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Labour, Labour Law and Capitalist Rent-Seeking: Rentier Capitalism and Labour in Historical Perspective

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Chapter 12: Labour, Labour Law and Capitalist Rent-Seeking:

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Abstract

The rise of rentier capitalism in advanced capitalist countries has detrimentally affected large numbers of worker and impaired the efficacy of protective labour and employment laws. However, capitalist rent-seeking is not unique to rentier capitalism, but rather has taken a variety of forms over time. This chapter begins by exploring the evolving meaning of rent and changing practices of capitalist rent-seeking. It then considers the ways in which workers responded to those practices in both rent-rich and rent-poor sectors of the economy, including through the enactment of labour and employment laws appropriate to, but only partially successful in addressing labour exploitation in each sector. The chapter then considers the impact of rentier capitalism on work in productivist firms and the efficacy of existing protective labour and employment laws. It concludes by considering possible reforms to protective laws for rentier capitalism while recognizing their limits in worlds built on structures generative of labour exploitation.

The rise of rentier capitalism in advanced capitalist countries has detrimentally affected large numbers of workers, and impaired the efficacy of protective labour and employment laws. These developments are the focus of this chapter, but to better understand their impact, it is important to locate them against the history of workers' experiences with rents and rent-seeking in capitalist formations. This requires an exploration of the evolving meaning of rent within economic discourses and their relation to rent-seeking practices, which provide the context within which those discourses respond. Therefore, the chapter begins with an overview of the evolving meaning of rent and practices of rent-seeking and labour's encounters with them, focusing in particular on differences between rent-rich and rent-poor sectors of the economy. It then turns to a brief discussion of the protective labour rights regimes that developed for each of these sectors. This sets the stage for a discussion of the rise of rentier capitalism and its impact on relations of production and the efficacy of protective labour and employment regimes. The chapter concludes with some speculative approaches to rebuilding labour protection under rentier capitalism.

Meanings and practices of rent and rent-seeking

Discussions of rent and rentier capitalism confront the problem of defining the meaning of rent, as categories of rent change in response to historical practices of capitalist rent-seeking.[1] Christophers (2020: xx-xxvi) and Stratford (2022; this volume) both identify two dominant understandings. The first definition, now associated with heterodox economics, originates from land rents paid by tenants to landowners who enjoyed monopoly power over an inherently limited asset. In the case of England, land ownership was highly concentrated, which heightened its scarcity and enabled landowners after the slow demise of feudalism to extract rent through market forces, a phenomenon that played an important role in the transition to capitalism (Wood 2017: 95-121). Over time, the concept of land rent was extended to other factors of production, so that rent could be extracted, according to Hobhouse (1911: 26, quoted in Stratford 2022) 'whenever anything of worth to men of which the supply is limited falls into private hands.'

[1] Harvey (2018, 57) makes the general point that categories of value change over time to reflect labour practices.

A second concept of rent, rooted in neoclassical economics focuses on restrictions on competition based on market power. While asset ownership sometimes allows the extraction of rent because of its inherently limited supply, that is not always the case. Sometimes the extraction of rent depends on market power derived in other ways. While public choice theorists hijacked this later understanding to focus on securing market power exclusively through state action, they ignored (or assumed away) the multitudinous ways asset owners engaged in restricting competition through private arrangements, such as cartels and mergers (Christophers 2020: xxiii-xxiv; Sayer 2020).

Christophers (2020: xxiv) draws on both traditions to define rent as '*income derived from the ownership, possession or control of scarce assets under conditions of limited or no competition*' (italics in original). It bears emphasising that the 'conditions of limited competition' may be a function of natural or socially constructed scarcity, or both, remembering that private property rights that allocate naturally scarce resources to individuals are not themselves natural, but rather are social relations.

The broadening of the concept of rent, including both the classes of assets from which rent could be derived and the focus on securing market power to reduce market competition, took place against the background of the first and then the second industrial revolutions. The growing importance of manufacturing to the economy in the first industrial revolution emphasised the role of tangible and intangible factors of production other than land while the second industrial revolution was associated with increased efforts by owners of capital assets deployed in industrial production to enter into a variety of inter-firm arrangements designed to reduce or control competition, including 'gentlemen's agreements', trade associations, and cartels the precise forms varying in different jurisdictions and changing over time (Fear 2008; Freyer 1992).

