

*Intercollegiate Studies Institute International Student Essay Contest:
“Can Character and Communities Survive in an Age of Globalization?”*

“The Crisis of Our Age”¹: The Family in an Age of Globalization

By Trevor Shunk

Globalization, operating at an almost unimaginable rate, is the crisis of the modern age. While only recently gaining popular attention, the roots of modern globalization are grounded in the tradition of Adam Smith’s self-interested bartering savage, Jeremy Bentham’s utilitarianism, and Ludwig von Mises’s “value-neutral” economics. The effects of this intellectual history have replaced character and communities as the foundation of commercial society with a notion of “economic progress.” Aiming to liberate the individual from the “tyranny of place,”² the advocates of globalization have instead reduced man to an expendable commodity, depriving him of the social relationships that give him meaning, and leaving him isolated, mechanized, and bored. The family, the fundamental unit of society, has undergone a particular assault. To restore families and communities to their proper place, economics must once again be made subservient to human dignity; only then will character and communities survive in an age of globalization.

Globalization is the transformation of local communities into global ones. Although the term “globalization” was not created until the late twentieth century, a global market economy has existed in some form or another nearly as long as civilization itself. Regardless of globalization’s origins, the eighteenth century distinguished itself as a turning point in the history of global markets. The world of the eighteenth century not only took part in a rising global economy, it was the first to seriously analyze the changing role of commerce and the problems this could entail for the future of family and community life. On the one hand, Scottish

¹ Pitirim A. Sorokin, *The Crisis of Our Age* (New York: E.P. Dutton & Co., Inc., 1941).

² Tyler Cowen, *Creative Destruction* (Princeton: Princeton University Press, 2002), 5.

philosopher David Hume surveyed how commerce “rouses men from their indolence; and ... raises in them a desire of a more splendid way of life than what the ancestors enjoy.”³ A much less enthusiastic Adam Ferguson, on the other hand, condemned the expansion of commercialism as “servile,” and “effeminate,” because “the individual considers his community only insofar as it can be rendered subservient to his personal advancement and profit.”⁴ Thus, while a global market economy has existed for thousands of years in one form or another, it was not until the late eighteenth and nineteenth centuries that the consequences of globalization drew noteworthy awareness.

Adam Smith, an observer of the changing nature of commerce in the eighteenth century, adamantly supported the development of global economic markets based on the principle of self-interest. According to Smith, human beings have a “propensity to barter, truck, and exchange” *before* entering society.⁵ Through the division of labor, Smith argued that the “invisible hand” of the market actually furthered the interest of all members of society: “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from regard to their own interest.”⁶ Thus, the notion of man as an economic creature before being a social one and of society as a conglomeration of self-interested participants provided a key framework for Smith’s understanding of the nature of global economic exchange.

At the same level of importance as economic principles, however, Smith insisted upon grounding commercial society in a culture of virtuous citizenry, morality, and, most importantly, family life. For Smith, the real wealth of nations lay not merely in material possessions, but in

³ Samuel Gregg, *The Commercial Society: Foundations and Challenges in a Global Age* (Lanham: Rowman & Littlefield Publishers, Inc., 2007), 16.

⁴ Adam Ferguson, *An Essay on the History of Civil Society* (New Brunswick: Transaction Publishers, 1991), 240.

⁵ Adam Smith, *An Inquiry into the Nature and Causes of The Wealth of Nations* (Washington, D.C.: Regener Publishing, Inc., 1998), 14.

⁶ *Ibid*, 104.

the relationships within families and communities that promote human flourishing. Because human beings are born with an innate moral sense, Smith contended that a market activity *requires* a moral and ethical foundation for it to function effectively and to benefit the common good. In *The Theory of Moral Sentiments*, Smith explains that the family provides this foundation, as members share a mutual love and affection that contributes immeasurably to the good of society as a whole. According to Smith, what we show for “all the objects of our kindest affections, our children and our parents ... those whom we naturally love and revere the most” must be replicated within market relationships for them to thrive.⁷ Without the family providing this framework, there could be no healthy global market economy.

