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The rentierization of the United Kingdom economy

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Abstract
There is a growing groundswell of opinion in commentary on the political economy of the Global North that the neoliberal era has seen the forceful (re)emergence of rentier capitalism. This article analyses the case of the UK. Identifying and delineating the predominant forms of contemporary rentierism operating in the UK, and using a range of datasets pertaining to the shape of the national economy, it shows that rentierism in its various guises is today a significant, even dominant, dynamic, in contrast to during the period preceding the neoliberal turn. The article further seeks to account for the ascendancy of the rentier in the UK under neoliberalism, highlighting key developments in the realms of monetary and fiscal policy and policies relating to asset ownership and property rights.

Keywords
Assets, neoliberalism, political economy, rentier capitalism, United Kingdom

Introduction

The past decade or so has seen a growing consensus in political-economic scholarship that the most significant structural transformation experienced by the UK economy during the post-1970s neoliberal period has been its financialization, whereby, to borrow the definition used by Greta Krippner (2005: 174) in her analysis of the parallel financialization of the US economy, profits increasingly accrue 'through financial channels rather than through trade and commodity production'. As far back as 2008, Ewald Engelen (2008: 114) described the US and UK economies as those 'which arguably have moved furthest in the direction of being truly "financialized"'. More recently, Davis and Walsh (2016: 668) noted that 'the UK economy has become more financialised and has gone through a more pronounced process of deindustrialisation than any of its major economic rivals'. Such declarations are no longer

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seriously questioned. That the UK's is a financialized economy is now more or less a stylized fact (Christophers, 2017), a commonplace of current scholarship on its structural disposition (e.g. Blakeley, 2019; Lavery, 2019).

That finance has become a more significant sector of the UK economy is indisputable. But this does not necessarily mean that 'financialization' is the most useful or accurate descriptor of the economy's overall metamorphosis. For one thing, other sectors have also become more significant. Indeed, the share of the real estate sector in national economic output – measured in terms of gross value-added (GVA) – increased by more than that of finance both between 1992 and 2004 and between 2005 and 2014 (Christophers, 2018: 307–309). Furthermore, in absolute terms, finance in the UK is nothing like as dominant economically as finance in the (financialized) USA. In the latter, the finance-and-insurance sector's share of corporate profits hit nearly 40% at its peak (in 2002), and has been consistently above 25% during the last two decades. In the UK, for which corporate profits shares are not available, the finance-and-insurance sector's share of gross operating surplus – the national accounts' best proxy for profits – has never exceeded 15%, and its share of GVA has never exceeded 10%. To be sure, financialization, as documented in political-economic scholarship, has never been only about an expanding finance sector; it also entails non-financial companies earning increasing amounts of income from financial sources (interest, dividends, etc.). Nevertheless, for the UK case at least, the concept fails, as we will see, to capture the wider structural changes that have been taking place – changes to which financialization is certainly central, and of which it represents one especially notable example, but of which it is not, and is not anywhere close to being, the totality.

The UK economy, this article suggests, has not been financialized; or not only that. It has, more generally, been *rentierized*. Since the beginning of the 1980s, there has been a broad-based shift towards economic activities conducted by 'rentiers' in the sense that they are structured around the control of, and generation of income ('rents') from, scarce assets. The latter assuredly include financial assets, the expanded creation and circulation of which has been integral to financialization; thus, following Hudson and Bezemer (2012: 7), I treat the financial sector as a – perhaps *the* – 'leading rentier sector', and financialization as a/the leading edge of rentierization. Key UK rentier asset portfolios today also include property assets, which is to say, land and its appurtenances, the expanded commoditization and monetization of which has been integral to the abovementioned growth in the real estate sector. But the rentierization of the UK economy has entailed the disproportionate growth of rents derived from assets extending far beyond finance and property alone.

Defining rent as *income derived from the ownership, possession or control of scarce assets and under conditions of limited or no competition*, the article's first aim, pursued (alongside definition) in the first main section and in conversation with the existing literature on rentierism, is to identify the full range of the latter's main contemporary UK-based variants. There are several different substantive categories of rentier, controlling different types of assets and realizing different forms of rent. Recognizing this diversity is essential to an understanding of the rentier economy. Broad generalizations do not suffice; they are, quite simply, defied by the complex, variegated reality. Factors such as the nature of the underlying asset and the nature of prevailing arrangements for its ownership and control indelibly shape how and by whom the asset is commercially exploited to realize rental payments. The article identifies eight core asset types and offers a summary analysis of the form of the particular rentier economy arrayed around each one. If financial and land rents are especially notable, it is less for their scale than for the fact that these are the only forms of rentierism in which UK households are active rentier participants, namely as significant owners – highly unevenly of course – of financial and residential property assets respectively. In all other rentier sub-sectors, by contrast, rentierism is a strictly corporate affair.

The second section of the article considers the question of scale. How economically significant in the UK today is rentierism, and how has its degree of significance changed in recent decades? The discussion begins with a consideration of the methods of measurement of rentier incomes and income shares found in the existing literature. These methods, I show, are inappropriate to the case at hand, principally in so far as they construe rentiers and rents either fundamentally differently or considerably more narrowly than they are specified in this article. (Those scholars who use a similar definition of rent to the one used here, meanwhile, have not attempted to measure the scale of rentier incomes, in the UK or anywhere else.) For reasons elucidated, it is not possible to measure the significance of rents (as defined here) to the UK economy with anything like exactitude. But, using a range of datasets and examining them in relation to the different forms of rentierism identified in the first section of the article, it *is* nevertheless possible to assess degrees of significance in a sufficiently meaningful way to enable conclusions about the relative importance of rents and rentiers to be reliably drawn. The analysis shows that the UK economy is indeed now rent-dominated, according to any reasonable interpretation of 'dominance'. Its leading corporations are largely rentiers; and the biggest sectors of the economy are largely characterized by rentier dynamics. More importantly still, the significance of rentierism has grown markedly since the 1970s. That is to say, the economy has been substantially rentierized.

This is not the first time in the history of UK capitalism that rentier interests have been ascendant. Just as Giovanni Arrighi (1994) argued that on an international scale financialization has been a cyclical phenomenon over the longue durée, one occurring episodically as national economic hegemons wax and wane, so Thomas Piketty (2014) has argued that rentierization – which clearly exists in a mutually constitutive if highly complex relation with financialization – has also punctuated international capitalist development on a recurring basis. Rentierism was the predominant feature of Western economies in the late 19th-century Gilded Age. That period of what Piketty calls 'patrimonial capitalism', in which overall income profiles were dominated by rents on various forms of inherited assets, lasted until around the First World War, from which point the significance of rentier incomes gradually receded. Only from around the 1970s, Piketty suggests, did rentierism re-emerge as a leading feature of Western economies, the UK's included.

Piketty's historical narrative is important for emphasizing a key point, and one which Doreen Massey and Michael Rustin, in the Kilburn Manifesto, have made for the UK more particularly: rent and rentierism have deep historical roots, especially, in the UK case, in the shape of powerful financial and landed-property interests. Both of these sets of interests, Massey and Rustin (2014: 171) noted, seek to profit primarily from 'the holding of assets' rather than production and human labour (i.e. both are rentierist), and both are 'utterly embedded in the British class structure'. Indeed, Rustin and Massey (2015: 129) went so far as to assert that, historically, rent 'has been more important in the mentality and practice of Britain's ruling class than industrial production'. In this sense, post-1970s rentierization in the UK is more about the *return* of the rentier – albeit in a much more diverse guise – than an unprecedented rise to dominance.

The third and final section of the article seeks to account for this return. Piketty (2014: 115–116) may be right to say that rentierism is capitalism's 'logical destination', with capital 'always tend[ing] to transform itself into rents as it accumulates in large enough amounts', but if so it is clear that in the UK in recent decades capitalism has been hurried and helped towards this terminus by a series of exceptionally rentier-friendly political interventions.

In large measure, these interventions collectively represent what we have come to understand as 'neoliberalism'. As José Palma (2009: 833) has observed, neoliberalism, at the international scale, has served to facilitate 'the ever-increasing rent-seeking practices of oligopolistic capital'; in effectively reducing 'pressures on big agents to engage in competitive struggles in the real economy (while doing the opposite to workers and small firms)', it has helped 'transform capitalism into a rentiers' delight'. While he does not use the 'n' word, the *Financial Times* columnist Jonathan Ford (2017) has made much the same point about the UK more specifically, noting how successive post-1970s governments have long since converted the country and its economic terrain into 'a rentier's paradise'.

I endeavour to identify the key mechanisms of such conversion. Four decades of neoliberal approaches in the pivotal realms of monetary and fiscal policy and policies relating to asset ownership and property rights, I argue, have created highly favourable conditions both for the production and maintenance of scarce commercial assets, and for those in possession of such assets to extract rents securely from them. The Thatcher revolution, and everything that has happened since, has in this respect been an exercise in subdividing the economy into a series of sinecures upon which large firms stake their claims, protected from competition by watertight rights over scarce resources. UK neoliberalism, in short, has given rentierism its head.

On rent and rentierism

Defining rent

Economic rent is a difficult concept to come to grips with because it means many different things to different people. From among the plethora of different usages, however, it is possible to isolate two main understandings.

The first understanding originates in everyday usage and from there entered Western economic thought in its earliest variants, in the shape of classical liberal political economy. For the likes of Adam Smith and David Ricardo, as for the population at large then and now, rent was *land* rent: the payment to the landowner made by her tenant, whether in urban or rural locations. In developing their respective theories of rent, both Smith and Ricardo emphasized the monopolistic character of landownership. The fact that the landowner enjoys monopoly power over her asset meant, said Smith, that the price paid for use of this land – in other words, rent – is 'naturally' (inherently) a monopoly price. Marx concurred. For him, land rent was the form in which the monopoly that is landed property is economically valorized under capitalism. Though he called it something different ('ground-rent') and examined its materialization in different sub-variants (so-called 'absolute' rent and two types of 'differential' rent), Marx's rent was essentially everyone else's rent. It was payment to monopoly control of land.

Crucially, this first understanding of rent has ballooned in the period since Marx and his predecessors were writing. Rent remains, by this expanded understanding, payment to monopoly control of an asset, but the asset need not be land. It can be anything, if control thereof generates some kind of access or usage payment. 'What [Marx] did not anticipate', David Harvey (2017: 37) writes, 'was that new forms of capitalist rent might also evolve within the evolutionary structures of capitalism and that rent-seeking might go well beyond that which he found both necessary and functional as well as politically tolerable for a mature form of capitalist development. Rent-seeking through speculation in land markets and resource endowments (like oil wells) is bad enough. But what are we to make of rent-seeking through ownership of intellectual property rights?' These are the types of questions that contemporary analysts of rent are asking, as the rentier's terrain has widened to, in Harvey's words, 'asset markets of all sorts'.

