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**Article**

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# **What's in a Name? The Misuses of "Feudalism" and "Capitalism"**

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The vast increase in rentier activity and income at the expense of productive activity, and the deformation of politics to support that increase has led many to propose that capitalism has been transformed into "neo-feudalism." Though there are instances of this analysis being harnessed by right-wing populist politics seeking to rescue working people from what it considers the financialized, hi-tech globalist project (Kotkin, 2020), it is most often aimed at strengthening the left by ridding it of misunderstandings that hamper its ability to take on an increasingly oppressive social structure based on rentier incomes (Dean, 2020). In our assessment of this analysis, we focus on Katherine Stone and Robert Kuttner's (2020) fine article on the subject because it provides a comprehensive and succinct account of the argument seen from the left for considering our current system a neo-feudal one. They list the key dimensions of this transformation: "the seizure, corruption, and abuse of entire domains of regulation and jurisprudence," the replacement of laws protecting labour rights with "compulsory arbitration regimes," a similar replacement of public regulation of commercial activity by "private tribunals," "a proprietary regime" that permits tech platforms to "crush competitors and invade consumer privacy" and the "balkanization" of "scientific inquiry ... by confidentiality agreements and abuses of patents" such that "scientific knowledge comes to be 'owned' by private entities."

Undoubtedly, these changes are real. Undoubtedly, we could all add our own grouses to Stone and Kuttner's list. And, undoubtedly, these changes have been bad for all in US society except a tiny elite. The question, however, is whether their conclusions – that “[t]his is not deregulation or neoliberalism. It is legally sanctioned private jurisprudence – neo-feudalism” and that somehow something new – “neo-feudalism” – has displaced the preexisting capitalist and neoliberal system.

I would argue not. This is not just a question of terminology. Those using the label neo-feudalism idealise capitalism and even neoliberalism by implication, whether they intend to or not. It is crucial to insist that neither neoliberalism nor capitalism have evolved into neo-feudalism; this is what the capitalism of our time looks like. The monopoly and rentier features of the contemporary economy that prompt so many to call it neo-feudal are not alien to either capitalism or neoliberalism. And today, the two are the same: capitalism can take no other form anymore (see Desai, 2023). The neo-feudal label is based on a fundamental misunderstanding of both neoliberalism and capitalism and the centrality of monopoly to both. It is also based on equating capitalism with the form it took during the post-war “golden age.” It may have once been crucial to emphasize that, during that period, despite significant transformations, the system remained capitalist, even though many contended that it had transcended capitalism. Today, however, it is just as important, if not more so, to emphasise the other side of the argument: that while it was capitalism, it was a highly modified and reformed capitalism.

Below, I first show how Stone and Kuttner, whom I focus on as thoughtful and thorough representatives of the neo-feudalism school, end up idealising capitalism and even neoliberalism. I will then discuss the place of monopoly in capitalism, theoretically and historically, as well as that of interest and rent, before ending with a discussion of how the postwar capitalism, with which our allegedly neo-feudal age is contrasted was in the aspects most prized by Stone and Kuttner, not capitalist at all.

## Idealising Capitalism and Neoliberalism

In claiming that the current US system is "neo-feudal," Stone and Kuttner oppose it not to capitalism as such but to something they call the "democratic state" or the "democratic commons" which "[f]or part of the 20<sup>th</sup> century ... served as a counterweight to the concentrated power that flowed to concentrated wealth in a capitalist economy." However, opposing neo-feudalism to "democracy" rather than capitalism is to compare like with unlike, a mode of social production with a particular phase in the life of another, and, as we shall see, a rather unusual one. They must do this because, without admitting it, they equate capitalism with that 'democratic state' (for if capitalism was not as good as it was then, it would form much less of a contrast with what they call neo-feudalism).

