# FINANCIALIZATION OF GROUND RENT:
# A NEW VERSION OF 'UNEQUAL EXCHANGE'

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## INTRODUCTION

Theories of unequal exchange have hinged on various forms of super-exploitation, either in the circulation sphere (the rich powers having the ability to pay less than a fair price for goods from the poorer parts of the world) or in valuing two types of goods differently (pushing down the terms of trade for agricultural or labor-intensive products of the periphery relative to industrial goods originating from the center). Raúl Prebisch is the most well-known theorist focusing on inequality stemming from systematically deteriorating terms of trade for the poorer or dependent part of the world. Most of these theorists basically saw the inequality in underdeveloped technology and were mostly not – or only shallowly – based on Marxist theory. They also tended to downplay the minerals and natural resources that are in fact the exports of many a dependent country.

But something has changed. The rich part of the world is deindustrializing and agriculture is concentrated in ever fewer hands. In fact, the complaint is that a number of barriers are put up for the agricultural exports from the 'dependent' nations.

Newer Marxist writers concentrate on the transfer of surplus value among the continents as the core of 'inequality' or dominance, some pointing to the downright systemic underpayment, in fact super-exploitation, of workers in the third world. See here Higginbottom (2012a). But this still begs the question: what is the mechanism for this transfer in the absence of outright imperialist conquest? The thesis is that finance is the umbilical cord linking the center to the periphery through investments that generate hyper profits. That the geography of dominating powers is changing, emerging and frontier economies starting to tip the scales, only blurs the picture but does not change the image.

The *perpetuum mobile* of western capital entering the third world is not by accident or a minor phenomenon but the essence, not only of the reproduced inequality, but also of the dynamics of capitalism itself. Finance, the agent, may sometimes be abstemious and prudish and stay away – and that also causes problems. A preconditon for its operations is something else and seemingly outside of the system: natural endowments. These both deliver the materials for production in whatever location capital sees fit and are themselves a vehicle of finance capital. In fact, natural

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resources of the poorer parts of the world are so coveted as to cause a 'resource curse'. But the curse is not a squandering of sales receipts for resources sold by peripheral countries, rather it is a surreptitious theft or invisible outward transfer of value. How this 'theft' is coming about is one subject of this paper.

The role of the state is another aspect. It has been thought that the state was the necessary builder of infrastructure to obtain new resources. This was only partially true in early capitalism, when the European powers funded the conquests and availed their military might around colonial ventures such as the East India Company, but as of the late nineteenth century the imperial powers got more actively involved. Major investments abroad were still spearheaded by private entities, for example as joint stock companies initiating railroad investments. Domestic infrastructure in the west has ever since the nineteen thirties been funded overwhelmingly by the state just as it was the state that saw to it that the western world was rebuilt after the twentieth century wars. Again, huge transnational corporations have financial resources that surpass many a state's. A number of minor European countries house transnationals that transcend them, but these still depend on their home state or another domicile to facilitate their actions.[2] Unfortunately, in order not to be too wieldy, the paper cannot go deeply into public-institutional and geo-political aspects of ground rent.

Agriculture plays a primordial role too. Agriculture feeds the masses, and its relation to other parts of the consumption of workers has been ignored for too long. Is agriculture still beset by rent-extracting landlords and, if so, how is this field constituted between the north and the south?

The first part of the paper lays out classical/Marxist theory of ground rent, including newer interpretations, whereas the second part exemplifies the debate in order to be able to give some pointers to where and in which way the theory applies and if there are grounds for expansion of its reach.

## PART I: THE BASIC CONCEPTS OF GROUND RENT

### Classical Theory of Absolute and Differential Rent

Ground rent has only recently reemerged as an important study for Marxian scholarship. For a long while it has been supposed that the antagonism capital-labor as the basis of value theory would suffice to understand and help change the world. Theories of imperialism and monopoly capitalism that dealt with surplus profits were largely dropped as vulgar manifestations of thought. But that

[2] E.g. Maersk, which pretty much determines what it wants to do in Denmark in terms of paying taxes and 'doing good' plus owns nearly 23% of the shares of the dominant bank, Danske Bank. It also has exceedingly good relations with the US government, to the point of shipping military personnel and material for it.

also prevented the occupation with rent. If Marx's elaborations on rent were discussed, it was mostly as an inner-theoretical discussion clarifying the concepts but, at least not in recent times, as an integral part of world development, with the notable exception of Samir Amin. The obvious globalized linkages of commodity trade, capital movements, communications etc. have changed that. Although Marx has not given much direct material to use in raw form, Andy Higginbottom uses Marx's elaborations on the relations between Ireland and England in the late nineteenth century as guidance for a broader understanding. However, many elements can be found in Marx concerning the spreading of capitalist dominance through seemingly extraneous means. Neither the capture and trade of slaves destined for the sugar plantations in the West Indies or the cotton fields in the American South, nor the expansion of the settler economies and the acquisition of (rentless) land in the colonies was beyond Marx' indomitable reach. He also knew of the conditions of the transition of new land to ground rent extraction.

The first coherent ground-rent theory can be attributed, grossly, to Adam Smith. Marx later developed it and called it the absolute ground rent version. The next development was David Ricardo who, according to Marx, developed the notions of differential rent. The neo-classical school, notably Alfred Marshall, took a bee-line from land to capital and thought that capital in and of itself earned an income. From there he returned to land and saw rent as 'producer's surplus'. The modern neoclassicists who talk about existence value, hedonic pricing and some such shall not concern us here. Neither shall Henry George who thought that rent accruing to individuals but caused by investment made by the public sector should revert to society through the 'single land tax'.

### *Adam Smith*

Adam Smith is credited by Marx with understanding absolute ground rent, if only in embryonic form. In developed society there is no rentless land. "But land, in almost any situation, produces a greater quantity of food than what is necessary for bringing it to market, in the most liberal way in which that labour is ever maintained. The surplus too is always more than sufficient to replace the stock which employed that labour, together with its profits. Something, therefore, always remains for a rent to the landlord." (Smith 2000:169). Smith here has a very 'physical' notion of what labor and capitalists need. Two points are important, first, Smith thought that there is a minimum which labor or workmen should receive to keep them alive. In this way Adam Smith avoided the later marginalist fallacy that workers only get their own produce at the margin and if they produce less, they get less. But secondly, Smith took for granted that there was a power relation between landlord and capitalist tenant. Where land only could sustain the immediate producer, there would be no rent. It was understood that in feudal times the owner and the serf were the only ones interacting, with the surplus going to the lord. The serf perhaps could barely survive; the lord got all the surplus, but there were only two agents. In the next development the capitalists/tenants in turn could 'cultivate the land with their own stock' (see Smith 2000: 421), pay rent, get a profit and hire farm workers.

