

PREFACE

This book is about something worse than corruption by individuals or companies. It is about the uncharted corruption of a claimed ideal – ‘free markets’ – and how economies are being rigged to favour owners of assets – the rentiers – while depressing incomes from labour.

Some would say that capitalism is inherently corrupt, because those who can cheat successfully for long enough do very nicely and always have. Even many of those who espouse capitalism unreservedly would grudgingly admit to that. Every day there is a report of some economic crime. There are too many rogues whose names are known to us to imagine that corruption does not pay. There is a saying among Russian businessmen: never ask how he got his first million.

Yet that is not what this book is about. It is about how the claims made on behalf of capitalism have been subverted in the construction of a system that is radically different from what its advocates claim. They assert a belief in ‘free markets’ and want us to believe that economic policies are extending them. That is untrue. Today we have the most unfree market system ever

created. It is deeply corrupt because its leaders claim it is the opposite of what it is becoming.

How can politicians look into TV cameras and say we have a free market system when patents guarantee monopoly incomes for twenty years, preventing anyone from competing? How can they claim there are free markets when copyright rules give a guaranteed income for seventy years after a person's death? How can they claim free markets exist when one person or company is given a subsidy and not others, or when they sell off the commons that belong to all of us, at a discount, to a favoured individual or company, or when Uber, TaskRabbit and their ilk act as unregulated labour brokers, profiting from the labour of others?

Far from trying to stop these negations of free markets, governments are creating rules that allow and encourage them. That is what this book is about.

ONE MAN'S NIGHTMARE...

There he was, speaking to the 2015 *Financial Times* Business of Luxury Summit in the principality of Monaco, in the company of glamorous wealth. With a personal fortune of upwards of \$5.5 billion – built on a tobacco inheritance and augmented by luxury brands such as Cartier, Chloé and Vacheron Constantin – South African Johann Rupert revealed he had been having nightmares. He could not sleep, he said, because he saw inequality generating envy, hatred and social warfare. He was worried stiff by the prospect of revolt. Addressing his well-heeled audience, he concluded, 'It's unfair. So that's what keeps me awake at night.'

One feels Johann's pain.

On the other side of the Atlantic, in Seattle, venture capitalist and fellow plutocrat Nick Hanauer, another who drew his first fat cheques from a dynastic family business, albeit one making feather bedding rather than cigarettes, was worrying about pitchforks aimed in his direction and his 'fellow 0.01ers'. In his dreams, he feared the *sans-culottes* of the French Revolution, who sent the aristocrats to the guillotine. To avert the threat, he advocated a higher minimum wage, a desirable move but hardly one that would threaten the structures producing the malaise of inequality and insecurity. But at least he recognised that revolt was justified.

Revolt takes many forms. Sometimes it stems from desperation; there is nothing to lose. Sometimes it stems from a dying moment, when the tide of history is drowning the losers, when just standing up is an act of defiance. The miners' strike in Britain in 1984 was like that. It was resistance against loss of a way of labouring that had turned adversity into a community of shared identity. Similarly, the Luddites of the early nineteenth century were resisting disruption to a way of life that weavers had forged over generations as a means of dignifying their community.

Sometimes, though, revolt is more strategic, directed to an end largely understood by those taking part, or by enough of those leading it to give it coherence and sustainable strength. These are the revolts of those wanting to accelerate change and steer it in new directions.

The anger of injustice is combined with a belief that something better can be achieved. In such times throughout history, a collective energy comes from the shared anxieties of people who feel common pressures and a common resentment towards those

taking the pickings of society while they are left behind, losing rights they had come to expect. In such circumstances, revolt is against the minority who are gaining from social structures that are anything but natural.

The theme of this book is that conditions have been created in which some sort of revolt is increasingly likely. It will conclude by considering what that might look like and who might be its leaders. Before doing so, the nature of the problem and the scale of the challenge must be understood. Chapter 1 begins by laying out the global context, recalling the decay of institutions and social policies that had served the post-1945 era reasonably well and how they were dismantled. It was no golden age; it was merely better in many respects than what had preceded it.

Chapter 2 considers the institutional architecture that has been carefully constructed to orchestrate the development of a global market system in which rentiers – those living off income gained from property and other assets – are thriving at the expense of most people in most societies. International bureaucracies in Geneva, Washington DC, London and elsewhere have shaped the rules that have made the system so unfree and the gains by the plutocracy and elite so vast.

Chapter 3 deals with one of the dirty secrets of the age: the stealthily built edifice of subsidies that in diverse ways flow to the plutocracy, the elite, their corporate equivalents and other rentiers. Those below them pay the price in higher taxes, lower benefits and worse public services. The rentiers have shunted much of their wealth into tax havens, as the Panama Papers leaked in spring 2016 so comprehensively revealed. No fewer than seventy-two former or current heads of state or government – princes, sheikhs, Presidents

and Prime Ministers – were exposed, as well as a wide array of the world's wealthiest. Those tax havens did not come about and persist for many years by accident; they were and remain a means of subsidising the rich, a hand-out they neither earn nor deserve.

Chapter 4 reviews a contrasting side of the global economy, the spread of many forms of debt, which might once have been expected to fade as economies became richer and their residents wealthier. If it is any consolation to those saddled with debts that frighten them into sleeplessness, the reality is that the system has been corrupted to such a degree that it depends on systemic debt enmeshing millions of people. Again, it is not an incidental or accidental feature.

Chapter 5 considers another shocking reality: the way in which the public sphere and the historically created commons nurtured over centuries are being privatised and commercialised. This is accelerating the ecological crisis that threatens all of us and is transferring precious aspects of community life to the rentiers. It must be resisted, before it is too late.

Chapter 6 returns to a theme I have explored in earlier books: the growth of the 'precariat', those living through unstable and insecure labour, in and out of jobs, without an occupational identity, financially on the edge and losing rights. In this book, the focus is on how labour and work are being transformed by the silicon revolution and the growth of new labour relationships. Politicians and trade unions have barely touched on what is happening.

Chapter 7 looks at how the corruption of the free market system has gone in tandem with the corruption and thinning of democracy. The question that hovers in the background is stark: do we have a democracy at all today?

Finally, Chapter 8 poses the biggest question of all: can the corruption that rentier capitalism represents be overcome by normal democratic means? Should we continue to play by its rules?

In sum, this book considers the rise of rentier capitalism and its inherent corruption. While many of the examples are from the UK, the context is the construction of a global architecture facilitating rentiers and the enthronement of property rights over citizenship rights.

Once again, I would like to thank audiences who have listened to talks on this and related subjects in the period in which the book was written. They have helped sharpen the arguments. Thanks are also due to Frances, who helped in so many ways and patiently went through the whole manuscript, to Caroline Wintersgill, who edited and commissioned in her impeccable way, and to Victoria Godden and Olivia Beattie, who shared the final editing. I also want to thank the numerous academics, students and activists who have helped with their questions and suggestions. It would be invidious to single out some without mentioning others. However, they share responsibility for whatever is good or useful in the following. The errors are all my own.

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The UK's referendum on remaining in or exiting the European Union was held as this book was going to press. The shock 52 per cent support for Brexit gives further testimony to the book's primary theme. It was a populist vote against the insecurity, inequalities and austerity induced by a system of rentier capitalism that has channelled more of the income to a minority

in a global Gilded Age. That revolt will be followed by others of a similar kind, and politics will grow uglier, unless rent seeking can be curbed and unless the desperate need for basic economic security for all is recognised and met.

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