportunity may be more profitable in the short term, but not in the long term (Mishan 1968, p. 386).

Finally, although Robinson implied that *currently existing* economic opportunities should provide the benchmark against which to measure rents, she did not rule out the idea that rents may be measured against 'the next most profitable' opportunity that would pertain under *different* economic institutions (e.g., in the absence of labour rights or intellectual property laws). Such institutions radically alter the payments necessary to 'keep a factor in its present occupation'. In practice, many adopting Robinson's definition choose *existing* opportunity costs as the benchmark when it suits them, and otherwise use the hypothetical opportunity costs in a more ideologically preferable policy landscape (see Section 4.3.2).

The adoption and reinterpretation of Robinson's definition.

Despite these theoretical ambiguities (and in some cases because of them), within a few decades Robinson's conception of rent had been widely adopted. Boulding, for instance, defined rent as 'any payment to a unit of a factor of production in an industry in equilibrium, which is in excess of the minimum amount necessary to keep that factor in its present occupation' (Boulding 1941, p. 229). For Stigler, the rent of a factor is 'the excess of its return in the best use over its possible return in other uses' (Stigler 1952, p. 99). Over time, such formulations were condensed to 'income in excess of opportunity cost'.[67]

For neoclassical economists, Robinson's definition appealed partly because it appears to align with the Efficient Market Hypothesis. In neoclassical theory, a

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[67] The shift from marginal reservation prices to opportunity cost (as the benchmark to measure rents), is described by some scholars as a shift from a Ricardian to a Paretian understanding of rent (Worcester 1946, Wessel 1967). Others dispute that the opportunity-cost approach captures Pareto's own view (Bird and Tarascio 1992).

perfectly competitive market is free of Robinsonian rents, since the price of equivalent units of labour, land and capital is identical. It is also ‘efficient’, according to the neoclassical definition (see Section 4.3.2). It is apparently on this basis that many neoclassical economists came to consider Robinson’s definition as synonymous with *payment in excess of competitive price* (e.g., Tollison 1982, 575).

The problem with this step is that it assumes opportunity costs—the rewards that could be had by pursuing opportunities elsewhere in the economy—are themselves determined under competitive conditions (Figure 2). This requires (among other things) a denial of the reality that opportunity costs are shaped by the existing unequal distribution of assets, and the unequal control of assets is a barrier to perfect competition.

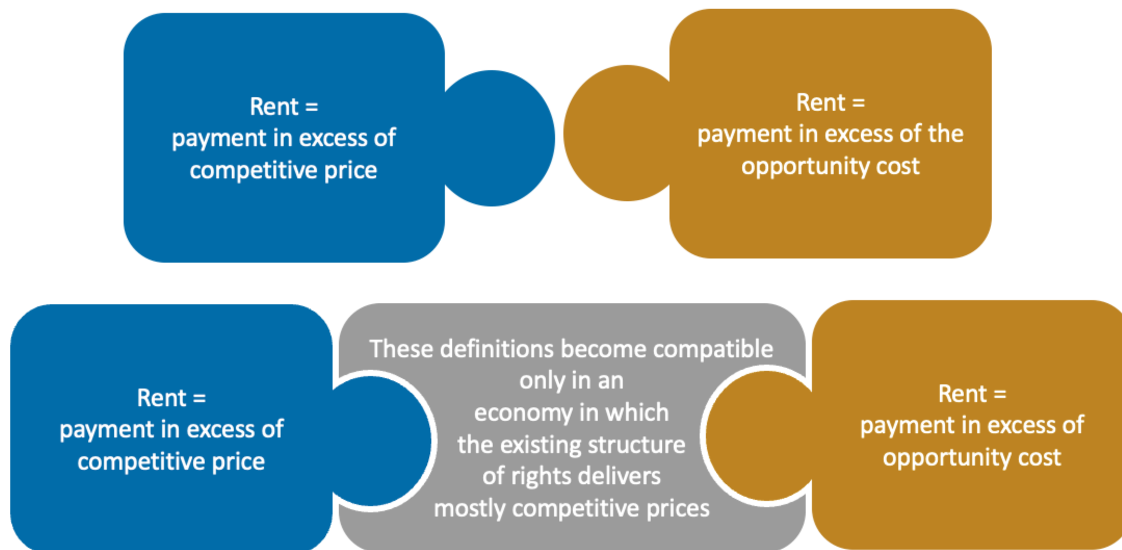

Figure 4.2: Opportunity cost and competitive price

A denial of this reality is of course highly convenient to beneficiaries of the status quo and is perhaps most blatantly displayed by public choice theorists, who have written extensively about the social cost of (so-called) ‘rent-seeking’. It is instructive to examine their arguments, which show how theories built around Robinson’s definition of rents can serve an agenda diametrically opposed to the early progressive rent theorists’.

4.3.2 Normative implications of opportunity cost as a benchmark for measuring rents

Public choice theory and the rent-seeking literature.

For those who understand rents as arising from unequal control over scarce or monopolised assets, *rent-seeking* indicates the expenditure of resources and labour to accumulate and enhance those rent-bearing assets—land, intellectual property, lucrative government contracts, energy/water/transport infrastructure, financial assets, and so on. But the earliest and most high-profile adopters of the term *rent-seeking*—public choice theorists like Tullock, Buchanan, Congleton and Tollison—used it rather differently.

These public choice theorists designated rent-seeking as the 'resource-wasting activities of individuals seeking transfers of wealth through the aegis of the state' (Buchanan *et al.* 1980, p. ix); 'the pursuit of profits via the use of government coercion' (Anderson *et al.* 1988, p. 100); the result of 'political interference with markets [which] creates differentially advantageous positions for some persons who secure access to valuable rights' (Buchanan 1980, p. 11).[68]

Such definitions might seem peculiar, but in fact they represent a (partially) logical progression from Robinson's definition of rent, which these theorists explicitly endorse (Buchanan 1980, p. 3, Tollison 1982, p. 575). If, following Robinson, you see any payment in line with existing opportunity costs to be rent-free, it follows that you would embrace the existing structure of rights as mostly delivering a rent-free distributional outcome, and view any attempt to alter the existing structure of rights as rent-seeking.

Robinson does not actually imply rent-seeking need always entail a change in the structure of rights. And public choice theorists do acknowledge that profit-seeking within nominally private-sector institutions can, under certain circumstances,

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[68] The rent-seeking literature was inspired by Tullock's (1967) observation that alongside drawbacks traditionally understood to accompany monopoly rents (lower output and transfers from consumers to producers), additional inefficiencies would arise when agents expend resources lobbying government for special monopoly protections. Kreuger (1974) extended Tullock's argument to the sphere of trade policy and introduced term 'rent-seeking' to describe expenditure on lobbying.

produce persistent Robinsonian rents (Tollison 1982, p. 587). But they maintain that under so-called ‘free market’ conditions, rents are short lived and insignificant:

> So long as governmental action is restricted largely, if not entirely, to protecting [existing] individual rights, personal and property, and enforcing voluntarily negotiated private contracts, the market process dominates economic behaviour and ensures that any economic rents that appear will be dissipated by the forces of competitive entry. (Buchanan 1980, pp. 8–9)

In this way, the public choice theorists substitute ‘an idealised model of competitive markets for actually existing markets in which monopoly and rent-seeking are rife’ (Sayer 2020, p. 11). This sleight of hand allows them to adopt both Robinson’s definition, *and* the view of rents as payment exceeding competitive price. Moreover, it allows them to frame those pushing for welfare provision, minimum wages, and a range of other ‘interventions’ aimed at limiting inequality, as ‘rent-seekers’.

The argument relies heavily on a view of the market as a natural, non-coercive and self-equilibrating exchange system—a world view strikingly similar to the one earlier rent theorists sought to challenge. No explanation is offered for why historical institutional changes, such as the introduction of limited liability, or enclosure of common land, were not coercive ‘political interference’ creating ‘differentially advantageous positions’ (Buchanan 1980, p. 11) and thus opportunities to capture rents. Like many before them, public choice theorists treat the rights defining and distributing wealth as if found ‘ready made’ by the state, rather than actively constituted by law (Clark 1926, 91). All efforts to change rights—whether through taxation, welfare provision or union rights—are then dismissed as rent-seeking.

Of course, not all economists adopting Robinson’s definition share the ideological agenda of public choice theorists.[69] Some argue Robinsonian rents *can* be efficient, and the category should be used in a non-normative way (e.g., Khan 2000). Nevertheless, the public choice theorists’ concept of rent-seeking has:

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[69] Later contributions to the rent-seeking literature were more candid about the wastefulness of so-called ‘free-market’ business practices aimed at gaining Robinsonian rents, such as mergers and acquisitions, investment in excess production capacity, and excessive advertising budgets (DiLorenzo 1988, p. 321).

> '…radiated outward through mainstream economics, and in that setting has been too often used in an unselfconscious fashion by economists who may not fully share the animus against the state felt by conservative political economists, but are nonetheless using the concept in a way that assumes such an agenda' (Honderich 1996, pp. 55–56).

Regardless of intentions, the word rent retains its centuries-long association with *unearned* and economically *functionless* incomes. The next two sections examine why these associations are unjustified in the case of Robinsonian rents.

Distributional justice and the Robinsonian definition of rent.

Robinson emphasised that the distinction between transfer earnings (which approximate opportunity cost) and actual earnings 'has nothing to do with the distinction between those expenses of production which correspond to the real costs of human effort and sacrifice and those which merely represent exchanges within society' (1969, p. 107). Nevertheless, economists commonly use Robinson's concept of rent pejoratively, and characterise rents as disproportionate to economic *contribution*, just like earlier rent theorists. Economists attaching such judgements to Robinsonian rents tend, again, to portray them as deviations from 'competitive' prices, and maintain that rewards in a competitive market must be 'earned' (e.g., Congleton et al. 2008, p. 1).

Effectively, this is the same discredited apology for capitalist distribution offered by James Bates Clark in 1908: 'free competition tends to give to labour what labour creates, to capitalists what capital creates, and to entrepreneurs what the coordinating function creates' (Clark 1908, 3). Thus, the imputed productivity of assets—including natural resources and patented innovations developed by others—is misleadingly presented as the owner's contribution. The owner of valuable inner-city land is portrayed as creating the rents they extract, whether or not they helped create the amenities that gave the land its advantages. A distant shareholder is presented as creating the value they extract through capital gains and dividends, whether or not they helped steer the company.

On this view, competition guarantees distributional justice by equalizing rewards to those controlling equivalent assets and attributes, and therefore opportunities. Never mind that opportunity 'depends …more upon birth, social position, access to education and inherited wealth' than on 'talent and energy' (Tawney 1920, p. 34). As long as your economic reward does not exceed that available to others *in your class*, it reflects your contribution.

Efficiency and Robinson's definition of rent.

Some adopting Robinson's definition may reply that the concept is intended to measure not injustice but inefficiency or waste. There seem to be two main justifications for this claim. The first uses the neoclassical definition of productive efficiency, attained when the output of any particular good cannot be increased without decreasing the output of another (Sickles and Zelenyuk 2019).[70] If the minimum amount necessary to keep someone's labour or resources in their present employment is the opportunity cost of that choice,[71] then an economy free of Robinsonian rents would be efficient in this narrow neoclassical sense.

But this static analysis does not tell us whether *removing* existing Robinsonian rents would improve productive efficiency. That depends on their source. Consider a program of state-funded apprenticeships in a context of high unemployment. It would create Robinsonian rents by offering incomes above what many apprentices could claim in their next best opportunity (unemployment). Nevertheless, if designed well, these apprenticeships would most likely boost workers' long-term skills and productive capacity, reduce the costly health problems associated with unemployment and poverty, and provide a Keynesian demand stimulus.

Public choice theorists might argue that such state 'interference' encourages potential beneficiaries to 'waste' resources lobbying for similar future investments. This is the

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[70] The neoclassical definition of productive efficiency can be critiqued from an ecological perspective because the only way to achieve a productive efficiency improvement is to grow the size of the economy. Many scientists now question the feasibility of green growth, not least because the technologies that are supposed to 'green' such growth—renewable energy, electrification, and carbon-capturing technologies—all have considerable resource requirements, mostly in the form of metals, concrete and land (Haberl *et al.* 2020, Wiedmann *et al.* 2020, Keyßer and Lenzen 2021).
[71] See footnote 66.

second main argument for the inefficiency of Robinsonian rents. For public choice theorists, 'rent-seeking' is 'wasteful' because it expends resources that could have been 'used to produce valued goods and services' (Buchanan 1980, pp. 7–8).[72] But why the opportunity cost of lobbying for investment programs would necessarily outweigh their productive benefits lacks theoretical and empirical substantiation.

The problem with the proposal that *all* Robinsonian rent-seeking is wasteful is that, unlike early progressive rent theorists, who specified that rents are surpluses arising from control of scarce/ monopolised resources, Robinsonian rents can arise for all manner of reasons (Christophers 2020, p. xxiii). Eliminating Robinsonian rents arising from persistent monopoly could reduce wasteful rent-seeking (patent trolling, for instance) (UNCTAD 2017, pp. 132–139). But removing public support for strategic sectors and activities, such as renewable energy, in order to avoid the creation of Robinsonian rents, might hinder long-term productivity.

4.4 Synopsis and Conclusion

Progressive rent theorists at the turn of the last century used the concept of rent to delegitimise incomes arising from the control of scarce and monopolised assets and build the case for their socialisation. But the concept ended up bent out of recognition and deployed by public choice theorists to justify a raft of neoliberal policies that helped privatise and concentrate control over such assets (Sayer 2020). This article has highlighted flaws in early rent theory, and ambiguities in the later Robinsonian definition, that permitted this shift in understanding (Figure 3).

[72] Again, various critiques can be levelled at this notion of waste (see Samuels 1992, pp. 116–17, Boss 2015). It neglects, for instance, that decreases in economic output can be consistent with enhanced human wellbeing. Squeezing maximum output from labour and land may not be the best way to think about 'efficiency' in contexts of overwork and ecological pressure (Jollands 2006).

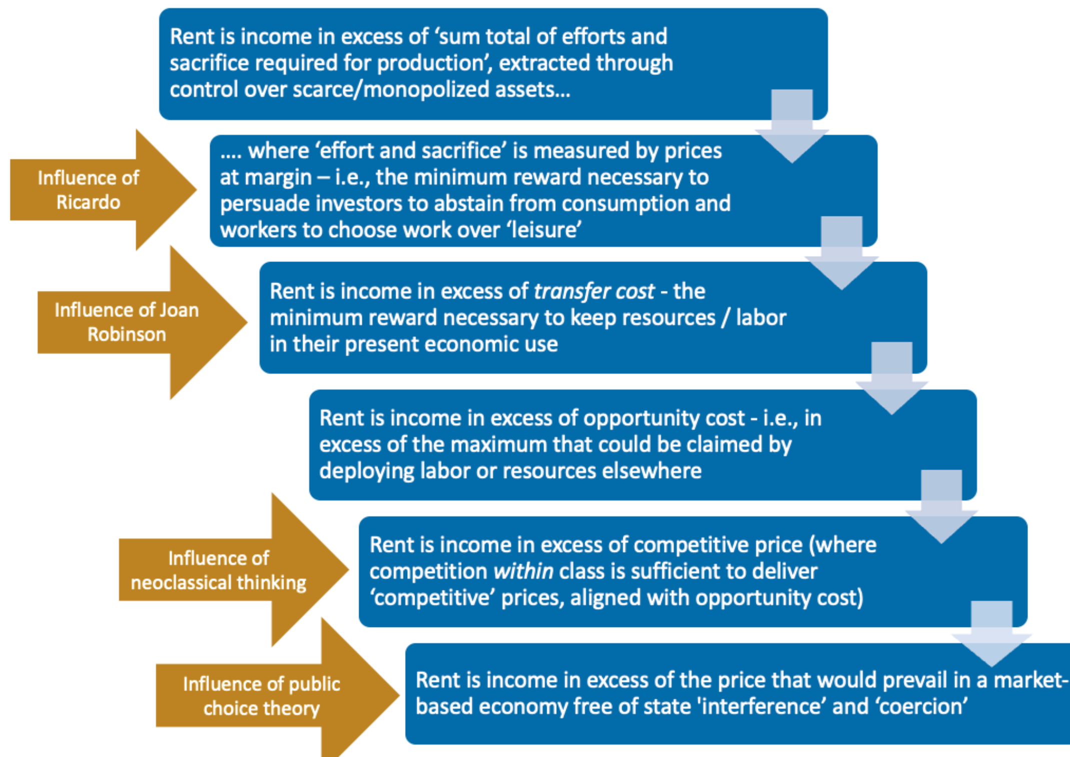

Figure 4.3: The shifting understanding of surplus in rent theory

The Ricardian theory that land rents decline to zero at the margin led rent theorists down a theoretical *cul de sac*. It encouraged them to coalesce around reservation prices at the 'margin' of production—that is, the minimum necessary to pull labour or capital out of idleness—as a benchmark for estimating rents. From here it was a small step to Joan Robinson's benchmark: the minimum necessary to keep resources in their present use, for which opportunity cost is a widely accepted proxy. With this small tweak, and her decision to drop any reference to scarce and monopolised assets, Robinson transformed the meaning of rent and undermined its usefulness as guide to distributional justice and efficiency. After all, in the context of highly unequal control over scarce and monopolised assets, opportunity cost reflects economic power, not contribution.

