

## Guy Standing: Power To The Precariat

**Ross:** Welcome to Renegade Inc. It's unlikely that you've heard of it, but it is likely that you're part of it. As neo liberalism rages on, the human scrap heap gets bigger and bigger and bigger. And this is creating a dangerous new class called the precariat.

**Ross:** Guy Standing, welcome to Renegade Inc. It's always a pleasure to have you on the programme. You have spent a long time, a lot of your life, writing, thinking and campaigning about a system, rentier capitalism, which you've identified, which you put down as the enemy. Give us a very pithy definition of what rentier capitalism is and why it's the enemy.

**Guy Standing:** First of all, why we need to say it is because people talk about the free market economy. We don't have a free market.

**Ross:** But we keep being told we've got a free market.

**Guy Standing:** We don't. We have the opposite. Rentier capitalism means that more and more of the income and wealth goes to the owners of property - financial property, physical property and so-called intellectual property. And as that happens, it empowers the plutocrats and the elites who poison democracy. So it's a system of rentier capitalism, and it leads to a situation where less and less of the total income of any country is going to people who are performing labour and work. And this, of course, is what has happened in the world. So what we call the functional distribution of income has become far more equal and the property owners are running it for their benefit and it's getting worse and worse.

**Ross:** What's the logical progression if we don't change this system?

**Guy Standing:** The logical progression is that millions and millions of people are going to be plunged into the precariat and be suffering a lifestyle of diminishing incomes, increasing insecurity, greater social illnesses and in the end, be subject to what I've called the Panopticon state and Banopticon state.

**Ross:** What are they?

**Guy Standing:** The Panopticon state is surveillance.

**Ross:** Surveillance capitalism?

**Guy Standing:** In a sense, yes. And Banopticon is basically banned from being in the mainstream of society.

**Ross:** So exclusion?

**Guy Standing:** Exclusion. And we're seeing that through something like Universal Credit, which is an exclusionary device which is sanctioning people and denying them for trivial things. And we don't even know if they've done those things because there's no legal process involved. So we have a system of rentier capitalism, which is leading to a political poisoning.

We've got it in this country, in many other countries. It's important to understand what the precariat is. Many commentators - and my book on the precariat, which was first published in 2011 - have said he's just talking about insecure jobs. That's not true. People in the precariat, they do tend to have unstable, insecure jobs, right? They do have a tendency not to have an occupational narrative to give to their lives. They do have a situation where their level of education is above the level of jobs they can expect to get. That's a feature. But more importantly than those things in terms of their work and labour, is that if you're in the precariat, you have to do a hell of a lot of work that's not labour, that's not counted, that's not remunerated. And the second thing is that if you're in the precariat, you don't get access to those non-wage benefits. You get money wages which are falling in real terms, around the world. Real wage stagnation for the precariat over the last 30 years has been continuing. And of course, they're exploited by debt. If you're in the precariat, you are living on the edge of unsustainable debt all the time. And then the third thing about being in the precariat, which is the most important, and that is you're losing the rights of being a citizen. You're losing social rights. You don't get access to benefits that are your right. You don't get civil rights in terms of equal access to the law. You don't have cultural rights. You don't have economic rights. And ultimately, increasingly, you feel you don't have political rights, either, because you don't recognise in the political spectrum the sort of political values and aspirations that you identify with yourself.

**Ross:** Because that's not being reflected, is it, because suddenly all this political class have moved somewhere else and the political class have sold themselves to the plutocracy. So that's the revolving door politics. But suddenly you're politically homeless because there's nobody who reflects and worse, they don't speak your language.

**Guy Standing:** That's it. There is no vocabulary suitable for the precariat. And I've been hammering away on this. You need new images. You need new terms. You need new words that resonate with the precariat. But the most important thing is that if you were in the precariat, you feel like a supplicant. And being a supplicant, you feel you have to rely on discretionary decisions by people in positions of authority or power over you, whether they be an employer or a landlord, a bureaucrat, even parents. You feel you have to ask for favours all the time. You don't have things as a right. And that has consequences, particularly for groups who are chronically insecure because if you have to rely on others being kind, that's pity and pity is David Hume taught us several centuries ago is akin to contempt. If I give you just one statistic and I'm sure our listeners don't want too many statistics. But the current situation in this country, Great Britain, is that financial assets of financial institutions are worth over 1000 percent of GDP. And in all Western OECD countries, it's over 500 percent. That is incredible. So literally the tail is wagging the dog. And you go through what's actually happened, and the biggest change was in 1994, when the World Trade Organisation passed what's called TRIPS, the trade related aspects of intellectual property. And TRIPS basically globalised the US intellectual property rights system, so that if you have a patent, it guarantees you a monopoly income for 20 years, otherwise nobody else can produce what you can produce. No one can use a process that you are using. That's not a free market. It can't be.

