The Political Economy of Technofeudalism

Under feudalism, the power of the ruling class grew out of owning land that the majority could not own, but were bonded to. Under capitalism, power stemmed from owning capital that the majority did not own, but had to work with to make a living. Under technofeudalism, a new ruling class draws power from owning cloud capital whose tentacles entangle everyone. After summarising how capitalism generated value, surplus and power, I sketch out the generation and distribution of surplus and power in our technofeudal societies.

> Note: The analysis below is in the tradition of the classical economists; e.g., Adam Smith, David Ricardo, Karl Marx – with splashes of John Maynard Keynes, John Kenneth Galbraith and Hyman Minsky. For a brief (and not too technical) introduction to the contested terrain that is economics, see my 1998 book entitled *Foundations of Economics: A beginner's companion* (London: Routledge). For a more advanced treatment, see a more technical, volume I co-authored with Joseph Halevi and Nicholas Theocarakis entitled *Modern Political Economics: Making sense of the post-2008 world* (London: Routledge, 2011).

Capitalism

Key to understanding how capitalism produces wealth and distributes it is the dual nature of value, labour and capital. The duality in their natures was the source of the great surpluses from which capitalist profits sprang. These profits, along with debt, funded the formation of capital whose accumulation shaped the modern world.

1. COMMODITY PRODUCTION

Commodities are goods or services produced exclusively to be sold, rather than to be experienced or gifted by their producers. Under capitalism (but also under all pre-capitalist systems), buying and selling was confined to markets.

1.0 Markets – A market is any decentralised trading site where buyers and sellers meet freely and spontaneously.

Note: They can be less or more competitive, oligopolistic (few sellers, many buyers) or oligopsonistic (many sellers, few buyers); tending in the limit to monopoly (a single seller and many buyers) or monopsony. Markets wither when the number of buyers and the number of sellers both shrink, tending to one on each side (in which case we have a case of one-on-one bargaining, or bilateral monopoly/psony).

Note: Under technofeudalism, trading is centralised and takes place not in markets but in cloud-fiefs (e.g., Big Tech platforms) created and run by the algorithms of cloud capital which match buyers and sellers – see 11.2.3 below.

1.1. Value's two natures
   1.1.1. Experiential Value
   1.1.2. Exchange (or Commodity) Value

Experiential Value flows out of any experience that humans value; from drinking a glass of cold water when thirsty, to enjoying a beautiful sunset, to solving an equation or humming a song, to shopping, to feeling appreciated. Experiential value is, thus, an intangible, unquantifiable, subjective, quicksilver value.[1] It always existed, and always will as long as humans are sentient, independently of how we organise production.
Exchange Value is the quantifiable value of a commodity under capitalism. More precisely, the exchange value of a unit of some commodity is measured by how many units of other commodities it can be exchanged with. It is reflected in (but is not reducible to – see note below) the price of a good or service which has been produced for sale, not to be experienced or gifted by those who produced it (i.e., a commodity is aimed at end-buyers prepared to pay for the experiential value they will derive from it).

Note: The greater the competition between several sellers, the closer the price of a commodity reflects its exchange value which, in turn, is determined by (or reflects) the total experiential labour (see 1.2.1 below) expended in its production by every human involved, directly or indirectly, in producing it.

1.2. Labour's two natures
   1.2.1. Experiential Labour
   1.2.2. Commodity Labour

Experiential Labour is the elusive, unquantifiable, quicksilver and occasionally magical aspect of human work that, during the production process, breathes into a thing or a service the capacity to impart experiential value (see 1.1.1) to whomever gets to experience or consume the final product or service.[2] Focussing on commodities (that have been produced for sale), experiential labour is the human input that infuses them with exchange value during the process of production (see 1.1.2).
Commodity Labour is the bundle of labour time and skills a worker leases to an employer. The exchange value of commodity labour equals the sum of the experiential labour that other workers have put into the commodities that a waged worker's wage can buy. In the same way that price is the (seldom perfect) reflection of a commodity's exchange value, the wage is the (seldom perfect) reflection of commodity labour's exchange value.

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[1] Traditionally, within the circles of political economics, experiential value was known as use value; a confusing term because wise people can – indeed, *should* – assign great subjective value to things that are ends-in-themselves, that – in other words – have no use or utility; e.g., great art and beauty, knowledge for its own sake, the thrill of climbing a mountain just because it is there. Thus, my term 'experiential value' – i.e., the value one derives from any positive, wholesome, pleasurable, satisfying experience, useful or not. (Nb. Neoclassical economists refer to experiential value as utility – following the lead of Jeremy Bentham.]

