

UNDERSTANDING GLOBAL RENTIER DEVELOPMENT IN DAVID HARVEY

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Abstract

This paper discusses several situations and concepts by geographer David Harvey in respect to what is here called global rentier development. The concept was not proposed by Harvey, but it is useful to structure an understanding of today's capitalist development. We follow a trail that considers concepts and discussions by Harvey and many other intellectuals with whom he established a fruitful dialogue throughout the years. We considered, for instance, the idea of postmodernity as fundamental in the discussion of the concept of flexible accumulation, that is structuring of Harvey's thinking about the sort of political economy that came after the crisis of Fordism. The term post-Fordism, then in use, and associated discussions were too broad to specify and explain the speedy transformations on course then. Accumulation by dispossession, another of Harvey's fundamental concepts developed later, introduces a crucial aspect that should be considered: the rentier nature of today's increasingly urban development.

Keywords: David Harvey, Global Rentier Development, Flexible Accumulation

Resumo / Resumen

RENTISMO GLOBAL NO PENSAMENTO DE DAVID HARVEY

Este artigo discute o conjunto de situações e conceitos do conhecido geógrafo inglês David Harvey, que dizem respeito ao que aqui foi chamado de rentismo global. O termo não foi cunhado por ele, mas designa o que pensamos ser a estruturação de um pensamento sobre o atual estágio de desenvolvimento do capitalismo contemporâneo. Seguimos uma trilha que considera conceitos e discussões desenvolvidos e travados por Harvey e por vários de seus contemporâneos que com ele estabeleceram um diálogo profícuo. Consideramos, por exemplo, a ideia de pós-modernidade como fundamental para, depois, discutir o conceito de acumulação flexível, que é estruturador do pensamento do autor sobre o que veio logo depois da crise do fordismo. O termo pós-fordismo, então utilizado, e as discussões a ele associadas, não eram suficientemente significativos para englobar o conjunto de transformações em curso no período. Acumulação por alienação (ou despossessão) introduz um aspecto crucial que deve ser considerado na discussão: a natureza rentista do desenvolvimento atual, crescentemente urbana.

Palavras-chave: David Harvey, Rentismo Global, Acumulação Flexível

RENTISMO GLOBAL EN EL PENSAMIENTO DE DAVID HARVEY

Este artículo aborda diversas situaciones y conceptos del geógrafo David Harvey en relación con lo que denominamos desarrollo rentista global. Este concepto no fue propuesto por Harvey, pero resulta útil para estructurar la comprensión del desarrollo capitalista actual. Seguimos una línea que considera los conceptos y debates de Harvey, así como los de otros intelectuales con los que ha establecido un fructífero diálogo a lo largo de los años. Hemos considerado, por ejemplo, la idea de posmodernidad como fundamental para el debate sobre el concepto de acumulación flexible, que estructura el pensamiento de Harvey sobre el destino de la política económica inmediatamente después de la crisis del fordismo. El término posfordismo, común en aquel entonces, así como los debates asociados a él, resultaban demasiado amplios para especificar y explicar las aceleradas transformaciones que entonces se estaban produciendo. La acumulación por desposesión, otro concepto fundamental de Harvey, desarrollado posteriormente, introduce un aspecto crucial que debe tenerse en cuenta: la naturaleza rentista del creciente desarrollo urbano actual.

Palabras-clave: David Harvey, Rentismo global, Acumulación flexible

INTRODUCTION

A term coined (or adapted) by Harvey, "flexible accumulation," was established with the publication of *The Condition of Postmodernity* (HARVEY, 1989b). This concept will serve as our reference point for understanding Harvey's ideas on global rentism. The term "global rentism," as used here, is not one that Harvey employs. Instead, it serves as a synthesis of Harvey's explanations regarding the confluences and consequences of the new directions taken by economic actors in recent decades, specifically during the post-Fordist period, commonly referred to as globalization. This chapter will elaborate on these ideas. This text will draw on concepts from David Harvey's various books and articles, as well as ideas from other intellectuals he has engaged with in recent decades.

An illustrated lecture by Harvey is currently available on YouTube (https://www.youtube.com/watch?v=M8b_A2JMFrc), where he shares his thoughts on the current situation. In a personal conversation, he mentioned that the lecture was not originally illustrated; instead, the illustrations were added to his speech later, without his knowledge. He described it as a pleasant surprise. Throughout his extensive career, Harvey alternates between analyzing trends in global economic and political developments and examining the effects of these trends on urban and intra-urban environments. In the latter case, it is inevitable that it is based on and refers to the former. Harvey argues that capitalism develops through a series of systematic crises, which are seemingly addressed by moving capital. The most effective way to facilitate this process is by shifting investments. In the context of globalization, this is achieved through what is known as financial innovation. Since the crisis of Fordism, financial innovation has enabled capital to circulate more freely around the world.

The integration of several concepts proposed by David Harvey, along with insights from various authors who have engaged with his ideas since at least the 1980s, appears to enhance our understanding of how capital operates and the methods through which surplus value is extracted from/in the periphery of the contemporary economic system. This periphery is understood broadly, including processes in wealthy countries, as illustrated by the subprime mortgage crisis. The analysis presented here clarifies that the foundation of this system is based on finance and land rent, with real estate rentism having particular relevance to urban studies. While these concepts may or may not be directly associated, their connection is becoming increasingly significant. Ownership of both tangible assets—such as money, real estate, equipment, and platforms—and intangible assets – such as brands, knowledge, and information – is essential for organizing and controlling the flow of surplus value. Global rentism is characterized by a new regime of flexible, post-Fordist accumulation, which relies on the increasing neoliberalization of financial and real estate markets. Crisis is its nexus, while the continuous movement of capital across different spaces is its primary strategy for sustaining economic growth rates, described as "bad infinity" (VALENÇA, 2020). This concept will also be revisited in the final section of this text.

