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Rentier Democracy[1]

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Abstract. The article proceeds from the thesis that current transformations affecting the capitalist world system will require a correction of the mechanisms used to maintain the political order of contemporary societies. The exhaustion of the market model of development, which remains oriented towards continuous growth, reveals the contours of a future society *without economic growth*. Due to technological automation and robotisation, such a society will find itself replete with "surplus population", at the same time becoming transformed into *a society without mass labour*, but with increasingly dangerous classes (precariat, unemployed, diverse minorities). The emergence of resource limits affecting free markets leads to an increase in protectionism and nationalism, resulting in the tendency to replace market competition mechanisms with the forceful politically-led redistribution of markets and resource flows. However, this coincides with a crisis of the welfare state, under which conditions a depletion of the resource base is accompanied by the growth of rent-dependent groups. In the resultant rentier political order, market communications give way to hierarchical distributive exchange models in which, due to the progressive structuring not by market-led class formation, but rather by the access of citizens and social groups to resources distributed in the form of rents; as a result, rent-seeking behaviour becomes dominant. In this context, social behaviour associated with the search for rents having a guaranteed status starts to become a more advantageous strategy than risky entrepreneurial activity or the pursuit of advantageous positions within a shrinking labour market. The drift towards the *rentier democracy* model can be attributed to increasing willingness of states to bypass the market and participate in the direct redistribution of resources. The chief feature of this development lies in the fact that the classes competing for access to resources are no longer primarily economic but statist; in other words, the distribution of resources is increasingly shifting from the market to the state. In this context, competition becomes primarily structured not according to the criterion of market value, but in terms of its utility to the state. According to the emerging rentier democracy model, a social group achieves success by

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elevating its status in the hierarchy as a means of increasing its access to resources. However, in resolving the accumulated structural contradictions to form new influential social groups, the transformation into a rentier society creates burgeoning antagonisms between the new rentier-estate social core and increasingly peripheralised market-oriented groups, which continue to be focused on progress.

Keywords: contemporaneity; market; rent-seeking behaviour; rentier society; democracy; social structure; stratification; estates; centre-periphery; global future

Transformation of Global Contemporaneity: a Society Without Economic Growth or Mass Labour

The systemic transformation of the capitalist world system currently unfolding on the horizon of the global future will affect the entire nexus of relationships between the market, democratic processes, nation states, and the social structure of contemporary societies. Such a transformation implies a realignment of the previously established value-institutional core, in which both class- and market elements of the social organisation of societies are increasingly reformatted into hierarchical rentier-estate institutions, communications, and practices. At present, the consolidated forecasts of economists predict a slowdown or even suspension of global economic growth in a number of world regions by the middle of the 21st century (Braconier et al. 2014). Such a slowdown will be associated with the oversaturation of global markets, as well as the technological transition associated with automation and robotisation that has already begun. In the long run, this will lead to the phenomenon of *societies without economic growth*, of which *superfluous people*, who are not involved in economic processes, will represent an increasing proportion. The burgeoning of such emerging social strata (precariat, unemployed, subsidised) are likely to pose significant challenges to the market-democratic political order. A *welfare state model* designed for constant economic growth will become increasingly inadequate as a means of compensating for the constant expansion of structural unemployment in the emerging societies, in which the declining role of labour is a key attribute (Fishman 2016). An increasing number of people find themselves outside production chains in the world economy. Payment of rent compensations to the growing mass of *unproductive population* through the mechanisms of the welfare state is becoming an increasingly serious burden on national budgets. In global terms, although the need for it is only increasing, the welfare state is shrinking. If in the 1960s the *natural* unemployment rate was considered to be 3–5 % of the total mass of the economically active population, now Eurostat records a generalised indicator of 10–12 % unemployment in the EU economic space, which only continues to grow[2].

As a result, the market, representing the dominant mechanism of social stratification and a universal way of attracting and distributing the vital re-

[2] *Evrostat* [Eurostat], 2013, available at: http://ec.europa.eu/eurostat/statisticsexplained/index.php/File:Unemployment_and_supplementary_indicators,_2013_YB15.png (accessed August 15, 2016). (in Russ.).

sources of citizens, comes increasingly under fire due to the exhausted potential of global free markets (the credo of neoliberalism) to invoke a new wave of protectionism and nationalism. Against this background, the nation-state is again strengthening as a key economic entity: market exchanges are being actively replaced by distributive economic mechanisms. At the same time, market class formation is transformed into statist models of social stratification. The expansion of the field of distributive exchanges in the distribution of public resources with the simultaneous thinning of the shell of market regulation is increasingly described in terms of a return to a *natural state, the estates system, neopatrimonialism*, etc.

