

Why Dismantling Rentier Capitalism is the Longer-Term Challenge of our time by Professor Guy Standing (7 April 2021)

The UK economy is not a free market economy. It has become a model of rentier capitalism. More and more of the country's income is going as unearned 'rent' to the owners of financial, physical and intellectual assets; **less and less income is making its way to those producing goods and services.**

The UK's institutions and policies have encouraged rent-seeking by permitting or promoting:

- **artificial monopolies and conglomeration**
- **a widening array of market-distorting subsidies**
- **the entrenchment of debt leveraging**
- **a systemic plunder of the public commons through privatisation**
- **the spread of platform capitalism.**

During the Covid-19 pandemic, **the rich have become richer while the poor have been driven further into poverty by mounting unsustainable debt.** The same is true for companies: major corporations have gained from asset price inflation, while weaker firms have been forced into taking on debt many will struggle to repay once the government's Covid support measures are unwound.

The title of my book on rentier capitalism is sadly apt. It is *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay* (Biteback, 2017; second edition, 2021). Rentiers are thriving partly as a result of **grossly excessive financialisation; debt leveraging and the spread of venture capital and private equity have eroded the foundations of anything close to a free market system in the UK and beyond. Meanwhile, institutionalised corruption through the revolving doors between politics and business has become rampant, blatant and unchecked.**

In addition, the intellectual property rights system has become a motor for monopolisation and income inequality. Market-distorting subsidies, including selective tax reliefs, have proliferated. Platform capitalism, exemplified by Amazon, has amplified market power through predatory pricing, while the likes of Uber and Deliveroo act as technological labour brokers, extracting rent from those working as cloud labour or in the concierge or gig economy.

Finally, rentier capitalism has been strengthened by the plunder of the commons through continuous rounds of unprecedented privatisation of public assets, services and amenities.¹ The NHS is being privatised by stealth, social care is in the hands of private equity funds, and privatised water monopolies are pouring raw sewage into our rivers while paying out billions to foreign investors. **A small minority has benefited at huge cost in lost public wealth for everyone else.**

To make the economy work for all, rentier capitalism must be dismantled. Here are immediate steps government could take:

- Stop the revolving door between policymakers and business
- Scrap subsidies that most benefit the better-off
- Halt and reverse privatisation of the commons
- Begin transitioning to a new income distribution system with basic income as an anchor.

We now live in an era of pandemics and chronic uncertainty in which old systems of regulation, redistribution and social protection have broken down. Trying to go back to the old normal would be disastrous.

¹ Also see my book *Plunder of the Commons: A Manifesto for Sharing Public Wealth* (Pelican, 2019). Visit our website for further briefings (<https://blogs.soas.ac.uk/cop/>). If you would like a personal briefing or clarification on any of the issues raised here, please contact the author at GuyStanding@standingnet.com. Do contact Professor Alison Scott-Baumann and her team for further briefings and access to other experts as150@soas.ac.uk

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