

## Batsh-t Construction

**Ross** [00:00:28] Welcome to Renegade Inc. Over millennia, and certainly since Field of Dreams, the idea that build it and they will come has prevailed. After Kevin Costner's massive success, it seems that politicians have taken his gung ho approach to construction literally. Olympic stadiums, often bankrupt host nations and the skyscraper index tells us that the world's tallest buildings are completed on the eve of a significant economic downturn. So why haven't we ever made the link between senseless construction and politics? We went to Kakanomics, the leading economics festival in Norway, to talk with the anthropologist David Graeber about Batsh\*t Construction, a trend that has gripped the world.

**Ross** [00:01:21] David, welcome. We're in Norway, Stavanger. We are in a basement and a city with plenty of oil money, but everyone drives around in Teslas. I see no contradiction here. Congratulations on 'Bull\*hit Jobs'. Were you surprised by the reaction to that book?

**David Graeber** [00:01:40] No, the book did well. I was surprised by the original reaction to the article, which is why I had to write the book, essentially. I wrote the book kind of as a joke really more than anything else. A friend of mine was starting a magazine and wanted me to write something provocative, so I kind of threw something out more like the kind of slightly drunken rant, you might say at a party than an article. But he said, 'no, we'll publish anything you say. So I said, 'alright, what the hell'. And before I knew it, the thing had gone viral.

**Ross** [00:02:08] Now, hot on the heels of 'Bull\*hit Jobs' is 'Bat\*hit Construction'.

**David Graeber** [00:02:10] Yes.

**Ross** [00:02:12] So talk us through the logic. Was this another drunken rant?

**David Graeber** [00:02:15] No, actually, this was something that I got on to. What I was trying to understand, the appeal of right wing populism, actually, and the sort of economic background to it. And also because of climate change, I actually had recently been involved in a project with Extinction Rebellion as a group of heterodox economists who put together a brain trust that come up with how to actually get to zero carbon by 2025 - largely just to say that it's possible, but also to sort of open up corrections that might be pursued. They want to convene a series of citizens assemblies on the idea how would you provide technical information so that they could make the key decisions in that regard. And one thing we discovered was that, you know, huge amounts of waste, carbon, ecological destruction are really coming out of the construction industry.

**Ross** [00:03:01] Right.

**David Graeber** [00:03:01] Much more so than even when it comes to domestic waste. You know, there's always morality around recycling. But if you look at where the waste and say landfills comes from. If everybody in the world recycled everything and didn't throw away anything at all, it would make only half as much difference then if they cleaned up

construction waste, that they stopped knocking down old buildings and building new ones, just we have the old ones instead.

**Ross** [00:03:26] And when you have linked the right wing populism to this, it seems to me like a massive jump. So can you make that leap for us and just how that association works?

**David Graeber** [00:03:37] It all came from why is it we have Donald Trump, who's a real estate and construction guy, as the sort of, what I was going to say crypto fascist, but he's not really that crypto is he? A Quasi fascist president of the United States. And my first realization was that the Hillary Clinton versus Donald Trump election essentially represented the divorce of finance and real estate.

**Ross** [00:04:01] Why is that? And explain that to us.

**David Graeber** [00:04:02] Yeah. One thing that had always impressed me was I read an article many years ago about financing for American politicians and where the money comes from for different parts of the political spectrum. And the only money that would go to the sort of left wing of the Democratic Party, they said, well, there was a Hollywood body and a few other interests like that, but mainly was coming from real estate.