Statistics confirm the growth of the economic influence of the state, which is becoming the main economic entity, as well as the regulator and guarantor of rent chains, including in the most developed market societies. The share of the state in GDP as the volume of public rent to be distributed in the form of taxes, excise duties, customs duties, insurance premiums, etc., is constantly growing, amounting to an average of 30.3% of GDP in the world. Among the leaders in this indicator (ignoring socialist Cuba at 65.9%) are developed European economies oriented towards the welfare state model: France – 51.5%, Sweden – 51.4%, Germany – 45.3%, Belarus – 38.5%, etc.[3] In Russia, the official figures of government spending in GDP are 38%; however, according to IMF expert estimates, the real share of the state in the economy is as high as 71%[4]. Under such conditions, the resources of the majority of citizens directly or indirectly begin to depend on the structure and content of their relations with the various state agents that regulate the existing rental chains. Here, the *etacratic tendency* in social stratification becomes characteristic not only of Russia, but also of market/democratic states that typically define themselves in opposition to it. In particular, in the United States, in recent decades, it is increasingly not the market, but the state that has been the main employer and provider of new jobs (Spence 2011).

Alternative optimistic forecasts about the global future, which are based on the dominant global trends of radicalisation of inequality and the burgeoning of caste divisions on a global (and national) scale, present protectionism and nationalism as temporary rollback waves of modernisation, which will be replaced by a new global alignment, since the post-industrial society and *flat world* (according to Thomas Friedman) are compatible only with democracy and the expansion of individual freedom (Pain 2011: 53-55). In particular, short-term forecasts of world economic development show that developing countries continue to experience accelerating growth, while developed countries more generally experience stagnation relative to the achieved standard of living.

[3] *Factbook*, 2015, available at: https://www.cia.gov/library/publications/the-world-factbook/rankorder/2221rank.html?countryname=Russia&countrycode=rs&regionCode=cas&rank=157#rs (accessed August 15, 2016).

[4] Edovina T. 2014. *Dve pyatykh gosudarstva otdykhayut v teni* [Two-Fifths of the State resting in the Shade], *Kommersant*, May 28 (no. 90), available at: https://www.kommersant.ru/doc/2480928?ysclid=m16srmr8q8978824209 (accessed August 15, 2016). (in Russ.).

The World Bank predicted a total GDP growth of developed countries for the period 2013–2018 within the range of 10.1% (1.68% per year), while the average GDP growth of developing countries for the same period was predicted at 24.9 % (4.15 % per year)[5]. Nevertheless, it seems that such forecasts identify trends associated with the historical non-simultaneity of global development: in the long run, developing countries only later enter a phase of economic recession. A similar situation arises in post-industrial societies, which, in the form smoothed by the social state, demonstrate the same contradictions, social problems and anti-market trends as the rest of the world, as well as failing to provide universal answers to global challenges. *Thus, one can observe the systemic transformation of contemporary societies, in which free markets give way to the regulatory role of states, while the appetite of entrepreneurs for risk is curbed by guaranteed rents, social networks are replaced by new social hierarchies, and the individual autonomy of citizens is sacrificed to the search for new collective communities, by means of which an increasing scale of resources distributed outside the market can be leveraged via identity politics*.

New Political Order: Rentier Democracy?

Complex processes of change lead to the formation of a new *rentier model* that forms an ideological and institutional basis for the political order of democracy prevailing in the world. Methodologically, the history of the political order of democracy can be represented in terms of the connection of ever-burgeoning social strata to the resources or rents distributed in society. In essence, the transition from a feudal state to an open-access society (Douglass North) represents the demonopolisation of public rents, now considered as the right of all citizens rather than being limited to private and closed appropriation on the part of elites. When reinterpreted according to the concept of the *welfare state* to become the right of all citizens rather than the privilege of a few, rent becomes impersonal; moreover, the right to dispose of it ceases to be hereditary due to the periodic rotation of political elites. It is in the context of modern democracy and the welfare state that all citizens for the first time automatically acquire access to basic rent *by birthright*: education, medicine, pensions, unemployment benefits, security services, etc. Of course, universal access to rent does not mean universal equality in terms of its level. Even in a democracy, stratification naturally persists: as a result of conflict between social groups aimed at increasing their share of rent, its distribution can be quite radically differentiated. However, due to the fact that all members of the political community have a minimum rent according to the conditions of the welfare state model, the problem of access to rent loses its ordained character. Thus, instead of taking the form of revolutionary change in society, issues of its current distribution are resolved through negotiations, coordination of interests, trade union activities, lobbying, political elections, referenda, etc.