Nevertheless, with the increasing global commerce of the eighteenth century, Smith feared that improved methods of mobilization would devastate family bonds. While Smith insisted upon the importance of education within the home as an essential family function, it became increasingly common for young men to leave home to receive their education in foreign countries. In *The Wealth of Nations*, Smith passionately criticized this pattern: “The education of boys at distant great schools, and of young men at distant colleges ... seems, to have hurt most essentially the domestic morals, and consequently, the overall domestic happiness.”⁸ Rather than equipping young men to become virtuous citizens and refined participants in the market economy, a long-term education away from home actually hindered their moral development. Thus, in the midst of what Ferguson called an “age of separations,”⁹ Smith worried that the moral framework for the budding market economy found in the home could potentially deteriorate with the rise of mobility.

⁷ Adam Smith, *An Inquiry into the Nature and Causes of The Wealth of Nations* (Washington: Regener Publishing, Inc., 1998), 100-101.

⁸ *Ibid.*, 869.

⁹ Adam Ferguson, *An Essay on the History of Civil Society* (New Brunswick: Transaction Publishers, 1921), 180.

Karl Polanyi, a twentieth century economic historian and author of *The Great Transformation*, recognized and applauded Adam Smith's concern for the family within a growing free market economy. Understanding the household as the foundation of society, Polanyi's own economic philosophy, like Smith's, drew on the writings of Aristotle, who declared: "it must be the function of economic science both to found a household and make use of it."¹⁰ In *The Great Transformation*, Polanyi credits Smith with observing the relationship between economics and the household. According to Polanyi: "Wealth was to [Smith] merely an aspect of the life of the community, to the purposes of which it remained subordinate."¹¹ Thus, Polanyi argued, Smith held to a dignity of man that regarded him as a member of a family and community.

Though lauding Smith's appropriate regard for wealth, respect for human dignity, and emphasis on the family in society, Polanyi critiques Smith's understanding of man's nature to "barter, truck, and exchange" prior to entering into social relationships. Polanyi challenges him:

Man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end.¹²

For Polanyi, family and local community could not be regarded as the external products of man's thought and behavior; rather, they were prior to the individual and indispensable supports of his belief and conduct. Smith's failure to understand this truth, and his attempt to balance the idea of the innate economic nature of man with an insistence upon the family and community as the moral foundations of commercial society, produced contradictions within his own methodology. More importantly, however, Smith's thought led to consequences in the philosophy of his

¹⁰ Aristotle, *The Works of Aristotle*, ed. E.S. Forster, trans. W.D. Ross (Oxford: The Clarendon Press, 1920), 1343.

¹¹ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of our Time* (Boston: Beacon Press, Inc., 1957), 111.

¹² *Ibid*, 46.

successors. Polanyi writes that Smith's error led to the misguidance of "a host of writers on political economy, social history, political philosophy ... establishing his paradigm of the bartering savage as an axiom of their respective sciences."¹³ Polanyi specifically cites Ludwig von Mises, the 20th century Austrian economist, as a product of Smith's reasoning and significant proponent of the market "not to achieve a thing, but the thing to be achieved."¹⁴ Although Mises embraced Smith's contentious views, the utilitarian philosophy of the nineteenth century, spearheaded by Jeremy Bentham, serves as a gateway for the progression of economic thought from Smith to Mises resulting in modern globalization.

Individualist, pragmatist, and materialist Bentham advanced Smith's understanding of the nature of human beings. Universally recognized as a leading thinker behind the Industrial Revolution, Russell Kirk credits Bentham with subjecting "modern thought to an overpowering series of radical changes."¹⁵ William Hazlitt, a curious observer of Bentham, explains the Englishman's utilitarian individualism in his *Spirit of the Age*:

[Bentham] regards the people about him no more than the flies of summer. He ... looks out for [people] and passing occurrences in order to put them into his logical machinery and grind them into the dust and powder of some subtle theory, as the miller looks out for grist to his mill!¹⁶

As Hazlitt described, Bentham considered human beings mere pieces of his "logical machinery." Kirk draws a connection between Bentham's utilitarianism and the rise of a new kind of market economy: "Bentham's test of merit, *utility* ... appealed powerfully to the aggressive industrialists of the new age."¹⁷ Influenced by Smith's "bartering savage" and consumed with "calculations of advantage," Bentham wrote that: "in every human breast ... self-interest is predominant over

¹³ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of our Time* (Boston: Beacon Press, Inc., 1957), 44.

