Tripartheid: How Global White Supremacy Triumphs Through Neoliberalism

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The means of the extravagant rentier diminish daily in inverse proportion to the growing possibilities and temptations of pleasure. He must, therefore, either consume his capital himself, and in so doing bring about his own ruin, or become an industrial capitalist.

—KARL MARX, ECONOMIC & PHILOSOPHIC MANUSCRIPTS

The seeds of the fiasco of an election in November 2016 in the United States, where the less affluent of European descent, including more than half of the women of this group, found their tribune in a vulgar billionaire, has roots in the cross-class coalition that spearheaded colonial settlement in the seventeenth century at the expense of the indigenous and enslaved Africans.

—GERALD HORNE, THE APOCALYPSE OF SETTLER COLONIALISM: THE ROOTS OF SLAVERY, WHITE SUPREMACY, AND CAPITALISM IN SEVENTEENTH-CENTURY NORTH AMERICA AND THE CARIBBEAN

For the past fifty years, the neoliberal reassertion of elite power has triumphed around the world. A new aristocracy concentrates “masters of the universe” wealth and power, even amidst weak economic growth. Upwards of half of the world’s population, meanwhile, has “dropped out of history . . . written off as hopeless or terminal cases.” And the once stable middle class faces fearsome insecurity and downward mobility.
Students of these globe-changing processes emphasize structural factors, a point corroborated by neoliberalism’s own prescriptions and structural adjustment programs (SAPs). David Harvey, for instance, describes neoliberalism as a “political project . . . to restore the power of economic elites.”

Neoliberalism restructures social institutions to funnel wealth from the poor to the rich, justified as supply-side economics. At the same time, however, overt racism has powered political projects across the globe, such as white rage fueling Trump’s triumph in the U.S., the growth of white supremacy and xenophobia in Europe, and anti-indigenous, fear-fueled politics in Latin America. The largely class-based structural analyses of global change therefore need to better incorporate the explicitly racial nature of neoliberal transformations. For their part, the great strides in racial studies have largely understood race as a country-specific issue, as so many parallel but unrelated cases. Indeed, some of the greatest disputes have hung on how race works differently in different countries. Such a perspective, however, undercuts racial analysis from understanding race as global, or what Charles Mills has termed “global white supremacy.”

I argue that linking national racial analyses and global class analyses requires recognizing that key defining characteristics of the neoliberal order stretch back to colonialism and have persevered across history—despite facing major challenges—to now enjoy a vigorous reinvention through neoliberal reforms. Foremost, a new financial elite rules neoliberalism, a rentier class who wrested control from the industrial bourgeoisie and whose fortune and thus command center on windfalls from speculation rather than profit from investing in the means of production. I argue that this group traces its roots back to the rentier class that dominated Europe for centuries prior to industrialization and who made colonialism in their own image.

This essay therefore traces the strange persistence of the rentier class, a group predicted to disappear by most observers, including Marx, Weber, Adam Smith, John Maynard Keynes, and many others. Put simply, “the basis of rent is the monopolisation of particular portions of the globe by a certain class demanding a payment for its use.” Rentiers largely rule, then, through setting up a political system that enables them to demand these payments, a system that politically creates shortages that can be captured by this class. Industrial capitalism, in contrast, requires the political conditions for exploiting labor to expand productivity and generate profit, and therein create wealth. Rent captures value from shortages, whereas profit depends on increasing output. Michael Hardt explains the difference between rent and profit:
In the collection of rent, the capitalist is deemed to be relatively external to the process of the production of value, merely extracting value produced by other means. The generation of profit, in contrast, requires the engagement of the capitalist in the production process, imposing forms of cooperation, disciplinary regimes, etc.6

Mining and other extractive enterprises are classic examples of rent, whereas industrial production epitomizes profit generation. Importantly, where industrialism relies on wage relations so that worker well-being is linked to productivity, rentiers distribute resources paternalistically, with proletarian well-being dependent upon fealty to the powerful. The dynamism of industrialism compared to the self-defeating parasitism of the rentier inspired Keynes to predict the “euthanasia of the rentier.”7

Yet over the past forty years, neoliberalism and its host of finance-favoring laws have created new forms of rent collecting that hegemonically define the economy: patents, copyrights, and intellectual property; new financial instruments, such as collateralized debt obligations, that transfer money from the poor to the rich without generating new wealth; and myriad inventive ways of transforming common rights to such things as education, health care, housing, and roads into lucrative windfalls for financial interests while generating unprecedented debt for the majority. Guy Standing condemns this rise of the rentier as the corruption of capitalism, as the rich simply profiting from their wealth and therein undermining the productivity that actually generates new wealth.8

This chapter places new focus on the rentier as the protagonist behind the global system of white supremacy and its revitalization through neoliberalism. I argue that rentiers survived through setting up a tripartite racialized system during colonial crises. Across fraught historical circumstances, this tripartheid system provides a modicum of racial privilege to a middle stratum group such that they fracture non-elite groups and therein preserve the aristocratic order.

In this analysis, the relative racial privilege of non-elite actors centers on the privilege to benefit from the immiseration of their more deeply racialized counterparts. As Theodore Allen’s work on The Invention of the White Race argues, colonial elites in North America gave poor whites a limited amount of resources more than blacks for the express purpose of dividing these groups’ mutual class interests.9 Poor whites therein did the elites’ dirty work lest they lose their relative privileges. I take this one step further. Much of these limited resources, I argue, involved the privilege of directly benefitting from the degradation of the fully racialized. Not only did the middle get relatively better access to resources like land, but
most of the main aspects of their daily lives—work, family, home, and community—were institutionally set up to depend on the abasement of the racial Other. The relatively privileged garnered their well-being from maintaining the system that made the Other vulnerable and the gentry untouchable, so their racism was highly rational.

To argue my point, I compare two seemingly disparate countries across three major eras: the U.S. and Peru during early colonialism, the golden age of controlled capitalism, and neoliberalism. I choose these locations precisely because of their large differences. The similarities not only reveal the core nature of this racialized system across disparate territory but also the inherent systemic interconnectivity. Understanding race in one area requires seeing it as part of a global system.

The comparison argues against the academic consensus that race is fundamentally about economic exploitation. Instead, it reveals the defining core of racial hierarchy as the political maintenance of an aristocratic social order commanded by a global rentier elite. That is, rather than colonial elites racializing society to command cheap labor, the comparison shows the establishment of a highly costly system whose investments were not driven by maximizing economic returns but by keeping an elite class in power no matter the cost—a traditionally feudal system of rentier rule enabled by racialization.

Labor exploitation clearly occurs under racialization. But we need to distinguish between systems that use oppression as one among many tools to prioritize exploitation and those systems centered on oppression wherein any exploitation occurs secondarily, as a byproduct. This is of great historical importance—and made poignantly so, as under neoliberalism “the chance to be exploited in a long-term job is now experienced as a privilege.” That is, elites’ pressing concern has shifted from how to exploit labor to how to control surplus populations.

To be more specific, capitalists seek a system that maximizes labor exploitation. Colonial rentiers, in contrast, sought to maintain a system of indelible inequality. Exploitation in the capitalist drive for profit entails some form of capitalist dependence on both the maintenance and renewal of labor—paying wages and filling vacancies. Colonials, in contrast, set themselves apart as inherently superior, with underlings naturally and fully dependent on the benevolence of their supposed betters. For rentiers, any profit or exploitation occurred incidentally, enslaved to the oppressive purpose of maintaining the aristocratic order.

Unlike capitalists, rentiers could not invest in the maintenance of labor. Instead, colonials valued labor for its expendability, for demonstrating the complete control elites exercised and thus reaffirming their supposedly
innate superiority. Admitting any rentier dependence on labor would undermine the unassailability of the elite. And thus the wage relation, a core defining feature of capitalism, could only exist haphazardly. Rentiers therefore addressed the issue of the renewal of labor by treating labor as a limitless and highly disposable resource. They treated human life with utter contempt and witnessed genocides upon non-elite populations.

The contradiction of ultimately depending on labor continuously threatened the aristocratic order and made it inherently unstable. Colonials bitterly acknowledged this dependence. But they rabidly fought against any structural recognition—any kind of inclusive reforms—thus deepening their commitment to undermining the labor source they depended upon and further destabilizing their system of rule. Indeed, there are many indications that the god-like rentiers running neoliberalism have realized colonialists’ greatest fantasies: how to free themselves of dependence on labor. The staggering inventiveness currently poured into primitive accumulation, into rent collecting, has generated mechanisms that make labor increasingly superfluous. And therein neoliberalism addresses the central conundrum of colonialism and sets up a more perfect feudal order.