[5] *Global Economic Prospects: Divergences and Risks*, 2016, available at: https://openknowledge.worldbank.org/bitstream/handle/10986/24319/9781464807770.pdf?sequence=6 (accessed August 15, 2016). P. 169.

The demand for rent, which now underpins the real rights of citizens, increasingly takes the form of moral claims associated with the universalisation and equalisation of opportunities of members of the political community. *In this way, the history of democracy largely becomes becomes a question of to whom, when, why (due to what circumstances), on what terms, and with what results, a share of state rent is provided to significant social groups or even the majority of the population*. From the rentier political perspective, citizens and social groups can be considered as rational subjects, who choose democracy as the mechanism for regulating the most acceptable distribution of rent accumulated in a particular political community/state to the majority of its citizens. In many respects, participation in the management of society becomes an analogue of market activities, whose "profits" consists in all kinds of rent derived from this participation: expansion of rights, security, fair taxes, social guarantees, and other public goods. According to this logic, any political device can be considered as a certain invariant of the rent distribution mechanism.

The reasons for the increase in the number of recipients of rents are firstly associated with the growth of external threats, which must be addressed by mass mobilisation of the population. The flip side of this process is the initial granting of (or expansion of existing) civil rights of persons liable for military service, giving them a right to a share of rent. These include examples from ancient Greek democracies, as well as the processes of creating mass armies of the Modern era resulting from the emergence of firearms and subsequent total wars involving the entire population (Fishman 2011).

Secondly, these reasons are also associated with the internal expansion of disadvantaged social groups seeking to change the status quo in their favour, since social change is more beneficial for them than maintaining an unjust stability. An example of this can be found in the processes of revision of the capitalist order in favour of revolutionarily-minded groups, which led to a new social consensus, embodied in the model of the social state that expanding the guaranteed rental rights of the majority. The thus-formed consumer society catalyses the translation of political demands into the realm of economic opportunity. At the same time, regulating access to rents is becoming a new means of political control by the elites, especially over the budget-dependent population.

The rise of democracy in human history has tended to coincide with the mass mobilisation of the population in response to external and internal threats. However, in the globalised world of today, the threat situation is changing palpably. It seems that for contemporary national elites included in global markets, external threats are tending to lose their former acuteness, while the internal mobilisation of citizens has long ceased to be a vital resource for national survival. Indeed, since one's fellow citizens in a democracy are the most likely subjects of any fundamental changes to the existing rent model, they are just as likely to represent the primary threat. Thus, a democracy based on effective rights for the majority becomes a source of unpredictability. Therefore, all historical democracies exist as institutionally limited rentier models, constantly in the process of being reconfigured depending on changes in the interests and requirements of political and class coalitions that change over time.

Political rent is directly related to citizenship rights. In particular, the poorest 5 % of US citizens have higher incomes than 60 % of the world's population, thanks only to the fact of their citizenship (Milanovic 2014: 24). Citizenship provides access to basic rents for members of the political community through the welfare state (social benefits, pensions, free services). As a result, the level of rent- and salary incomes among citizens of different nations differs by orders of magnitude, along with comparable labour costs. The formation of global markets has led to the redistribution of rents not only within and through nation states, but also between national political communities. Accordingly, citizens of the countries forming the centre of the world system can be understood as representing a global elite in terms of extracting global rent. At the same time, the resources and mechanisms for smoothing social inequities in a social state model, whose function is less applicable at the level of developed countries, are limited or inapplicable at the global level, thus predicting the growth of inter-country and macro-regional inequities. If in 1870, two thirds of social inequality was determined by a person's belonging to a certain *class*, then in 2000 the same inequality factor is dependent on *geography*, that is, living in a poor or rich country (Milanovic 2014: 20-21). Thus, class forms of socio-economic inequality increasingly give way to spatial factors, while market forms of inequality cede ground to non-economic factors. As revealed by a centre-peripheral section, new communities and the boundaries/conflicts between them formed by these contradictions in a global context can be both corporate (the phenomenon of *corporate citizenship*), as well as national and transnational, including entire societies, world macro-regions and continents (Europe, Africa). In the capitalist world economy, people with the same qualifications and producing comparable volumes of products may differ in the amount of remuneration for their labour by orders of magnitude. Obviously, this situation arises only when, contrary to Friedman's *flat world* metaphor, market competition in global markets gives way to various mechanisms of rentier-political distribution of global resource flows between states (globalisation 1.0), corporations (globalisation 2.0) and individuals (globalisation 3.0) (Friedman 2014).