***David Ricardo***

David Ricardo is clear on rent, "Rent 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." (Ricardo 1996: 45). This sounds absolutist, but Ricardo goes on to say that it is not the fertility of the soil that gives vent to ground rent, but its relative fertility, for "rent is always the difference between the produce obtained by the employment of two equal quantities of capital and labor." (Ricardo 1996: 48).The value of the produce does not increase because of the rent, but the rent is a product of the higher price of the produce. "Corn is not high because a rent is paid, but a rent is paid because corn is high,..." (Ricardo 1996: 50). If land were abundant without pressure on it, no rent would be paid. Rent is thus only differential rent for Ricardo, and the market pays no more than the price necessary to bring marginal land into production.

If demand for corn increases, rent will tend to increase because more, most likely less fertile, land will have to be taken into cultivation, and more labor may be necessary to produce the added quantities. The landlord will then be able to appropriate the extra surplus, which is bestowed upon the best land without any additional effort, as rent.

The produce of mines follows the same logic. With respect to precious metals used as money, their value did not vary much with the discovery of the rich mines of the Americas, according to Ricardo. Or rather, it was because of these finds that the value did not change much. Otherwise additional labor would have to be expended in mining for precious metals. "...., the effect [of the rich mines of America] has been so slow and gradual that little practical inconvenience has been felt from gold and silver being the general medium in which the value of all other things is estimated. Though undoubtedly a variable measure of value, there is probably no commodity subject to fewer variations. This and the other advantages which these metals possess, such as their hardness, their malleability, their divisibility, and many more, have justly secured the preference everywhere given to them as a standard of the money of civilized countries." (Ricardo 1996: 59). So, absurdly, gold and silver mining could be developed relatively rent-free because of the particular conditions surrounding their availability in Ricardo's view. Therefore they were pure value, i.e. product of labor under typical conditions. Consulting Smith, it appears that the abundance of mines and the slackening of taxation by the Spanish crown was aiding in this. (Smith 2000: 248).

### ***Karl Marx***

Absolute ground rent

Although Marx analyzes differential rent in detail before absolute rent, it is perhaps easier to understand the matter if we deal with the latter first. "Landed property presupposes that certain persons enjoy the monopoly of disposing of particular portions of the globe as exclusive spheres of their private will to the exclusion of all others." (*Capital* Vol 3: 752). Rent as a capitalist phenomenon is conditioned on the immediate producers having been separated from the soil. Ground rent is payment to the owner for the right to use the land. But more than that, agricultural rent in its developed form is based on a capitalist farmer/renter who in turn employs people to work the land.

Ownership is a general precondition. "But … there develops in landed property the ability to capture a growing portion of this surplus-value by way of its monopoly of the earth and hence to raise the value of its rent and the price of the land itself." (*Capital* Vol. 3: 776). Surplus value is under certain conditions transformed into ground rent, i.e. not as excess to be appropriated by the capitalist but to be alienated from him and be given to the owner of natural resources, land or minerals. This relationship of ground rent and surplus value is 'absolute ground rent' in Marx' terminology. It denotes the ability of certain products or sectors as we would say now, not only the individually produced commodities within a specific sphere of production, to be kept outside the averaging processes because they have a unique status in the reproduction of the entire society. This supposes that the value product is higher in agriculture than in other spheres because of relatively more labor power employed. One can add that, since the conditions of agricultural work are so fundamentally different from manufacturing, and agricultural labor produces socially and economically vital goods, it must be reckoned with as necessary labor. To capture this presupposes a certain alienating force, a landowner or its equivalent, someone else than the capitalist himself, according to Marx. The tenant/capitalist only garners the average rate of profit, allowing the extra to go to the owner.

Ramírez (2009: 83) interprets Marx's calculation of absolute ground rent as if agriculture first enters the averaging of profits, but then agriculture over and above this gets the full value of its product. Ramírez' example, slightly edited, illustrates both the transformation of value to production price and rent:

| Sector | Capital | Surplus value (50% rate) | Value | Profit rate without averaging | Average profit ^ | Production price | Absolute rent | Sales price ^ |
|---|---|---|---|---|---|---|---|---|
| Industry | 80c + 20v | 10 s | 110 | 10% | 25% | 125 | | 110-125 |
| Agriculture | 20c + 80v | 40 s | 140 | 40% | 25% | 125 | Up to 15^^ | 125-140 |

^These columns are added by the author of this article. ^^Ramírez puts in 15.

Legend: c = constant capital, v = variable capital, s = surplus value

If agriculture could sell its produce at 140, there would be no averaging of profits at all because agriculture would get its full value, and there is only one more branch in the example. If agriculture got 140 and industry 125, as seems to be implied by Ramírez, there would be encroachment on the value product of a third party outside the scheme because the amount of value produced is the limit of what there is to share. What Marx says is that agriculture only enters the averaging of profits to the extent that it does not recover its full value product, "As long as the rent is not equal to the excess of the value of the agricultural products over and above their price of production, one part of this surplus always goes into the general equalization and proportionate distribution of all surplus-value between the various individual capitals." (Marx 1991: 896). Further, "If market conditions do not permit agricultural products to be sold at their full value, at the total surplus over their price of production, the effect lies between the two extremes: industrial products would be sold somewhat above their value and agricultural products somewhat above their price of production." (Marx 1991: 898).

It is much debated if absolute rent falls away if the composition of capital in agriculture becomes more like that of manufacturing industries (same organic or value composition). It is only as a result of the monopoly of landed property that the excess value can be reflected in the final market price (Marx 1991: 897). This monopoly is weakened once there is no barrier to the utilization of the land.

Ramírez maintains that absolute ground rent will persist but thinks that it may morph into monopoly rent, discussed below.

To sum up: absolute ground rent is not inherent in the soil or in the ownership of it, but is a way of capturing surplus value before it enters into the profit-averaging process, also giving rise to an internal tension between the ordinary capitalists and land owners or rent-extracting capitalists.

Whereas the landowner preceded the capitalist, both industrial and agricultural, later on the landowner became an adjunct to capitalism.

Differential rent I and II

Differential ground rent is based on the varying natural (or natural-technological) conditions under which farms (or mines) produce. If the production of both is needed, the one that for some reason gets more product for the same capital outlay, will be able to extract the extra as rent. For this phenomenon to happen (differential ground rent I is likened to an 'extensive margin'), it is not necessarily the most unproductive land, which comes under the plough last. The condition of differential rent is also exclusive ownership to the land.