My comparative study demonstrates this: looking at early colonialism shows the creation of modern race and the establishment of tripartheid. The similarities show that the colonial project fundamentally centered on saving and extending European feudalism. Racialization only occurred well into the colonial project as a response to colonial crises, with the gentry employing it specifically to preserve their feudal order rather than to innovate exploitation. Racialization therein indelibly marked feudal relations, and reciprocally, feudalism characterized racialization.

Skipping ahead to look at the golden age of controlled capitalism reveals the greatest threat to the tripartheid system. Industrialization created capitalists with sufficient funding and motivation to challenge rentier rule. The economic successes of this era disrupted racial rule as, for the first time since early colonialism, the corporatist class compromise between workers and owners made these groups see their racial interests as undermining their much more lucrative class interests. But, as this historical account shows, the rentiers and their racialized system persevered through making themselves useful to industrial capitalism. With the uncertainty of the crumbling of the Keynesian compromise in the 1970s, labor fought to keep the bourgeoisie fighting for its class interests, while the rentiers worked to draw the capitalists over to their racialized system.

Coming forward to our current era therein reveals the neoliberal triumph as best understood in racial rather than class terms, pace David
Harvey and so many others. With the corporatist crisis, industrialists chose to abandon their cross-class alliance against racialization and side with the rentiers and their white supremacy. Rather than face a leap in the socialization of the means of production, industrialists chose to subject themselves to a new extreme financial regime seeking quick windfalls rather than steady growth. Inverting Marx’s prediction of the rentier’s ruin, capitalists elected to consume their own capital in bids to amass speculative fortunes, abandoning innovations in the means of production to instead help revolutionize the means of appropriation. The multi-race class alliances fell apart. Instead, the new elite disciplined the middle racial groups, generating uncertainty for middle-class whites in the U.S. and *mestizos* in Peru, prompting the deeper racialization of the Other who struggles for relations of feudal-like dependence over lawless oblivion.

Colonialism: Writing Feudalism across the World

Most analyses agree that Europe brought feudal relations to their colonies, if simply for the mundane reason that feudal relations defined Europe and it would have been hard if not impossible to bring any other relation. My point is much stronger: any other achievements measured in terms of plunder, land, or labor only occurred and had any success through the transposing of highly unequal feudal class relations to the New World. In other words, colonialism was primarily about preserving and extending the vaunted positions of the gentry, with all else bent toward that end. Indeed, as George Fredrickson comments, the gentry treated commoners with subhuman contempt, seeing themselves as naturally and inherently superior, presaging the essentialist construction of race.

Setting up and maintaining an elitist society drove colonialism, with economics harnessed to rather than working independently of the reproduction of social hierarchy. As Polanyi famously observed, only under industrialization did economics stop being “merely a function of the social” and exhibit their independent processes. Thus, under colonialism, maximizing exploitation was not the goal but rather maximizing subordination and social polarization. That is, the establishment of colonialism did not center on setting up an extractive system, imperial bureaucracy, or a racial hierarchy. Extraction, empire, and racism indeed occurred, but only well after and dependent upon the establishment of a feudal society based on polarized social disparity. Thus, at its core, coloniality means the perseverance of an aristocratic rentier elite, with later changes such as racialization serving this end and being defined by it.
The contrasting cases of early British and Spanish colonialism illustrate this well. Financed through private charter companies, the shoe-string early North American colonization effort relied on imported indentured and other impoverished European labor to establish feudal relations. Looking toward Spain and Portugal, sixteenth-century Britain may have longed for empire, but certainly lacked one. Colonizing North America may have established some form of beachhead to compete against these empires, but the process lacked funding on the Iberian scale. Instead, British colonialism largely served to address the crises of British feudalism.

Sixteenth-century Tudor rule faced major shortages of food and employment. Elite-driven enclosures accelerated rapidly despite the crown and Parliament repeatedly passing anti-enclosure acts. Feudal relations therein created ever larger superfluous populations that the elites regarded as irredeemable “indolent rogues” who needed controlling through workhouses, prisons, and even slavery. The almost ten-year Civil War only exacerbated instability and uncertainty. The problem of shiftless masses did not arise from land shortages—Britain was much less densely populated than other European areas such as the Papal States. Rather, this crisis reflected the unwillingness of the landed aristocracy to alter social relations to include a greater part of the population. Indeed, the elite enclosed ever more lands to serve their opulent lifestyles, generated more starving vagabonds, and triggered more revolts. Feudal methods therein deepened feudal crises.

Feudalism in conjunction with colonialism, however, saved feudalism, largely by exporting its problems. Kidnapping adults, snatching children and selling them as slaves, and transporting convicts and prisoners of the Civil War, without their consent, all sought to relieve England’s problems by addressing the labor needs of the colonies. In these “barbarous years” in North America, low life expectancy, heavy workloads, and hazardous living conditions meant a large portion of indentured servants failed to live out their servitude in order to realize their freedom. Early colonialism established an elite who dominated land ownership and had fewer labor requirements, though they largely lacked sufficient leisure to engage in the socializing that undergirds true elite class formation. While the British elite in particular may have held negative views of the indigenous population, colonial survival depended on the native society. That is, despite the early presence of racist attitudes, racial hierarchy did not structure society.

In the seventeenth century, a new, more class-creating aristocracy arose, using improved conditions largely to impose a deeper feudal order
dependent upon non-racialized labor. In 1629 New York, the Dutch granted massive estates, with one, Rensselaerswyck, making up one million acres, or over a fifth of the available land. Tenant farmers worked the fields, much like in the home country. Elites in Virginia and Maryland emulated England and thus “wanted to join in the creation of an inequality that could never be breached,” crafting a system of large landed estates and government by a small clique of gentry. To enable this, the headright system provided gentry with fifty acres for each indentured servant brought from England. Land became concentrated among the few, while servants made up the great majority of people, such as three-fourths of the mid-seventeenth-century Virginia population.

Both the legal structure and the brutality led Edmund Morgan to argue that indenture prefigured the formal enslavement of Africans. Many contemporaries denounced indenture as nothing more than slavery. Indeed, “most [North] American historians have agreed that the prevalence of servitude, in tandem with the growth of slavery, made unfreedom of varying degrees the common denominator of colonial work until the American Revolution.” Whites made up the majority of plantation workers in Chesapeake until 1690, a full ten years after the institutionalization of slavery. In all, the first hundred years of North American colonization, even under the most brutal conditions, centered on cementing a feudal system of a landed rentier aristocracy dominating the highly degraded but nonracialized working masses.

Feudal Disorder and Native Stability in Peru

The Spanish crown, in contrast, underwrote much of its colonization efforts. Since King Phillip II was unwilling or unable to make the rapacious aristocracy pay any taxes, he created the largest empire in many centuries through becoming the “debtor from hell”: obligations reached half of the GDP, with the debt to British banks eventually helping launch the Anglo empire. Colonial expansion helped the Spanish confront the crises of continuous bankruptcies, a mercenary gentry, and an immiserated and ever restive peasantry. But how much of an empire did the early Spanish presence in Peru actually constitute? Francisco Pizarro’s band of 130 ruthless soldiers achieved the seemingly impossible by conquering the Inca in 1532. But bloody Spanish infighting meant Pizarro and three of his four brothers on this mission were killed within ten years, only Hernando surviving because he was incarcerated in Spain for treason.

Francisco arrived in Peru already rich from his position as encomendero in Panama. The encomienda system gave lordly oversight to conquer-
ors, granted leave to squeeze labor and tribute from native populations as they could and begrudgingly give 20 percent, the Royal Fifth, to the Throne. Regarded as inhumane even by the standards of the day, the crown eventually passed the New Laws in 1542 to try to end the system. This sparked a bloody rebellion in Peru and the killing of the viceroy, the king’s representative. But this was not the first Peruvian battle between Spaniards. Almost immediately after conquest, the Spanish began infighting. After several battles in the 1530s, disagreements over the size of their newly rising encomiendas brought the forces of Diego “El Mozo” de Almagro II to kill Francisco in a 1541 coup, with Pizarro supporters returning the favor the very next year at the battle of Chupas.

While fighting civil wars rather than forming civil society characterized much of early Spanish rule, the Andean encomiendas proved much more indigenous than European. Rather than creating a new system of domination, the Spanish adapted the Incan system of ruling through a privileged local aristocracy (curacas), while deepening ethnic rivalries and exacerbating incipient class differentiation inherent in Andean social relations. When the Spanish removed the Inca, most natives gladly refocused their organization around their local group, particularly as their complex networks of kinship ties were the primary means of accessing resources, and the curaca could present themselves as liberators from Incan rule.