The conflation of 'income in excess of opportunity cost' and 'income in excess of competitive price' may explain why many contemporary commentators fail to recognise the neoclassical understanding as incompatible with earlier rent theory. Both discourses inveigh against monopoly power and barriers to competition. The

difference is that for many adopters of the neoclassical definition the answer is competition between agents who *share similar economic opportunities*—manual worker versus manual worker, landlord versus landlord, energy supplier verses energy supplier—to align rewards with opportunity cost. Such competition leaves untouched the fundamental problem of unequal control over scarce and monopolised assets. And it is of no help when certain assets—like transport, water, and energy infrastructure—cannot be successfully broken up and distributed to aid competition.

Rather than merely denounce the appropriation and repurposing of the concept of rent, rent theorists need to address the weaknesses in early rent theory that permitted it, and identify a benchmark for measuring rent that *is* consistent with the scarcity-based definition, and with the claim that rents are unearned and inefficient.

It is beyond the scope of this article to evaluate potential solutions to this problem in any detail. But I will signpost one potential resolution that I intend to explore in future work. If *existing* opportunity costs are flawed as a benchmark because they are shaped by existing rentier power, we could instead use the opportunity costs that would prevail in the absence of rentier power.

If, following the earliest rent theorists, we understand rentier power to arise from unequal control over assets that are persistently scarce and/or monopolisable, then a rent-free economy would be one without such assets, or (more realistically) where control over them is equitably distributed so it no longer provides systematic advantage to one class or individual. This rent-free counterfactual could form the basis for a new scarcity-based benchmark for estimating rents: the maximum that that could be demanded for a given type of service (labour, loan of land or capital, etc.) in the context of equitably distributed control over persistently scarce and monopolisable assets. Such hypothetical opportunity costs are a reasonable proxy for the minimum necessary to meet a given economic purpose in the absence of rentier power. Although it would be challenging to estimate and open to dispute, I believe this new scarcity-based benchmark would uphold the rent theorists' concern for efficiency, without trampling on their concern for distributional justice.

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5 The rent-free counterfactual

ABSTRACT

Since the mid-19th century, the term rent has been used by political economists to denote *incomes analogous to land rents* in the sense that they reward control over scarce or monopolised assets, rather than labour and sacrifice. But by the mid-20th century, a very different concept of rent had been widely adopted by neoclassical economists: *income in excess of opportunity cost* or (so-called) competitive price. This revised concept was then further reinterpreted and redeployed by public choice theorists to justify a raft of neoliberal policies that ultimately concentrated private control over scarce and monopolisable assets.

This article addresses the weakness in early rent theory that permitted the appropriation of the concept of rent —namely, the failure to identify a benchmark for measuring rent consistent with the scarcity-based understanding. It introduces a theoretical construct—the rent-free counterfactual—an idealised economy in which artificial scarcity and monopoly is removed, and control over persistently scarce or monopolised assets is equitably distributed, and so no longer offers a systematic advantage to one class or individual. Prices in this counterfactual offer a new conceptual benchmark for measuring rent which, unlike its predecessors, is consistent with the goal of improving economic efficiency, without reliance on economic coercion.

However, to accept the rent-free counterfactual as a benchmark is to accept that there is no way to conclusively distinguish rents from non-rents. Moreover, this thought experiment prompts a re-evaluation of certain narratives within the rent discourse. It suggests that while modest measures to tackle rentier power may boost growth and 'rescue capitalism', taking the project to its logical conclusion – eliminating the rent relation – would undermine the power of capital to exploit workers and ecosystems. As such, it could lead to falling output as people choose to prioritise leisure time and environmental protection over paid work.

Keywords: Rent theory; monopoly; opportunity cost; exploitation; capitalism; socialism

5.1 Introduction

The term rent first came to prominence in the late 19th century to refer to incomes that are analogous to land rents, in the sense that they reward control of assets that are persistently scarce and/or monopolisable, rather than labour or sacrifice (Fried 1998). The movement for land reform had, by this point, convinced economists across the political spectrum that the goals of just distribution and economic efficiency could both be served by taxing land rents away (Collini 2009). Many early rent theorists hoped that by highlighting the way that other incomes under capitalism were analogous to land rents, they could build support for the socialisation of other incomes that owe their origin to the 'advantages of situation' rather than the efforts of the recipients (e.g. Webb 1888, Hobson 1891, 1909, Shaw 1891, p. 98, Hobhouse 1911).

But the early rent theorists never satisfactorily answered the question of what should function as the baseline for measuring rent (Fried 1998, Stratford 2022). Sometimes rents were payments exceeding proportionate compensation for the efforts and sacrifice of the recipient (Mill 1848, p. 364, Hobhouse 1911, pp. 26, 52). At other times rents were payments exceeding the minimum necessary to 'maintain and stimulate' that effort (Hobson 1909, p. 131, Hobhouse 1911, p. 50). There was little open reflection about the likelihood that these two payments would diverge in an economy where people face highly unequal opportunities in life.

When it came to putting a number on the payment proportionate to effort, or sufficient to incentivise that effort, Ricardo's theory that land rents will decline to zero at the margin had a decisive and detrimental influence on thinking. Several assumed that workers' wages and investors' returns under the least advantageous conditions – that is, the minimum necessary to pull a worker or resource out of 'idleness' – could be used as a benchmark to measure the rent component in incomes elsewhere in the economy (Webb 1888, Marshall 1890, Hobson 1891, Hale 1924).

Not only was this benchmark flawed,[73] it paved the way for Joan Robinson to propose, in 1933, that rents should be understood as incomes in excess of the minimum 'necessary to retain a given unit of a factor in a certain industry' (Robinson 1969, p. 104) – a minimum which she argued was largely determined by the payment that a factor of production could attract in 'the next most profitable use' (1969, p. 107). With this apparently small tweak, and Robinson's decision to drop any reference to scarce/monopolised assets, the concept of rent was transformed. Robinson's new definition was not designed to identify incomes proportionate to effort and sacrifice, as Robinson herself acknowledged (1969, p. 107); rather it aimed at isolating that portion of income that was economically 'functionless', in the sense that it could be removed without altering the existing allocation of resources and labour in the economy (Robinson 1969, p. 102).

The Robinsonian 'opportunity cost' definition of rent was controversial, not least because according to it, a large proportion of land rents would no longer be classified as rent (Brown 1941, p. 834). But the definition found favour, particularly with conservative neoclassical economists (Buchanan 1980, p. 3, Tollison 1982, p. 575, Anderson *et al.* 1988). After all, if any payment in line with existing opportunity costs is seen to be rent-free, it follows that the existing structure of rights is more or less optimal, and all that is required to remove rents is an increase in within-class competition – workers vs workers, rich investors vs rich investors (Sayer 2020, Stratford 2022). Thus, Robinson unwittingly set the stage for neoliberals to portray anyone lobbying for protection against the forces of capitalist competition – whether through minimum wages, welfare provision or subsidies for emerging industries – as 'rent-seekers'.

While the normative implications of the scarcity-based and neoclassical understandings of rent are starkly different, both traditions overlap in their identification of monopoly power as a source of rent (Figure 5.1). This point of convergence, alongside the absence of an agreed benchmark for measuring scarcity-based rents, may explain why the incompatibility of these rival definitions of rent is not immediately apparent to all. Thus it is not uncommon to find commentators who

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[73] Flawed in the sense that such prices are already distorted by the unequal control over scarce and monopolised assets, making them unsuitable as a benchmark for estimating what proportion of an income arise from that very inequality.

ostensibly adhere to a scarcity-based definition of rent nevertheless reaching conclusions influenced explicitly or implicitly by the neoclassical benchmark of opportunity cost or 'competitive price' (e.g. Sørensen 2000, pp. 1536–37, UNCTAD 2017, p. 120).

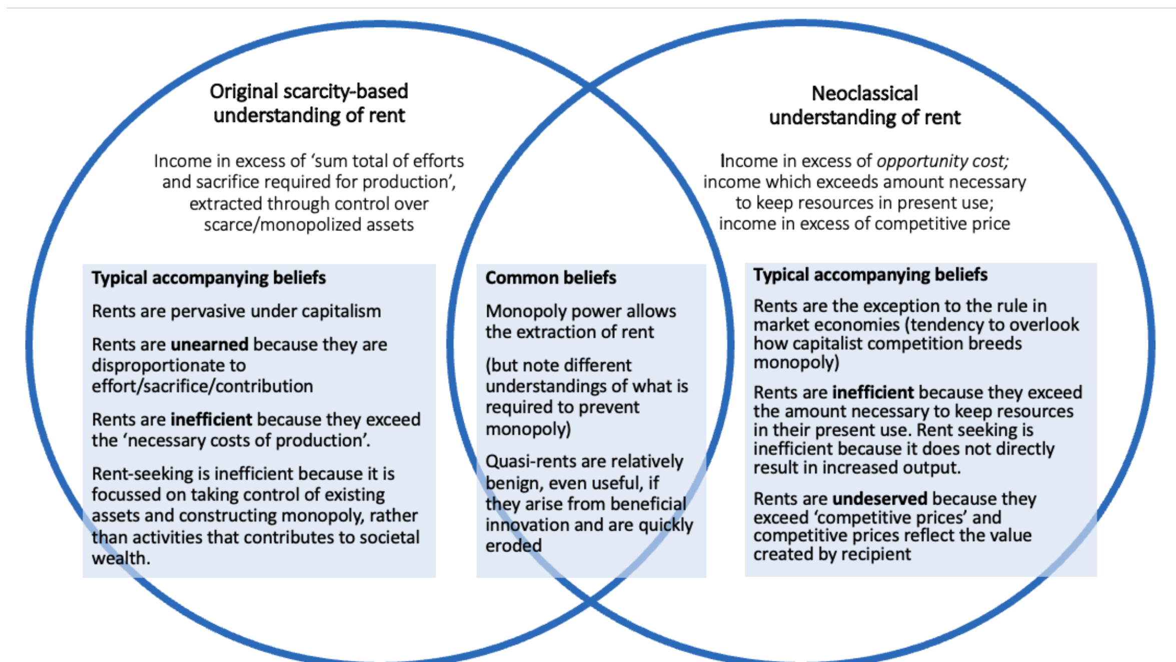

Figure 5.1: The scarcity-based and neoclassical understandings of rent: points of convergence and contrast

This article attempts to address the ambiguity in progressive rent theory that permits this confusion – that allows the 'unexamined ideological baggage' attached to the neoclassical concept to unconsciously 'radiate outward through mainstream economics' (Honderich 1996, pp. 55–56).

I begin, in **Section 5.2** by explaining briefly why the benchmark used by some political economists to identify rent – average profits – is not a satisfactory solution. **Section 5.3** introduces the 'rent-free counterfactual'—a theoretical construct that I propose can form the basis for a new benchmark for estimating rent which, unlike its predecessors, *is* consistent with the scarcity-based definition. Unlike 'opportunity cost' or 'competitive price' or 'average profits', the rent-free counterfactual points to the redistribution of power as the solution to rents.

Section 5.4 evaluates this new benchmark according to three criteria. First, **Section 5.4.1** considers whether the rent-free counterfactual is operationalizable. I show that it offers a conceptual rather than a practical benchmark for measuring rent, but propose that drawing a neat line between rents and non-rents is less important than clarifying what is required to remove rents from the economy. Second, **Section 5.4.2** considers whether the rent-free counterfactual offers a guide for policy makers concerned with reducing unearned and inefficient incomes. I argue that there is an inherent tension between distributional justice and efficiency, which the elimination of rents cannot resolve. Rather, the rent-free counterfactual points to a possible compromise: a way to improve efficiency without use of economic coercion. Third, **Section 5.4.3** considers whether the rent-free counterfactual is consistent with mainstream narratives around rent. I argue that the rent-free counterfactual challenges the assumption that tackling rentier power will boost growth and restore capitalism's legitimacy. This assumption makes sense if the project is limited to a modest diffusion of rentier power. But the rent-free counterfactual suggests that taking this project to its logical conclusion – entirely dismantling the rent relation – would undermine the power imbalance at the heart of capitalist accumulation. Thus, the rent-free counterfactual is likely to be rejected by anyone opposed to such an end goal. **Section 5.5** offers a summary of the argument, and some concluding remarks.

5.2 Why not define rent as surplus profit?

There is a benchmark for measuring rent already used by some political economists: average profit. This benchmark has a loose basis in the work of Marx. According to Marx, competition among capitalists pushes capital from low-profit to high-profit industries, creating a tendency for the rate of profit to equalize across the economy. But this general tendency is obstructed when capitalists have control over 'particular portions of the earth and its appurtenances' which permit an 'exceptional increase in the productiveness of labour' (Marx 1993 [1894], chap. 38). This barrier to profit equalisation creates a surplus that Marx labels *rent* on the grounds that it is 'not due to capital' but to the 'utilisation of a natural force which can be monopolised' (1993 [1894], chap. 38). What protects this surplus profit from erosion is the fact that other

capitalists are ‘excluded from these exceptional and natural conditions favouring productiveness’ (Marx 1993 [1894], chap. 38).

It is important to note that Marx was analysing that portion of profit that could ultimately be captured by the owner of the land as ground rent in an otherwise competitive economy, and not the broader category of income that has been the focus of this thesis – that is, income extracted through control of any persistently scarce or monopolised asset, including (under certain circumstances) money, knowledge and fixed capital. Nevertheless, it is worth considering briefly whether average profit could provide a benchmark for measuring this broader category of income.

From one perspective, the surplus profit definition is certainly an improvement upon the neoclassical definition. If rents are defined as surplus profit, then wages cannot technically consist of rents, meaning that the surplus profit understanding cannot be used to legitimise the watering down of minimum wages, union rights and so on. However, the average profit benchmark results in a somewhat arbitrary exclusion of incomes that most rent theorists would consider to be rents. For example, it implies that the dividends flowing to distant shareholders of companies whose business strategy revolves around the control of scarce and monopolised assets are not necessarily rents. Such dividends are only rents if and when that company makes above-average profits. Meanwhile, the automatic exclusion of any wage from the category of rent means that inflated salaries flowing to CEOs are not technically rents, even in sectors typically understood to be rent-extractive.

A further drawback is that the average profit benchmark suggests the redistribution of rent-bearing assets between companies, to equalize the profit rate, would be sufficient to remove unearned and inefficient rents. But an economy featuring equalised profit rates could still see wealth accumulating with shareholders and creditors – the quintessential rentier from a Keynesian perspective.

5.3 A benchmark consistent with the scarcity-based understanding of rent

5.3.1 The case for using a counterfactual

Recall that the concept of economic rent was inspired by the arguments of land reformers in the 19th century, who presented land rents as both unearned and inefficient. Land rents were considered inefficient both because they exceed what is necessary to induce the supply of unimproved land, and because they encourage land speculation (if land rents can be captured privately, then rising land values make it profitable to simply buy, hoard and sell land, without ever bothering to rent it out for use) (George 1883).

A more comprehensive analysis of the case for taxing land rents might ask how the reallocation of land rents would affect efficiency across the economy as a whole. But such an analysis would require us to first define economic efficiency and then make assumptions about how the land rents are to be reallocated. To provide an operational definition of economic efficiency requires normative judgements about the objective of economic activity (Førsund and Hjalmarsson 1974, p. 141). Which inputs should be minimised, which outputs maximised, and for whose benefit?

We could argue, following ideas in ecological economics (Daly, 1973; Daly and Farley, 2011), that the objective of economic activity is improving human wellbeing without overshooting planetary boundaries (Meadows, 1998; O'Neill et al., 2018; Raworth, 2017). Rents could be judged inefficient, then, if their elimination or reallocation could increase wellbeing, within a given budget of biophysical resources. But to define efficiency in this way would introduce many more definitional challenges (Jollands 2006). It would also move a significant distance from the understanding of efficiency adopted by most rent theorists, albeit ambiguous – that is, economic rents are inefficient in the sense that they exceed the minimum necessary to maintain the supply of that given service (e.g. labour, loan of land, loan of capital). This is an ambiguous definition because the minimum necessary depends on the context and the structure of rights and opportunities.

For example, the conclusion that land rents can be taxed away without reducing the supply of land only makes sense if you assume that the extractive power associated with land ownership can be removed *across the economy*. If landowners faced a land

value tax on agricultural land, but not on land used purely for recreation, the supply of land for agriculture would be discouraged. In other words, if we take the neoclassical approach, and start from the assumption that existing privileges and opportunities attached to property ownership remain in place, then we are forced to reach the neoclassical conclusion that returns on landownership are only inefficient 'rents' if they exceed what the landowner can make in their next best opportunity.

The conclusion that land rents are inefficient therefore depends upon us imagining a counterfactual scenario in which the power to extract a reward for the mere ownership of land has been removed. Arguably then, when faced with the question of whether other incomes in the economy are inefficient in an analogous way, we should be permitted to make a similar imaginative leap – to conjure a counterfactual scenario in which the privileges attached to the ownership of other key scarce and monopolised assets are removed, and consider what minimum payment would be required to incentivise the supply of labour or the loan of capital in that scenario.[74]

Dean Baker comes close to this approach in a working paper where he amends Robinson's definition to refer to the hypothetical minimum required to meet an 'economic purpose' under some 'alternative institutional arrangement':

> 'Rent' is used to refer to an income that is generated that is in excess of what would be necessary to meet the same economic purpose *given an alternative set of institutional arrangements*. In this sense, 'rents' are accruing …[if] it would be possible to induce the same amount of effort from comparably skilled individuals at lower pay in a *different institutional structure*. (Baker 2015, p. 2, italics added)

Baker's definition works from the point of view of minimising cost, but it no longer supports distributional justice. One might, after all, 'induce the same amount of effort at lower pay' (Baker 2015, p. 2) through economic coercion.