Initially, the concept of postmodernity will be analyzed to gain a deeper understanding of what Harvey referred to as flexible accumulation. Additionally, the role of urban development within this context will be discussed.

POSTMODERNITY AND URBAN ENTREPRENEURSHIP

The term "flexible accumulation" was introduced a few years earlier, but it was not until later that a discussion emerged that allowed for its proper understanding. This concept is discussed in detail—albeit still in an initial and provisional form—in David Harvey's work, *The Condition of Postmodernity* (1989). The book is the author's bestseller, translated into over 30 languages. David Harvey's extensive work is among the most cited in the humanities and social sciences, engaging deeply with the literature and facts of his time. This work is similar, published within the context of studies by Fredric Jameson and others on the cultural turn, and after the exploration of the linguistic turn. In *Postmodernism, or The Cultural Logic of Late Capitalism*, Fredric Jameson presents a collection of texts, many of which he published in the 1980s in journals like the *New Left Review* (NLR) and other outlets associated with Marxist thought. Chapter 1, first published in NLR in 1984, is particularly relevant to the discussion at hand and is what inspired the book's subtitle.

At the beginning of the book and chapter, Jameson (1991, p 2-3) analyzes the emergence of thoughts and manifestations related to postmodernism, stating the following:

"The postmodernisms have, in fact, been fascinated precisely by this whole 'degraded' landscape of schlock and kitsch, of tv series and Reader's Digest culture, of advertising and motels, of the late show and the grade-B Hollywood film, of so-called paraliterature, with its airport paperback categories of the gothic and the romance, the popular biography, the murder mystery, and the science fiction or fantasy novel: materials they no longer simply 'quote', as a Joyce or a Mahler might have done, but incorporate into their very substance."

This new phase of capitalism marks the convergence of high culture and mass culture, blurring the distinction between the two. This fusion has created a vague, indistinct whole, leading to what is described as the "[...] emergence of a new kind of flatness or depthlessness, a new kind of superficiality" (JAMESON, 1991, p. 9). At the same time, aesthetic production assumed a structural function, becoming innovatively and experimentally part of the general production of goods, in a "[...] frantic economic urgency of producing fresh waves of ever more novel-seeming goods" (p. 4). Culture began to dominate our "everyday lives" (p. 16). In other words, there began to be "[...] a prodigious expansion of culture throughout the social realm, to the point at which everything in our social life – from economic value and state power to practices and to the very structure of the psyche itself – can be said to have become 'cultural' in some original and yet untheorized sense" (p. 48).

In summary, postmodernism, which is described as an artistic style in Jameson's early writings (1991, p. 46), is characterized as "[...] the cultural dominant of the logic of late capitalism." Over time, the term postmodernity comes to refer specifically to this logic, while postmodernism continues to define the new forms of artistic expression. Jameson is reluctant to acknowledge a significant change in late capitalism and has difficulty identifying a term that accurately describes this new era. He finds terms such as post-industrial, consumer, media, informational, electronic, and high-tech society to be inadequate in capturing the essence of late capitalism, which he also refers to as multinational space or capitalism.

Fredric Jameson is a literary critic, and it is noteworthy that he places architecture and built space at the heart of his analysis of contemporary culture: "it is in the realm of architecture [...] that modifications in aesthetic production are most dramatically visible" (1991, p. 2). It is no mere coincidence that the new architecture he calls postmodern flourished concurrently with the expansion of multinational capital. For him, architecture began to embrace a populist aesthetic, a concept clearly articulated in the publication by Venturi, Scott Brown, and Izenour (2003), titled *Learning from Las Vegas*, which was first published in 1977. This shift began to challenge the strict spatial and functional divisions that were characteristic of modern architecture and urbanism at that time. Thus, there is a mutation in built space. At the time, Jameson (1991, p. 38-39) wrote:

"[...] there has been a mutation in the object unaccompanied as yet by an equivalent mutation in the subject. We do not yet possess the perceptual equipment to match this new hyperspace, [...] in part because our perceptual habits were formed in that older kind of space I have called the space of high modernism."

The Westin Bonaventure Hotel, designed by architect John Portman Jr. and completed in 1977, is used by Jameson as an example of this process in Los Angeles. The hotel features a unique design with four symmetrical towers that are interconnected at the center. However, navigating both the entrance and the interior of the hotel can be challenging. Circulation and spatial understanding within the building require contemporary skills, including mastery of its technologies. The building has three street entrances, but unlike other hotels, none of them has a portico or canopy to identify the entrance. The entrances to the building include two on the sides and one at the rear, assuming the building features a front, back, and sides. However, these entrances do not lead directly to the reception lobby. One entrance is located on the 6th floor, where visitors must descend a flight of stairs to access an elevator that goes down to the lobby. Another entrance is situated on the 2nd floor, from which an escalator takes visitors to the lobby level. The grand lobby offers an almost complete view of the lower portion of the building, which is over 30 stories tall, with the lobby itself rising six stories. The symmetry of the towers

creates a disorienting effect in the lobby, making it hard to maintain a sense of direction. To reach the apartments and upper floors, which include shopping areas, bars, and other services, panoramic elevators rise vertically through the lobby. These elevators pierce the roof, providing a view of the city as they ascend. The escalators and elevators are a spectacle in themselves, like sculptural objects, and partially replace the need for horizontal circulation. Internal circulation is compartmentalized by floor and sector, electronically controlled. What may seem commonplace almost 50 years later was, at the time, innovative and distinctive. The hotel aspires to be a "total space," a "complete world," like a "miniature city" (Jameson, 1991, p. 40). It rejects the city around it, serving as a substitute. The glass exterior reflects and repels the surrounding urban environment.