Such near total reliance on the native socioeconomic system severely limited the depredations the Spanish could unleash. Spanish America abounded with racialized horrors, such as hunting natives for sport. But, as Stern describes it, “The colonials remained foreign, extraneous elements superimposed on an autonomous economy in which they served little purpose.” This encomienda system granted lordly oversight to Spanish settlers over tremendous areas and large native populations. While natives reviled encomenderos for their impunity and random violence, the colonials depended upon reciprocal relations with the local curacas who controlled native labor and resources. The most successful encomenderos lavished gifts upon their curacas to assure both the continual flow of tribute and the safeguarding of their own positions.

Under these conditions, strategic alliances with the Spaniards helped preserve the integrity of local society and gained protection from rivals, while providing some new routes to social mobility. The ecomenderos competed much more than they cooperated, only weakly launching class-formation activities and therein failing to develop a resilient civil society. The imperial presence in Peru therein constituted a battling group of rival lords. At this point, Peru lacked an organized colonial infrastructure.
Instead, it retrofitted feudal relations such that the *encomendero* class could realize feudal status and wealth through preserving Andean society, the crown largely unable to impose its laws and only begrudgingly given its fifth.

Thus, in both the impoverished British north and the wealthy Spanish south, empire failed to materialize in any meaningful way. Instead, poorly organized aristocrats straddled and drove society to fulfill their own interests. Feudalism, not empire, defined early colonialism. That is, rather than driven economically, colonialism was principally a political project for imposing an aristocratic feudal system on the world, not simply because Europeans regarded it as normal, but because feudal relations proved themselves as the key tool for realizing the other major goals of elitism, social control, and resource extraction.

And with the dependence on native societies, modern racism had yet to emerge.

Creating Race in Peru

In Peru, after the first forty years of colonialism, serious crises threatened Spanish rule. Colonials eventually addressed these through draconian racialization. As the white population grew and diversified in the later 1500s, the shared desire to exploit native labor exacerbated competition and rivalry among colonials, especially as they lacked the institutional capacity to directly recruit labor. Rather than building the infrastructure for coordinated policy implementation, however, they persisted in their self-splintering strategies of relying on their own patronage networks, increasing their dependence on and exploitation of the *curacas*. At the same time, colonials faced deteriorating economic output at the silver mines in Potosí and across the entire mining sector, heightened rebellions, and the debility of the governing *encomienda* system. Colonials held fast to the idea they could address all these problems by getting more native labor fed into the colonial machinery—by strengthening their control over labor to render it exploitable.39

In the countryside, meanwhile, colonial rule through ethnic fracturing increasingly made colonists the final arbiters in local disputes. Concomitant with this rise in political power and legitimacy, the Spanish continually increased their demands for labor and tribute. But such wringing eroded the local system of control. In particular, it dramatically sharpened the contradictory role of the *curaca* middlemen, the direct providers of native labor, threatening to turn them into agents of colonialism. The increased penetration and demands of Spanish authority undermined
the motivation for natives to make strategic, autonomy-preserving alliances with the colonists.40

With the increased Spanish demand for labor and tribute, colonial desires to consolidate natives into a more fully racialized “Indian” group for the strict end of extraction became increasingly evident. Under these circumstances, appeasing Europeans came to resemble participating in one’s own destruction much more than preserving native autonomy. At the same time, the preservation of generally self-sustaining and autonomous indigenous spheres enabled natives to construct, in the midst of colonial rule itself, widespread anti-colonial movements, such as the neo-Inca state in the jungle city of Vitcos, the Taki Onqoy millenarian dancing sickness movement, and various Huanca uprisings in the central Andes.41

To address these crises, Spain sent a new viceroy, Toledo, who dramatically remade social relations. Rather than somehow negotiating a more humane social system (natives suggesting several models themselves), the Toledo reforms of the 1570s refashioned colonial society to eventually break the back of the native economy and have its labor directly serve the Spanish. Herein the full racialization of the indigenous population finally occurred. Fully embracing feudal colonialism’s utter contempt for life, the reforms reconfigured the diverse ethnic groups that enjoyed various levels of autonomy into a degraded homogeneous Indian population constructed for the purpose of colonial exploitation.42

As one of the most brutal parts of the reforms, Toledo forcibly relocated indigenous populations onto concentrated land holdings called “reductions.” Native well-being deteriorated precipitously. Aimed at wresting control of the natives from the *curacas*—who had become more demanding and less willing to deliver tribute and labor—relocation truncated traditional dispersed settlements, massively displaced the native populations, and generally uprooted them from the physical terrain through which they reproduced their local cultures. Natives lived in much more squalid conditions, reliant on external labor markets for their reproduction, and were much more susceptible to pathogens, both because of their population concentration and their deteriorated living conditions. Malnutrition and famine spread. While earlier alliances with the Spanish may have staved off the demographic collapse witnessed in other parts of Latin America, Toledo’s breaking of native self-sufficiency now brought population collapse to the Andes.43

The major contradiction of the Toledo reform era was that it sought to dramatically increase the amount of native labor available for Spanish exploitation at the same time that it drastically eroded the ability of native
labor to reproduce itself. As one of the first examples of racially rendering labor exploitable, Toledo’s reforms reveal much about labor reserves significantly defining race. In this instance, racialization and the migrant labor system happened at the same time. But the case shows how this is more than correlation. Roughly, such a system entails holding a population in specific geographic locales. Here, the costs of maintaining the labor force—day-to-day subsistence—are lower such that employers can pay them lower wages. At the same time, however, these locales force the population to engage in the larger world as their local resources are structured to be insufficient for reproduction.

The point is that colonials were not setting up a rational system for maximizing economic profit but rather one for entrenching the power of a vaunted elite. The massive contradiction that Toledo expended a giant part of the potential work force to make a larger amount of native labor exploitable than under the previous system demonstrates the non-primacy of economics in their rationale. In more modernist terms, they drew down most of their capital to better access what capital remained. They used race to set up the native population as a truly pauperized mass dependent upon Europeans who set themselves up like gods. The massive waste of life in the transatlantic slave trade parallels this genocide. Further, once established, the Europeans did not even maintain their labor stocks well, but rather kept them in horrible conditions, guaranteeing their demise. They treated labor as totally expendable even though in any longer-term economic rationale they would see themselves as slitting their own throats, as wildly spending the main resource upon which they depended.

British Racialization

By the 1670s, colonials created the same feudal crises they had rescued the motherland from: elites continued to monopolize lands, but people began living out their indenture enough to create “shiftless masses” of freedmen. Morgan finds local estimates of freedmen ranging from 25 percent to 40 percent of the population. Upon gaining freedom, the unwillingness of elites to establish a fairer system of land distribution left these proletarians with only miserable options: dubiously pushing the frontier, renting from landlords, or returning to servitude, with debtpeonage rife when tobacco prices fell. Owning no land, freedmen were denied the vote by elites, yet the elites still made freedmen subject to levees and other taxes, such as the quitright owed the king. Rebellion began to flourish alongside frontier wars such as King Philip’s War, which almost ended the colonial experiment in New England.
Scholars point to Bacon’s Rebellion of 1670 as the beginning of British colonial racialization, largely because these events demonstrated how the alliance of poor Europeans and Africans could threaten colonial society. As Gerald Horne puts it, “When Africans, indigenes, and poorer Europeans began to rebel simultaneously, simple survival meant concessions to one of these groups.”\(^{46}\) Contrary to Horne’s otherwise outstanding work, looking more closely at the actual process of racialization through the granting of concessions to poor Europeans shows that the gentry treated the issue as not one of “simple survival” but rather the survival of extremist elite rule.

As the aftermath of Bacon’s Rebellion shows, the elite would rather hold the colony in a state of near constant revolt than offer concessions: Virginia governor Berkeley and his cronies doubled down, setting up “legalized plundering by which the loyal party were accumulating property at the expense of everyone they could label a rebel” and “squeezing the people to the point where the king’s whole revenue from Virginia might be lost.”\(^ {47}\) Rather than suing for peace, the gentry preferred to continue enriching themselves through funneling wealth from the poor and keeping “the colony continually on the brink of rebellion.”\(^ {48}\) Racialization, then, was not a process of giving a little to gain a lot in the name of survival. Rather it involved a way for the elite to have their cake and eat it too, for them to offer nonconcessional forms of concessions, ones that cost them almost nothing in terms of status, treasure, or altering their place in the social structure.