An alternative to inter-firm agreements was inter-firm mergers that created large vertically integrated corporations that facilitated sizeable investments in production facilities, marketing and distribution and management that not only produced efficiencies, but as argued by Chandler, their scale and scope created barriers to entry that in themselves limited competition and facilitated the creation of oligopolistic structures to restrict competition (Chandler 1990a).

As a result of these developments, we can identify two ideal-type firms (and corresponding economic structures) based on their ability to extract rent.[2] Type 1firms are mostly small and medium-sized, characterised by low capital investments, little market power and basic management structures, that produce goods and services for sale in highly competitive markets. Because of low barriers to entry, these firms also find it difficult to establish stable forms of inter-firm cooperation to reduce competition, and are generally unable to extract rents and struggle to generate profits. Type 2 firms are those described by Chandler that are engaged in more capital-intensive production, and require more technical and managerial skill, which create barriers to entry that restrict competition. As a result, these firms are able to extract rent, but importantly their rents derive fundamentally from investments in production, even though they may also engage in inter-firm or legal and regulatory strategies to further restrict competition.

Labour's historical encounters with rent and rent-seeking

Labour's historical engagement with these two types of firms differed enormously, as did the development of protective labour and employment laws. Type 1 firms characteristically employed lower skilled and lower waged workers and were notoriously difficult to organise, in part because workers lacked a partial monopoly of skill that could be mobilised to limit entry by other workers enabling them to extract rent for the sale of their labour power.[3] As well, owners in highly competitive markets operating at the margins of profitability were pressed to exploit the workers they hired by extracting as much labour output as possible. This is not to say there weren't exceptions. For example, in the nineteenth century, when craft workers were engaged in such firms, they limited access to their skills, making them a scarce resource that facilitated their ability to organise and set prices for their labour above what they would have earned if they were

[2] I draw here on the work of Herman Schwartz (2021, 2022) who identified three ideal type firms, but I have renumbered the types to better align with my historical account. My type 1 firm accords with his Type 2 firm, while my Type 2 firm accords with his Type 3. I will return to consider his Type 1 firm, which relies primarily on intellectual property rights to extract rents from other firms, later in the chapter but will refer to them as Type 3 firms.

[3] There is a long history of craft workers limiting access to their skills dating back to the guild era. Central to craft unionism was the maintenance of entry restrictions through apprenticeships, which were a key point of conflict with employers during the nineteenth century. For example, see Rule (1986, 320-28).

forced to compete against each other in more open labour markets. Their restrictive practices left them vulnerable to being treated in law as unlawful combinations to restrict competition (Tucker 1991). However, even craft workers often found it difficult to impose wage schedules against recalcitrant Type 1 employers who had no or minimal rents to share. Moreover, lower-skilled workers were rarely able to organise and maintain unions capable of reducing wage competition.

There were, however, some situations where leading employers in highly competitive industries saw the benefit of cooperating with unions to jointly regulate the industry, to reduce low-wage competition and protect profit margins. For example, such arrangements were sometimes reached in the garment manufacturing industry, and governments often enacted legislation to extend these collective agreements to all employers in the sector thereby reducing wage competition. No new commodities were produced, but product prices could be increased with a partial sharing of the ensuing rents between labour and capital.[4] While successful for a time, these arrangements were often difficult to sustain, especially when local employers faced overseas competitors, who were not subject to the agreement (Jalette, Charest and Valle 2002; Palmer 1992; Fudge and Tucker 2001: 198-205).

