

# Why can't he find the Good Capitalist?

Colin Foster reviews  
Will Hutton's book "The  
State We're In."

GLIB HOPE is difficult these days. Stalinist "socialism" is defunct. The louder the claims of free-market ideologues, the less capitalism delivers other than unemployment, insecurity, inequality and squalor. Social democracy has abandoned any pretence of seriously transforming capitalism.

Anyone who thinks about the future of society has two basic choices. They can fight for working-class socialism — which, uniting common ownership and control of wealth with thorough economic democracy, contrasts as starkly with Stalinism as with market capitalism — but that means, for the present, fighting against the odds, battling against demoralisation in a bruised and cowed working class. Or they can give up.

Will Hutton's book, now out in paperback after being a best-seller in hardback, owes its success to its spirited and energetic attempt to present a third alternative, a prospect of dramatic improvement within and through the agencies of the established system.

"Britain, the first country to establish parliamentary democracy and modern industry, could become the first country to transform itself peacefully without the spur of some national disaster." Tory Britain is decaying. A Labour-Liberal alliance could "reprise" the "constitutional reforms of the Liberal government at the turn of the century, and the economic and social reshaping of British capitalism by the 1945-51 Labour government."

Hutton's diagnosis is that Britain is blighted by a "governing class" of rentiers — capitalists who live off dividends and financial returns without being directly involved in organising production. Their *economic* dominance, through the City, forces British industry to orient itself to big dividend pay-outs and quick profits. Long-term investment suffers. The obsession with immediate financial results also, argues Hutton, makes it hard for bosses to build up the sort of stable "partnership" with workers which he considers desirable. The *political* dominance of the rentiers, through the Tory party and the scarcely-trammelled "winner takes all" British parliamentary system, with its lack of formal checks and balances on central state power, leads to a system of arrogance at the top, pauperism and demoralisation at the bottom.

Hutton's answer is to link political reform — cutting the power of the Crown, proportional representation, devolution — with the establishment of a network of restraints, negotiations, and institutions to drive finance into a closer partnership with

industry and bosses into a closer partnership with workers. He wants the welfare state restored, but, he says explicitly, on two tiers with the better-off able to get better health and education provision within the state system. "The aim is to imbue the middle class with a sense of their common citizenship, whilst recognising their impulse for self-advancement."

Hutton wants to make British capitalism more of a "moral economy", to lessen its "fundamental amorality." He takes it for granted that capitalism, of one sort or another, is the only possibility; he pleads that morality and long-term profit go together, because market economies never are, nor can be, pure market economies — they always rely on some social and moral framework of co-operation.

Hutton's model for his rather priggish, paternalistic "capitalism-by-committee" is Germany, with its dense web of local autonomies and consultative procedures, and its close long-term links between banks and industry.

The same Germany that has a higher jobless rate than Britain, a more drastic rise of racism and fascism? Hardly. Hutton believes that Germany is suffering only temporary difficulties from reunification. "The new world of 'lean production'... will emphasise its strengths." "The social market is adapting to changed conditions in a unique way."

Generally, Hutton focuses so much on the specific (or allegedly specific) ailments of Britain that he scarcely registers the general, world-wide troubles of capitalism. Unemployment, insecurity, inequality, and eroded welfare are not special to Britain, but, in essence, universal, from Sydney to Stockholm, from Frisco to Frankfurt.

However: surely, between now and socialist revolution, capitalism comes in different variants? And British capitalism *is* especially marked by its large internationally-oriented finance sector and its lack of formal, legal guarantees for workers and the trade unions. Should we not rally round Hutton's ideas at least as a basis for immediate demands on the next Labour government?

No. He is very far from rousing the British labour movement to struggle even for the most limited aims. He welcomes Tony Blair's "modernising" of the Labour Party, and the fact that "the pressure of the recent Conservative governments" has changed the "culture" of the trade unions. "Rather than see themselves as the embodiment of a Labour movement dedicated to the transformation of capitalism, they have started to redefine themselves as social partners in the management of capitalism." All this he sees not as what it has been in reality — an inseparable part of the Tory drive, which he deplores, to a more brutal capitalism — but as a welcome move away from old utopianism and a reorientation to more realistic projects of change.

And Hutton's key agency for change is not the labour movement — but the age-old mythical figure, the Good Capitalist. In a diagnosis out of date by well over 100 years, he repeatedly describes the Tories as "the party of land and finance" — i.e. not of the industrial and commercial bosses. He is thrilled by the fact that "one or two major companies are considering donations to Labour... in industry and commerce there is growing support for a focus on the values of production rather than finance."

He misses the whole point of capitalism, British or German, regulated or deregulated! Capitalism means production for profit. The time-horizon for calculations of profit may be longer or shorter, but profit is always the aim. Volkswagen, Daimler-Benz, Hoechst and Siemens do not make profits in order to make goods; they make cars, trucks, chemicals and electronic equipment in order to make profits. If you want an economy oriented to production for need, and not the "values of finance", then you must have working-class socialism, not any kind of capitalism.

While Hutton frequently mentions "the governing class" and the "middle class", the working class is absent from his picture of the world. Instead he sees society as divided "30-30-40" — 30% jobless and more or less pauperised; 30% in insecure or marginal employment; and 40% "privileged", in secure full-time employment. "The 31% of the workforce still represented by trade unions generally fall into this category" of the "privileged."

To lump in low-paid postal workers or railworkers — because they still have full-time and relatively secure jobs — with the millionaire class makes no sense. To lump in all pensioners and students and temporarily jobless with the pauper class is equally false.

It is true that inequalities within the working class have increased greatly since 1979. The trade unions are mainly based among workers who have better job security and often better conditions and wages. Yet between the school teacher or white-collar public-service worker, on the one hand, and the cleaner or building worker, on the other, there is a difference of degree; between all these workers and the top one per cent, there is something much greater, a conflict of class interest. The "affluent worker" — the car worker in the 1970s, or the miner in the 1980s, or the French train drivers and school teachers in 1995 — can often lead the whole working class in struggle.

That Hutton's book has been a best-seller shows, at least, that there is a large body of people angry at the destruction of the welfare state and ready to do some serious reading and thinking in order to find an answer. Socialists need to find these people — and convince them that Hutton's is the wrong answer. ■