According to the optics of world-system analysis, the modern capitalist world system is based on the predominance of market exchanges, which gradually go beyond the control of individual states – and, in turn, begin to determine as background conditions the principles of their subsequent transformation as elements of a unified world economy. However, is the globalisation of market exchanges and the creation of autonomous markets sufficient to argue that the capitalist world economy is overcoming the system of nation-states as a regulating political principle? Won't the current world economy be followed by a global political system that is unlikely to abandon the principles of the *natural state*, albeit elevated to a global degree? Due to the shift towards rentier polities, it becomes increasingly clear that the contemporary form of capitalism is evolving towards a global – albeit decentralised – empire, which tends to be institutionally correlated with the *natural state* that prevails in most contemporary societies. This is a state in which market communications and competitive democracy are dominated by the patron–client hierarchical control of the rentier-estate elites and the mechanisms for distributing the resources of a sovereign state that has the power to collect taxes.

From this perspective, the idea of the predominance of spontaneous market exchanges in the global economy appears nothing more than a romantic historical utopia connected with its initial formation. Ultimately, ***the natural state again penetrates the global level in the form of a long-term strategy of rentier capitalism*** *according to which, once the geographical expansion of capital is completed along with conquest and division of global markets, the rates of profit and demand fall, while competition for them only intensifies, invoking non-market and non-economic advantages*. As a result, the normative economic concepts of the free market, such as capital, labour and competition, recede in the face of a more fundamental factor of survival – the possession/control of resources permitting the extraction of all kinds of rents. In turn, rent is derived from ownership control, which becomes more important than the various competitive advantages, such as cheap credit as an engine for production and demand, labour, transaction costs, along with other variables, whose impact is increasingly associated with fugitive, temporary and unreliable benefits. At the same time, property is always connected with power, which is provided by the entire political and legal order of society, thus removing it from the list of exclusively economic factors of development. In essence, property serves as a bridge to connect politics and economics, thus demonstrating how far the global economy operates from the autonomy described by Immanuel Wallerstein, and even more so from the supposed dominance of market exchanges and free trade as the basis of modern capitalism.

The constraint of the global marketplace naturally leads to attempts on the part of leading competing entities to reappraise ownership controls beyond fair competition and market democracy as a means of expanding their influence in settings where other mechanisms do not have the desired effect. And here we find that the rent derived from property has never disappeared, but still occupies a central position in the economy of capitalism both as the ultimate motivation of market actors and as a means of capitalising or allocating resources. Mainstream market-oriented political economists have expended considerable ideological effort in trying to show the injustice and perniciousness of traditional rents obtained from the control of natural resources, primarily from land owned by the aristocracy, in comparison with positively-valued labour and capital at the heart of a competitive market. The presentation of this form of rent in comparison with the new rents derived from capital (as *percentages*) as archaic in a moral respect, as well as *undeserving* due to its non-labour and non-competitive nature, became the basis for the new economic order of capitalism. However, despite all the progressive arguments about the competitive basis of the new rent taking the form of profit, the vicissitudes and threats that await honest and Protestant bourgeois entrepreneurs along the way, as well as the supposed benefits that accrue to workers as free hired workers as opposed to enslaved peasants, rent mechanisms for capital growth remain. Notwithstanding such continuing market rhetoric, increased passive rents derived from capital, property and other resources constantly outstrips the growth of labor incomes under contemporary forms of capitalism. Due to the resulting perpetration of economic inequality in society, various radicalisation processes can be noted (Piketty 2015). Moreover, one can observe a steady decline in the share of the rent received by *working people*, who still represent the majority in the global world economy, thus confirming Marx' canonical prophecy predicting a steady decline in the share of direct labour in the surplus value of commodity production as forming the foundation of future social contradictions. For example, at present, the wages of Chinese workers assembling an iPad represents only 2 % of its final cost, while Apple's profit reaches 30 %, the cost of materials – 31 %, and the cost of promotion and advertising – 15 % (Kraemer et al. 2011).

Initially, in order to discredit the estate-feudal order and the aristocracy, which relied on land rent and distributive exchanges, market capitalism subjected rent to comprehensive criticism. Here their primary target was the *ideologically obsolete agrarian doctrine of the physiocrats*, who asserted agriculture to be the key engine of the economy. In particular, Pierre Rosanvallon notes that the idea of an independent self-regulating market at one time became a deceptive attempt to cope with the political contradictions that the Rousseauian theory of the social contract was unable to resolve under the conditions of early capitalism: "The market seems to be suitable for solving this problem. It must establish the power of the 'invisible hand', which is inherently neutral because it is impersonal. It provides social regulation that has an abstract character: relations between people are governed by objective 'laws', in which relations there is no place for obedience and order. The market is like a kind of 'hidden god'" (Rosanvallon 2007: 28). This social utopia, which existed for a relatively short time, marked a new balance of social forces as the triumph of the third estate in the incarnation of the bourgeois, who had swept away the Old Order (Ancien Régime), but had not yet found a new historical antagonist in the person of the working man. However, the new capitalist order soon began to manifest its *cursed side*, associated with exploitation, alienation, monopolisation of markets, non-economic competition, political lobbying and the desire for non-competitive distribution of rents. Soon the idealised version of competitive capitalism and honest entrepreneurs, who generated wealth by sweat and risk via the interaction of capital and labour, was relegated to the textbooks and ideology of neoliberalism.