**Ross** [00:04:24] What, to the left?

**David Graeber** [00:04:24] Yeah. The real estate would fund social Democratic candidates because real estate wanted people to be able to afford houses. Now they have a product they can't export. If you're a real estate guy in New York City and San Francisco, well, you know, there is an international market. But if you're in Des Moines, you want people in Des Moines to have money. So that made sense. But essentially, they seem to have made some kind of devil's deal with finance. And that's how we got to 2008. So what the hell? We don't have to redistribute the money. We can just lend them the money and then play around with all these elaborate securitized derivatives and wait for the whole thing to explode. So for a while, credit substituted and you get this alliance between finance and real estate, which is not really present in the previous period of time, but it explodes in 2008. Obviously, something has to be done and you have the Obama interlude. But the moment there's a really strongly contested election, you get, on the one hand, Hillary Clinton who's essentially running as the candidate of Goldman Sachs, you know, financial interests and ideology of certain sort of neoliberal finance. And also, interestingly enough, the candidate of war. She's like tried to start a war with Russia. She's incredibly belligerent in her foreign policy. Now, Trump, he's a real estate construction guy and he kind of adopts a classic mid 20th century corporatist politics - corporatist in the sense of saying that, well, employees and employers in industry have common interests against finance. And that was a basis both of social democracy and fascism in a certain sense, if you say in the 30s or 50s. But at the same time, he's sort of posed himself against global elites. There's always a kind of nativist meeting in the social democratic version of corporatism. But owing to the weird nature of the American imperial arrangements, the fascist guy is running as the peace candidate and he's explicitly about dismantling the American empire, which he had been talking about for 20 years - and I'm convinced is actually trying to do in his own ham fisted way.

**Ross** [00:06:22] Whereas Hillary was running and her bellicose policies weren't going to run straight through that campaign and we could very easily now be at war with Russia.

**David Graeber** [00:06:31] I know. I mean, it's possible we'd all be dead actually, if she had won, I don't know.

**Ross** [00:06:35] The divorce is, though, that the finance or the Goldman candidate, Hillary Clinton and the builder construction, blue collar guy. Donald Trump. So you've got this faction now. Now what? Why has that happened? And why is that relevant to Batsh\*t Construction?

**David Graeber** [00:06:50] Well, this is what I became very interested in. I started looking into this and I realize that the pattern repeats itself. What Hillary Clinton, the Clintons in general represent - same thing as Obama really, same thing as Macron, to some degree, Merkel in Germany - the sort of centrism which is closely tied to finance and financial interests. And politically, the real mainstay support of that is in the professional managerial classes. I think, Tom Frank wrote a book that goes into great detail about it that's a very important point which is essentially what used to be left wing parties that were partly working class constituency, uniformly dumped their working class constituents over the course of the 70s and 80s and adopted the professional managerials as essentially their core constituency that they answer to. And those people essentially became the allies of the financial elites that the 1 percent that we used to talk about in occupy. So you have that as one political centre, and the other one is the emerging right wing populists who represent themselves as working class. And there's a lot of arguments about how much the working class really does vote for those guys. To some degree, the working class who didn't vote for Trump, they just wouldn't bring themselves to vote for Hillary either. They started out in America. But the working class is divided. It's a classic petty bourgeois constituency that the kind of people who voted for fascists who vote for fascists now. But the question is, what is the sectors of capital that push that. I wanted to do kind of an eighteenth Brumaire sort of analysis: What are the dynamic sectors of capital and what sort of political forces do they support? And I realize, well, there's the extractive industries, but there's also construction. Construction is huge globally. And it's a driving force of capitalism. In the UK where I am, those are the two dynamic sectors of the economy is. You know, there's a property bubble and then there's construction boom. And in so far as you have a working class which is visible and active, it's in the construction industry, it's in creation and maintenance and infrastructure, which means that labour organizing takes a whole different form. And that's how you have people like David Harvey, you know, sort of Marxist theorist saying, well, you need to stop thinking about factories as the locus of where the proletariat is. The proletariat is actually building cities, they're the guys who maintain the cities, the right to the city and urban space.

**Ross** [00:09:00] So the old factory workers have become the construction workers. And what does that mean from an anthropologist point of view. What does that mean?

