The 'Rent Good' and Imperialism*

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Economic theory makes much of "rent goods". A "rent good" is one whose supply cannot be augmented at will, simply through investing more on its production; its supply is subject to constraints imposed by nature, because of which there is a certain maximum rate of long-run growth which is exogenously given and cannot be altered at will. If this good is used as an essential input for the production of other goods, then the long-run growth of other goods too gets tethered to this exogenously given maximum rate of growth of the rent good. The rate of growth of the entire production system then gets determined by this exogenously given rate of growth of the rent good, which is why this good is called a "rent good". Technological progress involving economy in the use of the rent good may provide some relaxation in this strict determination, but it can scarcely alter the basic constraint imposed by the rent good on the growth of the system as a whole.

David Ricardo the well-known economist belonging to the tradition of classical political economy had famously seen land as such as a rent good. Land was essential for producing corn which was the staple for consumption of the workers and without workers of course there could be no production whatsoever; the supply of land however was fixed. If it was not fixed absolutely, then at the very least an increase in demand for land necessitated moving to land of increasingly inferior quality, until the land quality became so bad that it could not give any surplus of corn over and above what the workers cultivating it required for their own consumption, so that the land constraint became effective at that point, and no further accumulation of capital was possible beyond that point. Ricardo called this state of affairs a "stationary state" with zero accumulation and hence zero growth. Land as a rent good according to him forced capitalist economies towards a stationary state, whose arrival could at best be postponed but not prevented.

Labour, according to Ricardo, was never a rent good because workers tended to reproduce themselves rapidly the moment their real wages rose above a subsistence level. Hence at the first sign of a labour scarcity arising, as wages rose above the subsistence level, labour supply got amply expanded, so that labour could never be a rent good. True, such expansion took time but it could never hold back accumulation of capital in the long-run.

By contrast modern bourgeois economics sees labour as the rent good. Population, it believes, does not behave the way that Ricardo, following the infamous Malthusian theory that Marx had called a "libel on the human race", had asserted; it is independently determined by a host of factors. And this independent determination is what precisely makes labour a rent good: the entire economy's growth rate gets tethered to the growth rate of the work-force that itself depends on the exogenously given rate of growth of population. Technological progress, raising labour productivity, can make this dependence a little looser but cannot overcome it altogether. If the rate of growth of population, and hence the work-force, is 3 per cent per annum, and the rate of growth of labour productivity is 2 per cent per annum, then the maximum rate of long-run growth of the economy will be 5 per cent, and no more.

Thus whether we look at classical political economy or modern-day neo-classical economics, all strands of bourgeois economics invoke the idea of a rent good to explain the long-run rate of growth of a capitalist economy. The problem with this entire approach however is that it does not reckon with imperialism. If the rent good was being introduced to explain what would happen to a capitalist economy if there was no imperialism then there would be some rationale for it; but all these bourgeois theories use the concept to explain what actually happens in a capitalist economy; this makes the theories completely absurd. A capitalist economy does not remain quietly confined to its own internal resource availability, any more than it remains quietly confined to its own internal market; it goes all over the world ruthlessly plundering resources, including manpower, to boost what is domestically available to it. So, the idea of a rent good determining the long-run rate of growth of a capitalist economy is simply absurd.

Take the case of labour. In the early nineteenth century, over twenty million persons were forcibly enslaved and transported from Africa to the “New World” to work on the mines and plantations there, whose products were required by the metropolis to feed the process of accumulation. After slavery had formally come to an end, in the latter half of the nineteenth century and until the first world war, 50 million Indian and Chinese workers were transported to tropical and semi-tropical regions of the world, again with the same purpose; Indian indentured labour was made to work in the West Indies, Fiji, Mauritius and East and South Africa, while Chinese coolie labour was used in locations across the Pacific Ocean. This migration did not necessarily entail the settling of the entire migrant population in their new habitats; but a fair number did settle.

After the second world war when capitalism experienced its biggest boom ever, it was not constrained by the fact that in the metropolis the natural rate of growth of population had virtually reached zero; it relied on migration from its erstwhile colonies and dependencies. Indian, Pakistani and West Indian labour came into Britain; Algerian, Tunisian and Moroccan labour came into France and Turkish labour came into Germany. The boom was not truncated by any labour shortage; any labour shortage that might have arisen was prevented through large scale migration into the metropolis, which of course was not free but strictly controlled. And even now, there is massive migration from the East European countries, a whole swathe of them from Lithuania to Ukraine, into the capitalist metropolises located in Western Europe to provide relatively cheap labour for sustaining capital accumulation.

Capital thus sits atop the world moving millions of people across thousands of miles to serve the requirements of capital accumulation; such accumulation does not meekly adjust to the exogenously available work-force within a country (or within the metropolis), as bourgeois economics asserts. Accumulation in short is central; labour availability adjusts to it, rather than the other way around as the concept of the rent good would suggest.

Likewise, capital accumulation never remained confined to activities processing only such raw materials as are produced on the limited land-mass of the metropolis. Industrial capitalism came into its own with the industrial revolution in the cotton textile industry; but the cold temperate regions where the industrial revolution took place could never produce cotton. From its very inception therefore capitalism was dependent on raw materials (and foodgrains) of other regions which it acquired through the imperial arrangement. The limited land mass of the metropolis was never a cause for concern as regards capital accumulation.

In the colonial period, a good deal of the foodgrains and raw materials were extracted gratis from the colonies. After decolonisation, even though a drain of surplus under various pretexts still continued from the ex-colonies to the metropolitan centres, the scale of such unilateral transfers declined. By then however the prices of the raw materials and foodgrains produced in the ex-colonies had been squeezed so much that having to pay for such imports did not bother the metropolis much.

In fact here we come across a direct refutation of the Ricardian argument. The limited land-mass being a rent good, Ricardo had believed that the terms of trade would move in favour of agricultural goods, the products of this limited land-mass, and against manufactured goods. And yet throughout the history of capitalism (barring exceptional periods like wars) we find the terms of trade moving against primary commodities and in favour of manufactured goods, indicating that factors other than the Ricardian ones had been at play.

Limited land mass in the tropics and sub-tropics is not of any relevance if the metropolis can obtain its supplies of requisite agricultural goods, even when their output remains fixed (because of the limited land-mass) by squeezing their domestic absorption by the local population. Contemporary imperialism enforces such a squeeze no longer through direct political control but through imposing neoliberal policies on these countries. These policies have a built-in mechanism to squeeze local absorption by imposing "austerity" if there is excess demand for any agricultural commodity. For the metropolis therefore such commodities cease to be "rent goods" as Ricardo had visualised. Imperialism is a means of ensuring that there are no rent goods of any kind for capitalism.

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