

# This is Political Censorship

when the initiative of a leading financial media outlet to oppose the abuses of Rentier capitalism is stopped in its tracks

**Robert Corfe**, writer and industrial publicist, with a long career in senior management in manufacturing, is the author of the recently published book, *The Crisis of Democracy in the advanced industrial economies*, and the 3-volume work, *Social Capitalism in Theory & Practice*. For more than 40 years he has been in the forefront in advocating a better industrial future. This article is an urgent call to review our socio-economic policies in confronting the coming crisis of the post pandemic world. (2,714 words)

We live in extraordinary times when the unimaginable is allowed to occur in attacking free expression. It is acknowledged that a wide variety of credible (amongst other) economic ideas are struggling for public attention. It may be noted, that in certain circumstances, such ideas may be objectively prioritised according to the urgency of changing conditions. While such ideas may be of overwhelming significance to those who initiate them, they may appear of lesser significance to others.

In such an environment, a suggestion of paranoia may haunt the minds of those who seek but fail to capture the popular imagination. A consoling factor is that all new ideas are initially bound to meet scepticism, not because they are necessarily wrong, but because they fail to fit neatly into the existing knowledge-framework of their intended recipients. Over a period of time, changing social conditions impact on the mind, and this in turn widens the scope for the acceptance of new knowledge.

The original researcher, meanwhile, leads a lonely existence until such time as his own efforts, or other factors, uncover the soundness of his discoveries. The acceptance of any such research, however, is dependent on two factors: firstly, as to its objective existence as an obvious fact; and secondly, as to whether it entails a set of proposals affecting the vested interests of a particular group. The first category concerns evidence that is eventually irrefutable as it may only be denied for as long as common sense is blocked.

As the second category concerns the protection of vested interests, a different situation pertains, and such alleged proposals may be fought against with tooth and nail. This is because they fall into a category that may be described as partisan in defending opinions that remain debatable. Such subjective or stubborn opposition to new proposals, however, may eventually succeed in overturning the unjustifiable power of vested interests in surprising and unexpected circumstances.

As the promoter of several groups in advancing the cause of Productive as against Rentier capitalism since 1985, I have personally encountered difficulty in gaining acceptance for such constructive views. This is probably because pamphlets and books alone exert a limited influence on public opinion. In the sphere of socio-economics, it has always been speakers who finally achieve political action.

Rentier capitalism has been described as a self-destructive process promoted by an economic system that has slipped into usurious practices through the payment of excessive dividends to investors. Whilst Productive capitalism insists that investors should be paid their just rewards, and moreover, that the latter should seek to maximise their profits, such profitability should never be severed from productive purpose.

The ills of rentier capitalism are manifested in a variety of ways: through the excessive payment of dividends in withholding necessary re-investment for expanding or improving productivity by any means; through the casino-like operation of conglomerates in favouring or disfavouring their subsidiaries through short-term policies; through maximising money profits divorced from the production of tangibles; through the buying and selling of enterprises in raising their share value but not necessarily their productivity or efficiency; through encouraging the takeover of essential utilities by foreign companies and the soaring costs to consumers resulting from this; through blatant asset-stripping in raising profits from the sale of land and buildings, whereby time and inflation alone become the path to profitability; or through increasing investments in the passive assets of land and property leading to the hyper-inflation of the latter.

In my 3-volume work, *Social Capitalism in Theory and Practice*, I have sought to describe most aspects of malign Rentier activity, and these have been summarised in a later and much shorter book, *The Crisis of Democracy in the advanced industrial economies*.

The contrast between the ideological and actual differences of Productive and Rentier capitalism became plainly evident in the decades following World War II. Whilst the Productive economies of Continental Europe and the Far East Tigers shot head of the Rentier economies of Britain and America, the former also experienced a far greater spread of wealth, whilst in the latter, wealth was increasingly polarised. Whilst in the former, the rationale of business was the maximising of market share in fulfilling consumer needs; in the latter, the rationale of maximising investors' profits was shamelessly pursued.

The defining methodology of each system is not so much to be found in its intended purpose, as in its mode of funding industry. Whilst the Productive economies were predominantly funded through industrial investment credit banks, highly knowledgeable in the process of industry and confidently lending long-term at low interest rates; the Rentier economies were linked to giant corporate or conglomerate groups in a stock exchange environment. Hence, the controlling financial interest of each was pointed in a

differing direction. The origins of each are to be traced historically to differing socio-economic circumstances in the 19<sup>th</sup> century and earlier.