Interestingly, there is actually one important type of asset that Harvey (2012: 94), who defines rent in this broadened sense as 'a return to the monopoly power of private ownership of some crucial asset', excludes from his treatment of rentierism: financial assets. Like Marx, Harvey regards rent (earned by rentiers) and interest (earned by finance capital) as categorically different from one another. But the majority of contemporary writers on rent whose understanding thereof derives (in expanded form) from the classical concept of (land) rent do not exclude financial assets. Much like Keynes (2018 [1936]), they treat finance capitalists explicitly as financial rentiers. Three of the highest profile and most influential scholars working today in this tradition are Thomas Piketty, Andrew Sayer and Guy Standing. All three mobilize extremely capacious, classically rooted definitions of rent: for Piketty (2014: 422) rent is 'remuneration for ownership of [an] asset, independent of any labor'; for Sayer (2015: 44) it is a payment extracted 'by those who control an already existing asset, such as land or a building or equipment, that others lack but need or want, and who can therefore be charged for its use'; and finally for Standing (2016: 2) it is income generated 'from ownership, possession or control of assets that are scarce or artificially made scarce'.

The second principal understanding of economic rent is very different. It also belongs to a different epistemic community. Circulating within mainstream ('orthodox') economics rather than the heterodox worlds where we find the first understanding, rent in this alternative framing is income defined not by the asset to which it represents a payment – land rents, financial rents and so forth – but instead by the quantum of market power enabling its derivation. It is the profit attainable specifically due to a dearth of market competition. Thus, if 'normal' levels of profit are those that can be realized in a competitive situation, rents are the 'excess' returns afforded by any departure from that idealized scenario, the *ab*normal profits occasioned by the capitalist power to monopolize a market (Tollison, 1982).

Rents defined accordingly *may* derive from control of an asset, but, crucially, they need not; they can arise in the context of all types of market production and exchange. Citing the textbook definition of such rents ('the difference between what a factor of production is paid and how much it would need to be paid to remain in its current use'), *The Economist* provides one example of an asset-less version: 'A soccer star may be paid $50,000 a week to play for his team when he would be willing to turn out for only $10,000, so his economic rent is $40,000 a week'.[1] Epstein and Montecino (2016: 16) provide another: 'in the case of bankers, the rent is the amount of their income that they are able to command over and above what would be required to get them to perform their activities'. The same authors usefully generalize thus: 'More generally, we think of rent as an excess payment, excess in the sense that it is a payment not justified by the requirements of an efficient economy'.

The definition of rent used in the present article – income derived from the ownership, possession or control of scarce assets and under conditions of limited or no competition – can be seen as a hybrid of the heterodox and orthodox. It is firmly grounded in the former, with its emphasis on assets, and thus approximates to the usages of Harvey, Piketty, Sayer and Standing; but it additionally incorporates the attention to market conditions that is central to the mainstream usage. It does so because the heterodox understanding does not quite suffice in isolation. Recall that rent in this tradition is the return to monopoly control of an asset. Does such monopoly control, combined with asset scarcity, guarantee income generation? No. An asset – a new, patented production technology, say, or a mineral fuel resource – can be scarce and in principle valuable, but the proprietor's exploitation thereof can nonetheless encounter competition of a degree that precludes rents from being earned.

Other technologies might be available to produce better, cheaper substitute products; government intervention might serve to 'strand' mineral assets of one kind (e.g. fossil fuels) and to subsidize the production and marketization of alternative fuel sources (e.g. renewables).

Rent-bearing assets, in sum, are those characterized by monopoly power not just in ownership or control – the heterodox emphasis – but *also* in terms of their exploitation in the market. Which, in so far as it denotes the significance of market power, is where the orthodox understanding of rent adds value: it underscores the fact that the successful rentier, to be such, requires concrete market advantage, whether by virtue of the nature of the asset she controls or otherwise. Monopoly control of an asset is for nothing economically if the owner lacks the power to monetize that asset in market exchange; think, for example, of the owner of an electricity distribution network that lacks a government licence to operate that network and distribute electricity through it on a commercial basis, or indeed to subcontract such operation and commercialization.

As we will see shortly, this preferred definition of rent fits all significant, commonly recognized forms of contemporary rentierism. Both parts of the definition are critical. With mainstream economists, we can agree that market power is integral to rent and rentierism – but this condition, if necessary, is not sufficient, since monopoly profits can of course also be achieved without the control of scarce assets, for instance in the case of cartelized or highly concentrated industries. (Indeed, as we will also see, precisely this phenomenon – monopoly profits without asset rents – was a prominent feature of the postwar UK economy before its rentierization began in earnest in the 1980s.) Meanwhile, with heterodox scholars ranging from Harvey to Piketty, we can agree that control of scarce assets is also integral to rent and rentierism – but this condition is not in itself sufficient either, because the owner of such assets may nonetheless be subject to competitive forces in the shape, for example, of substitute products or services. As asset proprietor *and* in putting the asset to commercial use, the rentier sweats monopoly from every pore.

Despite the fact that this definition adds a qualifier regarding market conditions to typical heterodox definitions of rent, it remains notably broad. To recognize this is to raise an important final question that demands consideration before we turn to rentierism's dominant contemporary forms. If there are no restrictions on the nature of the asset on which the rentier earns rent, what capitalist income is *not* rent, and what capitalist not a rentier?

Ultimately, like all important economic concepts, 'rent' is blurred at the margins. There *are* no hard-and-fast distinctions. Most economic production (of goods or services) contains rentier elements. But in many instances these are mere trace elements. If no scarce and exclusively controlled assets are being leveraged in production – examples would be a manufacturer using widely available equipment to make products for sale off the shelf, or a company offering residential cleaning services on an on-demand basis – then no rents are being earned. Not all capitalists are rentiers.

Where rent *is* being earned, however, it is unlikely to be the case that all of the rentier's income represents such. With most of the varieties of rentierism we examine in what follows, income derives simultaneously from control of an asset *and* from the work involved in delivery of the product or service underwritten by that asset. Few, if any, assets autogenerate income. They ordinarily need to be put to work. This holds even for property, the archetypal rentier asset; why else would landlords use letting agents? Consider, similarly, the example of a medicine protected by a patent. How much of the income earned from that medicine is payment to the patent and how much is payment to the work (and indeed other assets) necessary for its manufacture and distribution? It's ultimately impossible to say. Generalizing, we can state: rent is typically part of a rentier's income rather than its totality. As will become clear, the degree of significance of asset control (the essence of rentierism) to the income generated by rentiers varies greatly. The key definitional point nonetheless is that asset control must be *material* – otherwise, it's not rent, and it's not a rentier. Rentierism consists therefore in scarce and exclusively controlled assets being not just leveraged in production but *substantively so*. And in all of the forms of economic production to which we turn now, control of an asset is, indeed, fundamental; without it, income generation would, at a minimum, be severely compromised, and would in many cases be inconceivable.

Varieties of rentierism

Commentators frequently invoke the concepts of rent and rentierism loosely and without elaboration, as if it is clear what these concepts mean, and as if they mean the same thing always and everywhere. But, as understood in this article, rent and rentierism come in many forms, even if these forms share – as they must, in order for the terms to have any conceptual integrity – a common foundation in the generation of income based on the control of scarce assets. Understanding the diversity of forms of rentierism is crucial to understanding the rentier economy that the UK has in large measure become. Table 1 provides an overview of the eight core asset types at the heart of this economy. It identifies the main ways in which these assets come under rentiers' control, the names of some of the main rentier firms and the types of rents they enjoy. The remainder of this section elaborates on these skeletal details, taking each asset type in turn. One important issue to recognize in respect of these different forms of rentierism is that they do not exist independently of one another: in practice, some companies earn rents of multiple types.

Financial rents. Financial rents are one of the 'classical' forms of rent. When Keynes (2018 [1936]: 334) famously called for the euthanasia of the rentier, it was the financial rentier – and the financial rentier alone – that he had in his crosshairs: the holder of financial assets or, in Keynes's own terms, the 'functionless investor'. For Keynes, the primary form of financial rent was the interest income 'earned' by holders of financial assets (such holders, as noted earlier, including households as well as companies). The speech marks are necessary because, in Keynes's view, investors did not really *earn* this income. It came to them not by virtue of 'genuine sacrifice', but instead because capital was scarce – there was a limited amount of it – and thus borrowers were required to pay to access it. As Keynes saw it, there were no 'intrinsic reasons' *why* capital should be scarce. It was scarce, he surmised, simply because financial rentiers managed to keep it that way; hence his description of the ability of the financial-capitalist class 'to exploit the scarcity-value of capital' as a 'cumulative oppressive power'.

Interest income, however, is not the only form of rent earned by financial rentiers on the assets they control. As Epstein and Jayadev (2005) have explained, rents also accrue in the form of financial dividends and capital gains. The relative contribution of these different types of financial rents is ever in flux, depending *inter alia* on rentier strategies, financial-market dynamics and interest-rate trends. Generally, across the Global North, interest income has declined in relative importance in recent decades as rentiers have actively diversified their earnings streams (Erturk and Solari, 2007: 376).

The UK has long been a heartland of financial rentierism. It was the epicentre of the financial world during the first modern era of financial globalization encompassing the late 19th and early 20th centuries. And it has since retained a leading status, in significant part due to the strategic establishment of London as the centre of emergent global offshore financial networks – principally in the forms of the Euromarkets – in the 1960s (Helleiner, 1994: 14). Today, London remains a first-tier international financial centre,

Table 1. Forms of contemporary UK rentierism.

Asset	Primary means of gaining asset control	Principal rental streams	Examples of prominent rentiers
Financial	• Creation of credit money by private banks • Acquisition of financial assets in primary and secondary markets	• Interest • Dividends • Capital gains	• Barclays • HSBC • Lloyds
Land	• Acquisition in markets • Privatization of landholdings of formerly state-owned enterprises	• Ground rent	• British Land Company • Land Securities Group • Tesco
Natural resource reserves	• Leasing agreements with mineral rights owners	• Product sales	• BP • Glencore • Royal Dutch Shell
Intellectual property	• Registration of rights (to e.g. patents, trademarks) with state intellectual property offices	• Product sales • Licensing of intellectual property	• GlaxoSmithKline • Diageo • Unilever
Radio spectrum	• Bidding for licences through state-run spectrum auctions	• Service charges	• Vodafone • CK Hutchison • Telefónica
Digital platforms	• Organic creation	• Service charges • Advertising fees	• Facebook • Google • London Stock Exchange
Natural monopolies	• Privatization of state-owned enterprises	• Service charges	• BT • Cadent • Arqiva
Service contracts	• Bidding processes (various)	• Service fees	• Capita • Serco • ISG

home to vast financial institutions with balance sheets the size of nation-states and which have spent recent decades, in Doreen Massey's (2007: 214) words, 'picking up the threads of old Empire to build a new one through which financial tribute could once again be collected'.

Land rents. Land rents are another classical form of rent. What gives the landowner the ability and right to charge a third party rent for using her land? In the most immediate sense, the law does. But the more fundamental answer is a combination of power, scarcity and geography. Without the power to exclude, as enforced by the law, land rent would be unimaginable. The power to exclude would itself be for little, however, if land were infinitely abundant. Land is finite – or, as the famous quip variously attributed to the American humourists Will Rogers and Mark Twain has it, 'They're not making any more of it' – and this scarcity buttresses rent. Yet even though it is finite, and, under capitalism, subject to excludability, not all land generates a positive rent. This is because of geography. The ability to charge rent varies significantly across space, depending in particular on the attractiveness of land to potential tenants in terms of both the innate qualities of the site itself (such as soil fertility) and its relative locational merits (such as accessibility to local services).