Furthermore, by blaming the ills of the contemporary system on feudalism, Stone and Kuttner let capitalism, and neoliberalism, off the hook. While they hardly use the term capitalism, they clearly consider neoliberalism as worse than capitalism, and neo-feudalism as worse than neoliberalism. This is clear when they complain about how "Elites are pursuing something aptly described as a new form of feudalism, in which entire realms of public law, public property, due process, and citizen rights revert to unaccountable control by private business" and when they complain that such juridical changes are "not deregulation or neoliberalism... [but]... legally sanctioned private jurisprudence – neo-feudalism." Of course, the contradiction is already evident here: private property is precisely capitalist: in feudalism private property in the sense of absolute ownership rights including the right to alienation (sale) without any reciprocal obligations did not exist. Feudal property was encumbered, as Stone and Kuttner themselves acknowledge, with "some forms of reciprocal obligation between lord, vassal, and serf; between king and aristocrat; Church and Crown; and between apprentice, tradesman, and master."

Stone and Kuttner also suppose that neoliberalism, and arguably capitalism, are somehow about competition and markets and profits,

while monopoly, interest and rents, whose ubiquity today prompts their intervention, are somehow characteristic of feudalism. Just how problematic such suppositions are is clear when we go into the relevant theory and history.

### Monopoly in Capitalism and Neoliberalism

While capitalism went through an initial competitive phase, it was always destined for monopoly, a fact that had given neoliberalism and the Austrian neoclassical economics in which it originates, politico-intellectual indigestion.

While capitalism's self-images have always revolved around free markets and competition, Marx saw through it early on, berating socialists like Proudhon for falling for this self-representation (Marx, 1847) and arguing that competition was not a state but a dynamic whose inevitable outcome was monopoly (Marx, 1894-1981). By eliminating weaker producers, competition led to monopoly, which also represented the pinnacle of what capitalism could do to advance the development of the productive forces, the point where its historically progressive character ended.

Capitalism advanced the forces of production primarily by socialising labour, involving an ever-widening circle of producers in ever more complex interaction, with increasing specialization driving mechanization and, consequently, increasing the capital invested in production and constantly increasing its scale. At the onset of capitalism, labour is socialised *between* firms and producers, as each specialises in the production of a product or a segment of the production process of another product. Later, in the monopoly phase, production comes to be socialised *within* firms, whose size grows to often gigantic proportions, turning them into vast apparatuses of planned production, the pinnacle of the development of the "productive forces [that] slumbered in the lap of social labour" (Marx and Engels, 1848-1967, 85).

Of course, as with Marx's arguments about exploitation, so in

the case of his arguments about monopoly too, Marx took capitalism to be on its best behaviour. Just as the assumption that labour was paid its full price was necessary to show that exploitation occurs even when this is the case, so Marx assumed that only the processes of competition were involved in the formation of monopoly. Marx was never so naïve as to believe that capitalists did not employ all the political means at their disposal to depress the price of labour below its value or to eliminate competition through means other than cost competitiveness, namely political means. The important point for us is that, while undoubtedly sharpened or speeded up by political means, exploitation and advance toward monopoly through competition were inherent in value production, indeed constituted its core mechanisms (Desai, 2023, pp. 35-37, 49-51).

Given its trumpeting about the role of free markets and competition, perhaps the single most important fact about neoclassical economics is that it emerged precisely when capitalism was entering its monopoly phase. It could only be premised on intellectual duplicity on this critical matter. This was particularly true of the most ideologically diehard strand of neoclassical thinking, the Austrian. While earlier generations of Austrian economists simply denied that competition would create monopoly, acknowledging only politically created, market-distorting monopoly (Salerno et al., 2021), by mid-century, Austrians like Hayek could no longer evade the issue and his tract, *The Road to Serfdom* (1944), adopted a new strategy. On the one hand, he denied monopoly, hanging on to the shreds of evidence produced by the Temporary National Economic Committee of the US Congress. On the other hand, with such evidence unable to cover up the ever-more insistent facts about monopoly, he shifted the legitimization of capitalism away from "laissez faire" and onto the terrain of "planning for competition." This operation was hardly original: early twentieth century US Anti-Trust law had already signalled that the only way forward for capitalism was for governments to intervene to ensure competition. Since then, the US debate has been between "liberals" seeking to strengthen anti-trust enforcement, which only transforms monopoly into oligopoly, and hard-

line free marketeers seeking to dilute it to permit unfettered monopoly.