In the absence of collective bargaining or joint regulation, workers depended on the enactment of minimum standards laws governing wages, hours of work and other terms and conditions of employment. These provisions were enacted piecemeal in Canada, beginning with health and safety and workers' compensation legislation in the late nineteenth and early twentieth centuries and expanding to female minimum wages after World War I. A fuller package of minimum supposedly universal standards began to be enacted during the Great Depression and in the post-World War II era as the role of the state in managing productive capitalism expanded. But even here, numerous exemptions and special rules to accommodate employer demands and improvements left gaping holes in the floor of rights, and efforts to strengthen minimum standards were always subject to strenuous opposition, especially from the small business sector that was most likely to be affected by them (Thomas 2009; Fudge and Tucker 2000; Fudge 1991;

[4] According to neoclassical economists, this was rent seeking at the expense of the consumer who would have to pay higher costs for the garments they purchased, thereby depressing demand, although this would be partially offset by the increase in wages to the workers who produced and purchased clothing.

Tucker 1990). As we shall see, it is important to keep the limits of this baseline in mind when assessing the impact of rentier capitalism.

Labour's engagement with Type 2 firms followed a different trajectory. Initially, these firms, which enjoyed economic rents based on the barriers to entry resulting from their large investments in production and management, fiercely resisted trade union organisations and, indeed, fought pitched battles to break the craft unions of the rump of skilled workers on whom they still depended (Tucker and Fudge 1996; Montgomery 1987). Nevertheless, organising among semi-skilled industrial workers in major industries, such as steel, auto, rubber and coal, persisted, and during favourable conjunctures they developed the capacity to significantly disrupt production when their attempts to gain recognition and bargain for a share of these firms' rents were rebuffed. The threat was particularly serious for firms with large, fixed capital investments in productive assets. Additionally, Keynesian economic policies, which recognised the role of supporting aggregate demand in sustaining the realisation of profits from production, gained traction as left-liberal and social democratic parties gained political strength. The threat of labour disruptions and concern about under-consumption supported the development of state-managed productive capitalism that included collective bargaining to provide workers with a share of Type 2 firm rents sustained by linking wage increases to productivity gains (Askenazy, Cette and Maarek 2018; Lichtenstein 2017).

But as was the case with minimum standards, it is important not to exaggerate the extent or strength of the collective bargaining regime. Its laws worked best in economic areas dominated by a few major companies, or in heavily regulated industries that could pass on wage increases. Moreover, the North American collective bargaining system embraced a highly fragmented bargaining structure that neither supported sectoral bargaining nor even employer-wide bargaining with firms that operated in multiple locations even within a single jurisdiction. The impact of rentier capitalism must be assessed against this background rather than an idealised image of the so-called post-World War II accord.

While as late as 1990, the prominent American business historian Alfred Chandler Jr. (1990b; 758) predicted that Type 2 firms would continue to dominate American and, indeed, global capitalism, the writing of change was already on the wall.

The rise of rentier capitalism and it's impact on labour and protective labour and employment law

What Chandler missed, of course, was the rise of rentier capitalism and with it the growing prominence of the Type 3 firm,[5] which unlike the Fordist-era Type 2 firm, seeks monopoly profits or rents through their control of 'chokepoint' assets that are a condition of production, or provide a competitive advantage that they can uniquely provide, without directly engaging in or managing production (Rogers 2023). Vercellone's (2013) puts the arrangement aptly as one in which rentiers assume an exterior relation to production, rather than an interior one as was the case of capital in the Fordist era.[6]

We can also illustrate the difference between productivist and rentier capital using a classic Marxist formulation.[7] Figure 1 depicts the productivist capital in motion through the circuit of commodity production:

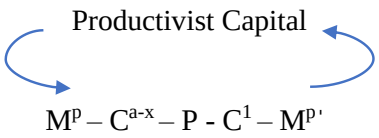

Figure 1

Productivist capital (M^p) purchases a variety of commodities (C^{a-x}), including labour (C^L) and organises and manages the production process (P) to produce a new commodity (C^1) which it hopes to sell for more than the cost of production ($M^{P'}$). The delta between M^P and $M^{P'}$ are profits, some of which are reinvested in the circuit of commodity production. Type 1 and Type 2 firms both depend on their ability to extract more value from the commodified labour they hire

[5] To remind readers, I draw here on Schwartz's (2021, 2022) typology, but have renumber the firm types to accord with this historical development.

[6]; Also, see Sadowski (2020).