Moreover, in the real economy, the fundamental difference between market and distribution turns out to be less significant than mainstream economists frequently assert. For example, if the advertising and ideological component is removed from its descriptions, the market can only be technically described as *one of the variants of resource distribution*: "On the one hand, the 'distribution system' (and its synonyms such as redistribution, etc.) is presented in economic theory as the antithesis of the market economy. On the other hand, in the 'economy', the 'market' itself is defined in terms of distribution: the market system is a mechanism for the distribution of social products. And from this point of view, in the most general sense, the 'market' is also a distribution system" (Bessonova 2008: 17).

The steadily increasing proportion of rent in the income of citizens recorded in economic statistics thus refutes the classical postulate that the main source of income under capitalism is the profit on capital and/or wages. For example, if in 1960 labour made up 72.1 % of the personal income of American citizens, by 2009 it had decreased to 63.7 % (Solow 2016). Meanwhile, in the total structure of monetary incomes of the Russian population recorded by Rosstat, the share of wages, i.e. *of hired labour*, decreased from 74.4 % in 1990 to 41.6 % in 2014. Over the same period, the share of entrepreneurial income, for the ostensible sake of which all market reforms were undertaken, increased only from 3.7 % to 8.4 %. The fact that entrepreneurial income currently makes up not even a tenth of the total income of the population is fully in accordance with its peripheral status in the real Russian economy. At the same time, the proportion of social payments made to the population by the state continues to grow – from 14.7 % (the level of the late USSR) to 18 %[6]. All this radically confirms the shift in the model of global capitalism to cater for rentier-estate interests, which is most intensively manifested in peripheral societies having weak positions in global markets.

The hidden volume of rent in wages and profits associated with non-economic advantages and factors of its generation becomes such a significant factor in the incomes of citizens as to exceed what is earned by labour and capital under the conditions of market competition. Under such conditions, *rent-seeking behaviour associated with the search for incomes having a guaranteed status starts to become a more advantageous strategy than risky entrepreneurial activity or the pursuit of advantageous positions within a shrinking labour market*. Hence the increasing proliferation of status constraints and segregation of social groups in terms of access to guaranteed exclusive rents.

Our Global Future: Market and Rent-Based Alternatives

The crisis in the competitive free market, which destroys existing social groups at the same time as creating new ones, leads to a general transformation of the social structure and the emergence of a new political order associated with the corresponding principles of resource allocation. The multiple challenges to the capitalist market and social class structure do not necessarily evoke reactions in the form of catalysing the potential of socio-economic innovation. An equally likely response involves a reaction of elites and societies in terms of reduction and *archaisation* as a response to uncontrolled challenges, threats and transformations introduced from the outside and maturing within society, aiming to bring it to a more stable and sustainable state. Such adaptive transformations taking the form of archaisation mechanisms may involve a retrenchment to pre-modern values and institutions, which can develop into a self-sustaining, cascading reaction. However, since there can be no direct return to the past, *defensive archaisation acquires the character of a hybrid social order*. The legitimation of the latter always raises the question of the price, costs and expediency of continuing progress in the usual form, which can turn into

[6] *Rosstat*, 2016, available at: http://www.gks.ru/dbscripts/cbsd/dbinet.cgi (accessed August 15, 2016). (in Russ.).

incomparably greater archaisation: "Archaisation, which is the result of following programmes that have historically developed in the layers of culture under simpler conditions, does not meet the increasing complexity of the contemporary world in terms of the nature and scale of the challenges... Archaisation always involves an attempt to get away from the complexity of mediation and return to the simplicity of the dominance of inversion. This phenomenon never appears in its pure form, but is always chaotically mixed with the achievements of subsequent developments, which can have devastating consequences, often on a scale that increases with the complexity of society" (Akhiezer 2001: 89-90). The rentier-estate political orders arising as a result of hybrid archaisation are historically predominantly associated with societies in which the distribution of resources was carried out according to the imperial centre-periphery model. The periphery was gradually deprived of autonomous control over its own resources, the access to which began to depend on successful integration into the general patron–client system of the rentier-estate political order, preserved and initially reproduced with renewed vigour only *clandestinely*, but then more openly under the crisis conditions of the market economic model.

