

# Inequality and the Rentiers

Philippe Askenazy (CNRS-CMH-ENS)

Luxembourg, 2 May 2017

CC By

Philippe  
Askenazy

**TOUS  
RENTIERS !**

Pour une autre  
**répartition**  
des **richesses**



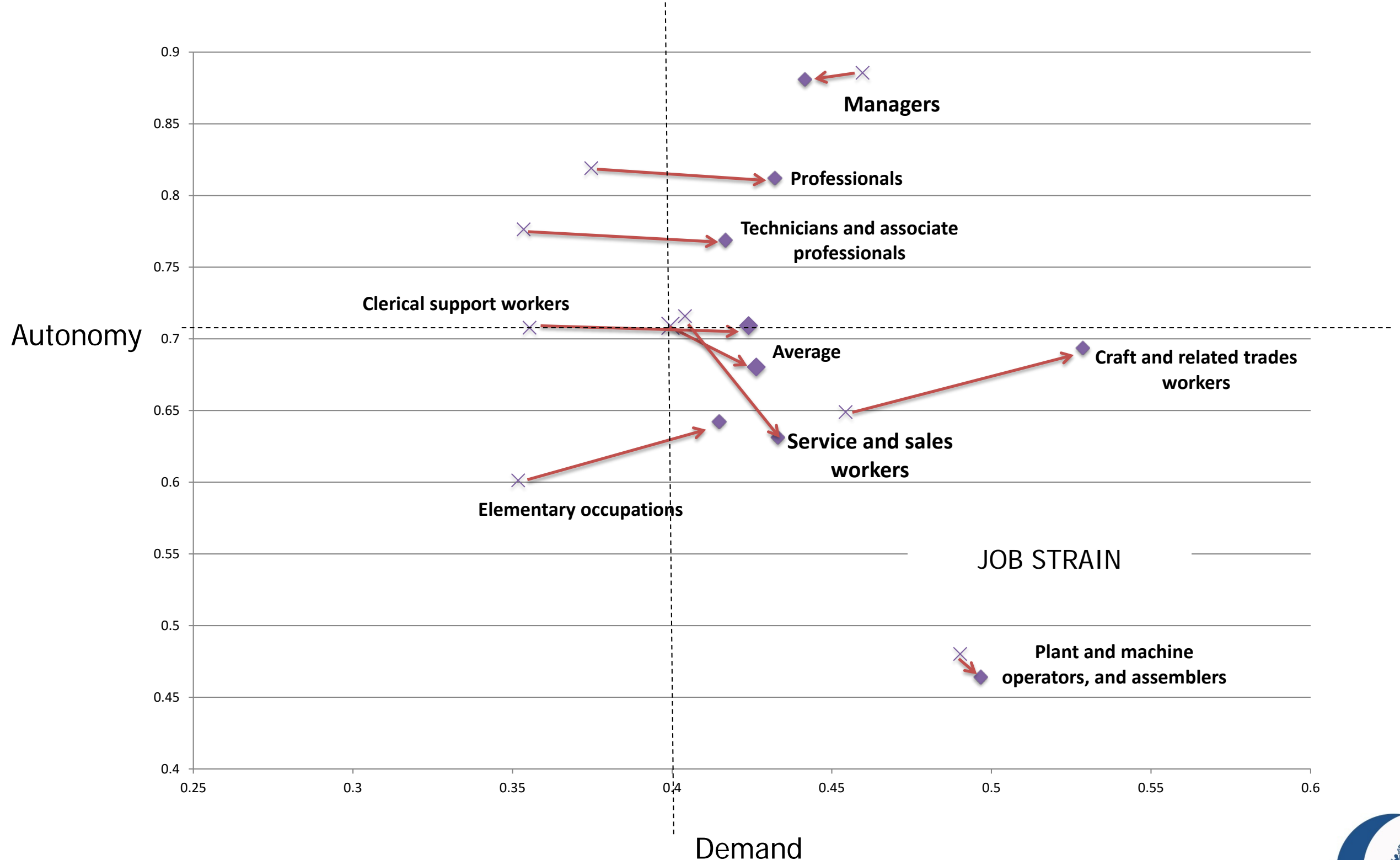
# Puzzling facts

Market liberalization, globalization and the digital revolution should have cut firms' rents.

