

Diversity of capitalisms and rent-based economies: An analytical discussion

J. VERCUEIL

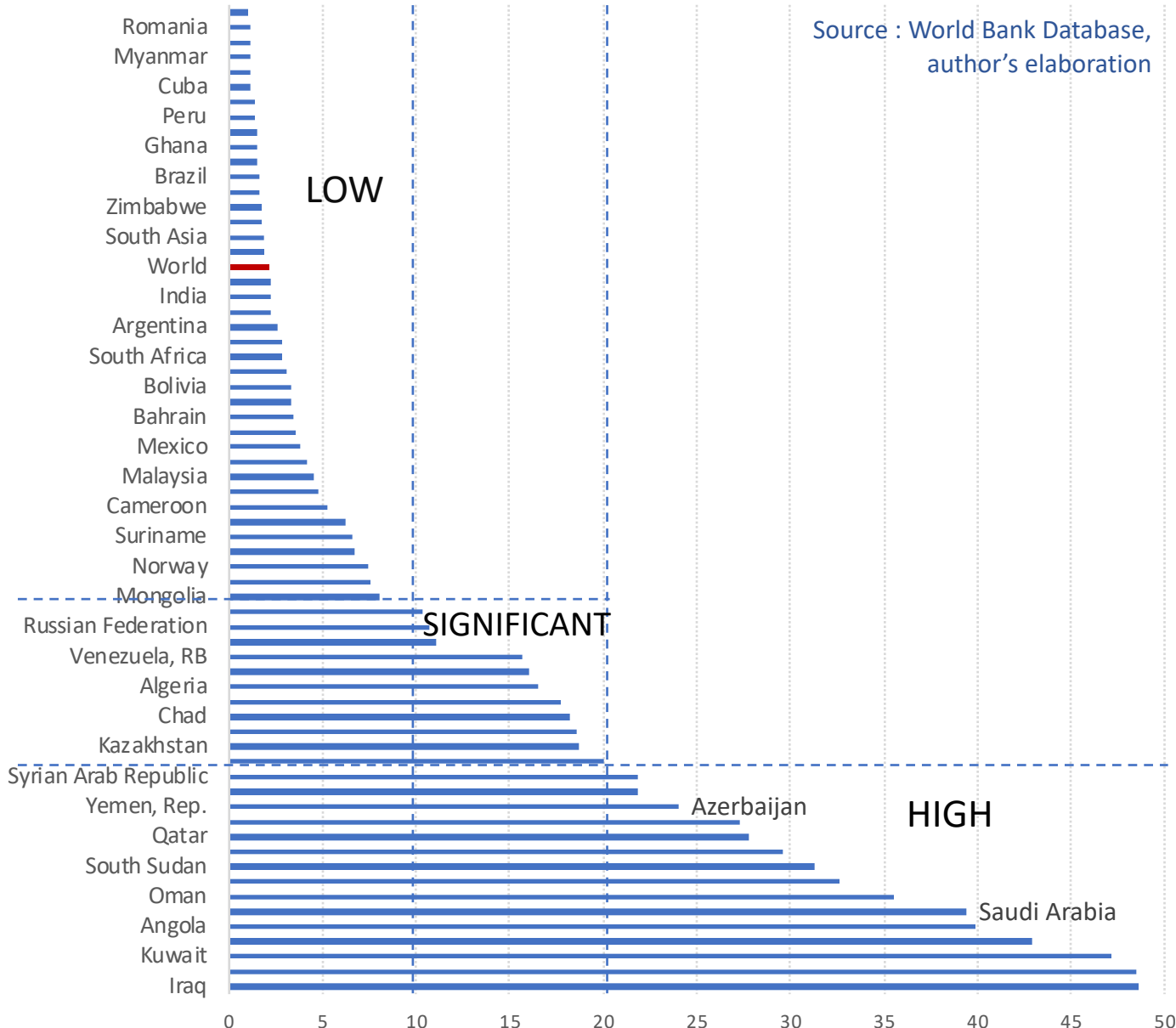
INALCO, Paris, *CREE Research Center Europe - Eurasia*