**Ross:** Ultimate monopoly.

**Guy Standing:** That's an ultimate monopoly. The same with copyright. Now copyright gives you monopoly income for the whole of your life and for 70 years.

**Ross:** And they're trying to extend that on vaccines. They're trying to extend all of them.

**Guy Standing:** Then you go further and you find out that most of the patents are the result of publicly funded research.

**Ross:** Now we get to the nub of it.

**Guy Standing:** That's right. So you and I are paying so that somebody can have a monopoly income. So they not need to have any risks to bear. They make all the profits and we take the risk.

**Ross:** It's a very good business model.

**Guy Standing:** It's a very good business model for them. But of course, that is happening. Now, the second thing that's happened is that public social spending has changed so that if you look at it in detail, you find that the subsidies state has grown relative to the welfare state. What that means is that more and more governments are giving huge subsidies in tax relief, various forms of subsidies, to the elite and the plutocrats and plutocratic corporations, and less and less is going to benefits and public services. And these subsidies are an enormous percentage of national income. I did calculations that in this country, there are 1190 forms of tax relief. And that's the Treasury's own figures, not mine. It comes from the Treasury, from a spreadsheet I've got. The Treasury cannot tell you the total value of the revenue foregone, but they can for the top 209, and that comes two per year, 430 billion pounds of revenue foregone because you're giving these subsidies to these rich corporations and rich individuals, landlords.

**Ross:** Why did they stop calculating at 209?

**Guy Standing:** I suspect they might not like the answers, but I think that's a question you should ask the Treasury.

**Ross:** Very deftly put.

**Guy Standing:** Yes. And of course, the thing is that the subsidies state - and it existed in every country - has become much worse. And it's part of what I've called neo mercantilism.

**Ross:** What does that mean?

**Guy Standing:** That means that in globalisation terms, we have a return to our national champions. We must support our companies against their companies. And this goes all the way through the system. Basically you give subsidies and tax breaks and the rest of it to your national champions because they must be a better competitor than the Chinese or the Americans or whatever. And the Americans, the Chinese do the same thing. And I've just finished a book on on the Blue Commons - what's happening in the sea. And rentier

capitalism is doing very well in the sea. And of course, the long-distance fishing fleets are all getting huge fuel subsidies so that they can go further and further to catch fish. And they want to become more competitive than other countries that have got similar systems. So this is part of it. And then you get another part of rentier capitalism which is the role of debt. Now debt used to be something that was a marginal process. You went into debt if you needed this or that or the other. But if you go to financialized system where finance is the dominant force, how do they make their money?

**Ross:** Well, quite because what you need to do is bring the future forward because you need earnings and dividends and all the rest of it. You take on vast amounts of debt and make it look as though things are absolutely fine?

**Guy Standing:** Yeah. That's why when COVID hit last year, I wrote a piece in El Pais, the Spanish newspaper, saying this will be worse than the Spanish flu in terms of economics, not in death rate, we hope. Because at the time of the Spanish flu in 1918, globally, corporate debt was hardly anything.

**Ross:** Nominal.

**Guy Standing:** Public debt was pretty small and private debt was minimal, right? When COVID struck, corporate debt was over 80 percent of global income and private household debt in this country, huge and in the United States, huge and many other countries, huge, was much, much, higher than at the time of 1918. What does that mean? It means that if there's just a slight downturn in economic growth, then people tumble into homelessness, tumble into all sorts of crises, and the government has to step in somehow otherwise, you have a global depression, right? So that the system is more fragile and debt is something that is used by finance. They want everybody to be in debt.

**Ross:** Of course.

**Guy Standing:** And what we've seen is a very strange phenomenon, particularly in this country. If you look at rising national income and you look at rising earnings, a gap has opened up and it's filled by debt. And so it's debt growth. You could say it's fictitious economic growth, which it is because sooner or later that comes into a crisis. And I think anybody in any country at this point of the global rentier capitalism who thinks it can't happen to you is a fool or being fooled because it can happen to all of us. It is happening. And therefore, you know, we have reached a point where we need a new politics. We need a new sense of revolt. I'm not preaching revolution or anything like that but a sense of being so angry about what's happening that we get up and do something.