Neoliberalism, little more than the revival of neoclassical economics, particularly its most ideologically hardline free market strains such as the Austrian, emerged as the capitalist class scraped the bottom of its intellectual barrel amid the stagflation crisis of the 1970s. It inherited this intellectual duplicity, insisting on the inherently competitive character of capitalism when it could get away with it and weakening the anti-trust argument when it could not. The Law and Economics movement which dominated neoliberal law and rule-making, precisely the law and rulemaking that forms the target of Stone and Kuttner's account, ensured that anti-trust law was re-interpreted so that its aim was no longer ensuring a minimum of competition and "consumer choice" but sought instead to guarantee "consumer welfare," a paternalistic stance that "tended to favour large, market-dominant firms" (Crouch, 2011, pp. 16-17 and 54; see also Desai, 2023, pp. 161-165).

This is the process that has brought capitalism to its present phase, which Stone and Kuttner and others of their ilk are inclined to term "neo-feudalism." However, this inclination rests on a fundamental misunderstanding of monopoly and its role in capitalism.

### **Monopoly and Capitalism's Historical Destiny**

Monopoly is not an aberration in capitalism but its destiny, like the oak is the destiny of the acorn. In chapter 27 of *Capital* Vol. III, Marx had outlined how the ever-greater concentration of capital in large monopoly firms, facilitated by the emergence of joint-stock companies, the expansion of credit and state intervention, constituted the culmination of the socialisation of production under capitalism. As production is amalgamated and massified, its profoundly social character is on full display. In large monopoly firms, individual capital "now receives the form of social capital (capital of directly associated individuals)." Big monopoly firms appear more manifestly as



"social enterprises." "This is the *abolition of capital and private property within the confines of the capitalist mode of production itself*" (Marx, 1894-1981, p. 567, emphasis added).

It is, Marx continues, "a self-abolishing contradiction, which presents itself *prima facie* as a mere point of transition to a new form of production" (Marx, 1894-1981, p. 569), namely socialism. Such "capitalist production in its highest development" is, Marx continues, a

"necessary point of transition towards the transformation of capital back into the property of the producers, though no longer as the private property of individual producers but rather as *their property as associated producers*, as directly social property. It is furthermore a point of transition towards the *transformation of all functions formerly bound up with capital ownership* in the reproduction process into simple functions of the associated producers, *into social functions*" (Marx, 1894-1981, p. 568, emphasis added).

Engels observes editorially at this point that tendencies towards cartelisation and towards concentrating "the entire production of the branch of industry in question into *one* big joint-stock company with a unified management" prepares "in the most pleasing fashion its future expropriation by society as a whole, by the nation" (Engels's note in Marx, 1894-1981, p. 569), a development likely to be aided by the fact that this transformation also "gives rise to monopoly in certain spheres and hence provokes state intervention" (Marx, 1894-1981, p. 569).

Thus here, Marx argued that when it arrived at its monopoly phase, when most if not all sectors of economic activity became dominated by monopoly, capitalism would become ripe for socialism for at least three reasons. First, having socialised and developed the forces of production – brutally and chaotically, as was its wont – to the highest point, it would have exhausted its historical function. Second, it would be obvious that private monopolies were illegitimate, performing no useful social function and serving only to permit the expansion of unearned incomes. Third, it would lose its productive dynamism, which was reliant on competition and this would further undermine its legitimacy.



## Interest and rent under capitalism

The increasing prominence of rentier incomes – interest and rent – are among the key justifications for re-naming contemporary capitalism “neo-feudalism,” the implication being that interest and rent are somehow “feudal,” while profits are not. That, however, is not the case.

Marx well understood that interest on money capital existed well before capitalism. However, he also explained how capitalism transformed these inherited structures of money and finance, of medieval usury, into ones that facilitated capitalism’s productive expansion, a development that, as Hilferding noted in his *Finance Capital*, unfolded to its fullest in late-industrialising Germany, while the home of the industrial revolution, Britain, remained saddled with an archaic financial system (on this point, see Desai, 2021).

