BOOK REVIEWS

Tim Di Muzio

The 1% and the Rest of Us: A Political Economy of Dominant Ownership

Zed Books, London, 2015, pp. 248, paperback edition, $24.95.

Reviewed by Tom Barnes

This is a fascinating read on the political economy of the world's tiny, super-rich minority and the perils of extreme inequality. As the title suggests, the book is inspired by the distinction between the '1%' and the '99%' popularised during the Occupy movement that exploded onto the world's streets in 2011-12. Overall, it is clearly-written, theoretically engaging and thought-provoking. It adds a new dimension to important studies of socio-economic inequality, including Weeks (2014) and Piketty (2014).[1]

The book is comprised of six chapters plus an introduction. Chapter 1 looks at the definition of the 1%, opening with the important distinction between income and wealth distribution. The author argues that 'the best way to identify this miniscule class—despite some methodological challenges—is to focus on how the leading financial institutions interpret them' (p. 27). To support this view, he outlines several alternative ways to define this class and explores the concept of the ultra 'high net worth individual' as a percentage of the global population. Full of useful empirical analysis, this chapter makes it clear that the super-rich core of billionaires in fact comprises substantially *less* than one percent of the world's population. For the author, these are capitalism's 'dominant owners'.

Chapter 2 forms the core of the author's theoretical contribution, framed via the concept of 'capital as power'. This comes from Nitzan and

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1 See Stilwell (2014) and Sheil (2014) respectively for excellent reviews of these two works.

Bichler's (2009) view of capital as 'commodified differential power expressed in finance and only finance' (Di Muzio 2005: 50). This position rejects both the neoclassical economic view of capital as a simple factor of production and the Marxian view of capital as '*solely* rooted in the exploitation of surplus labour power' (p. 55; Di Muzio's emphasis). He argues that Thorstein Veblen's work offers a pathway out of this confusion because it defines capital on the basis of observations of business people and the understanding of capital they adopt in the real world, i.e. as 'neither machines nor unpaid surplus labour but the capitalisation of expected future profits' (Di Muzio 2015: 59). But Nitzan and Bichler (2009) go even further than Veblen in framing capital 'not simply as a fund of money values invested or for investment, but as social power itself' (Di Muzio 2015: 61).

The author's focus on dominant owners is important because their relatively greater market capitalisation suggests that they also have a greater capacity to exercise this social power than others. The study of capital then becomes a matter of focusing on the power of rich firms and individuals relative to each other, reflected in their different market values or what the author called 'differential capitalisation'. In his view, capitalism is not a mode of production in the classical Marxian sense but an 'encompassing mode of power' defined by individual and institutional attempts to commodify nature, people and knowledge, to fight for the right to organise as firms and business units and to seize income streams through ownership (Di Muzio 2015: 66). No doubt, Di Muzio's definitions of capital and capitalism will provoke debate among political economists, particularly from those scholars influenced by Marxism. However, his analysis is, in my view, welcome and broadly echoes sentiments of other radicals trying to revise old frameworks, from those focused on the financial constitution of capitalism (Bryan and Rafferty, 2006) through to theorists of global capitalist development looking to transcend debates about the system's historical foundations (Banaji 2010; Anievas and Nisancioglu 2015).

Chapter 3 looks at wealth accumulation via a detour through the history of economic thought. Intriguingly, the author reserves a special place for the historical role of energy from non-renewable fossil fuels in the expansion of wealth. He argues that 'exploitation of fossil fuels expanded the limits of the possible by *adding greater capacity to do work*' (p. 135; author's emphasis). By incorporating what he sees as the neglected role of energy resources in critical studies of capitalist society, he wishes to move towards a 'general theory of money, energy and power'. A very basic outline of this theory is offered, although full treatment has been given over to a separate, co-authored book.

Chapter 4 focuses on 'conspicuous consumption' – critically important for any follower of Veblen – and its manifestation in the New Gilded Age: 'a period of escalating inequality in income, wealth and life chances across a range of political communities' since the mid-1980s (p. 151). This period has been underpinned, the author argues, by abundant fossil fuel energy, new technology, trade and investment liberalisation, a more globalised labour market and massive accumulation of debt. I especially enjoyed the author's discussion of the uber-rich's peculiar consumption habits, such as the 'arms race' in yachts, signified by competition to build the world's biggest private yacht, from the princely *Dubai* to *Eclipse*, with two pools, submarine, 18 luxury suites, three helipads, 92-strong crew, armour plating and bullet proof glass (p. 157-8).

Chapter 5 focuses on the political economy of ownership and presents the author's foray into moral justifications for extreme wealth. This chapter rejects the neoclassical theory of profits and income distribution in favour of a Veblen-like position that ownership is 'nothing more than an outright seizure of a given portion, element or fraction of the "immaterial equipment" of humanity and has virtually nothing to do with individual productivity per se' (p. 181). The author powerfully argues that extreme wealth accumulation via differential capitalisation is 'illegitimate because it is undemocratic and in no way earned on the basis of individual skill or talent' (p. 190).