Given the ability of landowners to charge rents, patterns of landownership represent a crucial political-economic issue – the identity of a nation's land rentiers, or what Marx referred to as the landed-property class, is not fixed. The UK is a case in point. As recently as the late 19th century, land rents accrued almost exclusively to the nobility, the landed gentry; 1875's *Return of Owners of Land*, the first major survey of UK landownership since the Domesday Book, showed that a mere 4.5% of the population owned all British land (Cahill, 2011). Landownership remains concentrated today: half of England, for example, is owned by less than 1% of the population (Shrubsole, 2019). Nevertheless, much has changed, especially during the neoliberal era, as new breeds of land rentier have come to the fore: property companies like British Land Company; investment institutions like Legal & General; and, of course, legion buy-to-let residential landlords. Landed property in the UK, as Harvey (1982: 346) observed already at the outset of this era, 'no longer exists (if it ever did) as a unified and relatively homogeneous class interest, but comprises motley and heterogeneous groups'.

Natural resource rents. Rents are generated from the subsurface as well as the surface of land, namely through exploitation of naturally occurring resources, including both energy products (oil, gas and coal) and other minerals (metal ores, stones, sands and salts). Indeed, natural resources are the specific source of rents for one of the most widely recognized types of rentier institution, the so-called 'rentier state'. But obviously it is not just governments that enjoy such rents. Capitalist firms also do, and some of the biggest – the likes of BP, Glencore and Rio Tinto – are British.

Typically, the rent earned from natural resources is shared between the owner of the mineral rights and the organization (the 'developer') that develops and extracts the resource and brings it to market in either unprocessed or processed form. The owner can be either the state or a private body – in the UK, for instance, the state owns all gold and silver deposits and fuel rights (oil, gas and coal), while all other mineral rights are held privately, usually (though not always) by the owner of the surface land. For the owner, commercially exploitable mineral rights represent an asset – capable of generating rent – per se. By contrast, natural resources only *become* assets with the potential to generate rent for a non-owner when the latter secures agreement with the rights owner to undertake development. The agreement usually takes the form of a lease. There are various different lease types (also known as licensing systems or fiscal regimes), but all typically give the developer the exclusive right to extract the resource for a fixed time period, and all specify how the rents thus generated are to be shared between the developer and the owner. Securing such an agreement enables the developer to 'book' the resource to its balance sheet as a so-called 'reserve', which is typically classified according to both the nature of the lease agreement and the degree of certainty of commercial viability (e.g. 'proven', 'probable', 'possible'). Reserves are *the* key assets of oil and gas and metals and mining companies.

Intellectual property rents. Many of the most valuable assets in contemporary capitalism are not physical assets such as land and non-land natural resources, but rather creations of the mind or intellect. Most creations of the mind, of course, are not 'assets' in the sense used in this article – nobody owns the concept of love or the knowledge of how to boil an egg. But some creations of the mind *are* owned, in so far as the law recognizes and polices exclusive property rights over those creations. This is the terrain of so-called 'intellectual property', which is a term used to refer to both the intellectual creation in question and the property rights attached to it and which serve to make it an 'asset'. The most common examples of intellectual property (IP) rights are patents, trademarks and copyright. A patent gives ownership of a product or process that a company or individual has invented; a trademark gives ownership of a product or service identifier, such as a brand name; and copyright gives ownership of an original creative work such as a song. These legal rights are widely considered indispensable to the profitable commercialization of intellectual creations by their creators because asset rents are predicated on scarcity and scarcity is imperilled if there is nothing to stop others replicating the product, adopting the identifier or copying the creative work.

IP rents are a significant feature of all sectors of the modern economy in which creations of the mind represent meaningful sources of competitive advantage. Patents figure prominently, for instance, in the pharmaceutical and biotechnology sectors; trademarks are ubiquitous in the consumer products industry; copyright underwrites much of the entertainment and publishing sectors. All of these sectors are important ones today in the UK. The rents that exclusive ownership of IP serves to generate take two main forms. The first is where the owner itself exploits the IP. An example would be a drug company manufacturing and selling one of its own patented medications. The second type of rent arises where the owner licenses the IP to a third party, enabling the latter to do something that, without the licence, would constitute an infringement of the owner's property rights. Here, the rent generally takes the form of a royalty or fee paid by the licensee. A common example is the licensing and third-party use of proprietary software protected by copyright of the source code (and sometimes also by patents). To recognize this second model of IP rentierism is to appreciate that Microsoft is probably the most prolific rentier in capitalist history.

Spectrum rents. The radio spectrum refers to a particular range of frequencies of electromagnetic energy that can be used for various types of communication. It is often likened to land; it represents, if you like, virtual real estate. Like land, it is a finite, or scarce, resource. And also like land, any part of the spectrum can accommodate only a limited number of uses; this is primarily due to the potential for interference. The result is that the state, which 'owns' the radio spectrum, regulates many parts of it – and again, the comparison with land, and state regulation of land use, is apposite. It generally does so by licensing exclusive rights to use certain frequencies for certain uses over specified geographical areas. Where those uses enable licensees to generate revenues, the latter clearly constitute rents in so far as they derive from exclusive commercial control of a scarce asset – useable spectrum.

Today there is a wide range of commercially viable uses for the radio spectrum. Broadcasting of audio and video (i.e. television) is one; provision of mobile telephony and internet services is another. This means that spectrum assets and spectrum rents are fundamental to the business models of some of the UK's most recognizable corporate consumer brands, such as Vodafone, O2 (owned by Telefónica) and Three (owned by CK Hutchison). Governments' methods for allocating spectrum to commercial licensees vary somewhat between countries. Traditionally, the preferred method was a so-called 'beauty contest', which saw candidates submit business plans for use of the real estate and the government award licences to those it believed best met its (published) criteria. During the 1990s, preferences shifted to an auction format, which has since become the international norm; it is believed to be a more efficient method of allocation, and one better designed to realize spectrum value. Even then, though, there are different auction designs (e.g. sealed-bid auctions, ascending-price auctions, Anglo-Dutch auctions, etc.); and there are different ways of structuring payments for licences (e.g. royalties versus lump sums). In any event, the UK government first used an auction approach in 2000. It did so to award five licences for third-generation mobile telephony services, raising £22.5 billion in what the economists who designed the auction for the government described as the world's biggest auction 'since the Praetorian Guard knocked down the entire Roman Empire to Didius Julianus in AD 195' (Binmore and Klemperer, 2002: C74).

Platform rents. One of the most notable and important economic developments of the past two decades has been the emergence of the so-called 'platform economy' and the growing power of the owners of today's leading digital platforms. While definition is tricky, the key functionality of a platform is arguably *intermediation* – in an influential essay, Martin Kenney and John Zysman (2016: 61, 65) helpfully define digital platforms as 'multisided digital frameworks that shape the terms on which participants interact with one another . . . [B]uilding a platform is work, but platforms themselves then generate or organize the work of others by providing the digital locations for the connections that organize work and other activities.' In other words, platforms both link people or companies together and, equally importantly, govern or at least direct *how* those different parties interconnect.

Platforms generate two main types of revenues for their owners. One is advertising (e.g. Facebook, Google); in so far as they typically harvest and control vast amounts of data about their users, digital platforms are highly attractive to advertisers, enabling them to target advertisements much more effectively than in other media. The second main revenue stream comprises fees or commissions levied on transactions initiated through the platform (e.g. Airbnb, Amazon Marketplace, London Stock Exchange Group, Flutter Entertainment). But whatever their particular form, all revenues earned by today's leading digital platform providers are rents in the sense defined in this article: they depend upon control of a scarce asset, the platform. Here, however, scarcity is neither inherent (as in the case of land) nor state-prescribed (as in the case of radio spectrum). Rather, it is a characteristic feature of the digital platform business. As Kenney and Zysman (2016: 68) write, 'many platforms by their very nature prove to be winner-take-all markets, in which only one or two companies survive, and the platform owner is able to appropriate a generous portion of the entire value created by all the users on the platform'. In particular, digital platforms tend to enjoy substantial economies of scale, economies of scope and so-called 'network effects' (where the addition of new users increases the value of the platform to existing users), all of which preclude effective competition (Sandbu, 2018). In terms of platform scale, there *is* only one Airbnb, one Facebook, one Google, and it is this scarcity (of scale) that occasions rent. ‘Economic rent’, as Sandbu (2018) writes, ‘is the main reason why the internet giants are so wildly valuable’.

Natural monopoly rents. A ‘natural monopoly’ can be defined in several ways, but perhaps the most useful definition is an industry in which the most efficient number of suppliers is one. Monopoly is said to be ‘natural’ in such cases because the introduction of additional suppliers would necessarily increase overall production costs and hence also the prices charged to customers. A classic example of a natural monopoly so-defined would be the regional or local physical supply of drinking water to businesses and households. Moving from a monopoly to non-monopoly supply structure would entail duplicated infrastructure – for example, multiple sets of pipes – and duplicated costs, all ultimately borne by customers.

In the UK today, there are numerous industry sectors characterized by conditions of natural monopoly. Water supply is itself one. Others include, most notably, the ownership and operation of transmission and distribution networks for the delivery of the other so-called ‘public utilities’, by which is meant basic services used by the public in everyday life – in particular, gas, electricity, sewerage, terrestrial radio and television, fixed-line telephony and transportation (of some kinds). Of these sectors, only one in the UK presently features a publicly owned network operator. That is Network Rail, an arm’s-length body of the Department of Transport, which owns and manages most of the national rail network infrastructure. In all the other utility sectors, including water supply, licensed private companies own and operate the various network infrastructures that enable the supply of the services in question – companies such as Arqiva, BT, Cadent, Centrica, E.On, National Grid and SSE. Under the oversight of government regulators, each of these companies administers one or more particular, geographically delimited natural monopolies: the electricity and gas transmission system in England and Wales in the case of National Grid, for example, or electricity distribution networks in the north of Scotland and central southern England in the case of SSE. These various assets (the ‘regulated asset base’ of the respective companies) fit the very definition of scarce in as much as they are owned and operated entirely (or ‘naturally’) free of competition, as the term monopoly implies; the rents they afford take the form of service charges, typically priced within the parameters of regulatory control frameworks.

Contract rents. A longstanding mantra of the management consultancy industry has been that clients – in the public and private sectors alike – should focus exclusively on their so-called core competences and outsource all other activities. The result, over the course of several decades, has been a veritable explosion in the outsourcing industry and the emergence of a raft of companies with no core business as such of their own, but whose business rather is to undertake *other* entities’ non-core operations, whatever those operations might be – catering, cleaning, IT, payroll or anything else. The public sector in the UK has been an especially ardent outsourcer, with local authorities and government departments farming out everything from fire and rescue to passenger-rail services, from recruitment to care services, and from construction to parking services.