Another form of differential ground rent (form II, often termed 'the intensive margin') can be gotten from additional capital applied to the same plot (i.e. unequal capitals are applied). Typically returns will be falling proportionally. This has given vent to marginalism's turning things on their head and generalizing the case. Keynes seems to have gotten a snippet of this type of thinking in the following quote: "The argument runs as follows: *n* men are employed, the *n*th man adds a bushel a day to the harvest, and wages have a buying power of a bushel a day. The $n + 1^{th}$ man, however, would only add .9 bushel a day, and employment cannot, therefore, rise to $n + 1$ men unless prices rise relatively to wages until daily wages have a buying power of .9 bushel. Aggregate wages would then amount to 9/10 ($n + 1$) bushels as compared with *n* bushels previously. Thus the employment of an additional man will, if it occurs, necessarily involve a transfer of income from those previously in work to the entrepreneurs."[3] This is a very clear example of the worst of marginalism's fallacies: that people 'get' back what they produce 'at the margin'. In addition, for Keynes price rises can only be nominal and therefore real wages fall to the output of the last man. Keynes' example would be more appropriate if it compared different typical increments in capital outlay by adding more capital/workers (see also Fine 1979), but according to Marx's analysis, differential rent II would also in such case increase although it might fall relatively to the surplus of the capital invested previously in the same land, and there is no reason to think that prices would fall. The investments would rather be put to a halt by the drop in surplus profits.

Rent swells over time with improvements accruing to the owner, not to the investor, i.e. when the lease of the latter is up, the owner appropriates improvements. But until then the investment and the return on the investment in the land are distinct from the ground-rent phenomenon although they might well give excess profits to the farmer. Rent is 'frozen' surplus.

[3] This is the only place in *The General Theory* where John Maynard Keynes talks about something approaching ground rent (Keynes1973: 17, footnote 1).

Whereas absolute ground rent has to do with the deviation of total value produced and production prices, reflecting average profits and organic composition, differential rent refers to the particular production conditions within the same agricultural or other natural-resource based products. Average conditions of production determine the market value of ordinary industrial commodities, but this is not the case with ground-rent products. The 'differential' is thus not based on the difference between value and production price but refers to the basic value determination in the same sector, i.e. to the average labor needed for a given outcome. In the case of agriculture, even the less-productive farmer can be in business if the produce is demanded.[4] Whereas absolute rent refers to a comparison with other occupations of capital and labor, it has nothing to do with fertility, but with the mere fact of producing a product for the market that enters into the consumption of the great masses, and where social barriers (property) are erected around the natural barriers of its production.

In a twist on Marx, Ben Fine (1979: 262) combines differential rent (DR) II with absolute rent (AR). New land taken under the plough is typically less capital-intensive, and its yield in terms of rent will be determined by the 'intensive margin' producers. DR II is an indication of surplus profitability within the sector and guides AR when new lands are opened, "AR cannot rise above the DR II associated with the surplus profits of intensive cultivation on existing lands, for otherwise the intensive cultivation would take place at the expense of the extensive." (Fine 1979: 262). But do land owners/capitalists know these things *ex ante*? If it is impossible for DR II to rise even if more capital were added, what then? Besides, new land is not necessarily available, *vide* the slow opening of Eastern Europe. And how about the consideration that prices of agricultural produce are only exceptionally determined by rent, according to Marx?[5] It might be a more realistic chain of events if those reaching their margins go abroad when they can and then use their newfound strength to overcome previous obstacles at home.

Another point to consider is that Fine here leaves the realm of the peculiar production-price forming process between agriculture and other sectors and lets AR be guided by agriculture itself. Fine also ignores the importance of ownership. These issues will be discussed in the second part of the paper.

Monopoly rent

[4] Incidentally, this is also why very poor people cannot buy food. The food is there but it is too expensive, as Amartya Sen is known for having pointed out.

[5] See *Capital* Vol 3: 897.

A fourth form is monopoly rent, where more than the value produced can be appropriated by the monopolist. Monopoly should not be taken to require only one producer, but can also refer to one product, such as oil. Figuratively speaking, monopoly rent sucks (surplus) value away from other sectors, capitalists or workers, as often as not, across borders. "By monopoly price here we mean price determined simply by the desire and ability of the buyer to pay, independently of the price of the product as determined by price of production and value." (*Capital* Vol. 3: 910). But it goes without saying that there must be value behind it, otherwise it would be fictitious. This shall be discussed in the second part. The term 'monopoly capitalism' indicates that monopoly rent is identified as the dominating feature of an actually existing phase of capitalism. Unfortunately it very easily gets commingled with notions derived from neo-classical theory on monopoly pricing.

<u>Price of land and royalty</u>

The price of land is the capitalized ground rent (Marx implies that this can be all forms, but only explicitly mentions differential rent) arrived at by using the prevailing interest rate. It therefore follows that if the interest rate falls, land prices will rise. This is of course well known.[6] The basic phenomenon is the rent, not the derived capitalized value although it may seem that the character of the land as an 'input' with a price qualifies it as a factor of production that then, turned around, gets a yield like a rate of return or interest. Conversely, land has no price where it is abundant or does not yield a surplus above subsistence level.

Royalty was discussed at a theoretical level in connection with British coal extraction which first took place on private land for which the miners had to pay royalty (see Fine 1982). Royalties are derived from the particular use or product, which may be exhaustible, and are – like rent - based on the existence of an excess yield over and above normal profits. A conceptual difference between royalty and rent is that the first involves the definite removal of something (the mineral) from the land while rent in principle is paid for a usage that leaves the properties of the land unchanged (except DR II, and then land should be improved!). The Fine paper mostly analyzes discussions held within a neo-classical frame, and the debate is therefore not of much relevance to our discussion, which explicitly considers that which is absent in neo-classical debates: the role of

[6] Adam Smith was aware of this, "But the price of land in proportion to the rent which it affords, the number of years purchase which is commonly paid for it, necessarily falls as the rate of interest rises, and rises as the rate of interest falls." (Smith 2000: 661). This insight did not seem to have penetrated the skulls of the rulers of Great Britain as demonstrated in the recording by the *Morning Chronicle* of the reaction to David Ricardo's speech in the House of Commons on July 10, 1822, "In conclusion, he [i.e. Ricardo] could not help observing, that he felt much commiseration for the unfortunate Gentleman who was induced to give 5000 *l.* more for an estate in consequence of the Bank having lowered its interest to four per cent. [a laugh]." (see URL: http://oll.libertyfund.org/index.php?option=com_staticxt&staticfile=show.php?title%3D206&layout=html#c_lf0687-05_footnote_nt311)

ownership, dominance over production and capture of value. It is important to realize that rent for Marx was a visible payment to be made to the owner of the land or mine. In that sense it is understandable that Fine can discuss whether royalty and rent is the same or if there is a difference.

