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Bringing the social structure back in: a rents-based approach to inequality

CELIA LESSA KERSTENETZKY

UNIVERSIDADE FEDERAL DO RIO DE JANEIRO - UFRJ

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Bringing the social structure back in:

a rents-based approach to inequality[1]

Celia Lessa Kerstenetzky[2]

Abstract

Motivated by a perceived lacuna in theoretical discussions on income inequality, this paper explores an approach based on the place in that inequality of economic rents. Although widely recognized as a subject to be considered in relation to inequality, rents are still failing to receive a conceptually and theoretically unified treatment. In fact, although accepted as an element in the distribution branch of economics, economic rents have been subject to a somewhat incomplete treatment, especially when it comes to understanding the origin in wealth ownership. This blind spot invites cross-disciplinary collaboration as a means of elucidation. So, in this paper, I review and systematize scattered conceptual and theoretical contributions on the subject drawn from the literatures of both economics and sociology. Briefly, while economics delineates the market phenomenon giving rise to rents, sociology sheds light on the influence of background social structure on both the supply and demand blades of the 'market scissor'. This is to some extent reminiscent of Marx's class struggle analysis; but Marx's original view is amplified by the sociological perspectives I review here, as the latter identify and conceptualize rents earned by labour in addition to those earned by capital. Two ideas that sprang from my reading of the sociological perspectives should be placed at the very core of a rents-based approach to inequalities. The first is that the normal functioning of markets does not make economic rents disappear; the second is that all earnings are relative, so that rents, including negative rents, are a vital part of everyone's remuneration in contemporary capitalist economies. An outline of a rents-based theory of inequality is proposed and normative and policy consequences of undertaking this move are hinted at.

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[2] Full professor of Social Policy, Economics Institute, Federal University of Rio de Janeiro; visiting fellow, SPS Department, European University Institute, Florence; director of the Center of Studies on Inequality and Development (CEDE).

1. **Introduction**

This paper is motivated by the perception that, despite a rapid advance in the measurement of economic inequality, understanding of the phenomenon is still elusive. It is not that many of the processes, mechanisms and factors involved have not been singled out and computed, for they have.[3] But a common language to bring coherence to what we know –moreover, a language that can play an essential part in establishing an overarching understanding – seems still to be missing.

In fact, when considering the measurement of economic inequality, one immediately encounters a puzzle. For it is often the case that two different computations of economic inequality are opposed one to the other, each computation relating to different assumptions about the functioning of market economies and inequalities therein. These are the measurement of inequality between individuals (interpersonal inequality) and that of inequality between capital and labour (functional inequality). Functional inequality, by contrasting labour and capital income shares, conveys information that fits into the political economy tradition, which depicts economic relations in terms of class relations. Yet, recent data on interpersonal inequality has seemingly blurred the divide between the worlds of labour and capital, as those in receipt of wages are among the top income earners – and this is increasingly the case.[4] In a symmetrical development, the computation of interpersonal inequality, a concept the origins of which can be traced to individualistic approaches to market economies, has been tracking the existence of a binary distribution. It has uncovered two separate worlds in terms of magnitude, trends, and political economies: that of the rich and that of 'the rest'.[5]

This confrontation of measurements suggests that the language used to compute economic inequality – whether in terms of income shares of capital and labour or individual incomes – may be leading us astray instead of helping us to pin down the phenomenon to be

[3] For overviews, refer to Grusky and Hill 2018, Palma 2019, and Atkinson 2015, among many others.
[4] Piketty 2014; Milanovic 2017, 2019.
[5] Piketty 2014; Atkinson 2015; and Palma 2019, in which the two worlds are the top 10% and the bottom 40% of the income distribution. For Palma, it is between these two groups that the distributive struggle is taking place nowadays. I thank Robert Wade for sending me the reference to this important paper.

theoretically unravelled.[6] The implicit idea of a 'quantiles war' seems unappealing. How then to make sense of the economic inequality of our time?

Beyond individual incomes and capital-versus-labour income shares, economic rents, as still another name for the *inequalisandum*, loom as a world yet to be intellectually conquered. Economic rents are usually referred to in order to describe unusual, undeserved or 'unearned', types of income – typically excessive or beyond 'fair' remuneration, implied to be remuneration beyond that which corresponds to actual contribution. However, rents are increasingly seen as an important element in contemporary economies, and in the inequalities in these economies. Moreover, rents are generally perceived as crisscrossing the usual capital-labour frontier. This notwithstanding, the relationship between rents and the incomes accruing to owners of capital and to labour has never been satisfactorily clarified, either at a conceptual or a theoretical level. As an illustration, consider the current analytical undecidedness regarding where to establish the frontier between profits and rents (received by capital owners), or between salaries and rents (received by top wage earners). In sum, what if the intuitive association of rents with high (possibly exploitative) incomes does capture a central aspect of social reality? One hypothesis to explore is the presumption that rents are at the core of current income distribution; that they signify more than the excessive returns they have been taken to represent; that they actually lie below the surface of many forms of income; that, in other words, rents as a category might provide a language – missing so far – in which we can discuss income inequality on a more reliable footing.

This paper explores this possibility in a piecemeal fashion by searching for, and systematizing, scattered conceptual and theoretical contributions. My first line of enquiry was: what have those who have given rents serious consideration come up with? How do they define rents? How relevant do they think rents are to understanding contemporary inequalities? The intention was not so much to come up with a history of ideas, but rather to survey and systematize definitions of rents, and arguments about the relationship between

[6] Trying to solve this difficulty by replacing those categories of inequality by deciles, as in Palma 2019, only shows the relevance of the present discussion, for in that case, the name of a quantity (decile), i.e. the 'representation', is replacing what it is meant to measure, the 'represented' (a socially meaningful unit). Also, this unreliability is reflected in the shifting denominations given to the two extremes of income receivers often present in the same text: e.g. capitalists or capital owners and workers, elites and workers, top earners and bottom earners, and so on.

rents and inequality. Thus, a precise chronology of the arguments was not important and was not established.

My initial focus was on the literature of economics. However, as I was engaging with this, it became clear that an approach to rents based purely on economics would not do, and that a sociological perspective was also needed – in fact, there is an important sociological tradition that gives economic rents pride of place. Briefly, contributions from economics single out the market power of economic agents as the ultimate source of rents accruing to them – market power being conceived either as a transient (for modern neoclassical economics, see Alchian more ahead) or a more constitutive (for classical and heterodox economics) trait of market economies. Sociological approaches, by contrast, go one step back, beyond markets, or before markets, towards class or class-fraction positions in the social structure which are defined in terms of exclusive ownership of tangible and non-tangible capitals. In other words, while sociology singles out social closures - i.e. groups' exclusive ownership of valuable resources -, economics singles out monopoly - i.e. the market power of economic actors - as the root causes of rents. Granted, market power is a form of social closure; but social closures go beyond markets.

By bringing in social closures (thus, class differentiation), a sociological approach provides a broader take on rents than does an economic one. This is because, while stressing exclusive ownership of valuable resources, such an approach also sheds light on rents as components of the remuneration of both capitalists *and* workers. It does so by supposing that the possession of valuable resources or 'capitals' (in Bourdieu's rather broad sense of capital) is orthogonal to the usual capital-labour distinction: both capital owners and wage earners may have capital in this broad sense. More radically, as we shall see, the ultimate implication of the argument is that rents are pervasive, that they invade the spheres of both 'normal' profit and 'normal' wages.

The structure of the paper is as follows. Starting with the economics literature, I report, in Section 2, the evolution of definitions of rents in mainstream economics, as the field progressively distanced itself from previous, nineteenth century, 'sociological' explanations, i.e. those stressing non-economic factors. My basic source for this part is the most referenced economics dictionary in the English language, the *Dictionary of Political Economy* (later to be called the *New Palgrave Dictionary of Economics*) originally edited by Palgrave (all editions from 1894 up to 2018). After that, in Section 3, I engage with classical and heterodox economics perspectives for which rents are central, both as a category in its own right and as potential explanation for economic inequalities. In Section 4, a contemporary sociological perspective is presented. Though it has some internal differentiation, this perspective is roughly unified around the agenda of a post-liberal, not strictly speaking individualistic, contribution to thinking about inequalities. Here, rents also have a central place in the explanation of inequalities.[7] Among the more critical views of rents, in both economics and sociology, the legacy of Marx is widely cited. Marx's imprint is visible in the acknowledgement of rents' importance and the potentially troubling consequences of this. It is less visible when it comes to embracing his exploitation theory. Section 5 closes the paper by re-emphasising its main points and proposing the outline of a rents-based approach to economic inequality.

2. Textbook definitions

Modern mainstream economics approaches economic rents as a phenomenon associated with scarcity of valuable resources. Despite also representing rents as resulting from market phenomena (instances of short supply of valued resources), late nineteenth century definitions, as they came to be set out in leading economics reference works such as Palgrave's *Dictionary*, depicted a more complex picture by alluding to the effect of non-economic factors on market forces. And it was these earlier contributions to the discussion that suggested core elements of the research agenda followed in this paper. In this section, I present and discuss nineteenth century Palgrave entries on 'the basis of rents' and 'rents of ability' and a later formulation that survived up until the most recent 2018 edition of the *Dictionary*.

[7] Incidentally, I found within sociological perspectives a similar divide that I had found in economics. For some authors or theoretical subsets, inequalities based on rents should be considered unfair so long as they express (artificially obtained) monopoly powers of groups of people, and not exclusively different economic contributions. For other authors or theoretical subsets, the ability to extract rents from differential powers is seen as the normal dynamic in a capitalist economy, and it is the origin of these differential powers which then needs to be unearthed. I thank Peter Evans for suggesting that I should make explicit this distinction.