Rentier capitalism developed in an international trading rather than a manufacturing environment, whereby high rates of interest for investors were necessary in covering huge risk factors. When the Continental and other less developed economies were confronted by the overwhelming might of Britain and America from the late 19<sup>th</sup> century onwards, they were obliged to turn to the state in quickly transforming their less developed systems.

From the 1980s onwards, the Rentier system began to dominate as that of the entire Western world, and during the Thatcher-Reaganite period, when the UK was used as a launching pad for America in Continental Europe, it also coincided with the “awakening of the dragon” in the Far East. All these factors eventually alerted leading industrialists to outsource their manufacturing overseas and to re-think their approach to questions of profitability. Over the past few years, the consequence has been a startling awareness of an unfortunate unanticipated situation, and the need for new thinking and new policies.

Whilst the beneficence of globalisation as the panacea for the future, as held by all parties across the political spectrum, is now wilting fast; a new and benign international-nationalism is beginning to take its place. The trust in information technology and the service industries in upholding the material standards of the advanced industrial economies is now recognised as miserably insufficient. The complacent attitude that the “messy” business of manufacturing may be left to the less developed countries is a dismal example of self-delusion. All this is emphasised by the hideous unemployment figures predicted for when we emerge from the Corona virus pandemic.

A just and peaceful world – and certainly one avoiding the untoward domination of any single power – demands that every nation state should seek to maximise its self-sufficiency in tangibles and agricultural products. By this means, not only will a better balance of power be achieved amongst nations in attaining greater interdependence, but also broader employment prospects for the highly-skilled and better-paid. This is based on the assumption, of course, that manufacturing should be highly robotic in its mechanisation. Such a workforce would comprise an affluent middle majority of highly-skilled technicians, often with university grades, in sharp contrast to the status of their production-line forebears of 60 years earlier.

The realisation of such a future is not only shared by those across the left/right political spectrum, but by enlightened industrialists, and those committed to improving the financial-industrial system. In view of a long personal struggle to promote the cause of productivity, I have naturally been disappointed when this was met by decades of failure. It was therefore a heartening experience early on the morning of Wednesday 18<sup>th</sup> September 2019, to be alerted to a very special issue of the *Financial Times*. On that day, this world-leading financial newspaper, launched what it described as *The New Agenda*.

The paper appeared in a yellow wrapper, on the front of which was written: “*Capitalism. Time for a Reset.* Business should make a profit but should serve a purpose too.”

Its leading feature, written by the Economics Editor, Martin Wolf, was headed: “*Saving Capitalism from the Rentiers* a dynamic economy gives everybody the belief they may share in the benefits. Instead, weak competition, feeble productivity growth, high inequality and a degraded democracy are failing citizens.” The full-page article, supported by statistical tables, not only repeated all the arguments I had presented over a 40-year period, but even used my terminology. The following are two examples of sub-headings appearing in the article: “Rentier capitalism means an economy in which privileged individuals and business extract a great deal of rent from everybody else,” and, “Companies benefit from the public goods provided by most liberal countries. Yet they are also in a perfect position to exploit tax loopholes.”

Inside the front cover of the paper, in large print, under the heading *Introducing the New Agenda*, was published the following letter by its Editor, Lionel Barber:-

Dear Reader.

The *Financial Times* believes in free enterprise capitalism. It is the foundation for the creation of wealth which provides more jobs, more money and more taxes.

The liberal capitalist model has delivered peace, prosperity and technological progress for the past 50 years, dramatically reducing poverty and raising living standards throughout the world.

But in the decade since the global financial crisis, the model has come under strain, particularly the focus on maximising profits and shareholder value. These principles of good business are necessary but not sufficient.

The long-term health of free enterprise capitalism will depend on delivering profit with purpose. Companies will come to understand that this combination serves their self-interest as well as their customers and employees. Without change, the prescription risks being far more painful.

Free enterprise capitalism has shown a remarkable capacity to renew itself. At times, as the historian Thomas Babington Macaulay wisely noted, it is necessary to reform in order to preserve. Today the world has reached that moment. It is time for a reset.

In the same newspaper, on the Opinion page, appeared an excellent article by the eminent American lawyer, well-versed in business matters, Martin Lipton, headed, *Directors have a duty to look beyond their Shareholders.*

On the back of the yellow wrapper appeared the following statements in bold print:-

**WE LIVE IN A TIME OF DISRUPTION AND FRAGMENTATION BUT WHERE OTHERS SEE DIFFICULTY, WE SEE OPPORTUNITY – NOT JUST TO SURVIVE BUT TO THRIVE:**

TO STAND UP FOR WEALTH CREATION AND FREE ENTERPRISE AS DRIVERS OF DEVELOPMENT.