1. INTRODUCING RENTS IN THE DEBATE ABOUT THE DIVERSITY OF CAPITALISMS

- Diversity of capitalisms:
 - Albert 1991, Hall & Soskice 2001, Amable 2003, Nölke & Vliegenthart 2009
 - Rents, resource based economies, exogenous fluctuations and industrial development
 - Corden and Neary 1958, Salter 1959, Schedvin 1990, Auty 1993
- =>Are resource based economy forming a genuine type of capitalism?*

RENTS : A VARIETY OF SCALES

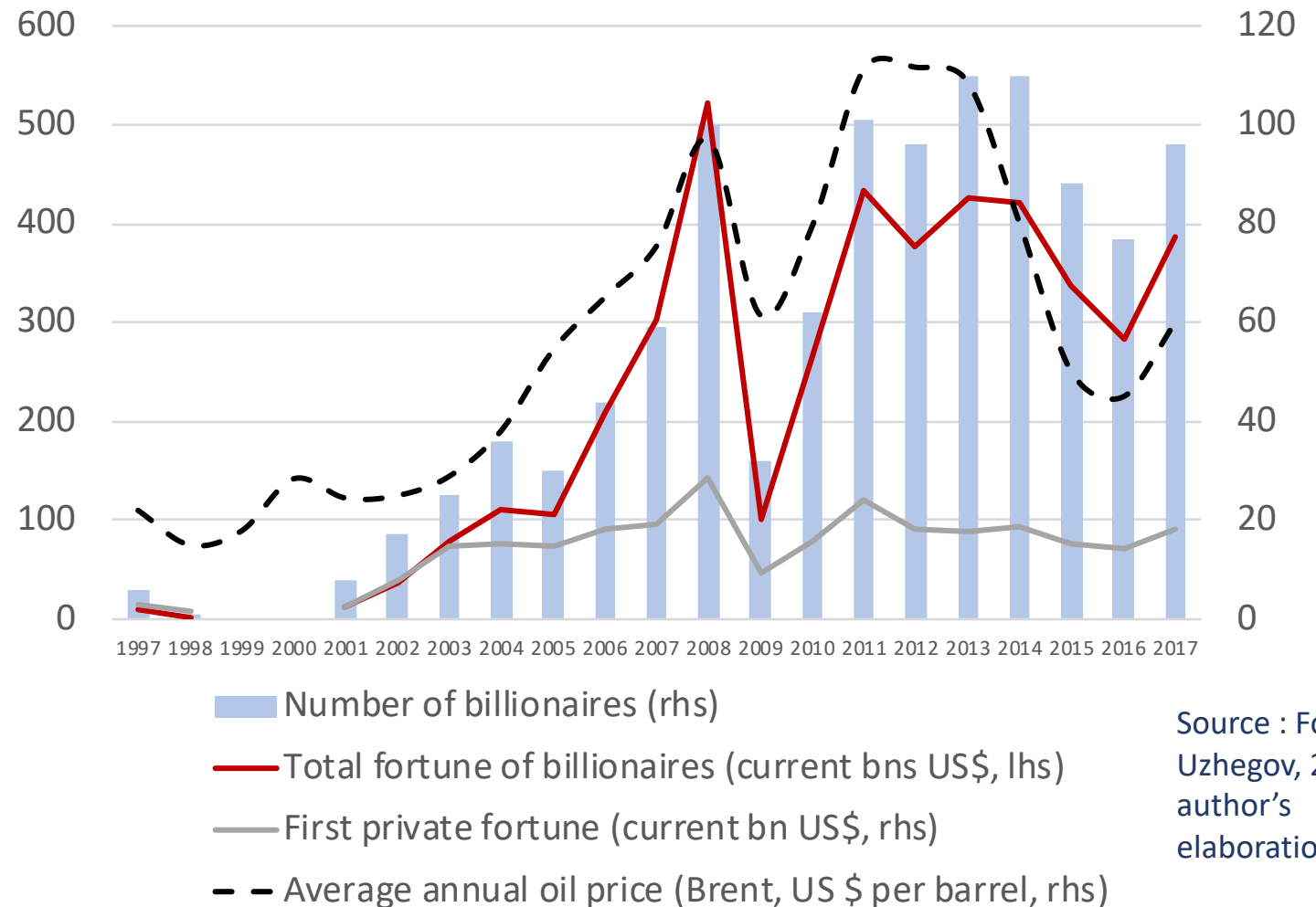
GRAPH 1. OIL & COAL RENTS in GDP
(2000-2016, average %)