The above-described trends naturally lead to the problem of instantiating a new social structure at both national and global levels in which there are more and more *superfluous people*, fewer market opportunities to change individual lives for the better, as well as increasingly fierce competition for limited resources, whether conceived in terms of natural resources or beneficial citizenship and jobs in the global economy. The political demands of owners of widespread and therefore low-demand resources, for example, in terms of labour employment, who tend to fall into the group of *superfluous people*, will increasingly come to the fore, understandably demanding all sorts of rents to compensate for their excluded status in the social structure – for example, taking the form of a universal basic income (Tikhonova 2014: 286-287).

This new stratification gradually shifts the market mechanisms for the formation of economic classes and social inequality to the periphery of contemporary political orders, making room for more and more diverse social groups, along with the corresponding principles of rent allocation, which are associated with non-market mechanisms of inequality that emanate primarily from the state (Martyanov 2016b). Since real market exchanges are on the periphery of social ontology, the social structure of society becomes determined by non-market economic relations related to the level of income derived from these relations (Weberian stratification) rather than by the conflicts of social groups arising from these relations (Marxist economic classes). The structure of the rentier-estate society is influenced by power and political factors, based on those patron-client exchanges that individuals, their close associates, and the wider basic social group are able to maintain with the state and its agents. This is a new class identity that arises not so much in relation to and in relations with other social groups, but in respect to the state and within the state, including at the level of power networks of local communities. In terms of representing social communities, Marxist classes have become too abstract and generalised; however, the metaphor of estates makes it possible to effectively operationalise the social structure, collective practices and social meanings of the new society at the level of a medium-level theory, consolidating universal historical patterns and features of the society to which they apply. Such a sociocultural approach has real practical utility, allowing contemporary phenomena to be analysed without falling into formational (economy) and civilisational (culture) extremes. The effectiveness of the estates metaphor consists in the more differentiated identification of those changes in the social structure, public consciousness and social psychology (e.g., in terms of the motives and factors of the collective behavior of new social groups, in the specifics of their political participation, inclination to certain ideologies, etc.), to which their rentier transformation leads.

In the context of the discovery of limits to the market and the economic determination of (a) the distribution of resources in society and (b) relations between social groups, non-economic and cultural mechanisms, as well as symbolic logics and political hegemony, start to take an increasingly important role in the distribution of public resources. In this situation, the importance of citizens' access to symbolic (status, prestigious) and social types of capital is increasing, while the independent importance of economic and cultural forms of capital, which dominate the formation of the social structure of modern market societies, is tending to decline (Bourdieu 1993). Taking their place, symbolic and social capital become the determining factors in the differentiation of the new rentier-estate society.

Without the possibility to obtain sufficient resources for a decent life in a free market, an increasing number of citizens are appealing to a state that appears (although such expectations are not always met) to be a fairer agent of social stratification and allocation of resources. As a result, a key trend in the stratification of contemporary societies consists in the transformation of market factors of class formation and inequality into rentier-estate factors according to which social groups are vested with resources by non-market means, primarily via the state. These new principles encompass a justification and requirement for individuals and their respective groups to occupy a status position in society that gives them the right to receive rent income.

The history and structure of the distribution of rent in society is closely linked to the history of stratification: the struggle to change the principles of stratification includes both the substantiation of values and the setting of goals by those groups that claim increased rents as part of positive changes in their social position. *As part of this current trend, non-economic access to rent is increasingly grounded in the claimed virtues of the new estates to which it is asserted to belong* ***by right***. At the same time, the ethical norms associated with the general civil justification for the distribution of rents are becoming less universal. In fact, in rentier-estate societies, principled civil ethics have yet to replace class-based ethics of virtue (Martyanov, Fishman 2016). The ethics of universal norms are also being weakened due to the fact that the allocated resources are always in short supply, so there is never enough for everyone. In politics, a consideration of rents is usually presented in terms of an endless search for the principles of their fair distribution, which is intensified during *budget battles*. When the amount of resources available for distribution fails to grow or decreases together with a consistent abrogation of the model of the social state based on a broad social contract, the distribution of resources becomes increasingly mediated for some social groups by others – as a rule, by those who are agents of the state (officials, *siloviki*, judges, etc.). When the criteria for redistribution are not directly related to the actual needs of social groups, access to resources is a consequence of access to power, since the groups are not compared with each other within the framework of a universal civil space, but are only justified to the state in terms of their *private right to rent. Hence the shift in political morality that justifies the new inequalities between estates in terms of their unequal value for a corresponding model of the state.*