The alternative name for outsourcing – contracting out – is more revealing for our purposes. For when organizations outsource activities they generally do so by awarding contracts for the services to be provided, and those contracts become the principal, prized assets for companies in the outsourcing sector – companies, in the UK, such as Capita, Compass, G4S and Serco. These contract assets are scarce in the sense that each is unique and they are, by their nature, limited in number. Moreover, they frequently encompass the delivery of services for a period of years or even, in some cases, decades; in mid-2018, for instance, the Ministry of Defence signed a new 10-year firefighting contract with an estimated value of £500m with Capita, whereby the latter will operate 69 Ministry-owned fire stations. That £500m is in significant part rent: guaranteed income generated by virtue of Capita's possession of an asset – the contract – that for a decade insulates it from all competition for the provision of the Ministry's firefighting needs. If, therefore, the financial rentier's strategic imperative is to acquire and extract value from financial assets and the spectrum rentier's imperative is to acquire and extract value from spectrum assets, then the contract rentier's imperative is to do likewise with contract assets. Indeed, if the likes of Capita and Serco do have a core business to speak of, then as Colin Crouch (2015: 162) observes, knowing how to win contracts is probably it.

The UK rentier economy

Measuring rents

In the empirical literature on rentierism and rents, one finds three main methods for assessing the scale of rentier incomes. The first has been used with especially powerful effect by Epstein and Montecino (2016: 14–15) in a widely circulated analysis of the estimated cost to the USA of its 'speculative financial system'. We can use the example of their analysis specifically of financial rents to illuminate the method more generally. The US financial system, Epstein and Montecino argue, imposes costs 'over and above the benefits that it provides', and these costs take three main forms. One is the cost of financial crises; the second is the cost in lost growth from misallocation of resources towards finance and away from more 'productive' activities; the third, and the one we are interested in here, is 'financial rents'. The authors argue that rents 'earned' by the financial sector and those working in it represent wealth extracted from – and thus a direct cost to – the rest of society, and they estimate that for the period 1990–2005, these rents summed to over US$3 trillion.

The method used by Epstein and Montecino to calculate these rents depends on a counterfactual, which is to say a US financial system *not* enabling those rents to be earned: in general terms, a system 'that is less risky, extracts less in excess payments, and allocates resources more efficiently than our current one'. But herein, for our purposes at least, lies the rub: rent, by this mode of analysis, is the *excess* payment (realized either as excess bank profits or excess banker pay) earned in the actually existing economy over that which *would* be earned in the counterfactual (efficient, competitive) economy. In other words, this is rent precisely as conceptualized in orthodox economics, not rent conceived according to the (modified) heterodox perspective favoured in the present article. Epstein and Montecino articulate the specific question that their analysis seeks to answer thus: 'What would these financiers' income be if the financial system operated the way mainstream economics often imagines it does – that is, competitively and efficiently?' The authors may gently mock the mainstream here, but it is nonetheless the mainstream concept of rent – rent as excess – that they have measured. For this reason, we cannot use a comparable method.

The second main method for measuring rent is to measure it as reported in the national accounts. The income account has a line specifically called 'Rent'. It is a sub-category of 'Property income', which is reported separately from the other main income categories – operating surplus (essentially, corporate profits), wages, taxes (less subsidies) and 'mixed income' (the 'profits' of unincorporated enterprises owned by households). Can we not just use that 'Rent' income line in this article? Unfortunately not. 'Rent' in the national accounts is a decidedly narrow phenomenon: literally, a payment made under a resource lease for the use of a natural resource. (It does not even include rentals payable on buildings or other human-made structures, which are treated in the accounts as purchases of services.) The grand total of such 'Rent' in the UK in 2018 was a princely £1.8 billion, or less than 0.1% of gross national income. One alternative would be to expand from 'Rent' to the aforementioned 'Property income' category, which includes the interest, dividends and other forms of investment income earned by owners of financial assets; this, as we will see momentarily, is the crux of the third method found in the literature. The underlying problem with extracting numbers directly from the national accounts, in any event, is that they use *legal* classifications of income, while, as Piketty (2014: 422), among others, has remarked, *economic* rents as conceptualized in the heterodox tradition – that is, as remuneration for control of an asset – can take all manner of different juridical forms, whether it is 'rent, interest, dividends, profits, royalties, or any other legal category'. In other words, economic rents are scattered across the whole spectrum of the national income account.

The third method, then, proceeds from the national accounts' 'Property income' category. Like the first method, it has been used principally to measure *financial* rents, since that – financial rent – is what investment income such as interest and dividends is, even if it is earned by non-financial companies. Epstein and Jayadev (2005), for example, measured changes in levels of financial rents and the changing share of such rents in overall national income for the countries of the Organisation for Economic Co-operation and Development (OECD) in the postwar era, including within financial rents all profits earned by financial institutions (i.e. not just their investment income) plus the investment income of non-financial firms. They found that between the 1960s and the 1990s, the share of financial rents in national income increased significantly in most OECD countries, including the UK. They found, in a word, financialization.

Theoretically, one could extend this method from financial rents to the other categories of rent identified in the previous section. But one would encounter two significant problems. First, if financial rents are, in principle at least, relatively easy to isolate in the form of the combination of investment income and financial sector income (allowing for any double counting), the same is not true of other varieties of rents. Aside perhaps from natural resource rents, none of those other forms of rents corresponds with any of the commonly recognized industry sectors whose contributions to the national economy are reported separately, on a sectoral basis, in the national accounts – land rents, IP rents, spectrum rents, platform rents, contract rents and even natural monopoly rents: all of these are generated substantively within more than one economic sector. Indeed, it is only because financial rents earned by non-financial companies are accorded their own income category – investment income – that Epstein and Jayadev were able to perform the calculations that they were.

The second problem, perhaps more disabling still, is that even if rents as understood here *were* generated on a mutually exclusive sectoral basis – platform rents solely in a 'platform sector', IP rents solely in an 'IP sector' and so forth – actually measuring the levels of rent earned in each sector would still be impossible. The reason is that not all of the income earned in any such sector constitutes rent in the form that we (or any other heterodox account) have defined it. As I noted earlier when discussing definitions of rent, few, if any, companies are *pure* rentiers, earning all of their income by virtue strictly of the control of scarce assets; and likewise no sectors of the economy are purely rentierist. Even, in fact, finance: Epstein and Jayadev (2005) framed their analysis of financialization as an analysis of rent, but in reality some of the total profits of financial institutions that they included within their 'rentier share' derive from basically non-rentier activities in as much as control of assets is not essential to those activities – fee-based advisory work would be a prime example. So, as Hudson and Bezemer (2012: 6) have observed, 'statistically there is no practical way' to measure rent – certainly not rent as understood in this article – 'as this would include a large part of the information technology sector, pharmaceuticals, and much "industry"'. The key words here are 'much' and 'a large part' – *not*, in other words, all. At any rate, the deep difficulty of measuring any (heterodox-defined) rents other than financial rents probably explains why nobody – not Harvey, not Piketty, not Sayer or Standing – has done it. Suggestions in such accounts that rentierism in general has been on the ascendancy in recent decades thus remain largely pegged to the financial example and, as such, largely unsubstantiated.

Diagnosing rentierization

In the absence of a method that can be used to measure numerically the significance of rents in the national economy, the best we can do is to assess that significance through non-quantitative methods of interpretation. This does not mean abandoning either rigour or considerations of scale, or indeed scale measurements in general. It means, rather, examining the scale of rent and rentierism in the UK without attempting to attach numbers specifically *to them*, and instead by analysing – qualitatively – data that bear directly on rent and rentierism but which do not represent them per se.

In what follows, two main approaches are used, and I will argue that the most important insights can be drawn by considering them in combination. The first approach is to focus on companies. Specifically, I take a snapshot of the commanding heights of 'UK Plc', as the nation's commercial community as a whole is often labelled, and ask: to what extent are the UK's leading companies rentiers? How prominently does rentierism feature in their business models? Table 2 contains the selected data. It shows the 30 companies listed on the London Stock Exchange (LSE) that had the highest market capitalization (in order of market value) at the time of this writing. In addition to listing each company's capitalization, the table also provides a brief description of the company's main business activity. Finally, it indicates which, if any, of the eight types of rents discussed earlier each company on the list substantially generates. The choice of showing only the top 30 is, admittedly, somewhat arbitrary. There are well over 2000 companies listed on the LSE. The aim of the table is to depict the incidence and most common varieties of rentierism among the biggest of these companies. To that end, taking the leading 20, or 50, or 100 companies would have served equally well, even if, as I indicate below, it would have shown slightly different things.

While the business models of the largest companies listed on the LSE provide a useful window onto the dominant forms of rentierism in the contemporary UK economy, it is far from being a perfect or the only possible window. For one thing, just because companies are listed in London does not mean they generate all their income in the UK. Many of the companies in Table 2 have extensive non-UK operations, which raises the question of how those operations and the rents or other income they earn should be treated. Do such operations form part of, and does their income contribute to, the UK economy? The answers depend both on how we define the decidedly slippery concept that is a 'national economy' – the most commonly accepted measure of the size of a national economy, gross domestic product (GDP), measures economic output produced within a country's borders, whereas gross national product (GNP) measures output produced by a country's resident companies and citizens irrespective of where this takes place – and on what happens to the income generated overseas (for example, does it get repatriated to the UK?). There are no 'right' answers, as the literature on the 'national economy' and the potentially distortive effects of this scalar framing has shown (e.g. Christophers, 2012; Mitchell, 1998; Radice, 1984). Furthermore, not all companies with a major operating presence in the UK are listed

Table 2. Rentierism among top 30 London Stock Exchange-listed firms.

			Rents earned							
Company	Market value (£ billion)	Description	Financial	Land	Natural resources	IP	Spectrum	Platform	Natural monopoly	Contract
Royal Dutch Shell	199.0	• Oil and gas production			x					
HSBC Holdings	134.8	• Banking and financial services	x							
BP	109.7	• Oil and gas production			x					
AstraZeneca	93.5	• Pharmaceuticals				x				
GlaxoSmithKline	85.2	• Pharmaceuticals				x				
British American Tobacco	72.1	• Tobacco				x				
Unilever	58.5	• Consumer goods (food and drink, cleaning, personal care)				x				
Rio Tinto	57.8	• Metals and mining			x					
Reckitt Benckiser Group	44.5	• Consumer goods (health, hygiene, home)				x				
Prudential	44.3	• Life insurance and financial services	x							
BHP Billiton	40.6	• Mining, metals and oil production			x					
Vodafone Group	40.3	• Mobile telecommunications					x			
RELX	38.1	• Publishing				x				
Lloyds Banking Group	37.4	• Banking and financial services	x							
Glencore	34.3	• Mining and commodity trading			x					
Compass Group	33.3	• Contract food services								x
National Grid	28.9	• Electricity and gas transmission							x	
Anglo American	27.5	• Mining			x					

(continued)

Table 2. Continued.

Company	Market value (£ billion)	Description	Rents earned: Financial	Land	Natural resources	IP	Spectrum	Platform	Natural monopoly	Contract
Barclays	27.2	• Banking and financial services	x							
Royal Bank of Scotland Group	26.4	• Banking and financial services	x							
London Stock Exchange Group	24.7	• Financial exchange operation						x		
Experian	23.0	• Credit reporting						x		
Standard Chartered	22.5	• Banking and financial services	x							
Tesco	22.1	• Retail		x						
CRH	21.8	• Building materials and construction			x					x
Imperial Brands	20.5	• Tobacco				x				
BT Group	19.3	• Telecommunications				x	x		x	
Associated British Foods	19.2	• Food production and non-food retail		x		x				
BAE Systems	17.8	• Defence, security and aerospace manufacture				x				x
Smith & Nephew	16.7	• Medical equipment manufacture				x				

Note: Market values as at 1 August 2019; Royal Dutch Shell market value represents the sum of the value of its A and B shares.

on the LSE. Some, such as INEOS (chemicals manufacture), Greenergy (fuel supply) and John Lewis Partnership (retail), are privately owned. Others, ranging from Goldman Sachs (banking and financial services) to Google, are listed on non-UK stock exchanges. And of course even if all of the companies with a major operating presence in the UK *were* listed on the LSE, an analysis of the biggest among these would only ever provide a partial picture of UK Plc – still less the elusive 'UK economy' – at large.