¹⁴ *Ibid*, 139.

¹⁵ Russell Kirk, *The Conservative Mind* (Washington: Regency Publishing, Inc., 1995), 115.

¹⁶ William Hazlitt, *The Spirit of the Age* (Whitefish: Kessenger Publishing, 2004), 2.

¹⁷ Russell Kirk, 115.

social interest ... each person's own individual interest over the interest of all other persons taken together."¹⁸ This utilitarian understanding of human nature would eventually play a key role in the theoretical framework of modern globalization.

Bentham's utilitarianism fostered an outlook on the family as nothing more than a market variable whose value is determined solely by self-interest. Human beings, claimed Bentham, would rather pursue their self-interest than "blindly give effect" to their families, communities, and received morality.¹⁹ For Bentham, families and communities are unnatural to human beings: "The community is a fictitious body, composed of the individual persons who are considered as constituting as it were its members. The interest of the community then is what? – the sum of the interest of the several members who compose it."²⁰ Self-interested and utilitarian individuals comprise families, communities, and the rest of society. Therefore, "It is in vain to talk of the interest of the community."²¹ Perpetuating Adam Smith's idea of the self-interested and bartering savage, while neglecting Smith's insistence upon the family as the moral and institutional foundation of a commercial society, Bentham prepared the way for the fusion of utilitarianism and economics which drove modern globalization.

The philosophy of the twentieth century economist Ludwig von Mises provides the bridge between Jeremy Bentham's utilitarian individualism and the theoretical framework that shapes globalization today. In his book *Liberalism*, Mises admits that although he has contributed innovative thinking to the realm of liberal economics, the philosophies passed down to him from Smith and Bentham "have remained unchanged."²² Because of Smith and Bentham's influence,

¹⁸ John Troyer, *The Classical Utilitarians* (Indianapolis: Hackett Publishing, 2003), 281.

¹⁹ Jeremy Bentham, *The Book of Fallacies* (London: Hunt Publishing, Inc., 1824), 392-393.

²⁰ Jeremy Bentham, *An Introduction to The Principles of Morals and Legislation* (New York: Printed for W. Pickering, 1823), 25.

²¹ *Ibid*, 3.

²² Ludwig von Mises, *Liberalism* (New York, Foundation for Economic Education, 1996), 3.

Mises interpreted the development of global markets as a direct consequence of an enlightened understanding and new insight into the true nature of human beings. According to Israel Kirzner:

The development of economics ... did more to transform human thinking than any other scientific theory before or since ... *People came to realize with astonishment that human actions were open to investigation from other points of view than that of moral judgment.*²³

Precisely for its tendency to consider economics from a purely value-free perspective, Mises praised globalization.

In Mises' judgment, economics is "value neutral"²⁴ and simply traces the consequences of market activities and economic systems in relation to the wealth and efficiency they produce. The repercussions of economic action, even on social relationships, only derive their value from the effective economic "gain." Thus, family, community, and civilization have a place in society, *if* they achieve a level of production that furthers overall economic progress. To Mises, this constitutes "value-neutrality."

Mises applies this understanding of economics to family and society in *Socialism: An Economic and Social Analysis*. Sounding much like Bentham, Mises associates the actions of individuals solely with their desire to achieve self-interested ends: "Society is not an end but a means, the means by which each individual member seeks to attain his own ends."²⁵ Therefore, only if families enable individuals to achieve their "ends," do they have a purpose. Mises defines these "ends" as whatever brings the individual maximum pleasure: "Actions ... know *only* one end, the greatest pleasure of the acting individual."²⁶ For Mises, Smith's division of labor theory becomes the law of human association through which each person finds the greatest amount of pleasure. Indeed, division of labor is not only essential to man satisfying his pleasures, it is "the

²³ Israel M. Kirzner, *Ludwig von Mises* (Wilmington, DE: ISI Books, 2001), 72, emphasis added.

²⁴ Ludwig von Mises, *Socialism* (London: Liberty Fund, 1969), 36.

²⁵ *Ibid.*, 264.