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[74] Some might object to this reasoning and argue that land rents are *uniquely* inefficient in the sense that land would continue to exist and be available for productive use of some kind or another, regardless of the level of tax. But this is not necessarily a unique characteristic. Would money continue to exist, and be available for use, even if all interest were taxed away? Or would people hoard it under their bed, taking it out of circulation? Again, it depends upon the privileges attached to the ownership of money. If money were depreciating in value as it typically does today, then it is unlikely that people would hoard it; rather they would convert their savings into assets with a more stable value, and/or spend their money on consumables as quickly as possible. In either case, then, money would remain in circulation, and thus be available for productive use.

In the next sections I build on Baker's approach, but use the scarcity-based definition to set some parameters for these 'alternative institutional arrangements'.

5.3.2 Introducing the rent-free counterfactual

If, following the earliest rent theorists, we understand rents as *surplus incomes arising from control over assets that are persistently scarce and/or monopolisable*, then a rent-free economy would be one where artificial scarcity and monopoly is removed, and where control over any unavoidably scarce/monopolisable assets is equitably distributed so it no longer provides systematic advantage to one class or individual.

Like perfect competition, the rent-free economy is an idealised counterfactual since it is impossible to redistribute control in a perfectly equitable way. The closest approximation, for certain assets, may be control by a democratically accountable institution, with a mandate to equitably redistribute the benefits of that control (Farley *et al.* 2015, Fuss *et al.* 2016, Boyce 2018). For example, a democratic institution could auction permits to extract scarce natural resources and equitably redistribute the revenues via citizen dividends. The companies involved in extracting, processing, and transporting the asset could still demand a payment for the work involved, but the scarcity rents would be equitably shared. The citizen dividends — whether distributed as cash and/or public services (in-kind incomes) — would not be rents because they are not extracted on the basis of a power imbalance between payer and beneficiary. They might be better understood as a form of compensation for sacrifice. For example, in a context where all land is in common ownership, if somebody wants to occupy a particularly desirable piece of land, they need to pay the community for that privilege. This payment represents compensation for those who do not get to occupy that particular location despite having an equal right to do so. The same is true if someone wants to use a portion of the sustainable fishing quota, energy supply or space on public transport. In each case, they would compensate the rest of the community for their use of these finite commonly-managed assets.

The distinction between fleeting and 'persistent' scarcity is necessarily imprecise. But as Sayer argues, 'we must avoid the fallacy of continuum, according to which

the absence of a clear dividing line must mean the absence of any difference' (2020, p. 5). The distinction is necessary because short-term surpluses (or quasi-rents) accruing to controllers of relatively elastic resources or attributes (whose supply responds quickly when demand changes) were not considered by early rent theorists to be problematic in the same way as land rents. Rather, many acknowledged that short-term surpluses can usefully signal (to public authorities, to other suppliers) that more of a good or service is needed. Quasi-rents can also spur innovation and the spread of innovations, through copycat behaviour.

The problem is that, under capitalism, such initially benign advantages tend to compound, because surpluses can be reinvested to effectively maintain and enhance scarcities, prevent copycat behaviour, and thus insulate the beneficiaries from competition. A rent-free economy would require institutions to prevent such compounding. These might include policies such as a Life Time Gift Tax (Corlett 2018, Roberts *et al.* 2018) redistributed as a 'citizen's inheritance', to prevent advantages passing from one generation to the next. Another example would be progressive corporation taxes recycled to fund low-interest loans to start-ups, to prevent incumbents from establishing monopoly power.

5.3.2.1 Using the rent-free counterfactual to identify the surplus that is rent

Arguably the only way to know what proportion of any income is extracted through rentier power is to remove that source of rentier power and see what income the recipient can negotiate in its absence. The rent-free counterfactual therefore offers a theoretical benchmark for distinguishing rents from non-rents. Rents are simply rewards exceeding the maximum that could be demanded for a given generic service (e.g. labour, loan of capital) in a context characterised by equitably distributed control over persistently scarce and monopolisable assets.

The proposal here is effectively to use opportunity cost in the rent-free counterfactual as a benchmark, rather than *existing* opportunity cost, as in the Robinsonian definition. Opportunity cost in the rent-free counterfactual is a reasonable proxy for the 'minimum necessary to meet a given economic purpose' (in Baker's

terminology) without relying on (or being subjected to) the coercion arising from unequal control over rent-bearing assets.

Thus, rents (as measured by the rent-free counterfactual) are inefficient in the sense that a) they exceed what would be necessary to bring forward a given service in the context of diffused rentier power, and b) they encourage the wasteful expenditure of time and resources in maintaining and expanding rentier control. They are unearned in the sense that they arise from a power imbalance, which means that they cannot represent rewards for effort, sacrifice, innovation, risk-taking or any other behaviour typically understood to 'earn' a reward. As Sayer notes, we do not need to take a position on how deservedness should be measured to conclude that income extracted from control over scarce assets is undeserved: 'Quite simply, it's something for nothing, based on power … and unrelated to effort, merit or need' (Sayer 2020, p. 6). Table 5.1 compares the four understandings of rent discussed in this paper, their benchmarks, and the solutions implied.

Table 5.1: Four understandings of rent, their benchmarks and the implied solutions

Definition	**Benchmark for measuring the surplus that is rent**	**Implied solution**
Robinsonian definition: income in excess of the minimum necessary to 'keep resources in present use'	Existing opportunity cost	Policies to improve competition (e.g. better information) to bring incomes in line with opportunity cost
Surplus profit definition: profit in excess of average profit, extracted through control of scarce/monopolised assets	Average profit	Policies to improve competition between capitalists or redistribute scarce and monopolised assets among capitalists
Dean Baker's definition: income in excess of the minimum necessary 'to meet the same economic purpose *given an alternative set of institutional arrangements'*	Opportunity cost under an 'alternative set of institutional arrangements'	Unclear.
Scarcity-based definition: incomes extracted through control over scarce/monopolised assets	Opportunity cost under 'an alternative set of institutional arrangements' that delivers an equitable distribution of control over persistently scarce/monopolised assets (the rent-free counterfactual	Policies to equitably redistribute control over scarce and monopolised assets

	benchmark proposed in this paper)	

5.4 Evaluating the rent-free counterfactual benchmark

This section evaluates the rent-free counterfactual benchmark according to the following three criteria. First, does it allow us to measure rents, to distinguish rents from non-rents within any given income? Second, does it offer a guide for policy makers concerned with reducing unearned and inefficient incomes? Third, is it coherent with mainstream narratives around rent?

5.4.1 Does the rent-free counterfactual permit the measurement of rent?

One problem with using the rent-free counterfactual as a benchmark is that it is impossible to operationalise. Every single price in the economy would be altered by the redistribution of control over scarce and monopolised assets. The rents collected by private institutions currently in control of scarce and monopolised assets – from land to seigniorage rights, digital platforms to patents, advertising space to power stations – are vast. Consider the revenue that could be captured through a combination of permit and license auctions (e.g., to import or extract fossil fuels, harvest timber, catch fish, broadcast), public ownership (e.g., of banks, utilities, railways, ports), and taxation of rents (e.g., of land, inheritance, monopoly profits, capital gains). Redistributing the revenues that would accrue from such policies could provide every citizen with free entitlements to services like energy, transport, housing, water, broadband, care and education (Coote and Percy 2020), as well as some form of unconditional income or income guarantee sufficient to meet basic needs.

This foundation would free millions of people from the compulsion to sell their labour. It is impossible to predict what people would choose to do with that freedom. The profitability of entire industries could collapse, and radically different systems of provisioning and patterns of consumption would emerge. Even if there were some implausibly sophisticated model of human behaviour that could be used to predict the seismic changes to output and prices under such conditions, there would be

innumerable ways to calibrate the model. This is because, as noted, the characteristics of persistence, scarcity and monopoly are not clearly delineated. They exist on a spectrum of intensity. The question of where to draw the line around these categories – i.e. which assets require democratic governance to prevent rentier power accumulating – can only be answered through experimentation. Adopting prices in the rent-free counterfactual as a benchmark for measuring rent is thus tantamount to admitting that there is no way to measure rents accurately.

The fact that the benchmark cannot be operationalised is, however, not necessarily a barrier to its adoption. Many public choice theorists adopt 'competitive prices' as their benchmark, where competitive prices are defined (explicitly or implicitly) as the prices that would prevail under a hypothetical idealised institutional landscape featuring (what they describe as) 'free markets' and 'minimal government intervention' (Stratford 2022).[75] For such theorists, the benchmark of 'competitive price' serves to indicate a desired direction of travel, rather than to permit the precise measurement of rent. It describes, in very general terms, their solution to the problem of unearned and inefficient incomes – that is, the removal of any protection against the forces of capitalist competition. The rent-free counterfactual could provide a similar function, pointing toward a solution to the problem of unearned and inefficient incomes.

5.4.2 Does the rent-free counterfactual offer a guide for policy makers concerned with minimising unearned and inefficient incomes?

Reflecting on the rent-free counterfactual helps to clarify that the elimination of rents cannot resolve the tension between distributional justice and certain forms of productive efficiency. Rather, the rent-free counterfactual suggests one possible compromise point between these two objectives. For example, it removes the inefficiency and waste associated with speculative booms and busts, patent trolling and share buy-backs. But it obstructs those 'efficiencies' achieved by imposing low

[75] Arguably, the legal systems that establish and protect the enclosure of common resources can hardly be considered minimal interventions, but are nevertheless endorsed by public choice theorists (Samuels and Mercuro 1992).

pay, precarity and stress on workers. It removes incomes based merely on control of scarce assets, but permits rewards for ability, innovation and risk-taking that may be equally 'unearned' in the sense of being disproportionate to effort and sacrifice. The rent-free counterfactual would not, for instance, prevent higher rewards flowing to those with exceptional skill (which may reflect painstaking practice or instead arise largely from the luck of 'good parenting' or genetic inheritance), nor quasi-rents arising from temporary shortages (which may reflect entrepreneurial foresight and innovation, or may simply arise from the good fortune of being in the right place at the right time).[76]

In these ways, the rent-free counterfactual does offer a guide for policy makers concerned with improving efficiency, without trampling on distributional justice, or minimising economic injustice without discouraging socially beneficial behaviours.

But to accept that an income is inefficient on the grounds that it exceeds what would be necessary to bring forward a given service in the absence of rentier power requires acceptance of the feasibility of removing that rentier power without introducing new inefficiencies (or injustices). Beyond a high-level steer, the rent-free counterfactual offers relatively little on the critical question of *how* to establish and maintain equitable control over scarce and monopolisable assets. It is thus unlikely to be accepted as a benchmark for anyone sceptical about the desirability or feasibility of establishing such equitable control.

Part of the reason that land rents are considered inefficient is because taxing them away does not affect the overall supply of land to the economy, and it is relatively straightforward to apply a tax across all units of the asset in question.[77] But land is immobile and exists entirely independently of the actions of humans. Dealing with rent-bearing assets that do not share such characteristics will inevitably be more complex. In particular, there are key challenges arising from the globalised nature of

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[76] Both can be reduced through progressive income tax, though this is an imperfect solution since it cannot distinguish between rewards for effort and ability. Meritocrats may consider the persistence of some quasi rents and 'rents of ability' a positive feature. For a critique of the concept of a meritocracy see Sandel (2020).

[77] Practical feasibility does not necessarily translate into political feasibility, however. Introducing a significant land value tax would crash the value of land, meaning recent homebuyers could be pushed into negative equity. There are ways to socialise land rents without such negative consequences, but they require significant funding (Monbiot *et al.* 2019, pp. 33–44, 2020, Stratford 2020).

our economy, and the resultant need to protect domestic industries from international competitors, to mitigate the threat of capital flight, and the inflationary effects of a currency devaluation (Crotty and Epstein 1996).

5.4.3 Is the rent-free counterfactual compatible with mainstream narratives of rent?

This section considers the compatibility of the rent-free counterfactual with two narratives commonly encountered in the discourse around rent: the proposition that tackling rentier power would restore capitalism's legitimacy, and relatedly, the proposition that tackling rentier power would boost growth.

5.4.3.1 Would tackling rentier power allow us to 'rescue' capitalism or transcend it?

Using the rent-free counterfactual as a benchmark for measuring rents results in an expansive category of rents that includes most profits. This does not mean that profits and rents are the same thing. First, not all profits flow out as dividends to shareholders. In cooperatives, profits that are not retained for investment might be shared among worker-owners; in a small business they might represent the owner-manager's take-home pay. There are many reasons beside rentier power which could permit such producers to enjoy a surplus in revenue over cost, including hard work, luck, deceit, talent and innovation. Nevertheless, as Baglioni *et al.* (2021, p. 5) observe 'value capture from generated scarcity cannot be automatically separated (let alone counter-posed) from the extraction of value in production because "scarcity" is already located in the control of the division of labour'.

This observation appears to undermine the distinction that rent theorists have traditionally upheld between rentiers and 'capitalists in the classic sense' who 'promote the production of commodities' (e.g. Sayer 2020, 7). Certainly, if anyone extracting income through control of scarce and monopolised assets is considered a rentier, then the distinction between capitalist and rentier dissolves, and it makes little sense to warn of the 'rentierisation' of capitalism.

But this warning is still coherent if we use the terms 'rentier' and 'capitalist' to refer to *archetypes* defined by their behaviour and role within capitalism. The capitalist in the classic sense is an entrepreneur actively engaged in the production and/or sale of goods and services with use value. Their power to suppress wages, and thus extract a surplus from the process, is certainly underpinned by the rent relation. But their capacity to extract that surplus also depends upon the continuing pursuit of unit cost savings, qualitative product improvements, and/or innovations in marketing, in order to maintain or expand their sales in the face of competition. The archetypal rentier enjoys an income that is relatively insulated from such competitive pressure, since it is based on their control of an asset that is impossible or very difficult to replicate. It requires no labour or innovation aimed at reducing the cost or improving the quality of goods and services for consumption.

The fact that some capitalists do compete on these terms (cost reduction, quality improvement, etc) is what has historically given capitalism a degree of legitimacy, as Vercellone explains:

> The capitalistic logic of production [has] found, in industrial capitalism, a sort of historical legitimacy in the capacity to favor the development of *wealth* through the production of a growing quantity of merchandises with a unitary value and thus relatively lowering (sic) prices, satisfying a growing quantity of true or superfluous needs. In this sense, the capitalistic development of productive forces and the profit could present themselves as an instrument of struggle against scarcity. (Vercellone 2010, p. 91)

Rentierisation thus describes a shift in profit-seeking strategy away from investments likely to expand production and consumption toward investments designed primarily to grow rentier power, through, for instance, the acquisition of rent-bearing assets and construction of barriers to competition.[78]

There is some logic, then, to the idea that 'derentierisation' is a means to boost growth and rescue a 'purer' form of capitalism, one that is 'fairer and more competitive' (Christophers 2020, p. 388). What the rent-free counterfactual reveals, however, is that if the project of confronting rentiers were taken to its logical

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[78] This argument does not rely on a neat categorization of economic activity as either productive or unproductive. Many attempts to make such a delineation have been tried and failed (Nitzan and Bichler 2009, pp. 111–115, Mazzucato 2018). The fact that it is impossible to neatly distinguish productive from unproductive activity should not lead to the conclusion that no such difference exists.

conclusion – if rentier power were entirely diffused and unavoidable rents redistributed equitably – the power of capital itself would be undermined. In other words, the power of employers to extract a surplus from the work of their employees due to the exclusion of the latter from access to land, money and produced means of production, would disappear.

Private enterprises would no doubt still aim to bring in a surplus, in order to have a buffer to protect against the risk of future losses and in order to re-invest. Without recourse to rentier power, such profits would depend more heavily on luck, hard work and talent. This is not to say that exploitation would be impossible. Uncertainty and information asymmetry would persist, meaning that employers could intentionally or unintentionally misrepresent the degree of effort and sacrifice required for any contracted job. By this token, however, it would be equally possible, in a truly rent-free economy, for a worker to exploit their employer by taking a wage, but not applying their effort or skill as agreed. Thus, although private enterprise and profit-seeking might remain in the rent-free counterfactual, capital as a *social relationship* would disappear (Marx 1993, pt. VII, Ch. 48). As Giorgos Kallis argues, 'capitalism cannot operate under conditions of abundance' (Kallis 2019, p. 66).