The 1899 edition of the Palgrave's *Dictionary of Political Economy*, the first to include the letter 'r', brought two entries for economic rents, one entitled 'rent, the basis of', by Alfred William Flux,[8] and the other entitled 'rents of ability', by Caroline Foley.[9]

Flux's entry starts with David Ricardo's classic definition of rents of land. For Ricardo, '[r]ent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil.' (282) Similarly, for Alfred Marshall, a second economist quoted, it is '[t]he income derived from the ownership of land and other free gifts of nature.' (282) Flux then proposes to extend this common definition to other cases beyond land and the gifts of nature:

> Income derived from the ownership of special facilities of production not accessible to all possesses economic characteristics which correspond closely to those of rent of land. (282)

Flux further states, '[t]he underlying basis of rent is the difference of return to equal effort'. (283) And the central supposition is one of exclusive ownership of the best resources, which are increasingly valued:

> the doctrine... assumes the ownership of productive facilities…, assumes that they are not equally open to every producer in fact... The best is limited and is made the subject of ownership. The necessity to utilize opportunities less favourable than the best existing brings the fact and degree of their superiority to the front and gives it value. (283)

Flux concludes that the basis of rents for the owners of the best resources is a combination of 'the necessity to utilize opportunities less favourable' (i.e. increased demand) and the exclusive 'ownership of the best of the productive facilities' (i.e. fixed supply).

The entry, however, while acknowledging the importance of the elements thus combined, does not provide further insights into the question of 'necessity', i.e. factors explaining increased demand, nor does it look into how 'the best' came to be 'limited' and

[8] Alfred William Flux, MA Fellow of St. John's College, Cambridge, and Professor at Owens College, Manchester, was a British economist and statistician who in 1890 became a foundation member of the Economic Association.

[9] Caroline Foley was one among the first women to get degrees (a BA in 1886 and an MA in 1889) in Political Economy from a British university, University College, London. She also became a foundation member of the British Economic Association in 1890.

‘the subject of ownership’, i.e. factors leading to a fixed supply. To some extent, this is also the case with two other problems, which, again, are hinted at but not followed through. The first is the difficulty of separating capital invested in land from ‘the original powers of the soil’, thus, separating profits accruing to invested capital from rents accruing to the use of the best natural resources. The second problem is social costs, i.e. reductions in social well-being that may be associated with the payment of monopoly rents. In this regard, Flux remarks that although they are not a cost of production, rents may nonetheless contribute to increasing prices if they result from monopolistic behaviour – or, in other words, from artificially generated short supply.

In sum, the entry provides conceptual tools that would later be selectively appropriated by the neoclassical economics reading of rents – excess demand, short supply, monopoly rents – as, for example, in the definitions by Armen Alchian and Gordon Tullock that we shall introduce later. However, the key issues it indicates need to be further clarified if a thorough approach is aimed at. These include how to distinguish profits from rents, i.e. consideration of the extent to which profits can be considered apart from the reference provided by ownership of valuable assets. Also, if wealth ownership (here the ‘productive facilities’) is the ultimate basis of rent, there needs to be consideration of the extent to which that ownership is legitimate, how it originates and how it perpetuates and transmits itself. These issues will be brought into play by the sociological literature we review in Section 4.

The following entry, ‘rents of ability’, by Caroline Foley, tackles rents of labour. Foley, like Flux, seeks to provide a definition similar to that of rents of land; but her subject is ‘human bodies and minds’, a domain even more dissimilar to land than Flux’s productive facilities.

Using wording she attributes to Nassau Senior, Foley initially defines rent of ability as ‘a species’ of the same ‘genus of reward’ as that to which rent of land belongs. It is, she adds, the ‘residual element of reward which nature or fortune bestows … an exceptional or differential profit beyond the given average rate of remuneration.’ (285) Rent of ability arises when a natural monopoly ‘of extraordinary qualities of body and mind’ meets with a demand temporarily or permanently in excess of supply (285). In other words, rent emerges when rare talents are in high demand.

Foley would, however, subsequently, recognize the presence of a third element, in addition to natural monopoly and high demand, consideration of which would inadvertently distort her proposed analogy between natural ability and (good quality) land.[10] This element is *Conjunctur* (285) – a German word, used by scholars of the German Historical School to signify a set of beneficial circumstances due not to effort but to good fortune.

Foley does not develop this third element any further, but refers to the definition of *Conjunctur* contributed to the *Dictionary* by John Bonar[11] as a complementary discussion. In that entry, included in the first (1894) edition of the *Dictionary*, Bonar describes *Conjunctur* as comprising 'inherited wealth, influential parentage, nationality and education', or, as he summarizes it, a 'good start in life'. This is a condition that gives an advantage to the person enjoying it that is analogous to the luck of a speculator who enjoys an 'opportunity to realize a fortune without labor'. And, Bonar adds, in both cases '[no] breach of the rules of competition' is involved (387). In the end, a good start in life, even if not in any sense a natural ability, might represent an advantage that is not unfair.

On reflection, however, we see that extraordinary qualities of body and mind, on the one hand, and a good start in life, on the other, despite both being fortunate circumstances for those who happen to possess them, differ in the extent to which they can be considered irremediably random. For the sake of simplicity, let us call them the natural and the social lotteries. While both are chance events, the latter has to do with social origins and may be amenable to compensation in a way that the other one cannot be.[12] Bonar mentions that 'moderate German socialists' of his time were advocating policies that would spread a good start in life more evenly. He himself stops short of explicitly endorsing such policies, but rather suggests that 'no breach of the rules of competition' occurs when the social lottery gives someone an advantage.

But there is an obvious ambiguity here. True, the suggestion by Bonar that advantages deriving from the social lottery can coexist with the rules of competition might mean an implicit normative endorsement of such advantages. But it might, alternatively, offer a

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[10] An obvious difference is ownership: natural abilities cannot be separated from those who have them, whilst land ownership can, at least in our 'modern societies'. And, as Flux had remarked, rents relate to the ownership of the best resources.

[11] John Bonar (1852 –1941) was a Scottish political economist and historian of economic thought.

[12] Sociologist (and historian) Charles Tilly, whose ideas we shall review later, even challenges assumptions about the perfect independence of natural and social capabilities.

warning that the ‘no breach of the rules of competition’ clause is too lax a normative criterion by which to assess such rents, which, as has been said, accrue to the good-start-in-life guys. This ambiguity would later be undermined by one reading of it being embraced by neoclassical economists, and the other by heterodox economists and post-liberal sociologists: abiding by the rules of competition would be deemed necessary and sufficient normative clearance for rents by the former, while it would be deemed neither one nor the other by the latter two groups of thinkers. This turns out to be an important point of contention, to which we shall come back in the next two Sections.

Foley’s rents-of-ability entry covers some terrain in differentiating rewards due to investment from rewards due to talent. She argues that the good fortune of having a rare talent must be separated from the sacrifice needed for developing it (286). A parallel with the profit-rent distinction hinted at by Flux comes to mind: in the present case, profits reward investment in education (education premiums), while rents accrue to non-replicable talents. Of course, the problem of the empirical distinction between profits and rents lingers: where do profits end and rents start? But since Foley’s initial definition puts rents on a par with earnings ‘beyond the average rate of remuneration’, thus implying that markets manage the pricing of skills and talents, she skips the need for more complicated calculations.

In this connection, a more intriguing point made by Foley is that differential rewards accruing to special skills or rare talents cannot disappear, even with further (public?) investment in education. So, (I venture) she guesses that the moderate socialists referred to by Bonar, those who wanted to mitigate the uneven effects of the social lottery, will not carry the day:

> However classified, rent of ability and of fortunate contingency is a factor which *under a system of competition militates ever more and more against any tendency to equality in returns,* whether these are called wages or profits. The greater the investment of capital in the training of natural abilities, *the more general the opportunities to cultivate the same,* the more differential becomes the profit of those who in themselves and in the turn of events possess that species of monopoly analogous to that arising from the possession of the most remunerative portions of the earth’s surface. (286, my emphases)

Of course, the unequal outcome referred to in the quotation is not assured. For although training will enhance the advantages of the naturally talented, that talents accrue to those who have also won the social lottery is not guaranteed. But the paradox of equality engendering inequality – be it the procedural equality ingrained in a system of competition or the equalization of opportunities via deliberate efforts – offers fertile ground for discussion and gives rise to different readings, such as Bourdieu's, which we shall discuss in Section 4.

A final point suggested by Foley is that demand may take us by surprise, in the sense of making rents appear unexpectedly. She comments that '[f]or a pianist to be offered in England a thousand guineas in remuneration for one evening's display – as happened recently – would some years ago have been an impossibility' (286). This rather vague but thought-provoking point concerning a possible conventional attribution of value to skills or talents is again discussed at length by Bourdieu, whose ideas on the demand side of the rents issue will also be dealt with in Section 4.

To summarize, as in Flux's agenda, the elements of circumstantial demand and fixed supply are present in Foley's entry. Foley too brings in the sociological drivers behind the forces of supply and demand – in this case, the social lottery, the capacity of an equalizing system to generate rents and inequality, and the conventional character of demand – even if she does not address them extensively. As we move on through the Sections of this paper, each one of these points will be examined again, as they are central to the alternative readings I review here.

Later editions of what was originally Palgrave's *Dictionary* – the change in its title from the *Dictionary of Political Economy* to *The New Palgrave Dictionary of Economics* may be significant – witness important changes in the treatment of rents. From 1987 to 2018 (the most recent edition) the entry on rents was contributed by Armen Alchian,[13] with only minor modifications, if any, from one year to the next. Previous references to ownership, a good start in life, nature versus good fortune, and profit versus rent, as well as possible normative objections to rents, all but disappeared. Alchian's entry provides a brief and very selective history of past definitions of rents, all of which are turned into special cases of what is proposed as a more general definition. No mention is made to the previous contributions by Foley and Flux to the same Dictionary.