Now, the worldwide share of profits in value-added jumped.

« Low and middle » skilled workers face an increasing two-sided inequality: wages **and** working conditions

# Occupations in a Karasek diagram 1995-2015. EU15. EWCS



Method and source: See Askenazy (2016). Author's updates April, 2017

How are captured the rents?

A. The proprietarism

B. The emancipation

## A. The proprietarism

### **Land rent strikes back**







The industrial revolution boosts the agglomeration of activities

In the concerned areas, land becomes the rare input

# A bit of economic tourism:

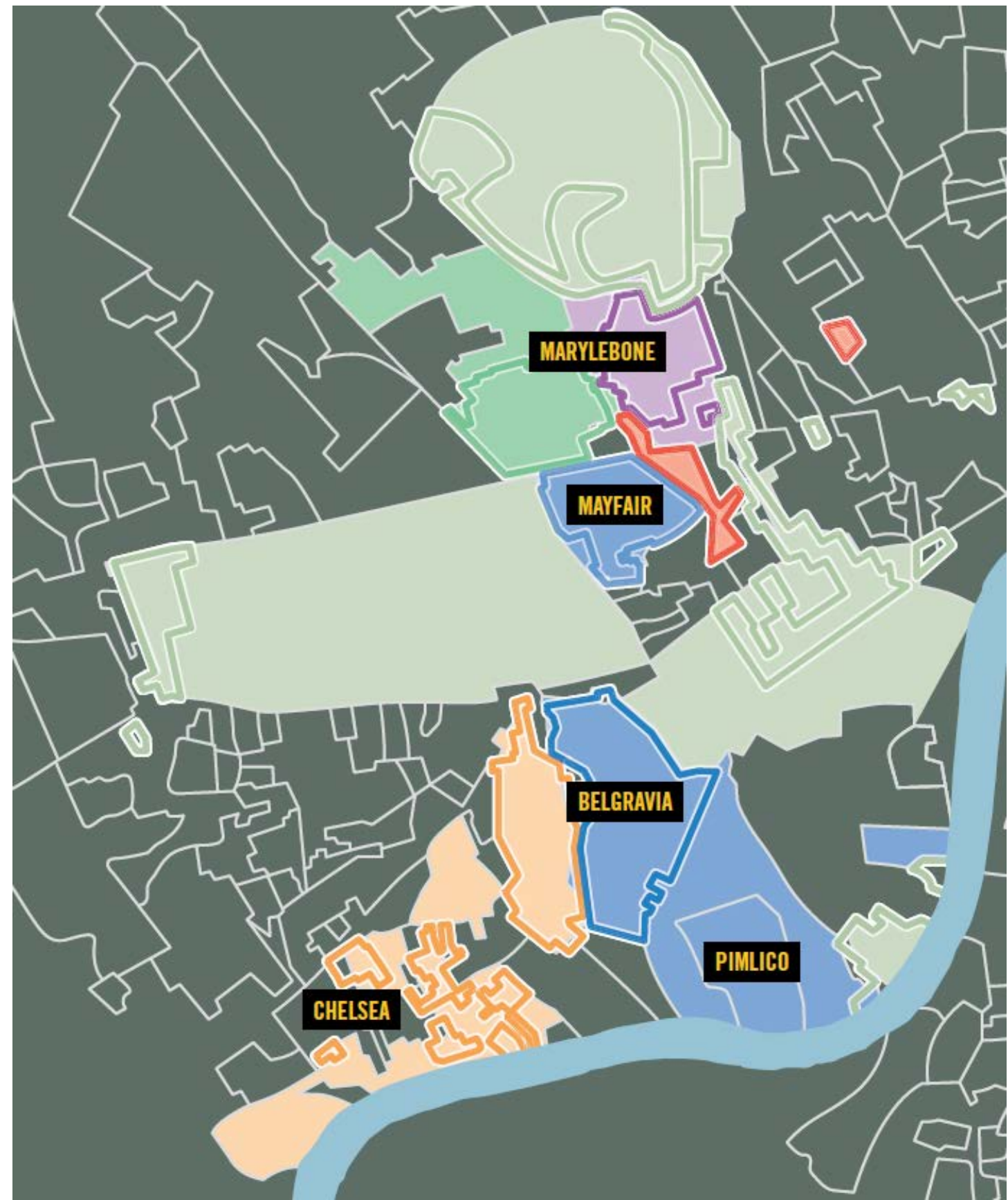
## Who owns London?