[2] In classical political economics (e.g., Adam Smith, David Ricardo, Karl Marx), what I call *experiential labour* is referred simply as *labour*. I add the adjective *experiential* in order to distinguish it (labour-as-an-experiential-activity) from labour-as-a-commodity. See *commodity labour* below – which classical economists referred to as *labour power*. In short, while classical political economists made the distinction between *labour* and *labour power*, I find it less confusing (and more enlightening) to define the two natures of labour as *experiential labour* and *commodity labour*.

1.3. Capital's two natures

1.3.1. A produced means of commodity production

1.3.2. A social relation that affords its owners extractive power over non-owners

A produced means of commodity production takes the familiar form of physical capital; e.g., machines, factory or office buildings, tractors etc. Because they are commodities (or, as they often called, capital goods) produced exclusively to assist in the production of other commodities, they can be thought of as physical artefacts purchased as labour productivity enhancers. More abstractly, they can also be thought of as previously expended, or 'dead', experiential labour now crystalised in physical means of production.

A social relation that affords capital's owners extractive power over non-owners. Besides its physical presence and function, capital provides its owners with the social power necessary to extract surplus value (see 1.4 below) from workers who do not own capital.

Note: There is nothing mystical or puzzling about the physical nature and function of fishing rods, tractors or industrial robots (i.e., of capital goods). However, capital's nature as a provider of extractive power is less obvious. The extractive power it affords derives from the social relations between people with property rights over (and, therefore, autonomous access to) means of production (capitalists, landlords) and the rest. The asymmetry in capital ownership leaves those who do not own capital no alternative but to sell to capitalists their commodity labour (see 1.2.2 above), for a wage, and, in the process, to generate surplus value (see 1.4 below) for the capitalists. To illustrate, recall how (Chapter 3, pp. XX-YY) Mr Peel lost his extractive power over the English workers he had transported to Western Australia once they gained autonomous access to means of production (i.e., to plentiful land in the surrounding areas) independently of Mr Peel. Capital's second nature, its *extractive power*, originates from such asymmetrical access to produced means of commodity production.

1.4 Surplus Value is the difference that an employer retains after producing and selling a unit of commodity X. More precisely, it is the difference between (a) the value infused into a unit of X by the *experiential labour* necessary to produce it and (b) the value of the amount of *commodity labour* that the employer had to buy to produce that same unit of X.[3]

2. DISTRIBUTION

Revenues from the production and sale of commodities turn into four main types of income: Wages, Interest, Rents and Profit.

2.1 Wages

In the same way that prices reflect (but are not reducible to) the value of commodities, wages reflect (but are not reducible to) the exchange value of commodity labour (1.2.2 above).

[3] By surplus value we mean *surplus exchange value*, since experiential value is purely subjective and personal; and, thus, cannot be surplus to anything.

Note: The greater the competition between several employers, the closer the wage reflects the exchange value of the worker's commodity labour. Thus, in labour markets dominated by one or few employers, the wage falls short of the exchange value of the worker's commodity labour – which translates into a type of monopsony rent (see 2.3.3 below) retained by the employer.[4]

2.2 Interest

Capitalists must borrow (occasionally from themselves; i.e., from their accumulated profits) to purchase labour, land and capital goods before production begins. To break even, their revenues must cover – in addition to all their other costs – the interest financiers charge them (or which they would have earned from saving that money had they not entered into production).

2.3 Rents

Rent is any price paid by a buyer above the price which most closely reflects the exchange value of the commodity (1.1.2). An equivalent definition of rent is as monies paid for a commodity in excess of the minimum price necessary for that commodity to have been produced. Four types of rent are prevalent under capitalism:

- 2.3.1 Financial Rent
- 2.3.2 Ground Rent
- 2.3.3 Monopoly Rent
- 2.3.4 Brand Rent

Financial Rent refers to payments to financiers (e.g., bankers) in excess of the minimum interest necessary to motivate them to provide the loan. Financial rent, also, includes returns from speculating in share, real estate and derivative markets; in private equity etc.
Ground Rent pre-dates capitalism and comes close to (though it does not coincide with) everyday use of the word 'rent': any payment for leasing land over above the minimum (which may tend to zero) that would be necessary to motivate its owner to lease it.
Monopoly Rent obtains due to low or non-existent competition (oligopoly or monopoly) which allows a seller to extract from consumers payment in excess of the commodity's exchange value. In common parlance, the monetary equivalent of monopoly rent is known as a 'mark-up' (or 'price-cost margin') that the seller can charge the customer over and above a commodity's exchange value.[5]
Brand rent is a form of monopoly rent which the seller can extract from consumers who are motivated to pay for a branded item or service more than its exchange value; e.g., in pursuit

[4] To be a little more precise, we should be calling this monopsony rent (since the employer is buying commodity labour as a monopsonist).