2. ARE RENT-BASED ECONOMIES COMPATIBLE WITH DOMESTIC, PRIVATE ACCUMULATION?

- Capital accumulation: public ownership is not systematically crowding out private ownership (Africa, Latin America, post-soviet economies)
- Inwards FDI and Capital exports are correlated with oil prices (ex: Azerbaijan, Kazakhstan, Russia)

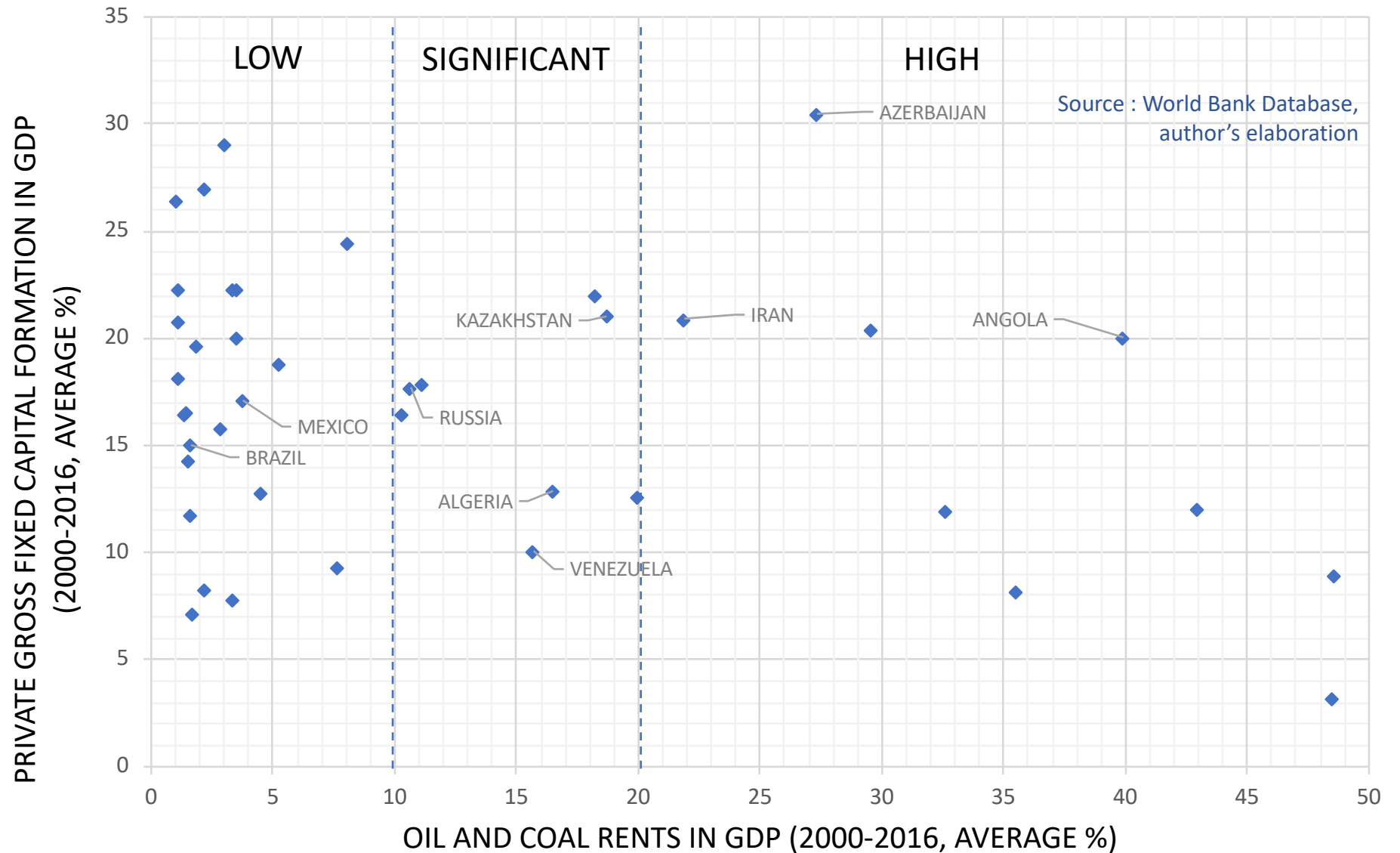
GRAPH 2. Russia : average oil prices and main private fortunes (1997-2017)