**David Graeber** [00:09:08] First, you have to look at how labour in the construction industry around the world is organized. And again, this is you know, I haven't done this research. I am largely drawing bits and pieces together from people I know located in different parts of the world. The organization of labour and the construction industry in a remarkable number of

places tends to be organized around a sharp dichotomy between a kind of working class elite, the sort of Archie Bunker hard hat types. And, you know, even in the 60s, construction workers, people in that sector were the ones who were considered to be the most reactionary and nativist, right? They're also very highly paid and unionized. And they were the ones who were really protected and did identify with the interests of their employers to a large extent and then an extremely marginalized, unskilled, usually immigrant workforce. And this is true in a remarkable number of places. When I was in Japan, homeless construction workers are a major phenomena. But a lot of the focus of dramatic labour organizing is around these guys. And it's all done through the mafia. The mafia would come with these trucks and pick up these guys at camps and places and take them to day jobs. And that structure repeats over and over again. The sort of, first of all, the construction industry tends to be the most corrupt for obvious reasons. Real mafias do get involved in racketeers of various kinds - very true in America. This is because, you know, you need to work with government not only for permits and contracts and things like that, but on every level it to a degree which you have to simply having a factory doesn't do. And so it's all caught up in these sort of mafia sort of arrangements. You have this dichotomy between working class elite and a usually racialized, often immigrant, underclass. And that pattern sort of repeats itself as a kind of psychological basis for a lot of right wing populism as well I think.

**Ross** [00:10:53] So the link that you're making is that if you're in a factory, you can be unionized but still get on with your life, you don't need government involvement. If you're in construction, you need state sponsorship to be able to get on and unleash....

**David Graeber** [00:11:06] It's almost, by definition, crony capitalism. I mean, speaking of crony capitalism as if it's some kind of anomaly is absurd. It has to be, pretty much.

**Ross** [00:11:13] And then the election of Donald Trump. What you're saying is that it's an absolutely logical next step for America that the construction guy who has arguably paid people off and all the rest of it to get what he needed done, has become the president.

**David Graeber** [00:11:29] He practically said so. I mean the whole draining the swamp rhetoric was essentially to say, 'well, look, I know the system is corrupt. I know these guys take bribes. I'm the guy who bribes them'. You know, like, who would you rather have, the guy who has to pay the money or the guy who takes the money?

**Ross** [00:11:43] So back to the right wing populism and Bat\*hit Construction. Just crystalize that alliance.

**David Graeber** [00:11:49] Alright. Well, the thing that I started to notice as soon as I looked into it, is just how much this model is spreading around the global south as the most effective bottle of development. And this partly comes from China. China essentially found this formula where you have very, very easy credit. You know, outside observers talk about this, you know, terrible corrupt system where they have all these shady deals - again, this kind of crony capitalism, this pouring money in cheap credit into non-viable projects, often non-viable projects. So the financial sector of China that supposed to be a disaster, but that's how they managed to pull off, you know, 10, 12, 15 percent growth rates with these massive construction projects, which in China worked as a way to kick start the economy really well. India started doing the same thing. And again, everybody talks about the corruption and easy

credit and shady deals in the Indian financial sector as a problem. Clearly, it's the secret to their massive growth. So on some level, that thing, that combination actually works. However, obviously, it's something you have to put the brakes on or it goes crazy. And clearly, that's what's happening all over the world. Everybody's trying to do it. So if you look at Modi, if you look at Erdogan in Turkey, Ahmadinejad did this in Iran. They just started pumping out cheap credit to build these complete bat\*hit crazy construction projects. And almost always it's the right wing populist who are doing this. And often what it leads to, especially when since it is so political, is creation of completely insane infrastructure that nobody actually wants.

**Andrew Ross (video clip)** [00:13:21] You know, there's a huge housing crisis in this country. And not just in this country, I think it's affecting cities and countrysides in large parts of the world. In cities like this one, one of the factors is, you know, the building of housing units for absentee speculators, absentee owners. That has generated - and you can see it is visible on the housing landscape - a lot of empty tower blocks, neighbourhoods that are pretty vacant, because people are seldom there. They're in other parts of the world. They're living in one of their other properties. I think you can also see the equivalent in the building of commercial space. There is a long history of that happening in Manhattan. The building of office space, in particular, commercial office space that no one really needs. I mean, down on the World Trade Centre, when the World Trade Centre was initially built it was pretty difficult to find tenants for the millions of square feet of office space down there. And it took many decades to fill up these towers. Likewise, sort of connected to World Trade Centre, what we've seen in the last 10 years or so is the development of a huge part of the west side of Manhattan called Hudson Yards, which is full of luxury housing units and also office space that absolutely no one ever needed. It made financial sense to build them because it generated the need for credit and it raised the land prices on the west side of Manhattan, which benefits the development and real estate community in general. So there are economic reasons for doing it, but they're not being driven by the need or the demand for units like these. And it's not healthy in a city to have places like this - neighbourhoods that are just deserted.