**Ross:** Guy Standing, welcome back to Renegade Inc. It's always a pleasure to have you. Couple of books. You're a busy man. I feel for your keyboard. First, *The Precariat: The New Dangerous Class*. This is the special COVID-19 edition. Pitch it to us and tell us why you revised it.

**Guy Standing:** It was first produced in 2011, and much has happened since then. The prediction or fear that there would be a political monster has been realised in 2016 and I was

inundated with people. But now we're in a new, very sensitive phase and the COVID pandemic has accelerated the growth of rentier capitalism and the growth of the precariat, and I felt that it was necessary to spell out what has happened since 2011 and where we are politically. And that book is really saying that we are in a very dangerous existential crisis that's both ecological and social and political. We can either see a lurch to a neo fascist populism, which we have seen in many ways, or a new politics of paradise. And that's what the book is about.

**Ross:** Perfect. The Precariat: The New Dangerous Class by Guy Standing. And it's the special COVID 19 edition. The other book that you've revised is The Corruption of Capitalism. And this really takes the task and hammers the rentier capitalism and you really name your enemy. Twenty second pitch.

**Guy Standing:** Basically, I've updated this with all new statistics and the trends of financialization and the debt and the fragility of the system. And that, I think, is where we are today. We are in an era of pandemics and the era of shocks and an era of chronic uncertainty. And that's due to the rentier capitalism.

**Ross:** Perfect. So The Corruption of Capitalism and The Precariat. We recommend them both. They're our books of the week. Before we go on and start talking about solutions, just give me a very pithy definition of a precariat. What is a precariat through your lens when we think about it in rentier capitalism terms?

**Guy Standing:** In rentier capitalism terms the precariat is the class that is most exploited. That's an overused word, but exploited in terms of having their living standards declining, steadily. Increasing uncertainty and volatility, living in chronic debt, feeling that they're not going anywhere, their bits and pieces lives they have in front of them and being supplicants - the point I've made. And I think that this combination of circumstances is what defines the situation of being in the precariat. But I want to emphasise one thing which I probably don't emphasise enough, but which is in the book, which is they're not just victims. It is wrong to think that everybody in the precariat has just got a life of despair and the rest of it.

**Ross:** What are you saying then?

**Guy Standing:** What I'm saying that something that Aristotle taught us rather a long time ago that insecurity makes us free. What he meant was that in actual fact, if you were cushioned by too extensive a system, then you don't feel liberated. You don't liberate yourself. And there's an emancipatory character in the precariat. They do not want to return to the old normal. They do not want what I call Labour-ism. And that's the problem with the the Social Democrat and Labour parties at the moment.

**Ross:** They're fighting the old war?

**Guy Standing:** Yeah. They're fighting the old war with the old terminology, and they want to return to everybody being in full time jobs, jobs, jobs. And basically, the precariat want work. They want to work on their enthusiasm, so they want to work on preserving the commons, the environment, their voluntary work.

**Ross:** They're stopped from doing that?

**Guy Standing:** They can't because they're strapped by an economic system and a political system which imprisons them and makes them into victims, right?

**Ross:** So what this brings us neatly into this - it's as if you've thought about this before - the new language of politics, because what we're not seeing are political leaders or members of parliament in any of the countries really reflecting what that class of people really want to hear. And a lot of it is down to the language.

**Guy Standing:** It's down to the language. It's also down to this point I made earlier, which is that you've got to correctly identify your enemy.

**Ross:** And the enemy is rentier capitalism?

**Guy Standing:** Correct. Not a free market. We don't have a free market. And if you identify rentier capitalism and you see how the different forms of property are basically exploited and it's unfair and they don't correspond to any sense of justice, then you can start having a proper language and a proper set of images where the people in the precariat say, you were dead right. Then you start mobilising and getting this sense of unity - a class for itself. And I think we are at a critical point right now. I've been arguing for the whole of my adult life that we need to move to a new income distribution system. We need people to do labour. We need people to work. We need people to produce. Don't be silly about it. But at the same time, we need to make sure that every individual in society has basic security, basic income security. And that's why I support everybody having a basic income, each individual, a man, a woman, the child, lower amount but paid to the mother or the surrogate mother and without conditions, without means testing, without targeting, everybody gets it. If you want to tax it back from the wealthy, you can tax it back. I've had the enormous privilege - and it is a privilege - of being able to put into the reality what I've been advocating for 30 years. We've built up an international network. It's called BIEN, the Basic Income Earth Network. We have thousands of members. Anybody can join. It's free. You can help with the campaigning. But we've also had the opportunity, in my case, to do pilots, to actually test what happens.