The building's connection to its surrounding context highlights social inequalities and spatial segregation in Downtown Los Angeles, exemplifying typical defensive or hostile architecture and social control. In *City of Quartz*, published just a year later, Mike Davis (1990) critically incorporates Jameson's interpretation to discuss Los Angeles, the city that embodied postmodernity. Notably, Chapter 4 highlights the increasing fortification of Los Angeles through various means, including hostile architecture and urban planning, the establishment of self-segregation barriers, street policing, armed tactical responses, and security systems equipped with motion detection and cameras. Additionally, it addresses the presence of private security in buildings. The author describes this situation as "an unprecedented tendency to merge urban design, architecture and the police apparatus into a single, comprehensive security effort" (DAVIS, 1990, p. 224). A series of new buildings, including the Bonaventure, were constructed as part of a containment policy that strictly separated the new corporate spaces from the surrounding impoverished areas. Davis also emphasizes the role of architect Frank Gehry in creating "fortified" public buildings. The renovation and revitalization project in Downtown Los Angeles, which includes the city's financial district, received substantial public funding and is considered one of the largest projects of its kind in the United States at the time.

Published in 1989, the same year as Harvey's *The Condition of Postmodernity*, *Postmodern Geographies* is Ed Soja's most remarkable work, establishing him as one of the leading Marxist geographers of his time. He utilizes his understanding of what he terms historical-geographical materialism to investigate how the new economic geography evolves within the context of postmodernity, engaging in a fruitful dialogue with Harvey and Jameson. Soja also uses the context of Los Angeles to discuss the production of space in the contemporary city. He argues that Los Angeles is like the "Aleph", where everything converges and can be seen in one place, even though there are no words to describe it. The city expanded from a central point within a radius of approximately 100 km. In the center, known as Downtown, a new central business district (Financial District) was built, creating a panorama of corporate towers. The city is more diverse than it appears, and the film and entertainment industries do not fully capture this diversity. It is a global city with advanced sectors in high-tech, military, finance, and more. The Bonaventure building is mentioned as a key example, with Soja (1989, p. 243) noting that it "has become a concentrated representation of the restructured spatiality of the late capitalist city." Although the building may seem innocuous, it tends to compartmentalize, circumscribe, and confine.

In a video for the BBC in the early 1990s, which later went viral on YouTube (<https://www.youtube.com/watch?v=hhyQ0HES8mM>), Ed Soja provides a clear explanation of why the Westin Bonaventure Hotel has become an icon of the postmodern city. This is noteworthy, especially considering that its architecture does not exhibit the historical references commonly found in the works of architects like Michael Graves, Robert Venturi, and even Frank Gehry, who were typically associated with postmodern design. A new downtown area has been built and renovated, where previously there were no large structures or tall buildings. Interestingly, the new hotel could easily resemble a prison, much like the Metropolitan Detention Center, which resembles a vertical prison that looks like a commercial building or hotel. The design raises the question of function, as the exterior and interior no longer necessarily correspond with one another. As stated above, the hotel's entrances are difficult to locate from the outside, and its facade resembles a fragmented view of the city, much like an incomplete jigsaw puzzle. Once inside, visitors may feel disconnected from reality, overwhelmed by a confusing spatial layout that is both fluid and disorienting. Similarly, the prison city, as Soja describes Los Angeles, is formed by self-referential structures that deny the problematic surroundings in which they are located.

Unlike contemporary authors, such as Davis, Jameson, and Soja, Harvey (1989b) focuses on emerging architecture and urbanism within the context of urban renewal projects along Baltimore's waterfront, where he lived at the time. He also highlights Charles Moore's Piazza d'Italia project in New Orleans as a notable example of postmodern architecture. Nevertheless, he was undoubtedly familiar with the paradigmatic construction of the Westin Bonaventure Hotel, which is the most commonly referenced example in discussions of the time, as noted in Jameson's book and other relevant publications previously mentioned. Harvey (1989b) is aware of this entire discussion and, before outlining the emerging economic transformations commonly referred to as post-Fordism, an era that led to his concept of flexible accumulation, he dedicates the initial part of his book to exploring the ongoing transformations related to modernism and postmodernism, which have resulted in significant changes in the landscape of American cities. Paradoxically, even as cities grapple with a severe fiscal crisis, they have transformed and reinvented themselves by launching ambitious urban renewal projects.

In 1989, Harvey published one of his most notable articles on this process. Around the mid-1960s, a new pattern of local development and governance began to emerge in large American cities, and it later became consistently adopted in cities worldwide. This shift occurred amid a significant fiscal crisis faced by the state. For Harvey, urban development shifted from a model of "managerialism", which characterized the previous era and relied heavily on public financing, transfers from central governments, and the provision of basic services. It has now moved towards a model based on "entrepreneurship". This new approach encompasses both public authorities and various private agents.

