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## Globalization Goes for Therapy

**Richard McIntyre**

*Orthodox critics of globalization argue that globalization potentially benefits all, but that the International Monetary Fund and other multilateral institutions have mishandled it. If these institutions were reformed, and in particular if their economic models were brought up to date by incorporating the "economics of information," the discontent with globalization could be overcome. But it may be more useful to think of this discontent as part of the uneasiness that civilization produces as it disciplines the instincts. Freud's Civilization and its Discontents is offered as a supplement to recent critics of globalization.*

**Key Words:** Globalization, Social Psychology, Freud

"Globalization and its Discontents" seems to be the preferred title for books, chapters, articles, and courses dealing with contemporary international economic issues. Joseph Stiglitz's book indicting the International Monetary Fund as the cause of all our troubles is the most famous. Amazon.com lists three other books by that title. A cursory Web search turns up many other uses of the phrase, including a chapter in Robert Gilpin's recent book on the world economy and a course cotaught at Harvard in 2000 by Stanley Hoffman and that guru of Americanization/globalization, Thomas Friedman.

The reference is, of course, Freud's *Civilization and its Discontents*. Could it be that this classic of social theory has found its way into the globalization debate? Unfortunately, none of the texts that I am aware of make explicit use of Freud. Could it be then that "globalization and its discontents" captures something about globalization that is truly Freudian?

Stiglitz's book is not about globalization or the popular opposition to it. Rather, it is about debates within mainstream economics and about personal politics. Stiglitz makes a strong case for what is more or less Keynesian social democracy. This case is grounded in "information economics," a tendency that has taken economic orthodoxy by storm over the past two decades. Stiglitz also settles accounts with his economist rivals of the Clinton era, especially Larry Summers and Stanley Fischer. The timing of the book's publication, on the heels of Stiglitz's Nobel Prize and in the wake of the growing movement against actually existing globalization, made *Globalization and its Discontents* a best-seller.

Stiglitz's definition of globalization is conventional: "the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication" (2003, 9). His basic question: "Why has globalization—a force that has brought so much good—become so controversial?" (4). His answer is that contemporary economic integration has been mismanaged so that while globalization has been responsible for the massive increase in living standards in East Asia, it has also led to growing poverty, inequality and economic instability.

The chief villain is the International Monetary Fund which Stiglitz portrays as possessed by a market fundamentalist ideology, based on outdated economic models and lack of grass-roots knowledge of the countries to which it ministers. Secondary villains are the U.S. Treasury and Stiglitz's own World Bank, which, with the International Monetary Fund (IMF), formed the "Washington Consensus": fiscal discipline, privatization, and trade liberalization offer the only true path to economic development for all countries at all times.

Stiglitz presents himself as objective, sophisticated, and deeply aware of the particular problems facing the many countries he has visited in his academic career, as chairman of the Council of Economic Advisors and as chief economist of the World Bank. While the IMF's dogmatism is explained by its capture by Wall Street financial interests, Stiglitz is presumably beyond ideology. He more or less accuses Stanley Fischer, former no. 2 man at the IMF, of being bought off by Citicorp. It is not surprising that the response to Stiglitz's book has gotten nasty.<sup>1</sup>

The central argument of information economics is that when information is absent or distributed asymmetrically, markets will not function optimally and thus government "interventions" can improve economic outcomes. This reasoning has found application in virtually all of the subdisciplines of economics. Stiglitz uses it to great effect here showing, through entertaining anecdotes and sustained consideration of the East Asian financial crisis and the transition in Russia, that the conditions for markets to work well simply do not exist in the developing countries.

Reading this book reminded me of the old debates between the Keynesian and Chicago schools and of Keynes himself. Stiglitz (Keynes) seems to be afraid that if the Washington consensus (neoclassical theory) is identified with capitalism, then people will reject capitalism. To his credit, Stiglitz sees development as a social process that involves culture, politics, and nature as well as economics. He almost embraces Karl Polanyi's point that labor, money, and land are not really commodities

1. See the open letter from Kenneth Rogoff, IMF director of research, to Stiglitz (Rogoff 2002.)

and that treating them as such can only lead to disaster, though he doesn't quite go that far.<sup>2</sup>

But the fawning treatment of Stiglitz by some on the Left (Press 2002) is more an indication of the weakness of critical political economy than the strength of Stiglitz's argument. Stiglitz's intervention is part of the general reaction against the neoliberal euphoria that followed the fall of the Berlin Wall and the Soviet Union's collapse. There is a long history of proregulatory arguments gaining strength as markets fail, only to be followed by a return to market fundamentalism when the contradictions of government regulation become obvious. This policy pendulum seems to be swinging faster now with the increased speed of information and transportation—that is, globalization. But we should expect that currently fashionable criticism of neoliberalism will also be reversed.<sup>3</sup> Breaking out of this cycle, producing something better than capitalist globalization with a human face, will take a different kind of critique.

