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The Precariat under Rentier Capitalism: Today's Dangerous Class

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The last three decades have seen the construction of a global market system dominated by financial capital and bolstered by a neo-liberal ideology with an agenda of market liberalisation, commodification, privatisation and the pursuit of national 'competitiveness'.

In that time, two billion people, mostly in low-wage countries, have joined the global labour market. This has put downward pressure on real wages in the industrialised world.

In response, governments have tried to make their countries more 'competitive' with measures to attract foreign investment and make labour markets more flexible. The Italian and French governments are only the latest to pursue these policies. Yet they are not offering any quid pro quo for making jobs less secure and wages more variable, except the unproven claim that reforms will boost employment.

Meanwhile, a silicon revolution based on information technology and robotics has facilitated the relocation of production and employment, increasing the power of capital and further intensifying downward pressure on wages and benefits.

Wages in the USA, Germany, France, the UK and elsewhere have stagnated for three decades. Globally, the share of income going to labour has been shrinking while the share going to capital has been growing. And the share going to 'rent' – income from assets and property, including intellectual property – has increased the most. We are in an age of 'rentier capitalism'.¹

Workers are no longer sharing in the gains from economic growth. Real wages will continue to stagnate. In countries such as Britain and Spain, rising employment has gone hand in hand with falling average wages, mainly because new jobs pay less.

Meanwhile, a global class structure is emerging. At the top is a billionaire plutocracy, aided by an elite who receive most of their income from capital.

Below them is a 'salaried' – a shrinking number in stable, full-time jobs with good pensions, employment security and job-related benefits. Alongside are what I have called 'proficians', technically skilled people who operate in the gig economy, on contract.

¹ G. Standing, *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay* (London: Biteback, 2016).

Next down is the old proletariat. Welfare states, socialist and labour parties, and labour unions were built by and for this group. But their numbers are declining, and their political strength has waned.

Below them a new class has been emerging, the ‘precariat’.² It can be defined in three dimensions.

First, it has distinctive ‘relations of production’. Those in the precariat face a life of unstable labour, in and out of casual jobs, internships, short-term contracts, zero-hours contracts, phoney self-employment, and so on. They have no occupational or corporate narrative to give to their lives.

This is being accelerated by digital platforms such as Uber and Handy, which are creating a ‘concierge’ economy, while Amazon Mechanical Turk, Upwork and other marketplaces for virtual tasks benefit from a global labour pool that drives down wages for all.

The precariat must also do a lot of unpaid work around employment, applying endlessly for jobs, retraining again and again, networking constantly, queueing and filling in numerous forms for state benefits.

Second, the precariat has distinctive ‘relations of distribution’. It relies mainly on money wages, which are falling, volatile and unpredictable, and lacks non-wage benefits, such as paid holidays, sick leave, and occupational pensions. Those in it live on the edge of unsustainable debt.

Third, the precariat has distinctive ‘relations to the state’. For the first time in history, millions of people, nominally citizens, are losing rights that define citizenship, including access to rights-based state benefits. They are supplicants.

The precariat is growing everywhere. But it is internally divided. The first faction consists of people who come from old working-class families and communities. They tend to listen to far-right populists, who play on their fears and insecurity, blaming the second faction in the precariat, migrants and minorities.

The third faction consists of educated, mostly young people who emerge from university or college realising they have been sold an expensive lottery ticket with a dwindling chance of winning a foothold on a career ladder. This faction yearns for a politics of paradise, a new progressive politics. They do not find it in old labour, socialist or social democratic parties.

These factions are now playing crucial political roles. The first ‘atavist’ faction supported Brexit, while the progressives saw a choice between continued austerity (Remain) or illusory promises (Leave). Not surprisingly, most youth did not bother to vote.

The atavists are backing Donald Trump in the USA, Marine Le Pen in France, UKIP and the right-wing of the Conservatives in Britain. The second faction feels powerless and bitter. The

² G. Standing, *The Precariat: The New Dangerous Class* (London: Bloomsbury, Third edition, 2016).

third has been withdrawing from party politics, but recently has been mobilised by anti-establishment characters, such as Bernie Sanders in the USA and Jeremy Corbyn in the UK.

However, unless the insecurities and inequalities generated by labour market trends are reduced, the drift to populist politics will accelerate, in France as in other industrialised countries. The situation is socially and politically unsustainable. The precariat is anxious, anomic and alienated, and is angry. Unless it is given some economic security, which I have argued should be provided by a basic income [revenu de base], we are all headed for the politics of inferno.

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