²⁶ *Ibid.*, 96, emphasis added.

essence of society.”²⁷ Since utility and economic production shape society, Mises exalted the free market system and surging global economy as the natural consequences of the division of labor and embraced them regardless of their effects on the family.

Modern advocates of globalization, influenced by the intellectual tradition of Smith, Bentham, and Mises, applaud the effects of global trade on the family and local community. Jagdish Bhagwati's *In Defense of Globalization* claims that globalization's destructive impact on family and community life is a “culturally enriching process.”²⁸ The creation of wealth, increased standards of living, and expansion of consumer choice justify globalization, and the family must either adapt or disintegrate. Likewise, Martin Wolf, author of *Why Globalization Works*, claims that the “perpetual and unsettling change” of globalization is a positive trend, increasing the wealth of the global economy, and is “almost certainly irreversible.”²⁹ Regardless of its influence on the family, today's globalization advocates dismiss their critics for failing to understand the inevitable process of economic growth and global progress.

Globalization advocate Tyler Cowen, author of *Creative Destruction: How Globalization is Changing the World's Cultures*, celebrates the transformative nature of globalization on family and community life. Guided by the “contemporary ‘ethos’ predominant on a global scale,” Cowen's utilitarianism becomes apparent as he admits to holding “an ideology of individualistic self-fulfillment, bred through ... free markets and modern commercial society.”³⁰ Drawing upon the economic philosophy of Mises, Cowen finds significance in family and community only in so far as they enhance creative industries and market progress. According to Cowen, “I focus on

²⁷ Ludwig von Mises, *Socialism* (London: Liberty Fund, 1969), 265.

²⁸ Jagdish Bhagwati, *In Defense of Globalization* (New York: Oxford University Press, Inc., 2004), 107.

²⁹ Martin Wolf, *Why Globalization Works* (New Haven: Yale University Press, 2004), 96.

³⁰ Tyler Cowen, *Creative Destruction* (Princeton: Princeton University Press, 2002), 70.

markets, rather than on peoples or communities *per se*.”³¹ Markets, not family and community, are Cowen’s foundation for a global economy.

Cowen further confirms his position on the transformative nature of globalization by portraying families and communities as kinds of slavery that constrain individuals from maximizing their full economic potential. “With globalization,” Cowen declares, individuals are “liberated from the *tyranny of place* more than ever before ... This represents one of the most significant increases in freedom in human history.”³² For Cowen, globalization frees individuals from uneconomic and, therefore, inhibiting social constructs, thus enabling them to individually contribute the highest level of production to the global market. Without globalization, Cowen argues, family and community bonds would turn “everything into a homogenized pap.”³³

Reconfirming his agreement with Ludwig von Mises, Cowen claims that whether or not families actually survive the inevitable process of globalization depends on their ability to adapt to the changing global framework. Like a good artist or entertainer, they must be willing to “transcend their initial styles for synthetic improvements.”³⁴ Referring to the “sectors” of families and communities, Cowen remarks that, “Cultural growth, like economic development, rarely is a steady advance on all fronts at once. While some *sectors* expand with extreme rapidity, others shrink and wither away.”³⁵ Cowen does not hesitate to approve the destruction of the “sectors” of family and community as an inevitable and even necessary consequence of economic progress.

As Cowen makes clearly evident, human beings, family, and community are expendable in the minds of globalization advocates. As economic commodities, people must contribute to the

³¹ Tyler Cowen, *Creative Destruction* (Princeton: Princeton University Press, 2002), 5.

³² *Ibid*, 5, emphasis added.

³³ *Ibid*, 6.

³⁴ *Ibid*, 5.

³⁵ *Ibid*, 11. emphasis added.

global market; otherwise, they inhibit progress and economic success. In the name of “expand-or-die”³⁶ economics, ethics is equated with productivity; as Joseph Pearce writes, “Economics is almost attaining pseudo-religious status, with conformity essential and heresy shunned. It has become *iconomics* before which every knee must bend.”³⁷ This exaltation of economics that defines modern globalization strips human beings of their natural dignity. Wendell Berry observes the effects of this worship of economics on human beings:

It seems that we have been reduced almost to a state of absolute economics, in which people and all other creatures and things may be considered purely as economic “units,” or integers of production, and in which a human being may be dealt with, as John Ruskin put it, “merely as a covetous machine.”³⁸

Rather than members of families and communities, people become mere components of a great economic engine. Like Bentham’s “logical machinery,” the economic theory driving globalization reduces the nature of man. Indeed, as Pearce writes, “Civilized man has been replaced by techno-man.”³⁹ This mechanistic treatment of families, and communities, and human beings is the most fundamental error of globalization advocates.