Today oil companies pay royalties to the state, which practically everywhere (except, notably, the US and Canada) owns the underground. Obviously, government-owned land and the seabed fall within the public domain. According to Ricardo, it would seem that royalty captures 'the value of the mineral extracted' over and above the differential to other mines (Fine 1982: 346), but this sounds like a form of addition to differential rent. A clear combination with the labor theory of value could be that royalty could be a way of capturing absolute ground rent, the contribution to be paid to the owner of the resource because of the relationship with average productivity in other sectors. Unfortunately Fine does not discuss this aspect fully in the article.

Looking at actual mining laws, various principles of the assessment and payment of royalties are in place. Often royalties depend on the price of the final mineral, e.g. bauxite royalties can be linked to aluminum prices. At any rate they are normally dependent on the economic outcome and are not just a fixed tribute. They are often mixed up with production-sharing agreements between concessionaire and the government where the government converts its ownership interest into participation. The miners (concessionaires/licensees) systematically garner surplus profits for themselves after paying the royalty and this surplus profit is akin to rent. The question is what type of rent it is. Not to anticipate later sections, it is evident that mining royalties is one of the most important battlegrounds of corruption, illicit payments and fraud.

Super-exploitation of workers

Also super-exploitation of workers is mixed up with rent. Therefore, the concept shall be laid out here. Andy Higginbottom takes as point of departure Marx's *Capital* Vol 1, notably Chapter 24 on the transformation of surplus value to capital. Higginbottom discusses the potential for extra surplus value, or rather the ways in which capital can appropriate more for itself without forcing more absolute or relative surplus value out of its workers. The former could only be done by not respecting the livelihoods of the laborers, the latter by extracting more surplus through higher productivity leading to lower labor reproduction costs (lower share of the working day spent on reproducing the labor power). In fact Higginbottom shows that systematic super-exploitation of certain types of labor power, female and child laborers, took place in the UK in the early nineteenth century, a 'forcible reduction of wages below the value of labour-power' (Marx *Capital* Vol I: 747-748).

There is a link to the classical domains of rent though. Super-exploitation is connected with the production processes where laborers work directly on nature such as they do in agriculture and mining where the mineral itself is extracted to become, after chemical or physical processes, raw material for capital's further processes. "This expanded capital is," according to Higginbottom, "imperialism-in-the-becoming." (2012a: 264). But unless a mechanism can be found so that somebody appropriates this extra, rent is not resulting, *vide* Smith and Ricardo on the silver from the Americas. For it could well be that laborers are over-exploited and at the same time the prices of what is produced would decline so that these exports simply become even cheaper.

The argument of Ruy Mauro Marini in "Dialéctica de la dependencia" (1991) centers exclusively on the super-exploitation of workers and not on its link with ground rent, which seems unfortunate in view of the fact that his analysis is very convincing. Capitalist development in England was aided and abetted not only by the misery of Ireland (Higginbottom) but also Latin America (Marini).

Marini does not mention the transformation problem directly, i.e. the evening out of profits, only indirectly. In the original phase of the development of 'dependent' but capitalist relations, Latin America furnished agricultural products for not least the UK, which delivered manufactured goods. Contrary to the analysis of absolute rent as based on industrial produce sold above its value but agricultural products above their price of production, e.g. being able to gain an 'extra', the Latin American agricultural exports were thus sold at or below their production prices, if one assumes that there was an evening of profit rates. This gave unacceptably little profit to the capitalists, who therefore took recourse to super-exploitation of workers. In Brazil this process was coincidental with the abandonment of the slave trade/emancipation and the banning of free occupation of land (1850). As we are dealing with agriculture, it is surprising that Marini, speaking explicitly about the agricultural produce consumed by the European masses (in fact sugar and coffee), does not see that the plantation owners also needed their dues as rent. The direct means of super-exploitation were intensification of labor, extension of the working day (strictly speaking these two belong under absolute surplus value increase) and a lowering of the means for the reproduction of workers. Since the outputs were by and large exported, there was not an *iota* of dependency on domestic consumption of the lower classes.

The effect in the UK was that relative surplus value could be increased and at the same time better living standards for workers ensured. It also goes without saying that there was a necessary link to agriculture that could not be cheapened domestically in the UK with the barrier posed by private property and ground rent.[7] In order to gain more relative surplus, it was also not sufficient to feed the workers industrial goods.

## PART II: EVIDENCE OF GROUND RENT TODAY

### Ground rent in the center

Has absolute ground rent disappeared in the most developed parts of the world because agriculture has become so capital-intensive that the organic composition of capital is the same as that of other sectors? Or, is this intensification a case of DR II which stimulates the drive for expansion on new land outside the domestic base, be it in tropical or temperate agriculture?

In large parts of the capitalist world, farmers mostly own their own land, i.e. the capitalist is merged with the owner. But the category of rent exists in the terminology and certainly, agricultural land has a price.

Denmark is a small highly developed country, yet with around 60% percentage of its land devoted to agriculture, 2.6 million hectares. Danish aggregate agricultural accounts contain data on the lease payments paid by the capitalist farmers to the owners. Although only about a quarter of the land is leased, big landowners increasingly rent tracts of the land of adjacent farms where the owner perhaps remains in residence but has given up cultivation. This has accelerated the already speedy process of concentration of land, and there are only some 40,000 farms left and some 25,000 workers.[8]

To calculate ground rent three methods can be used. 'Ground rent' as used by mainstream agricultural economists denotes the residual after payment of all other costs, mortgages and interest on loans for investments as well as the leasehold payments by tenant farmers. Agricultural subsidies are added back in. The reason given is that subsidies have contributed to raising the land prices so the farmers/owners have so-to-speak funded them themselves. So the first method is to capitalize residual surplus plus subsidies. This gives land prices for the whole country of DKK 122 billion as an average over the years 2005 - 09 (interest rate of 4.6%).

If interest/mortgage payments plus payment of direct rent (lease rental) from actual tenants to owners and the item 'income after financial postings' (negative over the years 2007 – 2010, positive thereafter) are summed and capitalized, the total values of land should be DKK 239 billion in 2009. A third method is to assume that all land is leased, take standard quotations for wheat over the years

[7] The repeal of the corn laws in 1846 should lead to lower prices and thus also help the capitalist interests. For UK agriculture, the result was rather increased animal production and decreased corn output than falling ground rents.
[8] There are also a lot of seasonal workers that are probably not all counted.

2005 – 2009 and multiply them by the part of the yield per ha that normally goes to the owner, [9] plus afterwards adding the direct subsidy payments that accrue to the owner, also on a per ha basis. Generalizing and capitalizing the average calculated leasehold fees per ha to the whole cultivated area would result in land prices of DKK 220 billion.

Actual land prices fell nearly by half from a total of around DKK 660 billion to DKK 340 billion between the peak in 2008 and 2012. The total land prices were still DKK 540 billion in 2009. In the same year total agricultural debts were DKK 343 billion.[10] So whereas land prices were higher than debts at that time, the debts were certainly higher than any reasonable calculation corresponding to the actual rent of the land. Since then interest rates have come down and the earnings of agriculture have improved. However, debts have not come down and land prices are now a bit lower than debts. Land prices thus seem to lag the calculated capitalized rent.