[13] A noted Armenian-American UCLA professor of economics (1914-2013), former long-term affiliate of the Rand Corporation, and former member of the Mont Pelérin Society.

Alchian bluntly defines economic rent as ‘payment for the use of a service whose supply is fixed’ (11522). It emerges from competition for the use of a scarce resource, and serves a social purpose by indicating and promoting the highest value use of that resource. True, ‘monopoly rents’, an additional form of rent, may arise in markets from artificial or contrived restrictions to competition. But these may be dissipated by competition to impose restrictions among rent-seekers, and competition to be ‘in a position to grant such favours’ among politicians (11527). Alchian’s summary of previous contributions cites Marshall’s quasi-rents and composite-rents, both of a temporary character (in his view, monopoly rents that tend to disappear), and Ricardian rents, which, though not temporary, accrue to different units of some resource that are differentiated on account of various desirable associated factors (location, fertility), and thus serve an allocative function. It should be noted that while Flux’s and Foley’s definitions, respectively, of rent of capital and rent of labor, were modelled on the Ricardian definition of rent of land (i.e. differential rents accruing to high quality resources/talents because lower quality ones were employed in order to satisfy demand), the more general definition proposed by Alchian implies that rents accrue to *any* relatively scarce resource (as any economic resource is) as a reward for its marginal product.

As said, Alchian’s definition obscures the issue of ownership of resources through the use of agent-less sentences: resources ‘go’ to different uses, without mention to their exclusive owners. In fact, a persisting problem in neoclassical economics is the issue of the initial distribution of valuable resources, actually a non-issue, and the related (non-)issue of social class, both of which we shall come back to in Section 4. When it comes to social costs, these are equated with those effects of monopolies that can be competed away. An example of a less sanguine view of monopoly rents is provided in a contribution by Gordon Tullock[14] to the 2018 *NPDE*, in which he defines rent-seeking as ‘investment of resources in efforts to create monopolies’ (11530). In that entry, Tullock argues that even though the deadweight loss – i.e. the negative effect of artificial scarcity on social welfare – created by monopolies may disappear, the social cost is still significant. It amounts to rent-seeking behavior, which directly hampers efficiency. He declares ‘the large-scale lobbying industry’ to be ‘a major social cost’: ‘these highly talented people could produce more on some other activity’

[14] A leading American public choice theorist (1922-2014), with a training both in economics and law, Tullock was one of the founders of the Public Choice field of research.

(11534). And yet, while this more critical view of the notion of efficient markets might lead to the endorsement of government regulation aiming at halting ‘wasteful’ rent-seeking activities, the entry does not go that far.

In any case, it is remarkable that, despite rents affecting income distribution and being affected by wealth distribution, these relationships are not investigated in either the early or the recent mainstream contributions mentioned above. In fact, while social costs such as the deadweight losses of monopolies and other wasteful behavior are mentioned, inequality is not even named as a possible cost to society. By contrast, theoretical contributions located on the periphery of the economics mainstream have taken issue with both inefficiency *and* inequality, suggesting that inequalities fueled by monopoly rents are themselves not inconsiderable social costs. Among the leading contributors, economist Joseph Stiglitz (2013) and political scientists Jacob Hacker and Paul Pierson (2010) identify rents – more accurately, rent-seeking – as key components of current economic inequalities. Rent-seeking, they claim, is an activity that favors the rich and powerful, who focus on getting opportunities for collecting rents from governments. They assert that both regulation (restrictions on competition, usually favoring those at the top) and deregulation (which gives free rein to commodification, usually harming workers at the bottom), the twin outcomes of rent-seeking, are key means of rent-extraction underlying contemporary inequalities. This perspective is akin to that presented by political sociologist David Grusky, which we shall discuss later. Together, they belong in the ‘political turn’ in inequality studies, which focusses on how existing economic inequalities play out in the political arena to promote the persistence and expansion of privileges. In comparison, as we recognize below, classical and heterodox economics saw rents as rooted in the very processes of wealth creation in capitalist economies.

Summing up the definitions and arguments thus far: rents are seen as a market phenomenon and their emergence as resulting from either competition for the use of a valuable and scarce resource/talent, in which case no fairness problem is involved, or artificially generated short supply of the valuable resource. In the modern neoclassical version, even the latter rents are not perceived as unfair as they may disappear in the face of competition; but other neoclassical and post-neoclassical scholars think otherwise. In fact, both the rent-seeking literature and its more inequality-sensitive offspring are particularly concerned about monopoly rents.

3. The 'long shadow of Marx'[15]- I

In distinction to their inconspicuous and to some extent unproblematic presence in neoclassical economics, rents, now in the general sense of appropriation without contribution, stimulated considerable attention and concern in classical economics. Underlying these different attitudes are different ways of representing the economic system: as a static equilibrium of market forces, in neoclassical economics; and as a dynamic system of production, distribution and accumulation of surplus, in classical economics. Each of these views contemplates one of two different sets of economic actors: individual owners of production factors; and economic classes, i.e. propertied and non-propertied collective actors, whose status, typically, was that of landowners, capitalists and workers. And while the relationship among individual owners of production factors is in modern neoclassical economics framed as taking place within a production function to which each of them contributes and is rewarded according to his/her relative scarcity, the relationship between economic classes is, in classical economics, framed as conflictual and rents as intensely sought after.

So, in the classical tradition, rents are integral to the distributive dispute between economic classes; and the distributive dispute, in turn, is at the core of the surplus-producing economic system. David Ricardo, for example, imagined a scenario where 'rentier' landowners (the possessors of the most desired and increasingly limited natural resources) would, in time and with economic development, absorb the surplus generated by the capitalist-championed production system and eventually drive the system to a steady state. An intra-dominant-class distributive conflict around the surplus, if unchecked, may lead the economic system to stall. In a contrasting way, though still within the broad parameters of the classical tradition, Karl Marx saw the distributive dispute over the surplus within the

[15] I took this expression from Jackson and Grusky (2018), though they employ it in a different context.

dominant classes as less systemically detrimental than another more fundamental one – that between the dominant and dominated classes.

Thus, Marx theorized that capitalists in the commercial (commercial capital) and financial (interest-bearing capital) spheres, though living-off the surplus generated in the productive sphere (primary, secondary and tertiary sectors), could still assist the reproduction of the economic system through their services to the latter. Even owners of scarce resources (e.g. landowners, among others), rewarded with surplus profits (rents) owed to them exclusively on account of their ownership of the said resources, might only be exploiting the advantages that their productivity-enhancing resources had earned them (e.g. good quality land). In the end, neither rent-extraction by non-productive capitalists, such as commercial and financial ones, nor rent-extraction by owners of scarce resources, are necessarily detrimental, at least to the extent that they facilitate an amplified reproduction of the system of wealth creation: commercial capital by helping realize profits through selling the results of production; interest-bearing capital by providing the necessary finance; and resource-owners by making available highly productive resources[16]. In any case, these rents (i.e. the appropriation of the surplus by those who did not directly contribute to generating it), provided not excessive, represent no major systemic challenge, according to Marx. The real threat to the system's reproduction lies elsewhere, he reckons, in the class struggle between dominant and dominated classes. Since, as he asserts, it is only labor in the sphere of production that really creates new value, all profits, including those generated in this sphere, are but rents accruing to the owners of capital. Therefore, it is the class struggle between capitalists (who own capital) and workers (who create new value but do not get it) around the created value, and not competition among the dominant classes as Ricardo asserts, which heralds the system's doom.

Allegedly drawing on Marx's thinking, contemporary non-orthodox economists and sociologists have developed a distributive analysis focusing on rents. But in fact, and unsurprisingly, some of the basic ideas diverge from Marx's.

An important attempt at operationalizing a 'Marxisant'[17] narrative of rising inequalities in terms of processes of rent-extraction – an attempt with an ostensibly

[16] The preceding analyses in this paragraph essentially follow Mazzucato's (2018) summing up of Marx's ideas as set out in the Theories of Surplus-Value (vol. IV of *Capital*), with which I agree.
[17] Jackson and Grusky (2018)'s term.

theoretically informed perspective – is offered in Mariana Mazzucato's 2018 book, *The Value of Everything*. This reviews two core developments of contemporary capitalism, financialisation and innovation, while also focusing on economic actors who saw their market power boosted by a series of regulations and deregulations.

The analysis is set in the context of a thoughtful discussion of what constitutes value in economics – histories of economics and national accounting systems are brought in – and this enables the author to distinguish value creation from value extraction. Value creation, which materializes within the 'production boundary' of an economy, brings about wages and profits on the income side and goods and services on the product side. Value extraction, in turn, is undertaken by activities within the non-production boundary[18] and gives rise to rents.

Having begun by establishing this distinction very much in the tradition of classical economics, Mazzucato then reviews the positions sustained by Ricardo and Marx regarding the relations they see arising between those within the production boundary and those outside it. For Ricardo, these relations are semi-parasitic in character, as evidenced in the purely extractive relationship that landlords maintain with their capitalist tenants; for Marx, these relations may be functional (provided they are not abusive), as evidenced in the relationship that can be created and continue to exist between interest-bearing and commercial capital and production capitalists. Mazzucato, after siding with Marx's view of rents as being part of the capitalist game, provided they are not excessive,[19] turns to documenting ongoing excesses based essentially on asymmetric market powers which endanger the system's reproduction.

The first process Mazzucato examines that can give rise to excesses is financialisation. Mazzucato shows the non-productive financial sector, an outgrowth of financial institutions spurred on by deregulation of financial markets, to be responsible for the biggest chunk of wealth-extraction. Her well-documented discussion sheds light on why and how the realm of finance has been absorbing ever bigger shares of total profits, a process largely unconnected with fostering productive activities and even detrimental to them. It also

[18] Even as the analysis documents different processes of value extraction by those at the non-productive frontier, the ultimate purpose is to re-conceptualize economic value in terms of public value. Arguably, the central message in this excellent book could be summarized thus: value extraction – rents – is not necessarily problematic, provided it is not excessive; and value creation could be more like processes that have public value, i.e. states more actively shaping markets.