Racial hatred proved a perfect resource for meeting this challenge: nurturing it cost the elite very little, but it proved nearly inexhaustible. The Toledo reforms one hundred years previously and thousands of miles south showed a well-funded, highly coordinated, deliberate, crown-run effort to save colonial society from itself, largely through the genocidal institutionalization of racial hierarchy. The later British colonies lacked the Spanish resources and thus the full coherency of Toledo’s reforms. Instead, British racialization occurred through a fraught process, accelerating slowly across more than sixty years after Bacon’s Rebellion of 1670.

Morgan narrates a host of cumulative policies.\(^ {49}\) First, Virginia reversed its policy on enslaving Indians as a negotiation with Bacon, granting him a virtual “slave-hunting license” in 1676 by allowing him to permanently enslave any captured Indians. This remarkably paralleled the Indian enslavements of New England that helped lay the ground for institutionalizing bondage.\(^ {50}\) In 1670 Bacon and his men had indiscriminately attacked all Indians as unworthy hostiles, even allies to the colonies. This created
major problems for the administration—their own people killing their allies. But the 1676 reversal funneled the racial hatred of Bacon’s group into an immediately profitable enterprise, providing direct economic, political, and psychological rewards to Europeans for their racist attitudes and behaviors.

The move toward enslaving Indians for life also tied into other racial-ization processes. Before, policy held that only non-Christian servants imported by sea—Africans—and not by land—Indians from other areas—would be considered slaves for life. This reversal therein homogenized the very radically different populations of Africans and Indians, marking them as degraded people fit only for enslavement and the brutality required to extract work from this form of labor relation. The original colonial intentions to enslave natives was therein spread to the increasing black population. This was a marked shift. From the first slave ship of 1619, Africans had largely been treated like European indentured servants. “Indians and Negroes were henceforth lumped together in Virginia legislation, and white Virginians treated black, red, and intermediate shades of brown as interchangeable.”

The gentry worked to deepen the European servants’ and freedmen’s racial hatred and contempt. Early on, in 1670, it singled out Indians and Africans as prohibited from owning Christian servants. More deeply, legislation prescribed thirty lashes to any—including free and Christian—Indian or African who lifted a hand to any Christian. Though the Europeans were of lowlier class status, they gained racial status against free Indians and Africans. And at this time, free people readily treated servants with corporal punishment. It also allowed European servants to bully slaves, “placing them psychologically on a par with masters.” Thus, the laws began deliberately disrupting the master-servant dyad, interposing a much more complex master-servant-slave dynamic. And though this was not yet explicitly stated in racial terms, the privileging of European Christians as European Christians rather than as indentured servants began to paint itself along phenotype.

On its way to creating whiteness, the Virginia assembly began increasing the economic rewards of being European. Masters had frequently given property to slaves—a cow or a pig—as a reward for good behavior. But in 1705, Virginia legislated the seizing of slave property by local church parishes, to be used for poor Europeans. The elite took from the poor Africans and gave to the poor Europeans, institutionalizing a practice where any material possessions a slave managed to procure would go to Europeans. This is one of the most blatant examples of poor Europeans participating directly in the exploitation of poor Africans. Poor Europe-
ans thereby came to have a vested interest in the continued immiseration of Africans and Indians. And the gentry incurred no direct costs.

Miscegenation had been highly common, especially with male colonists greatly outnumbering women. But by the early 1700s, new laws punished intermixture, explicitly using the term “white.” These laws began explicitly drawing a color line, separating the races. And they did so in such a way that advantaged poor whites as a group. For instance, white women who had mixed children faced a fine that again went to the local parish to benefit poor whites, generally. This also served elite interests, as white servants got time tacked onto their servitude. Free white women necessarily had to have free children, but mixed free children had to serve as parish servants for the first thirty years of their lives.53 As a rich comment of the gender relations in race, colonists did not punish black women for having children with white fathers. And, of course, the male gentry willingly enslaved any children they sired with their black slaves. The assembly also regularly passed laws declaring mixed offspring to belong to the black race.

In legislation of 1723, the assembly forbade the freeing of slaves. Initially, masters had to pay for the transport of freed slaves out of the colony. But reforms mandated instead that freed slaves could simply be seized and sold. And in 1725, the free blacks and Indians who managed to stay in the colony had their political rights stripped from them—to vote, testify in court, or hold office. Poor whites, on the other hand, began enjoying greater political freedoms. Thus, non-Europeans became “consolidated in a single pariah group,” disassociating them with whites, however poor.54

As Virginia governor William Gooch himself explained, the retreat from associating free status and political rights such as voting for blacks and Indians aimed “to fix a perpetual Brand upon Free Negros & Mulatos.”55 In other words, the gentry deliberately created a rightless caste based explicitly on skin color. As Allen puts it, the expressed motivations behind these laws revealed it as a system of racial oppression whose “hallmark is the insistence on the social distinction between the poorest member of the oppressor group and any member, however propertied, of the oppressed group.”56 As Allen further elaborates, much of the point of this system was not to fend off African slave revolts but to control poor whites. Because of the relative poverty of this British colonial effort—in comparison to Peru but also British Caribbean ventures—these Europeans still represented the biggest threat to the gentry:

Nothing could have been more apparent than that the small cohort of the ruling elite must have a substantial intermediate buffer social
control stratum to stand between it and “great disturbances,” or even another rebellion.57

Racialization also provided various forms of privileged employment, such that the immediate well-being of poor whites depended on black and Indian degradation. According to Allen, such mechanisms directly addressed the issue of gaining poor white support for a system of slavery that obviously undermined the viability of free labor. In one of the first North American examples of a color bar, deficiency laws mandated only menial jobs for blacks while reserving skilled jobs for whites, and sometimes even created explicit overseeing positions for whites, such as mandating a quota of white overseers as a ratio of plantation slaves. Whites therein came to demand black exclusion from skilled trades throughout the colonies.58

The racialized system also created new income sources for poor whites as the racial police. In 1727, Virginia established militias of white, mostly former indentured servants, to patrol for unseemly meetings among blacks and between blacks and whites. And in 1788, slave patrolling was spread to the entire white population by offering rewards to “any freeman”—except, obviously, those barred from testifying because of their skin color. Together these policies worked to institutionalize racial hatred into a racial hierarchy wherein poor Europeans—now made white—received modest privileges from the immiseration of non-Europeans, therein making poor whites invested in the highly unequal aristocratic society.

The similarities between North and South America reveal much about the initial racialization process. Both emerged out of crises of feudal colonial rule, and, though the respective gentry differed in their capacities, both disregarded costs in terms of funds and human lives in jealously preserving the aristocratic order. Ready contemporary alternatives existed, including moderate reforms suggested by the British crown, but colonists hewed to their extreme regimes. While the Spanish reforms heavily disciplined the intermediary curacas and the British newly created an intermediary stratum, this between group proved crucial for racial rule. Both involved an institutional segregation wherein whites had a set of institutions enabling their citizenship while a separate set of institutions served the racialized Others, forcing them to realize their personhood through the intermediary stratum who gained privileges through these arrangements.

In these conditions, the middle group received limited privileges while constantly facing the threat of sliding back into the dehumanized masses. With the system so painfully restructured, ruling now centered on re-
wards and threats to the middle group such that their conflicted nature resolved itself in favor of the elite—therein avoiding rebellions—without providing so many privileges as to generate competition to elite interests. In each case, racialization involved elites innovating society’s structure such that they did not have to compromise with other groups yet preserved their feudal status. Racialization therein did not center on the survival of colonial society, but on the survival of an extremist elite society. Though many important events occurred in the following decades, none proved as great a threat to the aristocratic society as industrialization’s post–World War II corporatist compromises.

The Industrial Challenge to White Supremacy

All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify.

Karl Marx, “Manifesto of the Communist Party”

Industrialization created the largest challenge ever to the aristocratic order, threatening it both politically and economically. Most importantly, industrialization was a wholly new way to generate capital: productivity instead of plunder, making things instead of taking things, profit instead of rent. When the bourgeoisie finally came to rule and therein shape society to serve its interests, capitalism’s great productive capacity made Marx predict the end of the rentier. In this, he and most others saw the industrial reshaping of the world away from personalistic colonial relations, forcing others “to adopt the bourgeois mode of production” under pain of extinction and to reduce relations to nothing more than “naked self-interest, than callous cash payments.”