[5] Sellers get away with charging mark-ups (i.e., monopoly rents) in proportion to their power to 'corner the market' (or to 'gouge' the consumer). In highly competitive markets, monopoly rent tends to zero. Put differently, the more monopolised the market for a commodity, the more its price exceeds the value equivalent of the total experiential labour infused in its production – since any commodity's exchange value (1.1.2) equals the total experiential labour (1.2.1) infused in its production.

of status signalling or ownership of positional goods (i.e., goods desired not so much for themselves but, rather, for the fact that others cannot own them; for example, a limited-run print or an antique vase).

2.4 Profit

Profit is the portion of the revenue capitalists retain after they have paid wages to workers, ground rent to landlords, interest and financial rent to financiers plus fees to professionals (e.g., marketers, advertisers) helping them build up brand rents.

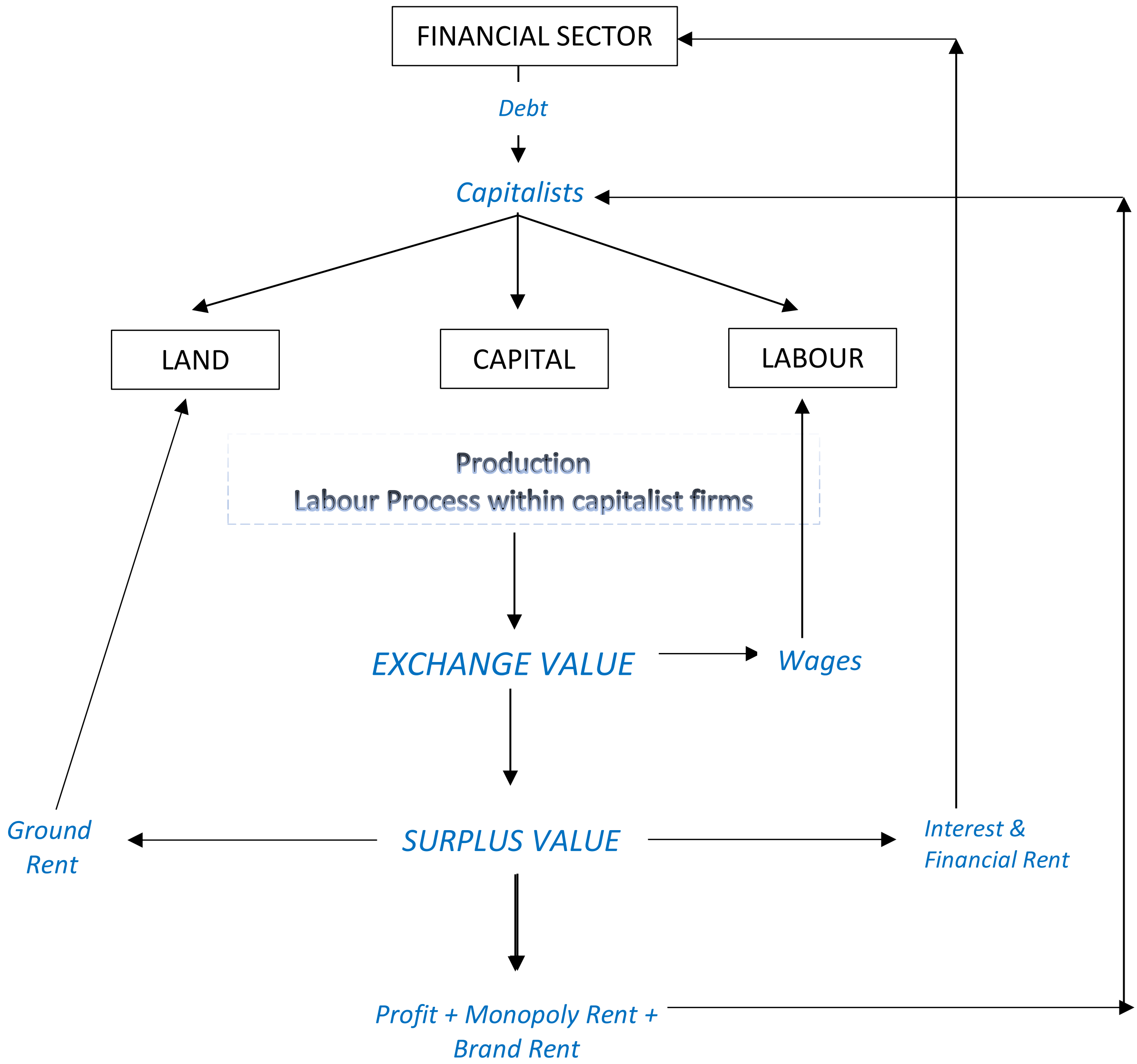

Figure 1: ***The Production and Distribution of Value Under Capitalism***

3. MONEY and CIRCULATION

The exchange values that capitalism produces (see Figure 1) are transformed into prices, wages, interest and profits within various markets where commodities are exchanged for money.