**Ross:** So it isn't just the theory?

**Guy Standing:** Exactly. Put it into practise. And I've, incredibly, been able to test it with others, working with others, in countries in four continents. That doesn't happen. It's incredible. The biggest one we've done is in India. And I remember Sonia Gandhi calling us when we were planning it, mobilising the money, she said. People will waste it, they'll just take alcohol.

**Ross:** And that's the first rebuttal, isn't it? They'll just go gambling when actually what does happen is....

**Guy Standing:** They're energised. And of course, that's what the standard complaint is in this country. I remember in Denmark, when I was talking about it to the cabinet in a retreat, they were saying, well, people will become lazy. It's the opposite. I'm going to say it very clearly

so that anybody listening can understand. People with the basic income work more, not less. Now, in case you didn't understand it, I will repeat it. People with a basic income work more, not less.

**Ross:** Here we go. Ready for the right-wing libertarian nut job question.

**Guy Standing:** Gone on.

**Ross:** But Guy, how are we going to afford it?

**Guy Standing:** Exactly. We have just been through a pandemic year and a half. If you remember, not so long ago, we had a global financial crisis.

**Ross:** I remember.

**Guy Standing:** Yes, 2008. In the financial crisis of that period, the central banks and governments poured out hundreds of billions of euros, pounds, dollars for the financial markets - the rentiers. Guess what those financiers did? They invested where they could get the highest rate of return, which was in China and the Pacific Basin. So it didn't actually stimulate much economy. Then governments to pay for that, launched austerity. Austerity meant cuts in public spending, selling off more of the Commons, et cetera, and lowering benefits for the precariat.

**Ross:** Taking money out of the system and privatizing.

**Guy Standing:** Now, if you can pay that money for the banks, you could have paid it out to ordinary people. We did a calculation that at that time. You could have paid every individual in Britain fifty pounds a week with the same amount of money that they spent.

**Ross:** Amazing that we're arguing over 20 quid now isn't it? And that's for Universal Credit.

**Guy Standing:** That's right. This time with the pandemic slump, they've poured huge amounts of money into job furlough schemes, which are the most regressive social policy you can imagine because you're giving a person in the salariat a much higher amount per week than you're giving somebody in the precariat because it's 80 percent of their salary. Now, you could have used it. But that's not what I would say is the long term solution. In a crisis, you can mobilise money, mobilise spending power, and you would boost the economy much more effectively if you gave it to low income people because they spend on local goods and services.

**Ross:** Absolutely.

**Guy Standing:** So it's less inflationary. It has a bigger, what we call a multiplier effect.

**Ross:** It's distributed. It's anti-fragile. It means that in the schools and shops and all the rest of it, the local community starts to blossom.

**Guy Standing:** OK. But the longer term solution - and that's the final chapter of the plunder of the Commons - I believe every government must establish a Commons Capital Fund. The point is, that the fund can be built up from levies on people who are making money from our commons.

**Ross:** Leave us on an optimistic note of what we can do - because often people look at it and think I'm too busy - to begin the renewal process and, most importantly, Universal Basic Income, but also reclaiming our natural right, which is the commons?

**Guy Standing:** I think every one of us - you and me included - have to participate in renewing our democracy. We have to join and belong to organisations that are championing the interests in which we believe. I believe that we now have momentum towards having a basic income. There's a 50 percent probability that a major country will introduce it within the next two years. I'm often asked, which country do you think will be the first? The stepping stones are taking place in various places. The leading candidate for president of South Korea is saying if he is elected, he will introduce a basic income. Others are moving in this direction. They're no longer saying impossible, stupid. They are changing their tone. I don't think that would work. Some of them are still saying that. But there's more openness. We've legitimised the concept. And the young, and particularly women, get it. And we need all of us to stand up. It's not a dream. It's something we can demand and get.

**Ross:** Guy Standing. Always a pleasure. Thank you very much for your time. And thank you also for the update of *The Precariat* and *The Corruption of Capitalism*.

**Guy Standing:** Thank you.