5.4.3.2 Would tackling rentier power boost or constrain growth?

Concentrated rentier power and widespread rent-seeking are widely understood to dampen growth – by driving inequality, by diverting investment way from productivity improvements, and by increasing the likelihood of financial crises (Hudson 2014, Standing 2016, Lindsey and Teles 2017, Baker *et al.* 2018, Mazzucato 2018). If we assume that it is rentierisation of the economy driving stagnation, rather than the other way round,[79] then moderate measures to rein in rentier power would, *ceteris paribus*, likely boost growth. But it is far from obvious that a comprehensive dismantling of the rent relation would do so. First, the rent relation imposes a form of discipline on workers, enabling firms to suppress pay and working conditions, drive down prices and boost output. The redistribution of rents

[79] See, for example, Aaron Benanov (2022) who sees stagnation as the manifestation of over-capacity.

could obstruct this engine of growth since it would empower people to decline work unless it fairly compensated their effort and sacrifice. In fact, it seems plausible that, liberated from the rent relation, many people would choose to devote less time to paid work, and more time to caring activities, leisure, arts, political organizing and so on, leading to a fall in overall output. The extraction and reinvestment of surplus for the purpose of output growth – whether by businesses, or by the state through taxation and public investment – would require popular consent. It is impossible to know *a priori* whether that consent would be forthcoming.

A second reason that the equitable control over scarce and monopolised assets could cause output to fall is that bringing finite natural resources under democratic control, to be stewarded for the benefit of all, would likely prevent private companies from imposing the costs associated with their exploitation and degradation of ecosystems onto society (Farley *et al.* 2015). Instead, companies would have to compensate society for the privilege of using the ecosystem's finite capacity to absorb waste, cycle nutrients, replenish fresh water, create new soil and so on. As noted above, one way to extract such payments is via a 'cap and dividend' scheme under which the government would impose an upstream cap on the import or extraction of key resources, consistent with principles of sustainability. This quota could then be auctioned at regular intervals, with the revenues – the scarcity rents – redistributed to citizens (Farley *et al.* 2015, Boyce 2016, 2018, Barnes 2021). Such a scheme would be progressive (Boyce 2018, 2019) and would protect our common natural assets for the benefit of present and future generations, but – due to the tight relationship between resource use and economic activity – it would also impose constraints on the scale of production and consumption (Jackson and Webster 2016, Ward *et al.* 2016, Haberl *et al.* 2020). As Jason Moore has argued, the accumulation of capital depends not only on access to cheap labour, but also on access to cheap nature (Moore 2015).

It seems, therefore, that the relationship between rentier power and economic growth could follow an inverted-U shape. Moderate checks on rentier power are likely to boost growth. But a comprehensive diffusion of rentier power would undermine capital's power to exploit cheap labour and cheap nature, and permit citizens to prioritise wellbeing and environmental sustainability over consumption growth, should they so choose (Figure 5.2).

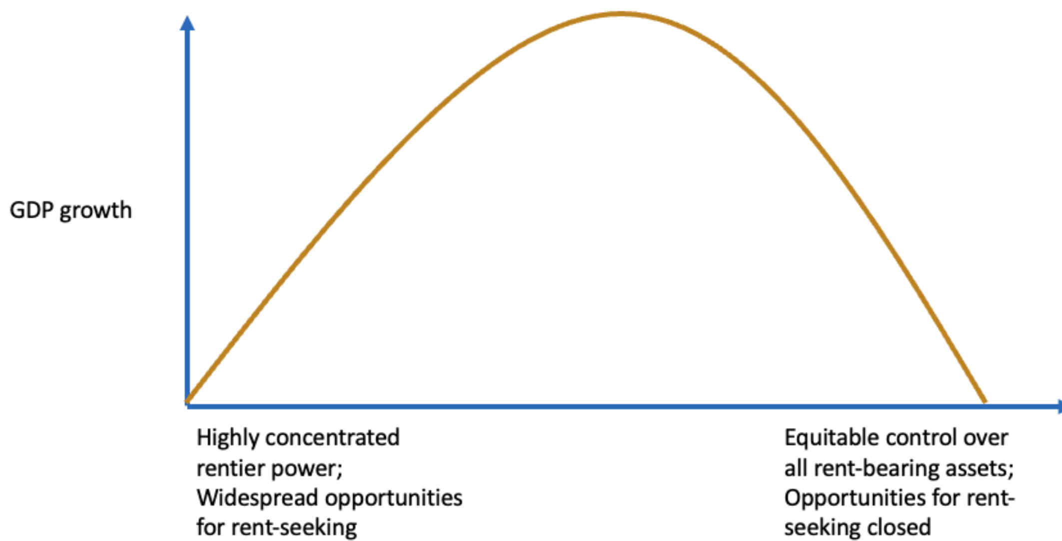

Figure 5.2: The hypothesised relationship between rentier power and growth

5.5 Summary and conclusion

This article introduces a theoretical construct – the rent-free counterfactual – to address a weakness at the heart of rent theory – namely, the lack of a benchmark for measuring rent consistent with the scarcity-based understanding of rentier power.

Arguably the only way to know what portion of any income results from rentier power is to remove the source of that power and observe what payment can be demanded in its absence. Removing rentier power implies either getting rid of all scarcity and monopoly or (more realistically) ensuring that control over scarce and monopolised assets is equitably distributed so that it no longer systematically advantages one group over another. Prices in this idealised rent-free counterfactual could thus provide a conceptual benchmark for measuring rent, consistent with the scarcity-based understanding of rent: rents are payments in excess of what could be demanded for a given service (labour, loan of land or capital) in the context of equitable control over scarce or monopolised assets.

It is impossible to say with any confidence, however, where prices would settle following such a seismic shift in the balance of power. The only certain outcome is a

dramatic increase in compensation for labour, particularly for work that is unpleasant or fails to offer a degree of autonomy and intrinsic satisfaction. To accept the logic of the rent-free counterfactual as a benchmark is thus to admit that there is no practical way to accurately measure rents. The rent-free counterfactual is likely, therefore, to be rejected by rent theorists who are uncomfortable with the idea of such an amorphouse category.

Drawing a neat line between rents and non-rents is, however, less important than clarifying what is required to remove rents from the economy. After all, the purpose of searching for a scarcity-based benchmark is to guard against the neoliberal conclusion that rents can be minimised by removing all protections against the disciplines of capitalist competition. On this measure, the rent-free counterfactual scores reasonably well: unlike 'opportunity cost' or 'competitive prices' or 'average profits', the rent-free counterfactual points to the redistribution of power as the solution to rents.

The rent-free counterfactual thus offers a high-level steer for policy makers concerned with improving efficiency, without the use of economic coercion. Institutions designed to maintain equitable control over scarce and monopolised assets could remove many forms of wasteful and costly rent-seeking, while emancipating workers from the imperative to submit to exploitative pay and working conditions. They could permit rewards for ability, innovation and risk-taking, while removing the class of rentiers who currently free-ride on the labour of others.

Reflecting on the rent-free counterfactual prompts a re-evaluation of certain narratives around rent. Profits predicated on the exploitation of labour would more or less cease to exist in a post-rent economy. I have argued therefore that the labels of capitalist and rentier are better understood as archetypes defined by their behaviour, rather than discreet categories defined by their receipt of rents. The archetypal capitalist is actively involved in the productive process. They profit from the rent relation – that is, from the existence of a class of asset-poor workers, who have no means of survival except through selling their labour. But their success also depends upon continually courting the consumer with lower prices or novel products, so as not to lose out to their capitalist competitors. The profits of the archetypal rentier, by contrast, are more or less guaranteed by their control of assets which cannot be easily

replicated, and for which demand persistently exceeds supply. The rentierisation of capitalism refers to a shift in profit-seeking strategies away from investments in productive capacity, efficiency gains and innovations, toward the acquisition (and trading) of scarce and monopolised assets, or the construction of barriers to competition.

The idea that tackling rentier power can boost growth and temporarily[80] restore capitalism's legitimacy makes sense if the project is limited to a partial diffusion of rentier power. The complete dismantling of the rent relation, by contrast, would represent an attack on the power imbalance at the heart of capitalism. Equitable and democratic control over rent-bearing assets could offer a barrier to the exploitation of both labour and our common natural resources. For this reason, the rent-free counterfactual is likely to be rejected as a benchmark for measuring rent by anyone ideologically opposed to this end goal, or sceptical about the kind of strong government institutions that would be required to bring it about.

This discussion points to one possible explanation for the failure of early rent theorists to specify a benchmark for measuring rent consistent with the scarcity-based understanding: the political implications of adopting such a benchmark were too radical or too ambitious, even for self-proclaimed socialists like Sidney Webb and George Bernard Shaw. From the point of view of influencing contemporary political debate, it may have seemed more strategic to accept some ambiguity in the definition of rent: to describe rents sometimes as payments disproportionate to 'effort and sacrifice', and sometimes as payments exceeding the minimum necessary to 'maintain and stimulate' that effort. Whether or not this ambiguity was a conscious choice, it arguably came at a heavy price: it permitted a concept originally intended to justify the socialisation of scarce and monopolised assets to become a discursive tool for the neoliberal project, which privatised and consolidated control over those very rent-bearing assets.

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[80] In the medium to long run, ecological limits will prohibit the use of growth as a substitute for economic justice (Meadows *et al.* 2004, Jackson and Webster 2016, Ward *et al.* 2016, Haberl *et al.* 2020).

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6 Discussion

6.1 Introduction: non-reformist reforms

This chapter brings together the insights and findings of all preceding chapters to reflect on the overarching inquiry of this thesis: how useful is the concept of rent for post growth political economy? **Section 6.2** looks at the growing attention to the concept of rent in the post-growth literature (Section 6.2.1); highlights some limitations of the concept in relation to the policy development challenges ahead (Section 6.2.2); and builds on the analysis in Chapters 2 and 4 to reflect on which problems would be resolved, and which would remain in a post-rent economy operating within resource constraints (Sections 6.2.3 and Section 6.2.4). **Section 6.3** focusses on the risks and opportunities associated with deploying the concept of rent as a tool for consciousness-raising and political persuasion.

For this evaluation, I draw occasionally on the concept of *non-reformist reforms* developed by French economist-philosopher André Gorz (1968a). For both practical and political reasons moving toward a post-growth economy in a democratic fashion will require multiple stages of reform, each preparing the ground for the next. Reformist approaches undoubtedly carry risks, including the possibility that reforms reduce the appetite and momentum for more transformational change, and thus ultimately reify the status quo (Gerber and Gerber 2017, p. 555, Spash 2020, p. 6). But these risks can be mitigated, Gorz argued, by organising and arguing for change in ways that pave the way for greater transformation: by modifying relations of power, deepening consciousness of the exploitation integral to the status quo, and pointing toward the possibility of alternatives (Akbar 2020). Such strategic considerations may have a bearing on how and whether post-growth economists choose to utilise the concept of rent.

6.2 The concept of rent as a guide for post-growth policy

6.2.1 The increasing attention to rent in the post-growth literature

Chapter 2 argued that the success or failure of the socioecological transition will depend critically on our ability to understand and mitigate the macroeconomic and distributional consequences of rent extraction and rent-seeking. If growth stalls while rent-seeking continues the likely result will be rising poverty and destitution, private and/or public debt crises and financial instability. Not only do rents tend, by definition, to flow towards the asset-rich, at the expense of everyone else, but many rents depend on the power to exclude people from accessing the resources necessary to meet basic needs. Failure to meet these basic needs affects physical and mental health, leading to ever greater strain on our health and social care systems (Commission on Social Determinants of Health 2008, Büchs 2021a).

When I submitted Chapter 2, the only post-growth scholars to directly address Piketty's thesis that slowing growth would lead to rising inequality were Jackson and Victor (2016, 2018). In Chapter 2, I indicated my desire to build on these analyses by developing a model which allows for the manipulation of rentier power. The need for such a model is now less urgent thanks to Hartley *et al* (2020), who follow a similar approach to Jackson and Victor but disaggregate *r*, to differentiate 'profits from interest, rents, and miscellaneous other returns such as from dividends and royalties'.[81] On the basis of their analysis the authors conclude that reducing the substitutability of labour for productive capital – the remedy highlighted by Jackson and Victor – will *not* be sufficient to prevent rising inequality, and they emphasise the need for additional measures to tackle inequality, such as caps on interest rates, rent controls, land value taxes and the provision of universal public services.[82] As such, their study provides confirmation for the core argument made in Chapter 2.

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[81] Interestingly, the authors distinguish profits from dividends. Presumably by profits they mean that portion of surplus that flows to managers who are active within capitalist firms. They appear to reserve the word rent for returns to land, which is much narrower than my use.

[82] Unfortunately, the authors also state that 'the creation of incentives for workers to obtain income through investing in shares' may 'form an important component of any policy mix' (Hartley *et al.* 2020, p. 248). I propose that this approach is misguided. See Section 6.3.3.

In recent years contributions to the emerging sustainable welfare literature have also made connections with the concept of rent. First, several note the role that taxation of economic rents could play in providing a more sustainable financial footing for the welfare system in a post-growth context (Bohnenberger and Fritz 2020, Büchs 2021b, Corlet Walker *et al.* 2021a). For example, Büchs advocates for switching to 'funding sources […] that are less affected by economic fluctuations, such as taxes on property, land, financial wealth, or inheritance' (2021b, p. 325). Second, researchers have highlighted the savings that could be made by resisting the financialisation of welfare provisioning systems, and the predominance of the profit-motive (Büchs 2021b, Corlet Walker *et al.* 2021a). For example, leveraged buyouts and asset-stripping of the residential and nursing homes by private equity firms has added considerable cost and risk to care provision both in the UK (Corlet Walker *et al.* 2021b) and across the OECD (Corlet Walker *et al.* 2022, p. e302). Although these contributions don't always explicitly use the term rent, their analysis clearly affirms the argument put forth in this thesis: that tackling rent extraction is a critical precondition for addressing the economic threats to wellbeing in a post-growth future.

Finally, in his influential book *Less is More,* Jason Hickel cites the research in this thesis to argue that 'when capital faces resource constraints… it turns to aggressive rent-seeking behaviour' (2020, p. 163). In his discussion of solutions, he argues that we need to tackle the power of 'extractive rentiers' (p. 228) and the creation of 'artificial scarcity' through waves of privatisation and enclosure (p. 232-4). Hickel notes the role of housing speculation in driving the accumulation of mortgage debt, and cites this thesis to support his claim that 'households with higher mortgages work longer hours than they would otherwise need to simply in order to stay afloat' (2020, pp. 237–8). He proposes imposing permanent rent controls, dismantling monopolies, replacing the 'rentier intermediation' of services like Airbnb and Uber with publicly-owned digital platforms, cancelling unjust debts, decommodifying basic goods, democratising workplaces and managing collective resources as commons wherever possible (pp. 217-238) – all reforms that align with the agenda set out in this thesis.

6.2.2 Limits of the concept of rent as a guide for policymakers

The concept of rent helps us identify core features of the current system that are incompatible with post-growth equity, but it offers relatively little guidance on how to reverse the rentierization of the economy. Perhaps the biggest political barrier is the fact that millions of home owners and private pensions have been imbricated into the logic of the asset-owning class (Buller and Lawrence 2022, p. 178). As noted in Chapter 3, the spectre of a dent in pension returns has been used to justify opposition to public ownership of utilities (e.g. GIIA 2019), even though only around six percent of UK share dividends and buy backs end up benefiting UK pension funds (TUC 2022, p. 2). Pensioners also frequently serve as a 'human shield' for the intermediaries that manage their savings – 'rentier financial institutions that take a share of the unearned income for themselves' (Sayer 2020, p. 9). Similarly, in the lead up to the 2019 election, the Conservative Party and politically-aligned newspapers attempted to frighten many homeowners away from voting Labour with the false claim that the Labour Party intended to tax away the capital gains made from soaring house prices.[83] The power of such misinformation campaigns stem from the fact that many homeowners have come to see their foothold on the 'asset escalator' as their most promising route to economic security.

As Buller and Lawrence (2022, p. 178) note, we cannot wish away this conjuncture or 'assume it will unravel'. Our challenge is to help the small-scale asset owner, both pensioner and homeowner, to recognise their interests as aligned with the majority, who have no option but to sell their labour to survive, rather than with the upper echelons of the asset-owning class. This requires designing policy carefully to avoid undermining the economic security of the petty rentier, even as we dismantle the asset economy.

This task is particularly challenging in liberalised housing markets like those in the UK, US and Australia (Adkins *et al.* 2019, 2020, Dutto 2021, Feygin 2021). Buy To

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[83] The 'basis' for their claim was an independent report for the Labour Party that I co-authored, which considered the pros and cons of introducing a capital gains tax on primary residences and concluded against it (Monbiot *et al.* 2019, p. 34). The Mail on Sunday nevertheless ran with the headline '*Homeowners would be taxed on the increase in the value of their home under bombshell plans being drawn up by Labour leader Jeremy Corbyn*', and this lie was repeated by senior Conservative politicians, the Telegraph, Express and Sun, among others. See https://www.theguardian.com/commentisfree/2019/dec/10/break-embargo-expose-press-lies-labour

Let landlords, speculation and easy credit have played such a big role in inflating house prices over the last quarter century, that serious attempts to rein in landlord extractivism and real estate speculation could easily trigger a house price crash, pushing ordinary homeowners into negative equity, and threatening the macroeconomic stability of the whole economy (Stratford 2020). A land value tax, as several post-growth economists propose, would do the same, unless introduced at a low level in place of council tax, for example.