For production to begin, private monies (comprising previous profit and new bank loans) are spent by firms on inputs such as commodity labour (see 1.2.2), physical capital (see 1.3.2), buildings & land, and other commodities needed as raw materials.

Within the firms, due to the twin natures of labour and capital, surplus value is generated that the firm's owners retain (i.e., capital's nature as an extractive power enables the firm to extract – unpaid for – experiential labour that infuses its output with exchange value greater than that of its inputs).

Once commodity output is sold, the firms (courtesy of the surplus value generated during the production process) end up with more money than they started this cycle with. These monies then turn into incomes (wages, taxes and the different types of rents – see 2.2 above). The augmented private incomes (net of taxes and all spending on repaying financiers or landowners), plus public expenditures and new consumer debt, return to markets in the form of consumer and government (private and public) consumption. Lastly, unspent capitalist profit, plus new corporate debt, funds the new cycle of the production process. And so on.

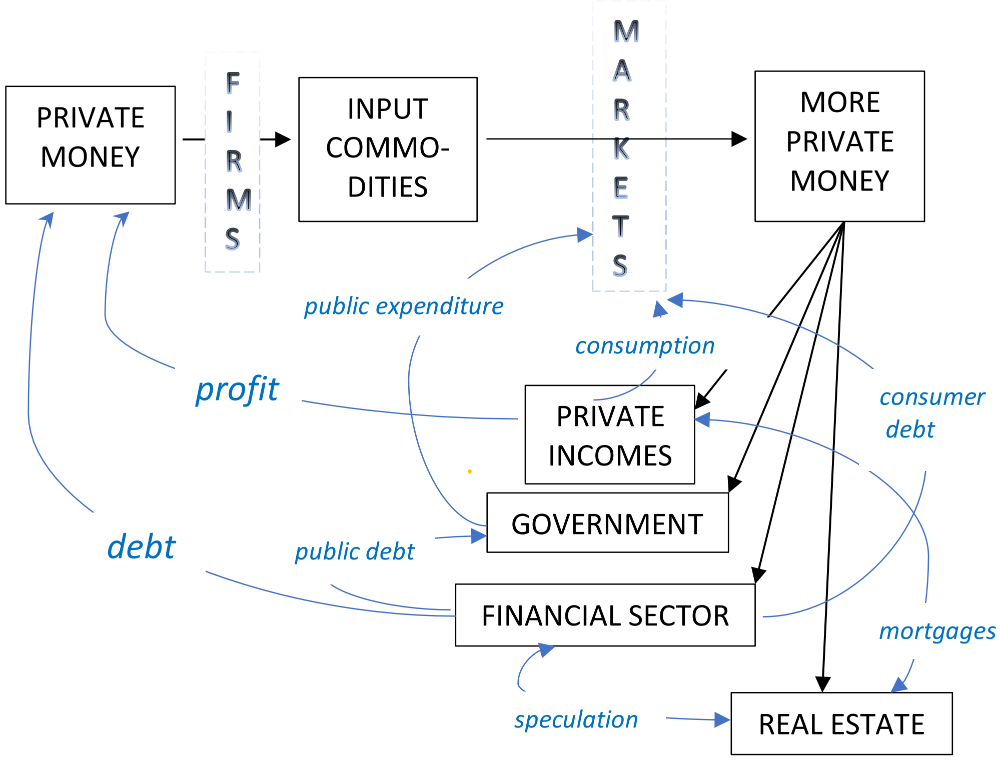

Figure 2: *Money and Circulation*

The two lynchpins holding capitalism's circulation process together (see Figure 2) are:

3.1 Profit & Private Debt as capitalism's main fuel
3.2 Markets as value's decentralised distribution mechanism

<u>Profit</u> fuels capital accumulation, motivates capitalists, and lubricates capitalisms' cogs and wheels,[6] while <u>Private Debt</u> (created by financiers from thin air[7]) allows capitalists to finance the large fixed costs involved in building up new plants and networks of physical capital.[8]

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[6] Profit emerged as the main economic driver only after capitalism deposed feudalism. Under feudalism, it was ground-rent that functioned as society's economic driver. Profit was, of course, always present and always welcome, except that it did not become society's main driver until capital replaced land as the main source of power. See Chapter 4 of my *Talking to My Daughter* for more.