Source : Fortune, Uzhegov, 2018, author's elaboration

GRAPH 3. OIL & COAL RENTS AND PRIVATE ACCUMULATION

ALMOST ANY SCALE OF RENT IS COMPATIBLE WITH PRIVATE INVESTMENT

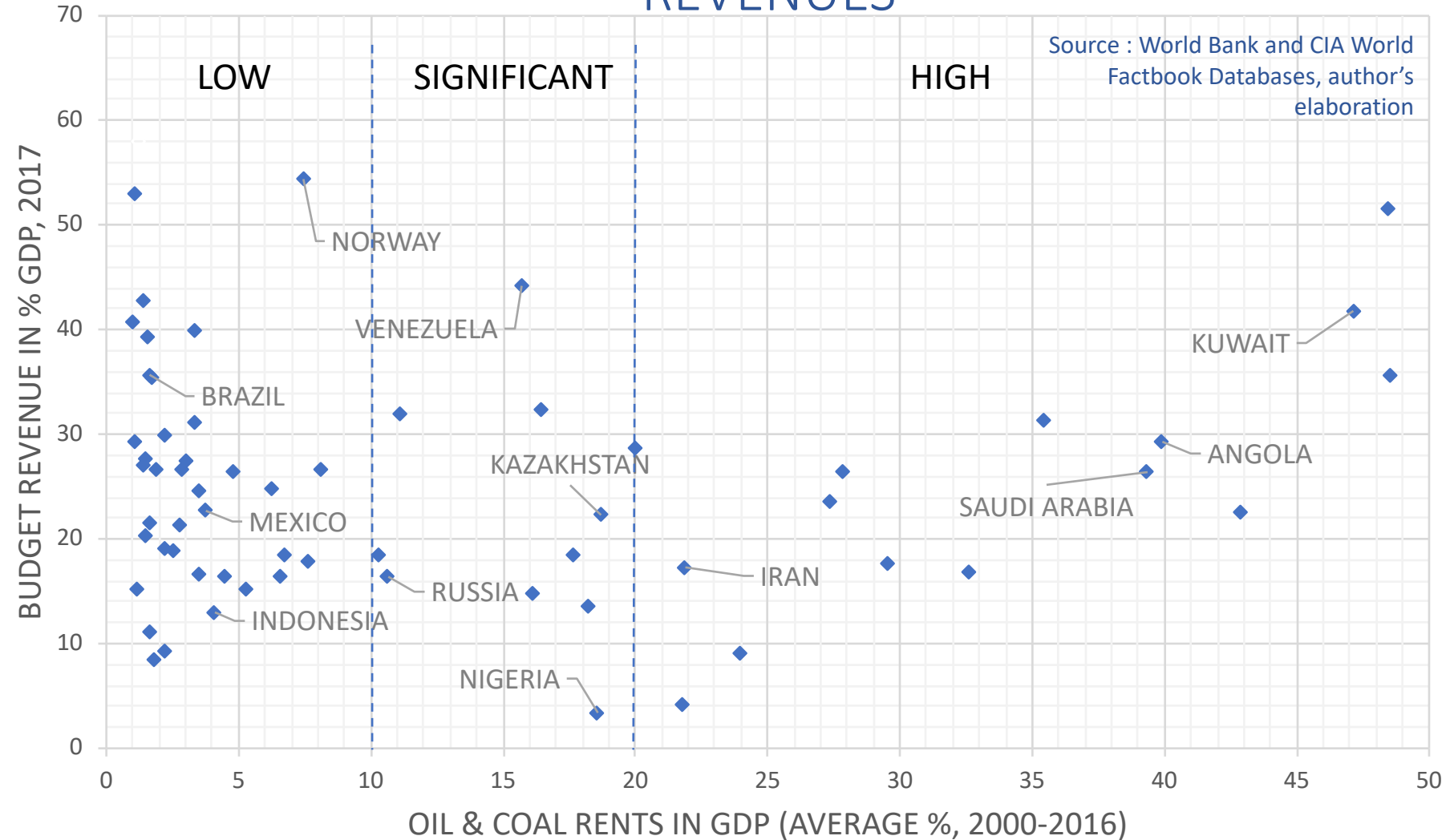


3. THE ROLE OF STATE: RENT-BASED ECONOMIES AND/OR RENTIER STATES?