It would seem that the third method is best as the first excludes essential elements and gives unrealistically low land 'values', and the second includes interest payments on loans for machinery and improvements. A case can be made for including the mortgaging of the land, as was shown under the second method above. "And in many instances, nominal owner-occupancy conceals a mortgage relation (equivalent to rent) and a credit relation (equivalent to interest on capital loaned for direct production), leaving the owner, occupier with profit of enterprise only." (Harvey 2006: 365). It could then be thought that finance enables the perpetuity of absolute rent.

The actual mortgaging follows a different logic and cannot be used as a direct indicator, though. Whereas the merging of the owner and tenant (owner-occupier) solves the contradiction of the lack of incentive to undertake land improvements by the farmer, as has been seen vividly in Denmark, there is a problem of mixing-up because the capitalist-owners tend to finance their investments in improvements and machinery via additional mortgages based on higher land prices. In this sense there is a disconnect and the realized 'rent' may not follow suit because the prices of agricultural produce are not based on all these costs, with an excessive fall in land prices as consequence. The third method in fact also includes coverage for the mortgage payments that the owners have to make.

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[9] Cereal prices for barley and wheat (measured in DKK per 100 kg farmgate) are still to some extend used to regulate the rents of agricultural land. The prices are calculated on a regional basis, see http://www.dst.dk/en/Statistik/dokumentation/Declarations/cereal-prices-used-for-regulation-of-land-rents.aspx. This method stems back to the 18th century.

[10] Sources: Statistikbanken (Danmarks Statistik), www.statbank.dk/eng, Danish Grain and Feed Trade Association exchange and the Department of Food and Resource Economics of Copenhagen University.

Inasmuch as there are land prices pointing back to the ownership of land (the barrier of landed property), there is rent but the mortgaging and indebtedness tend to swallow all surplus, even normal profit, for the farmer/owner. Subsidies are a compensation and help keep up the ground rent. So the debate whether rent will disappear seems moot. That land would become priced at zero in advanced capitalist countries seems infeasible, but the drive is for ever-larger holdings and previous restrictions on size per farm and form of ownership are now being given up in Denmark. The barriers keeping cheaper agricultural produce out are also falling off, especially for inputs such as soybeans from Argentina and Brazil imported for Danish pig farming.

The land prices could alternatively be thought of as investments incorporated in the land and appropriated in perpetuity as rent which also corresponds to the fact that land as such is not depreciated, i.e. retaining its 'indestructible' powers, but obviously here comes into play the question of deteriorating qualities of the natural environment. From the point of view of ground rent, this could mean increased rents for some and decreased surplus yields and profits for the intensive farmers. As the qualitative decline results from a push to ever-more produce, there is an indeterminate battle between opposing tendencies in western agriculture. In Denmark there is, however, also direct evidence of differential rent II in as much as there are areas that have much higher leases than the average and where others are pushed in the same direction. It does not necessarily have to do with direct intensification but e.g. with the adoption of another crop (maize) with artificially high prices due to biogas subsidies in Germany.

If there are only two agents, the owner/capitalist and the worker, will ground rent then disappear and the relationship be just the two agents capitalist - worker? This is also a question which Adam Smith and Marx with him leave unresolved. Ramírez discusses this at the end of his article (2009: 89), and surprisingly seems to lean towards a cautious yes. The same does Fine. As was seen in the case of Denmark, one can however say, no. But the no is circumscribed by the fact that there are active forces at work to protect ground rent, through subsidies and mortgaging, and the tendency is anew towards a split between owners and capitalist-tenants. In addition, large Danish farmers are eager to invest in, notably, Eastern Europe. So rent is not taken off the table although it may be difficult to fit its actual forms in neat and clear-cut Marxian categories.

**Agriculture in the 'dependent' or emerging countries**

In large tracts of Africa ways are found to throw subsistence farmers off the land when developments dictate that ‘the powers of the land’ could be used better, i.e. the existing rentless form of landed property has become a barrier.

There is a gaming around land ownership and prices. For poor peasants the land has no price, they can neither buy nor sell land. Rich companies who can see the potential can pay a lot but will of course only pay the minimum necessary to convince peasants to sell. Therefore the issuing of titles to poor peasants may turn into an easy means of dispossession. The valuing of (future) returns plays a role, but it is the one with the financial access that has the upper hand to eventually extract the benefit. In that sense rent will come into being through the ‘social relationship’ of creation of private ownership to the land, with the proviso that somebody has to exploit it for it to come into existence. If the land is of no interest to investors, it may not be bought and sold, even though it has a title.

Expansion of agriculture today takes place, typically, out of a given country and into new land that has been cultivated under non-capitalist or very marginal conditions in the outskirts of Europe, in Africa or in Latin America. It is mostly capital-strong investors who go abroad so it is not as if they could not invest intensively at home. The new investors, often land grabbers, displace farmers/agricultural workers and introduce new methods and often also products. If the expansion is in the south, some of the products are different from those of the north (palm oil) but not without substitution. The conditions for expansion could be thought to be new or additional demand that should be satisfied either in the north or the south, as well as the possibilities for extracting ground rent in situations where it was not developed before. Meanwhile capital-intensive cultivation is furthered in the west or north so that costs are lowered on a *pro rata* basis but with the margin kept up by the higher albeit decelerating relative yield. In the south, the organic composition will be lower but much higher than before. The surplus value that can be cashed in will be the basis of absolute rent, starting as surplus profits that will only be fixed after resale, as the land was acquired practically for free.

Fine’s discussion of DR II vs. AR can be detected in actual tendencies: the intensive cultivators of Western Europe long for the east where they can extract rent in the shadow of their intensive domestic cultivation of the same type of product whereas the drive to go south is for entirely new land and other crops.

**Monopoly, absolute and relative rents in the oil and mining industries**

Higginbottom has expanded his thesis of the super-exploitation to mining. The exploitation of natural resources in the primary transformation from a raw element into a good with a value is based on an 'extractive exhaustion of non-renewable resources' (2012a: 266).

Rather than taking on royalties and rent head-on, in the paper, "'Imperialist rent' in practice and theory" (2012b) as well as two papers on gold mining in South Africa, Higginbottom (2010 and 2011) specifies imperialist rent as the above-average or extra profits realized as a result of the relationships between north and south in the global system. The focus is now on mining where, is the conviction also of this writer, the question of imperialist and other rent has its key locus. It is shown that the oil corporations BP, Shell and British Gas account for over 33 pct. of market capitalization of the 20 largest businesses listed in London in the recent past. Adding mining stocks only confirms the picture.

