

# Oligarchy and Empiricism

Book Review  
by James Lund

Will Hutton

*The State We're In*  
(Jonathan Cape, 1995)

This important book has been widely reviewed. Rather than reduplicate what has been better done elsewhere, I simply propose to consider something said by RW Johnson in the *London Review of Books* (9 March 1995) in review of Hutton's book under the heading 'Megalo'. Of the economic arguments, Johnson said, "not that Hutton is wrong but that he is overconfident, has taken on far too much and wants, megalo style, to connect everything up with everything else."

Whatever the deficiencies of Hutton's book, what it offers is an intelligible explanation of the relative economic decline of Great Britain worldwide in the course of the twentieth century. Johnson summarised this side of Hutton's account as follows: "The historic yield on British equities is over 4.5 per cent, which is a lot higher than anyone else pays (the East Asian markets pay under one per cent). In effect this means that British investors vote for immediate income rather than capital growth; indeed that they heavily discount capital growth. This in turn dooms companies to distribute to shareholders capital they ought to keep and reinvest, so the prophecy of slow growth becomes self-fulfilling. The net result is that we consume too much, and invest and produce too little."

What makes Hutton's book important as an essay in political economy is his grasp of the relation between such 'gentlemanly capitalism', as he calls it, and the oligarchical structure of government in the name of the Crown, as it has developed throughout the past century, culminating in the Thatcherite years. Of the Bank of England, first set up in the aftermath of the Glorious Revolution, which first established that structure, Hutton states: "The Bank's overwhelming objective is to sustain London's position as an international financial centre - and its history, internal organisation, culture and recruitment policy all reinforce that mission. Although it was nationalised by the Labour Government in 1946 it has never felt any need to qualify its basic credo that the promotion of the City of London's financial markets is synonymous with the public interest."

Behind the Bank of England stands the Treasury, which also identifies the common good with the prosperity of London's money markets. It is the principal obstacle within central government to any reform of its structure that would create a state which rules for the people of the country rather than over them. As things are, we have what Hutton calls an "unwritten constitution organised around the principle that the law is whatever the monarch assents to in a Parliament that has no clear democratic rules". This is what Lord Hailsham called an 'elective dictatorship', in which the power of the Crown has passed to the majority party, which, as the Thatcher-Major

years have shown, is in a position to dominate the whole public realm without serious opposition.

Johnson's review of Hutton's book under this characterisation of 'megalo', as wanting 'to connect everything else', may be understood as a response to the danger of the oligarchical system of government in Britain today which is inherent in Hutton's book. The danger lies in the relative precision and comprehensiveness of Hutton's review of the way in which such government, in a carefully informal, unadvertised kind of process, has had a hold upon the major institutions of British public life and directed them in its main interests, particularly in relation to whatever developments were thought to threaten its continued dominance of the state in the actual conduct of affairs. In its heyday, this system was able to establish a remarkable uniformity of attitude and disposition within what has become its own section of the political class.

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The charge of 'megalo' confuses the rational reflections of Hutton's book with action whilst at the same time appealing to the prejudices of the empiricist outlook, which maintains that what we come to know and understand is the outcome of an existentially piecemeal process, grounded in particular encounters and sensations. Empiricism was and is the British philosophy, with which the oligarchical system had generally identified itself since the late seventeenth century. It is a philosophy that has in many ways served to conceal the system of government of which Hutton has given so thorough an account, one which points to the need for thorough-going action, comparable to the Glorious Revolution in the scale of its political and economic reform.s.

The way in which the oligarchical system has done so is by exercising a control over systematic reflection, urging or ordaining that political and economic experience be thought out piecemeal in the way dictated by the primacy assigned in empiricism to the physical thinking of an experimental and mathematical kind, fundamental to the natural sciences. In fact, neither the organic nor the actual in our experience is intelligible in this way. This is particularly true of the actual, sometimes called the historical, when it is thoroughly and systematically conceived in the comprehensive way representative of British oligarchical government at its most powerful. Johnson's charge of 'megalo' against Hutton, insofar as it is intelligible at all, looks like an expression of the realisation that the empiricist cloak over large designs and strategies no longer serves its purpose.

I have to add that no dissenting voice has yet been raised in the busy correspondence columns of the LRB, concerning Johnson's review.