[7] Bankers, and other related types of financiers, create loans from thin air by an audacious transfer of future values to the present, to be invested in capitalist endeavours that will hopefully produce enough value to repay the… future, with interest too!

[8] Unlike feudalism which followed the pattern production→distribution→financialisation (i.e., peasants produced grain, the landlords collected their share and, only then, was surplus sold to markets to accumulate money that was to be lent out) capitalism reversed that temporal sequence: Debt (i.e., financialisation) comes first (in the sense that

Markets are the *decentralised price-formation mechanisms* in which exchange values are realised in the form of money prices, wages, nominal interest rates, rental rates etc. – see also 1.0 above

CAPITAL ACCUMULATION

Capital goods → are produced within capitalist firms utilising waged labour and previously produced capital goods

Nb. Capital accumulation thus occurs at the micro level. But, the rate at which capital accumulates within firms depends on macro forces shaping Aggregate Demand irreducible to the micro level.

CRISES

Falling rate of profit
Debt crises

SOCIAL CLASSES

Proletariat – Waged labourers
Capitalists – Owners of produced means of production
Salariat – Managers, Advertisers, Financiers generating quasi-rents for capitalists
Middle class (shopkeepers, salaried skilled workers etc.) → squeezed by crisis and/or technological revolutions

TYPES OF EXTRACTIVE POWER

Before capitalism:

Brute Force: the power to command by exercising (or credibly threatening with) different forms of physical violence.
Political (or Agenda Setting) Power: the capacity to determine (a) who is represented in the fora where collective decisions are reached; (b) what is being debated, discussed and decided upon in these fora; and (c) what issues remain unspoken, tacit, buried across society.
Soft (or Propaganda) Power: The power to shape what others think, are prepared to tolerate, to wish for and, ultimately, to do.

Capitalism introduced a fourth type of extractive power, which helped it reshape the world:

Capital's power to command non-owners of capital to generate surplus value & quasi-rents

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business must secure financing first), distribution follows (e.g., the capitalist signs wage, rental and financial contracts), and only then production begins. See Chapter 3 of my *Talking to My Daughter* for more.

6 HOW THE TECHNOSTRUCTURE ENHANCED CAPITAL'S SECOND NATURE

The Technostructure (see Chapter 2) developed two new economic sectors whose purpose was to modify the behaviour of workers and of consumers respectively. These highly professionalised *behavioural modification sectors* significantly enhanced capital's power (its second nature more precisely):

6.1 Labour Command Service Sector: Located in and around the workplace, these professionals applied well-researched, scientific management procedures to speed up the labour process and to squeeze more experiential labour out of a given quantity of commodity labour. Their techniques included Taylorist organisation of the factory floor, sophisticated surveillance, Fordist production lines, Japanese management practices (co-opting workers to the company's ideology) etc.

6.2 Consumer Command Service Sector: Breaming with advertisers, marketers, copywriters, and creative types (epitomised in Chapter 3 by the fictional Don Draper), this sector helped maximise brand rents by manufacturing consumer desires for the large firms' branded products – thus underpinning their power over both consumers and smaller competitors lacking access to this sector.

The development of these two sectors was mirrored into two brand new markets:

- Market for Professionalised Influencers: A new type of manager began to dominate the conglomerates, pushing aside the engineers who used to rise through the company's ranks. A whole market for their services, and for training them (e.g., the cult of the MBA), extended from traditional industrial sectors to Wall Street and even to public administration.
- Market for People's Attention: The Consumer Command Service Sector was dedicated to capturing the attention of television and radio audiences before selling it on to advertisers – see Chapter 2 (Attention markets and the Soviet's revenge).

Having access to these two Command Service Sectors and markets, the Technostructure secured for itself an inordinate double privilege: an asymmetric (soft) power to manipulate, and to modify, the behaviour of both workers and consumers.

Technofeudalism

Just as capitalism pushed aside feudalism by replacing land with capital as the dominant factor of production, so too technofeudalism rode in to displace capitalism on the coattails of cloud capital – a mutation of (standard, terrestrial) capital.