Freud may help. *Civilization and its Discontents* was one of Freud's later sociological works and followed directly from his consideration of religion in *The Future of an Illusion*. He argues that if reality is the enemy of the pleasure principal, then it is normal that we remake the world in our minds, so that the most unbearable features are eliminated and replaced by others more to our liking. Often such delusional realities are held in common.

Religion, for Freud, was a particular form of mass delusion, perhaps left over from an incomplete separation of the ego from the world, and possibly useful as a protection against the pain wrought by the body, nature, and other people. Freud explored other people as a source of suffering at some length. This source of suffering, he thought, was difficult for us to admit, as we can't see why our self-made regulations do not protect and benefit everyone.

This brings Freud to his central question: is it not possible that "what we call our civilization is largely responsible for our misery and that we should be much happier if we gave it up and returned to primitive conditions?" (1989, 33). This question, he asserted, was both astonishing and quite common. Astonishing, because everything we use to protect ourselves from suffering is in fact part of our civilization. Common, because since the voyages of discovery and especially since the more recent finding that neurotic behavior generally stems from socially imposed frustration driven by cultural ideals, we have understood the price that civilization exacts.<sup>4</sup>

There is then, in general, a disappointment with scientific progress. People are proud of the discoveries of science, "but they seem to have observed that this newly

2. Stiglitz wrote the preface to the new edition of Polanyi's classic book, *The Great Transformation*.

3. At a conference in Aix-en-Provence in September 2002, neoliberals like Vaclav Klaus, former prime minister of the Czech Republic, lamented their loss of influence and plotted their return (Mamou 2002).

4. The collapse of communism might be a third such moment in social terms, triggering the release of long repressed disappointment in our seeming inability to make a better world, as well as the end of those compensating factors within social democracy that made capitalism tolerable. Social democracy needed communism as a foil. The IMF then takes the place of communism for Stiglitz.

won power over space and time, the subjugation of the forces of nature, which is the fulfillment of a longing that goes back thousands of years, has not increased the amount of pleasurable satisfaction which they may expect from life and has not made them feel happier (34-5)." The telephone allows us to hear our child who has left town, but had the railroad not been invented there would be no need. The transatlantic cable allows us to communicate with our friends abroad, but had the ocean liner not been invented our friends would still be down the street. Progress in science leads to the reduction of infant mortality, yet this complicates our sexual life and, for Freud, works against the benefits of natural selection. Or, to take a contemporary example, cheap airfares allow Americans to fall under the spell of Gregorian chant in Paris's Cathedral de Notre Dame, only to have the spell broken when a cell phone goes off in the aisle ahead.

Of course the prophets of technical progress will tell us to "get over it," but how are we to eliminate the feeling that the promise of scientific progress has not been borne out? Or, to put it differently, that civilization, designed to protect us from nature and to regulate the relations between ourselves, has also become the source of our problems?

The Gods, our cultural ideals, embodied everything forbidden or unattainable. The gods embodied ideals of omnipotence and omniscience, but now man has become a kind of "prosthetic God" and man (sic) does not feel happy with this. Civilization (*Kultur*) "describes the whole sum of the achievements and the regulations which distinguish our lives from those of our animal ancestors and which serve two purposes—mainly to protect men against nature and to adjust their mutual relations" (36). With a high level of civilization, nature is channeled, beauty is valued, cleanliness and order abound, and the majority unites against all separate individuals. Civilization is a process for Freud, whose decisive moment is the replacement of the will of the individual with that of the group. "The first requisite of civilization, therefore, is that of justice—that is the assurance that a law once made will not be broken in favor of an individual . . . The final outcome should be a rule of law to which all—except those who are not capable of entering a community—have contributed by a sacrifice of their instincts, and which leave no one—again with the same exception—at the mercy of brute force" (42).

The sublimation of instincts in society, as with the individual, allows for the development of higher psychological activities. But "a good part" of our struggles center precisely around accommodating the claims of the individual and the cultural claims of the group. If civilization is the source of our discontent (*Unbehagen*), can civilization itself reconcile this conflict? "The urge for freedom therefore, is directed against particular forms and demands of civilization or against civilization altogether" (43).