[19] Also, as an additional illustration, in the so-called neo-Schumpeterian tradition, it is the search for extraordinary profits, Mazzucato's 'rents', which moves the technological frontier forwards. The prime mover may gain a lot before her innovation is diffused or even overcome by a new one.

tackles the relationship of mutual causation between the growth of finance and that of inequality. Moreover, it shows that the problem is not confined to inter-sector predation. Non-financial firms, under the guidance of shareholder-value-maximizing CEOs, are increasingly behaving ‘financially’, ultimately taking financial returns as the benchmark for their profit allocation decisions. This, alongside abusive, self-serving strategies by CEOs, hampers those companies’ ability to make investments and create wealth.[20] The productive-non-productive cleavage is internalized within the productive firm, which means that a (Ricardian?) struggle between profits and rents is taking place as we speak.

More generally, Mazzucato describes three main processes of wealth extraction, all of them powerful engines of inequality.[21] The first is the aforementioned private-private extraction, i.e. an extractive relationship between non-productive and productive activities that takes place both between firms (the financial sector extracting from the non-financial sector) and within firms (CEOs and shareholders capturing – instead of investing – companies’ profits). The second process is public-private extraction, whereby investments are undertaken by governments at the initial stage of the development of new processes or products, but profits are privatized by firms that are subsequently granted the patents, as is happening with increasing ease. These firms, in turn, are not doing a good job when it comes to spreading the benefits of investment, especially when their activities inhibit technological progress, as they often do. This is specially the case with the ICT and pharmaceutical industries,[22] whose favored processes of strategic patenting and patent-trolling[23] are described in detail in the book. To these industries, we might add the burgeoning phenomenon of ‘academic capitalism’ taking root in the academic publishing oligopoly, where profit margins are as formidable as those of big companies in the automotive and pharmaceutical sectors (O’Donovan, 2019). Finally, the third process mentioned is that of

[20] As pointed in Palma (2019), in 2018, buybacks – the use of firm’s profits to buy firm’s own shares with a view to enhancing their market value – alone became larger than overall capital expenditure among the S&P corporations. See also Mazzucato (2018) for data on previous periods.

[21] Palma (2019), in the same way, considers that ‘increasing market inequality in the OECD has really been about extracting value created by others, or of cashing-in on assets already in existence’. (53) And, also in line with Mazzucato, he sees the ‘state subsidizing the rent-seeking practices of free-riding capital’ (54) through various policies, such as unconditional bailouts of financial institutions and regressive taxation.

[22] Here she also includes a discussion of abusive pricing, and thus introduces another mechanism of rent extraction: by the private sector from consumers.

[23] Patent-trolling: ‘the strategic holding of patents, not to develop or commercialize the underlying idea but deliberately to collect royalties through patent enforcement’. (Mazzucato 2018 p.192)

collective-private extraction taking place in the 'sharing economy', whereby consumers, while consuming a service, inadvertently produce a benefit (their personal data, their attention) to be free-lunched by the service provider.[24]

Roughly speaking, rent generation is equated with transfers of wealth from locations where it is created to others where it is not. This reasoning appears to be akin to Marx's. However, the similarity with Marx turns out to be superficial. In fact, for Marx, transfers from wealth-creators (value-creators, actually) to wealth-extractors could only take place between those who actually created new value, the workers, and those who exploited them by seizing it in its entirety, the capitalists. But for Mazzucato, wealth creation requires real investment by capitalists. This position, while avoiding one difficulty, raises two others, or so it seems.

The problem she, along with many others in heterodox economics and post-liberal sociology, openly wishes to avoid is the endorsement of Marx's labor value and exploitation theories, and she does so by equating wealth creation with capitalist real investment. But then two other problems surface. The first has to do with capitalist 'anthropology'. So, however careful Mazzucato is not to make a distinction between 'good' (those who invest) and 'bad' (those who speculate) capitalists as she recognizes normal finance motives within the productive boundary, her analysis posits the firm as a third party, vulnerable to plunder. This plunder takes the form of 'maximizing profit distribution to shareholders and CEOs', a process that replaces 'profit retention for investment in the firm'. But what, we wonder, is left of the capitalist firm if we abstract its share owners and CEOs? If we follow Keynes ([1936]1960), are not capital owners (and their managers), by definition, on the lookout for capital valorization, considering a portfolio of rates of return for alternative investments? This being so, the idea of the capitalist firm as an independent entity being preyed on by actors inside it seems rather unconvincing. And while there is the possibility that this problem could be tackled by some form of regulation of firms' governance, a second, perhaps more important, problem lingers. This is that Mazzucato's analysis does not engage critically with profits that accrue to legitimate capitalists, i.e. those within the production boundary who are involved in processes of wealth creation. A comparison with Marx may be helpful.

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[24] The second and third means of extracting rents are, accordingly, referred to by Palma (2019) as the activity of 'free-rid[ing] on public goods paid by others.' (37)

As well-known, Marx did not directly take issue with inequality. His inquiry was into the reproduction of the capitalist economic system, in the process of which he uncovered its inner self-destructive logic, which, as already stated, is driven by the antagonism between the two fundamental classes. One way or another, however, social justice (my term, not Marx's) would be served. Mazzucato, for her part, has other theoretical interests and concerns. Following the heterodox economics tradition, she focusses on investigating and distinguishing the forces of systemic destruction – excessive rent extraction – from the forces that are potentially constructive – profit making.[25] Hence the separation of profits, which may be directed into real investments, from rents, which threaten to deplete profits. But this theoretical undertaking, as it concentrates on the profit-rent distribution, still lacks an analytical tool to assess existing profit-wage distributions. How much profit-taking (e.g. within the productive boundary) is too much?[26]

A recent heterodox contributor to the debate, Palma (2019), suggests that rent-extractivism accounts for both the non-productive uses of profits (when profits are used not to invest but to increase rents), as described by Mazzucato, and the 'hierarchical pay structures in big corporations' (p. 47). The author argues that current pay structures within corporations do not recognize the social contribution of labor, a fact that is reflected in a stagnation of wages despite increased productivity in the labor market as a whole.[27]

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[25] For Palma (2019), an author from this same tradition, 'the legitimacy of a small elite to appropriate such a large proportion of the social product rests on [its] capacity to use it productively...It can do this by reinvesting most of that huge share.' (38)

[26]The problem with following Marx's ideas to their conclusion seems to be his labor value and exploitation theories, which, as stated, are difficult to make sense of under present-day conditions of labor substitution. Many contributions, such as Mazzucato's, even whilst claiming Marx as the inspiration for their thinking, when it comes to distributive issues, stop short of embracing his full view. But, the self-devouring logic of capitalist systems uncovered by Marx – minus teleology – is fully accepted by Mazzucato. The separation between profits and rents is key to her view that this self-destructive logic can and should be opposed; such opposition creates an opportunity for different experiments, including with more public involvement in the shaping of markets. Alternatively, taking Marx's suggestion that the divide between profits and rents is not clear-cut, that it may even be non-existent, without necessarily embracing his specific exploitation theory, requires further investigation of the processes through which the socially-generated surplus is extracted. These processes we shall explore with the assistance of contributions from the field of sociology.

[27] A whole array of forms of extraction is listed by Palma, who discusses 'those who live from extracting value created by others, from extortionary finance, by capturing policy and avoiding taxes, by tormenting consumers or by appropriating the rents of natural resources, and so on.' (Palma 2019, 26) In particular, he notes that the relationship between the increasing share of the top 10% and the decreasing share of the bottom 40%, which emerges from the data as quite a widespread phenomenon, has been shaped by policies protecting higher incomes and exposing workers at the bottom to loss of income.

Mazzucato's analysis also refers to the compression of the wage bill as one among many financialisation strategies used to pump up profit margins inside the production boundary; and in the end, both contributions, Mazzucato's and Palma's, indicate the co-habitation of these two phenomena in contemporary inequalities – capital-capital and capital-labor extractions – thus suggesting (without fully exploring) the presence of an underlying rents language.

Summing up the definitions and arguments in this Section, we see that rents are conceived as pecuniary advantages that are extracted by a group of economic actors (class or class fraction) from other groups. To the extent that economic distribution is anchored in a system of wealth creation, the extractive relationship - essentially a market power game with class- (or class fraction-) struggle undertones - takes place between those engaged with wealth creation and hoarders of valuable resources who are not directly involved with wealth creation.

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The sociological analyses of inequalities that we review next address some of the hard questions posed in this Section. In these analyses, as in the heterodox economics contributions discussed, rents are positioned at the very core of contemporary inequalities. But distinctions between profits, wages and rents are redrawn. As an illustration of this redrawing, rents are spotted in labor markets at large, in addition to emerging from asymmetrical relations between private capitals and capital and labor. Moreover, they are related to distinctions which go beyond natural abilities, such as those which indicate training or are ascriptive,[28] and which separate out categories of workers: migrants and natives, ethnic minorities and mainstream ethnicities, men and women, high-skilled and low-skilled. Rents are even suggested as a form of compensation for perceived unfair distribution, e.g. minimum wages. Incidentally, when it comes to labor markets, heterodox economics lacks a systematic treatment of high salaries, whereas orthodox economics has only natural abilities to offer as a basis for durable labor rents. Furthermore, distinctions between profits and rents are implicitly challenged, by increased attention being given to wealth ownership as a class-related phenomenon.

[28] Characteristics of people which are beyond their control and which are used to position them in social stratification systems. Examples include sex, age, race, ethnicity, place of birth.