7 CLOUD CAPITAL

Cloud capital is, physically, defined as the agglomeration of networked machinery, software, AI-driven algorithms and communications' hardware crisscrossing the whole planet and performing a wide variety of tasks, new and old, such as:

- Inciting billons of non-waged people (cloud-serfs) to work for free (and often unconsciously) at replenishing cloud capital's own stock (e.g., to upload photos and videos on Instagram or Tik-Tok, submit film, restaurant and book reviews)
- Helping us switch off the lights while recommending to us books, films and holidays etc. so impressively in tune with our interests that we become predisposed to other goods sold on cloud-fiefs or platforms (e.g., Amazon.com), which are running on exactly the same digital network that helps us switch off the lights while recommending to us books, films and holidays etc.
- Utilising AI and Big Data to command workers' labour (cloud-proles) on the factory floor while driving the energy networks, the robots, the trucks, the automated production lines and the 3-D printers that bypass conventional manufacturing

By automating the Technostructure's two behaviour modification sectors (see 8.1 & 8.2), cloud capital has removed them from the economy's human-driven service economy and incorporated them fully into its machine network. The jobs performed, under the Technostructure, by shopfloor managers, advertisers, marketers etc. under Technofeudalism are now assigned to AI-driven algorithms incorporated fully into cloud capital.

In terms of the analysis under 1.3, which pertained to capital's two natures (see 1.3.1 & 1.3.2), cloud capital distinguishes itself from earlier forms of capital by adding a third nature to capital's original twin nature:

1.3.3 Cloud capital's Third Nature: A produced means of behavioural modification and individuated command

Cloud capital's third nature straddles three types of algorithmic behaviour modification: One strand commands consumers to reproduce cloud capital (i.e., turns them into cloud-serfs). A second strand commands waged labour to work harder (i.e., turn proletarians and members of the precariat into cloud-proles). And a third strand replaces markets with cloud-fiefs. In a sense, cloud capital's third nature grants its owners (the cloudalists) a great brand-new power to extract surplus value produced in the traditional capitalist sector – as Figure 3 below illustrates.

More analytically, cloud capital's third nature furnishes it with the three functions or forms:

7.1 Produced Means of Commanding Labour [i.e., the automation of 8.4 above]

7.1.1 CLOUD-PROLES: Cloud-based devices entered the labour process (factories, warehouses, offices, call centres etc.) replacing the Taylorist middle-managers hitherto driving output gains and surplus value extraction in the workplace. The proletariat, thus, becomes more precarious and is increasingly marched to a quicker pace by cloud capital.

7.1.2 CLOUD-SERFS: Persons unattached to any corporation (i.e., non-workers) choose to labour long and often hard, for free, to reproduce cloud capital's stock; e.g., with posts, videos, photos, reviews and lots of clicking that makes digital platforms more attractive to others.

Note: For the first time in history, capital has been (re)produced by unwaged labourers. Cloud capital's platforms make it easy for work to move out of the labour market into an economy that is disguised with the paraphernalia of gaming, chance and lotteries when, in reality, it is all about mechanical, repetitive, Fordist work. Digital spaces that appear modern, snazzy, friendly and neutral are in fact well-designed projects of cutting much of paid labour out of the labour market, making the wage optional and even altogether replacing it with a sequence of wagers.[9]

7.2 Produced Means of Extracting CLOUD-RENT from Capitalists for Access to CLOUD-FIEFS [achieved, partly, via the automation of 8.5 above]

As explained in Chapter 3 (see pp. XX-YY, 'Wither markets, hello cloud-fiefs'), eCommerce platforms like amazon.com or Alibaba.com are not markets (defined in 1.0 and 3.4 above). The reason they cannot be thought of as markets is that the cloudalists' algorithms succeed in isolating every buyer from every other buyer, and every seller from every other seller. As a result, the cloudalist's algorithm concentrates in itself the power to match buyers and sellers – which is the exact opposite of what a market is meant to be: decentralised. Such power vested in the cloudalist's algorithm grants its owner the capacity to charge sellers (i.e., conventional capitalists) large amounts of rent (cloud-rent) for access to customers.

7.2.1 Cloud-fiefs are digital trading platforms on which buyers and sellers are matched by the algorithms of cloud capital. While they look like markets, their perfect centralisation (achieved by the algorithm's power to match and to determine the full information set of each buyer and each seller) renders them a form of cloud-fief belonging to whoever owns the algorithm or cloud capital which (a) built the platform and (b) attracts cloud-serfs to play the role of buyers (as well as contributors to its cloud-capital) and vassal capitalists in the role of sellers.

7.2.2 Vassal Capitalists are capitalist producers who, so as to sell their commodities, must pay cloud rent for access to the cloudalists' cloud-fiefs

7.2.3 Cloud-rent is the payment cloudalists extract from the vassal capitalists for access to cloud-fiefs.

[9] There is indeed a category of workers who fall in a grey zone where payment for work beneficial to cloudalists is considered an optional extra. Its origins are to be found in mass multi-player video games where systems of quasi-payments were developed before spreading to many digital platforms or cloud-fiefs. Initially, gamers' own behaviour breathed spontaneously exchange value into certain relative scarce digital artifacts within their gaming environment (e.g., a particular sword or helmet). Soon, they were rewarded by the corporation behind the game with coveted digital items – the first inklings of the NFTs that became all the rage outside the gaming communities in the 2020s. Later, corporations found ways to 'gamify' work that added to their cloud capital. Like Amazon preferred to refer to its workers as 'associates', these workers are not called workers but, instead, 'players', 'users', 'taskers' etc. To keep them working hard on its behalf, cloud capital (e.g., Mechanical Turk, Amazon's cloud sweatshop where workers, in 2020, made less than $2 per hour while 90 percent of tasks paid less than $0.10 per task) uses a plethora of non-monetary, token-based, payments and, crucially, on-screen rankings in order to motivate almost Stakhanovite levels of competition between workers.