Although Higginbottom admits that these companies extract oil, gas and minerals in both developed and underdeveloped countries and that many of the jobs are highly specialized and not reducible to simple labor, he posits that they particularly prefer to be active in underdeveloped ones, thus also benefiting from underpaid or at least cheap labor power.

Higginbottom does not distinguish between oil and gas on the one hand, other minerals on the other, but perhaps the paths of energy and basic raw materials have bifurcated. Oil and gas largely depend on highly skilled workers whereas mine workers still perform relatively simple labor. That South African mine workers are over-exploited has become all too evident, at the latest at the time of break-out of the Marikana debacle.

***Domination and ownership, the case of hydrocarbons***

Three phases can be distinguished in the quest for oil in the periphery. The *first* goes from the discovery of oil to the creation of OPEC and was dominated by the possession by imperial oil companies of the resources they found. The *second* is the heyday of power of the OPEC cartel from 1960 to 1986. The *third* is the current period where western companies have regained control over large parts of the resources but where other majors are alo active, such as Saudi Aramco, the Iranian Oil Company, Gazprom, the Chinese companies, as well as majors of South America.

The search for oil in Asia, notably the Middle East, started in earnest after the opening of the Suez Canal in 1869. The imperial companies simply annexed the resources. This holds notably for BP, whose history is inextricably tied up with the Iranian oil industry and the misery created there after the overturn of the short reign of Mohammed Mossadeq (1951-53), who had started to assume national power over oil, followed by a CIA-led coup which reinstated the Shah (1953-79) and British Petroleum. Royal Dutch Shell is an amalgamation of Shell, which had developed bulk tankers, and Royal Dutch which operated particularly in Indonesia. The Standard Oil Company heirs (most prominent today ExxonMobil) started serious international expansion in the thirties. Whereas oil companies had paid some royalties to the states of the ex-Ottoman empire countries that were nominally independent or put under British or French trusteeship after the First World War, they exerted more than *de facto* ownership of the resources. This led to a battle for recognition of local rights and national repossession of the oil assets, which culminated in the creation of OPEC in 1960. But already before that and with added emphasis after OPEC, the member countries had commenced reclaiming their primogeniture to domestic oil and gas resources. Foreign oil companies still had concessions, increasingly however along with a production-sharing agreement with a country's national oil company.

OPEC was created at the same time as colonies, notably in Africa, gained independence. Nevertheless, the ex colonies were weak and from the mid eighties when oil prices had fallen drastically, OPEC started to lose power. The Seven Sisters, regrouped as the six companies of Big Oil (ExxonMobil, Shell, BP, Chevron, Total and ConocoPhillips), intensified oil exploration in new lands, not least in Africa. The disasters of Nigeria shall not be discussed here. The companies have also as often as not played on both horses in conflicts. ExxonMobil is notorious for its switching strategies when it comes to what the west normally condemns as dictators, such as Teodoro Obiang of Equatorial Guinea and the rulers of Chad. What is clear, though, is that Big Oil regained dominance and also increasingly again works inside OPEC countries.

ExxonMobil competes with Apple about the highest market capitalization (around USD 400 billion) on Wall St. ExxonMobil, Shell and Chevron between them mustered profits just shy of USD 100 billion in 2012. ExxonMobil had a ROACE (return on average capital employed) of 34.2% in 2008, declining in 2009 to 16.3% and rising to 25.4% in 2012, thus hinting at the pro-cyclicality of Big Oil. Shell and Chevron showed 26.3% and 26.6% in 2008 but 12.7% and 18.7%, respectively, in 2012. [11]

Important for the theoretical discussion is the question of ownership of the reserves on which the oil companies depend. The new quest is for 'the booking of reserves' (see Coll 2012). If an oil giant can book the reserves of a far-away country, they count as its own. For this it needs a long-term

[11] See the annual reports of ExxonMobil, Royal Dutch Shell and Chevron.

license or production-sharing agreement. It was not until 2008 that the US Securities and Exchange Commission recognized that tar sands and shale oil/gas could be booked as reserves. ExxonMobil, however, had made its own interpretation of 'the booking of reserves' up until then. And all this in order to ensure future growth and raise stock-market valuations.

***But is it only in the periphery that rent is extracted?***

Oil is the prime example of rent today, both absolute, differential and monopoly. The most 'fertile' wells in Saudi Arabia may yield oil that probably costs less than USD 5 to produce per barrel. Add USD 10 for good measure to cover other costs, i.e. a total cost of USD 15. Oil from the least fertile but still normally productive wells (i.e. excluding tar sands and deep-water drilling) may cost USD 30. This is the case in Denmark, taken to be the example of a developed country's cost structure, see graph below. Whether normal profits are included in costs or not, does not change the picture much. Assuming a mark-up of 15%,[12] the production price in Denmark would be USD 33, in Saudi Arabia half of this. The difference between these two basic cost regimes (solely due to the little capital effort it takes to get oil out of the ground in Saudi Arabia) which both include investments in new fields, research and operations is appropriated as (differential) rent by the most productive producer. But as can be seen, in this case at least, differential rent in oil is only a small fraction of rent, the most important being absolute/monopoly rent,[13] the difference between the production price of the most expensive well product and the market price. If market prices are USD 110 per barrel (as they were in both 2011 and 2012), then rent or super profits (all types) could be up to nearly USD 76 per barrel for the least productive well, USD 93 for the most productive of our comparison. Of this, differential rent would be USD 17 accruing to the most fertile source and absolute/monopoly rent the rest. This picture is pretty much universal, but does not consider the costs of shale oil and gas and their rent conditions. These unconventional resources now establish a floor of USD 60-70 according to the oil expert Dan Yergin.[14] With shale-oil and gas fracking, the US has ensured a safer supply and, paradoxically, lower prices for itself. This again could confirm Fine's point about the intensity which gives the limit for absolute rent expansion, albeit not for monopoly rent.