This shift determined a new moment for the neoliberal economy, which prioritizes the market over public goods and services. Implemented through various highly convergent models, this move created a highly competitive environment among cities. Due to the crisis, the objective was to seek contributions for new investments from private agents (the market), rather than relying solely on local actors. This essentially occurred through "public-private partnerships" and the creation of semi-public companies, where the public sector generally assumed the "risk" and the private sector the "benefits". To ensure the profitability of these ventures, urban management began to promote large urban beautification and regeneration projects, adapting certain areas of the city for new businesses and tourism. Thus, entrepreneurship has been and continues to be based on international and interurban competition, as well as the overall growth of consumption and the introduction of new products, the control of command functions, such as government sectors, finance, and information technology, and the fiercer competition for public resources with central governments.

The reduction of geographic barriers that resulted from this process facilitated the development of what Harvey (1989a) refers to as flexible accumulation. This process is competitive and ongoing globally, but it has a local endpoint. Harvey asks: "How many successful convention centers, sports stadia, Disney-worlds, harbour places and spectacular shopping malls can there be?" (p. 12). In short, Harvey argues that appearances can be deceiving; a particular image of prosperity and success masks a world of inequality that persists or grows in cities. Such an entrepreneurial shift means that "The triumph of image over substance is complete" (p. 14). It is vital to understand this process.

However, it is not difficult to understand. In his classic book mentioned earlier, Harvey (1989b) further develops the theme. Notwithstanding, in his previously discussed article on urban entrepreneurship, he leaves a clue:

"[...] we can identify an albeit subterranean but nonetheless vital connection between the rise of urban entrepreneurialism and the post-modern penchant for design of urban fragments rather than comprehensive urban planning, for ephemerality and eclecticism of fashion and style rather than the search for enduring values, for quotation and fiction rather than invention and function, and, finally, for medium over message and image over substance." (HARVEY, 1989a, p.13)

In Harvey's view (1989b), postmodernism is characterized by a conflict between the principles of rational planning, linear progress, absolute truths, and the notion of an ideal social order that were prevalent during the modernist period, as opposed to a collection of fragments lacking hierarchy or uniformity that followed. Heterogeneity, difference, fragmentation, eclecticism, indeterminacy, distrust of universal and totalizing discourses, that is, the rejection of metanarratives, defined the new moment. As in modernism, the new moment was defined as a reaction or adaptation to new conditions of

production, circulation, and consumption of goods. This shift is paradigmatic of a new era of speculation, obsolescence, destruction, demolition, and uncontrolled urban change. In short, "[...] we see postmodernism emerge as a full-blown though still incoherent movement out of the chrysalis of the anti-modern movement of the 1960s " (p. 38).

The landscape of modernist architecture, characterized by glass, concrete, and steel towers that lacked ornamentation, has transformed into ornate buildings, the renovation of abandoned factories and warehouses, and squares that imitate scenes from the past. Little Italy's, Havana's, Tokyo's, and Korea's began to emerge everywhere. The cultural and heritage industries experienced significant growth, resulting in the establishment of hundreds of new museums, cultural spaces, and attractions. New technologies enabled the mass production of housing, allowing for customization and personalization, including various stylistic options. Culture and taste became synonymous with distinction in an increasingly unequal world. It is important to note that, as Harvey (1989b, p. 82) states, "[...] taste is a far from static category. Symbolic capital remains capital only to the degree that the whims of fashion sustain it". An eclectic environment began to reflect people's daily lives and tastes, enabling the local consumption of products and services from around the world. Everywhere you look, there are sushi restaurants, McDonald's, French perfumes, retro clothing, reggae music, Irish pubs, and much more.

In architecture and urban planning, postmodernist projects created a significant impact, leading to the emergence of deconstructivism, which is now considered the avant-garde of contemporary architectural practice. In this approach, buildings and spaces are understood as distinct "texts", treating architecture as a form of language. These structures may consist of various parts that are not always aligned and do not necessarily convey a sense of unity.

A connection between postmodernism (or postmodernity, as previously mentioned) and urban entrepreneurship is indeed noticeable. This connection appears to be indicative of and a phenomenon associated with flexible accumulation. Next, we will explore how Harvey (1989b) elaborates on this theme.

FROM FLEXIBLE ACCUMULATION BY DISPOSSESSION – TO THE RENTIER LOGIC

It is necessary to take a step back to consider and understand the following statement by Harvey (1989b, p.124), made almost four decades ago:

"There is always the danger of confusing the transitory and the ephemeral with more fundamental transformations in political-economic life. But the contrasts between present political-economic practices and those of the postwar boom period are sufficiently strong to make the hypothesis of a shift from Fordism to what might be called a 'flexible' regime of accumulation a telling way to characterize recent history."

Harvey, along with several other intellectuals from various related disciplines at the time, sought to understand the new era that was emerging. Harvey's discussion of the regime of accumulation draws on the interpretations of French regulation theory related to post-war development, particularly the concept of Fordism. Several French and other authors discuss this theory, but the writings of Alain Lipietz, particularly his book *Miragens e milagres* (Lipietz, 1987), were very influential in Brazil and other parts of the world. In this text, Lipietz reiterates his conceptual explanations of the accumulation regime, mode of regulation, crisis, and Fordism. He then introduces the concept of peripheral Fordism.