4. **The 'Long Shadow of Marx' – II**

Within sociological analyses, a subset of contributions draws heavily on rents when approaching contemporary social stratification and inequalities. In this Section, I review a group of definitions and arguments within this larger subset that directly address the lacunae identified in the economic arguments discussed thus far. Without aiming at complete coverage, the selection brings in both new solutions and new problems that combine to supply a richer narrative of rents. Thus, I start this Section by presenting contributions by David Grusky and his co-authors which address two dimensions of rents not previously tackled: rents of labor and 'egalitarian' rents. Subsequently, I shall review contributions by Aage Sorensen, Charles Tilly and Pierre Bourdieu which accommodate a variety of rents within a unified conceptual and theoretical corpus, the structural theories of rents-based inequality. Marx's heritage is often cited, not so much out of concern for the reproduction of the economic system, as in the heterodox economics reviewed here, but for bringing to the fore the issue of struggle between social classes.

So, starting with David Grusky and his co-authors, in various contributions and collaborations, these authors define rents in the following related ways: 'compensation in excess of what would prevail under perfect competition' (Jackson and Grusky 2018, 15); 'returns on an asset (e.g. labor) in excess of what is necessary to keep that asset in production in a fully competitive economy' (Red Bird and Grusky 2015, 2; Grusky and Hill, 2018, 2); '[r]ents exist (a) when demand for an asset exceeds supply;[29] (b) when the supply of that asset is fixed through natural means (e.g. shortage of talent) or through social or political barriers that artificially restrict supply' (Grusky and Hill, 2018, 2).

On the face of it, these definitions seem not to diverge fundamentally from neoclassical ones: they share the notion of rent as a price above the perfectly competitive one (which, of course, cannot be said to be the case of natural talents in the neoclassical account). Recall that this was one form of rents, monopoly rents, alluded to by Alchian when referring

[29] Fabio Petri notes that according to the neoclassical theory, the correct phrasing should be, not that demand exceeds supply, because demand in this theory is not a fixed quantity but depends on price, but that demand is greater than that which would be enough for the resource to obtain a price equal to the supply price. I thank him for the remark.

to rents obtained by rent-seeking behavior. However, unlike Alchian's rendition of the neoclassical account, these analyses hold that monopoly rents do not tend to disappear, as they grow out of restrictions of competition that are actively supported by social and political forces – an aspect that worried Tullock, Stiglitz, Hacker, and Pierson, among others. The authors of the analyses also stop short of passing a plainly negative judgment on rents.

So, while the papers concentrate on labor market rents, they envisage the departure from the competitive benchmark as possibly representing either a situation in which 'regressive rents' are granted to top earners (e.g. advantageous taxation), or one in which 'egalitarian rents' are granted to earners at the bottom (e.g. statutory minimum wages), or even as some combination of both. Current inequalities, as it happens, reflect an outstanding imbalance between bottom and top rents. They are, at least partly, the outcome of public policies having increasingly created opportunities for regressive rents, as well as having dismantled existing opportunities for egalitarian ones. In other words, inequalities result from successful rent-seeking activities intent on rent creation at the top and rent destruction at the bottom.[30] Evidence of opportunities for rents at the bottom being destroyed are the decline in unionization and the fall in the real value of the minimum wage, as well as the shrinking of the element of progressivity in the tax-and-transfer system in the US. Conversely, among new opportunities to collect rents at the top, Red Bird and Grusky (2015) identify: 'occupation rent' (increasing restriction of entry to high-value occupations), 'capital rent' (e.g. the expansion of concentrated and union-free industries), 'education rent' (the diminishing supply of educated labor, thanks to institutionalized bottlenecks), and 'CEOs' growing capacity to secure sweetheart compensation deals'. Jackson and Grusky (2018) depict an even more complex social stratification, with recipient classes collecting 'upper-class', 'working-class', 'country', and 'race/gender/immigrant' rents. This new classification is meant to accommodate narratives of class conflicts among distinct strata within the working class, now redefined in terms of ascriptive cleavages (e.g. gender, place of birth, ethnicity).

Incidentally, Hacker and Pierson's (2010) winner-take-all discussion, to which Grusky and Hill's (2018) work refers, and which they republish in their edited volume, similarly details policy interventions in the US that were key to the processes of rent-

[30] This is, the authors claim, their Marxisant class-struggle moment.

destruction-rent-creation in the above sense. These are spread through areas such as industrial relations (restrictions on unionization); corporate governance and executive compensation (policy drift); taxation (cuts in rates, loopholes and exemptions, increased IRS oversight of poor and middle-class earners' tax returns, and a decline in the oversight of high income returns); and financial markets (deregulation). Those interventions have so shaped income distribution dynamics in the US and other rich economies as to increase the concentration of income at the top, cause stagnation at the bottom, and shrink the range of middle income brackets.[31]

To sum up, we see that three theoretical contributions by Grusky and his co-authors to a rents-based account of inequality should be highlighted. The first contribution is the observation that the taking of rents is widespread and does not show any signs of fading away, instead, it seems to be dominating the distributive landscape; the second is the idea that rents are associated with social and political forces struggling to force their interests into existing institutions; the third is the identification of different rents accruing to different groups of workers, following recognition of (potential or actual) struggles among fractions of the working class. However, there seems to be a notable shortcoming in these writers' approach: beyond the labor market and the struggles between different groups with a view to institutionalizing rewards rather than 'competitive gains', i.e. the gains that would prevail under free competition, not much is said on the role played by wealth concentration. The competitive equilibrium itself is not engaged with in a critical way as itself reflecting a previous distribution of endowments or wealth.

The second group of authors we shall look at confronts the relationship between rents and inequalities from a different – though not incompatible – angle. Rents (to be defined) are

[31] Jackson and Grusky's highly imaginative 2018 paper traces a political sociology in recent changes in rent-creation and rent-destruction processes which, according to them, were perceived and politically captured by current populist politicians. Previous decades saw advances in compensatory rents for deprived groups (women, migrants, ethnic minorities) alongside a withdrawal of regressive rents for symmetrically dominant groups (men, natives, whites), all of these undertaken by progressive politicians (social democrats in Europe, democrats in the US). These advances were perceived as unfair or unearned by swathes of the population who did not benefit from them, and who ended up in the lap of right wing populists. The narrative of a shrinking middle, measured in terms of a diminishing income share, is contested by Palma (2019), for whom the declining well-being of the middle class has been wrongly seen as resulting from a shrinking income share. By contrast, Kenworthy (2014), who espouses the shrinking middle hypothesis, argues that the apparent income stability of the middle range of the income distribution has to do with an increasing percentage of dual-earner households in that range.

also traced to social closures, but they are approached from the perspective of the background social structure, rather than from the perspective of market failures or restrictions to competition. In this sense, they directly call into question the initial distribution of endowments. The first author reviewed is Aage Sorensen. His seminal work (Sorensen 1996) presents a series of definitions and redefinitions of rents, and a view on inequality which the author claims is reminiscent of Marx's own view.

Sorensen argues that inequalities may have a structural character. This means they do not result exclusively or mainly from individual choices or individual achievements, but may also, and importantly, arise from existing social positions in the social structure. In other words, the properties of social positions may be more relevant in explaining the income of their occupants than are these occupants' individual productive traits. The advantages so obtained, i.e., independently of the productive traits of the positions' occupants, Sorensen calls rents. Not surprisingly, the 'independence from individuals' characteristics' clause is not normatively anodyne. Rent is an advantage the individual has not earned (1335), it is not a reward for merit or effort; it is, again, unrelated to the 'efforts and abilities of people occupying positions in social structure' (1336).

Since social positions are characterized by the exclusive possession (or absence of possession) of valuable (productive) resources, it is ownership, i.e. the ability to control access to those resources, the property of social positions, which enables those occupying them to claim rents. So, the owner of a resource is 'paid for his ability to enforce his ownership' (1337). We are back to Flux's nineteenth century perception of ownership as the key ingredient in rents, in the ambit of the discussion of rents of capital ('the best productive facilities').

In principle, any productive asset or 'valuable resource', not only capital, may give its owner access to some sort of rent (1338). A rent may be paid for the use of capital or labor; or for a unique combination thereof (technology); or for abilities that cannot be developed by training alone (which, in principle, are not linked to social positions, an exception to his previous general definition). In this connection, Sorensen refers to a series of structural elements whose existence underpins these claims: internal labor markets (that protects insiders from the competition of outsiders); the long-lasting effects of rents of innovation (i.e. when the initial rents are capitalized, and capital is transmitted to heirs and then used to generate new rents); land ownership; monopolies artificially obtained, including those favoring both capital owners (e.g. licenses) and workers (e.g. unionization, minimum wage).

However, whilst claiming Marx's legacy when starting by depicting the relationship between the owners of valuable resources and the dispossessed as adversarial in character, Sorensen departs from Marx's ideas when depicting the nature of rents as distinct from that of profits. To be sure, initially (openly following Marx), he equates rents with profits: 'rents are what we usually call profits.' But then he adds that the more accurate idea is of rents being '*excess* profits' – excess in the sense that, being a payment to the exclusive owner of an asset merely for having the right to use it, and not for the actual benefit it provides, rents 'are not needed to secure the availability of a good, they are not earned, and their payment may make everyone less well-off' (1336). Profits (without excess), unlike rents, correspond to some degree of effort, he adds; they are a pecuniary compensation for savings, i.e. for the sacrifice of consumption in the past. This is an idea that does not hold up when it comes to heirs, who did not sacrifice any past consumption to collect the wealth they end up inheriting – as Sorensen concedes. But this seems to be a difficult idea to make sense of, in any case, in view of the multiple opportunities available for an occupant of an advantageous social position to come up with wealth (Bourdieu captures that well, as we shall see, when pointing out that inheritance takes many forms, including cultural, educational, and social capital). However, why – and for how much and how long – should past savings entitle someone, the exclusive owners of the valuable assets, to profits? It seems as if, to avoid the difficulties inherent in Marx's exploitation theory as Sorensen himself puts it – a theory which supposes a relationship of value extraction between proprietors and dispossessed workers, and thus that all profits are rents – Sorensen carves out a mid-way theory of rents as distinct from profits. This theory, however, does not sit comfortably with his starting point of exclusive ownership: that ownership is exclusive of social position and is behind claims to both profits and rents.