In summary, cloud capital's greatest accomplishment was increasingly to induct into its AI-algorithmic-digital network not only the processes of modifying workers' and consumers' behaviour in the interests of cloudalists but, also, the market itself – turning whole segments of the capitalist class into its vassals.

8 DISTRIBUTION UNDER TECHNOFEUDALISM

Figure 1 illustrated the distribution of exchange value under capitalism. Under technofeudalism, the capitalist sector continues (as it did under capitalism) to produce all of the economy's exchange value. However, the capitalist sector is now embedded into, and is subjugated within, the broader realm of cloud-fiefs built on cloud capital. As cloud capital accumulates, due to the unpaid labour of cloud-serfs and the cloud rents of the vassal capitalists, more and more of the surplus value generated in the capitalist sector is syphoned off in the form of more cloud-rent to the cloudalists. Figure 3 illustrates.

8.1 Universal Exploitation – Whereas capitalists can only exploit their employees, cloudalists benefit from universal exploitation; i.e., cloud-serfs work for free to increase the stock of the cloud capital which allows cloudalists to appropriate more and more of the surplus value that the capitalists extract from employees already converted into cloud-proles whose work is guided and sped up by cloud capital.

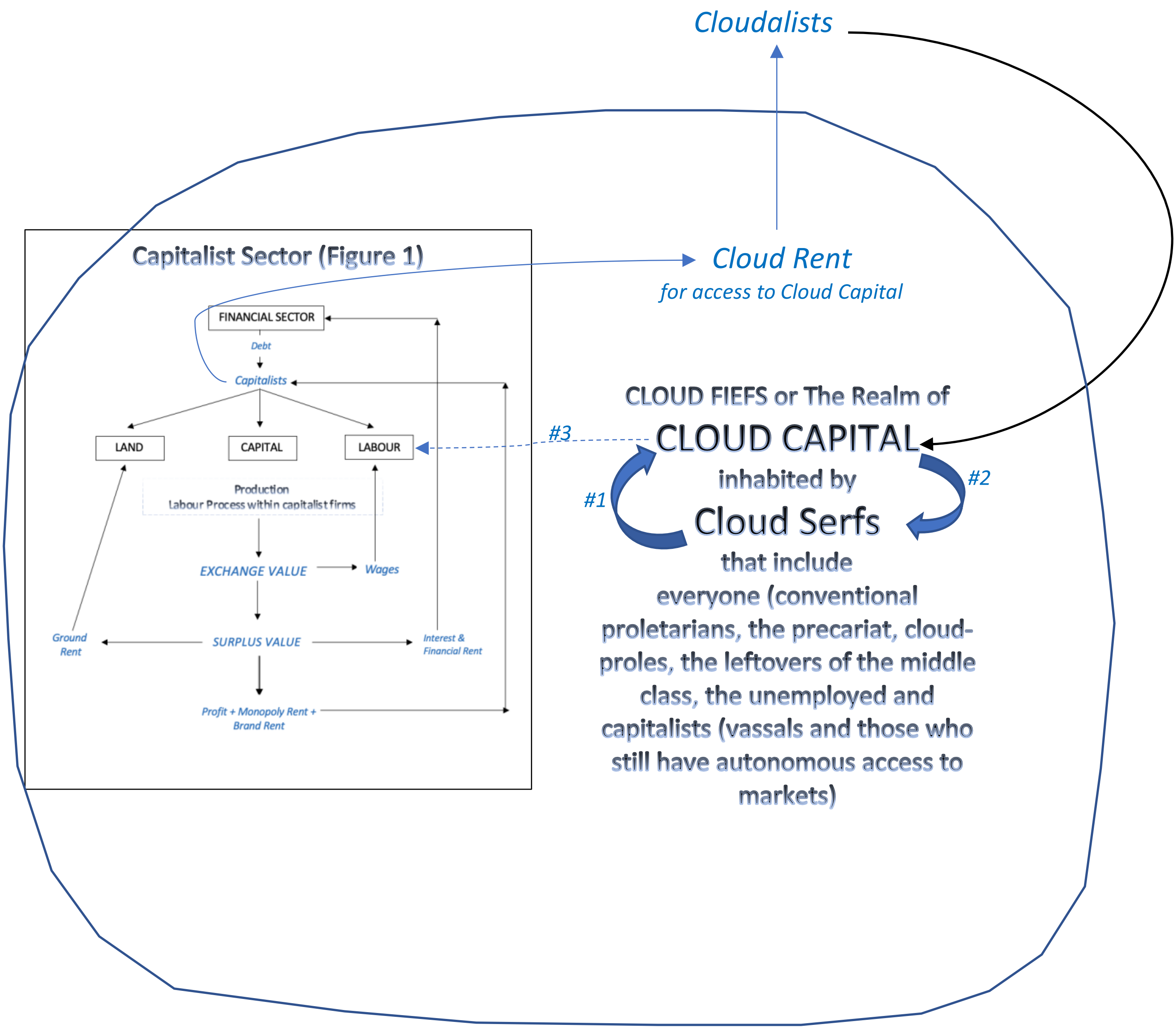

Figure 2: ***The Production and Distribution of Value Under Technofeudalism***
#1 Cloud-serf, unpaid labour helps reproduce cloud capital
#2 Cloud-capital modifies the desires, beliefs and propensities of cloud-serfs – including their consumer choices
#3 Cloud-capital also speeds up the work rate of waged labour within the capitalist sector

9 SUMMARY: THE MAJOR DIFFERENCES BETWEEN CAPITALISM & TECHNOFEUDALISM

9.1 <u>Cloud capital</u> – Cloud capital's third nature (see 1.3.3) made possible the full automation of the Technostructure's service sectors (8.1&8.2) whose purpose was to modify, in the interest of capital, the behaviour of workers and consumers. The result was a new type of capital (cloud capital) which became a produced means of, on the one hand, commanding labour and, on the other, of extracting cloud rent from capitalists for access to consumers (9.1&9.2).

9.2 Profit & markets dethroned – Technofeudalism replaced capitalism's twin pillars [Profit (2.4&3.3) and Markets (1.0 & 3.4)] with its own twin pillars: Cloud Rent (9.2.3) and Cloud Fiefs (9.2.1).