Broadly speaking, this regime of accumulation refers to an adaptation of central Fordism to the conditions found in the periphery of capitalism. In these peripheral countries, many of the regulations present in core countries—designed to equalize supply and demand systematically—are not replicated. This can be seen as a form of partial or incomplete Fordism, where production and consumption rely on the purchasing power of a sizable middle class. At the same time, this middle class coexists alongside groups with lower purchasing power, facing issues of poverty and underemployment. It is essential to note that, in general, Harvey concurs with the interpretation offered by regulation theory regarding the

development of better-off post-war countries. However, he does not accept the concept of post-Fordism, as developed by Alain Lipietz, since he finds it embryonic and not fully formed. Nonetheless, Harvey remains open to considering various possibilities for the future. The concept of a "flexible regime of accumulation", still in its early stages, clearly influenced David Harvey's notion of flexible accumulation, which will be examined in greater detail below.

Harvey employs a wide range of literary sources to build his argument, but the authors previously mentioned are some of his most pertinent references and are significant to this text. In *The Condition of Postmodernity*, beginning in chapter 9, *From Fordism to Flexible Accumulation*, after having discussed in depth the emerging postmodernization of society in the preceding chapters, as seen earlier, Harvey (1989b) briefly presents the diagnosis of the crisis of Fordism, already well known in regulation theory:

"It was about this time [1966-67] too that import substitution policies in many Third World countries (particularly Latin America), coupled with the first big push by multinationals into offshore manufacturing (particularly in South-East Asia), brought a wave of competitive Fordist industrialization to entirely new environments, where the social contract with labour was either weakly enforced or non-existent. International competition thereafter intensified as Western Europe and Japan, joined by a whole host of newly industrializing countries, challenged United States hegemony within Fordism to the point where the Bretton Woods agreement cracked and the dollar was devalued. Floating and often highly volatile exchange rates thereafter replaced the fixed exchange rates of the postwar boom." (HARVEY, 1989b, p. 141).

And also:

"The rigidities of state commitments also became more serious as entitlement programmes (social security, pension rights, etc.) grew under pressure to keep legitimacy at a time when rigidities in production restricted any expansion in the fiscal basis for state expenditures. The only tool of flexible response lay in monetary policy, in the capacity to print money at whatever rate appeared necessary to keep the economy stable". (p.142)

High labor costs are associated with the increased power of workers and their unions, along with post-war regulations that ensure collective bargaining, regular wage adjustments for inflation, and anticipated productivity increases. These factors are further complicated by the aging Fordist production lines and the significant expenses associated with modernizing or replacing them. As inflationary pressures increase due to new monetary policies and currency devaluation, a viable solution is to relocate production to countries where labor and input costs are lower. Additionally, these countries often have less stringent government regulations, including environmental regulations, which further reduce expenses.

The term "flexible accumulation" refers to a regime that characterizes the post-Bretton Woods era. This period is marked by the abandonment of dollar parity and the adoption of floating exchange rates. It encompasses the increasing internationalization of production and consumption, as well as an information revolution that has not only affected production but also enhanced the efficiency of transportation and communication. Additionally, this era has seen the modernization and integration of financial markets on a global scale. There has been a visceral challenge to labor institutions, which has greatly diminished their influence. Foreign trade has become easier and more intense, and as previously mentioned various aspects of social life and work have undergone a postmodernization, including the introduction of new products with innovative designs.

The severe crisis of Fordism as an accumulation regime began in the late 1960s and was exacerbated by the rise in oil prices throughout the 1970s. It set the stage for what came next: a tsunami of neoliberalization in response to the state's strong presence in the economy, spearheaded and later intensified by the Thatcher and Reagan governments. The fixity, or as Harvey himself would say, the "rigidity", of postwar rules and arrangements, particularly in the wealthiest countries, was dismantled and made more flexible to favor investment and international trade. This rigidity of the Keynesian state hindered innovation in areas of interest to capital, such as investment in fixed capital. Furthermore, it prevented reductions in labor costs due to established labor market rules, and it prevented the maintenance of elevated welfare state and public investment costs. A widespread crisis imposed a severe

fiscal crisis on the state. For a period, or at least until the mid-1970s, the solution to the problem was primarily monetary, involving the increase in the money supply through the issuance of currency and government bonds, which resulted in public debt. The result was intense inflationary pressure. According to Harvey, when Thatcher and Reagan introduced their restrictive monetary policies in the early 1980s, such measures, despite their unusual impact, were a "continuation" of the reforms already initiated in Great Britain and the United States in the preceding years. These countries led the way in what came to be called the "neoliberalization" of the economy.

Throughout this process, the crisis, monetary expansion, and subsequent monetary restrictions reduced investment opportunities in core countries. This allowed the accumulated Eurodollars and petrodollars to be utilized by Third World countries and companies. Multinationals proliferated, relocating their businesses abroad, particularly to countries experiencing rapid industrial growth due to investments during the "economic miracle" years, driven by the import substitution policy. In the 1980s, many countries, including Brazil, faced an external debt crisis due to the accumulation of debt incurred during this period, often referred to as the "economic miracle" because of the economy's high growth rates. Consequently, the 1970s and 1980s were marked by crises and significant economic and social restructuring in core countries. As Harvey states, this marked the start of a new phase of "time-space compression." What followed can be summarized as follows:

"Flexible accumulation, as I shall tentatively call it, is marked by a direct confrontation with the rigidities of Fordism. It rests on flexibility with respect to labour processes, labour markets, products, and patterns of consumption. It is characterized by the emergence of entirely new sectors of production, new ways of providing financial services, new markets, and, above all, greatly intensified rates of commercial, technological, and organizational innovation." (HARVEY, 1989b, p.147).