- The problem of tax in a rent-based economy
 - Hirschman, 1977 [enclave economy and fiscal targets], EBRD, 2012
- The « rentier state » theory: the political economy of rent
 - Beblawi and Luciani, 1990

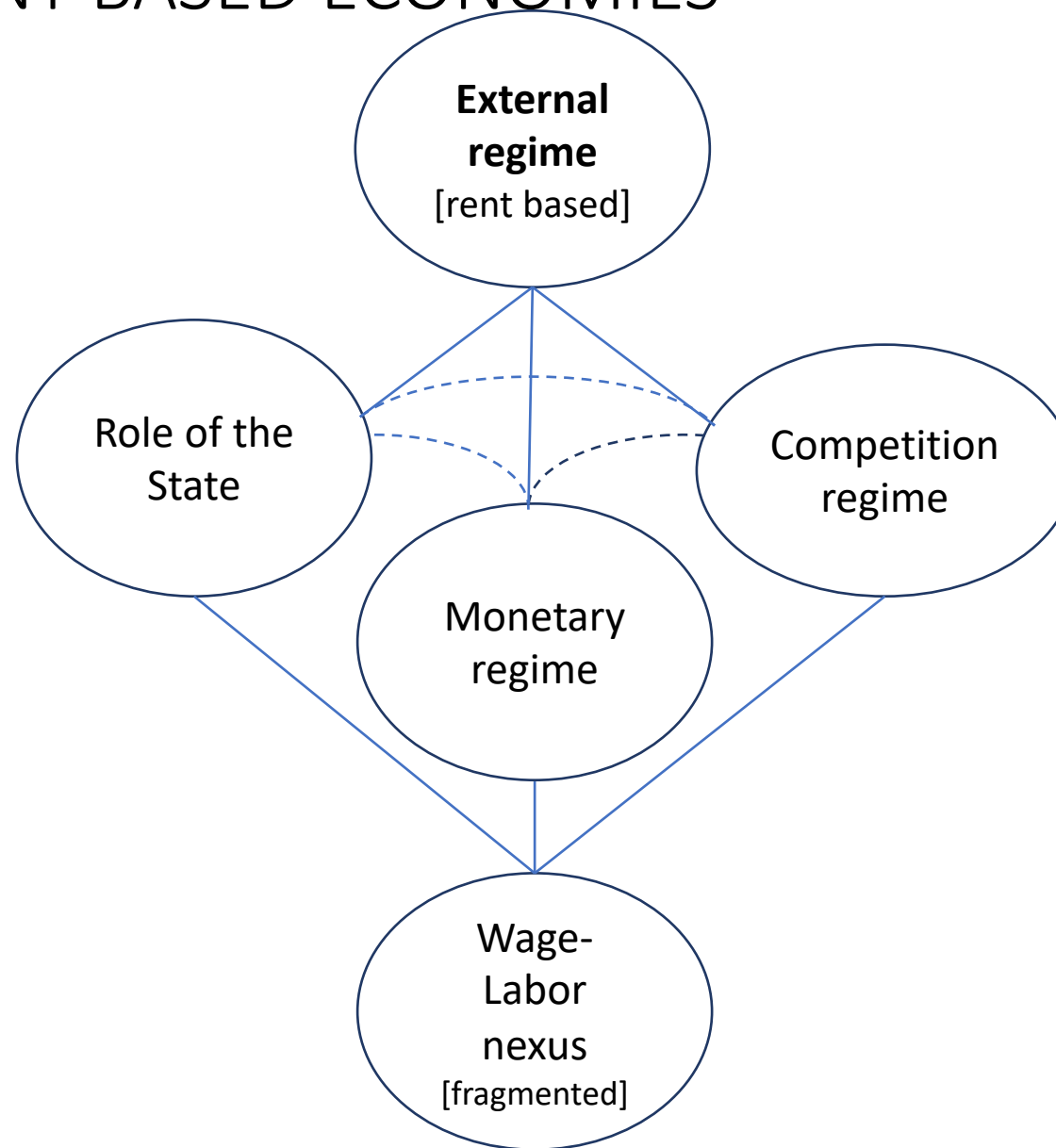
RENT AND BUDGET REVENUES: A THRESHOLD EFFECT?