[7] Adapted from Smith (2017, 109)

than its cost, although they differ in their ability to secure rents on the sale of the commodities they produce. Type 1 firms sell in highly competitive markets where rents are likely to be negligible and profits difficult to sustain, while Type 2 firms enjoy barriers to entry based on their investments in productive assets and management that reduce competition and allow rents to be realized.

Figure 2 depicts how rentier capital ($M^{R)}$ enters the circuit by its ownership of an essential commodity (C^{e}) for productivist capital's circuit of commodity production. It can charge productivist capital a monopoly rent for its use because of the commodity's scarcity, whether natural or, more commonly, artificial. The relationship between M^{P} and M^{R} in essence involves a redistribution of value extracted in the productivist circuit of production so that the enhanced delta between M^{R} and $M^{R'}$ arising from monopoly rents reduces the profit that would have gone to productivist capital ($M^{P\text{-rent}}$). Thus, we can see that Type 3 rentier capitalist firms are parasitic on Type 1 or Type 2 firms, siphoning off a share of the surplus value they extract or the rents they may enjoy.

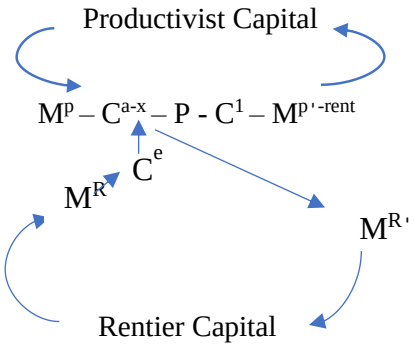

Figure 2

There is now a large literature documenting the growing dominance of rentier capital (e.g., Christophers 2020; Standing 2017) so our concern here is on its impacts on labour and protective labour and employment law.

One general feature of rentier capitalist firms is that they are not directly engaged in production, but rather thrive by making claims on surplus produced elsewhere. As a result, in general, they are characterised by their low levels of employment and a high percentage of professional employees engaged in the creation or acquisition and management of assets (Christophers 2021) - although they also employ significant numbers of non-professional office staff. For example, the American-based global fast-food franchisor, Subway, has been estimated to only have 5,000 employees (Zippia 2023), while its 37,000 franchised stores employ over 400,000 workers (Forbes 2023). Clearly, Subway's profits are not extracted from its own small workforce, but from the rents it commands from its franchisees through fees and royalty payments. As Christophers (2019: 143) put it, 'Economic rent, not food, is Subway's business: it owns and constantly fine-tunes an asset in the form of the concept of the Subway restaurant.'

While the study of work and employment regulation inside rentier firms merits study, it is not the focus of this chapter. Rather, it is concerned with the impact of rentier capital on the hiring of labour (C^L) and management of production (P) in the productivist firm and the efficacy of protective labour and employment in that setting. That said, the ideal type 3 rentier firm just described does not fully accord with the reality of many. As discussed below, rentier firms often exist as hybrids that impose extensive vertical controls on client productivist firms thereby assuming an interior role in the production process and potentially crossing the legal line that separates rentiers from employers.

As Christophers (2020: xxx) demonstrates, the range of assets that have been rentierised is quite varied, necessitating a study rentier *capitalisms*. It follows that this chapter cannot possibly explore all rentier capitalisms' impacts on work and protective laws, and instead will focus on two illustrative cases, retail franchising and platform mediated work, that can provide some generalisable insights.

Retail franchising

Franchisors are rentier capitalists who own a brand that they license to legally independent businesses that operate under its name. The license is typically accompanied by numerous vertical restraints that dictate in important ways how the franchised business is to be run to protect the value of the brand and maximise the profits of the franchisor (Calacci 2021). Indeed,

in extreme cases, the vertical restraints are so great that the relationship may be classified as one of employment rather than a franchise (Tucker and Bartkiw 2023).

The franchise structure produces an extremely fragmented workforce since each franchise unit is treated as a small business that employs its own workforce. This alone has a significant impact on working conditions. In Canada, for example, small businesses with less than fifty employees pay below average wages, and have low levels of collective bargaining coverage (Statistics Canada 2023a and 2023b). Of course, small workplaces are hardly a unique feature of franchised retail businesses. There are many small independent, non-franchised Type 1 employers operating in the retail sector as well.