The effects of globalization have not only left man a machine, but an unhappy machine. Contrary to Cowen’s assertion that globalization releases pent-up creativity suffocated by the “tyranny” of communities, Robert Nisbet observes that, “The modern release of the individual from traditional ties of kinship ... is accompanied not by the sense of creative release but by the sense of disenchantment and alienation.”⁴⁰ Aiming to integrate all people into a single community in the name of economic efficiency, globalization has actually left human beings in state of isolation. Twentieth century economist Wilhelm Ropke predicted this, noting “the

³⁶ Joseph Pearce, *Small is Still Beautiful* (Wilmington: ISI Books, 2006), 31.

³⁷ *Ibid*, 51.

³⁸ Wendell Berry, *What are People For?* (San Francisco: North Point Press 1990), 130.

³⁹ Joseph Pearce, 29.

⁴⁰ Robert Nisbet, *The Quest for Community* (New York: Oxford University Press, Inc., 1953), 10.

stultifying effect on life of utilitarianism, economism, and materialism ... A society which concentrates on material gains will be at once immensely productive and immensely sterile, satiated, and hungry, busy and enormously bored.”⁴¹ Like Care in Goethe’s *Faust*, globalization has left people “starving in the midst of plenty,” depriving them of their natural dignity and suffocating their souls.⁴²

Observing the emerging global market economy of the eighteenth century, Adam Smith recognized that without a strong moral code and thriving family life buttressing it, commercial society would eventually implode. Unfortunately, beginning with his own failure to understand man as a social prior to economic being, Smith’s fears have become reality. In the quest for globalization, “the quest for community”⁴³ has been entirely abandoned. The transformation of local communities into global ones has not freed the individual from “the tyranny of the place;” rather, it has left a chasm between human beings and the familial relationships that give them meaning. As Alexander Solzhenitsyn discerned, “Man has set for himself the goal of conquering the world but in the process loses his soul.”⁴⁴

Once the pending catastrophe of the family has been realized, the remedy for this “crisis of our age”⁴⁵ requires a fundamental restoration of economics within the family home, and the most “profound modification of our conduct toward other men, cultural values, and the world at large.”⁴⁶ Economics must be re-centered around the dignity of the human person, who lives not alone but as part of a family and community -- who flourishes or deteriorates according to the

⁴¹ Wilhelm Ropke, *A Humane Economy: The Social Framework of the Free Market* (Wilmington: ISI Books, 1998), 82, 83.

⁴² Johann Wolfgang von Goethe, "Faust: A Dramatic Poem," Internet Archive, http://www.archive.org/stream/faustdramaticpoe00goetuoft/faustdramaticpoe00goetuoft_djvu.txt (accessed December 14, 2008).

⁴³ Robert Nisbet, *The Quest for Community* (New York: Oxford University Press, Inc., 1953).

⁴⁴ Quoted in: Joseph Pierce, *A Soul in Exile* (Grand Rapids: Baker Books), 297.

⁴⁵ Pitirim A. Sorokin, *The Crisis of Our Age* (New York: E.P. Dutton & Co., Inc., 1941).

⁴⁶ *Ibid.*

health of those institutions. Contrary to the philosophy behind globalization, the market cannot serve as its own foundation. Rather, the family must be restored to its proper place as the foundation of commercial society. Certainly, this will be difficult to achieve. However, with a remembrance of what people really are for, family and community can be saved. G.K.

Chesterton wrote: “It may be very difficult for modern people to imagine a world in which men are not generally admired for covetousness and crushing their neighbors; but I assure them that such strange patches of earthly paradise really do remain on earth.”⁴⁷ With an act of imagination, the dignity of human beings can be realized, and character and community can be restored in the modern age.

⁴⁷ G.K. Chesterton, *The Outline of Sanity* (Norfolk, VA: IHS Press, 2001), 26-28, 182.