As the history of industrialization shows, in their dark satanic mills, capitalists initially treated workers with the same deadly disregard as under feudalism. The new conditions most immediately created a huge range of novel ways for workers to lose or shorten their lives. But through concentrating so many workers in the small areas of factories and through shifting social relations from paternalism to the wage relation, industrialization also created the conditions for realizing greater successes for popular mobilizations. By the 1930s in North America, popular movements restrained much of the genocidal treatment of labor in the industrial sectors.

The real threat to the rentier order came as the New Deal and Bretton Woods ushered in the golden age of controlled capitalism and the corporatist compromise among capital, labor, and the state. Herein industrial
capitalism exhibited its greatest potentials for undoing white supremacy—of structuring society along exclusively class rather than both class and race relations (to say nothing of social democratic, socialist, and communist possibilities). Previously, capitalists had eagerly employed the colonial legacy of paternalistic labor procurement to undermine working-class challenges. As Bonacich explains, “Employer paternalism led black workers to feel they had more to gain by allying with capital than with white labor,” therein enabling capitalists to employ race to divide labor as a class. The labor movement proved too small to take race on at a systemic level, instead retreating to organize white workers through the exclusion of blacks. This strategy largely failed by the 1930s, with union membership collapsing, meat cutters in East St. Louis dropping from 1,500 to 30, and the Amalgamated Association of Iron, Steel, and Tin Workers hemorrhaging from 365,000 to just 3,000.

Only in partnership with the state through New Deal legislation could working-class interests challenge the racialized system. In the 1930s, the Wagner Act and the Fair Labor Standards Act established real protections against capitalists’ racially divisive strategies. Unions, especially the CIO, successfully recruited blacks to unions and partnered with black organizations such as the NAACP and the Urban League. Black union membership climbed from 50,000 in the 1930s to 1.25 million by the end of World War II. As for the capitalists, in agreeing to the corporatist compromise, they achieved “high levels of trade and capital flows,” high levels of investment, and state-enforced limitations on cutthroat competition through the tight regulation of financial markets. Since Marx or before, scholars have emphasized the uniqueness of industrial class relations. But my work shows their singularity in racial terms: for the first time since early colonialism, white proletarians saw their racial interests as actually harmful to their class interests.

Many indicators show the success of the Keynesian compromise. Union membership held steady in the 30 percent range until the 1970s. Unemployment stayed low, generally below 5 percent. Inequality had been mitigated, with the top 10 percent of incomes dropping from taking 45 percent of all income to hold steady at 35 percent until the 1980s. Poverty rates dropped from a high of 22.4 percent to a historic low of 11 percent in 1973. For the capitalist, worker productivity doubled between 1950 and 1976. And an unprecedented twenty years of steady but low levels of inflation between 1950 and 1970 provided for healthy regular capital accumulation. In other words, economic stability, high wages, and robust profits made workers and owners mutually invested in corporatist industrialism, marginalizing the rentiers and their paternalist organization of society.
Racially, this class compromise between workers and capital eclipsed the utility of white proletarians serving as the middle tripartheid group. And the overall growth in manufacturing, wage relations, and the concomitant power of the bourgeoisie undermined racist rentier rule. As such, racial inequality decreased. For instance, migration to the industrializing U.S. North combined with unionization to shrink the racial wage gap between 1940 and 1950: where once black workers made forty-eight cents for every dollar white workers earned, in 1950, they earned sixty-one cents. While the gap remained sizable, this was a huge, 27 percent increase in proportional wages at a time when all wages were rising. But the 1960s U.S. in no way amounted to a paradise of racial equality. Arguably, part of the Civil Rights Movement emerged from limited but regularly stifled black male upward mobility, such as this growth in black incomes getting undercut by reactionary racist legislation.

The class struggle between white workers and owners therein provided the first systemic means for potential deracialization. Seeing the industrial revolution through the lens of its colonial origins means that white class struggles over the control of the means of production also involved a struggle over the terms of racial domination (a similar statement could be made about gender). Through industrial struggles, white owners and white labor negotiated the extent and manner over which white workers would manage the racial hierarchy on behalf of elites. How much patronage would workers receive, and in what forms, for serving as the racial intermediary group? How much would white workers’ well-being depend upon their subordination of the racialized Other? Such issues played out in complex and frequently contradictory ways, with outcomes under similar conditions having disparate racial outcomes. But in each, the independent dynamics of race played a constituent part of these class struggles.

To put it another way, the less whites worked in their role as intermediaries in the paternalistic racial stratification system, the better off they were as wage-earning workers in the class stratification system. And since the bourgeoisie shared anti-rentier positions, this was a real possibility. On the other hand, if rentiers could make the continued racial stratification of labor serve industrialists’ needs, rentiers could pull the bourgeoisie onto their side, making paternalism useful to industrialization such that the rentiers would persevere, as would the racial hierarchy.

By 1970, rising contradictions and crises presaged the unwinding of the Fordist compromise. Capitalists had to choose between two extremes. Either they continued deracializing through an enhanced partnership with their cross-class labor allies and agreed to dramatic increases in the socialization of the means of production, or they deepened racialization
by aligning with rentiers. This would entail capitalists subjecting themselves to a new radical regulatory regime based on windfall profits instead of Fordist steady growth. And it meant unleashing the financial interests that the Keynesian compromise had vowed to never again let run wild. Historical struggle determined the outcome. And, as I hope to make clear in the next sections, industrial capitalism benefited heavily from the rentier-managed imperial flow of capital from the periphery to the center.

Third-World Development

Understanding the scope of the industrial challenge to rentier racism requires understanding the integration of core and peripheral capitalist areas. How much could industrialization in one area challenge the globality of white supremacy? How much could deracialized class relations persist while integrated into world-spanning colonial race relations? How did the persistence of colonial race relations in the Third World affect industrial social relations in the core? Could deracialization happen in one area and not others? Did colonial persistence undermine the industrial challenge, support it in some way, or have no effect at all?

The general answer is that colonialism made itself useful to industrialization and, in so doing, undermined the deracialization project, making industrialization dependent upon racialized rentier rule and thus giving the rentiers a power base from which to continually challenge industrial deracialization. While North American workers experimented with overcoming the racial organization of society and the rentier, the fruits of the Golden Age largely reinforced the colonial order in South America. In Peru, increasingly successful indigenous mobilizations against landlords resulted in a progressive military coup, with the government of General Juan Velasco (1968–75) instituting one of the largest ever land reform programs. But these reforms altered rather than overcame the terms of racialized rentier rule. The powerful simply created new means to dominate locally, such as through staffing the agrarian reform offices; monopolizing key local resources, such as transportation, money lending, and hiring; and openly resorting to violence. The new political entity of peasant communities granted natives political autonomy but strangled these by forcing all resource acquisition through the old clientelist networks. In all, “the revolutionary armed forces reproduced the traditional top-down vertical structures of domination of the oligarchic period.”
The military government, however, did refashion the tools of patronage into the productive sphere, qualitatively changing the type of patronage and the ideology rationalizing the rural-urban relations. Under the ideological banner of “the land for those who work it,” the new state patron focused on issues of farming infrastructure and markets. The greatest promised patronage was the land itself, but the actual redistribution provided few positive results. From this point forward, however, paternalist control of the countryside achieved a dynamic new ideological cover: economic development. The superior position of the patron was therein reconstructed to promise improved material well-being for the populace.

Racially, developmentalism strengthened the tripartheid middle group of mestizos who came to embody the new paradigm. Throughout twentieth-century Latin America, governments and societies variously turned from ideas of inherent racial superiority toward an all-inclusive model of the mestizo “Cosmic Race”—a sui generis people emerging from the union of natives and Europeans. Mestizaje (becoming mestizo) newly promised universal citizenship through a celebration of the native heritages of the Americas—though only through assimilationist mixing with European stock.

Rather than overcoming the racialization of society, mestizaje helped solve the dilemma faced by the aristocratic criollo (white coastal elite) order when confronted by forces pushing for modernist forms of inclusivity. Mestizaje effectively splintered subaltern groups, renovating racism through delivering “a double blow, denigrating the unassimilated while inciting the assimilated to wage an endless struggle against the ‘Indian within.’” Citizenship became more inclusive, but only through creating a new sector whose rights depended upon continually proving their deservingness by denigrating natives.