In short, Sorensen's idea of rents and their many guises as a key representation of inequalities implies that social structure and social closures must be brought into the explanation of inequalities from the very start. His argument implies, in particular, that labor market inequalities may as well be represented in term of social closures, as seems to be widely recognized now in sociological thinking. His negative assessment of rents as unearned and inefficient, however, ends up leading him to distinguishing profits from rents, as already stated, on the grounds of the supposed merit of the former (arguably a position not entirely rejected by heterodox economists!). It also leads him to assess as equally undesirable both top and bottom rents. In the end, while the sources of rents are for him dual – they arise from the enforcement of exclusive property rights (the 'initial endowments' of the economists' market fiction); and they also arise from restrictions to competition (including labor market regulations favoring workers) – he does not envisage the latter interventions as eventually providing legitimate compensation to the latter group of people for the guaranteed exclusive property rights of property owners (*pace* Grusky!)

In contrast, Charles Tilly, in *Durable Inequality* (Tilly, 1998), tackles the relationship between advantaged and disadvantaged social positions in more openly conflictual, 'class struggle', terms than Sorensen does. He does so by investigating mechanisms of social closure, while displaying a view of the social structure that is clearly more critical than Sorensen's.

Taking this approach, Tilly makes two points that trigger a reconfiguration of Sorensen's structuralism. The first is that the idea of structure, as in 'structural inequality', should be complemented with the idea of duration: once people find themselves in social positions, they rarely move away from these. The second point addresses the way advantages are extracted from valuable resources. Tilly explores two such ways, while also declaring a Marxian affiliation: exploitation and opportunity hoarding. Accordingly, he defines rents as rewards accruing to people who have 'sequestered' valuable resources, either through exploitation or through opportunity hoarding.[32]

For Tilly, exploitation, in a slightly different version from Marx's conception of it, involves the possessors of the valuable resources enlisting the effort of others, even as they exclude them from the full value added by that effort[33]. (Although deviating from Marx's

[32]The question of primitive accumulation is bypassed: 'Let me vault over the crevasse of a fascinating, important question: how by force, ruse, purchase, inheritance or legal device groups of actors acquire control over valuable resources in the first place.' (87)

[33] Exploitation 'occurs wherever well-connected people control valuable resources from which they extract returns by deploying the effort of others, whom they exclude from the full value added by that effort. The "value" in question may of course be monetary, but it may also take the form of power, deference, perquisites, services, goods, or protections. Categorically organized exploitation plays a part in almost all processes that

more precise definition, to the effect that all value added comes from labor, this definition still leaves unsettled the question of what this full value added amounts to). Opportunity hoarding, while not involving the action of enlisting the effort of others, also involves the exclusion of others from access to valuable resources hoarded by an exclusive group.[34] Exploitation, typically, is a relationship between elite and non-elite groups of various kinds – capital and labor is one such pair of opposites; opportunity hoarding, in turn, is typically a relationship between non-elite groups – an example of an opportunity hoarder is a migrant network. But these relationships, Tilly adds, are not necessarily thus: elites may well hoard opportunities; and non-elite groups may well exploit other non-elites.

In any case, it is the different degrees of access to valuable resources, reinforced by the operation of the above mechanisms, which create what Tilly calls the categorical inequalities of our time. Boundaries separate out beneficiaries from those excluded from benefits, forming pairs of symmetrical categories. The categories, in turn, vary through multiple dimensions: capital ownership, ethnicity, gender, place of birth, age, citizenship. (This exercise in categorization is similar to Grusky and his co-authors' description of 'opposing solidary groups'.) Pairs of 'exterior categories' (e.g. those defined by sex differences) are usually replicated in the interior of social organizations (e.g. in the labor market), producing 'interior categories' as well (e.g. differential promotion and career paths for men and women doing the same job). Categorizations lived by people, in turn, by shaping their subjects' personal experiences, end up producing objective differences in capacities, propensities, and social relations, which are then reproduced in other settings. Here, Tilly is challenging the neat difference that is sometimes assumed to exist between natural and acquired abilities (in this paper, represented by Foley's and Bonar's positions), suggesting that capacities are, to a considerable extent, shaped by experience. This point is also

engender durable inequality.' (91)

[34] Opportunity hoarding: 'When members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network's modus operandi, network members regularly hoard their access to the resource, creating beliefs and practices that sustain their control. As in exploitation, a boundary separates beneficiaries from others, while unequal relations across the boundary connect them. In opportunity hoarding, however, beneficiaries do not enlist the efforts of outsiders but instead exclude them from access to the relevant resources. Immigrant niches provide strong examples of this second inequality-promoting mechanism.' (91)

reminiscent of Bourdieu's insight into the way in which a worker's occupational experience can be capable of de-skilling her – a point we shall return to later.

Unequal categories involve the unequal distribution of goods. In Tilly's terminology: 'autonomous goods', i.e. wealth, income, and health; and 'relative goods', the means of getting the former, i.e. prestige, power, and clientele. (Taken together, they make up a broader version of Sorensen's valuable resources). Perhaps more disturbingly, unequal categories also involve differentiation along the dimension of what Tilly calls 'individual human capital'. This differentiation expresses the fact that human capacities are strongly shaped by the experiences of lives lived in segregated categories and a variety of settings. Its components include differential nutrition, information, socialization, beliefs and emotional experiences. Taken together, these components translate into differential performance (e.g. in the labor market).[35] As we move on to Bourdieu's contribution, 'capitals' is the name this sociologist gives to the goods and capacities so described by Tilly, and which, in the end, underpin claims to rents by their possessors.

Unsurprisingly, for Tilly, categorical inequalities are objectionable – and not only on account of the unfair social closure processes from which they derive. They are also objectionable as end states in themselves. This is especially so when the situation causes 'harm to the excluded, deprives them of access to what could be collective goods, and produces a net underuse of potentially life-enhancing talent.' (85) In an unambiguous way, and in contrast with Sorensen's position, Tilly does not deem free competition an appropriate, let alone a sufficient, normative benchmark to assess these (rents-based) inequalities.

To the extent that Tilly's exploitation and hoarding categories resonate with Marx's exploitation and expropriation categories, as these appear in the discussion on primitive accumulation in *Capital*, a parallel with Marx is in order.

In his chapters on primitive accumulation, Marx investigated the foundational process conducive to the capital and labor antagonistic relationship. He described this process as beginning with the expropriation from workers of the objective conditions for the realization

[35] Provocatively, Tilly proposes that econometric exercises aimed at estimating the weight of various individual characteristics in the explanation of differential remuneration – which, by the way, usually end up with big residues due to 'unobservable variables' – should be turned on their head: they should be used to assess what is left of, say, the individual worker after 'categorization' has had its effect on him.

of their work and as culminating in exploitation. The latter, he conceptualized as an additional form of expropriation from workers – of the fruits of their labor. Tilly's opportunity hoarding, in turn, while not straightforward *ex*propriation in Marx's sense, and possibly only *ap*propriation,[36] might be seen as a precondition for exploitation, even if not as fully-fledged as Marx had imagined. In other words, when opportunities are hoarded by a group, those excluded become vulnerable to exploitation by the hoarders, who may then grab at least part of the value created by the excluded. In a way, opportunity hoarding in Tilly's sense takes on an even more general meaning than Marx's notion of expropriation. It may be generalized to account both for workers being vulnerable to exploitation by capitalist hoarders of the best resources *and* for workers being excluded from access to the best opportunities because these are being granted to other groups of workers. In the latter case, we might think of oppositions such as native versus migrant workers, whites versus blacks, men versus women, college graduates versus less educated, and so on.

An additional layer of understanding is contributed by Bourdieu in terms of clarifying the nature and variety of valuable resources that give rise to rents, as well as the likely trajectories of individuals and groups within the social space, given the structural characteristics summarized in Tilly's *Durable Inequality*. In fact, in *Distinction*, Bourdieu introduces both a multidimensional concept of capital and a somewhat dynamic approach to social structure, shedding light on the processes of its long-term re-production or social *structuration*.[37] The latter is thus pictured as a generalized struggle for capital, or 'relative scarcity' – centered on distinction and rents – between classes and among class fractions.[38] It is important to emphasize that, in contrast to the neoclassical usage, the notion of relative scarcity in the hands of Bourdieu only makes sense in the context of class and class-fraction struggles.

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[36] *Expropriation*: taking away what someone has; *appropriation*: taking possession of something previously up for grabs.

[37] The discussion below is almost exclusively based on Part II of *Distinction*, entitled 'The Economy of Practices' (97-256)

[38] To be sure, rents are not the explicit subject of *Distinction* (1976, 1984); nor are the advantages Bourdieu analyzes translatable exclusively into money, although they can be so translated. But it seems pointless not to make the connection. After all, the search for distinction is the search for recognition of a special value that belongs to oneself (or one's group) – and oneself (or one's group) only – no matter the currency in which this recognition is expressed.

Bourdieu pictures the search for distinction as efforts by symmetrically positioned social groups to emulate the groups above them (efforts to 'up class' themselves) and to devalue those immediately below them (efforts to 'down class' others). In this search, the object of desire is capital, whose type and importance vary in accordance with the different settings where the struggles are taking place – religious, cultural, political, economic, artistic. And yet, despite these constant struggles, major shifts in the social space are unlikely to succeed. *Plus ça change*, *plus c'est la même chose*, the French adage goes, or, in Bourdieu's (translated into English) own words, 'to change so as to conserve' (157).

