

REVIEW OF EAGLETON'S *WHY MARX WAS RIGHT*

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WHY MARX WAS RIGHT. By Terry Eagleton. New Haven: Yale University Press, 2011.

IN THE PREFACE TO HIS NEW BOOK, *Why Marx Was Right*,¹ University of Lancaster professor of literature and literary critic Terry Eagleton sums up his latest approach to Marxian apologetics in a bout of wishful thinking: “What if all the most familiar objections to Marx’s work are mistaken?” Selecting ten popular objections to Marxism nearly at random, Eagleton attempts to convert the unbelievers in ten separate chapters, presented “in no particular order of importance” (x). Though he aims the latter part of his argument at the egalitarian literati of postmodern academia (codename: The Jacobin Book Club), Eagleton stresses that “Marx had a passionate faith in the individual and a deep suspicion of abstract dogma” (238). With a plainness in prose that is a refreshing break from Fredric Jameson’s jargon-filled tomes, Eagleton sits down to examine the failures of socialist states, the inevitability of totalitarianism in centrally-planned economies, and the West’s rejection of Bolshevik terrorism, tackling the difficult task ahead of him with a newfound sense of Marxian individualism. Yet any reader who is even half-competent in economics will marvel at Eagleton’s failure to triumph in any one of his endeavors. What should have been a series of entertaining and

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CITE THIS ARTICLE AS: Morgan A. Brown, “Review of Terry Eagleton’s *Why Marx Was Right*,” *Libertarian Papers* 3, 11 (2011). ONLINE AT: libertarianpapers.org. THIS ARTICLE IS subject to a Creative Commons Attribution 3.0 License (creativecommons.org/licenses). Published by the Ludwig von Mises Institute.

¹Eagleton, Terry. 2011. *Why Marx Was Right*. New Haven: Yale University Press.

challenging essays on contemporary Marxist theory collapses into a soggy and moist sentimentalism, reared upon the shakiest of romantic foundations.

Notably absent from Eagleton's selection of "familiar objections" to Marxian socialism are the slightly less familiar and infinitely more devastating objections that economists have raised against the Marxian corpus: the impossibility of rational economic calculation in the socialist commonwealth, where the State's fiat pricing mechanism can never effectively guide the allocation of scarce resources to their most efficient and valuable lines of production in a rapidly-changing world; the errors inherent in Marx's labor theory of value (which Marx originally adopted from Adam Smith and David Ricardo); the flaws embedded in *Das Kapital's* theory of surplus value in its first volume, which is flatly contradicted by the presentation of subjective exchange values in the third; and the way in which the tentative theory of capitalist exploitation arises out of the foregoing tangle of fallacies, predicating the ubiquitous "class conflict" dogma of Marxian hermeneutics. By conveniently overlooking these indissoluble contradictions in the Marxian programme, Eagleton allows himself to take the notion of capitalist exploitation as an ultimate given, never skipping over an opportunity to criticize capitalism's unchecked zeal for "barefaced greed" (5), "genocide" (15), "fascism," and, worst of all, "Mel Gibson" (13).

Having thus dispensed with any defense of socialism that might vindicate Marx's gravest errors, Eagleton seeks to transcend both "vulgar" and "utopian" Marxism on the way to creating a hybrid breed for the twenty-first century: catholic Marxism. The halcyon days of *sola scriptura* hermeneutics are long gone, and the slippery new faith has shed the old foundation in favor of an Augustinian model of social salvation. Eagleton describes this hip new version socialism as one in which Marxists no longer need to cleave to principle or doctrine as long as they can keep the faith in "Socialism or barbarism" while overlooking every valid criticism raised against the patron saint of proletarian revolution (8). The author presents his readers with the usual dystopian dialectic involving capitalism and socialism, in which each economic system superannuates its opponent by superannuating itself (2). The new Marxists of this apocalyptic war are "hardheaded types who are skeptical of high-minded moralism and wary of idealism...alert to the humdrum, often ignoble forces which underlie pious talk" (77). In sum, the new Marxists are the high-minded moralists of the old pharisaical creed with a penchant for self-dissimulation; clairvoyant prophets, denouncing "greed, corruption, and power-mongering of the present, warning us that unless we change our ways we might well have no future at all," yet apparently without an inkling of sound economic theory or a cogent solution for the current financial crisis (66–67). The new breed, it seems, is

the stereotype of the trendy, middle-aged English professor of the American (or British) academy—the tenured relic of the sixties. Having scrapped the lifeless chrysalid of classical Marxism in favor of rhetorical flourishes without a solitary scrap of empirical data to back them up, Eagleton's method of argumentation leaves the reader with the impression that even the author does not believe in the foundational values of Marxism. Marx appears to be not only irrelevant to the present in Eagleton's hands, but also—and somewhat unfairly—completely incompetent as a thinker and social philosopher.