Marx also anticipated that, with the arrival of monopoly capital, profit would increasingly be reduced to interest. As capitalism passes from the competitive to the monopoly phase, the owner-operator capitalist of early capitalism is split functionally into two: the manager, paid for his/her labour of oversight of a complex organisation, and the “mere money capitalist” who no longer makes profit but only interest, “a mere reward for capital ownership which is now completely separated from its function in the actual production process” (Marx, 1894-1981, pp. 567-568). The result is a historical, rather than merely conceptual, clarification: profit reduced to interest is exposed as

“simply the appropriation of other people’s surplus labour, arising from the transformation of means of production into capital, i.e. from their estrangement vis-à-vis the actual producer; from their opposition, as the property of another, vis-à-vis all individuals active in production from the manager down to the lowest day-labourer” (Marx, 1894-1981, p. 568).

Thus, monopoly also transforms the productive capitalist into a rentier, undermining his legitimacy and further preparing the ground for socialism. This is why, rather than calling the current sys-

tem neo-feudal, we must recognise that capitalism is (over)due for transformation into socialism.

If interest is the distillation of returns to capital into its pure form, rent too is a specifically capitalist return on land. Feudalism's typical form of surplus extraction was not rent but various feudal dues, tributes and tithes, which were paid in labour, in kind or in money. Rent began to intrude upon this scenario, as far as I can tell from reading Marc Bloch's *Feudal Society* (1961), amid struggles between serfs and landlords during the decline of feudalism. In these struggles, rent emerged as a compromise between the need for surplus extraction and the serf's assertion of greater freedom, lowering the status of the lord versus the serf, who was elevated to the status of a tenant. This is clear, for instance, when in concluding his discussion on the decay of primogeniture loosening ties of feudal fealty in favour of family inheritance customs that treated all sons equally, Bloch speaks of "the moment when, in France, the fief, which had once been the pay of the armed retainer, *sank* to the status of a tenement characterized chiefly by the payment of rent" (Bloch, 1965, p. 208, emphasis added). Elsewhere, discussing the great variety of labour services owed to the lord, which due to various pressures were increasingly simplified into a lesser number of exactions in money or kind which were greater in value, Bloch speaks of how

"The development of new 'exactions' ... operated also in direct ratio to the lord's abandonment of personal exploitation of the estate. Having both more time and more land, the peasant could pay more. And the master, naturally, sought to recover on one side what he lost on the other.... Nevertheless, by ceasing to exact labour from his subjects throughout the year, by transforming them into producers, heavily taxed certainly, but economically autonomous, by himself becoming a landed proprietor pure and simple, the lord, where this evolution was fully accomplished, inevitably allowed some small relaxation of the bond of human domination. Like the history of the fief, the history of the peasant holding was, in the long run, that of *the transition from a social structure founded on service to a system of land rent*" (Bloch, 1965, pp. 253-254, emphasis added).

The shift from feudal dues to rent indicated increased social equality for producers, but often also greater economic exploitation.

Marx is also very clear in saying that rent is a capitalist category. Like interest, it represents a deduction from profit. Rent is “a portion of the surplus-value that capital produces [that] falls to the share of the landowner.” (p. 751). Rent also gives “Landed property ... its purely economic form by the stripping away of all its former political and social embellishments and admixtures, in short all those traditional accoutrements that are denounced as uselessly and absurdly superfluous by the industrial capitalists themselves, and by their theoretical spokesmen, in their passionate struggle with landed property” (p. 755). In other words, rent displaces the historic accretions of rights and obligations with which land was surrounded by feudalism. The capitalist mode of production “detaches landed property completely from relations of lordship and servitude, while on the other hand it completely separates the land as a condition of labour from landed property and the landlord, for whom moreover this land represents nothing but a certain monetary tax that his monopoly permits him to extract from the industrial capitalist, the farmer” (pp. 754-755).

To call contemporary capitalism “neo-feudalism” on the assumption that feudalism is about unearned rentier incomes misses the point that, even more than feudalism, capitalism purifies flows of unearned income to their essence in the form of rent and interest. They are nothing more than income from the monopolization, respectively, of land and capital, *shorn of all feudal obligations and restrictions*.

### Capitalism in the Golden Age

Capitalism had reached its monopoly phase in the early 20<sup>th</sup> century and in that sense, Lenin was not only right about it having arrived at its “highest stage,” but he was also consciously developing Marx’s ideas about monopoly and how it prepared society for socialism (see Desai, 2025).