It is important therefore to complement the picture offered by Table 2 with an alternative cut at the complexion of the UK economy, and one which helps us consider things from a different angle. Figures 1 and 2 use Office for National Statistics (ONS) data on the UK gross operating surplus of corporations, which, as noted earlier, is the best available local proxy for corporate profit, which in turn represents the preferred metric among economic analysts for investigating the sectoral breakdown of an economy – output and revenue figures cannot be used due to double-counting issues (one company's output is another's input), and GVA figures are compromised by controversial methodologies for imputation, not least concerning the financial services sector (see Christophers, 2011). Gross operating surplus represents gross trading profits plus income from rental of buildings, less inventory holding gains. By analysing the share of overall UK corporate gross operating surplus contributed by different economic sectors, we are able to assess the relative contribution of sectors with (and without) significant elements of rentierism.

Figure 1 provides the picture for 2016 (the latest for which annual data were available at the time of writing), showing the value of both the surplus generated by each of the major industry sectors identified by the UK standard industrial classification of economic activities (SIC), and, within those sectors, of significant industry sub-sectors. Figure 2 charts the respective shares of the same major industry sectors for each year between 1997 (the earliest for which the ONS provides a sectoral breakdown) and 2016. For both charts, and again somewhat arbitrarily, I have broken out *only* those industry sectors that generated (a) more than 3% of total national gross operating surplus in 2016, and/or (to capture any sectors that have in the past two decades *been* highly significant, but the contribution of which was less than 3% in 2016) (b) more than 5% of total gross operating surplus in one or more year between 1997 and 2015. With regards Figure 1, the sectors shown accounted cumulatively for 87% of the overall UK 2016 corporate gross operating surplus of £596bn; in Figure 2, the cumulative share of all sectors not individually broken out is shown as 'Other'. In both charts, the gross operating surplus attributed to owner-occupiers' housing – the estimated value of the housing 'service' that households owning their home and living in it nominally 'produce' for themselves – has been excluded from the total.[2]

Although Figure 2 traces sectoral operating surpluses back to 1997, two decades clearly represents a relatively limited timeframe within which to consider the evolution of an economy. If we are interested in the question of structural transformation, it is necessary to extend the period over which we examine the structure of the UK economy – back to, at a minimum, the beginning of the 1980s, when both the nation's transition to neoliberal governance and its putative financialization are generally acknowledged to have begun. Hence, Figure 3 charts the period from 1970 to 2010. There are two important definitional points to bear in mind. First, the industry groupings are not the same as in Figures 1 and 2; the latter use the UK's 2007 SIC codes, whereas Figure 3 uses the superseded 2003 classification. Second, the sectoral shares shown are of GVA rather than gross operating surplus – as noted, the ONS provides a sectoral breakdown of the latter only as far back as 1997.[3]

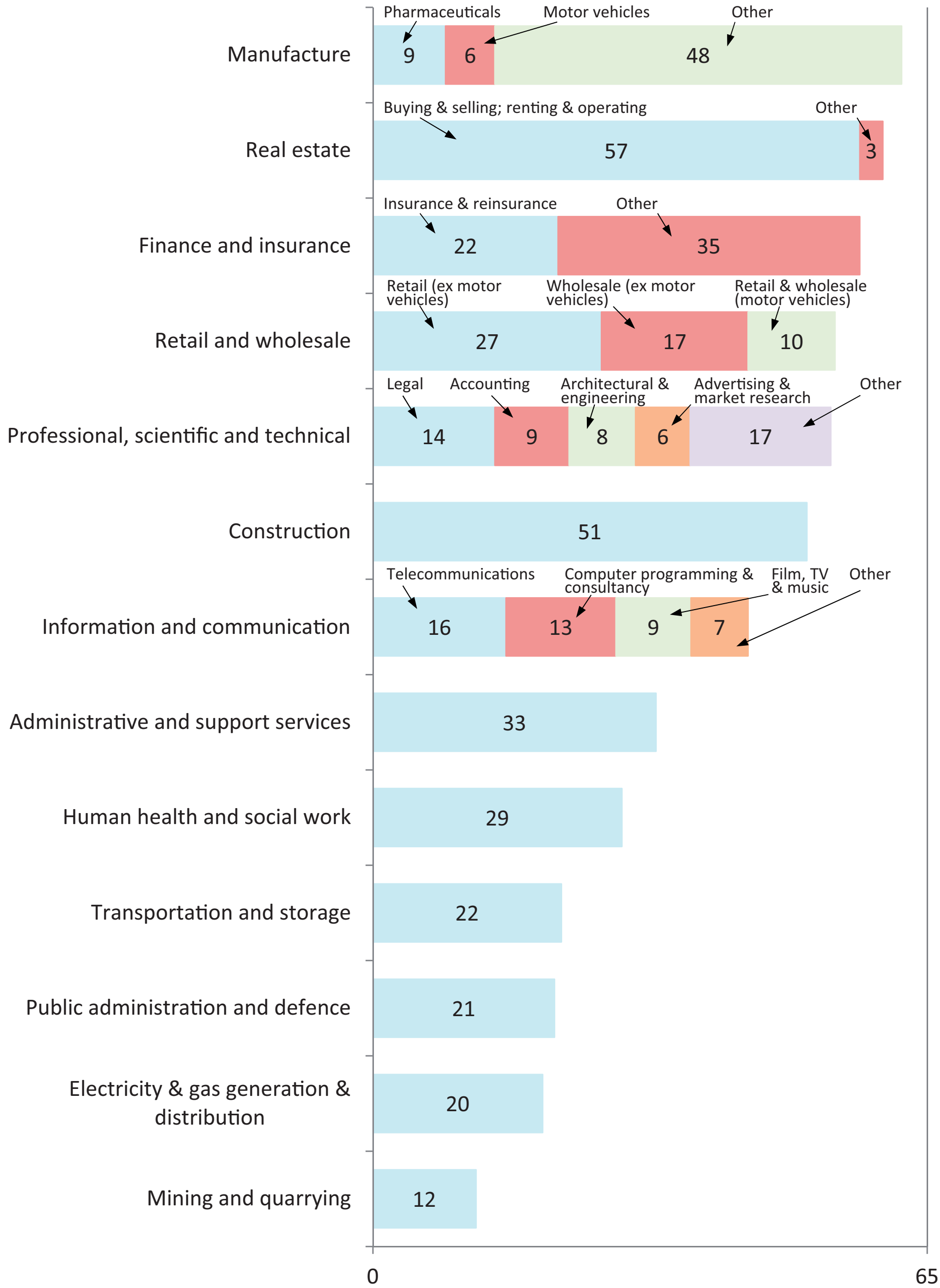

Figure 1. UK corporate gross operating surplus by sector and major sub-sector, 2016 (£bn).

Analysis and discussion

Let's begin with Table 2, the primary message of which is clear: the corporate heartlands of the UK economy, as represented by its biggest public companies, are dominated by rentiers. Every single one of the 30 companies with the largest market value listed on the LSE earns

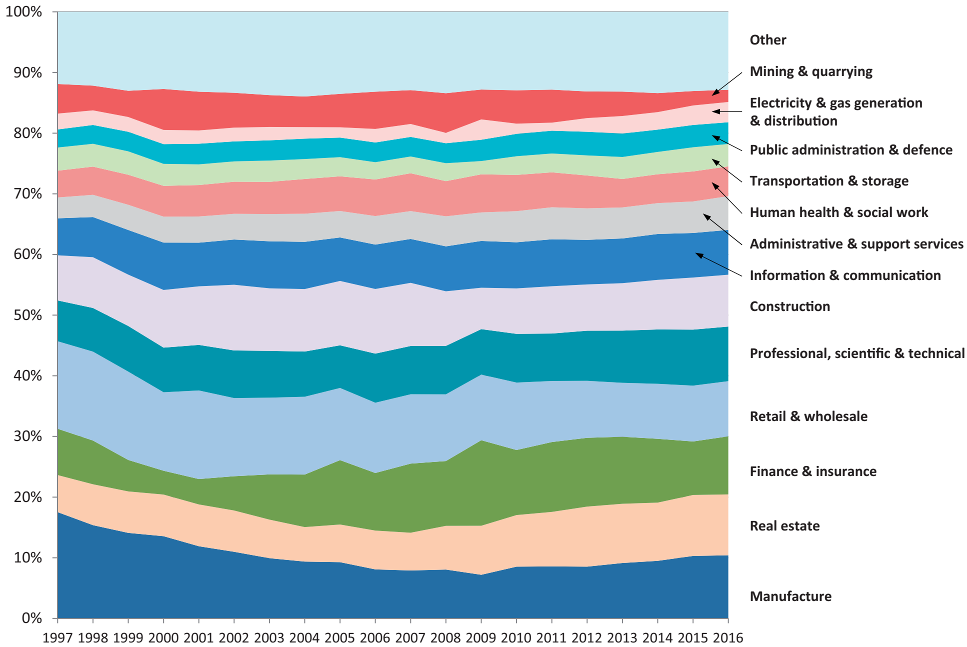

Figure 2. Sector shares of UK corporate gross operating surplus, 1997–2016.

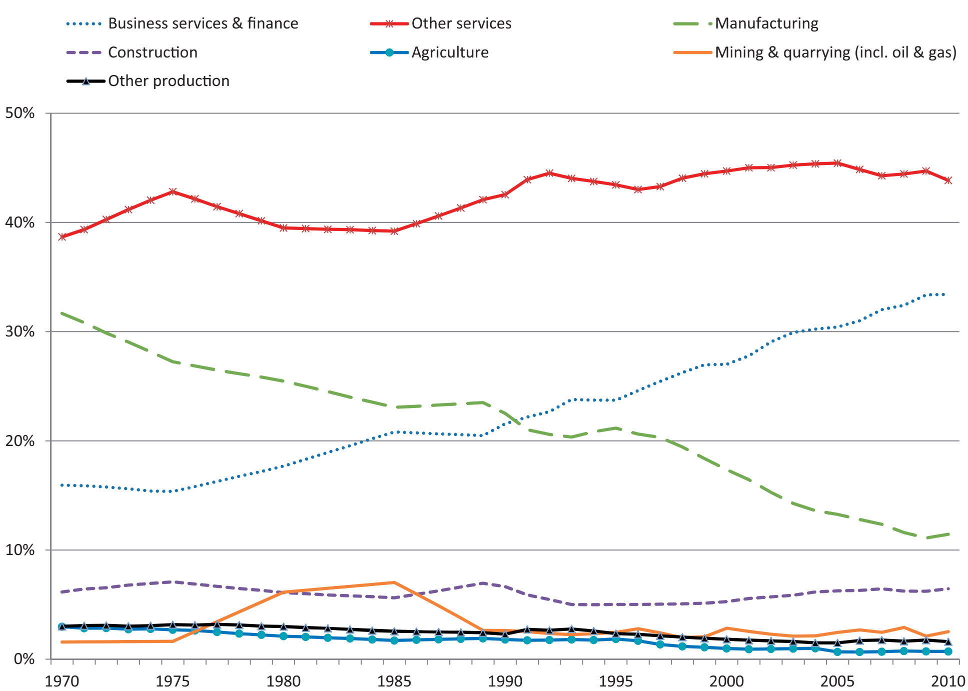

Figure 3. Sector shares of UK corporate gross value-added, 1970–2010.

substantial rents of one kind or another. Rents are what the companies listed in Table 2 are all designed to generate; rent is their shared raison d'être, and rentierism is embedded in their individual and collective DNA. Note here that in documenting which types of rents each company generates, I have erred deliberately on the side of judiciousness, only indicating a company's participation in a particular rent category if this participation is beyond dispute. I have been particularly circumspect, for instance, about IP rents predicated on brand ownership. There can be little doubt that several of the companies that the table shows as *not* realizing IP rents – Prudential or Tesco or Vodafone, for example – would argue that their brands possess substantial value and *do* enable rents to be earned (although they likely would not use that term). But the table does not include such rents.