Eagleton frankly admits surprise that the world so quickly scrapped Marxian theory after the collapse of the Soviet bloc: “Had Marxist theory been unmasked as bogus by some world-shaking research?” Perhaps the collapse of the Soviet Union betokened nothing more than the breakdown of a brutal dictatorship and economic autism in the historical record, but the “world-shaking research” in economic theory had been undertaken by economists such as Eugen von Böhm-Bawerk (*Karl Marx and the Close of His System*), Ludwig von Mises (*Socialism*), F.A. Hayek (*The Road to Serfdom*), Milton Friedman, Thomas Sowell, and Murray N. Rothbard. Indeed, socialist theory had been “unmasked as bogus” in both theory and practice on three continents over the course of nearly two centuries. Meanwhile, at every step along the way to economic freedom in each productive nation, capitalism pronounced its benefits in increased production, leaps in individual freedom, surfeits of marketable goods, technological innovation, improvements in medicine, and the spread of material wealth throughout the world. It is amazing to think that Eagleton should have overlooked the theoretical demise of applied Marxism in the Socialist Calculation Debate of the 1920's, where the entire mess of central planning, stripped of its claims to be able to calculate prices rationally without competition in the higher orders of production, collapsed at the feet of the triumphant Austrian economists, Mises and Hayek.

In this sprawling, disorganized, and vituperative reappraisal of Marx, Eagleton commits himself to economic fallacy after economic fallacy, showing little concern for anything approaching intelligible theory. Lionel Robbins, who once defined economics as “the study of the use of scarce resources which have alternative uses,” would have been surprised to find that “scarcity is largely the consequence of capitalism itself” (Eagleton 8). While one could admit that capitalism more clearly draws the line between scarcity and material wealth by progressively eliminating scarcity through the market's efficient operation, tending towards an abundance of goods offered at competitive prices on its unregulated networks of interpersonal exchange, one has trouble identifying *consequential* scarcity in any economic system—be

it socialist or capitalist. Scarcity is, if anything, the dearth of efficient production and capital accumulation for a given population, or a byword for the state of nature prior to human interference. Scarcity is the continual threat of mass starvation in any subsistence agricultural system that has yet to develop a functioning market through the private ownership of the means of production and the division of labor. To be sure, scarcity is uneconomic and prior to *any* economic development. The world has enough scarcity as it is, and what humanity needs is efficient capital accumulation by any means available. Eagleton is forced to admit the necessity of a successfully-functioning market prior to the realization of socialism by contradicting his own sketchy programme, noting that one cannot “reorganise wealth for the benefit of all if there is precious little wealth to reorganise” (16). So when is the time ripe for reorganization if reorganization always threatens the decline of capital accumulation and a regression into scarcity? Eagleton remains silent on this consequential issue, scarcely producing so much as a quote-worthy quip in his own defense.

Our present economic situation gets even worse in Eagleton’s eyes: capitalism, as a ruthless system of “cutthroat economic competition” (89), is itself responsible for “extravagant levels of unemployment” and the millions of criminals now pent up in Western prisons (29). By attempting to keep wages low, capitalist employers fight against the proletarian “wage earners” who attempt to push wage rates higher, thus leading to the inevitable Marxian revolution. Eagleton does not follow his own class conflict theory to its logical conclusions: the proletariat’s desire for an equal division of “profit” (Eagleton never makes a distinction between nominal wage rates and real wage rates) is itself responsible for massive unemployment due to the proletariat’s advocacy of State-imposed minimum wage restrictions, collective bargaining, and other medieval guild privileges. A new class arises, unforeseen by the Marxian prophets—the chronically-unemployed “wish-I-were-working-class” (Über Proletariats), who are now in irreconcilable conflict with both the privileged wage earners (the erstwhile “exploited” working class) and the State.² The shortsighted wage earners always believe that they profit by pushing their nominal wage rates higher, even if production of goods (the determinant of real wealth, as that for which nominal wages might be exchanged) diminishes. The Marxian proletariat of old thus becomes the twenty-first century’s petite bourgeois, and the libertarian “wish-I-were-working-class” scrubs the system clear of the budding socialists.