It would be naive to think that the concepts of estates or the neopatrimonial society imply a direct rollback to the historical realities of the feudal Middle Ages. Of course, contemporary societies, even those having negative anti-market trends, retain high individual and group mobility by means of wide social elevators. Hence, the statements about the resurgence of competition between estates and their social dynamics should be contrasted with the hierarchical invariability and ossified functions of estates in feudal societies. Since the new estates retain competition for resources, which was inherited from the earlier economic classes, *we can talk about the model of rentier democracy. The peculiarity of this model is that it is not now classes that compete for access to resources, but estates, while it is now the state rather than the market that is primarily engaged in the distribution of resources. It is also worth emphasising that this distinction is not absolute, but relational. In market democracies, the state also redistributes resources. However, here the distribution of resources does not serve as the primary mechanism of social stratification, but rather is carried out indirectly, e.g., through the influence of political methods on the regulation of markets and market actors. The drift towards a rentier democracy is connected with the increasing willingness of states to bypass the market and participate in* ***the direct redistribution*** *of resources. Accordingly, competition is accomplished within the realities of the resource state not so much according to the criterion of market value, but rather in terms of its utility to the state. In the model of rentier democracy, victory is accomplished in terms of the improved position of a particular group in the estate hierarchy and the corresponding expansion of resource access.*

Despite the global rentier-estate trends, the ratio of market and public sectors of the economy varies across different societies. The assertion of the dominance of rent mechanisms in contemporary societies in comparison with the market means that redistribution becomes a key economic mechanism in many contemporary states. As such, market exchanges are relegated to supplementary roles, incapable of forming fundamentally new – and still less, dominant – social realities of autonomous market communications associated with the models of an *open access society* (North et al.), *inclusive institutions* (Acemoglu et al.), the growth of functional differentiation of autonomous subsystems of society (Luhmann), etc. If in a market economy or during political elections, a decision to endow the resources of competing firms or parties can be made by citizens or society as a whole, then, under the conditions of the rentier-estate order, decisions concerning access to resources are made by the power apparatus of the state. *The principles of social structuring are completely reversed: any subjects must demonstrate both their utility and rights to receive rent not to the market and wider society, but to the rentier-estate political order, which represents the primary value, consigning all other values into mere means for their reproduction*. Hence another political scale, whose primary dimension is utility to the state – for example, the mitigation of various supposed threats to the existence of such a state – takes the form of a rentier-estate mechanism for the distribution of resources within a stable hierarchy of estates that present themselves as interested in maintaining just such a political order (Kordonsky, Dekhant 2014).

Accordingly, if in a society featuring the dominance of market communications, the key generator of inequality is the market, and the equaliser in basic capabilities and resources is the state, then in the nascent rentier model of society, it is the state that acts as a key generator of social difference through the distribution of rents, creating inequality of citizens in terms of the possibility of obtaining such income, which accrues on the basis of the *status* or *rank* of certain estates. Moreover, any reduction in the amount of rent distributed by the state directly strengthens rent inequality in society, since market mechanisms for compensation of state inequality of estates are either nonexistent or have been greatly weakened. Market entities are considered, as a rule, only as sources of state rent, whose autonomy and independence *is allowed* by the state based on the assumed delinquency of any alternative entities and mechanisms for generating rental income. In a crisis situation, the state simply withdraws resources from the market, often at the cost of sacrificing market space as such, turning market goods and capitalisation of firms into its own resources.

Structural Contradictions of the Rentier-Estate Model

For contemporary societies with peripheral markets, the models of the *estate society* (Simon Kordonsky), *transfer economy* (Olga Bessonova) or *neopatrimonial regimes* (Aleksandr Fisun), where the right to rent is conditioned by a person's belonging to a certain estate, more accurately describes the realities of current political and economic processes than an appeal to market exchanges or other signs of a modern society that form a thin shell of rationalisation on the underlying reality of the prevailing reciprocal and distributive social mechanisms. The transformation of the social structure adapts the principles of stratification to the new conditions of a society without economic growth, but with an ever-growing number of *superfluous people. However, in resolving the accumulated structural contradictions to form new influential social groups, the rentier transformation creates new antagonisms between the new rentier-class social core and the increasingly peripheralised market-oriented groups*. The normative social structure of society, which determines the rights and rules of access of citizens and various social groups to rent and resource flows, not only does not coincide in terms of the political prospects of its core and periphery, but also tends to increase the conflict between the estate core and the contemporary periphery.