The fast-food market also has national chains like Starbucks that directly operate their own stores, and buy and process their own beans. As such they might be thought of as vertically integrated Type 2 firms. But that is only partially true. North American labour law treats each store as if it were an independent business in the sense that the employees of each store must be organised and bargain separately. Needless to say, this is a daunting task. At the time of writing, less than 300 out of more than 15,000 US Starbucks have unionised, and none have successfully negotiated a collective agreement (Giordano 2023).

Small business size, however, is only one piece of the puzzle. Franchisors do not just sell a brand, but exercise extensive vertical controls over most aspects of the franchisee's business. For example, even though small Type 1 businesses are able to make a range of constrained choices about supplies and equipment (C^{a-x}), vertical controls in franchising severely restrict those options. Franchisees are often required to purchase supplies from the franchisor at fixed prices. They also have no control over sale prices. Moreover, because franchisors are paid on gross sales, they have an incentive to increase sales through promotions, without having to consider the impact on franchisees' profit margins. Because these controls restrict the franchisees' ability to manage their non-labour costs or prices, they are left with few options other than to sweat the labour they hire. Moreover, as residual profit holders, franchisees already have a strong incentive to minimise wage costs and closely supervise employee performance to extract maximum effort (Calacci 2021; Weil 2014: 122-158; Felstead 1991). Finally, they are assisted by franchisors who commonly include covenants in the franchise agreements that forbid one franchise unit from

hiring the employees of another unit (no-poach agreements) that limit turnover, and provide each unit with a degree of monopsony power (Askenazy this volume; Kruger and Ashenfelter 2022).

Research shows that franchisees pay less than parent-owned companies (Krueger 1991) and that they focus more on cost reduction by underinvesting in human resource practices (Lakhani and Ouyang 2022), although some research found that franchised stores invest more in human resource practices than independently owned stores (Cappelli and Hamori 2008). Even more telling is research that finds franchisees are more likely to violate employment standards, such as wages and hours laws, than comparable company-owned establishments (Ji and Weil 2015) or non-franchised business (Easton, Noack and Vosko 2021). Finally, there is evidence that the enforcement of protective labour and employment law is particularly challenging in the franchise environment (Hardy 2020; Elmore 2018; Kellner et al. 2016).

In thinking about the impact of rentier capitalist franchising on labour and employment law, it is important to keep in mind the context of the fast-food retailing generally. Employment conditions in this sector are generally poor, and labour and employment law often fails to protect employees from wage theft or provide meaningful access to collective bargaining (Weil 2010; Vosko et al 2020). While this moderates the negative impact of rentier capitalism in this sector, it is only because the baseline is so low to begin with.

Digital labour platforms: platform-mediated work

Platform rentiers claim to provide market intermediation services that facilitate transactions between two or more parties for a fee or rent that the parties are prepared to pay for the value of the service. As with other rentiers, the model is premised on the rentier owning a commodity that is essential to or provides a competitive advantage that only they can provide. While there is some truth to that claim, in reality platform rentiers do much more, depending on the type of market they serve and facilitation they provide. Our focus here is narrower. It is with digital labour platforms, that is online platforms through which primarily human labour power is bought and sold. This includes such well-known platforms as Uber, DoorDash and Amazon Mechanical Turk (AMT). The typical transactional structure of platform-mediated work (PMW) is depicted in Figure 3.