GRAPH 4. OIL & COAL RENTS AND STATE REVENUES

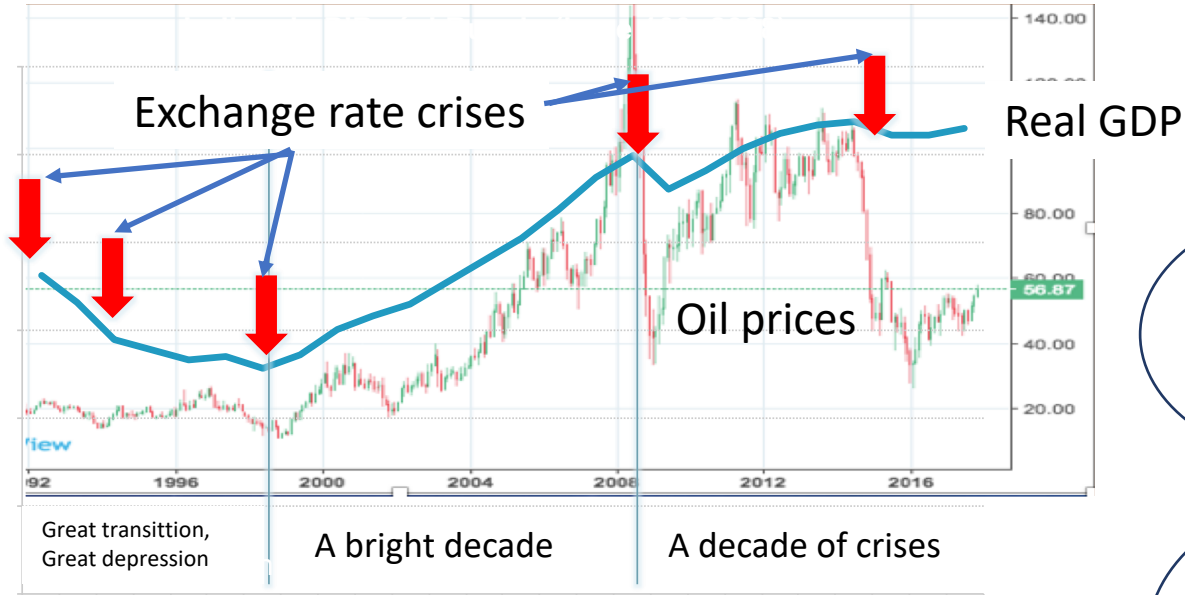


4. PUTTING ALL TOGETHER (Régulation Approach): THE ACCUMULATION REGIME OF RENT-BASED ECONOMIES

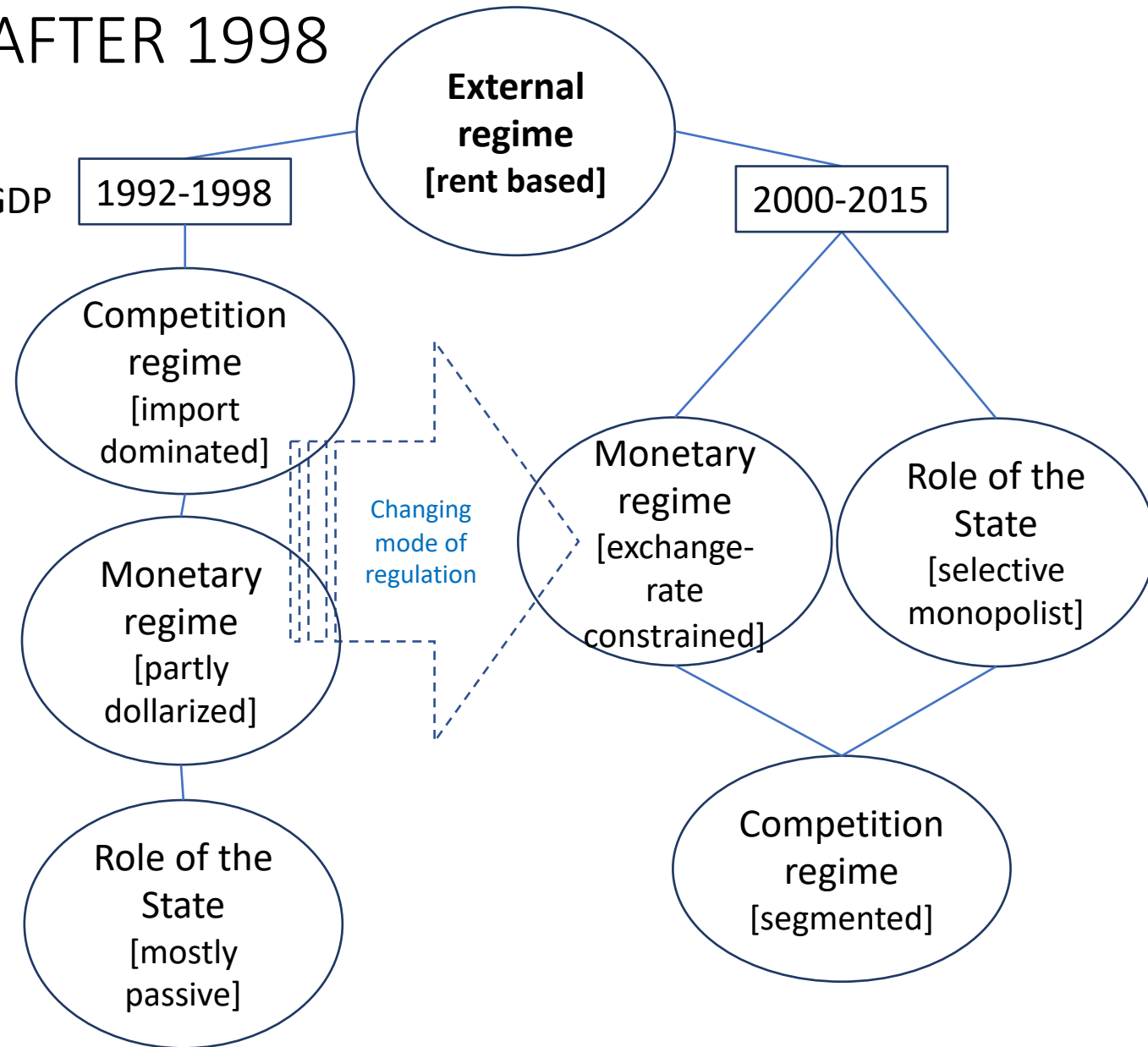
- At the top of institutional forms' hierarchy: **the external regime**
- The **labor-wage nexus is dependent** upon all other forms (see inequality of primary incomes)
- Still, a **variety of hierarchies** are compatible with a rent-based accumulation regime
- **Crises trigger changes** in a given institutional hierarchy (the « regulation mode »)