Unsurprisingly, the trajectories of individuals within the social space are not fluid. Individuals are subject to the forces that structure this space – mechanisms of elimination or channeling – and to inertia. The mechanisms are the various rules of the game regulating different contests; but they are not totally unconnected with the forces of inertia. Inertia, in turn, stands for the properties that individuals possess which identify their social position. These comprise individuals' goods (economic and cultural, such as qualifications) and dispositions (worldviews, perceptions, practical sense), or, as Bourdieu also puts it, *objectified* and *internalized* forms of capital. It turns out that individuals' lifelong trajectories, from social origin to social destiny, are highly correlated with class origin (this is Tilly's *duration* in other words).

As for social groups' trajectories, these typically preserve the relative positions of the groups. Bourdieu notes that the ceaseless competition between dominated and dominant groups, and between fractions within these groups, ends up displacing upwards the entire distribution of advantages, whilst keeping relative positions roughly unchanged. This is likely to be so because changes and reactive changes cancel each other out. Educational competition – getting educational capital is the preferred strategy utilized by dominated classes or class fractions to move up – provides an illustration of this. As education is democratized, i.e. extended to the dominated classes, the race for secondary schooling gives way to the race for college degrees and, subsequently, for further desirable certifications, as a result of defensive reactions by the dominant classes, who fear down classing. Thus the unintended consequence of a system for equalizing opportunities is the reproduction of inequalities, or their escalation (we recall here Foley's remark in Section 2). Over-education, an unintended result of the search for up classing in the face of a shortage of jobs, has the effect of working against less-qualified workers, who are out-competed by more educated ones. More generally, dominant groups try to hoard opportunities either by upscaling the stakes or by simply closing off opportunities by imposing requirements for certificates, licenses, patents, job descriptions, curricula vitae, and the like.

The concept of capital is crucial to this analysis. Bourdieu's capital, in contrast to Marx's, is not singular or reducible to a single form. Hence, it is not only economic, but also cultural, educational, social, sometimes also occupational, academic, political, and symbolic. Economic capital includes wealth, income, rural and urban property, shares, industrial and commercial profits, wages, salaries. Social capital summarizes social connections or social ties. Educational capital is attested by level of schooling; but its efficacy is associated with previous possession of cultural capital, giving rise to academic capital, i.e. educational certification is the certification of cultural capital. The overlap between educational and cultural capitals is particularly important because it signals the precedence of social origin over educational training in formal institutions: the latter can hardly make up for defects in upbringing.

His view of the diversity of guises capital may take is the result of Bourdieu, like Marx, defining capital not as goods, but as a social relation. But while, for Marx, capital is a social relation in the sense that, under the guise of a bundle of goods, there hides a relationship of expropriation of workers by capitalists, for Bourdieu, capital is a social relation in the sense of being an 'energy' (his term). It is something that confers on people a power (to do things, to be things) that acquires form, value and efficacy only in the specific social fields where it is applied. This does not mean capitals may not be transposed from one field to another. It should also be noted that this capacity to undergo conversion is one of the advantages of economic capital: for example, economically wealthy families may buy distinctive educational capital for their heirs much more easily than less wealthy ones may. Also, inherited cultural capital may boost educational capital in a way that economic capital alone may not.

Cultural capital is perhaps the most original idea that Bourdieu offers in connection with his discussion of capital. It refers to social origin in the sense of upbringing and family background, and includes early cultural investments in children – when and where *habitus* (ways of perceiving, thinking, and acting in the social world), a distinctive marker of class, is inculcated. Cultural capital mediates between the space of material conditions and that of lifestyles. It provides advantages in the educational system by enhancing the benefits of formal education. It also confers on individuals socially valuable attributes such as valuing knowledge and experience.[39] We could perhaps say that, for Bourdieu, cultural capital is just as infrastructural as economic capital is.

It is by now clear that for Bourdieu possession of capital marks out social classes and class fractions. His conception of class differentiation, however, diverges from Marx's. It is not a distinction between those possessing and those deprived of any kind of capital, but rather a gradient of possession is assumed. Moreover, as already stated, Bourdieu is interested in volume and composition, i.e. the different weights of different capitals in each bundle. These differences are, for example, mobilized when, in the analysis of fractions of the dominant classes, he distinguishes those for which economic capital is important from those for which cultural or educational capital are more so. This heterogeneity provides different advantages in different settings, and these are evidently stronger when they accumulate. Symmetrically, interactions among weak capitals may engender deaccumulation and disadvantages. For example, a weak occupational capital in the form of a poor job experience may interact with previous cultural and educational capitals to de-skill workers.

Finally, beyond positions in the 'relations of production' (Bourdieu's term) – which involve, for example, differences in income, occupation, educational level or qualifications – there is an array of secondary characteristics which, although not formally stated, contribute their own mechanisms of selection and exclusion to define class and class fractions. Hence, advantages and disadvantages. These include sex, ethnic origin, place of residence, age, and marital status. Bourdieu points out, in this connection, that behind the requirement of a diploma may lie some discrimination on those grounds.

Despite designating as representative of the least advantaged social group in late twentieth century France a 'poorly-educated black single mother', Bourdieu fails to explore the relevance of secondary characteristics or ascription in terms of their giving rise to rents of a different nature from those deriving from the possession of capitals. Arguably, while the absence of capitals is not impossible to overcome, ascription can be. Ascriptive traits, such

[39] More generally, culture occupies an important place in Bourdieu's sociology, as remarked by Savage et al., not only representing an autonomous sphere of social life, as in his analysis of taste, but also providing a crucial gateway to grasping the social positions, aspirations, and strategies of groups within the social structure.

as sex, age, ethnicity, and place of birth, are not a question of having a greater or small quantity of capitals, and the traction these provide in various fields of social action. They are a question of people being identified, for example in the labor market, by characteristics considered intrinsically negative in relation to longstanding social norms or practices, and therefore as lowering a person's value, no matter what his or her other productive attributes might be. Perhaps the notion of negative rents makes sense in this context, adding a further dimension of differentiation to our understanding of categorical inequalities (à la Tilly) in the labor market.

Bourdieu's *Distinction* is full of ideas (as well as exhaustive illustrations thereof) that might help provide a sociological basis for rents in the sense of advantages attached to relative scarcity. Although it borders on the insane to follow them all through to their conclusion, one additional idea is worth a brief mention. It is Bourdieu's suggestion of determinants of taste as a way of understanding the formation of consumer preferences and the role this reasoning plays in an overall approach to rents. This point connects our discussion here with the initial remarks by Caroline Foley, in Section 2, about the part the demand side of the market plays in the emergence of rents. Bourdieu's idea is that there is an evident parallel between, on the one hand, the search for distinction and the associated class struggles underlying the systems of production of goods and distribution of advantages, and, on the other, what happens in the system of consumption. Consumption behavior and consumption demand, whether they relate to food, drink, clothing, accommodation, or entertainment, are mediated by class habitus and are subject to the same laws of distinction and class differentiation as the features underlying the other systems. Such a conception is, indeed, integral to the explanation of modern hierarchies. This notwithstanding, Bourdieu complains, the investigation of the economic and social determinants of tastes is practically non-existent in economics. To be sure, Thorstein Veblen ([1899]2009) had already examined this possibility through his 'conspicuous consumption' category back in the nineteenth century; but Bourdieu is right in asserting that, perhaps with the exception of those few economists who have engaged in research on endogenous preferences, if this exists at all is a peripheral theme in economics.[40]

[40] John Kenneth Galbraith's discussion of advertising is another attempt, but the endogeneity which he points to refers to firms manipulating consumers' preferences. Although Bourdieu would not deny that this happens,

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As a summary of the sociological contribution, we see that, while neoclassical definitions of rents appear in some authors and not in others, its more noticeable feature is the focus on the social structure as the ultimate source of myriad rents, no matter the market structure. Disputes between diverse groups - including between capital and labor, fractions of capital, and groups of workers - shape inequalities. The disputes in turn are backed by wealth positions, and, conversely, contribute to reinforcing them. We also see that, as in classical economics, class- and class fraction- struggles occupy center stage, but group differentiation, as well as the valuable resources some groups happen to possess, encompasses a broader spectrum.

5. Discussion: an outline of a rents-based theory of inequality

In this final section, I briefly highlight the main takeaways from my journey in search of conceptual and theoretical clarification on economic rents and their relationship with contemporary inequalities. These include a cogent case for economic rents as a unifying language drawn from the series of arguments we have considered and an outline of a rents-based approach to inequality. Let me start with a condensation of all the contributions.

To begin with, prima facie, economic rents are payments which emerge from the interaction between demand for and short supply of some valuable resource. In the economics approach, this interaction may feature market power which, depending on the theoretical perspective adopted, may or may not last (e.g. Tullock, Stiglitz, Mazzucato versus Alchian), and which may or may not reflect some deeper distributive conflict over the economic surplus (e.g. classical economics, Mazzucato versus neoclassical economics), which, in turn, may or may not be related to core traits of the economic system (e.g. classical versus neoclassical economics). Ownership of the valuable resource in itself, i.e. that beneath short supply may lie class-monopolies of access to wealth even in the absence of ostensible market power, as much as the forces shaping demand and therefore competition for the use of the valuable

he would probably take it as secondary to the more primary sociological forces of distinction in play in egalitarian, merit-based societies, i.e. societies in which upfront discrimination on any grounds is ruled out.

resource, is a problem that persists. The sociological approach jumps in at this point by offering an account of the underlying social structure and processes of social structuration (the Bourdieu hypothesis of 'distinction') that assist the social closures supporting rents. In the process, this approach enlarges the domain of rents to include rents of labor, taking into consideration the differential possession of both capitals in a broad sense and ascriptive characteristics among groups of workers. These capitals and characteristics in turn are argued to be responsible for positive – as well as negative, I would add – rents. The sociological approach also brings in related ideas of sociological drivers of consumption demand and their implications for distribution. So, after the sociological import, especially under the Tilly-Bourdieu version, we may carve out a concept of economic rents as pecuniary advantages deriving from the exclusive ownership of valued resources by people occupying particular social positions (class or class fractions) as these resources came to be socially recognized as valued.