Such flexibilities also resulted in a type of unemployment that became "structural" and led to the destruction of a significant amount of labor union power, which was the foundation of the Fordist regime. Subcontracting, temporary work, part-time work, offshore work, and movements toward "Peripheral Fordism" in countries with lower labor costs, as explained by Lipietz (1987), became standard practices. Countering this process, markets previously considered niche (such as video games, computers, telephones, and fashion) grew with innovative products. The deregulation, reorganization, and coordination of the global financial system, facilitated by technological advancements in computing, electronics, and telecommunications, made complex international capital movements possible. Fiscal conservatism and non-intervention in the economy, allowing the free movement of capital, stimulated what Harvey describes as "competitive individualism."

The complementary concept of accumulation by dispossession is elaborated in *The New Imperialism*, in which Harvey (2003) discusses access to a global commodity fundamental to contemporary development—the oil reserves in the Middle East. The concept is crucial for understanding the current moment in contemporary political economy, which is characterized by rentierism across various sectors. In particular, it explains the speculative nature of flexible accumulation and its real estate dynamics. The concept of rentierism is closely linked to the notion of "accumulation by dispossession," which refers to the appropriation of rents derived from oil reserves. David Harvey further developed this concept in his later analyses, broadening its meaning to encompass all forms of rentier appropriation characteristic of contemporary capitalism. Accumulation by dispossession is an updated version of Marx's concept of primitive accumulation and is strongly associated with the processes inherent in flexible accumulation.

At its core, the key issue is the relationship established between financial capital and real estate in the late 1960s. As capitalist development is primarily a geographic phenomenon, capital, in its relentless pursuit of new profit opportunities, must traverse different territories. However, production of space follows its own particular logic, which will be explored further below.

GLOBAL RENTISM: THE SPECIFICITY OF REAL ESTATE AND BUILT SPACE

For investments to move in space, in addition to financial globalization (and for this to occur), the installation of appropriate infrastructures is necessary. This concept is aptly defined by Manuel Castells in his *Theory of Space of Flows*, as presented in *The Network Society* (CASTELLS, 2009), initially published in 1996. The author discusses the (in)material forms of organization and circulation of global capital within network societies and informational cities. His theory suggests that the spatial organization of the global economy relies on three interconnected levels or layers. The first layer involves the generation of flows, which encompasses a circuit of electronic impulses, including financial data, information, technology, organizational structures, images, sounds, symbols, and more. The second layer consists of nodes, which are the reception points at destinations, including infrastructures, corporate headquarters, and communication centers. Finally, the third layer encompasses the local material conditions necessary for the reproduction of the managerial classes that control these flows, such as airports, quality schools, clubs, restaurants, clinics, hospitals, gyms, shopping malls, security services, and other amenities. Once the three bases are implemented, it is then possible to connect – generally through different platforms – advanced services, production centers, and markets in general into a global network.

As he accurately writes, "[...] elites form their society and constitute symbolically segregated communities, protected behind the material barrier of real estate prices" (p.505).

Paradoxically, postmodern architecture's attempt to break the models and standards of architectural discipline resulted in an imposed postmodern monumentality that became a widespread rule in new corporate headquarters from New York to Kaoshiung during the 1980s. Therefore, the space of flows includes the symbolic connection of homogeneous architecture in the places that constitute the nodes of each network around the world. In this way, architecture escapes the history and culture of each society and becomes hostage to the new and admirable imaginary world of unlimited possibilities that underpin the logic conveyed by multimedia: the culture of electronic surfing, as if we could reinvent all forms anywhere, only under the condition of immersing ourselves in the cultural indefiniteness of the flows of power. The enclosure of architecture in a historical abstraction is the formal boundary of the space of flows. (CASTELLS, 2009, p. 507)

Architecture, therefore, is another aspect of rentierism in this process, generating additional income for the capital interests involved in production of space.

Transferring investments across regions is a complex operation necessary for capital's survival. This complexity arises from the need for substantial investment and a thorough understanding of local social, political, and economic conditions to facilitate profitable adaptation. In general, the significant amounts involved in such transfers from one location to another necessitate the use of reliable financial mechanisms. This has contributed significantly to the global market's growth in recent decades. Investment in real estate forms the foundation of this entire operation. It is a fixed investment that requires an extended timeframe to yield returns.

In the 1997 article *The Brick and the Balloon*, which was later included in his collection *The Cultural Turn*, Fredric Jameson examines the connections between economics, culture, and architecture. He aims to shed light on the strong relationship between finance and real estate, though the text can sometimes be challenging to understand. The title is a parody of Charles Jencks's definition of the paradigmatic shifts in the fields of architecture and urbanism at the time, suggesting that, although there has been a change in the scale of buildings – particularly corporate and public buildings –, these buildings have acquired a distinct shape, making them lighter. The difference is between a "brick" and a "balloon." He starts with the following understanding:

"The shift from investments in production to speculation on the stock market, the globalization of finance and ... the new level of a frenzied engagement with real estate values: these are realities with fundamental consequences for social life today" (JAMESON, 1998, p.170).

In his analysis of New York City, having previously examined Los Angeles in his other writings, he observes an increasing trend in the "liberation" of land that was once occupied by small businesses and manufacturers. This shift has led to a significant rise in land prices, driven by real estate speculation. Jameson explains, drawing on *The Limits to Capital*, a book by David Harvey published in 1982, that ground rent and land value (which includes any improvements made) are essential to the dynamics of capital. However, depending on how much the capitalist needs to spend on land use, this can pose an obstacle to accumulation. He writes:

"[...] the moment of ground rent, and that moment of finance capital which is organized around it, are permanent structural elements of the system, sometimes taking a secondary role and sinking into insignificance, sometimes, as in our own period, coming to the fore as though they were the principal locus of capitalist accumulation" (JAMESON, 1998, p.184).