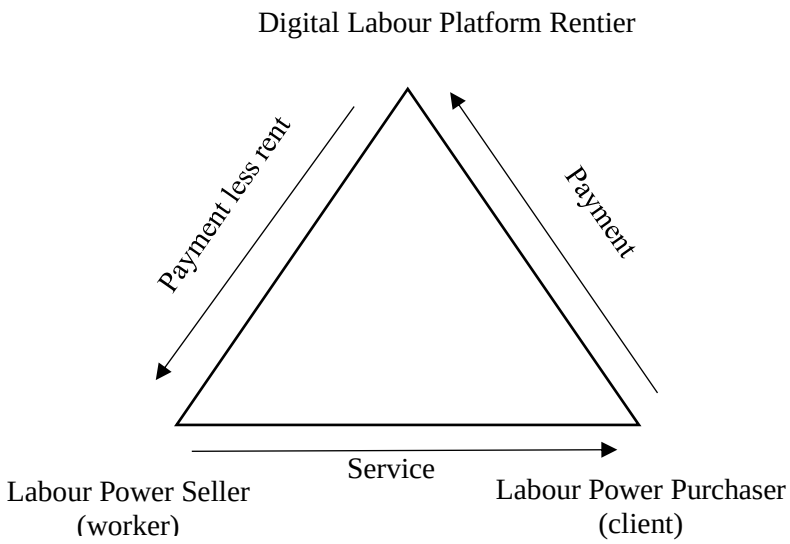

Figure 3

If we take the transactional structure as presented by platforms, workers are neither their employees nor the client, but are independent entrepreneurs who rent a technology provided by the platform. If that is the case, digital platforms dissolve employment and deprive workers of access to most protective labour and employment law which, with some exceptions, extends only to employees. To the extent that the workers who now provide service through platforms were formerly employees, the impact is profound.

The reality, however, is more complicated in two important respects. First, because digital labour platforms often provide far more than intermediation services, they are vulnerable to claims that they are legally the employers of platform workers; second, prior to the advent of platforms, the workers providing these services often existed in a liminal legal space between employment and independent contracting. Therefore, to fully appreciate the impact of PMW on labour and protective labour and employment law, we must consider this background.

But first, it is also important to recognise that digital labour platforms operate in two distinct markets (Woodcock and Graham 2020; Tucker 2020) and their impact may be different in each. The first is for services provided to local consumers and businesses. Uber is perhaps the most iconic, providing local passenger transportation services, but other local services include food

delivery and home cleaning. This work must be performed by workers who are physically present in the same community as the client. The second is for online work, such as data entry, image identification and transcription. This work can be performed by workers and clients located anywhere in the world.

In the local service market, digital platforms like Uber and DoorDash exercise extensive algorithmic controls over the performance of work, and thereby assume an interior position in the production process (Aliosi and De Stefano 2022; Woodcock and Graham 2020). For example, labour platforms keep workers under constant surveillance through digital apps that monitor their location and the time it takes to complete a task. While online, workers have limited freedom to refuse gigs before they may be disciplined through temporary de-activation or be offered less lucrative jobs or shifts. Client reviews are pervasive and failure to maintain high levels of customer satisfaction may lead to discipline. Digital platforms set the price for the labour service, unilaterally determine their fee and tightly restrict communications between workers and clients. Platform's high levels of direction, evaluation and discipline have so seriously undermined their claim to rentier/intermediary status that numerous courts and tribunals around the world have found platform workers to be their employees, or to enjoy a partially protected legal status as 'dependent contractors' (Adams-Prassl 2022; Hastie 2021).

The situation of online workers differs significantly because these platforms are less involved in overseeing the performance of work, and thus less likely to ever be held responsible as employers. For example, while platforms may require workers to demonstrate qualifications to undertake various tasks before they are offered to them, it is the client who determines whether the work has been performed satisfactorily, and who may withhold payment for rejected work. The level of control exercised by the client, however, is unlikely to make them the worker's employer either, given the limited engagement.

To understand the extent the rise of digital labour platforms has resulted in the loss of employment status, poorer working conditions and reduced legal protection, we must also consider the situation that existed previously. If we look at the most prevalent forms of local PMW, such as passenger transportation, food delivery and home cleaning, we find that most of the work was performed by workers in liminal legal spaces with little access to protective labour and employment laws. For example, taxi drivers in most North American cities were not

employees prior to Uber. While some were petty commodity producers who owned a cab and a medallion that permitted them to earn a decent living, many if not most were shift drivers, who rented licensed cabs from dispatchers with whom the owners of those cabs had contracted. In other words, a different class of rentiers was already extracting value from the work of most taxi drivers, and sharply reducing their earnings, so it is not clear that on average Uber drivers are worse off than shift drivers (Tucker 2018).