Moreover, the increasing conflictuality lies in the fact that self-reference (self-determination) and external reference – recognition by external actors – do not coincide with each other in the contemporary rentier-estate core and periphery, giving rise to such palliative methods of their resolution as, for example, *doublethink and double standards*. A paradox arises here: by expanding the modernistic outer layer for the purpose of progress, the estate core inevitably initiates a general revision of the existing hierarchy, redefining the rights and conditions of access of social groups to power and rent, which contradicts its current interests. The logical reaction of class elites to the achievements of modernisation is its suspension and curtailment: "Under the conditions of neopatrimonialism, reforms by definition proceed from the inviolability of the neopatrimonial institutional 'core', affecting only the 'outer layer' of formal institutions" (Gelman 2015: 20). As a result, the discourse of modernisation is used solely to further legitimise the estate political order, while modern values and practices are consciously *simulated* or pushed to the institutional periphery.

The growing contradictions between rent-oriented and market-oriented social groups lead to attempts to build a hybrid or dual strategy for the self-description of social reality. This duality lies in the division of society into a rentier-estate core and a market outer layer, and in the fact that, depending on the context, situation and addressee, political elites can selectively resort to motivation through the rhetoric either *of market efficiency or of state interests (necessity).* Accordingly, when, for example, the status estate rent is defined by market-oriented social groups as corruption, a defensive reaction may arise on the part of neopatrimonial elites who try to identify themselves with the state interest, equating any criticism to treason, extremism, terrorism and undermining the existing political order (Martyanov 2016a). Thus, under the guise of modernisation rhetoric, archaising and reactive transformations, together with the palliative anti-modern consensus fixing them, can prevail under the conditions of actual authoritative practices.

Conclusion

Market class formation, observed in the context of expanding markets over the last 200 years, is replaced by a tendency to closed social groups and exacerbating inequalities in terms of access to resources within the framework of a new stagnating society. At the same time, societies occupying the most advantageous positions in the centre-peripheral capitalist world system tend to become more closed due to inequality asymmetry as migration pressure on the club of favoured countries increases. Social groups enclosed within such societies begin to reproduce internally. With the suspension of social elevators, public spaces or markets in which the interests of different social groups are openly coordinated lose their former importance. Public policy thus acquires the character of a hierarchical coordination of collective interests associated with the *embeddedness* of social groups and individual citizens in the existing chains of resource distribution depending on their usefulness or potential threat to the rent-seeking order. Thus, public policy becomes not so much a provision for the common good as an arena for the struggle between private and special interests, which is expressed in terms of justifying their position and share of resources in rent chains. This logic is most prominent in the identity policies affecting diverse minorities, who on this basis claim various special benefits, subsidies and privileges relative to the basic rents extended to the majority of the population.

The complex crisis of interrelated models of egalitarian (people's) democracy, social state, economic social classes and market economy actualises new mechanisms for ensuring the socio-political order in the form of a state-centric model of rentier democracy. In ideological terms, such hierarchically organised mechanisms represent a kind of return to the strategies of charismatic legitimisation or sacralisation of power and political decisions, which until recently seemed to be a historical archaism. The tendencies to expand the regulatory role of state-regulated distributive exchanges and their inconclusive particular ideological justifications trigger growing protests on the part of market-oriented, modernised social groups that either do not see the prospects for improving their situation and that of their children in the new political order, or are already experiencing a deterioration in terms of the quality of their lives. On the other hand, political possibilities for the market democracy to resolve the accumulating inequalities and contradictions lack cogence, since under the current conditions, such an attempt can easily become a limited elitist – or, conversely, populist – redistribution of resources between social groups, thus either merely aggravating the accumulated problems and inequalities rather than achieving their resolution, or else turning out to be a palliative, from which only symbolic procedures for legitimising decisions can be derived.

One of the key issues in terms of the structural stability of the new rent-oriented society is likely to involve the problem of the exchange of civil rights for rent, which occurs when elites offer loyal citizens the possibility to relinquish the active exercise of their rights and participation in political and public life in exchange for a certain level of guaranteed rent. If such an exchange of rights for rent takes place, a new social hierarchy will be formed. In the inertial negative forecast, the position of growing rentier groups, increasingly dependent on the state under the conditions of a *society without mass labour or tangible economic growth*, will be mainly determined by their belonging to a certain estate as a collective subject of interaction with state agents regarding the quantity of rent resources to be received by their members. Thus, the constant redistribution of dwindling resources between the new estates at the domestic and interstate level in the context of resource-stagnant markets delineates the contours of a more conflictual, non-egalitarian and dangerous global future.

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