Map by John Hewitt, taken from Francis Sheppard's *London 1808-1870: The Infernal Wen*, 1971

-  The Cadogan Estate
-  The City of London
-  The Crown Estate
-  The Grosvenor Estate
-  The Howard de Walden Estate
-  The Portman Estate

Solid colours - the estates today

Outline colours - 19th century estates



## A. The proprietarism

### Land rent strikes back

The industrial revolution boosts the agglomeration of activities

In the concerned areas, land becomes the rare input

### Societies of **small homeowners**

Property taxes remain low even for huge landlords

=> Redistribution is not able to correct the primary inequality

## A. The proprietarism

**Extension of property rights** on knowledge including databases

- ⇒ Turn a potential new economy of « commons » in an economy of Rentiers
- ⇒ Becoming harmful for innovation



## B. The emancipation of capitalists

### **The fall of the Berlin wall**

The end of the middle-class mirage

### **Victory of ideas:**

*Insiders/outsideers...* now the end of salaried workers: all entrepreneurs

The naturalisation of inequality through the **fake** “natural” productivity gap between workers

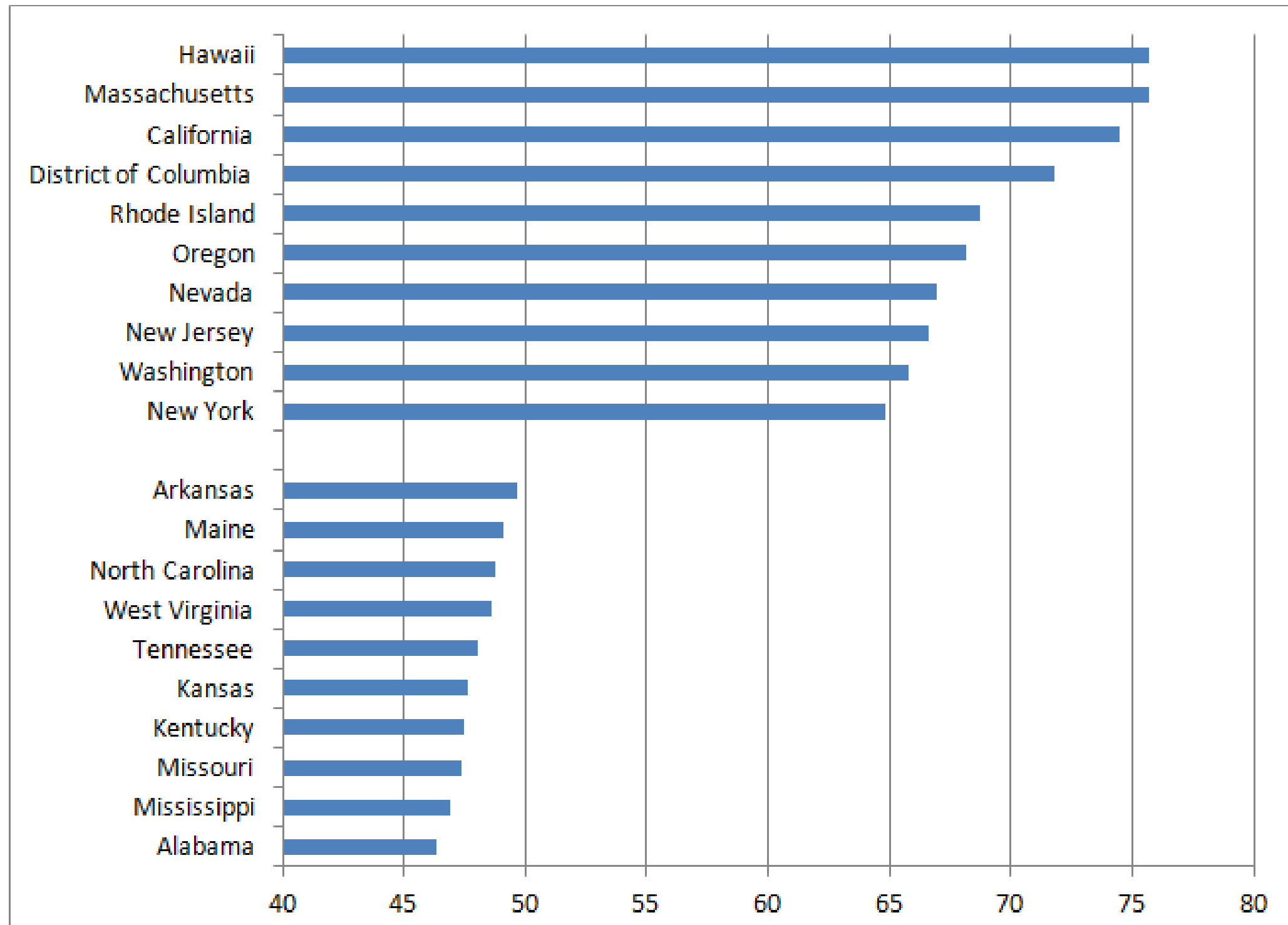
Ex 1: when an increase of the minimum wage reduces your productivity