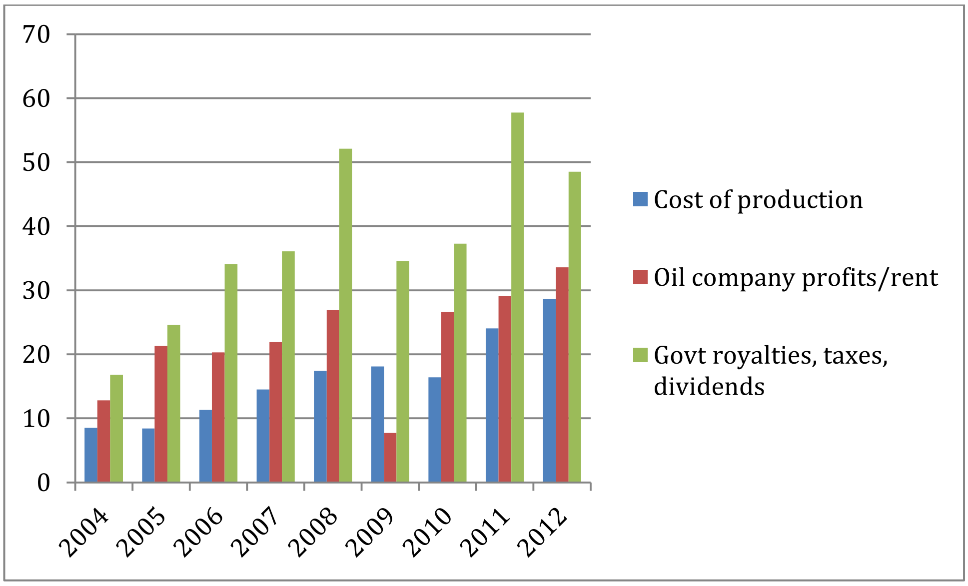
[12] It is difficult to know what the value of assets are. Only non-amortized investments are published. But in addition, investments are included in costs. That is why a mark-up is used here. Maersk Oil had profit rates of 37.2% in 2011 and 35.7% in 2102, but a good deal lower in 2013, 16.2%. But these rates include other oil and gas fields than those in the North Sea.

[13] It is difficult to distinguish between the two in practice since we do not know the 'value' in a classical sense of what is produced.

[14] The Daily Ticker, *Yahoo Finance* November 20, 2013.

The diagram below is calculated on the basis of the Danish oil revenues and costs to illustrate also the relationship between the resource owner (the state) and the concessionaire.

**Price components of oil extracted in the Danish continental shelf (USD per barrel)**




Source: Author's own calculation based on Danish Energy Agency annual reports on Oil and Gas Production in Denmark.

In all other years than 2009 the profits and extra profits of the oil companies exceeded the cost price calculated liberally to include annual investments. The total take-home profits for the company were more than USD 33 per barrel in 2012, USD 29 in 2011 whereas government got USD 49 in 2012 and USD 58 in 2011. A major reason for the increase in the costs per barrel is that production is falling. What this pattern shows is that the concessionaire also in the developed part of the world has gained quasi-ownership rights. Other western governments are less generous, e.g. Norway.

**Extraction companies and royalties**

Typically, an oil or mining company lets 'independents' explore to identify the resources. Only when a secure source is found, do the larger oil companies enter and take over. Normally, the exploration licenses include the production-sharing agreement terms, but as often as not rights are just sold in the guise of inter-company transfers between partners. Notably poorer countries have not hitherto been able to match the legal capacities of the oil and mining companies. There is change in terms of reading the hands of the oil companies and their shady dealings among themselves, including the trade of production licenses without paying e.g. capital gains taxes according to local tax regimes. This has been the conflict in Uganda when Heritage in 2010 sold its

50% stake in two oil blocks to Tullow (which had the other 50%) for USD 1.45 billion and was imposed USD 434 million in taxes, but only agreed to pay up USD 121 million. Uganda insisted, Tullow agreed to pay for Heritage and afterwards sued the company to get its money back. It did.[15]

There is also an awareness of mining companies just wanting to sit on a license without using it (Guinea), all types of cheating in measurements and quality assessments, plus skilful negotiations of the conditions of paying royalties and taxes. As often as not, the oil and mining companies refer to the great risks that they are taking to justify their surplus profits and make them stick. To be noted that the Guinean president, Alpha Conde, has associated himself with George Soros and Tony Blair to try to ensure the best available legal capacity on the Guinean side. The Brazilian mining giant, Vale, has felt this the hard way.

But there may be an element of 'using the less fertile land last'. It may be objectively more costly to exploit newer mines. Were it not for their financial prowess, these companies would not be able to determine the terms. A fertile iron-ore site, Simandou in Guinea, is very cheap to exploit from the point of view of getting the iron ore ready for shipment. These will be open pits, just digging. Labor is abundant and cheap, and the skills needs can be managed so super-exploitation may be added. Just send in some supervisors. However, a railroad of 650 km to the coast and a deep-water port are preconditions for bringing the ore to market. There is no way in which a small poor country or its comprador bourgeoisie can undertake these investments. If they wanted to, they would have to address international financial markets, and these know who their friends are.

**Rents through gearing**

Financial rents can be added to the panoply of rents. So far we have examined the super-profits in a world market product such as oil and intimated the ways in which mining companies proceed. The quest for rent has merged with the need for huge financial resources to develop and exploit new mining and oil fields. But there are other investments taking place alongside which resemble rent creation through finance, viz. infrastructure that may be built under the pretense that it will help needy countries without financial resources to develop. In fact they get to carry the burden. Multinationals with easy and cheap access to finance will only invest for others if they are richly rewarded. The model is that poor people pay a little at a time but a lot over time. The financing of the West African Gas Pipeline, which would take off the largely flared nuisance gas from Nigerian oil wells, to be conveniently assorted with a well-head price, was in the hands of the project

[15] See http://www.telegraph.co.uk/finance/newsbysector/energy/oilandgas/10121062/Tullow-Oil-wins-313m-from-Heritage-in-Ugandan-tax-dispute.html.

consortium of ChevronTexaco (so-named at the time), Shell and Nigerian National Petroleum Company. On the other side of the coin was the ownership structure where the benefited countries, Ghana through Volta River Authority, Togo and Benin also should have shares (approximately 20%). The construction of the deal was revealing. The rate of return on the investment should be 12-15% after tax in dollar (so-called "real") terms.

If the countries or another shareholder could not pay up for their participation, shares could be transferred to other shareholders. In practice they could be pledged and shareholders could borrow from each other. The richer equity holders could lend to the poorer ones by borrowing from themselves at the rate they determined or by issuing high-grade bonds. Thus they could cash in the difference between the rate of return on the investment and this debt financing. If equity should be 30%, just by debt financing at a conservative 7% of the remaining 70%, the rate of return on equity could easily be doubled to more than 30% (70% debt financing at 7% and 15% return on the whole investment).[16] In addition the World Bank guaranteed a large part of the risk in the form of the Ghanaian off-take obligations, thus securing financial rent for the investors by letting the consumers in the south foot the bill.

**Super-exploitation as a world-wide phenomenon**

It is not difficult to agree with the Higginbottom point that super-exploitation of the poorer parts of the world is an integral part of the world capitalist system. Today, the paradigmatic version of super-exploitation of labor power takes place in the world sweatshops typically in Southern/East Asia. But in western industry there is either a move to higher specialization or, at the other end of the spectrum, low skills levels are demanded, leading to marginalization of such large masses in the west that they will be reproduced below their 'value', dragging down living standards and reproduction costs of those who are working. Because, whereas the remaining industries are highly capital-intensive, a lot of simple manual labor persists. So a general nod of agreement to the Higginbottom proposition of super-exploitation of laborers, however, updating it to our times means that these processes take place overall.