Of course, it cannot be assumed that the structure of the taxi industry held true for food delivery or other kinds of local service work that is now platform-mediated. But it also cannot be assumed that standard employment was the norm either. For example, while some food delivery workers were employees, others were treated as independent contractors and probably most home cleaners were self-employed.

Similarly, some online work, such as copy editing and transcription were performed in the past by independent contractors, although in the case of workers in the Global North, moving that work into the platform environment may have a more serious impact on their terms and conditions because of competition from workers in the Global South. Overall, online work is very poorly paid. An ILO survey found that in 2017, average income was US$4.43 per hour when only paid work was considered, and US$3.31 when total paid and unpaid time on the platform were considered. Most online workers in the Global North earned less than their national minimum wage, but more than online workers in other regions (Berg et al. 2018). On the other hand, workers in the Global South may have benefited from access to platform work given the limited economic opportunities in their local communities (Wood and Lehdonvirta 2021). However, given the dominant market position of online platforms like AMT, they exercise monopsony power that enables them to depress labour incomes (Askenazy this volume).

In sum, digital labour platforms constitute workers as independent business operators outside the scope of protective labour and employment law, often leaving them worse off than employees working for the minimum wage. While some platform workers claim a protected status, absent extensive regulatory changes it is unlikely most will succeed. However, the negative impact of PMW in the sectors where it operates should not be overstated given the poor working conditions and lack of effective labour and employment laws that existed previously.

Conclusion

This chapter has provided a broad overview of the changing concept and practice of rent and rent-seeking, as well as labour's engagement with economic rent. Rentier capitalism is a new stage in this longer history and generally has a negative effect on working conditions and the efficacy of protective labour and employment law. However, because rentier capitalism takes multiple forms, the totality of its impact cannot be assessed in a book chapter. Instead, the chapter has examined two areas of rentier capitalism, franchising and digital labour platforms. In both these areas, the imposition of vertical controls by rentier firms on their clients illustrates the importance of going beyond ideal types and considering the hybrid character of some areas of rentier capitalism. Similarly, in assessing the impact of rentierisation, the chapter also demonstrated the importance of going beyond idealized images of the efficacy of unions and protective labour laws in ameliorating worker exploitation in capitalist formations dominated by Type 1 and Type 2 firms. o

While a fuller assessment of the impact of rise of rentier capitalism requires studies of its other dimensions, including financialisation (e.g., Kollmeyer and Peters 2019), and their impact on labour market institutions, union density and the efficacy of protective law, the broader trend is clear. The extraction of rents from the circuits of commodity production puts pressure on productivist firms to intensify their exploitation of labour and erode, evade or violate laws that limit their ability to do so. Moreover, as Mazzucato, Ryan-Collins and Gouzoulis (2020, 7) demonstrate, rentier-dominated economies are prone to stagnation 'due to higher income and wealth inequality and the resulting decline in effective demand, or due to a squeeze in the profits of productive firms (or both).'

A number of strategies could mitigate some of the negative effects of rentierisation on employment conditions. For example, broader-based or sectoral bargaining, or collective agreement extension for example, could counter the extreme fragmentation of bargaining that results from franchising and produce much broader collective bargaining coverage. It would also increase bargaining leverage by preventing wage competition between franchised firms, independently operated firms and national chains and decrease income inequality (Hayter and Visser 2021). To make sectoral bargaining effective, it would also be necessary to extend its coverage to all dependent workers, including those currently excluded as a result of being

(mis)classified as independent contractors (Dukes and Streeck 2023). It would also be necessary to provide all dependent workers with protection under minimum standards laws for workers who would remain uncovered by collective agreements. As well, measures to improve their enforcement would be necessary, including giving regulators the ability to go up the chain to reach rentier firms who create the conditions that promote violations by the immediate employer (Weil 2010).

While some mitigation is possible, as long as the social formation is based on capitalist social relations and the structural imperative to continuously expand capital, not only will these efforts face an uphill battle as capital pushes back against regulation, but they also must acknowledge capital's flexibility and capacity to evolve to overcome barriers to accumulation (Smith 2017). Indeed, the rise of rentier capitalism is an expression of that capacity.

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