Nevertheless, even excluding these arguably marginal or tributary types of rents, there are several companies that unquestionably fulfil multiple rentier roles. BT Group is perhaps the prime example. It operates and earns rents from a series of crucial telecommunications infrastructures, including both physical natural monopolies (namely, the bulk of the UK's fixed-line telephony and broadband networks) and the virtual real estate of valuable radio spectrum holdings. It is also a leading IP rentier, operating three leading internet-service-provider (ISP) brands while also being a prolific patenter of information and communication technologies. Other multidimensional rentiers include CRH – whose revenues rely upon construction contracts alongside mountainous reserves of limestone, sand and gravel – and BAE Systems – one of the world's largest defence contractors, whose competitive advantage rests on a vast web of patents in addition to its vast contract book.

In terms of the varieties of rentierism shown in Table 2, there is clearly an imbalance between the most common (financial, natural resources and IP-based) and those featuring much less prominently. Only three of the 30 most valuable LSE-listed companies substantially earn contract rents; and land, spectrum, platform and natural monopoly rents all figure only twice each. Indeed, some might argue that the two land rentiers identified in the list, Tesco and Associated British Foods (ABF), are not land rentiers at all. However, as I discuss in the next section, the central role of land and land rents in the bricks-and-mortar retail business – which accounts for substantially all of Tesco's revenue and, through its Primark chain, approximately half of ABF's – has long been recognized, including, in the UK context, by competition regulators.

The disproportionate representation of finance, natural resources and IP certainly tells an important story: UK Plc *is* weighted towards them, especially at the top end. But the relatively low profile of natural monopoly, land, spectrum and platform rents in Table 2 is to a significant extent a reflection of the arbitrary cut-off point after the top 30 companies. If the list were extended beyond that point, it would rapidly fill up with rentiers in those under-represented realms, even if imbalance between the different varieties of rentierism would remain. Companies whose businesses consist in large part in the generation of natural monopoly, land and platform rents are especially abundant among the tier of companies hovering, in the latter part of 2019, just below the top 30. If we limit ourselves to the top 100, the first category includes, among others, SSE (with a market value of £11.2bn), United Utilities (£5.4bn), Severn Trent (£4.8bn) and Centrica (£4.3bn); the second, Segro (£8.3bn), Persimmon (£6.4bn), Land Securities (£5.9bn), Berkeley Group (£5.0bn) and British Land (£4.7bn); and the third, Just Eat (£5.2bn), Flutter Entertainment (£5.1bn), Auto Trader Group (£5.0bn) and Rightmove (£4.7bn).[4]

Turning to Figures 1 and 2, the first important point to note is one that I made earlier when discussing methodological questions: namely, that there is no straightforward mapping of our varieties of rentierism onto the sectoral breakdown used in the two charts. In some cases, most notably financial rents and land rents, there is definitely a close correspondence (with 'Finance and insurance' and 'Real estate' respectively) – but as the expanding literature on financialization has shown, it is not only companies in the finance sector that earn financial rents; and the 'Real estate' category does not capture all significant forms of land rent, either (which is a point to which I return). In other cases, however, there is no such correspondence. Several significant forms of rentierism are dispersed across multiple sectors, featuring substantively in each but without monopolizing any of them. Contract rentierism is a good example, although it is not the only one. Not only is much of the activity in the manufacturing, wholesale and (especially) construction industries carried out today on a contract basis, but the work of the many outsourcing companies that have increasingly taken on activities deemed non-core to – and thus contracted out by – other companies is spread across numerous sectors. One unavoidable problem with Figures 1 and 2, then, is that even if rentierism is 'there', we might not always be readily able to see it.

Be that as it may, the significance to the overall UK economy of sectors in which rentier dynamics are to the fore is nonetheless evident. 'Real estate' and 'Finance and insurance' are clearly the most striking examples, and as Figure 2 demonstrates, their contribution to overall surpluses has increased strongly – from a combined 13.8% in 1997 to 19.6% in 2016. The other industry sectors that individually generated in excess of £30bn of operating surplus in 2016 all also have rentierist dimensions, if to varying degrees. Manufacturing, as noted, features a significant contract-rent element; IP rents are also integral to much of the sector, with the two largest sub-sectors, which are pharmaceuticals and motor vehicle manufacture, and in each of which patents and branding play a crucial role, being exemplary in this regard. Construction work is almost entirely contract-based. The 'Information and communication' sector is likewise renowned rentier territory, with spectrum, natural monopoly and IP rents all important in the telecommunications space (as discussed earlier in relation to BT) and IP utterly fundamental of course both to computer programming and consultancy and to film, television and music production. 'Professional, scientific and technical' and 'Administrative and support services', meanwhile, are the principal abodes inhabited by the UK's multitude of outsourcing companies, even if, as mentioned, they seek out contract business more widely than that. That just leaves 'Retail and wholesale'. Here, comfortably the most important rentier dynamic pertains to land, especially in retail. This is not so much a question of retail companies charging rent on land that they own but do not use, although that does happen. It is more a question of them buying land in the vicinity of existing stores specifically to prevent competitors acquiring and building on it. The UK's Competition Commission found extensive evidence of this phenomenon in the groceries retail market in an investigation completed in 2007. As one commentator noted at the time, supermarkets such as Tesco were found to be using 'all the tricks in the book to control the relevant land: exclusivity arrangements, restrictive covenants, leases to friendly third parties and so on'; it was 'anti-competitive behaviour on a magnificent scale', and brought 'new meaning to the retailers' axiom that their business is all about property and location' (Peston, 2007). This, in essence, was about land generating economic rent indirectly rather than directly.

In fact, the picture of the UK economy provided by Figures 1 and 2 arguably underestimates the actual extent of rentierism; it is no more perfect or objective a picture than the one provided by Table 2. The latter, as we have seen, shows that some of the very biggest companies – and rentiers – listed on the LSE are mining, metals and oil and gas production companies (e.g. BP, Glencore, Rio Tinto and Royal Dutch Shell) and manufacturers of tobacco (British American Tobacco and Imperial Brands) and munitions (BAE Systems). And yet these sectors barely feature in Figures 1 and 2. In 2016, for example, the combined gross operating surplus of the two aforementioned manufacturing sub-sectors – tobacco and munitions – was less than £4bn; to put that in context, British American Tobacco *alone* generated profits of £4.7bn that year (BAT, 2016: 1). Similarly, 'Mining and quarrying' – which includes the extraction of oil and gas – accounted for just 2% of total UK gross operating surplus in 2016. Earlier in the period covered by Figure 2 its share of surplus was much higher than that, peaking at 6.8% in 2000; but even then, one might reasonably expect to see a far stronger performance from this sector, given that it contributes no fewer than six of the top 20 companies listed in Table 2. How, then, can we account for these discrepancies? The answer is income generated outside the UK's borders. All of the companies named in this paragraph generate a disproportionate share of their revenues and profits overseas, and those profits do not appear in Figures 1 and 2, which explains the anomalously lower values we see there.

Ultimately, it is in the combination of perspectives provided by Table 2, on the one hand, and Figures 1 and 2, on the other, that we can find the most meaningful picture of the role of rentierism in the contemporary UK economy. Figures 1 and 2 demonstrate that the economy is today dominated by sectors in which rentierism is a significant factor, and some of which are rentierist tout court. What Table 2 adds to this tableau is information specifically about rentierism as a source of competitive advantage. For it is not just rentier sectors that dominate the economy. Rentier *institutions* do. Every one of the top 30 companies listed on the LSE is a rentier. Rent, we can see, is what the market values. Even if the economy at large is not all about rent (and of course, it isn't), rentiers are nevertheless the ones that get ahead.

Perhaps more important than the actual extent of rentierism in the UK economy of today, in any case, is the simple fact that rents are demonstrably much more material now than they were in the not-so-distant past. To quibble over the precise level of contemporary rentier dominance is, in a sense, to split hairs. The rentier *has* ascended – that (rentierization) is the essential story. This historical story is the story of Figure 3, although it needs drawing out. As the chart shows, there was a modest increase between 1970 and 2010 in the share of value-added contributed by 'other' services; much of this growth, especially during the later stages of the period, represented the abovementioned expansion of the real estate sector and the proliferation of land rents. But clearly the most significant (and well-known) developments of the period were the decline of manufacturing and the commensurate rise of finance and business services: the share of value-added of the former more than halved and the share of the latter more than doubled. Let's consider this 'scissor movement' in terms of our understanding of rentierism, beginning with manufacturing.

Crucially, the third of the overall UK economy given over to manufacturing activity in 1970 looked very different from the manufacturing sector of today, and not just in terms of size. The country – indeed the Global North – was on the cusp of, but had not yet begun to experience, revolutionary transformations in the organization of production. On the way out were the vertically integrated manufacturing giants of the Fordist era. When 'flexible specialization' and 'just-in-time' production became strategic watchwords of post-Fordism from the mid- to late 1970s, the Fordist dinosaurs began relentlessly to disaggregate and outsource operations, thus spawning the web of complex contractual relationships – between end-product producers, contractors and subcontractors – more familiar today (Paul and Jonathan, 1991). In 1970, that is to say, contract rents, at least in UK manufacturing, were rare. And so also were IP rents: as we will see in the next section, conditions in the UK manufacturing sector in the postwar decades were not conducive to IP rentiers, and the country's leading manufacturers relied on IP rights for competitive advantage much less than they do today.

None of this is to say that, in those pre-1980s decades, the UK's leading manufacturers lacked monopoly power. They did not. But that which they possessed was not afforded, as to a significant extent it is today, by the control of scarce assets such as IP rights or secure, often long-term, contracts. It was a different *type* of monopoly power, occasioned first and foremost by the use of cartels to fix prices. Stephen Broadberry and Nicholas Crafts (2001: 108) have estimated that in 1958 some 36% of value-added in UK manufacturing originated in cartelized sectors, while approximately the same share was produced by industries 'where there clearly were attempts at price-fixing but where this may have been rather less comprehensive'. Only an estimated 27% of value-added derived from sectors that were deemed to be 'completely free of price-fixing behaviour'. And only from the 1960s did the UK's freshly minted competition authorities even begin to take cartelization seriously and attempt to weed it out. Why was manufacturer cartelization so rife? The obvious (but superficial) answer is that it provided monopoly power and thus monopoly profit. But perhaps a fuller answer would be that it substituted for more robust sources of monopoly power – such as, most pointedly, scarce, rent-generating assets – that at the time happened to be in exceedingly short supply.