**David Graeber** [00:15:24] One of the things that shocked me when I learned it is that in London, for example, you know, one reason why that the economy is being held up by a construction boom and the construction in the UK is more than anywhere else in Europe, past Germany is rocketing ahead. But it's actually cheaper to build a new building than to rehab an old one. You get a tax break if you rip down a building and build something else. If you just rehab the older one, you don't.

**Ross** [00:15:46] And we're straight back to the political class.

**David Graeber** [00:15:48] Yeah, exactly.

**Ross** [00:16:00] The very clear link you've made in that first half is that Bat\*hit Construction can only really happen and exist with political sponsorship, state sponsorship.

**David Graeber** [00:16:10] Absolutely.



**Ross** [00:16:12] And really, that implicates Trump in the US and many, many leaders all over the world. Why are they doing this? Is it to get GDP figures up? Is it to look like the strongman who can get things moving? Let's get the economy moving. What's rationale?

**David Graeber** [00:16:25] Well, I mean, I think that has always been the case that empires and fascists love building and construction. It's a way to take financial abstraction and make it seem real.

**Ross** [00:16:35] Right.

**David Graeber** [00:16:36] We live in a world full of numbers where numbers define our reality. And I always thought the phenomena of A.T.M. machines was interesting that way because, you know, when they did, as we learned in 2000 with the Bush election, you know, voting machines have a regularly go wrong at point two percent rate or something like that. Almost everything has as a rate where they go wrong. The only thing that never goes wrong or A.T.M. machines, we just assume that will give us the right amount of money. They don't even count, right. They've created a world where a financial abstraction is the only thing you can actually count on. In a way, a lot of what you know, the escalator doesn't work. The elevator doesn't work. Like the trains don't run on time. The A.T.M. machine is always accurate. So we don't say it was really real numbers and finance.

**Ross** [00:17:18] We don't know because we don't count that money. We're way too trusting.

**David Graeber** [00:17:21] Yeah, exactly.

**Ross** [00:17:22] So you've got all these digits in the spreadsheets and a way to make those material is to put up a massive building and often quite phallic, you know, because in the Gulf States, you know, you have people out competing each other. 'Well, no, all tower is two inches taller than yours'. Where does this logically stop?

**David Graeber** [00:17:38] Yeah, it's it's very much so. And I remember reading somewhere when I was first looking at economics that there is a general formula that anytime somebody builds the tallest building in the world, there will be a financial crash within three years.

**Ross** [00:17:53] Right.

**David Graeber** [00:17:53] So what goes up must come down.

**Ross** [00:17:56] It's a testament to human stupidity and terrible economics. The wider affects are a lot more serious isn't it because it affects our health, it effects like monopoly, it affects housing prices, it affects how we interact with cities. This isn't just an academic argument sitting above everything else. It actually impinges on all of our lives at different points. What all the human effects of this Batsh\*t Construction?

**David Graeber** [00:18:20] Well, I mean, I live actually in Ladbroke Grove in London, not far from Grenfell Towers. You can see the human effects immediately. On the one hand these things that are put up to house the poor and given no attention are actually the Grenfell people basically died because they insisted on putting a pleasant decoration on the outside so

that it wouldn't ruin the views of the rich people who are moving in nearby. But they didn't bother to get the fireproof kind because it would cost too much. So I view these directly affect people's lives in the most immediate ways. And then, of course, most of the people who were displaced by the fire who did survive actually, you know, I think some of them still aren't housed. It took years to find them any sort of proper accommodation, despite the fact that I think about one out of every 20 houses in that neighbourhood is unoccupied.