²Eagleton describes an incomplete vision of a stratified society, consisting of (1) rulers, who are the rent-earning “agents of capital,” (2) middle-management bourgeoisie, (3) lower middle-class petite bourgeois, and (4) the “working class proper” (175).

Eagleton fails to see that the “exploited” wage earners are themselves the ones who discriminate against full employment by taking up the much-maligned credo of capitalism and Wall Street: “greed is good!” (96). By pushing wages higher and developing tight-knit labor unions, minority privileges of the currently-employed proletariat override the individual interests of the chronically-unemployed by splitting industrial profits between fewer workers. Meanwhile, labor unions, like medieval guilds, discriminate against full employment in their protected fields. The hoarding of scarce jobs by the employed minority at artificially-high wage rates creates the need for wage earners to work longer hours for smaller shares in corporate profit. Organized workers thus sacrifice the benefits of full employment, which would have increased money put towards the maintenance of facilities, health insurance, machinery, and capital investment. Full employment at lower nominal wages increases the surfeit of material goods, thus driving down the price of each unit of the consumer goods purchased by the public, leading to an increase in real wage rates across the board. Each Marxian alteration of capitalist production is to the detriment of the chronically-unemployed, who would be willing to underbid the privileged wage earners that are now protected by coercive labor laws. If Marx’s “ideal was leisure, not labour,” perhaps Marxian-style unemployment may convince the new class of hapless über proletariats that labour is necessarily antecedent to leisure through capital accumulation and an increase in goods, as opposed to the Marxian quest for a fair division of paper money (239).

As is usual with socialist critics and radical empiricists, Eagleton never clearly defines the typical Marxian vocabulary of “class,” “modes of production,” “material productive forces,” “exploitation,” or even “Socialism.” At best, one gets a glimpse of his socialist utopia as a world guided by ambiguous “social forces,” equipped with a Janus-faced economy in which “some of the virtues of the market could be retained, while some its vices could be shed” (23). The “skilled, educated, politically sophisticated populace” of the socialist future will bring about a “shortening of the working-day” to provide for “personal fulfillment” and the eradication of scarcity (18). How shall these new citizens of the socialist commonwealth bring about the abundance of Eden by working less and producing fewer goods to go around? The author stresses that “market Socialism” will provide the answer.

Eagleton paints a dismal picture of the idyllic bureaucracy that is supposed to be preferable to capitalism’s cruel and bloodstained markets:

The broad parameters of the economy, including decisions on the overall allocation of resources, rates of growth and investment, energy, transport and ecological policies and the like, would be set

by representative assemblies at local, regional and national level. These decisions about, say, allocation would then be devolved downwards to regional and local levels, where more detailed planning would be progressively worked out. At every state, public debate over alternative economic plans and policies would be essential ... determined by social need rather than private profit. (25)

In short, Eagleton advocates an economic system that the people control. But who are these new people that Eagleton introduces into his assemblies, and who will foot the bill for this massive complex of bureaucratic planning, which will regulate every industrial avenue of output? Is the “people” some of us, or is it all of us? If it is all of us, then is not Eagleton saying that what we need for the efficient allocation of scarce resources is a free market? If the “people” is only some of us, why should *any* of us take up arms in the cause to erect a super-State? Eagleton merely gives us a picture of increased departmentalization: a Department of Agriculture and Commerce, a Department of Labor and Wages, a Department of Education and Reeducation, and—god forbid—a Department of Departments for the efficient regulation of each and every additional department.

How is public debate for collective action through a chain of minority-controlled bureaucracies—presumably maintained by burdensome taxation—better than the freedom to choose the subjective satisfaction of one’s wants in a market society at will, where corporations shoulder the risk and cost? Can anyone achieve objective spiritual fulfillment by identical means at all times in all situations at a bureaucrat’s discretion? Again, Eagleton is silent on this primary issue of human freedom and consumer-driven economic efficiency, determined as he is to paint the free market as a culturally-insensitive totalitarian ideology, and its Manchesterian advocates as “scar-faced and sinisterly soft-spoken...James Bond villains” (105). If Eagleton had the typically soft-spoken Milton Friedman in mind, he forgot to add the blistering epithets “brilliant,” “logical,” and “Nobel Prize-winning economist” into the mix.