One flip side to the secular decline of a sector (manufacturing) that was not previously rentierist has of course been the rise of a sector that very clearly is – and was. That sector, finance, has *always* been a rentier demesne, as Keynes knew only too well. As I noted at the beginning of this article, the financial rentier, alongside the land rentier, casts a particularly long shadow over UK economic and social history. Thanks in part to Keynes's own policy impact, the power of the financial sector in the UK was largely muzzled between the 1930s and the 1970s. But financial rentier interests never disappeared. They bided their time, and, since the end of the 1970s, they have reaped where neoliberal governments have obligingly sowed, expanding their dominion in the process we have come to refer to as 'financialization'.

Yet it is important not to overstate the contribution of finance to the growth in the 'Business services and finance' component of the economy shown in Figure 3. The story traced by the rise of that line is *not* predominantly a finance (or financialization) story. For all the rise of finance, the financial sector 'only' contributed 9% of UK GVA in 2010; the remainder (nearly three-quarters) of the cumulative 33% of 2010 value-added accounted for by 'Business services and finance' was contributed by *non*-financial business services. If the upward trajectory of the line in question is not principally a financialization story, however, it *is* a rentierization story. Non-financial business services is the home territory of contract rents and of the UK's army of outsourcing companies, namely those providing to other businesses services that those businesses elect not to carry out for themselves.

Thus, in Figure 3's vivid, parallel decline of manufacturing and rise of finance and business services between 1970 and 2010, we see respectively the decline of a fundamentally non-rentier economy – although what remains of manufacturing has *itself* become more rentierist – and the rise of a rentier one. We see a shift, if you like, from cartelized to rentierized capitalism. All that remains in the final section of the article is to account for the return of the rentier.

The return of the rentier

The rise to dominance of rentierism and rentiers in the UK economy of the neoliberal period has been a fundamentally overdetermined phenomenon. There is no single factor that has played a singularly important role. Rather, the rentier's return has been *conjunctural*: the neoliberal period represents a conjunctural meeting point of a wide array of influential factors and forces, each of which individually has been tendentially supportive of the rentier and of rental income streams, and the *combination* of which has made the period an almost unimaginably propitious and bounteous one for rentierism. The conjuncture has been the very opposite of a perfect storm; a perfect oasis, rather. And, in very large part, it has been policy-led. Government policies of various types have been instrumental to the rise of rentierism. This is not to suggest that the latter was always the explicit objective of those policies (though sometimes it may have been); but it has ineluctably been the outcome. These various policies, together with a range of non-policy developments, have had four critical sets of implications for rentiers and rents: they have served to crystallize an array of new, scarce assets amenable to profitable commercial exploitation; they have strengthened and widened the rights enjoyed by those who control society's major rent-generating assets; they have made it easier to extract rents from such assets; and they have helped to inflate asset values. I take each set of implications in turn.

More assets

The first explanation for the latter-day rise of rentierism is that the rentier has had an expanding array of scarce, monetizable assets to work with. There is simply more grist to the rental mill, largely – though not only – as a result of government policy. We have touched on one relevant policy area already, namely the UK state's drive in recent decades to outsource a panoply of services to the private sector on a contract basis. It would be difficult overstate how pervasive this policy initiative has been, across both central and local government. In a report released in 2016, the National Audit Office provided a jaw-dropping statistic: in the 2014–2015 financial year, the UK state's spending on contracts with external suppliers amounted to £242bn, which, at 31% of total public-sector expenditure, was more money than it spent on providing services itself (National Audit Office, 2016: 3). That is £242bn in contract rents that, to all intents and purposes, did not exist in the 1970s. The most visible manifestation today is sprawling contract goliaths such as Capita, wonderfully described by Joel Benjamin (2018) as 'the Vampire Squid of business process outsourcing, its money grabbing tentacles extending through every layer of Government, from pensions, to council finance, from parking and congestion charges to NHS GP primary care support [and] funeral services'.

Scarce, monetizable assets have been created through other policy initiatives, too. Maybe the most important of these is privatization, which has expanded opportunities to generate rents of multiple types. The most obvious of these are natural monopoly rents: privatization in the 1980s and 1990s of state-owned electricity, gas, water, telecommunications, railway and broadcast-transmission network enterprises, a project zealously spearheaded by Margaret Thatcher, spawned valuable natural monopolies hoarded and monetized with equal zeal by the private-sector operators into whose laps those assets fortuitously fell. Privatization has also massively expanded the realm of land rent by adding prolifically to the stock of private land on which such rent can be earned. Recent estimates indicate that the UK state has privatized in the region of two million hectares of land, amounting to 10% of Britain, since the end of the 1970s (Christophers, 2018). This includes housing land. One of the bitter ironies of the Right to Buy programme initiated by Thatcher is that vast quantities of formerly council-owned housing, initially sold to sitting tenants for their own occupation, have found their way back into the rental market as privately rented stock (Christophers, 2018). Alongside all the new opportunities for natural monopoly rents and land rents furnished by privatization, meanwhile, a parallel process of quasi-privatization – involving licensing rather than outright sale – has created new de facto private radio spectrum assets and attendant spectrum rents.

A third realm in which policy developments during the neoliberal era have led to substantial growth in new assets and in opportunities for associated rentierism is the financial realm. Just as Thatcherite Britain was the seedbed of privatization globally, so, in the 1980s in particular, it was in the vanguard of those Western countries that determinedly set about deregulating and liberalizing their financial sectors. This was the decade of the so-called 'Big Bang', and it heralded an unprecedented era of general financial expansionism that we are still living through. Rapidly growing levels of financial liabilities on the part of households, corporations and governments, which would not have been possible without deregulation and liberalization, are, at once, rapidly growing levels of financial assets – and thus rapidly expanding scope for financial rents – on the part of financial institutions. Between 1975 and 2013, the total assets of the UK banking system grew from around 100% of nominal GDP to around 450% (Bush et al., 2014).

A final realm in which recent decades have seen significant growth in 'rentable' assets is the technology space. Digital platform rents are, by definition, an artefact of the digital age. There is a deep irony here. In the early years of the digital revolution, the suite of emerging technologies was feted by many as an existential threat to extant forms of rentierism, 'a means to nullify the effects of monopoly power' (Cowling and Tomlinson, 2005: 36). Few would have predicted that digital technology not only would do little to erode the power of existing rentiers in, for example, finance, but would *itself* become the cradle of major new sources of rent. Here, the role of policy has been not so much to actively create new rent-generating assets (as in the case of privatization and natural monopolies) or actively stimulate their proliferation (as in the case of financial liberalization), but, conversely, to enable their materialization through passivity. Not just in the UK but internationally, government policy vis-à-vis the new digital platform giants has generally been to leave well alone, and this laissez-faire milieu has represented fertile soil for the germination of scarce and enormously valuable platform assets.

Stronger and wider rights

The second explanation for the rise of rentierism in the UK economy relates to policy-driven transformations in the very nature of the assets that rentiers control and exploit. There are, today, not just more such scarce assets, but those assets that exist have in many cases become qualitatively superior. This is because the rights that those assets confer have been widened and strengthened. One example relates to land rents, where in recent decades government policies have shifted the balance of advantage from tenant to landlord by hardening the latter's property rights at the expense of the former, especially in the case of residential property. The Housing Acts of 1988 and 1996, in particular, made it considerably easier for landlords to gain possession, while eroding tenant security. But there are two other forms of rentierism where processes of asset enhancement have arguably been even more significant and have had profoundly important implications for rentier fortunes: spectrum and IP rentierism.

I discussed earlier in the article historic changes in governments' methods for allocating spectrum rights to commercial users, with auctions generally having succeeded 'beauty contests', including in the UK. But this is not the only crucial change that has occurred. Governments have also transformed the rights attached to licences, and, as Thomas Hazlett and co-authors have argued, this parallel transformation has ultimately been much more significant. As they explain, traditional spectrum licences, as allocated for example to terrestrial television broadcasters, afforded a right to operate a business ‘as strictly defined by the license’. This model has subsequently come to be referred to as a ‘command and control’ approach: ‘Transmission technology, business model (ad supported, not subscription), service (broadcast video, not two-way broadband), and even the location of transmitters were specified by regulators’ (Hazlett et al., 2011: 137). But in the past two decades, spectrum rights have been widely liberalized, especially with regards to mobile telecommunications service licences. Liberalization has been a formal policy of the UK regulatory authorities since 2005 (Ofcom, 2005). With liberalization, licensee rights have been widened, in as much as licences now define band contours and then ‘delegate the choice of technologies, services, and business models largely to the licensee’ (Hazlett et al., 2011: 131). And, in the process of such widening, the rights have also been strengthened. ‘Mobile phone and other modern licenses’, Hazlett (2009) writes elsewhere, ‘convey airwave rights tantamount to spectrum ownership’. To understand the rise of companies like Vodafone to the very top tier of UK Plc, it is essential to appreciate this fortification of the rights that come with a spectrum licence.

The fortification of IP rights during the neoliberal era has been even more material to the pattern of evolution of the UK economy as a whole, as a glance back at Table 2, and the leading role of IP rentiers, will attest. In the 1980s and early 1990s, the rights associated with IP ownership were strengthened largely indirectly rather than directly, specifically through changes in the treatment of IP by the UK’s competition authorities. Where previously those authorities had tended to regard IP ownership as a source of market power, from the end of the 1970s they increasingly regarded IP as pro-competitive, and, accordingly, they shifted to a much less interventionist stance where IP was the basis of competition concerns (Christophers, 2016: 244–245). From the mid-1990s, the strengthening was more direct. The key juncture came in 1994, when the member nations of the World Trade Organization signed the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), for which the UK and its leading consumer goods and entertainment companies had been a vocal proponent. Covering all types of IP, TRIPS harmonized the protection of rights internationally, in the process giving UK IP owners wider and stronger rights than they had previously enjoyed. Rights ‘were extended to new subject-matter categories (for example, copyrights in computer programs and *sui generis* protection of databases); the protection of some new categories was tightened (for example, patents were granted ever more readily for computer programs in addition to copyright protection); and pre-existing exceptions or limitations on the scope of protection were also weakened’ (Ullrich, 2004: 415). TRIPS signatories, furthermore, were required to make national competition policies consistent with this highly protectionist international IP regime (Christophers, 2016: 249–250). Just as Vodafone would likely not appear in Table 2 were it not for spectrum liberalization, the leading positions of the more than 10 IP rentiers on that list owe equally much to the policy-led reinforcement of their own asset portfolios.