5. THE EXAMPLE OF RUSSIA: A CHANGE IN THE STRUCTURE OF THE ACCUMULATION REGIME AFTER 1998

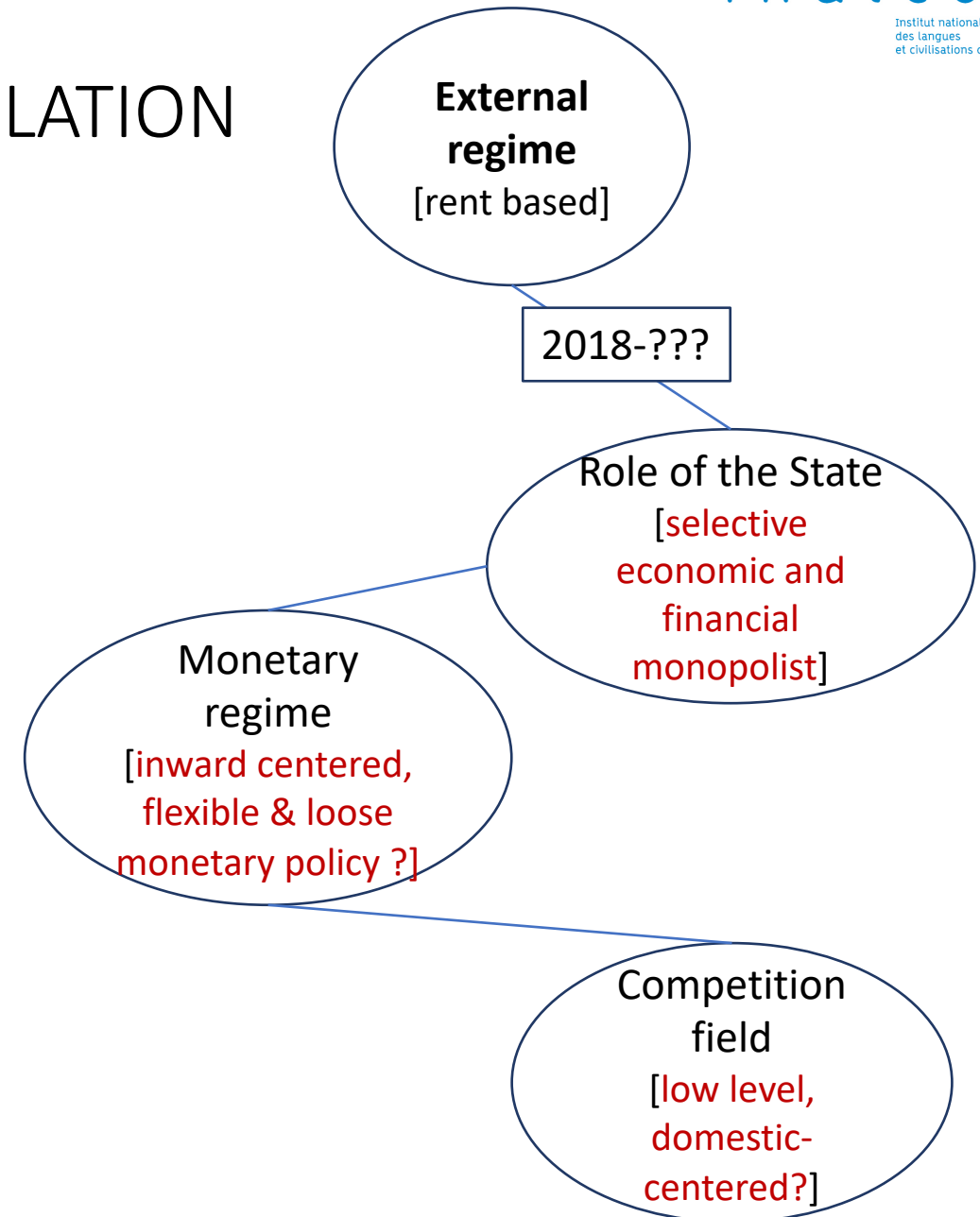


- **1992-1998:** fostered by the external regime, **competition regime** becomes a prevalent institutional form
- **2000-2015:** **State regulation** recovers and the **monetary regime** becomes more and more relevant (still, vulnerable to crises)



6. CRISES IN THE RENT-BASED ACCUMULATION REGIMES

- **External shocks** sequencing:
 - current account / financial account => financial and industrial systems => State revenues and the exchange rate=> real wages and incomes
- Example: **Russia** after 2015
 - Toward a new regulation mode (aiming at protecting the economy against western shocks)?
- Is **diversification** from a rent base possible?
 - World Bank (2017): tough conditions & « carbon risk »
- **Threshold effects**
 - Toward a Great crisis (crisis of the *accumulation regime* itself) (Venezuela)?



SUMMARY AND CONCLUSIONS

- Several rent-based economies: **genuine types of capitalism** (but threshold effects should be investigated)
- Their accumulation regime: structured by different **hierarchies of institutional forms** (« regulation modes »)
- Crises trigger **changes** within this hierarchy
- An example of **changing regulation modes**: Russia 1998, 2015?
- At the global level, various **risks** are always bearing on the accumulation regime - if the scale of rent is significant

Thank you !

References

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