At this point, we need to understand how best to use this sociological input. I suggest two possible ways: division of intellectual labor between disciplines; and crossdisciplinarity.[41] Under the former, we accommodate the sociological discussion as supplementary to the economic discussion; under the latter, we see it as embedding the economic analysis of distribution. So, when it comes to distribution, economic analysis starts from the premise that initial endowments, the remote origins of rents, are given. Thus, initial wealth distribution, the distributional original sin, is black-boxed. In its function as supplementary discussion, the sociological approach will then provide an analytical account of the ownership-of-valuable-resources constraint under which market economies operate, by focusing on the background social structure. In providing embeddedness, however, the sociological investigation will follow the long shadow continuously cast on distribution by initial endowments. It will help clarify not only structural aspects of inequality and the duration of these, but also ongoing mechanisms for grabbing privileged positions and the forces that perpetuate groups' relative scarcities, thus giving rise to myriad rents as these surface in current market relations.

[41] According to Cat (2017), '*[c]rossdisciplinary* work involves borrowing resources from one discipline to serve the aims of a project in another.'

The embeddedness solution needs some elaboration. It may be defined, analogously with the use of the embeddedness category by Karl Polanyi in *The Great Transformation*, as the idea that, in the same way as market forces are inextricably immersed in social relations, the economic explanation of contemporary inequalities, if it is to be illuminating, cannot stop at the threshold of market transactions but needs to go further and uncover the sociology behind them. The disembedding of that explanation from its broader, non-economic, social ecology has left the economic narrative unprepared to making sense of contemporary inequalities where rents abound. And in addition to recruiting sociology to perform a supplementary function – whereby issues of social structure, social position, ownership and property rights underlying the distribution of wealth which precedes market transactions are brought to the forefront - the idea is to tap into sociological hypotheses to shed light on the *stickiness* of these conditions, the mechanisms of their continuation and reproduction, and the ways through which they are both formed by the social structure and replicate it. Under this light, the relationship between wealth inequality and income inequality appears as mediated by mechanisms of exploitation and/or opportunity hoarding. Moreover, lived experiences of inequalities and the mechanisms of their reproduction join forces to shape personal capacities and propensities, which then feed back into inequalities. Wealth, in turn, is envisaged as a range of different forms of capital, from economic to political (a theme cherished by the rent-seeking literature) to social (closed networks, nepotism, social practices and norms) to educational (the educational premiums of highly stratified higher education) and, beyond these, to softer or internalized versions of capital, such as capacities and propensities shaped by upbringing (cultural capital) and social experience. Again, under this light, 'income' appears as related to 'rent' in a very intimate way, much more so than *genus* is related to *species* (i.e. as in the classical economics classification of rent as only a form of income). The ultimate implication is that within any remuneration or income lies not so much individual effort or sacrifice as a proprietary structure of capitals. A theory of inequality for our times needs to reveal this structure to its full extent, including the role played by ascription. Much more, also, could and should be said about the consumption demand side, from a rents-based perspective. Why are certain things or attributes more desired and valued than others - thus making them look like *wealth* and entitling their possessors to claim rents?

It should be clear at this point that if the embeddedness route is pursued to its conclusion, a paradigm shift ensues. As stated, the sociological approach to rents suggests that these are widespread in contemporary societies. Beyond the mere replacement rate of an economic input, every form of pecuniary remuneration would thus be rent.[42] Having greater or lesser remuneration would reflect causes beyond mere individual economic contribution: this variation would reflect the varying degrees of possession (often connected with social origin) of valued resources or wealth in quite a broad sense – a hypothesis that cuts across the usual way of thinking about one's remuneration and the scale of remuneration in capitalist societies. But while what people take for themselves as remuneration is illuminated by the background resources they happen to possess, how are we to make sense of, say, the foreground sources of these earnings?

One starting point is suggested by Herbert Simon's quip that we (the average we) in rich societies only really earn around one tenth of our pecuniary gains – the rest being our appropriation of *externalities*, past and present, or, as he calls it, the social capital.[43] A perhaps more radical perspective is to start out with the supposition that market economies are gigantic systems of social cooperation in which all value is socially generated (both in the sense of being recognized as *value* and in the quantitative sense of the actual amount of it that is created); in particular, individual contributions are hard to sort out or even to make sense of, again, individually, to an important extent (e.g., to the extent that people use a common language and are socialized within social institutions and belong in social positions). This being so, actual appropriations from this social value by individuals or groups are settled by conventions, the social contract, power relations (as in asymmetric bargaining) – in short, institutionalized forms of protection and closure - rather than by well delimitated specific contributions. To be clear, this is not to imply that individuals do not contribute. Of course they do, and often very creatively. It is rather that their discrete contribution is indeterminate

[42] In a way, Marx would be vindicated. For him, all surplus was converted into rents that flowed to wealth-owners. And to postulate, as he did, that the latter consisted exclusively of the capitalist and landed classes, and that wealth equated with capital in the strictly economic sense, was not unrealistic back in the nineteenth century.

[43] 'How large are these externalities, which must be regarded as owned jointly by members of the whole society? When we compare the poorest with the richest nations, it is hard to conclude that social capital can produce less than about 90 percent of income in wealthy societies like those of the United States or Northwestern Europe.' Simon (2000).

– and that the insistence on pinning it down has left us intellectually disarmed in the face of current inequalities. Positive rents, but also negative ones (for example, the income discounts that minorities or discriminated-against groups receive in the labour market on account of being black or Muslim or Hispanic or migrant or indigenous or slum dwellers or mothers or potential mothers), as well as regressive and compensatory ones, are negotiated over the social surplus – and the possession of various forms of capital, by volume as well as by composition, is to an important extent what backs up the relative powers of the different groups in those negotiations.

The executive compensations of our time illustrate the point neatly, as they seem to result from a combination of social norms (a 'these-highly-talented-people' norm), the unfettered accumulation of various forms of capital – social (e.g. cross-boards-of-directors participation, nepotism), cultural, and political – and the institutional might (e.g. no institutional limits set for these payments) that they provide. Yet another illustration is given by the disjunction between the incomes of top professional earners in the US, and their supposedly higher talents or skills, and the symmetric conjunction of these incomes with this group's ability to raise barriers and hoard opportunities.[44] But, more generally, a glance at the range of possible connections between the social surplus and individual appropriations of it, and thus at the roles played by mediating conventions, a social contract, and power, is provided by the variety of inequality rates subsisting in otherwise similarly advanced capitalist economies. The high variation of post-fisc inequality rates stands out – implying socially acceptable ways of correcting market appropriations via tax-and-transfer institutions. But beyond that, the huge variation in premiums handed out for higher education among these advanced economies (e.g. 67% in the US, 20% in Norway, in 2013), and therefore of wage inequalities, speaks of the diversity of social contracts with respect to the provision, public or private, and the social value, of education.[45] More could be said, by way of illustration, of labor market institutions, tax legislation, and other such mediating institutions - many of which have already been mentioned in this paper.

[44] Rothwell (2019) reports the delinking of the distribution of skills from the distribution of income in the US. I thank Robert Wade for sending me the reference to this article.

[45] For a discussion see Weisstanner and Armingeon (2018). Incidentally, this conventionalist-political approach to value contrasts with the essentialist search for a common benchmark, be it labour or utility, which underlies the value theories of economics.

One last point should be made, if only as an afterthought, and that is the question of how to normatively frame rents and the policy consequences of entertaining the broad move I suggest here. In fact, if rents are as widespread as the picture which surfaces here implies, and are ingrained in contemporary inequalities to the point where we question widespread meritocratic presuppositions (Bourdieu even calls diplomas the modern version of the ancient titles of nobility), what normative horizons can we think of? In mainstream economics, perfect competition is the normative benchmark: the belief that free competition guarantees that pecuniary compensation will correspond to contribution (and justifies the remaining inequalities), and will thus magically suppress rents if and where they appear. In the heterodox tradition, rents that are inimical to the workings of the production system should be restricted precisely for jeopardizing the development of productive forces and economic growth, although a state-shaped productive side could eventually do better (Mazzucato 2018). What entertaining a sociological approach seems to suggest instead, thanks to its focus on the interaction between wealth ownership, social structures, and remuneration, is a general benchmark for social justice that would promote a more even spread of wealth under its many guises, thereby guaranteeing an appropriate level of social mobility. If society's riches are a collective endeavour, and appropriation thereof is mediated by societal rules, including the assertion and protection of property rights, fairness would seem to require more upfront circulation of property,[46] in addition to labour market re-regulation, and more social investment and social security (which would expand the realm of social public goods). Incidentally, the Bourdieuan adage 'change so as to conserve' misses the potential for redressing structural inequalities of social investment policies such as childcare and lifelong-learning interventions. To an important extent, what people take to the market (say, what they own), what they get from the market (say, rents), and what they can reasonably expect the market to provide them with (consumption goods, services) are all affected by (in)action on the part of the welfare state. Therefore, again, the welfare state, if it aims to address current inequalities, cannot help promoting the circulation of property (e.g. via tax legislation and social inheritance), the re-regulation of labour markets, and the expansion of public consumption. While it already promotes the latter to a significant extent, a rents-based

[46] This proposal occupies a central place in Anthony Atkinson (2015) and Thomas Piketty (2019) reform blueprints, following a long tradition going back to 18th century *Agrarian Justice*, by Thomas Paine. The christening of is as 'circulation of property' is due to Piketty (2019).

approach to inequality might provide new conceptual and normative bases for the continuation of such policies as well as for braving new worlds of action.

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