**Ross** [00:19:10] But would you put the Grenfell example and would you put London as a city, as the epitome of Batsh\*t Construction?

**David Graeber** [00:19:18] It is. There's stuff going up everywhere, but people can't afford to have a place to stay. So what are they building and why are they building it? The finance seems to have nothing to do with actually answering human needs. It's all speculative and luxury stuff - buy another apartment for someone who already has one. I was wondering, in fact, what is going on with London and real estate in general. When I first came to England, I was trying to figure out the British economy. You know, the sort of standard line is that the UK supplies financial services to the rest of the world. And if you really think about that, what basically they seem to be saying is that people in England are really good at paperwork. We're so good at paperwork that people in Brazil and China send us their cars and sneakers in exchange for our paperwork. And it's like there's plenty of people that do paperwork in Brazil that can't be it.

**Ross** [00:20:09] So its the export of neoliberal finance?

**David Graeber** [00:20:11] Right. But what does that actually mean? And the more I asked people I thought would know at they said, 'well, it's all based on a housing bubble'. What it's really based on is speculation on London real estate. And London real estate is vastly inflated because basically any rich person in the world has to have a place in London. Why London? I asked people that I thought would know and they said, well, it's considered safe. There's two things. First, you can get anything you want in London, not only theatre, you can also get the best servants and nannies and anything that possibly imagine you want you can find someone provided by, you know, cheerful people who really are good at being servants. And second of all, you're safe.

**Ross** [00:20:49] Has anyone told these people that knife crime in London has gone absolutely through the roof?

**David Graeber** [00:20:54] How many rich people have been killed from knife crime?

**Ross** [00:20:56] Very few. But it's not safe to walk around with a big watch on now. I mean, we have moped gangs and also the streets in great swathes of the city have been lost.

**David Graeber** [00:21:06] It's interesting, yeah.

**Ross** [00:21:07] But again, if you are going to exclude people from Batsh\*t Construction, then you're naturally going to get this. So you're going to get the so-called progress of the construction and you're going to get the poverty. Now, you don't have to be a genius to work out that these two are interlinked. Is that the nub of this?

**David Graeber** [00:21:25] I think so, yeah. I mean, there is a certain amount of triage and you push, decanting people farther and farther away seems to be the big sore. What's going on in London for the last 20 years, they've just been exiling the working class from anywhere near where the rich people are. So with the result that cleaners and people like that often have to commute two hours either way just to get to the place they clean.

**Ross** [00:21:46] And if developers have in London had to, because of the provision within the planning commission, put social housing in, now we have a thing called 'Poor Doors', so everyone else can go through the normal door - and the audience here probably won't realize this - but they also have a Poor Door where the social housing folks have to go through. Incredible times!

**David Graeber** [00:22:05] But it's perceived as safety. And that's why I realize that you know, if you come from Kuwait, something could go wrong, if you're a Singapore diamond magnate, you know, something might still happen. China could come in sometime. There could be popular unrest. If you're in Brazil, a Brazilian steel magnate, a leftist government might expropriate you. Everybody can imagine something in threatening their wealth. But London is considered absolutely safe. It's been taken off the table in 1694. You know, nothing, no more is going to happen.

**Ross** [00:22:33] Brexit.

**David Graeber** [00:22:36] I actually think, you know, what this means is the historical sort of defeat and humiliation of the British working classes has now become England's export product.

**Ross** [00:22:45] Explain that.

**David Graeber** [00:22:46] Yeah. I mean, here we have a working class that is not going to rise up, that will provide you any service you want. You know, you can get Mary Poppins, you can get, you know, get the nannies, the maids, the butlers. You know, they really know how to do that. They will do it with a smile. And that's what they're selling. I mean, so the whole royal edifice is part of the advertisement for a subservient social order, which all these magnates want to buy into.