Elsewhere I have set out one possible way to untangle this wicked problem (Stratford and McCann 2019, Stratford 2020). Briefly, the proposal involves establishing a publicly backed but independent Common Ground Trust which would buy the land beneath houses and lease it to members. People (including housing coops) could approach the Trust when they had found a house they wanted to buy and ask the Trust to pay for the land portion. They would then purchase only the bricks and mortar. Since bricks and mortar account for 30% of the price of a property on average, this would allow people to put down much lower deposits and take on much less mortgage debt than currently required, particularly in high land value areas. The new buyers would pay a land rent to the Trust. When moving house, they would sell their bricks and mortar, while the Trust would retain the title to the land. Thus the Common Ground Trust would be a vehicle for bringing land gradually and voluntarily into common ownership, so that land rents can be socialised. Crucially, it would also be a lever for managing demand in the housing market, making it safe to introduce rent controls, tax unearned property gains and ban Buy To Let mortgages, without crashing the housing market. The Common Ground Trust could also potentially function as a vehicle to help households out of negative equity following a fall in house prices: over-indebted households could sell the land underneath their homes at the value they purchased it, and use the cash to pay down their debt, without losing their homes.

An important priority for post growth political economists should be developing similar workarounds that would permit the socialization of land and other rent-bearing assets, or the rents that accrue to them, without harming the interests of millions of asset-owning (but nevertheless economically precarious) households. Table 6.1 summarises key existing proposals for addressing different types of rent, which could form the basis for future research and development.

While structural changes like public ownership of key assets can diffuse rentier power to a large degree, they are unlikely to represent the full solution. As Hartley *et al.*'s model shows, asset ownership need only be slightly unequal, for $r > g$ to ultimately cause rising inequality over the long term (2020, p. 248). Thus, more generic proposals, such as income and wealth caps and maximum pay ratios, are important complements, even if they cannot be relied upon to do the 'heavy lifting'.

Table 6.1: Possible institutions for reducing and redistributing rents

Type of rent-bearing asset	**Examples of methods for eliminating or capturing rent**	**Examples of ways to redistribute rent**
Natural Monopoly Infrastructures	Bring natural monopoly infrastructures into public ownership – e.g. energy, transport, telecommunications, water, the payment system and postal systems (We Own It 2019).	Provide minimum free entitlements to energy, transport, water, broadband, etc. (Coote and Percy 2020)
Digital platforms and data	Regulate platforms as a utility service where they operate in monopoly conditions; support the development of multi-stakeholder publicly owned platforms and alternatives; establish Data Trusts to steward data in the public interest (Hanna, Lawrence, *et al.* 2020, Meadway 2020)	Any revenues recycled to support democratic institutions to regulate data collection, guard against surveillance and prevent the enclosure of digital spaces.
The power to create money	Bring banks and the payment system into public ownership. This would also support the goal of financial inclusion, permit democratic control over allocation of new money to prevent inflationary lending (Berry and Macfarlane 2019).	Use revenue to guarantee everyone access to a minimum amount of low-cost finance, to support people setting up in self-employment, or dealing with unexpected cash flow issues.
Natural resources	Cap the throughput of key natural resources at a sustainable level; auction permits in line with this cap (e.g. rights to import/extract fossil fuels, minerals, to harvest wood, fish, etc) (Farley *et al.* 2015, Barnes 2021).	Redistribute revenue as equal per capita dividend to ensure the overall impact of higher resource costs is progressive (Boyce 2019).[84]
Intellectual Property (IP) rents	Expand public funding for R&D; require all publicly funded research to be freely available; reduce the length and scope of patents and copyright; remove IP protections where the innovation is not being used (Hanna, Brown, *et al.* 2020).	Not applicable – intellectual property reform reduces unnecessary rents, rather than capturing rent for redistribution.

[84] If the revenues from auctioning permits are used to fund state spending there is a risk that they may come to replace progressive income tax as a source of public funding. This shift would be highly regressive: although wealthier households use more energy and resources in absolute terms, low-income households tend to consume more as a proportion of their income (Owen and Barrett 2020).

Any remaining monopoly rents	A progressive corporation tax (Avi-Yonah 2020); a corporation tax that escalates with market share; robust anti-trust legislation (Meagher 2020).	Redistribute in the form of development finance for new worker-owned enterprises.
Land rents (housing rents)	Eventually, all housing and/or land publicly owned, or taxed at the full rental value. Initial steps might include: rent controls; capital gains taxes; expand public & cooperative housing sectors; establish a Common Ground Trust (Monbiot *et al.* 2019).	A 'people's land dividend' may be necessary to build support for a full land value tax. People could choose to take their dividend in the form of free or subsidised public housing.
Inheritance, capital gains, dividends, interest	Life Time Gifts tax (Corlett 2018, Roberts *et al.* 2018); financial transactions tax to discourage speculation (Boughey *et al.* 2021); monetary policy/banking reforms to reduce asset price inflation (Bezemer *et al.* 2018); end shareholder primacy and democratise corporate governance (Kelly 2012, Hockett 2019, Lawrence *et al.* 2020); interest rate caps; protect people from predatory lenders by having low cost finance available through public banks (see above); progressive wealth tax, with 100% marginal tax rate.	Fund generous public services, including life-long learning opportunities, libraries, healthcare, child care and adult social care.

6.2.3 Growth dependencies in a post-rent economy

Chapter 2 of this thesis focussed mostly on the *barriers* that rent-extraction and rent-seeking pose to an equitable post-growth future. The rent-free counterfactual encourages us to consider the flip-side of this analysis: how close could measures like those outlined in Table 6.1 get us to an equitable and stable post-growth economy? A recent working paper by Cahen-Fourot (2022), provides a useful framework for this analysis, since it summarises the feedbacks that transform profit-seeking behaviours at the micro-level into macro-level debt and unemployment crises.

As Cahen-Fourot observes, firms competing in a market face 'radical uncertainty' over their profit rate (Cahen-Fourot 2022, p. 15). Firms typically respond to this uncertainty by investing in order to expand output and revenue. Often this will involve taking on debt, thus increasing financial risk for both firm and lender. Firms also manage risk by minimising costs in order to maximise their profit margins

and/or reduce prices and expand sales. This often involves suppressing wages and/or replacing workers with machines.

A problem arises, however, if expectations of growth are not realised, since this can encourage more firms to pursue cost-cutting and fewer to invest. This fall in spending results in a lowering of aggregate demand, which feeds back into lower profit rates, and (in a context of high debt) can trigger a chain of defaults, pushing the economy into spiral of recessionary feedbacks (Cahen-Fourot 2022, pp. 15–16). Cahen-Fourot concludes that through 'this competition-crisis dialectic, the microeconomic growth imperative emerging from the market relation translates into a macroeconomic growth imperative' (Cahen-Fourot, 2022, p. 16).

What pressures firms both to take on debt and attempt cost-cutting is the market relation;[85] what permits them to suppress wages and/or fire workers as part of this strategy is the hierarchy inherent in the capitalist wage relation.[86] Cahen-Fourot argues, therefore, that crises of unemployment and debt are manifestations of a broader growth imperative arising from the wage relation and the market relation.[87] But markets are politically constituted, and thus malleable. Embedded in a different structure of laws, collective organisations and provisioning systems that no longer privilege the interests of capital, markets could function very differently (Buller and Lawrence 2022, p. 71).

Based on the findings of this thesis, I can augment Cahen-Fourot's analysis by considering the role of the rent-relation in creating the market behaviours described, and how the kind of policies sketched in Table 6.1 might alter these behaviours. Figure 6.1 illustrates the core feedbacks described by Cahen-Fourot (2022) that turn profit-seeking behaviours at the micro-level into macro-level growth dependencies (blue), as well as the contribution made by rent-extraction/rent-seeking (orange). Arguably, tackling rent-extraction and rent-seeking would have a significant dampening effect on these feedbacks, especially when combined with broader

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[85] Cahen-Fourot defines the market relation as 'a particular organization of production and exchange in which what is produced is to be sold against money' (2022, p. 14).
[86] Cahen-Fourot defines the wage relation as 'a particular form of labour organization [imposed] through a property separation between producers and the means of production' (2022, p. 14).
[87] His conclusions echo those of Gordan and Rosenthal (2003), who also locate capitalism's growth imperative in the uncertainty around profit rates in a competitive market economy.

measures to reduce levels of debt in the economy (Turner 2017, Hudson and Goodhart 2018, Jackson *et al.* 2022).

Figure 6.2: Macroeconomic feedbacks that turn profit-seeking into crises of unemployment and debt under conditions of low or zero growth

The feedbacks that Cahen-Fourot (2022) focusses on are in blue. The main ways that rent relation reinforces these feedbacks are in orange.

First, the hierarchical wage relation would disappear in a post-rent economy (Figure 6.1, A; see also Section 5.4). The redistribution of rents in the form of public services and/or cash transfers would free people to refuse work if they felt the pay or conditions were exploitative, or they were given insufficient agency within the workplace. If private share ownership continued to play a role in financing productive enterprises in a post-rent economy[88] – by no means a given (Hockett 2019) – shareholders and asset managers would likely be stripped of decision-making power within the corporation; policies supporting the democratisation of workplaces are likely to play a key role in tackling rentier power (Lawrence *et al.* 2020). In any case, checks on monopoly power (e.g., reforms to the intellectual property regime, limits on mergers and acquisitions, corporate taxes that escalate with market share) would make it easier for fully cooperative enterprises to flourish. Cooperatives are known for having fairer pay structures and providing more job security in periods of downturn (Navarra 2016). In these ways, the diffusion of rentier power would make firms less able and less inclined to use redundancies and pay cuts to maintain or increase profit margins.

Second, a key way that firms attempt to expand profit margins is through control of rent-bearing assets, such as privatized infrastructure and patented knowledge, which is missing from Cahen-Fourot's account. This rent-seeking leads to high prices for essentials, squeezing household budgets, thus exacerbating the tendency toward deficient demand (Figure 6.2, B). The nationalisation of key monopoly infrastructures, reform of the intellectual property system and similar interventions would remove this part of the feedback loop.

Third, high levels of debt in the economy owe their existence to debt-fuelled rent-seeking. In Chapter 2 I focussed on the expansion of bank credit to fund speculative asset purchase. But a large proportion of corporate bond issue is also used for rent-seeking, for example through share buy backs and leveraged buy outs (Figure 6.2, C) (Lazonick and Shin 2019). Unlike equity investments, debts are fixed in nominal terms when the loan is made, and they require interest to be paid. If interest payments cannot be covered, the outstanding debt will grow exponentially. The threat of

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[88] Some readers may wonder how share ownership could be compatible with a post-rent economy. If the rate of inflation is deliberately kept at, say, 3%, then a return on investment of 3% would merely permit savers to maintain the value of their savings.

compounding debt increases the incentive to cut labour costs. Meanwhile, speculative rent-seeking inflates asset prices (Figure 6.2, D). This increases the risk that asset prices will fall when debtors resort to distress selling of assets (Minsky 1986). Falling asset prices then push other debtors into negative equity. With opportunities for debt-fuelled rent-seeking closed (and broader measures to encourage a shift from debt to public equity finance), these feedbacks could be substantially weakened.

It is true that even with these various transformations firms operating in a market would still face uncertainty over their profit rate, and thus remain under some pressure to look for efficiency savings. It is plausible that workers might agree that it is in their interests to use productivity gains to reduce input costs and increase profit margins (rather than boost wages or cut working hours) in order to reduce the uncertainty over future solvency. The risk would remain, therefore, that 'technological progress embedded in the market is […] used to maintain or increase the profit rate [instead of…] redistributed as working time reduction' (Cahen-Fourot 2022, p. 15). The question, then, is whether a post-rent post-growth economy could absorb such behaviour, through a combination of working time regulation, minimum wages, progressive profit taxation, and countercyclical state spending to maintain a balance between firms cutting costs, and firms investing (Figure 6.3). If so, then an equitable post-growth economy may be achievable without the need to eliminate all market interactions and independent enterprise.

It is important to stress, however, that for the redistribution of rents to have the empowering effect proposed it would need to be comprehensive.[89] As Marx warned in relation to the Corn Laws, a reduction in land rents might reduce food prices and thus lower living costs, but if it does not free people from the imperative to sell their labour; capitalist owners could capture the benefit by driving wages down (Marx 1888, Edel 1977). On the way to a rent-free economy, a joined-up policy approach will be needed to prevent losses for one group of rentiers becoming gains for another group of rentiers or capitalist managers. Defences could include minimum wages,

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[89] As noted in Chapter 5, this is not the agenda that many of those advocating to 'take on the rentiers' have in mind, which may partly explain why post-growth political economists have neglected the concept of rent: they may interpret the call to 'tackle rentier power' as a means of 'rescuing capitalism' rather than transcending it.

collective bargaining rights and mandatory worker representation on boards (Lawrence *et al.* 2020).

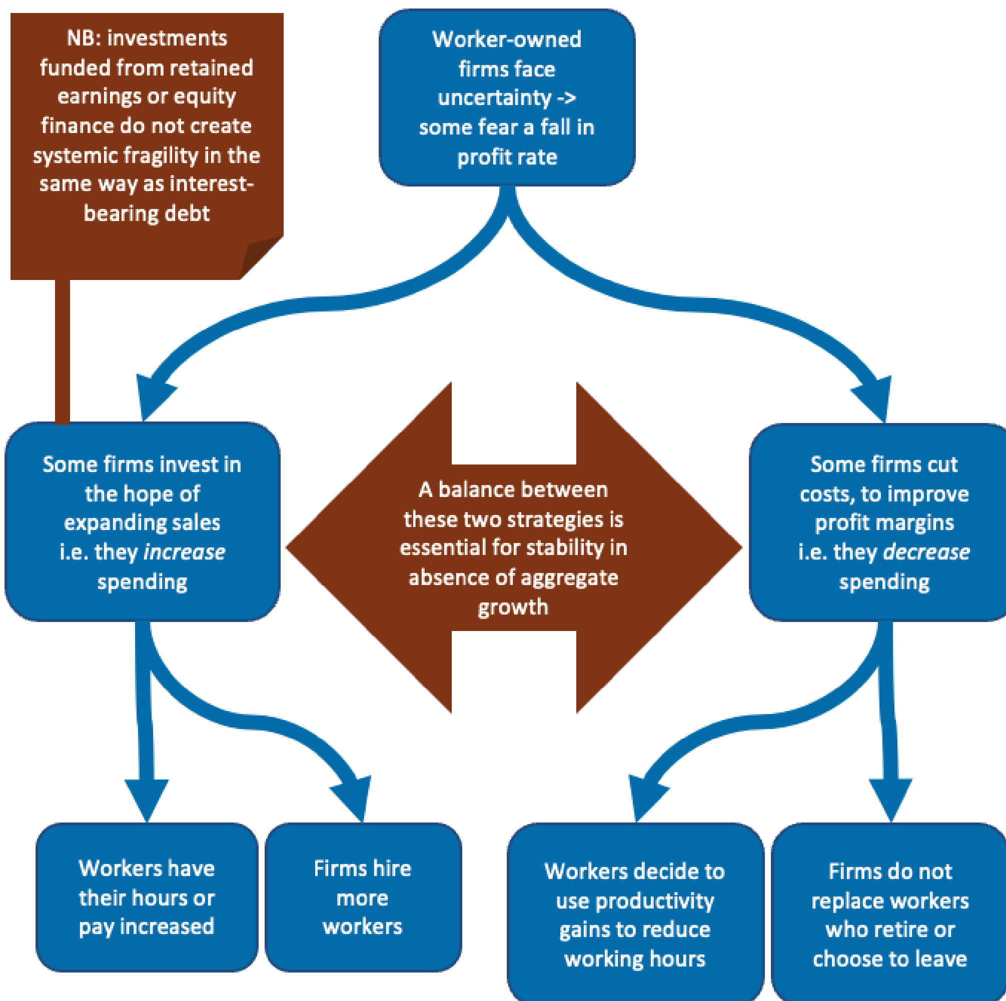

Figure 6.3: The necessary balance between investment and cost-cutting to maintain stability in the absence of growth

6.2.4 Diffusing rentier power will not solve all market 'failures', but it can support a more democratic economy.

Despite its transformational potential, ending rent extraction is not a silver bullet that will make markets function as they are imagined to in neoclassical theory. First, arbitrary prejudices and partiality would still create economic injury and advantage

in a rent-free economy (albeit less so). Second, uncertainty and information asymmetries would persist, leading to over- and under-estimates of the quality of any given product or the sacrifice entailed in any given undertaking.

Third, even if we assume that information is perfect and prejudice is eliminated, the idea that any market (or indeed bureaucracy) could isolate and reward the contribution of a single individual to 'value-creation' is fantasy. Production and innovation are social processes, involving complex webs of collaborators, which extend far beyond the private companies that finally bring a novel good or service to market (Hobson 1900, pp. 144–5, Veblen 1918, pp. 103–8, Nitzan and Bichler 2009, pp. 219–220, Lazonick and Mazzucato 2013).

Fourth, entrepreneurs in a rent-free economy would remain capable of inventing products, services and marketing techniques that are damaging to health, wellbeing and the environment – that destroy more 'value' than they create – whilst neglecting risky but beneficial forms of research and innovation. Since inequality would be kept within strict limits, the consumption preferences of the rich would no longer act like a powerful 'magnet', diverting finite labour and resources away from need satisfaction, into the production of luxuries and 'futilities' (Tawney 1920, p. 39). But the attenuation of this distortion would not remove the need for democratic deliberation to determine what economic activities create value for society, and to devise policies that would channel private sector behaviours in the right direction. Such policies might include limits on the forms and extent of advertising, since marketing campaigns can be easily as wasteful of human and natural resources as many forms of rent-seeking. It may also involve governments funding more risky but socially beneficial forms of research and innovation, and claiming a share of any profits arising from such knowledge-building (Mazzucato and Semieniuk 2017, Hanna, Brown, *et al.* 2020).