Expedited rent extraction

However large an asset portfolio a company controls, and whatever the robustness of the assets it contains, those assets are only commercially valuable if they can be monetized. A rentier is only a rentier if she can extract rent. The third key set of developments of the past four decades, then, concerns the relative feasibility of such extraction. In the UK, making money from the exploitation of scarce assets has, for the most part, become easier; or, stated differently, the key conditions bearing on money-making prospects have generally improved. In some instances, this has had nothing to do with policy – or, as with the example of the emergence of new digital platform assets discussed earlier, the key factor has been policy passivity rather than policy action, and again digital platforms provide the best example: one reason that platform operators are able to so effectively monetize their assets is that 'the intangible nature of internet services makes it particularly easy for them to avoid taxation through jurisdiction-hopping' (Sandbu, 2018). But in most cases, for most forms of rentierism, rent extraction has become easier as a result of deliberate policy actions, and many of the most important examples likewise relate to taxation.

Consider, to continue with the case of IP, so-called 'patent boxes'. This is a term for the application of a lower rate of corporation tax to certain forms of IP rents. In the UK, companies have since 1 April 2013 been permitted to apply the lower rate (10% versus the main rate of 20%) to profits earned after that date that are specifically 'attributable to patents and equivalent forms of intellectual property'. The ultimate policy aim is to increase the level of patenting of IP developed in the UK, and to ensure that new and existing patents are further developed and commercialized in the UK. The immediate effect of the policy, meanwhile, has been to make it easier to make money from scarce IP assets. In 2016–2017, the most recent financial year for which data were available at the time of writing, the total value of this UK tax subsidy, falling straight to the corporate bottom-line, was £943m, with large companies claiming 96% of the total relief (HM Revenue & Customs, 2018: 4). Whether the policy will have the intended effect of stimulating UK-based innovation remains to be seen; but research conducted so far at the wider European level is not encouraging, suggesting instead that the main effect is simply to facilitate the shifting of corporate income to low-tax jurisdictions (Gaessler et al., 2018).

Or, to take another example, consider natural resource rents, which, as we have seen, circulate abundantly through the body politic of UK Plc. These, too, are subsidized. In 2014, Elizabeth Bast and co-authors reported on 'massive subsidies to promote exploration and development of risky and unconventional oil and gas in recent years, including deep-water offshore resources and shale gas' in the North Sea. These subsidies, taking the form largely of tax exemptions, had expanded 'dramatically', and at the time of writing they totalled 'up to $1.2 billion per year' (Bast et al., 2014: 60). In the same year, notably, these subsidies became an overt political issue in the context of the referendum on Scottish independence. Worried that political reorganization would threaten access to 'the U.K.'s tax incentives' and that an independent Scotland would 'hike its oil production taxes' (Eaton, 2014), both BP and Royal Dutch Shell threw their weight behind the 'No' vote, with the former's chief executive, Bob Dudley, warning that '[m]uch of [BP's activity in the North Sea] requires fiscal support to be economic, and future long-term investments require fiscal stability and certainty' (Dudley, 2014).

In addition to offering tax subsidies benefiting rentiers in specific sectors, successive neoliberal UK governments have also used the tax regime to encourage and support rentierism in general. They have done so in particular through amendments to capital gains tax (CGT) (Seely, 2010), which is the tax charged on gains realized on the disposal of assets, and which, as such, represents one of the key fiscal mechanisms available to policymakers to curb rentierist accumulation. As early as 1982, the Thatcher administration nailed its colours to the rentier mast by introducing a CGT indexation allowance that provided relief for the effects of inflation on asset values. Then, in 1988, the cost of all assets that had been held at 31 March 1982 was 'rebased' to their market value at that date, thus ensuring that gains accruing prior to then would not be charged to tax. The first of these two forms of relief was amended in 1998, and in a way that again explicitly succoured rentier interests. For periods of asset ownership after April 1998, the relief afforded by indexation was replaced by so-called 'taper relief', whereby chargeable gains would be tapered according to the length of time that an asset was held. The fundamental generosity of taper relief lay in the fact that the taper was (and still is) applied to net gains after the deduction of ‘allowable’ losses, which are set against gains in the order that produces the lowest tax charge. Furthermore, as introduced in 1998, and in a further fillip for the corporate rentier, the taper was more generous for business assets than non-business assets. On three subsequent occasions (in 2000, 2001 and 2004), the definition of business assets has been widened.

Monetary policy has also been pivotal to the expedition of rent extraction. Indeed, monetary policy developments represent the key to resolving – at least for the period up until the global financial crisis – an important paradox arising out of Keynes’s (2018 [1936]: 334–335) discussion of the euthanasia of the (financial) rentier. Keynes, as we have seen, decried the rentier’s ability to generate rent in the form of interest by keeping capital scarce. His proposed solution was straightforward: make more capital available. If capital was no longer scarce, interest rates would fall (Keynes felt ‘sure that the demand for capital is strictly limited in the sense that it would not be difficult to increase the stock of capital up to a point where its marginal efficiency had fallen to a very low figure’), and the rentier class would die away as its primary income stream dried up. This was the key line: ‘Thus we might aim in practice (there being nothing in this which is unattainable) at an increase in the volume of capital until it ceases to be scarce, so that the functionless investor will no longer receive a bonus.’

Yet, as the volume of capital circulating through the UK financial system began its vertiginous ascent from the mid-1970s (see above), interest rates did *not* fall and the financial rentier did not die. Rather, UK real interest rates rose consistently through to the mid-1980s, and then remained in strongly positive territory until 2007. While part of the explanation is Keynes’s misreading of demand (he certainly had not reckoned with UK households’ unquenchable thirst for mortgage credit), monetary policy played a vital role. As Epstein and Jayadev (2005: 62) observe, ‘the shift to tight monetary policies in the UK and US around 1979 or 1980, implemented by the “monetarists” of the Thatcher regime and by Paul Volcker, Chair of the US Federal Reserve at the end of the Carter presidency ... ushered in an era of much lower inflation and high real interest rates’. Only with the onset of the financial crisis did this relationship, which consistently buttressed financial-rentier incomes, break down. As we will see now, however, monetary policy – albeit a very different type of monetary policy – once again came to the rescue.

Inflated asset values

UK real interest rates began falling in late 2007 and by late 2008 they had entered negative territory, which is where they have remained ever since; real rates in the other G7 countries have been similarly depressed (Rachel and Smith, 2017: 3). But, a decade later, the euthanasia of the financial rentier still has not come to pass, despite Keynes’s assertion that a fall in interest rates would bring this outcome about; indeed, as Figure 2 shows, the UK financial sector remains in rude health. While there are numerous potential explanations for this, one very important contributory factor is that, as discussed earlier, UK financial institutions’ revenue streams have diversified substantially in recent decades – they are not dependent to anything like the degree they once were on rents tied to positive real interest rates, still less positive real *UK* rates. Capital gains have become increasingly material, and since the financial crisis these have been underpinned by key policy initiatives. The latter initiatives represent a particularly striking example of the fourth and final more general explanation for the flourishing of the rentier in the UK under neoliberalism: namely, forces, especially in the policy domain, supporting inflation of asset values (cf. Piketty, 2014: 187–191).

The principal policy supporting the value of financial assets since the financial crisis, pursued in the USA and continental Europe as well as the UK, has been the 'unconventional' monetary policy known as quantitative easing (QE), which in the UK's case has seen the Bank of England purchase some £375 billion of financial assets (Bunn et al., 2018: 1). QE has had a strongly positive effect on the prices of such assets. Bunn et al. (2018: 8) estimate that, without the Bank's intervention, real prices of LSE-listed equities would have been 25% lower in 2014 than they actually were. And this, needless to say, has disproportionately benefited those who actually hold financial assets, which is to say the UK's financial-rentier class, comprising the wealthiest households – the top decile by household wealth realized an estimated average gain in pensions wealth of over £200,000 between 2007 and 2012–2014 purely as a result of monetary policy changes, versus an average household gain of less than £40,000 (Bunn et al., 2018: 26) – and, even more so, the country's leading financial institutions. No wonder that in 2011, as the lay of the post-crisis policy landscape on both sides of the Atlantic became increasingly clear, Paul Krugman (2011) railed against policymakers 'catering almost exclusively to the interests of rentiers – those who derive lots of income from assets, who lent large sums of money in the past, often unwisely, but are now being protected from loss at everyone else's expense'. In the absence of fiscal stimulus or debt relief, Krugman claimed, the 'only real beneficiaries' of existing policies were 'bankers and wealthy individuals'.

And QE has not only benefited the UK's financial rentiers. Land rents have also been fuelled, through comparable, policy-driven inflation in the value of land assets. The estimated value of UK land increased by an eye-watering 64% between 2008 and 2016, from approximately £3 trillion to approximately £5 trillion (ONS, 2017: 5). Nowhere was this inflation more visible – and problematic – than in the nation's seemingly perennially overheated housing market. Bunn et al. (2018: 8) estimate that, without the Bank's unconventional monetary policy intervention in response to the financial crisis, UK real house prices in 2014 would have been 22% lower than they actually were. Post-crisis monetary policy, in short, has served to bolster major portions of the asset wealth of a rentier class already advantaged by three decades of exceptionally accommodating neoliberalism.

Conclusion

Doreen Massey and Michael Rustin (2014) recently provided a salutary reminder of the longstanding influence of financial and landed-property interests in the UK. It was a reminder that rentier dynamics more generally have never been far from the surface or indeed the centre of the nation's political economy. But perhaps at no point in the UK's history as a capitalist society has rentierism been as prevalent and economically dominant as it is today. (In so far as it was fundamentally organized around land ownership and control, the feudal economy was a rentier one in its totality.) Certainly, the rentier has been relentlessly on the ascendancy during the neoliberal era, such that the contemporary economy is shot through with rents in a way that the economy of half a century ago plainly was not. In this article, I have presented the key forms of contemporary UK rentierism, provided an assessment of the extent of their sway within today's national economy, and sought to provide a summary account of the main factors accounting for the rentier's broad-based revival.

Needless to say, however, much remains to be understood about the United Kingdom of rents. Arguably the key set of questions left unasked in this article concerns the effects of rentier dominance. Focusing on what rentierism looks like and why it has so forcefully returned to prominence, the present article has not even tentatively ventured onto that territory. Thomas Piketty's (2014) work on inequality, foregrounding as it does a pivotal role for the rentier and her capital income, is highly suggestive in this regard. But rising inequality is not the only important political-economic trend of the late 20th-century and early 21st-century UK that might be helpfully examined in the light of resurgent rentierism. How, if at all, does the return of the rentier connect to the crisis of productivity, for instance, or, from a more explicitly geographical perspective, to the deepening of uneven regional development? These questions potentially form the basis of an important future research agenda for the field of heterodox economic studies and especially its geographical practitioners.[5]

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Notes

1. See 'Economics A–Z terms', at economist.com.
2. National income statisticians include this imputed value in their estimates because if it were not included, between-country comparisons would be affected by differences in rates of homeownership and the rate of change in overall gross operating surplus (and thus GDP) between two periods would be affected by changes in the rate of homeownership. Neither of these problems is pertinent to the case at hand.
3. GVA equates to gross operating surplus plus compensation of employees and taxes, less subsidies on production.
4. In terms of radio spectrum, ITV (listed on the LSE and with a market cap of £4.2bn) is a significant player (through its subsidiary SDN), but the UK's other significant spectrum rentiers are either part of international groups (e.g. O2 and Three), privately owned (e.g. Arqiva) or state-owned (the BBC).
5. I try to answer some of these questions in two forthcoming studies of rent, the rentier and rentierism (see Christophers, 2019; 2020).

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