

## **RENT ('place')**

Neil Gray

summary (by Leigh French)

A rentier economy is broadly regarded as an economy in which 'rent' plays a major role, where the rentier is an individual who depends on income derived from rents - economic rent and interest or other financial charges - which, in turn, are defined as a reward for ownership of resources. Rentier theory makes a distinction between 'earned' and 'unearned' income, and assumes that a rentier economy creates a specific mentality. From economist Douglas Yates, the economic behaviour of a rentier is distinguished in that it embodies a break in the work-reward causation. Rewards of income and wealth for the rentier do not come as the result of work but rather are the result of situation or innovations in rent-seeking procedures, for example, contrivance of a previously unused legal gambit that is effective in diverting rents to those who are first in exploiting it.

Economist Michael Hudson: "The bulk of this rentier income is not being spent on expanding the means of production or raising living standards. It is ploughed back into the purchase of property and financial securities already in place - legal rights and claims for payment extracted from the economy at large. Most rental income and interest is channeled back into the property and stock market to buy more rent-yielding real estate or ownership rights. This inflates prices for these assets, making property and financial speculation more attractive than new capital formation. The economy shrinks as a result of groundrent diverting revenue from industry to landlords. Except in this case, revenue ends up being diverted into the financial sector."

Related reading/viewing:

### **The Art Of Rent: Globalization, Monopoly And The Commodification Of Culture**

David Harvey

[http://www.generation-online.org/c/fc\\_rent1.htm](http://www.generation-online.org/c/fc_rent1.htm)

### **The New Road to Serfdom : An illustrated guide to the coming real estate collapse**

Michael Hudson

[http://www.insurgentamerican.net/download/MichaelHudson/Hudson\\_RoadToSerfdom.pdf](http://www.insurgentamerican.net/download/MichaelHudson/Hudson_RoadToSerfdom.pdf)

<http://michael-hudson.com/>

### **Real Estate, Technology and the Rentier Economy: Pricing in excess of Value, producing Income without Work**

Michael Hudson

[http://www.cooperativeindividualism.org/hudson-michael\\_the-rentier-economy.html](http://www.cooperativeindividualism.org/hudson-michael_the-rentier-economy.html)

### **The Rentier State in Africa : Oil Rent Dependency and Neocolonialism in the Republic of Gabon**

Douglas Yates

Chapter 1. The Theory of the Rentier State

<http://students.washington.edu/hattar/yates.pdf>