What the removal of the rentier class *would* do is reduce the likelihood of democratic processes being corrupted. Concentrations of wealth (both an expression and consequence of rentier power) undermine democracy, making governments less likely to guide investment or regulate production for the common good (Jong-sung and Khagram 2005, Lawrence 2014, Gylfason 2019, Lindberg 2019). Moreover, the redistribution of rents would alleviate the precarity and hardship that make it difficult

for ordinary citizens to participate in the political process and exert effective democratic oversight.

6.3 Communicating with the concept of rent: risks and opportunities

6.3.1 Rent as a 'wedge concept'

To build a broad coalition of support for the kind of policies outlined in Table 6.1 will require us to unpick the narratives used to justify inequality, which are prevalent in mainstream discourse: 'The wealthy are wealthy because they worked hard and created value'; 'The poor are poor because they're lazy or unwilling to embrace change'; 'Anyone can rise to the top if they work hard enough'. I have argued (Section 2.6.1) that in the face of such narratives, simply asserting that inequality is bad will not be sufficient. At the same time, we cannot ignore that certain words and arguments can trigger a knee-jerk dismissal from those who have been socialised to believe that 'There Is No Alternative' to capitalism (Séville 2017), or that any attempt to build an alternative to capitalism will involve unacceptable curtailments of personal freedom (Cohen 1981).

The hypothesis that motivated the message-testing research in Chapter 3 of this thesis, is that the concept of rent can help us build arguments and frames that navigate around both barriers to change. First, it allows campaigners to build from ethical positions already widely embraced—e.g. that people should be rewarded for their contribution, not merely their power; that individuals should be able to negotiate prices and contracts from a position of freedom not coercion.

Second, it has a wedge-like quality: campaigners can start at the thin edge of the wedge, highlighting the most egregious exploitation of rentier power and the eminently feasible reforms that would permanently neutralize that power. Effective rent frames build an association between private control over scarce/monopolised assets on the one hand, and experiences of coercion, exclusion and injustice on the other. Once this association is more firmly established in the popular consciousness, campaigners may be able to push the wedge deeper, using the same language and arguments to highlight extractive power elsewhere in the economy.

Third, the rent frame offers a way to connect fairly moderate reforms to a broader critique of capitalism and vision of transformation. Gorz argued that connecting reforms to a wider vision of change is all the more important if socialists are to ally with more moderate social democrats and liberal reformers, who tend to see reforms as ends in themselves (Gorz 1968b, p. 115, Engler and Engler 2021).

For example, raising taxes on capital gains and dividends is a modest reform that social democrats and liberal reformers could be persuaded to support. Such tax changes are often justified on the grounds that 'those with the broadest shoulders should contribute more'. But this framing implies those paying higher taxes are doing society a favour, carrying a heavier burden, rather than giving back what should never have been taken in the first place. By contrast, a rent-framed justification might insist that 'it's only fair that people who are cashing in simply from owning property should be taxed at a higher rate than people who've earned their money by going out to work'.

Similarly, entitlements to free public services could be framed as 'helping households meet their basic needs'. But the word 'help' suggests a charitable gesture. A rent-framed justification might assert that services flowing from common infrastructure or common resources are an entitlement. For example, the proposal for a free energy entitlement could be justified on the grounds that 'every household should be able to enjoy a fair share of the energy resources that belong to all of us – the fossil fuels in the North Sea and the wind power captured on our coasts'. In this way, even if the reform is relatively modest, it can be articulated in a way that advances both 'a radical critique and radical imagination' (Akbar 2020).

The survey undertaken for Chapter 3 offers partial support for these hypotheses. First, it provides evidence that the values underpinning the rent frame are widely held, indicating high levels of agreement with the principle that companies should not be able to profit from simply controlling natural resources and infrastructures that we all rely on, and with the idea that society should reward people for their effort and contribution.

Second, it demonstrates that rent frames can be an effective consciousness-raising tool, especially for audiences lacking rentier power. Tellingly, the rent frame that

proved most effective across the sample as a whole was the one highlighting a form of rent extraction that a large number can relate to (having little choice but to pay high water bills and train fares) and drawing attention to a sector where public ownership is a relatively familiar remedy to the problem of rent extraction. This finding underscores the importance of starting at the thin edge of the 'wedge'.

However, the analysis in Chapter 3 also shows that analogies designed to connect the case for public ownership of energy to a more radical critique of rentier power do not always resonate.

6.3.2 Attacking rentier power without alienating the small-time rentiers

A key challenge for the post-growth movement is how to raise consciousness of the injustice of rents without alienating people that we need in our coalition of social forces, such as the private pensioners and homeowners discussed in Section 6.2.2. The message-testing study suggested a few potential strategies that may work when communicating with groups like this who might perceive the anti-rentier agenda as threatening their own interests.

First, rather than focusing on the 'undeservedness' of shareholders and homeowners, campaigners could focus on the experience of those that are short-changed by rentier power, and particularly on the way that private ownership of scarce and monopolized assets infringes on freedom, by restricting the choices available to those excluded (Macpherson, 1973; Sen, 2001). The most effective rent-framed message in our study was the one that explicitly evoked an experience of coercion, and one that many ordinary people can relate to.

Second, campaigners could try maintaining a more impartial tone. Casting explicit moral judgement on your audience is likely to provoke defensive reasoning (Bandura 1999, Sheets *et al.* 2022), and it might also compromise the credibility of the message as a source of impartial information (Callaghan and Schnell 2009, de Vries *et al.* 2016). The *Simple Efficiency* message implied that shareholders were benefiting at the expense of customers, and that these dividend payments were

ultimately unnecessary. In that sense it did invoke a subtle rent frame, but it did so whilst maintaining a more impartial, non-moralising tone.

Alternatively, campaigners could focus moral disapproval on rentiers benefiting from shareholder returns or property income who are harder for ordinary members of the public to identify with, such as the asset managers Blackrock, Vanguard and State Street who collectively cast an average of about 25% of the votes at S&P 500 companies (Hirst and Bebchuk 2019). All of these strategies warrant further testing.

6.3.3 The risk of misinterpretation versus the case for ambiguity

The deployment not just of the rent frame but of the term *rent* itself presents additional challenges. In Chapter 4 I showed that terms like rent and rent-seeking have a very different meaning in neoclassical economics to the one intended in this thesis. The use of such terms, if left undefined, could thus inadvertently reinforce flawed theoretical and normative positions, including the notion that removing protections from capitalist competition can improve the efficiency and justice of distributional outcomes (Section 4.3.2).

The neoclassical definition took root partly because of the failure of early rent theorists to identify a coherent benchmark for measuring scarcity-based rents. Accordingly, I posited that a robust defence against the neoclassical interpretation would require rent theorists to address this ambiguity in the scarcity-based definition of rent (Section 4.4). Chapter 5 evaluated one possible way to address this weakness: use opportunity costs in the rent-free counterfactual as a benchmark for measuring rent – that is, the prevailing price of a given service (labour, loan of capital, loan of land) in a context where avoidable scarcities and monopolies are removed, and control over persistently scarce or monopolised assets is equitably distributed (thus removing the imbalance of power that permits rent extraction).

I could not confidently conclude that invoking this benchmark would necessarily bolster the scarcity-based understanding of rent. First, it draws attention to the impossibility of drawing a neat dividing line between rents and non-rents. I propose that it is more fruitful for socialists and progressives to focus attention on the *source*

of rentier power – the unequal ownership of assets which creates injustice and inefficiency – than encourage, through talk of 'benchmarks', the idea that rents can be accurately measured. The category of rent is necessarily amorphous.

Second, describing a rent-free economy as one in which 'control over rent bearing assets is equitable' permits the conclusion that the problem of rent might be tackled by extending asset ownership to greater numbers of people – through, for instance, auto-enrolment in workplace pensions or Help To Buy schemes for first time buyers. Quite apart from the fact that Help To Buy has added further fuel to an over-heated market (Collinson 2017), or that tying retirement welfare to volatile financial markets is failing pensioners (Ortiz *et al.* 2018), these approaches risk increasing the proportion of the electorate who believe their most promising route to retirement security is through inflating asset prices, rather than through well-funded public services (Seabrooke and Schwartz 2009, Adkins *et al.* 2020). This risk was highlighted, to some extent, by the results of the message-testing study in Chapter 3, which revealed that private pensioners and outright homeowners were less supportive of public ownership and redistributive taxation than the rest of the sample, regardless of what message they were exposed to. To be non-reformist, our economic reforms need to move us away from the logic of private asset-based welfare.

The third key issue with using the rent-free counterfactual to clarify the meaning of rent is that it may undermine one of the strategic potencies of the concept: that is, its capacity to turn erstwhile supporters of capitalism into allies for reform. Until the interests of capital have been substantially weakened, getting into political office and implementing non-reformist reforms that meaningfully shift the balance of power will almost certainly require alliances with certain portions of the capitalist class. Take capital mobility: the freedom to 'run away' is one of the main sources of capitalist political power in the current neoliberal regime (Crotty and Epstein 1996, p. 121). No attempt to build a post-rent post-growth economy is likely to succeed unless capital controls are in place. There are influential portions of the capitalist class engaged in producing goods and services who could be persuaded that capital controls are in their long-term interest – a means to rein in 'short-sighted financiers with their speculative interests, stunting capitalism's productive dynamism' (Zacarés 2021, p. 48). As Crotty and Epstein note, 'one reason the New York bankers were not even more effective in striking controls from the Bretton Woods agreements was

that industrial capitalists in the US and elsewhere rejected free capital mobility' (1996, p. 124). But such interests will likely mobilise to obstruct reform, through their connections to media and policymaking elites, if they suspect that the freedoms afforded to government by capital controls will be used to undermine their own power. Thus, being explicit about the ultimate goal of emancipating people from the compulsion to sell their labour might threaten the construction and maintenance of strategic alliances necessary to win critical reforms (like capital controls) that would pave the way for greater transformation.

Given these considerations, it may be strategic for certain actors in the post-growth community – particularly those operating in policy circles – to tolerate just enough ambiguity in their definition of rent to build and maintain such alliances. But this is an undeniably risky course to chart. Not least because the mainstream discourse around rent (even scarcity-based rent) includes narratives that are unhelpful to the post-growth agenda – in particular, the false dichotomy between rent-seeking and profit-seeking, where the latter is portrayed as 'productive' and (supposedly) 'non-extractive'. To avoid reinforcing such narratives, post-growth economists could substitute 'unproductive' for terms like 'wasteful' or 'socially useless' and emphasize the need to free up time and resources for more socially beneficial purposes. Similarly, rather than contrast the financial rentiers with the heavy weights of the 'real' economy, which wield their own forms of rentier power, a contrast could be drawn between rentiers and ordinary workers, as well as the 'mesh of unremunerated activities and resources that sustain the economy' (Buller and Lawrence 2022, p. 34).

7 Conclusion

This thesis is the first piece of scholarship to examine in detail the usefulness of the concept of rent for post-growth political economy. This final chapter summarises the contributions I have made (Section 7.1), highlights the limitations and outlines avenues for future research (Section 7.2), and offers some concluding remarks (Section 7.3).

7.1 Contributions of this thesis

7.1.1 Post-growth policy development must take account of rent

This thesis highlights an important blind spot in the post-growth literature, and in ecological economics more broadly: the threat of intensified rentierism in a resource-constrained (and thus likely growth constrained) future.

In Chapter 2, I warned that in a post-growth economy, profit-making strategies predicated largely on output expansion, such as investing in economies of scale, qualitative product improvements and innovations in marketing, will be less fruitful and more risky. In this context many more companies and individuals will focus instead on acquiring rent-bearing assets and constructing barriers to competition. Such a shift in profit-making strategies will lead to the further inflation of asset prices (including land and housing), market consolidation through mergers and acquisitions, predatory lending, pressure for the privatisation of commons as well as costly legal battles over intellectual property – all exacerbating inequality and financial instability.

I show that rentierism and rent-extraction play a critical role in several key growth dependencies identified in the post-growth literature – namely, our reliance on growth to avoid debt and financial crises, unemployment crises, widening inequality and destitution. I show that remedies for each of these macroeconomic threats depend upon closing opportunities for rent-seeking, and socialising unavoidably scarce and monopolised assets and/or the rents that accrue to them.

Following from this, another key contribution is the proposition of a paradox in the relationship between rent and growth. On the one hand, rentierism and rent-extraction dampen the drivers of growth – by driving inequality and thereby squeezing demand, by diverting surplus from productive investment and into rent-seeking, and by increasing the frequency and severity of financial crises. On the other hand, the threats of rentier-driven debt, unemployment and destitution create a political imperative for governments to find ways to stimulate growth, and to reject environmental protections that would hamper this growth. I call this the ‘rentier growth imperative’ (Figure 7.1).

These insights have important implications for the success or failure of different strategies for socio-ecological transition. Specifically, I show that reining in rentier power is a pre-condition for imposing tough limits on resource use without social damage, and tough limits on resource use and waste emissions are a precondition for reining in rent extraction without environmental damage.

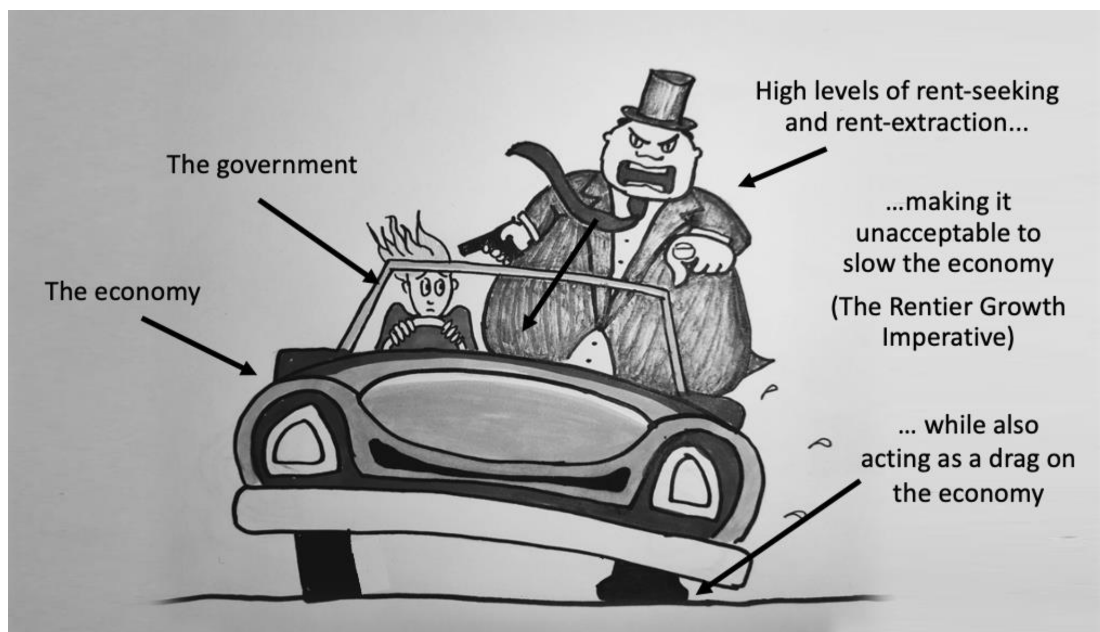

Figure 7.1: The Paradox of Rents: an analogy

7.1.2 Rent as a frame for popular education and persuasion

Successfully advocating for the reduction and socialisation of rents will require persuasive communications. Chapter 3 tests the efficacy of different rent frames as a tool for persuasion and awareness-raising, and is, to my knowledge, the first study to do so. Using the campaign to renationalise the UK's energy system as a case study, I evaluate the capacity of four different messages to boost support for public ownership of the energy system, as well as their propensity to produce intended and unintended spill-over effects, in terms of broader attitudes about how the economy does or should work. The results are instructive both for those advocating for public ownership of utilities and for tackling rentier power more broadly.

First, across the sample as a whole our rent frames did not produce the strongest support for a publicly owned energy system. The simpler message focusing on the savings that could be made through public ownership proved more effective on this measure. Its brevity and focus on the experiences of struggling households may have played a part in its efficacy. But our analysis also highlights that the moral judgements on energy shareholders and landlords implicit in the rent framing likely alienated some of those beneficiaries participating in the study. By portraying these groups as undeserving, the rent-framed messages appear to have made some respondents less receptive to the arguments.

Second, the study provides empirical evidence that well-chosen rent frames can nevertheless be effective, particularly in terms of broader consciousness-raising – increasing support for the redistribution of rents and decreasing approval of rentier power more generally. Our analysis suggests that highlighting an experience of coercion that many can relate to – that is, having little choice but to pay high water bills and train fares – is particularly powerful. The fact that public provision of water and train services is a popular and familiar remedy to rentier power may also have helped this rent frame to resonate.

Thirdly, our study provides empirical evidence suggesting that the rent frame does not weaken support for the unemployed. This is an important finding, as concerns have been raised that by emphasising the message that hard work deserves reward, the rent frame could erode solidarity with unemployed people. Instead, we find that

people can conceptually distinguish the unearned income flowing to rentiers and the unemployment benefits that form part of our shared social security system.

