

The Corruption of Capitalism by Guy Standing review – work matters less than what you own

 [theguardian.com/books/2016/oct/26/the-corruption-of-capitalism-guy-standing-review-why-rentiers-thrive-and-work-does-not-pay](https://www.theguardian.com/books/2016/oct/26/the-corruption-of-capitalism-guy-standing-review-why-rentiers-thrive-and-work-does-not-pay)

Katrina Forrester

26/10/2016

The time would come, Marx and Engels thought, when there would be only two classes, the proletariat and the bourgeoisie, and all people would align their interests with them. The economist [Guy Standing](#) is known for his descriptions of a different kind of class – the “precariat”, defined by the insecurity and instability of the work it performs. Its members are diverse: immigrant Uber drivers and millennial interns, part-time lecturers and the cleaners and couriers of the “gig economy”, the old working class forced into temporary and casual labour. The capaciousness of the idea has been criticised, but that’s also part of its appeal. The precariat is, potentially, the democratic majority. In his new book, Standing says such workers are increasingly conscious of themselves as a class, in part because they see clearly what they’re not: rentiers.

Rentiers get their income not from labour but from rent on assets that they own or control. The global elite profits not just from desirable property or money moved offshore, but also from “intangible assets”: financial instruments such as stocks, derivatives and securities, or intellectual property, including brands and patents. While economists such as [Thomas Piketty](#) see capitalism necessarily tending towards rising inequality because of its own “fundamental laws”, Standing blames inequality on the “rentier capitalism” that has flourished since the 1970s. This, he argues, has corrupted the dream of the free market. If capitalism is to work for the many not the few, what’s needed is what Keynes called the “euthanasia of the rentier”.

Power today lies not with those who control the means of production, but the 'technological apparatus'

Standing shows in relentless detail how the institutional architecture of modern capitalism is geared to benefit rentiers. When cancer drugs are overpriced, it’s because monopolies in the form of patents are granted to private “owners” of inventions, who get rent from their manufacture. When governments break trade agreements, they can be sued, generating income for the litigating company. When you use Airbnb, you’re not part of the sharing economy but of “platform capitalism”, a term Standing uses to describe how digital platforms act as labour brokers, extracting rent from every transaction (often 20%, sometimes more). These and other new technologies have enabled the outsourcing and offshoring of production, ever greater capital mobility, and make corporations more fluid and flexible. Unlike in the past, power today lies not with corporations that control the means of production, but with those that control the “technological apparatus”.

And governments are helping them. British corporation and wealth taxes are lower than income taxes, which favours rentiers. The privatisation of “the commons” – from the water supply to parks to bus services – not only hurts those who lose subsidised access to them, but increases inequality by adding to the wealth of their new owners. The replacement of student maintenance grants with loans doesn’t simply deny poorer students access to education and leave them with up to £53,000 of debt; the Student Loans Company also wins.

Even policies that appear to help the precariat end up favouring rentiers. When incomes are topped up through tax credits, employers lower wages – and pocket more themselves. In an age of mounting private debt and stagnating wages – where [17 million Britons have less than £100 savings](#), and house prices in England and Wales are on average nine times local annual incomes – tax breaks on savings, charitable donations and firms’ debt repayments act as subsidies for the rentier class. The policies of the great recession, like the bank bailouts and quantitative

easing, are likewise subsidies for the asset-rich.

What is to be done? [Paul Mason](#) and others who use the idea of the precariat say that the same technologies now accelerating the new rentierism will free us from work in a postcapitalist future. Standing is less optimistic. Networks of information and ideas, he argues, are already lucrative sources of rental income. And work isn't disappearing, but simply changing – in contradictory ways that neither the “postwork” theorists nor the “labourism” of the old left have grasped. The former ignore that the technologies that change work will increase inequality. Trade unionists and social democrats, Standing argues, have not yet dealt with the fact that today, as the nine-to-five career declines, we do more unpaid work in proportion to our paid labour: we work out of hours, at home and when we look for jobs – work that may not be economically productive. Hourly wage rates have therefore fallen even more than statistics show. At the same time, the kind of work that was previously done for free in private – housework, or taking care of elderly relatives – has become low-paid labour for others. Low-paid work now is not in factories but care work in nursing homes.

Work is no longer the road to riches, or even the way out of poverty. There may be more work, but it pays less

For Standing, what matters is that technologies are destroying the way our income and earnings have been distributed. A new “rental wedge” has been created – between profits, which are growing, and ever more concentrated, and wages, which are falling and ever more uncertain. Work is no longer the road to riches, or even the way out of poverty. There may be more work, but it pays less. So the workplace should not be the site of struggle; the euthanasia of the rentier, Standing claims, requires more than powerful unions and higher minimum wages. That is why the “enfeebled” proletariat, too wedded to exhausted forms of social democracy, cannot lead a revolt. It falls to the precariat, the other group that doesn't benefit from rentier capitalism, to challenge it.

Standing provides a compelling list of demands it should make – the regulation of labour brokers, the end of the “rent-seeking apparatus” that is a flaw of the intellectual property regime and, crucially, a new income distribution system based around two pillars: first, an unconditional universal basic income – a policy advocated by both libertarian right and left; second, the institution of democratic sovereign wealth funds to pool and redistribute rental income. Together these would pave the way for a society in which waged work does not determine income, and rents are widely distributed.

This is a fascinating book that builds on a lifetime of empirical research, but its politics are hard to pin down. Standing is not advocating the redistribution of work or common ownership of assets, or union politics (even though today's unions increasingly organise beyond the shopfloor). He wants policies that can mobilise defenders of free markets, too. Yet he sees rentiers as parasites producing nothing of value, and sometimes suggests only income earned through “hard work” can be deserved. This is an idea long out of fashion: it slips easily into a quasi-Victorian moralising distinction between deserving and undeserving poor, and a glorification of work that produces real material goods. Standing doesn't go there, but implicitly inverts the categories to apply to a deserving and undeserving rich. It's not capitalist profits that bother him, nor does he differentiate between the divergent interests of small and large businesses. The problem is the idle speculator who gives nothing back.

This is an idea with broad appeal. While the factory owner of yesteryear was involved in productive activities, [Goldman Sachs](#) – sometimes described as a “vampire squid” – is not. But the contrast shows Standing's real concern: to purify and socialise capitalism, returning to a morality of rewarding hard work even as he rejects labourism. Capitalism, on this view, can be saved from the excesses of the vampire squid. For those who want its overthrow, Marx and Engels are still a better guide.

• *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay* is published by Biteback. To order a