Mestizaje therein reconstructs Indians as anti-modern and a serious impediment to the advancement of society. Meanwhile, the fluid, vague, and multifaceted culturally determined racial distinctions within the mestizo “race hidden as a culture,” and between mestizos and Indians, generated continuous intergroup discord. People had to constantly struggle to position themselves within the multiple gradations of the mestizo hierarchy while distancing themselves from The Indian—lo Indio. Ideologies changed in order to justify continued inequalities, mestizaje regularly finding new ways for people to deny real racial differences, thereby intensifying racism. The shift to mestizaje thereby provided criollos with a motivated force to newly police racial boundaries—and in such a way that largely did not threaten aristocratic criollo rule.
In the Velasco reforms, mestizos staffed most of the urban development agencies upon which rural villagers depended for resources. And acquiring status and employment in the industrializing urban coastal areas required cultural assimilation to mestizo norms. Further, the industrialization policies of subsidizing urban areas with cheap rural food created some of the greatest racial divides. The very well-being of the urban mestizo workers depended upon the price controls undercutting rural native incomes. Not only did this new focus on development, then, make people’s economic well-being track with their race, but it enhanced the earlier predication of mestizo privileges upon native subordination, now spelled out in clear economic terms. Under these conditions, urbanization flourished, with peasants fleeing the stagnant rural economy in favor of the dynamic subsidized cities. The census numbers of indigenous people decreased massively at this time, far outstripping birth, death, and intermixture rates. Nelson Manrique explains this as reflecting (mestizo) urban growth on the coast at the expense of the rural, indigenous-associated sierra. That is, acquiring urban jobs meant giving up one’s indigeneity. Or to put it more broadly, despite developmentalism’s promise to improve everyone’s well-being, participation came through celebrating the mestizo and deprecating the Indian.

The new developmentalism also reinvigorated the atomization of native political engagement while obscuring the racialized content of the policies. Explicitly reformist in character, by legally transforming natives from Indians to peasants the government tossed out natives’ patrimonial land rights, replacing them with class rights to work the soil. This successfully defused native struggles away from any indigenous liberatory ideas of transforming the state and toward the exploitative atrocities of local landlords. The state therein became the peasants’ champion, removing the rapacious gamonales, but severely limiting reforms to the highly local.

As with much of the rest of Latin America, the lofty goals of developmentalist Peru actually resulted in the Lost Decade of heavy indebtedness. Even the largely authoritarian Velasco regime failed to tackle inequality, with subsequent civilian governments choosing to orient their economies toward financing their loans rather than alienating the rentier elite. As many have shown, international development assistance proved a mechanism for propping up authoritarian leaders faithful to the United States. Putting it in explicitly racial terms, though, shows how rather than challenging rentier rule, the international development infrastructure exacerbated internal inequalities to tie rentiers closer together into a worldwide mechanism of extraction from the periphery to the core:
a global white supremacy. And later adept refinancing only increased capital flows and white interconnectedness.

Rentier Racism in the Core

Similar relations of racist colonial dependency existed amid industrialization in the United States, experienced through such policies as affirmative action and welfare that similarly sold themselves as investing in the well-being of racialized peoples. Black agitation in North America gained some of its strongest victories in the form of affirmative action. But as Stokely Carmichael pointed out, these investments worked at least partially to recruit the best prepared among the black population to work at the behest of the dominant white culture. Herein the talented tenth becomes dangerously Janus-faced, owing loyalty to the dominant culture that provided it with unique resources while serving as a unique conduit for their brethren to access the outside world. Thus, they became a new part of the middle-stratum managerial class, structured to at least partially police the subaltern for the benefit of the elite.

Welfare, the other form of investment for most of the rest of the subaltern population, proved highly colonial.

As the study of Piven and Cloward (1971, chaps. 1, 4) suggests, the distribution of poor relief is designed to meet the conditions for dual dependency upon the state on the one hand and the employer on the other, so that labor may be mobilized and distributed to accommodate the changing demands of the economy. Poor relief, therefore, may be regarded as a functional equivalent of migrant labor, in that both perform the same regulatory function, cushioning the seasonal labor requirements of the agricultural industry.

That is, the elites structured welfare as disempowering of blacks, as a specific means to control labor so that it could be exploited—or not—as needed. Welfare provided resources in such a way that it made recipients dependent and vulnerable to exploitation. The actual functions of the system, of course, enjoyed the ideological cover of empowering through providing resources and therein bringing the downtrodden into the miracles of capitalism.

Meanwhile, the middle racial stratum grew and diversified under corporatism. This provided some openings for challenging the racialized paternalism upon which the system depended. But it also generated new and innovative ways to actively participate, frequently in ways that
obscured the racial payoff. As Herbert Gans points out, many diverse sectors thrived off the latent functions of the undeserving poor. Well-meaning social workers, for instance, help perpetuate the system through their palliative efforts at making it less harsh on individuals. Academics receive high salaries for decrying the injustice of the system. Thus, even when they have knowledge about the system and their place in it, they still immediately benefit from the status quo.

Herein the specter of color-blind racism creates powerful ideological tools for indoctrinating the relatively privileged. In their highly segregated milieus, the recently emerged white middle class enjoyed the fruits of privilege, seeing them as normal and totally unrelated to race or hierarchy. Such spaces enable them to think themselves nonracist and fully deserving of the privileges they do not even see as privileges. Every aspect of their lives—home, school, work, and leisure—exist free from the troubles of the global racial political economy. Their everyday existence therein inculcates beliefs that they are innocent and separate from the injustice in the rest of the world. Indeed, their segregation enables them to believe they are doing good through acts of charitable giving that actually reinforce the elitist paternalism that runs the system. While potentially reflective about the bubbles they live in, they spend little of their privileges on confronting the racist system that makes their lifestyles viable. Instead, they can readily blame their non-color-blind counterparts whose short-term well-being is tied much more overtly to the racist system.

In short, industrial capitalism hegemonically characterized corporatism. At the core of this global system, the centrality of profit, the wage relation, and the continued innovation of the means of production created political space that challenged rentier rule. For the first time since early colonialism, proletarians, in limited partnership with the state and capitalists, gained through fighting for their class rights over their racial privileges. As such, racial inequality diminished while overall well-being increased. But rentiers persevered through making themselves useful to industrialists. In much of the Third World as well as in peripheral areas within industrialized countries, rentiers held sway. They provided raw materials, bought market surpluses, and generally managed discontent through maintaining their aristocratic systems. While achieving some cross-race alliances, middle groups’ prosperity also developed new forms of racism that perpetuated, justified, and obscured forms of racial privileges that helped maintain rentier status. As corporatism fell into crisis, society faced a divergent decision between greater anti-racist socialization of the means of production and unleashing the gentry and their racist rentier economics.
Neoliberal White Supremacy: Return of the Rentier and Racial Caste

People getting their fundamental interests wrong is what American political life is all about.

Thomas Frank, What’s the Matter with Kansas?

Untold volumes of research have detailed the corporatist crisis and subsequent shift to neoliberalism. But very little articulates this in explicitly racial terms, with the exceptions spelling out neoliberalism as class-related processes with racial consequences. Almost nothing explains neoliberalism as inherently racial, as an explicit form of racial rule with its own independent racial logics. Understanding the core dynamics of racialized society, as generated during colonialism and persevering through corporatism, requires a rereading of today’s prevailing relations to see the inherent racialization shaping them. The core neoliberal social relations then involve a polarization between the triumphant lordly rentier and a vast racialized multitude, a population William I. Robinson estimates at over 80 percent in some countries and over half the total global population.95 From this polarization, neoliberalism created a virulent police force from the middle stratum whose newfound uncertainties and fears motivated its members to unleash much more overt and brutal forms of social control upon the racialized masses lest novel forms of marginalization also sweep them to oblivion.

To get to this point, race played two key and largely untold roles in the corporatist crisis that ushered in neoliberalism. The corporatist compromise ended as business came to believe labor had gained too much control over the means of production.96 Racially, the successful international anti-colonial mobilizations of the 1950–60s, such as the Civil Rights movements in the U.S. and peasant land seizures in Peru, increasingly disempowered the racial antagonisms between middle and bottom groups. Such racial reconciliation granted class power and threatened capitalist and rentier alike. Second, increasing elite drives toward monopoly and the deregulation of speculative financial markets greatly empowered rentiers—while subjecting industrialists to a radical new set of regulations based on windfall profits rather than, say, workplace safety, wages, or the environment.97 Thus, a highly polarized situation emerged in which capitalists had to choose between their labor partners in the class system and their rentier partners in the racial system. Though fraught, capitalists ended up siding with the rentiers and engaged in an extremist racial war to undermine working-class cohesion.
The Neoliberal Gentry

The neoliberal unleashing of speculative financial markets as the ultimate overseer of the global economy empowered rentiers to once again become the uncontested world leaders reigning over a rigid social hierarchy. Rather than a return to older forms of colonialism, however, neoliberal reforms creatively invigorated rentier economics, reinventing old colonial relations with a host of new tools. Indeed, neoliberals have successfully repackaged these old relations as the cutting edge of economic innovation, convincing a broad swath of the population of their inherent merit.