Ex 2: When producing more decreases your productivity but improve the productivity of “high-valued” activities

C. Is there still a room for  
workers' bargaining and curbing  
primary inequality?

# Lessons from the 21<sup>st</sup> US

Hourly wage of nurses compared to pharmacists.  
In % may 2014. Selected US states



Method and source: See Askenazy (2016)



# Lessons from the 21<sup>st</sup> US

Salaried workers face big bosses... but many don't know

Distribution of private sector employment by firm size class in %:  
1993/Q1 through 2016/Q1 (Source: BLS)

	1-19	20-49	50-250	250-999	1000+
<b>1993</b>	<b>20,4</b>	<b>11,3</b>	<b>18,9</b>	<b>13,6</b>	<b>35,7</b>
2003	19,0	10,9	18,6	13,9	37,6
2004	19,1	11,0	18,6	13,9	37,4
2005	18,9	10,9	18,7	14,0	37,5
2006	18,8	10,9	18,7	14,0	37,7
2007	18,6	10,8	18,6	13,9	38,0
2008	18,4	10,7	18,6	14,0	38,4
2009	18,6	10,7	18,2	13,9	38,6
2010	18,7	10,6	18,2	13,9	38,6
2011	18,4	10,5	18,3	14,1	38,7
2012	18,2	10,5	18,3	14,1	38,9
2013	17,9	10,5	18,2	14,2	39,1
2014	17,8	10,6	18,2	14,2	39,2
2015	17,6	10,6	18,1	14,2	39,5
<b>2016</b>	<b>17,4</b>	<b>10,6</b>	<b>18,0</b>	<b>14,2</b>	<b>39,8</b>



# Back in Europe: Paris 19<sup>th</sup> vs 21<sup>st</sup> century