Overall, the study highlights the need for the rent frame to be tailored according to audience and purpose. When communicating with the population as a whole – and where it is critical to reduce opposition from recipients of asset-based income – it could be strategically useful to: 1) take a more impartial tone, highlight the inefficiency of rent extraction, but avoid moralizing language about the unearned nature of rents; 2) focus on the coercion and loss of freedom experienced by those who are in a weak position due to concentrations of rentier/monopoly power; 3) use analogies with forms of rentier power familiar to your audience, and where the solution you propose has been widely accepted; and/or 4) where possible draw attention to rentiers who are difficult for the population at large to identify with.

7.1.3 Contestations around the definition of rent

This thesis makes several contributions to rent theory and the history of economic thought through its exploration of research question 3.[90]

The discussions in Chapters 2 and 3 assume a scarcity-based understanding of rent. This understanding first gained traction in the late 1800s and is generally used to delegitimise incomes arising from the control of scarce and monopolised assets and build the case for their socialisation. But since the late 1970s, public choice theorists and neoliberals more generally have deployed a very different understanding of rent in order to frame those pushing for welfare provision, collective organising rights, minimum wages, and a range of other policies aimed at protecting people from the disciplines of capitalist competition, as ‘rent-seekers’.

While several theorists have noted the discrepancy between the two understandings, none, to my knowledge, have offered a detailed explanation of how such rival understandings evolved. Chapter 4 fills this gap in the literature. It offers a novel

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[90] Research Question 3 asked: What potential misunderstandings and confusions could arise when using terms like rent, rentier and rent-seeking? Can and should the definition of rent be clarified if such terms are to be used by post-growth political economists?

account of the flaws in early rent theory, and ambiguities in the later Robinsonian definition, that permitted the understanding of rent to be gradually bent out of recognition (Figure 4.3).

Early rent theorists agreed that rents were surplus incomes, analogous to land rents in the sense of being extracted through control of scarce or monopolised resources, but they struggled to specify a definition of surplus that fit with their portrayal of rents as both unearned and inefficient. Eventually, Joan Robinson filled the theoretical vacuum with a new proposed benchmark: the minimum necessary to *keep a factor of production in its current use*, which she argued was largely determined by the payment a factor of production could attract 'in the next most profitable use' (1969 [1933], p. 107). With this new definition, Robinson explicitly abandoned the earlier rent theorists' concern with distributional justice and focussed on isolating that portion of income that was economically 'functionless', in the sense that it could be removed without altering the existing allocation of resources and labour in the economy.

I propose that the Robinsonian definition – *income in excess of opportunity cost* in its most concise formulation – proved popular with neoclassical economists because it appears aligned with the Efficient Market Hypothesis: perfectly competitive markets deliver 'efficient' outcomes by eroding any difference in the price of equivalent units of labour and capital, and thus eliminating incomes in excess of opportunity cost. It is apparently on this logic that *payment in excess of opportunity cost* became conflated with *payment in excess of competitive price* (e.g. Tollison 1982, 575). But, as I show (Figure 4.2), this conflation ignores the reality that existing opportunity costs are not determined under conditions of 'perfect competition', not least because of the unequal distribution of scarce and monopolised assets. The denial of this reality is convenient for the asset-rich, and those – like public choice theorists and neoliberals – who wish to present competition between actors in the same class (landlord vs landlord, asset-poor worker vs asset-poor worker) as sufficient to bring about a just and efficient distribution.

Chapter 4 thus highlights that the terms 'rent' and 'rent-seeking', when left undefined, carry a serious risk of misunderstanding. At worst, their use could

inadvertently reinforce a set of flawed theoretical premises and counterproductive normative positions.

7.1.4 Plugging the hole at the heart of rent theory: The rent-free counterfactual

Chapter 5 explores one way to address the weakness in early rent theory that permitted the appropriation and repurposing of the concept of rent: it proposes a benchmark for measuring rent that is consistent with the scarcity-based definition. As such, it offers a potential answer to a question that has not been satisfactorily answered since the concept of economic rent first gained traction 150 years ago.

If, following the earliest rent theorists, we understand rents as *surplus incomes arising from control over assets that are persistently scarce and/or monopolisable*, then a rent-free economy would be one in which artificial scarcities and monopolies have been removed, and control over any unavoidably scarce or monopolised asset is equitably distributed so it no longer provides systematic advantage to one class or individual. Arguably the only way to know what proportion of any income is extracted through rentier power is to remove that source of rentier power and see what income the recipient can negotiate in its absence. The rent-free counterfactual therefore offers a theoretical benchmark for distinguishing rents from non-rents. Rents are simply rewards exceeding the maximum that could be demanded for a given generic service (e.g. labour, loan of capital) in a context characterized by equitably distributed control over persistently scarce and monopolisable assets.

Though it is unlikely to be enthusiastically embraced by mainstream rent theorists, the rent-free counterfactual nevertheless provides several useful insights for political economy. First, it suggests that attempts to measure the precise portion of income or profit that is rent are unlikely to be fruitful. I have argued that the focus should instead be on understanding what gives rise to rents and designing institutions that can reduce rents, or where scarcity or monopoly is unavoidable – e.g. in the case of finite resources and natural monopoly infrastructures – ensure that the benefits flowing from access to these rent-bearing assets are equitably shared.

Second, the rent-free counterfactual invites us to re-evaluate prominent ideas in the mainstream discourse around rent. In particular, it suggests that if the project of diffusing rentier power is taken to its logical conclusion, the automatic power of capital to exploit cheap nature and cheap labour would be undermined. Emancipated from the rent relation, and thus freed from the compulsion to sell their labour to survive, many people could choose to reduce their paid working hours to prioritise activities outside the formal economy. Moreover, for the rents arising from the finitude of our natural resources and ecosystems to be fairly shared, these assets would need to be brought under democratic control. If the new institutions mandated to steward these natural resources in the interests of all (including future generations) were to do their job effectively, corporations would no longer be permitted to externalise the costs associated with their exploitation and degradation of ecosystems.

Thus the rent-free counterfactual reveals a second paradox in the relationship between rent and growth. On the one hand, modest measures to tackle rentier power are likely to boost growth, for reasons already outlined. On the other hand, a comprehensive dismantling of the rent relation could cause output to naturally fall as people choose to prioritise leisure time and environmental protection, over consumption.

7.2 Limitations and avenues for further research

7.2.1 The role of rent in macroeconomic outcomes

Policy development for a post-rent economy

This thesis has explored what rents are, why we must be rid of them if we want an equitable post-growth future, and what risks and opportunities arise from using the concept of rent for political persuasion and consciousness-raising. It has given less attention to the specific institutions needed to limit opportunities for rent-extraction and socialise unavoidable rents. While Chapter 6 provides an overview of potential policy solutions, more research is needed to demonstrate the practical viability of

moving toward a post-rent economy. Policy questions that warrant further research are numerous, but the following three feel particularly pressing.

The first concerns fossil fuel rents and carbon rents. Constraining fossil exploitation to keep within a 1.5 or 2°C budget would radically reduce the flow of fossil fuel rents to existing producers and while creating a novel climate rent,[91] potentially worth trillions of dollars. There are complex ethical and political dilemmas relating to the distribution of such rents both between and within countries, which warrant urgent attention (Edenhofer *et al.* 2013, Kalkuhl and Brecha 2013, Kartha *et al.* 2018).

The second concerns the monopolistic power of the digital giants like Amazon, Facebook and Google. How can we liberate the democratic and collaborative potential of the platform from the logic of profit maximization (Hanna *et al*., 2020), whilst protecting people from surveillance and manipulation that is made possible by our engagement with such technologies?

The third concerns the challenge of tackling rents arising from control of financial assets, while at the same time a) protecting the economic security of private pensioners; and b) reducing the volume of debt in the private sector to minimise financial fragility. Experiences in countries that have successfully reversed the privatisation of their pension systems may offer insights for meeting the first criteria (Ortiz *et al.* 2018). Compelling arguments have been made for replacing private finance with publicly-created credit finance (e.g. Hockett 2019), but the particular problems posed by debt in a post-growth context suggest that public equity finance may be more a more suitable (e.g. Hudson and Goodhart 2018).

Rent-extraction from the Global South

A second important limitation of this thesis is its focus on barriers to an equitable post-growth economy in the UK and similar wealthy capitalist economies. It has concentrated therefore on those forms of rent extraction driving inequality, debt and

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[91] The climate rent arises from the creation of a new form of scarcity: limited rights to deposit greenhouse gases in the atmosphere.

unemployment within such economies, and has not explored the role of Britain and other imperial powers as rentiers in the global political economy. Future research should consider how the concept of rent might enhance our understanding of processes of wealth extraction from the Global South to the Global North, including, for example, through the hierarchical global financial system (Seabrooke 2004, 2007, Svartzman and Althouse 2022).

Marxian rent theory

Chapter 4 focuses on two definitions of rent that might be considered the most influential and least compatible within a highly syncretic concept: the scarcity-based definition that gained traction in the late 1800s, and the neoclassical definition of income, widely adopted in the mid-twentieth century. There are, however, other understandings of rent that merit their own genealogy – most obviously Marxian understandings of rent. Future research could explore what a Marxian framework could add to our understanding of rentier power and the rentierisation of capitalism (Vercellone 2010, Mason 2021).

Modelling for a post-rent economy

In this thesis I have started exploring the implications of rent extraction and rent seeking for macroeconomic outcomes in a post-growth economy using a largely conceptual and theoretical approach. Building on these insights, it would be valuable to develop quantitative ecological-macroeconomic models that incorporate such dynamics and policies to deal with them.[92]

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[92] In 2019 I spent three months working under the supervision of Professor Peter Victor on a system dynamic model of the housing market, with the intention of using it explore the impact of speculation and landlordism on inequality under conditions of positive and negative GDP growth. I concluded that system dynamic modelling was not well suited to the task, and that agent-based modelling would be better able to capture the dynamics in question, particularly the divergence of household fortunes over time. For example, a Bank of England working paper by Baptista *et al.* (2016) captures the house price dynamics that arise from Buy To Let behaviour and variations to macroprudential policy and could be extended to study the effect of such factors on inequality.

7.2.2 Communicating with the concept of rent: gaps that remain

The empirical work in Chapter 3 could usefully be expanded by:

- Testing rent frames in other contexts; especially going beyond policies like renationalisation that already have high public support to look at, for example, intellectual property commons, capital gains taxation, or the common/public ownership of land and homes.

- Testing alternative frames that align well with the post-rent post-growth agenda, but draw on different values and mental associations, including the ideas of *democratising* and/or *decommodifying* sections of the economy.

- investigating how rent frames perform when counterposed with specific narratives that support the status quo, such as ‘people should be rewarded for saving and investing’ or ‘public ownership tends to be inefficient’.

- Studying how how people interpret and evaluate rent frames in more deliberative and interactive settings, such as focus groups, to develop new and better ways to convey the concept of rent.

- Moving on from attitude-testing to investigating how rent frames affect willingness to act in support of change.

The empirical work in this thesis focussed on testing rent *frames* with the general public. But I have warned also that using the *term* rent could lead to misunderstanding, with unhelpful consequences. Further research would be useful to better understand how policy audiences understand terms like ‘rent’, ‘rent-seeking’ and ‘rentier’, what mental associations they trigger, and what solutions they bring to mind.

7.3 Concluding remarks

The goal of 'a good life for all within planetary boundaries' (O'Neill et al., 2018) cannot be achieved while a small fraction of the population retains the power to consume and discard a majority of the earth's finite resources (Buller and Lawrence, 2022, p. 5). The unequal control over persistently scarce and monopolized assets undergirds this power. Just because 'persistent', 'scarce' and 'monopolised' are relative concepts and there are no neat dividing lines between monopolized and competitive, scarce and plentiful, or persistent and fleeting, does not make the resulting coercion any less real or dangerous, particularly in a post-growth context.

Neoclassical theories of marginal productivity have obscured the mechanisms of accumulation and exploitation, and provided a veneer of legitimacy to unequal distribution, just as religions, myths and theories of divine right, provided justification for many pre-capitalist hierarchies (Nitzan and Bichler 2009). Making these rent-based relationships explicit provides a way to challenge the idea that markets distribute incomes fairly or that capitalism enhances freedom. This thesis has explored both the risks and the opportunities of such an approach.

The project of tackling rent is typically portrayed as a means to reduce inequality and boost growth. To use Piketty's terminology, tackling rent permits the simultaneous reduction in r and stimulation of g. For many, the purpose of tackling rentier power and closing opportunities for rent-seeking is to restore capitalism's legitimacy and stability.

But merely tipping the balance from rent-seeking back toward productive investment is not the remedy that the present conjuncture demands. Further growth implies the further appropriation of ecological space, and the further erosion of the Earth's capacity to support people's basic needs. It means spoiled harvests, drowned coastlines, dried rivers. Thus, accumulation based on output expansion has become another form of accumulation by dispossession. Growth cannot be positive-sum when pursued in an ecosystem that is close to collapse.

If ecological limits – whether self-imposed or imposed by nature – force g to zero, then we must find a way to force r to zero too. It is naïve to imagine redistributive taxes capable of this job – of clawing back the unearned millions that are siphoned

upwards every day, often to be hidden offshore, by global elites. Rather, we need to subvert and denude their extractive power, through structural changes to the ownership and governance of key rent-bearing assets, such as land, energy resources, finance, protected knowledge and monopolised infrastructure. In practice this means bringing (or returning) many such assets into public (or common) ownership or stewardship, dismantling artificial sources of scarcity and monopoly, and regulating certain forms of rent-seeking out of existence. The remaining rents accruing to assets that are impractical or undesirable to remove from private control, can then be 'mopped up' by redistributive taxation.

What I am proposing here, as a pre-condition for ending our growth dependency, is nothing short of an effective reversal of enclosure. Of course, the barriers to such a project – both practical and political – are immense. But human history is littered with examples of ordinary people coming together to force change, when change seemed impossible – to free slaves, topple regimes, expel colonisers. And the driver of today's crippling cost of living crisis – the exploitation of energy scarcity by corporate giants – offers a powerful education in the processes of rent extraction at work across our economy. To create the conditions for a truly free and fair economy in the resource-constrained future that is upon us, we must wrest control over access to life's essentials back from the gatekeepers.

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Appendices

Appendix A (Chapter 2)

Piketty famously observed that if the rate of return on wealth (*r*) is higher than the rate of growth of average incomes (*g*), inequality will tend to increase (Piketty, 2014). In this Appendix I show why this observation is difficult to refute.

One way of measuring income inequality is to look at the income of a rich subset (the top 1%, or 10% or 20%) and express it as a multiple of the average income. If the income of some rich subset is growing at a faster rate than the average person's income, then income inequality will clearly be increasing. Formally, if $\frac{\%\Delta\ income\ of\ rich}{\%\Delta\ average\ income} > 1$, then inequality will increase.

Let us imagine, for simplicity, that the richest percentiles of society live entirely on passive returns on their wealth, and do not receive any income from labour whatsoever.[93] In that case, their income is given simply by rW, and the rate of increase of their income is simply rs, where s is the proportion of their income which is saved/reinvested. The rate of increase in the average person's income is g. Thus $\frac{\%\Delta\ income\ of\ rich}{\%\Delta\ average\ income} = \frac{rs}{g}$. It is clear from this equation that if $r > g$ and if there are rich sections of society that have a savings rate s greater than $\frac{g}{r}$, then $\frac{rs}{g} > 1$, and we can expect inequality to grow over the long term.[94]

We know both that marginal propensities to save increase as incomes increase (Brown, 2004; Hartwig, 2014; Onaran and Galanis, 2012) and that returns to wealth tend to be higher the more wealth you have to invest (Piketty, 2014, pp. 447–52). Thus, if r is higher than g it is very likely that r^R (the rate of return on wealth for the richest sections of the population) will be *significantly* higher than g and that there will be members of the richest income percentiles who *do* have a savings rate s higher than $\frac{g}{r^R}$, meaning that inequality will increase.

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[94] Another way of looking at these relationships is that the ratio of r to g tells the wealthy what proportion of their capital income they can consume (i.e. not reinvest/save) whilst maintaining their future income flow relative to the rest of society.

Appendix B (Chapter 3): The messages that were tested

KEY

Italic – sentences common to two or more of the explicitly rent-framed messages, but not included in the Simple Efficiency message

Bold and italic – words/phrases that are unique (not repeated in any other message)

A: SIMPLE EFFICIENCY – 122 words

No matter what we do for a living or where we live, most of us ***are trying hard to keep our household costs down***. But today, big private companies control the UK's electricity, gas and oil – ***and are driving soaring bills***. Research shows that the privatisation of energy systems leads to higher prices because a chunk of every customer's energy bill goes to company shareholders. This leaves households struggling to put food on the table and heat their homes. If we took the UK's energy system back into public ownership, we could save over £3.7 billion every year. This would reduce bills for those struggling, and help us pay for the greener, cleaner energy that we need to tackle climate change.

B: LANDLORD ANALOGY – 200 words

No matter what we do for a living or where we live, most of us *believe society should reward people for their effort and contribution. But today, whilst most of us rely on our work to make a living, some people make money by simply owning and controlling the things we all rely on.* For example, big private companies control the UK's electricity, gas and oil. *They make an easy buck from controlling the energy we all depend upon* – ***just like landlords who own houses and make money out of people who need a home***. Research shows that the privatisation of energy systems leads to higher prices because a chunk of every customer's energy bill ***is collected as rent*** *by distant* shareholders, *who have done nothing to contribute to the supply of energy*. This leaves households struggling to put food on the table and heat their homes. If we took the UK's energy system back into public ownership, we could

save over £3.7 billion every year, and ***stop companies operating like shark landlords when energy is scarce***. This would reduce bills for those struggling, and help us pay for the greener, cleaner energy that we need to tackle climate change.