Central to this process is the return to prominence of primitive accumulation, what David Harvey terms accumulation by dispossession: concentrating wealth under conditions of weak growth through taking rather than making. Great innovation has occurred in converting all manner of formerly public resources into private gain and the amassing of vast fortunes. But ultimately this is a political process about changing the rules of the game such that money can be attached to things that it had not been previously. And this specifically occurs through new legislation creating artificial shortages: rent, not productivity. New rules allowed for “fiendish, Frankenstein monsters of financial engineering,” in the words of apostate Paul Samuelson.98 These complex tools did the primitive work of accumulation by dispossession, Saskia Sassen explains—for instance, converting ostensible vehicles for black U.S. homeownership, loans, into mechanisms for transferring black wealth to rich whites.99

The aggressive assertion of intellectual property rights unleashes fantastic creativity into accumulation by dispossession. This also entices political liberals into the fold by obscuring their dispossessioning activities as innovation. As Juliet Schor points out, economic efficiency prices goods at the cost of producing the last batch.100 Open-source computing therefore creates the greatest efficiency, especially as knowledge begets knowledge, and proprietary access inefficiently restricts its development. Yet the political rules have come to allow people to amass enormous fortunes through making knowledge proprietary, even when their product does not make any money. In classic rentier fashion, legislatively created shortages (proprietary knowledge) rather than productivity amassed fortunes. The inventors of the computer application Snapchat, for instance, made billions from their IPO, though their product had not yet earned any profits. Herein we see the great wind-
falls available through the privatization of what Marx termed the general intellect. And stock markets fell in line, shifting in focus from delivering funding for production to seeking such rent-driven bonanza payouts.

Now rentiers dominate the global political economy, reinvigorating some age-old practices. The wealthiest people in the world amassed their fantastic fortunes through accumulation by dispossession rather than profit. Carlos Slim acquired his mostly through the privatization of telecommunications, Bill Gates through establishing the laws that made computer code proprietary against the tradition of open source, George Soros on currency speculation, and folks like Charles and David Koch through old-fashioned inheritance and coal extraction.

Not surprisingly, these figures invest their wealth in the traditional rentier fashions that protect their rent-collecting abilities, stunting rather than encouraging the development of innovative alternatives. Transnational oil and coal companies, for instance, while collecting subsidies and proprietary access from governments, have spent billions on stifling the development of solar and alternative energy. On the flip side, they advocate for what they call free trade and open market policies, even as their politically created monopolies openly violate the precepts of these terms. As such, these policies function to funnel money from the poor to the wealthy or, in David Harvey’s words, are “draconian policies designed to restore and consolidate capitalist class power.”

Harkening directly back to feudal paternalism, these elites insist that their charity efforts will redress hardships in the system. They therein once again use others’ misery to shore up the highly unequal system and openly advocate for prioritizing relations of dependence rather than merit or humanism.

Neoliberalism therein enables an aristocracy reigning at a distance from their lessers, with many, in Silicon Valley at least, believing they are doing good through their dispossession. Further, though, it innovates colonialism, realizing the great colonial dream of ruling free of their bitter dependence on labor. Herein the emphasis of control shifts. There is always an issue of managing the discontent of the disaffected. But under colonialism, the main focus centered on controlling the population enough to render them exploitable. With the neoliberal turn away from exploitation, the question centers on controlling a population superfluous to the functioning of the system. And a central part of this question focuses on how to extract rents from this population to support the overall aristocratic order.
From Class Solidarity to Racial Privilege

In the neoliberal tripartite racial system, policies have heavily eroded the middle stratum that gained so much during corporatism. In North America, whites predominated in the middle. But in South America, *mestizos* and some whites tended to hold these positions. Capitalism’s economic uniqueness enabled successful political mobilization because capitalists needed workers as profit depended upon productivity. The elite consented to collective bargaining and higher wages because it also provided the requisite stable and skilled work force.

The turn to financialization breaks this link and undermines the economic rationale for higher wages, undercutting the wage-relation foundation of middle group stability.

The bourgeoisie in the classic sense thus tends to disappear: capitalists reappear as a subset of salaried workers, as managers who are qualified to earn more by virtue of their competence (which is why pseudo-scientific “evaluation” is crucial: it legitimizes disparities). Far from being limited to managers, the category of workers earning a surplus wage extends to all sorts of experts, administrators, public servants, doctors, lawyers, journalists, intellectuals and artists. Neoliberalism alters the terms for deciding wages for even the most privileged workers, generating new forms of uncertainty that force workers to compete across their class where they used to cooperate.

The evaluative procedure used to decide which workers receive a surplus wage is an arbitrary mechanism of power and ideology, with no serious link to actual competence; the surplus wage exists not for economic but for political reasons: to maintain a “middle class” for the purpose of social stability.

The middle groups must turn from economically leveraging wages to politically garnering paternalistic privileges; from class solidarity for challenging the elite to endearing oneself and one’s sector to the wealthy. And they must make their case in terms of maintaining the stability of the new aristocratic order, of helping inure or coerce people into accepting lordly inequalities.

While modern jurisprudence claims it has put an end to them, status-based relationships therein now increasingly predominate across most sectors. As such, these relations determine the distribution of resources. And they do so not based on the economic rationale of maximum return to investment, but on political rationales of maintaining aristocratic rule.
Distribution relies on endearment to the wealthy, convincing them about how they want to hand out their charity. For instance, public higher education, the bedrock of a productive economy, depends for an increasingly large portion of its budget on donations rather than sound economic investments. And career advice from the hegemonic business community says to Forget a Mentor, Find a Sponsor. That is, in the new economy, paternalist protections matter more than skills or merit.

Facing such insecurity and the fear that comes with it, the interests of these middle groups no longer center on class solidarity to challenge the elite but on endorsing the forms of austerity that will harm the proletariat, siphoning money to the wealthy while hopefully leaving middle group’s privileged surplus wage untouched. That is, through instability rather than inclusion, neoliberalism resolves the middle groups’ divided loyalty fully in favor of the aristocracy, a logic that unfurls new deprivations and overt forms of racialized social control upon the bottom group.

Neoliberalism consigns this bottom multitude to misery, in what Mike Davis terms a Planet of Slums. But this is an exclusion through the means of incorporation. As a growing body of literature details, these large superfluous populations face expulsions of various sorts. Rather than being a source of potentially exploitable labor, they are, now, finally in the way. Their removal, however, is largely of a specific tripartheid colonial character.

I argue that they are removed to conditions of severe paternalist dependence upon groups above them in the racial hierarchy. Instead of being rendered exploitable, they are rendered extractable. For instance, in my own research, I have found that the privatization of indigenous lands in highland Peru converts indigenous land rights to rent-collecting powers for mestizos who predominantly reside in the city but who have strong rural connections. Such a shift undercuts horizontal ties in indigenous spaces and instead makes rural natives beholden almost exclusively to urban mestizos. Without guaranteed access to land for subsistence purposes, rural indigenous life now requires paying rents to the urbanites who control the land. Given poor productivity and markets, people will inevitably fail to pay their rents. This empowers urbanites to take what is due them in any form, including the prima nocta rights of feudalism or even neoliberal novelties like organ harvesting. In either case, the indigenous become reduced to the debt slavery of colonialism, fully at the behest of a new set of masters given wide latitude on how to find a use for them.
For their own part, the middle stratum urban *mestizos* face the precariousness of weak labor and product markets. They, too, face a massive squeeze. But they have proprietary access to rural areas and indigenous populations. Thus, neoliberalism incentivizes them to squeeze their rural connections ever more, extracting whatever they can from the now degraded natives and push these up the racial hierarchy.