Interestingly, neoclassical economics, which took its purest form in its dogmatically pro-capitalist Austrian version, emerged at the same time; one of its dirtiest intellectual secrets is the conceit that capitalism remained competitive or that monopoly *was* competition so as to continue legitimising monopoly capital through the ideology of markets and competition. It certainly worked with Stone and Kutner, who say that the current dispensation is "not even neoliberal" when what they mean is that it is not competitive or free market.

Marx explained theoretically how monopoly represented the peak of capitalism, the point of transition to socialism, provided the political power of working people was adequate to the task. While he passed away just as the monopoly phase was beginning, by the early 20<sup>th</sup> century the very features of monopoly capitalism that Marx had identified as preparing society for socialism were giving rise to speculations among intellectuals of left and right about whether capitalism would automatically, without any political intervention of the people, give way to something beyond itself, whether it was socialism or something else. They included not only Second International revisionists, such as Eduard Bernstein but also intellectuals like Walter Lippman who spoke of how the separation of ownership from control meant the era of private property was over, and Alvin Hansen who was concerned that capitalism was entering an era of "secular stagnation."

Other critical intellectuals, like Keynes and Polanyi, also anticipated, if considerably less theoretically, that at the end of the Thirty Years' Crisis of 1914-1945 a sort of tipping point had been reached and that the path forward for humanity led away from capitalism. Hayek feared the same prospect, which he sought to forestall by writing *The Road to Serfdom* and setting up the Mont Pelerin Society.

These hopes and fears were not misplaced. Most have misread what happened after the Second World War because they took the "golden age" of growth to mean that anticipations of the end of capitalism were wide of the mark and capitalism demonstrated its remarkable ability to bounce back. However, two corrections need to be made. First, while the world did not turn to socialism, it did turn

left after the Second World War with Keynesian Welfare States, Communism and national autonomous development in the First, Second and Third worlds respectively. Secondly, if postwar decades posted growth rates high enough to be defined “golden ages,” this was not due to capitalism. Not only did the communist world – with its high and steady growth and high growth rates in the developing world seeking distinctly left-leaning version of national autonomous development – made an important contribution to the golden age growth, but the capitalist world, even though did not become socialist, underwent major socialistic modifications. As Hobsbawm has noted, after the Second World War in these countries:

“... a return to laissez-faire and the unreconstructed free market were out of question. Certain policy objectives – full employment, the containment of communism, the modernization of lagging or declining or ruined economies – had absolute priority and justified the strongest government presence. Even regimes dedicated to economic and political liberalism now could, and had to, run their economies in ways which would once have been rejected as ‘socialist’” (Hobsbawm, 1994, pp. 272-273).

The modifications, not capitalism, accounted for the productive dynamism of the post-war era, mainly by expanding domestic demand as decolonization and communism closed off markets (Desai, 2015). This fact ought to have been clear then, at least to critical and Marxist thinkers, but for a variety of reasons it was not (one of the reasons being, as Desai 2020 argues, the fact that Marxists, who had long lost touch with Marx’s analysis of capitalism, ended up lionising a capitalism without contradictions).

However, after four decades of neoliberalism, when the roll-backs of socialist reforms of golden age capitalism and an ever greater freedoms granted to capital did not revive capitalism’s productive dynamism and resulted in an ever lower growth and less investment, capitalism was well into the “senility” stage of its monopolist phase, proving its inability to grow and to invest, and destined to become more monopolistic and rentier. By calling today’s

capitalism feudal, we are committing at least four major errors. First, we are excusing capitalism. Secondly, we are forgetting that monopoly is capitalism's destiny. Thirdly, we are failing to recognise that rentierism is capitalist, not feudal. And finally, we are failing to recognise that capitalism has been past its peak for more than a century and that humanity has since been paying the price of keeping it alive well past its senility. It is perhaps the lionization of capitalism by so many, including so many Marxists, that prevents us from understanding that this is the monstrous and grotesque form that capitalism will take when it has run its course and has been kept alive for more than a century by the inability of political forces to take it beyond itself towards socialism and that, unless the socialist path is taken, it can and will get even uglier.

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