9.3 Technofeudal class system – Under technofeudalism, the cloudalists (a segment of the capitalist class who managed to accumulate considerable cloud capital) became our new ruling class, confining the rest of the capitalists (lacking sufficient access to cloud capital) to vassal class status (9.2.2). Meanwhile, waged workers are turning into increasingly precarious cloud-proles (9.1.1) and almost everyone acts as a cloud-serf (9.1.2) helping cloud capital accumulate and construct the cloud-fiefs (9.2.1) that are replacing markets.

9.4 Capital accumulation – Unlike standard, or terrestrial, capital which accumulated strictly within capitalist firms (4.1), albeit at rates dictated at the macroeconomic level (4.2), cloud capital accumulates at another two levels most forcefully: On the back of cloud-serf labour (9.1.2) provided by almost all of us. And, with massive funding directly from the West's main central banks – see Chapter 4.

9.5 A fifth type of extractive power – Cloud capital adds a new extractive power to the four pre-existing ones [brute (7.1), political (7.2), soft (7.3) & capitalist (7.4)]: a cloudalist power vested in the owners of cloud capital with which to modify the behaviour of those who do not own or control cloud capital in a manner that permits massive surplus value produced in the capitalist sector to be directed to the cloudalists as cloud rent.

9.6 Crises – The accumulation of cloud capital amplifies the two forces that generated severe capitalist crises: The falling rate of profit (5.1) and the bursting private and public debt bubbles (5.2). Under technofeudalism, the decommodification of labour (cloud-serf labour) along with the depression of the income share of cloud-proles combine to squeeze society's aggregate spending power or aggregate demand. Meanwhile, the channelling of more surplus value from the vassal capitalists to the cloudalists reduces investment in terrestrial capital; yet another negative influence on aggregate demand.

Note: Technofeudalism is synonymous with the universalisation of exploitation (see 10.1) and with the shrinking of the value base (in proportion to the rise of cloud rent's share of all incomes – see Figure 3). This dynamic accentuates the system's propensity to deeper and more frequent crises. As a result, the central banks that funded the initial accumulation of cloud capital (see Chapter 4) will be forced perpetually to print more and more monies to replace the role that profits and wages used to play under capitalism. But this only helps cloud capital accumulate further (since cloudalists will always have a greater capacity, than every other class, to appropriate the printed central bank money). In short, technofeudalism is condemned to exhibit a dynamic doom loop more volatile and explosive than even that of capitalism.