The book is concluded, in Chapter 6, by recognition of the Occupy movement and the outline of a manifesto for a foreshadowed 'party of the 99%'. The author lists several interesting ideas, including reform of national monetary systems and their replacement with a 'democratically controlled debt-free money system' (p. 208); free universal education, healthcare and childcare; a ban on money in politics; abolition of the patent system; a new system of public insurance; fully-funded retirement; a 'guaranteed income' from a public bank (although delimited by one's personal contribution to labour); a transition from fossil fuels dependence and demilitarisation.

This book represents an ambitious collage of arguments and deserves serious reflection. However, the author's arguments would be strengthened through a more comprehensive engagement with parallel literatures in radical political economy, particularly if the author is claiming to have developed a 'general theory' of the global economic system. At a core level, he focuses on Veblen's contribution without mentioning his institutional economic lineage on corporate and market behaviour via the likes of J.K. Galbraith, Alfred Chandler and others. The author's fascinating discussion of the New Gilded Age (Chapter 4) does not delve into the large economic and sociological literatures on neoliberalism. This is not to castigate the book's insights but, rather, to suggest that these would be strengthened through such an engagement.

There are two examples where this is especially the case. First, the author's framework suggests that capital represents the subjective assessment of investors (via prices) about the capacity of businesses to successfully compete in the future: 'what investors capitalise when they buy claims to future flows of income is the power of that business enterprise to shape and reshape the terrain of social reproduction relative to other firms trying to do the same thing' (p. 62). This is an appealing insight but there is little acknowledgement of research on the *competitive structure* of markets that bear this argument out in practice, including the role of transnational corporations. No doubt, many mainstream economists would argue that the various structures of imperfect competition (such as monopolistic competition, oligopoly and monopsony) provide us with models that explain this process. Among more critical thinkers, there are now vast literatures on the reconfiguration of global economic activity into 'global value chains' or 'global production networks' in which powerful industrial and financial 'lead firms' dominate (*e.g.*, Gereffi *et al.* 2005; Coe and Yeung 2015). According to one recent estimate, about 80 per cent of global trade is controlled by these firms (UNCTAD 2013). The author briefly touches upon these issues by, for example, referring to a business study of corporate control over markets and industries (p. 179).

Second, there is insufficient discussion of the social mechanisms that might link the problems the author identifies with his charter of demands in Chapter 6. In reading these, I was reminded of Marx's ten demands in Part Two of *The Communist Manifesto*, e.g. free education and a national bank. More recently, Guy Standing's *Precariat Charter* (2014) has garnered significant discussion. While Standing's charter is longer (29 demands) and more focused on the politics of work, his vehicle for delivery is a 'precariat' of (mostly) young workers who have been denied basic economic security by neoliberal capitalism. Like Di Muzio, he has made an explicit link between his charter and the Occupy movement. However one views this approach, some discussion of the *agency* for social change is necessary, even if the focus on analysis is on the '1%' itself. In this regard, it is intriguing that the author posits the need for a *party* of the 99% given the likely antipathy of many (though not all) Occupy protestors to political parties.

Agency is also a consideration if one jettisons the Marxian labour theory of value. Based upon the three volumes of *Capital*, surplus value can be portrayed as the conceptual link between Marx's structural analysis of capitalism as a system of expansion and crisis and the structural power of workers (as value producers) to challenge the political rule of capital. Not that it is wrong to question or revise this schema—far from it. But it is perhaps also necessary to acknowledge that there might be something lost—in this case, the radical agency of workers, classically conceived—if labour loses its 'privileged' place as the source of value. If so, what are the implications for social agency and radical social change of the sort Di Muzio (and many others) advocate?

Of course, a book of this scope and ambition naturally invites critical reflection. Regardless of one's personal views, this book represents a welcome contribution to radical political economy. While it can (and should) be regarded as a theoretically-coherent whole, it can also be read as a series of essays, with much to learn from reading individual chapters. For example, Chapter 3's guide through the history of economic thought is a valuable read for students of political economy (and a fascinating refresher for established scholars). The author is careful to avoid jargon and to define and explain concepts, themes and institutions. For example, Chapter 3's portrayal of the 'architecture of capital as power' is premised upon a careful and appropriately-detailed tour through the basics of bond markets, stocks, real estate, derivatives, money and currency markets. In short, this book is accessible to all people interested in the political economy of extreme wealth and inequality and makes an original theoretical contribution to radical studies of capitalism that deserves to be widely read and discussed.

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Informal Labour in Urban India – Three Cities, Three Journeys

Routledge, London and New York, 2015, pp. 202, hardback edition, $170.

Reviewed by Sohail Ahmad

The Indian labour market is predominated by informal employment, with more than 90 per cent of informal workforce working as self-employed or casual workers. In the absence of social security benefits for informal labour, this labour category tends to be associated with lower earnings and higher risks and, therefore, prone to increased prevalence of poverty and inequality. Moreover, informality has not been limited to unorganised sector but extends increasingly to the organized, formal sector.