In a parallel example, the prison industrial complex in North America exerts miserable forms of total control for paternalist ends. Herein the middle-stratum groups also benefit from collecting rents on these populations. In the case of mass incarceration, though, the paternalist nature of political relations stands out starkly. Politicians farm the patronage of building prisons out to predominantly white areas hit hard by deindustrialization. This becomes a kind of jobs program that teaches a very narrow range of skills but provides income for loyal constituents. With their well-being depending on more incarceration, white areas become highly pro-punishment. Rural whites therein cling to these paternalistic jobs with overtly racist tough-on-crime jealousy, even though these incomes fail to meet the industrial jobs they replaced.\(^{111}\)

No real productivity comes out of this system. It is merely a costly way to pay for loyalty and one that continues the feudal contempt for life. Further, through the process of prison gerrymandering, patron politicians ensure their positions by counting the racialized victims of this system, the prisoners, as nonvoting constituents. Thus, harkening back to the antebellum two-thirds clause, the white folks in these areas vote on behalf of the black incarcerated, and clearly against their interests.\(^{112}\)

Processes of exclusion extend beyond the example of mass incarceration. The incarceral state is hegemonic in this era, though, and therein as the leading edge of the relations of rule defines the larger terms under which the other groups relate. For instance, innovations in this sector have dramatically increased the number of minorities incarcerated in immigration detention centers. Conditions are abysmal. Politically, though, this innovation denies fundamental human rights. One lawsuit, for instance, argues that inmates awaiting the rulings on their immigration status, who are therefore held without being charged—denied habeas corpus—are forced to work for prison wages and therein toil in a slave labor system.\(^{113}\)

Thus, in the larger global racism framework, the expanding prison industrial complex defines much of the overall system: a method for funneling minimal patronage from the European white elite to their loyal retainers, whose maintenance of the system provides daily reminders of how bad things can get for the faithless. Fearing such plights helps drive
the system onward, the degradation of the criminalized inspiring ever more tough-on-crime stances.

In sum, neoliberalism reveals itself as an innovative revitalization of racialized colonialism. It enables the imposition of a rigid, race-based social hierarchy. And, outdoing colonialism, it sets up the vast majority of the global population for degrading rent extraction, totally at the mercy of middle groups. These middle groups in turn face unvarnished precariousness. They therefore contemptuously regard lower groups in the hierarchy as worthy only of extraction, so that the middle groups do not share their fate. The elite thereby successfully recruit the middle stratum to do their dirty work while keeping distanced from it themselves.

Herein the elite establish multiple self-reinforcing mechanisms to safeguard and enhance their positions. As under colonialism, the elite feed the middle patronage as the only safety against impoverishment. Loyalty proves the strongest defense against precariousness. As such, the elite recruit the middle to enforce the very policies that created middle group insecurity. Further, the middle group faces the antipathy of the bottom groups. Subaltern groups tend heavily to visit their resentment upon their middle managers. This, however, helps perpetuate the very fracturing and precariousness upon which the system thrives. Thus, echoing one of the great innovations of colonialism, the elite use hostility toward the system to shore up the system itself.

While analysts such as Slavoj Žižek put this in class terms, this tripartite group dynamic makes more sense in the racial terms I have so far outlined. The global rentier class has set itself so far above all others, they behave as though they believe they are inherently better than everyone else, with their aristocratic culture strongly associated with white European sophistication. They have degraded much of the world’s population, rendering them irredeemable to the global system. And they rule through promises of relative privileges for the middle group rather than promises of upward mobility. But most importantly, the logic of class relations no longer prevails. Most tellingly, the middle group does not predominantly act according to the economic logic of class, but to the personalistic logic of race. That is, the elite oversee a zero-sum racial game that accrues all wealth to them, rather than a growth-based capitalist game of fighting for control over the means of production, with income accruing accordingly. Neoliberalism ends the class dynamics that wrought racial alliances under corporatism and instead spells out middle-group interests in terms of racial contestation and the marginalization of the Other.
Conclusion

A major piece of the puzzle of grasping racial stratification as a truly global system involves understanding the role and perseverance of the rentier elite. Rentiers did the work of colonialism through setting up and maintaining local fiefdoms. They therein benefited from crown largesse and employed it to do crown business. These petty kingdoms managed local discontent and marshaled local labor through fracturing and creating dependency among the local populations. While initially content to keep the standard European forms of domination, crises in colonial rule inspired them to turn to vicious forms of racism. Rather than undoing the feudal nature of rule, the racial turn embedded it much more deeply into the fabric of society, coloring it anew in racial stratification. The great innovation involved a tripartite system of elites, now deemed white, employing the patronage of limited racial privilege and the fear of racialized degradation to hire a middle stratum to police the racially subjugated bottom. This now racially based autocracy enabled pillage on a much grander scale, windfalls that eventually helped usher in industrialization.

The unprecedented productivity of industrialization brought one of the greatest historical threats to rentier rule. The rising bourgeoisie challenged rentier predominance and eventually, with Bretton Woods, the existence of rentier economics. Crucially, the hegemony of the wage relation uniquely empowered the middle stratum of the tripartite system to fight against their paternalistic racial position through fighting for their class rights. Worker reconciliation of traditional middle-stratum racial, ethnic, and national divides helped them align with the capitalists in the fight for the bourgeois mode of production against rentier economics. The rentiers persevered by making patronage politics serve industrial needs, maintaining a vestigial race-based colonialism within the workings of industrialism.

By the 1970s, the corporatist compromise faced a major crisis as increased worker power began threatening capitalist positions. Rather than siding with the increasingly racially reconciled subaltern populations to preserve much of the bourgeois mode of production through making it even more socialist, the bourgeoisie turned to gentry, their minor corporatist partner, such that “the means of the extravagant rentier” did not diminish but came to dominate. Racial hierarchy became hegemonic, the tripartheid structure gaining predominance over the class structure. Misery, poverty, and insecurity spread while rentiers amassed unimaginable fortunes. Racism became more overt as middle group well-
being started depending once again on paternalistic controls over subalterns, their class alliances splintered anew by nation, race, and ethnicity.

The centuries-old system of white supremacy therein came to dominate through neoliberalism. Grasping the racial nature of these relations requires understanding racial hierarchy as a truly global system. While nation became an important intersecting factor beginning in the late 1800s, confining racial analysis to such borders limits its utility. Racial domination is both more local and international than this. The rentier sits ensconced in a worldwide network of competing peers, each variously propped up by webs of racialized patronage. And the subaltern groups in their great global variety share similar experiences in the forms of oppression they face. Specifically, rentier elite rule employs the powerful tool of a precariously racially privileged middle group benefitting from the misery of the bottom.

While overall this is a sordid story full of cruelty and suffering, it actually provides some substantive positive openings. Grasping the politically rational but economically irrational nature of racist rentier rule means that considerable funds have always been available for constructing a humanely based society. Profligate waste—of lives and treasure—riddled rentier rule. And these elites cavalierly entered wars of attrition throughout history. Unwilling to alter the structure of society because alternatives threatened their standing, they nevertheless expended untold resources on preserving the system. From the outside perspective of someone without enough money to regard such behavior as normal, sheer cruelty would seem to motivate the hoarding of wealth beyond what a person needs to live in opulent luxury, as revealed by the Mossack Fonseca scandal. Considerable leeway exists, then, for a truly democratic organization of the economy and the experiments and failures it almost inevitably must face. And, even under the worst conditions, subaltern populations have continuously generated creative alternatives directly out of the system’s many contradictions.

Notes


10. Žižek, “Revolt of the Salaried Bourgeoisie.”


17. Fredrickson, White Supremacy, 60.


20. Allan Kulikoff, Tobacco and Slaves: The Development of Southern Cultures in the Chesapeake, 1680–1800 (Chapel Hill: Published for the Institute of Early American History and Culture, Williamsburg, Virginia, by the University of North Carolina Press, 1982).


27. Ibid.


34. Portocarrero, *Racismo*.

35. Stern, *Peru's Indian Peoples*, 44.

36. Ibid., and Klarén, *Peru: Society and Nationhood*.


48. Ibid., 295.
52. Ibid., 331.
53. Ibid., 336.
54. Ibid., 337.
56. Ibid., 243.
57. Ibid., 245.
58. Ibid., 252.
59. Marx, “Manifesto.”
62. Ibid.
65. Harvey, *Brief History of Neoliberalism*.
69. Harvey, *Brief History of Neoliberalism*.
72. This section relies heavily on Scarritt, *Racial Spoils*.


77. José Vasconcelos, La Raza Cósmica (1925) (Los Angeles: California State University, 1979).


82. Callirgos, El racismo; Hale, “Rethinking”; Portocarrero, Racismo.


84. Nelson Manrique, La piel y la pluma: Escritos sobre literatura, etnicidad y racismo (San Isidro, Peru: CIDIAG, 1999).

85. Scarritt, Racial Spoils.


89. Burawoy, “Functions and Reproduction of Migrant Labor.”


97. Steger, Globalization.


101. Žižek, “Revolt of the Salaried Bourgeoisie.”


104. Žižek, “Revolt of the Salaried Bourgeoisie.”

105. Ibid.


109. See, for example, Sassen, Expulsions.

110. Scarritt, Racial Spoils.


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