Though one does not have any idea how socialism is supposed to emerge peacefully out of capitalism, or, like China and the former Soviet Union, avoid the inevitable de-synthesis back into corporatism, mercantilism, and even capitalism, Eagleton assures us that “Education and state monitoring might diminish these dangers” (25). Would these same intellectual regulations not inevitably lead to the oppressive policing of thoughtcrime and restrictions on the freedom of the press, paving the way for Soviet-style indoctrination all over again? Has not Eagleton admitted that it is to be

Marx's way or no way? Gotha or the gulag? Once again, Eagleton flounders for an intelligible answer on this crucial point.

Blaming the current financial crisis on capitalism as a system, Eagleton spots the cancer amidst the nexus of complex market processes and central banking flubs by flourishing his time-worn credo of "capitalist greed" like a schizophrenic neurosurgeon wielding a chainsaw as a scalpel. "Capitalist economies," writes Eagleton, "have been prevented from imploding only by the appropriation of trillions of dollars from their hard-pressed citizens" (15). By continually conflating State intervention and representative government with laissez-faire capitalism, Eagleton turns the latter into a predacious political system, equipped with its own "citizens" and governors. He rightly blames the bankers, but he does not see that the *socialized* banking system, with its fractional reserve lending, FDIC subsidization of risk, and federal manipulation of interest rates through bank credit expansion, was responsible for the boom and bust of the Housing Market Bubble and the ensuing recession. The humanitarian quest to resolve a phantom housing shortage only resulted in the regurgitation of unwise investors, who were swindled out of their life savings by State-approved adjustable-rate mortgages. Nor can capitalism be held responsible for the State's intervention on the behalf of failing union monoliths like GM, or even for the Fed's inflationary buildup towards the housing crisis, if only for the fact that capitalism is not a form of representative government with a "system" of policy-making bureaucrats, much less a horde of "hard-pressed citizens" that it can tax through a capitalist congress.

What is Eagleton's solution to the financial disaster? What is Marx's monetary policy? Eagleton offers no alternative, likely as an extension of Marx's infamous inability to sufficiently draw the line between monetary "capital" and "capital goods" through his constant employment of imprecise terminology. Eagleton comes close to drawing the vital connection between the two in a paean to "the protean, shape-changing, alchemical nature of money," which is a metaphor that has its origins in *Das Kapital's* own monetary ambiguities, but the author passes on without entering into a discussion of his own supplementary theory on the subject of banking and credit (122). One would presume that Eagleton's solution to the current banking disaster would involve the socialization and bureaucratization of the banking system through an organization identical to the Federal Reserve, which means that Eagleton's vision of the socialist future would betoken more of the same money mischief that libertarian thinkers in the United States have battled since the days of Jefferson. Chronic inflation would, of course, only heighten the scarcity of material goods in Eagleton's leisurely socialist future, which is primarily dedicated to spiritual fulfillment. It is

uncanny how close Eagleton's proposed socialist future resembles our current historical stage in the evolution of the "modes of production." But then, it is always easy for the scrying prophet to predict the past.

There is, perhaps, one upshot to Eagleton's catholic Marxism: Eagleton has adopted the theory of individual self-interest as the prime mover of market cooperation. The author sketches out a classic defense of individualism, retailored for the market socialists:

One person's contribution to such an outfit allows for some kind of self-realisation; but it also contributes to the well-being of the others, and this simply by virtue of the way the place is set up. I do not have to have tender thoughts about my fellow workers, or whip myself into an altruistic frenzy every two hours. My own self-realisation helps to enhance theirs simply because of the cooperative, profit-sharing, egalitarian, commonly governed nature of the unit. (88)

By such measures, Eagleton describes a state of affairs in which the self-interested worker is led in this, as in many other cases, by an Invisible Hand. In fact, Eagleton merely co-opts what was originally introduced by the arch-capitalist Adam Smith in *The Wealth of Nations* as the force that guides self-serving *homines economici* to accidentally promote the general welfare by satisfying consumer demand. But one wonders if any individual is free to choose the "unit" for which he shall labor in Eagleton's anthill market, or if individualistic self-realization opens the way to increased wages as a reward for unequal work (namely, unparalleled excellence) in Eagleton's "egalitarian" factory. Is this newfangled chain-gang individualism on par with capitalistic individualism? In other words, is Eagleton's Invisible Hand really invisible, or is it a Visible Hand that everywhere erects glass ceilings, which reflect his egalitarian society's socialized mediocrity? If no individual reaps the profit of work, and if the benefit is itself socialized by common governance, one assumes that Eagleton has erected the Visible Hand, which pressgangs the intrepid individual back into line with the rest of his unremarkable peers.