TO PROMOTE BETER BUSINESS BY HOLDING COMPANIES TO ACCOUNT.

TO EMPOWER EACH OTHER TO LEAD THE WAY IN BUSINESS, SOCIETY AND THE WIDER WORLD.

THIS IS THE NEW AGENDA.

This remarkable issue of the *Financial Times* attracted sufficient attention to be noted on Radio 4's *Today* programme. It was also noted by the author of this article, who was keen to follow the eventual outcome of the New Agenda. After several days of silence, I felt it necessary to enquire into any progress that might have been made. I spoke with Martin Wolf, who said that as the Economics Editor, he customarily worked alone without cooperation from others. I also spoke with Joshua Oliver, an assistant to Lionel Barber, who tentatively explained that "progress would be made," but heard nothing thereafter.

By the end of the year, Lionel Barber was no longer the Editor of the FT. Nothing more was ever heard of the *New Agenda*, and nothing appeared in print. I was left with the impression that those with whom I spoke at the FT were scared by the consequences of an initiative that should never have been embarked upon. The project could never have been thought-up and implemented at a moment's notice. It must have been carefully planned in advance and costs were obviously entailed.

Teamwork must have been involved, and proper discussion before decisions were reached. All this would have culminated in a spirit of purpose and determination. How then could the project have been ditched at a moment's notice without explanation of any kind? It could only have come about through unpleasant threats from a very determined source. It must be assumed that the FT could never have anticipated the strength of response to their project as otherwise they would never have embarked upon it in the first place. It would indicate that the editorial policy of the paper is ultimately answerable to financial forces overriding any objective stance it chooses to adopt.

The Campaign for Industry, a group that I founded and Chaired, underwent a similar experience in 1987, when 4 prominent Committee members unexpectedly resigned over a 3-week period, having apparently been in some way scared or put under a threat. The circumstances are more fully described in the opening chapter of my book *Prosperity in a Stable World*. The result of such intimidation was naturally a set-back for the association, but small organisations can do little (if anything) to counter such hidden opposition. The fact that such tactics are "hidden" reflects a cowardice amongst those occupying a position of power as well as privilege. But more significantly, it reflects a

fear amongst those claiming an unwarranted claim to exclusive knowledge, the revelation of which might topple them from their pedestal. The light of day would have revealed the nastiest characteristics of the bully.

If small groups cannot avoid a “stab in the back” situation, such an experience should never occur with larger well-established organisations on the grounds of their reputation and general acceptance in a responsible society. It should certainly never occur to a paper with the high worldwide reputation of the *Financial Times*. Who are these people or groups that so successfully carry out their intention of destroying free speech and discussion? They are clearly persons at the heart of the financial establishment, and their actions amount to political censorship of the most dangerous kind to the interests of democracy. This is because financial matters lie at the core of material existence and hence are integral to the nation state.

Although elected government may not be directly responsible for restricting such freedom of speech, it nonetheless constitutes what may be correctly described as Political Censorship for the reasons given above. Their only defence is the assertion that Rentier capitalism is so firmly entrenched as a mode of profitability that any change to the system would be unthinkable. But such an assertion is cancelled out by its self-destructiveness or by what Martin Wolf so aptly described as the consequences of its “high inequality and a degraded democracy.”

When it is realised that rentier capitalism is directly responsible for the de-industrialisation of home-based industry when investors outsource productivity to overseas locations; and moreover, that they are thereby responsible for further increasing China’s competitive position, and bringing their own country into greater debt through the costs of re-importation of such invested products, the broad extent of their harm may be fully comprehended. Investment in so-called “British industry” is nothing of the sort if the outcome is the promotion of Chinese productivity. These are evils to be fought against in the public interest. If the ordinary investor was aware of how his assets were utilised in such an undesirable manner, he would be appalled by the realisation.

In view of the multiple economic threats that will confront us when the Corona virus pandemic reaches its close, now is the time to expose these opponents of free speech in placing our financial-industrial institutions into the hands of accountably responsible people. There can be no higher authority in financial matters in the media world than the *Financial Times*, and the general public should be called upon in encouraging them to once again take up the baton in pursuing the *New Agenda* for the benefit of us all.

© **Robert Corfe**

Robert Corfe.  
6 Southgate Green,  
Bury St.Edmunds,  
IP33 2BL.

Tel:- 01284-754123

Email:- robertcorfe.bse@gmail.com