

CEOs are rigging markets to increase their pay and then...

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It should come as no surprise to anyone that [UK chief executive pay](#) has risen by 11% in the last year. This, of course, vastly outstrips the rate of increase for almost anyone else. It is also wholly unrelated to any real-world performance, except growth in share prices.

But let's be clear. Many of these chief executives help rig share prices through their share buyback schemes that are intended to keep shares in short supply, and so prices high. This makes the CEOs look good. And it increases the value of the CEO's share options. They have every incentive to play this game.

And despite protests, there is no reason for them not to do so. Shareholders still cannot constrain pay. There is no maximum pay law. Whatever is paid to a CEO is considered a legitimate tax-deductible expense in the accounts of the company that pays it. And the pension industry - stacked full, as it is, by sycophants who want to 'make it in the City' - by and large never says boo to a goose.

So what is happening? Rent extraction is happening. These CEOs do not earn their reward. Nothing says they are worth the sums paid. They are paid this much because they can take this much. And this is what economic rent is. It is the amount paid for a resource in excess of that needed to secure its use in a process.

And why is it paid? Because power structures are created to permit its payment.

Who bears the cost? Society at large. Other workers, here.

Rent is a redistribution of resources from those without power to those with it.

From worker to executive.

From shareholder to executive.

And more broadly, from tenant to landlord.

Or from credit card borrower to bank.

Or developing country to tax haven.

Power has been created to extract these rents. The CEO pay fiasco is just an example.

And never once let it be said these people are entrepreneurs. Entrepreneurs work in markets. These CEOs rig markets until they cease to exist. And then pay for the propaganda of 'free market' mythology.

And yes, that makes me angry.

Why the heck not?