Had Eagleton kept his literary talents close at hand throughout the course of his diatribe, he might have espoused the inflationary monetary policies of Ben Bernanke and the welfare economics of the neo-Keynesians instead of dragging Marx into the equation. One leaves Eagleton's book with a healthy understanding of what the basic Marxian dogmas of dialectical materialism look like through the eyes of a literary critic, yet with no understanding of what the mysterious socialist future would look like, nor yet how surrendering private property to the minority corporation of the State for equal division of resources will protect each citizen from a Stalin, Lenin, Pol Pot, Jong-Il, or Chairman Mao. The reader may find comfort in the fact

that Marx was himself “a critic of rigid dogma, military terror, political suppression and arbitrary state power,” but Marx’s historical value judgments and libertarian preferences are completely irrelevant to the issue (21). Stirring quotations and sentimental judgments, howsoever beautifully arranged in a paragraph, simply do not equal sound theory if they lack a consistent logical framework. One wonders if comrade Trotsky found solace in the fond remembrance of Marx’s preferences as he lay bleeding on a desk in Mexico, Stalin’s ice pick lodged firmly in his skull. What Eagleton needs here is political theory, not historical salvation through the hypostatization of Marx’s enlightened opinions. In essence, how does idealistic and romantic slavery (that is, the elimination of self-ownership and property rights) bring about the egalitarian revolution with its host of angelic saints? All slaves are equal, to be sure, and nobody has ever argued this point. But then, who in his right mind would sell himself into shackles to reserve a room in Eagleton’s bureaucratic paradise on the road to universal serfdom?

The New Left’s critical praise for Eagleton’s recent foray into radicalism and libertarian innovation proves unwarranted. Not only is Eagleton short on theory, but he is uncharacteristically short on substance, wit, and humor. Nowhere does he challenge his readers intellectually, though he tries the intelligent reader’s patience with unimaginative insults, hackneyed slurs, pompous moralism, and shortsighted argumentation. Eagleton punctuates his book with an apocalyptic warning: “If we do not act now, it seems that capitalism will be the death of us” (237). Eagleton believes that the apocalypse of wholesale environmental disaster presses us at every stage of post-Marxian globalization, even though modernity’s globalization has been moving steadily onward since Admiral Zheng He launched his nine-masted ships towards the Indian Ocean in the first three decades of the fifteenth century. Five hundred years of history are upon us, and ole Rip Van Eagleton is just now rousing from his slumber.

The libertarian reader, I am sure, regrets on some level the disappearance of dogmatic socialist debate, if only because the dearth of substance in contemporary Marxist dialogue sets up mere windmills for tilting. Eagleton channels none of Marx’s historical and economic insight against contemporary capital theory—an edifice of scholarship that presents a formidable challenge to any economist, much less a seasoned literary hermeneutist. Marx challenged the early capital theorists by pushing the Smithian paradigm to its logical conclusions, but the bankrupt Smithian paradigm was finally cast aside during the Marginal Revolution of the 1870’s because of the former system’s obvious failings. Marx, the consummate student of Smith and Ricardo, inevitably fell by the wayside as a relic of objective value theory while economic debate moved on to new plateaus in

his later years; and though we still may prize Marx's libertarian principles, the crippling contradictions in Marxian theory remain as proofs of the master's grave methodological errors.

Was Marx right? If the Keynesian inflators and Bernanke have their way, Marx may indeed prove right in forecasting capitalism's demise. But Marx would only prove right in that he predicted the fall of capitalism by its regression back into the doldrums of czarism. The danger, however, lies in the State's increasing nationalization of industry, corporate welfare, protectionism and intervention, socialization of the banking industry, progressive income taxation, and facile propheteering—hardly the putative benefices of Marxian socialism. In other words, capitalism could only crumble through the increase in total State power and the destruction of the market itself, driving the West back into the financial stagnation of bankrupt mercantilist privilege. Eagleton throws his cards in with Marx, perhaps unaware that the financial disasters he chalks up to capitalist exploitation are the direct result of the *socialization of risk* in America's central banking system—the crux of the disastrous philosophy he gleefully advocates in the name of human freedom and economic efficiency. More likely than not, the interested libertarian will put Eagleton's book down only more convinced than ever that Marx was not right, and that the author's catholic Marxism is standing on its last two legs, shaking under the massive weight of Marx's burdensome irrelevance.