Marx calls ground rent "fictitious capital" because it appears to arise from nothing; it is not a product of labor. However, land acquires a price because there is an expectation of future value. It is a necessary gamble on future profit (future labor) to be obtained from the use of the land. Such an expectation of future profit cannot materialize without the presence of the credit system and stock markets, that is, finance capital. Due to the strong connection between finance and real estate, there is currently a unique type of real estate speculation that aligns with specific architectural styles.

While Jameson still refers to these styles as postmodern, they are also commonly known as contemporary today. Finance capital and financial globalization are characteristics of late capitalism. More than that: "For in the realm of the spatial, there does seem to exist something like an equivalent of finance capital, indeed a phenomenon intimately related to it, and that is land speculation." (JAMESON, 1998, p. 163).

Everything revolves around real estate, albeit in new scenarios and forms that require, as Jameson (1998) notes, new interpretative mediations. In the context of globalization, as discussed thus far, real estate has played a preponderant role, as Harvey points out. However, in *The Urban Experience*, chapter 2 (*The Urban Process Under Capitalism: A Framework for Analysis*), using Marx's classic framework, Harvey (1989c) clarifies the significance of capital circuits in driving economic development, elaborating a kind of crisis theory. He explains how, in times of crisis, capital moves between 'circuits' of production: that is, from the primary circuit to the secondary circuit and then to the tertiary circuit. The primary circuit refers to the general production of goods; the secondary circuit corresponds to real estate; and the tertiary circuit to education, culture, etc. In the new era of capital, investments in the secondary market have prevailed, and they have also seen significant growth in the tertiary market. Real estate not only serves as an essential requirement for the development of any capital activity, but it is also becoming an increasingly lucrative source of income for property owners and speculators.

In summary, real estate has transitioned from being an auxiliary sector in the Fordist industrial economy to playing a crucial role in the post-industrial, post-Fordist economy, also known as the economy of flexible accumulation. In this new economic landscape, financial capital, now integrated with real estate assets, assumes a preeminent role. The financial-real estate complex gains prominence. This is because, in addition to growing relative to other sectors and increasing profitability, real estate has started to serve as a store of value. This existed previously, but it has now become a store of value that is used as collateral in financial transactions, including traditional mortgages, and also serves as collateral for itself. In this context, real estate is openly owned, leading to a process known as "assetization". A distinctive feature of this new era is that the real estate enterprise itself is considered a financial asset. Additionally, in many cases, the commercial exploitation of its use – such as the rental industry – is also treated as an asset.

To explain the issues related to income distribution, we should revisit the concept of competitive bidding, which has been relatively overlooked until recently. Harvey (1993) references this idea in his 1973 book, *Social Justice and the City*, still within a liberal framework. Based on von Thünen's marginalist principles, it explains why the wealthy generally have greater choice and access in the real estate market. This process is here called theater theory. The theory explains real estate dynamics in general. Since not all existing conditions are fixed or given, as liberal economists would have it, there are exceptions even in immediate proximity. Perhaps this theory best explains case by case, focusing on

each property—land or building—separately. The immediate neighborhood, as well as even the most distant ones, may exhibit different dynamics since each location is unique.

The theater theory explains how the real estate market behaves. Imagine a theater and consider some specific situations that guarantee or deny access to it. First, there must be a need or desire to go to the theater. Starting from this assumption, if there is a certain number of seats in the theater, the patrons who arrive first will be entitled to enter and enjoy the theater, choosing their seats first, while the subsequent ones will choose their seats as they arrive. If there is an admission fee, the logic changes significantly. Only those who want to attend the theater, possess the financial means, and are prepared to pay for their ticket will be able to gain entry. If there are no numbered and assigned seats, they can choose their location on a first-come, first-served basis. If there are different prices for specific locations in the theater – for example, if the seats in the rows closest to the stage are more expensive – then, additionally, only those with higher incomes and the willingness to pay more will be able to occupy the front rows. If, however, the latter prefer to buy a cheaper seat, they may exclude someone willing and able to pay for it, but not for the more expensive seats in the front rows. Assuming there are enough paying customers, this could create a strange situation where all the cheaper seats in the back are taken, while some seats in the front remain available. Furthermore, if there are not enough paying customers to fill the back seats, there may also be empty seats in that location, even though there are people who want to attend the theater but lack the necessary resources.

Real estate dynamics are constantly influenced by changing material and locational conditions, such as infrastructure, land ownership structures, and proximity to services and attractions. Gentrification, for example, is one such situation in which higher-income populations, increasingly driven by real estate agents and their ventures, change the real estate market dynamics in their favor, beginning to occupy (or reoccupy) areas and "expelling" lower-income populations from the area (SMITH, 2007).

The dynamics of real estate, its speculative potential, and its appeal to financial capital can be better understood by referencing the in-depth discussion of land rent found in *The Limits to Capital* and *The Urban Experience*. In particular, Chapter 3 of *The Urban Experience*, titled *Land Rent Under Capitalism*, provides valuable insights. (HARVEY, 1999; 1989c). This is not the place to dwell too much on this well-known topic – specifically, the concepts of absolute rent, monopoly rent, and differential rents (1 and 2). However, it is essential to consider certain aspects of these concepts to understand how real estate is inherently linked to finance in the dynamics of capital.