C: MONOPOLY POWER – 209 words

No matter what we do for a living or where we live, most of us *believe society should reward people for their effort and contribution. But today, whilst most of us rely on our work to make a living, some people make money through* **monopoly** *ownership and control of the things we all rely on.* For example, the big private companies that control the UK's electricity, oil and gas ***have monopoly power, just like water companies and train companies. They can push prices higher and higher, because customers have little choice but to pay.*** *They make an easy buck from controlling the energy we all depend upon.* Research shows that the privatisation of energy systems leads to higher prices because a chunk of every customer's energy bill goes to *line the pockets of distant* shareholders, *who have done nothing to contribute to the supply of energy*. This leaves households struggling to put food on the table and heat their homes. If we took the UK's energy system back into public ownership, we could save over £3.7 billion every year, ***and end the profiteering by energy monopolies***. This would reduce bills for those struggling, and help us pay for the greener, cleaner energy that we need to tackle climate change.

D: COMMON WEALTH (215 words)

No matter what we do for a living or where we live, most of us *believe society should reward people for their effort and contribution. But today, whilst most of us rely on our work to make a living, some people make money by simply owning and controlling* ***gifts from nature that should belong to all of us. The gas and oil in the ground, and the renewable energy potential of our windswept coastlines, are part of our common inheritance.*** But in the UK big private companies control ***our precious energy resources***. *They make an easy buck from controlling the energy we all depend upon.* Research shows that the privatisation of energy systems leads to

higher prices because a chunk of every customer's energy bill goes to *line the pockets of distant* shareholders, *who have done nothing to contribute to the supply of energy*. This leaves households struggling to put food on the table and heat their homes. If we took the UK's energy system back into public ownership, we could save over £3.7 billion every year, and ***allow everyone to benefit from the energy beneath our feet and on our shores.*** This would reduce bills for those struggling, and help us pay for the greener, cleaner energy that we need to tackle climate change.

Appendix C (Chapter 3): Test results showing non-normal distribution

Table 0.1: Kolmogorov-Smirnov test, Kurtosis and Skew results for Qs 1-6

	Q1	Q2	Q3a	Q3b	Q4a	Q4b	Q5a	Q5b	Q6
N	2022	2022	2022	2022	2022	2022	2022	2022	2022
Mean	7.29	6.86	7.52	7.47	7.55	5.05	6.42	7.76	4.9
Median	8	7	8	8	8	5	6	8	5
Skewness	-0.87	-0.64	-0.88	-0.85	-0.87	-0.15	-0.46	-0.78	-0.07
Kurtosis	0.167	-0.09	0.165	0.094	0.206	-0.69	-0.35	0.303	-0.62
K-S Test Statistic	0.158	0.125	0.177	0.173	0.166	0.124	0.127	0.163	0.142
Asymp. Sig. (2-tailed)	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001

Appendix D (Chapter 3): Full results for research questions 1-5

Table 0.2: Summary of results, including significance testing, for Qs 1-5

Q4a. Most of the richest people in the UK make their money by owning and controlling things, rather than by working for a living					
	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE	75.5%	77.8%	73.9%	75.0%	76.4%
NET DISAGREE	7.0%	8.0%	9.4%	8.6%	6.6%
Change in net agreement†		2.3%	-1.6%	-0.5%	0.9%
Mean	7.49	7.64	7.59	7.48	7.57
Std. Error of Mean	0.115	0.118	0.122	0.121	0.116
Change in mean score††		0.15	0.10	-0.01	0.08
Mann-Whitney U†††		80425	80038	81244	81250
Z		-0.3	-0.661	-0.294	-0.109
Sig. (1-tailed)		0.382	0.254	0.3845	0.4565
Q4b. In the UK people get a fair reward for their hard work and contribution to society					
	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE	41.7%	40.3%	40.0%	39.5%	44.4%
NET DISAGREE	36.3%	38.2%	36.5%	37.2%	37.5%
Change in net agreement†		-1.4%	-1.6%	-2.2%	2.8%
Mean	5.05	5.06	5.06	5	5.08
Std. Error of Mean	0.141	0.141	0.135	0.133	0.14
Change in mean score††		0.01	0.01	-0.05	0.03
Mann-Whitney U†††		80861.5	81087	80993	81419
Z		-0.165	-0.341	-0.37	-0.057
Sig. (1-tailed)		0.4345	0.3665	0.356	0.477

Q5a. Raise the level of support (universal credit) for people who are unable to find work					
	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE	59.7%	60.8%	58.8%	58.3%	60.0%
NET DISAGREE	17.3%	15.8%	17.8%	15.4%	14.8%
Change in net agreement†		1.2%	-0.9%	-1.3%	0.4%
Mean	6.37	6.57	6.33	6.37	6.46
Std. Error of Mean	0.142	0.135	0.138	0.126	0.133
Change in mean score††		0.20	-0.04	0.00	0.09
Mann-Whitney U†††		79024.5	81062.5	80619	80865
Z		-0.728	-0.35	-0.485	-0.227
Sig. (1-tailed)		0.233	0.3635	0.314	0.4105

Q5b. A fair society would make sure everyone can meet their basic needs, even if they fall on hard times and cannot find work					
	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
N	405	402	406	406	403
NET AGREE	79.2%	82.5%	82.6%	84.6%	82.3%
NET DISAGREE	5.6%	3.9%	2.5%	3.3%	4.2%
Change in net agreement†		3.3%	3.4%	5.4%	3.1%
Mean	7.59	7.85	7.79	7.83	7.75
Std. Error of Mean	0.113	0.099	0.101	0.101	0.104
Change in mean score††		0.26	0.20	0.24	0.16
Mann-Whitney U†††		77502	79528	78617	79501
Z		-1.204	-0.822	-1.101	-0.648
Sig. (1-tailed)		0.1145	0.2055	0.1355	0.2585

Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The figure for 'net support' includes everyone who chose a position on the scale higher than the neutral point labelled 'neither support nor oppose', and the figure for 'net oppose' includes everyone who chose a position lower than this mid-point.

Appendix E (Chapter 3): Full significance test results for research question 6

Table 0.3: Statistical analysis of difference in Anti-rent Index score by landlord critics and landlord sympathisers in each message group

	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
Landlord critics (mean)	7.24	8.08	7.96	7.95	7.67
Change in mean score†		0.84	0.72	0.71	0.43
Landlord critics (net support)	69.0	80.5	79.3	81.3	75.4
Change in net support††		11.5	10.2	12.3	6.3
Mann-Whitney U†††		8255.5	8308	9547	10013
Z		-3.674	-3.171	-3.12	-2.19
Asymp. Sig. (1-tailed)		<0.001	0.001	0.001	0.014
Landlord sympathisers	6.91	7.35	7.03	7.24	7.13
Change in mean score†		0.44	0.12	0.33	0.22
Landlord sympathisers (net support)	67.6	76.9	72.5	75.3	74.0
Change in net support††		9.3	4.9	7.7	6.4
Mann-Whitney U†††		9479.5	10041	9916.5	9067.5
Z		-1.82	-1.048	-1.405	-1.259
Sig. (1-tailed)		0.0345	0.1475	0.08	0.104

Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The mean results here relate to that scale. The figures for 'net support' are an average of net support/agreement across Questions 1-3 and includes everyone who chose a position on the scale higher than the central point labelled 'neither support nor oppose'.

†Change in mean score is calculated by subtracting the mean score in the control group from the mean score in each message group.

††Change in net support is calculated by subtracting the net support in the control group, from the net support in each message group.

†††Mann-Whitney test results refer to the difference between each message group and the control group.

Appendix F (Chapter 3): Effect of demographic factors on message efficacy

Responses to questions 1, 2, 3a and 3b were averaged to create the *Anti-Rent Index* score. A higher score indicates higher overall disapproval of rentier power and higher support for policies that would reduce and/or redistribute rents. A Kruskal-Wallis one-way ANOVA found statistically significant difference between the index score given by housing tenure groups, class groups, gender groups and working status groups (Table 8.4). There was no statistically significant difference between the index score given by different age groups, educational attainment groups, or household income groups. Although the data are non-normal, the subtle differences between groups are not captured well by the median index score, so Table 8.4 shows the mean index scores. Readers should bear in mind that the data are bimodal and as such do not have a central tendency that can be accurately represented by either the mean or the median.

Table 0.4: Results of Kruskall Wallis test for significant differences between responses given by gender groups, class groups, housing tenure groups and working status groups

Gender		N	Mean Rank	Anti-Rent Index
Male		954	962.55	7.07
Female		1059	1047.04	7.57
Total		2013		
Kruskal-Wallis H				10.642
df				1
Asymp. Sig.				0.001
Monte Carlo Sig.	Sig.			0.001
	99% Confidence Interval		Lower Bound	0
			Upper Bound	0.002

Class		N	Mean Rank	Anti-Rent Index
AB		555	967.31	7.08
C1		614	992.78	7.30
C2		372	1070.58	7.52
DE		481	1040.68	7.46
Total		2022		
Kruskal-Wallis H				8.854
df				3
Asymp. Sig.				0.031
Monte Carlo Sig.	Sig.			0.032
	99% Confidence Interval		Lower Bound	0.027
			Upper Bound	0.036

Housing Tenure		N	Mean Rank	Anti-Rent Index
Owned outright - without mortgage		797	967.73	7.10
Owned with a mortgage or loan		526	1046.56	7.46
Rented from the council		182	1058.02	7.49
Rented from a housing association		172	1125.67	7.76
Rented from someone else		297	1002.77	7.24
Total		2022		
Kruskal-Wallis H				19.268
df				5
Asymp. Sig.				0.002
Monte Carlo Sig.	Sig.			0.002
	99% Confidence Interval		Lower Bound	0.001
			Upper Bound	0.003

Working Status		N	Mean Rank	Anti-Rent Index
Working full time - working 30 hours per week or more		875	1013.63	7.31
Working part time - working between 8 and 29 hours per week		384	1022.17	7.46
Not working but seeking work or temporarily unemployed or sick		59	932.14	7.29
Not working and not seeking work		69	1121.14	7.22
Retired on a state pension only		110	1171.98	6.92
Retired with a private pension		339	935.34	7.90
Student		74	922.95	7.17
House person housewife househusband etc.		112	1063.92	7.64
Total		2022		
Kruskal-Wallis H				20.424
df				7
Asymp. Sig.				0.005
Monte Carlo Sig.	Sig.			0.004
	99% Confidence Interval		Lower Bound	0.002
			Upper Bound	0.005

Table 0.5: Message efficacy for private pensioners and sample excluding private pensioners – differences in Anti-Rent Index score

	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
Private pensioners (mean Index score)†	6.58	7.44	6.47	7.08	6.62
Change in mean score††		0.86	-0.11	0.50	0.04
Mann-Whitney U†††		1509.5	2058	1916.5	1806
Z		-2.288	-0.306	-1.446	-0.559
Sig. (1-tailed)		0.011	0.38	0.074	0.288
Sample excluding private pensioners (mean Index score)†	8.03	8.53	8.39	8.57	8.35
Change in mean score††		0.50	0.36	0.54	0.32
Mann-Whitney U†††		49069.5	51341.5	48435.5	52472
Z		-3.469	-2.52	-3.415	-2.327
Sig. (1-tailed)		0.0005	0.006	0.0005	0.01

†To analyse the effect of the messages on responses to Qs 1,2,3a and 3b, we averaged each participant's responses to create an Anti-Rent Index score. Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The mean results here relate to that scale.
††Change in mean score is calculated by subtracting the mean score in the control group from the mean score in each message group.
†††Mann-Whitney test results refer to the difference between each message group and the control group.

Table 0.6: The impact of messages on responses to 'spillover' questions (Q2, 3a, 3b), sample excluding private pensioners

	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
Average net support (%) Q2,3a,3b	66.4	72.7	70.8	76.4	70.2
Change in net support†		6.3	4.4	10.0	3.8
Change in Spillover Index††		0.36	0.32	0.50	0.25
Mann-Whitney U†††		51951	52722.5	49296	54182
Z		-2.346	-1.982	-3.08	-1.667
Sig (1-tailed)		0.0095	0.0235	0.001	0.048

†Change in net support is calculated by subtracting the net support in the control group, from the net support in each message group.
††To analyse the effect of the messages on responses to 'spillover' questions only, we averaged each participant's responses to questions 2, 3a and 3b, creating a Spillover Index score. Change in Spillover Index is calculated by subtracting the mean Spillover Index score in the control group from the mean Spillover Index score in each message group.
†††Mann-Whitney test results refer to the difference between respondents' Spillover Index in each message group and the control group.

Table 0.7: Message efficacy for renters and working class respondents – differences in Anti-Rent Index score

	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
Renters mean Index score†	7.09	7.66	7.07	7.71	7.83
Change in Index Score††		0.57	-0.02	0.62	0.74
Mann-Whitney U†††		7291.5	9319.5	7115.5	7032.5
Z		-2.358	-0.201	-2.446	-2.779
Sig (1-tailed)		0.009	0.42	0.007	0.0025
	CONTROL GROUP	SIMPLE EFFICIENCY	LANDLORD ANALOGY	MONOPOLY POWER	COMMON WEALTH
Working class mean Index score†	7.12	7.63	7.24	7.73	7.58
Change in Index Score††		0.51	0.12	0.61	0.46
Mann-Whitney U†††		12540.5	14099	12272.5	11671.5
Z		-2.692	-0.931	-3.138	-2.468
Sig. (1-tailed)		0.0035	0.176	0.001	0.007

†To analyse the effect of the messages on responses to Qs 1,2,3a and 3b, we averaged each participant's responses to create an Anti-Rent Index score. Respondents' answers were given on a scale from 0 to 10, where 10 indicates strong agreement, 0 indicates strong disagreement and 5 indicates a neutral mid-point. The mean results here relate to that scale.
††Change in mean score is calculated by subtracting the mean score in the control group from the mean score in each message group.
†††Mann-Whitney test results refer to the difference between each message group and the control group.

Appendix G (Chapter 3): Confusing words and phrases

Some respondents appear to have used the highlighter tool to express disapproval rather than genuine confusion. For example, in the *Landlord Analogy* group, the phrase 'if we took the UK's energy system back in to public ownership we could save over £3.7 billion every year' is in relatively simple language, and yet Conservative voters as a group (among whom we would expect to find some who are ideologically opposed to public ownership) were 4-5 times more likely to mark this as confusing when compared with people who did not fall into this group[95]. The same is true for those who are retired on private pensions, some of whom we would expect to be offended by the negative portrayal of shareholders.

In order to get a more accurate picture of words and ideas that were confusing, rather than merely objectionable to some readers, we stripped out the Conservative voters and analysed the responses of the rest of the sample. Words and phrases that were marked as confusing by at least 7.5% of these respondents are listed below, while adjacent words are included in brackets:

- *Simple Efficiency*: 'soaring [bills]'; 'privatisation' and 'shareholders'
- *Landlord Analogy*: '[collected as] rent [by] distant shareholders'
- *Monopoly Power*: none
- *Common Wealth*: 'make [money by simply owning and] controlling gifts from nature'; 'private companies control [our] precious energy [resources]'; 'they [make an] easy buck from controlling [the energy we all depend upon]'; 'distant shareholders'

The results were similar when we stripped out private pensioners and repeated the exercise. Interestingly, though, there was considerable overlap between the phrases that were most often highlighted as confusing by private pensioners, and the phrases that elicited the most approval from the same group.

[95] Across questions 1a, 1b, 2a and 2b, Conservative voters gave an average response of 6.6, much lower than Labour voters (7.8), Greens (7.7) and Lib Dems (7.6).

We also analysed the responses of respondents in the DE class and renters, who have the greatest material interest in dismantling rentier power, and whose comprehension should be a priority. The results were similar for these subgroups, but there were a few more words that crossed the threshold of 7.5%, namely:

- *Simple Efficiency*: 'electricity gas and oil' and 'a chunk of every customer's energy bill'; 'struggling'
- *Landlord Analogy*: '[private] companies [control the UK's] electricity gas and oil'
- *Monopoly Power***:** 'monopoly'**; '**[push prices] higher'**;** '3.7 billion every year'
- *Common Wealth***: '**[belong to all of] us'; 'big private companies control'; '[who have done nothing to] contribute'

When asked to summarise the message they had read at least 28 respondents (2%) used the word private or privatisation in a way that suggested they may not have understood it. For example, 'gas and electricity companies need to go back into private owner', or 'we need to privatise our essential supplies to save us money and help with sustainability'.

Appendix H (Chapter 3): Words to test in future research

Table 0.8: Words used by respondents in their verbatim responses to indicate moral disapproval of the energy companies/owners and their incomes/prices

Word/idea	**Frequency**
greedy	26
take/charge too much	16
fair/unfair	10
ripped off	8
fat cat	8
exploit	6
too much power/overpowering	5
take advantage	3
parasite	3
excessive	3
unearned	2
ransom	2
abuse	2
take and put nothing back	1
overpriced	1
inflated	1
get rich on the back of the poor	1
dominate	1
dictate	1
conned	1
screwed	1