**Ross** [00:23:11] How long does that last?

**David Graeber** [00:23:12] Well, I don't know. But it creates a tension because people know that, you know, if you're a working class person in England, you know that the money that's kind of coming in is based on this perception of your subservience. And, you know, they want to hit, but they can't really hit out at the rich foreigners who are coming in. So they hit out at the poorer ones.

**Ross** [00:23:32] And we're back to right wing populism.

**David Graeber** [00:23:32] That's where we're back to - right wing populism.



**Ross** [00:23:35] As we conclude, you talked about Trump, obviously the US president. But I'm going to give you a wicked problem to solve. OK, it goes for the Tory party, the Conservative Party in the UK as well. Their biggest donors are house builders. And we're back to the state sponsorship of this. How on earth do you begin to unlock that wicked problem, because it turns out turkeys don't vote for Christmas?

**David Graeber** [00:23:58] Well, I mean, we need to change the democratic models to get rid of the funding system that we have now, which is basically a system of institutionalized bribery. And this goes back to Occupy Wall Street. And people don't understand, when we talked about the 1 percent of the 99 percent. I was there during those initial discussions. What we were talking about was not just wealth that are inequality. I don't even like the word inequality. It just makes it sound like it's a technocratic question of adjustment, of just how much inequality do you want. What we're really talking about was class power. The 1 percent are both the people who have got all of the profits for economic growth, basically since 2008. And they're also the people that make all the campaign contributions. So essentially, they're people who can turn their power into wealth and their wealth back into power. It's just a cycle. You need to break out of that cycle somehow, and that requires political change. And what we see all over the world is movements which no longer want to work within the conventional political party system because they see it as inherently corrupt, it's based on the cycling. And the construction money is perhaps the clearest example of that. But it's happening on endless different levels that people have set up a way of turning the political system into a cash machine. I mean, it's so obvious it was were banks too - bank regulations mostly written by the banks and they just like, you know, show up with their lobbyists, say, well, we propose this legislation. They negotiate with the aides that whatever, congressman, they're bribing. You know, obviously, the corruption index in America, I always say, is one of the lowest in the world. But that's because it's almost impossible to bribe a politician because giving money to a politician to influence their vote is legal.

**Ross** [00:25:33] Right.

**David Graeber** [00:25:33] What would you have to do to bribe them?

**Ross** [00:25:37] As we conclude, what is the one thing that the voter - you and I - can do to begin to talk about Batsh\*t Construction, Bullsh\*t Jobs, and understand the environmental cost, the human cost and ultimately the political cost? Because what you've highlighted throughout this, is if we continue down this track, not just environmental destruction, but we're absolutely ripping souls out of cities.

**David Graeber** [00:26:00] Yeah, I mean, the Bullsh\*t Jobs are already soul destroying, but the destruction of communities since the 80s and 90s has been an almost intentional political project across the political class, but especially of the right of Thatcherism, above all. But everybody followed suit. There was a dismantling. Even those left wing political parties that had sort of community groups started taking them all apart and stopped doing that in the 80s. So that social housing, the first thing they always got rid of when they cut budgets, was all the places where everybody could meet and discuss things. So there's been a movement away from community and then, you know, exiling people into these jobs where they're largely doing nothing all day. It's just to keep them off the streets. So, I've always said, social media has become this sort of, it's the form of counter-culture appropriate to a younger generation

that has to spend most of their time pretending to work. That's what you do when you're at the computer screen. And nobody knows that you don't have anything to do. You know, that's social media.

**Ross** [00:27:00] How do we conclude? What do we do? What's the one thing that we can take away from this, that we start thinking about to enact this kind of change?

**David Graeber** [00:27:05] I think some kind of UBI read a massive elimination of people's sense of desperation that, you know, if they don't get whatever is on offer, they will not be able to provide for their family.

**Ross** [00:27:18] And how do we stop Batsh\*t Construction?

**David Graeber** [00:27:19] Well, I mean, since so much of it is specifically sponsored and enabled by the government. To just stop doing that would really take years.

**Ross** [00:27:27] David Graeber, thank you very much for your time.