Harvey (1989c) states that Marx had great difficulty explaining payments made to landowners based on his Theory of Value, whose measure is human labor time. It was not easy to include landowners in this formulation, as they neither produce nor work, but only receive payment for their property. Therefore, Marx's theory was based on the existence of two main social classes; however, he sometimes included landowners as a third class without further explanation. Under capitalism, everyone needs access to land to survive and carry out their work activities; rural producers, industrialists, builders, and migrants, among others, all must pay for access to land. However, and precisely for this reason, "The key to the interpretation of the role of landed property under capitalism lies in the pressure it asserts upon the capitalist" (HARVEY, 1989c, p. 93). In other words, the capitalist has to pay a price for access to land. However, there are many other implications. For example, due to private land ownership, land rent – or payments received by landowners for the cession of use of their land – also constitutes a form of social control over the production and organization of space under capitalism. It is crucial in the spatial production process.

What is more relevant in this context is that, for Marx, "land" should be viewed as a financial asset, specifically as "fictitious capital." Its speculative nature means that property rights to land, much like financial assets, can be sold in anticipation of future profits. Capitalism cannot function without fictitious capital. It organizes and facilitates the movement of capital across time and space, as well as between sectors of the economy. Only through the credit system, for example, "[...] can capital be shifted rapidly from unprofitable to profitable sectors and regions, new lines of activity be opened up, centralization of capitals be achieved, etc. The credit system [...] becomes the central nervous system for the coordination of accumulation." (HARVEY, 1989c, p. 95-96).

There is, however, a close relationship between land rent and interest. Harvey (1989c, p. 96) explains it as follows:

"The money laid out by the buyer of land is equivalent to an interest-bearing investment, a claim upon the future fruits of labour. Title to land becomes a form of fictitious capital, in principle no different from stocks and shares, government bonds, etc. (although it has certain qualities of security, illiquidity, etc.). Land, in short, can be regarded as a pure financial asset."

In summary, no one would invest in land or real estate unless they expect the future income to be equal to or greater than what they could earn from other financial investments. In both scenarios, these investments are considered speculative bets on the future. Investing in real estate not only offers financial returns but also provides the ability to organize land use and manage capital flow within a given area. This means that land is made available for capital circulation. However, the situation is complex because it can be challenging to differentiate between the rent paid for the land and the interest earned on the capital invested in it. Fictitious capital, including land rent, is thus a condition for capital accumulation.

Given the above, what drives capitalism and capital accumulation is relentless economic growth, which is based on the continuous exploitation of labor and ever-renewed technological and organizational dynamics.

"Yet, Marx insists, there is a single unitary principle at work that underpins and frames all of this revolutionary upheaval, fragmentation, and perpetual insecurity. The principle resides in what he calls, most abstractly, 'value in motion' or, more simply, the circulation of capital restlessly and perpetually seeking new ways to garner profits." (HARVEY, 1989b, p.107).

Due to its constant growth, capitalism faces constant crises, some of which are sectoral, temporal, or geographically localized, while others are structural. These are crises of overaccumulation. Solutions differ for both cases, including temporal displacement, where capital either seeks alternative investments during a recession or refrains from making any investments at all. Another approach is accelerating the speed of capital realization, which necessitates greater investment in technology and organizational development. Lastly, spatial displacement is the most common and definitive practice, involving the expansion into new geographic areas and the creation of new spaces for production and consumption. Most commonly, temporal and spatial solutions are combined into new investments, creating what Harvey refers to as a "spatial fix". However, crisis or overaccumulation is also a constant in capitalism.

In *Urban Crisis and Anti-Value* in David Harvey, Valença (2020) explains the empire of anti-value, the generator of the current urban crisis. Anti-value plays a significant role in capital accumulation, as we have seen. In its form as interest, it helps to coordinate the production, circulation, and realization of goods, facilitating the geographic movement and transfer of capital across different circuits, sectors, and production cycles. Anti-value, as interest, returns to the economy and plays an important role. One of capital's preferred forms of anti-value is, however, debt, especially if it is secured by the state. Debt subjects everyone to perpetual servitude. The constant production of capital must generate surplus value that also covers the cost of servicing the debt. Capital fetishism refers to the perception that money alone can autonomously generate more money. This view obscures and normalizes the reality that one must produce even more to cover the cost of debts. The expanded reproduction of capital, infinite accumulation, and the need for endless capital growth are what Marx calls the "bad infinity." Globalized financial capital is the empire of growing debt that imprisons us all. Global rentism—resulting from the financial-real estate complex—is the dominance of anti-value in its form of debt.

CONCLUSION

There is no definitive conclusion here. The infinite nature of anti-value and the unlimited development of capital do not yet allow us to conclude this chapter in the history of global political

economy. Harvey, following Marx, refers to this ongoing development as "Madness" – a form of madness filled with rage. The nature of economic development under capitalism, particularly in recent decades, has not only led to systematic and frequent crises but has also generated an ecological crisis with severe and far-reaching consequences. Achieving global growth rates of 2% or 3% per year is unsustainable and will lead to environmental destruction. Economic development within capitalism relies on the consumption of energy, clean water, various minerals, cement, steel, and many other resources. This process starts with extractive activities, which are often concentrated in poorer countries where regulations and oversight are lacking. Over time, and at an accelerating pace, this economic system is causing significant harm to the planet.

Current economic development is damaging to those who pollute, heat, and destroy; it is damaging to those who, by producing, also produce so much inequality and suffering; and it is damaging to all of us who share this planet!

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