[16] See the Project Agreement attached to the Annual Report USAlD Task Order #807 WAGP Technical Assistance, 1st December 2001 to 30 September 2002, and Treaty on the West African Gas Pipeline Project between Benin, Ghana Nigeria and Togo of 31 January 2003.

### Equalization of profits on a world scale

One can legitimately query if equalization of profits takes place today, not only across the continents, but also domestically. An increasing number of goods have a world market price, notably 'rent' products. This means that super-profits are unequal. For industrial products, the average conditions prevail and reallocation of capital takes place to ensure this, as we have seen so massively in industry relocating. Nevertheless, if more and more products are outside this profit equalization process, does it then take place at all? Or maybe only for a subset of products. This question is also raised by Higginbottom in "'Imperialist rent' in practice and theory" (2012b 14th page), drawing on Samir Amin.[17] The question shall be amended here to include all businesses or at least those that are transnational. At a superficial level it is clear that international 'rent' firms do not have the same rates of super-profit, as was seen with respect to Exxon, Shell and Chevron. And this cannot be so either because they garner different rents which for them are commingled with profits. So whether or not profit rates are truly equalized or not, is a moot question in the face of surplus profits.

A very dogmatic Marxist could try to disentangle the various elements and would probably find that the average profit rate is very low.[18] It is simply included/considered as more or less 'the cost of capital' and does not count.[19]

### Financialization and rent

Does imperialism exist 'alongside' the overall domination of finance, as Higginbottom says (2012b, unnumbered paper, 5th page)? It is a Marxist's duty, if not plight, to create the inner links between phenomena. Finance is necessary to exploit resources. What is bought and sold is not the land, but the title to future income based on ground rent (Harvey 2006: 367). So in that sense the monopoly of ownership is incorporated in a title that can be used as mortgage security for estimated future surplus. Eventually all types of titles to assets, including oil and mining resources and natural sites that could get a type of yield in the future, have been financialized.

Lapavitsas (2013) stakes out three underlying tendencies which characterize financialization. The first is the most interesting for our purposes, "monopoly capitals have become 'financialized'.

[17] In e.g. *The Law of Worldwide Value* (2010), New York: Monthly Review Press.
[18] Among others the British Marxist blogger Michael Roberts who has shown the falling rates of profit. He has, however, commingled all types of firms.
[19] See also Lapavitsas who writes, "Banking credit is a fundamental component of the equalization of the rate of profit in advanced capitalist economies." (2013: 129)

Large multinational corporations are typically able to finance the bulk of their investments without relying heavily on banks and mostly by drawing on retained profits." (Lapavitsas 2013: 38) The second is that banks have restructured themselves, operating in open markets, etc. and channeling personal savings to the stock market, and third, there has been a financialization of the personal revenue of workers and households across social classes.

Neo-Marxists and Post-Keynesians have come up with the term and content of financialization. The contribution of Post-Keynesians concerns the understanding of the role of the future in valuations and thus on the economy of the present, rather than an appreciation of where the yields stem from. This half-way solution has led to mainstream economics having become invaded by all types of idle speculations about the character of expectations about the future (rational, adaptive vs. uncertainty and risk). Surreptitiously, the land-pricing logic of capitalizing ground rent has influenced ordinary capital. The link is through the stock market valuations of future yields and all types of gearing. Lapitvitsas does not make the direct connection to rent-seeking when writing about gearing (2013: 151-155). But add the extra guarantees from institutions such as the World Bank and the extra profits become a form of rent.

The role of finance in property markets, as Harvey writes, sometimes results in higher land prices without changed rents (2006: 367), as was seen with the surprised laugh at Ricardo's speech (footnote 6), and also in the analysis of Danish agricultural land prices. The lack of ability of Danish farmers to repay their debts in the crisis brought in its wake the collapse of many small banks which had lent egregiously to property owners based on the supposed equity in estates.

**Imperialism's new configuration**

Imperialism is characterized by transfer of surplus value to the center from the poorer parts of the world. Today the mechanisms are intermediated through many types of rent extraction by giant players and may more or less directly affect all people and classes of the global north, but not necessarily to their benefit. If, strictly speaking, some of these rents are of the 'monopoly' type in a Marxian sense (i.e. even surpassing their value product) then where does the corresponding value product stem from? If they do not represent some sort of value, they would be based on pure air or bubbles, but more importantly, inflation would have resulted. And we have seen the opposite, falling prices on industrial goods.

It has been shown that, indeed, imperialist rent still exists, but it co-exists with rent extraction in the developed part of the world. In the oil industry there is not much merit to maintaining that labor costs are lower in the ‘periphery’. Costs may even be higher altogether, but that depends both on the source, its location and various socio-political circumstances. What is at stake for oil and gas companies in poorer countries is thus the magnitude of royalty payments and taxes and how they can get around them. It is also clear that hydrocarbons companies go beyond mere absolute and differential rent and garner monopoly rents that impinge on other capitalist sectors because of their key role in production and consumption.

The lode star in these monopoly-rent forms is the demand, what people will and can pay, on the one hand, and production prices on the other. If market prices increase up to the limit of the payable demand, then indeed, other players can come on board and although rent accruing to cheaper producers also increases, such as Saudi Arabia, it may also make these producers more vulnerable. Therefore the interest of Saudi Arabia to manage world output: not send too much on the market that would drive prices down, but also avoid price gouging as this will further stimulate tar-sand and shale developments.

But from where stems the value grabbed by monopoly rent? Only a few hints can be given here. There seems to be a new triangular relationship: a) industrial goods manufacturing outsourced to China and South Asia, as often as not produced by super-exploited laborers, b) rent-driven raw materials from other parts of the global south with only little benefit going to the host countries and for a large part used in the new industrial power houses, and c) western and other corporates trying to extract extra value everywhere. Western industrial workers are highly specialized but outnumbered by the bulging and soon largely superfluous strata mostly involved in the circulation sphere, be it in finance, management, communications, media, etc.; or working in the public sector to help maintain the population in health and education. Some are professionals in high-tech industries and utilities.  A lot of this is intermediated by redistributed rent. At the other end of the scale is a class of underpaid immigrant menial laborers who does what nobody else will do.

Whereas it is probably the case that monopoly rent has taken over some of the role of absolute rent, the excess earned over production costs is most prominent in oil and gas extraction with effects not only on industry but also on people in the west. In agriculture it makes less sense to talk about monopoly profits because market prices are kept at bay by less-controlled supply mechanisms.

Questions remain and many more mechanisms and fields of study call for illumination by well-thought through theoretical concepts.

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