

## Cooking the Books: Good capitalism, bad capitalism?

“There is good and bad capitalism,” wrote Will Hutton in a recent article for the left-of-centre think-tank, the Policy Network (<http://www.policy-network.net/articles/3999/Liberal-social-democracy-fai...> [1]).

He argued that

“The left has to understand what capitalism properly managed can deliver: and then to demonstrate that the paradox is that only the left can provide the political tension that biases capitalism towards the good. While the right is the indiscriminate friend of all capitalism, the left’s mission is to hold capitalism’s feet to the Enlightenment fire – and thus make it work best to meet the ambitions and needs of ordinary people.”

This – apart from the philosophical stuff about the Enlightenment (the 18th century intellectual ferment that provided the theory for the American and French bourgeois revolutions) – is what the reformists of the old Labour Party always stood for in practice, despite their talk of socialism (in most cases, actually state capitalism). They believed that it was possible, through legislation and government intervention, to humanise capitalism, to smooth off its rough edges. Only that was not how they (or those of them interested in more than just getting into office and taking on the day-to-day running of capitalism) expressed it. They talked in terms of these measures being stepping stones to something beyond capitalism rather than creating a “good capitalism”.

What Hutton is doing is bringing the theory into line with the practice. As far as Ed Miliband is concerned, he’s preaching to the converted as the Labour leader is already on record as saying he wants “a capitalism that works for people and not the other way around” (Observer, 29 August).

“Bad capitalism”, according to Hutton, is “a universe of bloated incumbents, politically fixed markets, productive entrepreneurs forced to the sidelines and too little public investment. It cares little for the condition and risks of the people.” And good capitalism? It, says Hutton, has

“two key properties – a system of business ownership in which the returns to owners and managers is proportional to the risk being undertaken rather than winners taking all, along with politically and socially constructed institutions that help mitigate risk, thus allowing more to be taken.”

This is how capitalism according to its theorists is ideally supposed to function. But even if it did function in this way, there would still be minority class ownership, production for profit, and the division of society into rich and poor. In fact, for Hutton, there are also good capitalists and bad capitalists:

“Social democrats should properly distinguish between the deserving and undeserving rich.”

He then added, curiously:

“They should also be prepared to distinguish between the deserving and undeserving worker – and the deserving and undeserving poor. Marx made this point to the French socialists in his critique of the ‘Gotha Programme’.”

Hutton may know about the Enlightenment but he clearly doesn’t know about Marx. The fact that Gotha is in Germany should have been a hint that Marx was addressing German rather than French socialists. And there’s nothing in what Marx wrote there about deserving and undeserving workers. Hutton has presumably misinterpreted the labour-time voucher scheme Marx mentioned.

What Hutton fails to understand is that capitalism is based on the exploitation of wage-labour for surplus value and is governed by the imperative drive to accumulate more and more capital out of this. Which is why it can never be made to work “to meet the ambitions and needs of ordinary people” and why it can only work as a profit-making system in the interests of those who live off profits.

There is no such thing as a good capitalism.

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[1] <http://www.policy-network.net/articles/3999/Liberal-social-democracy-fairness-and-good-capitalism>