

Hyperinflation and Hyperreality: Thomas Mann in Light of Austrian Economics

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One may say that, apart from wars and revolutions, there is nothing in our modern civilizations which compares in importance to [inflation]. The upheavals caused by inflations are so profound that people prefer to hush them up and conceal them.

—Elias Canetti, *Crowds and Power*

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With the worldwide collapse of socialism as an economic system, Marxism today stands thoroughly discredited as an intellectual position. Made prophetically early in this century, Ludwig von Mises's claim that economic calculation is impossible in the absence of free markets has been vindicated by the manifest failure of Soviet communism. Decisively refuted by the facts of economic life, Marxism has been forced to retreat to the one place in the academy where empirical reality seems to carry no weight in an argument: the humanities departments. As has often been noted, the great paradox of academic life at the moment is that just when Marxism has lost all credibility in the practical world, it has come to dominate the study of the humanities in American universities. Deconstruction and other forms of poststructuralism prepared the way for this outcome. By calling into question any notion of truth and objectivity, these movements in literary theory left humanities departments vulnerable to the lingering bewitchment of Marxism in a way to which other disciplines more in touch with reality have been comparatively immune.

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In the grand sweep of world history, it may seem a fair exchange to see millions of people liberated from the Marxism that was forced upon them, while a handful of literature professors voluntarily subject themselves to an outmoded and refuted dogma that somehow flatters their egos and soothes their social consciences. And despite the grandiose claims of literary critics to be changing the world, no one—not even a Chairman of the Federal Reserve—has ever been foolish enough to turn to a professor of English for economic advice. Thus one might be tempted to accept the apparently benign use of American humanities departments as retirement homes for washed-up Marxists. But we should not underestimate the danger of abandoning the study of literature to Marxist theorists; how our students view the humanities may well affect their broader view of the world. And in particular we need to guard against the possibility that Marxism may be repackaged under such slogans as “socialism with a human face.” Having lost all respectability as an economic theory, Marxism is likely to continue to resurface periodically as a vaguely humanistic program. In a recent article, Richard Rorty forthrightly and courageously admits the economic failure of Marxism, and yet he cannot help looking back nostalgically to the days when socialism seemed to be a viable economic alternative:

But I have to admit that something very important has been lost now that we can no longer see ourselves as fighting against “the capitalist system.” For better or worse, “socialism” was a word that lifted the hearts of the best people who lived in our century. A lot of very brave men and women died for that word. They died for an idea that turned out not to work, but they nevertheless embodied virtues to which most of us can hardly aspire.¹

Setting aside the fact that a lot of equally brave men and women died fighting *against* socialism, we can see in Rorty’s statement the danger of allowing socialism to retain its claims to the moral high ground. One way of salvaging the cause of socialism is to insist that, however much a failure it may have been as an economic alternative to capitalism, it still provides a kind of ethical alternative in some vaguely humanistic sense.

At the heart of the form of deconstructed or aestheticized Marxism that currently dominates humanities departments stands the belief that literature with its higher ethical sense somehow still points us in the direction of socialism. But there is no reason why the

¹Richard Rorty, “For a More Banal Politics,” *Harper’s Magazine*, May 1992, p. 18.