Globalization then, provides new freedoms and new discontents. It disciplines us in ways that annoy us, while providing new pleasures and the possibility of a deeper channeling of nature, greater beauty, cleanliness, and order.<sup>5</sup> Globalization makes

5. Or the opposite. It should be noted that much of the resistance to globalization stems from belief that nature is being destroyed and that the commercial sameness that globalization promotes is ugly.

individual freedom more valuable while simultaneously repressing it. Unlike earlier periods of capitalism, when all were equally free to sleep under the bridge, now we are all equally free to submit to the consumption possibilities and productive discipline of globalization. And we are no happier.

Civilization arises when man discovers that life can be improved through work and that work in common is more productive than work alone. This discovery means that we are not indifferent as to whether others work for or against us. But if necessity and the compulsion to work is one foundation, the other is love, in particular the male's unwillingness to be parted from his sexual object. The revolt of sexuality and the inclination to aggressiveness perpetually threaten civilized society with disintegration. "The interest of work in common would not hold it together; instinctual passions are stronger than reasonable interests" (59).

The most common solution is the demonization of the other. Binding a group together is possible so long as there are others left out to be the target of the aggressive instinct. This is particularly a problem for globalization theory in that the latter posits universality of human society. When we have globalized, who are the others? The ongoing (civil) wars over the control of oil are suggestive of the fact that a truly global society is not possible without further sublimation of the aggressive instinct.

For Freud, civilization is a "process in the service of Eros, whose purpose is to combine single human individuals and after that families, then races, peoples, and nations, into one great unity, the unity of mankind. Why this has to happen we do not know, the work of Eros is precisely this" (69). To the extent then that globalization leads to the combination of commodities but not peoples, it is not in the service of Eros. Thus one could argue that it is the movement of peoples, not "free trade," that would be the most civilizing possibility in the current moment.<sup>6</sup>

Civilization masters the individual's desire for aggression by monitoring it, displacing it, and weakening it. There is, for Freud, no original or natural capacity to distinguish good and bad. Initially, whatever threatens the loss of love is bad. In those without a developed superego, fear of being caught is all that tempers the aggressive instinct. With the development of conscience, the threat of externally imposed unhappiness is exchanged for a sort of permanent internal unhappiness driven by the tension associated with guilt. In the original community of the family, the conflict between love and aggression plays itself out oedipally. With the widening of the community comes an increase in the sense of guilt, which, in some cases, will reach heights that the individual finds intolerable.

We can make an analogy with globalization, at least as it is presented by Stiglitz. For the poor countries, the United States and the International Monetary Fund play the role of the external authority who will withdraw love (and money) if proper behavior is not forthcoming. The comprador elite forms the superego, the internalization of this definition of virtuous conduct. Those who do not conform need treatment. Indeed, the poor countries are told to put on the "golden straightjacket" of openness and minimal government if they want to succeed (Friedman 2000, 109-10).

6. Hardt and Negri argue that movement and miscegenation are primary tasks of a left politics under Empire. Not that this would make us any happier.

Freud's basic conclusion is that the sense of guilt is the most important difficulty in the process of civilization. "[T]he price we pay for our advance in civilization is a loss of happiness through the heightening of the sense of guilt" (1989, 81). The sense of guilt that stems from the civilizing process may remain mostly unconscious, be perceived as something else, and take the form of a malaise whose motivation is unclear. The community produces a superego that guides cultural development. The prevailing cultural superego is internalized, mostly unconsciously, linking cultural and individual development.

In therapy, we often must oppose and lower the standards of the superego. In exactly the same way, the demands of the cultural superego must be resisted sometimes, as it does not trouble itself sufficiently about the mental makeup of people. The superego "issues a command and does not ask whether it is possible for people to obey it. On the contrary, it assumes that a man's ego is psychologically capable of anything that is required of it, and that his ego has unlimited mastery over his id" (90). Thus Stiglitz and other social democratic critics of globalization function as cultural therapists. Indeed, it is remarkable how closely Stiglitz's critique of the IMF parallels the last quoted passage from Freud.

Globalization posits both a utopia and an excessive discipline. The utopia is globalization itself, the notion that a civilization can be created with no one left outside. In the early days of CNN Ted Turner prohibited the use of the word foreigner. This utopian leap, this attempt to disregard difference, represses the fact of and the ways in which such differences are (over)determined. The discipline it imposes on economies and peoples disregards our limited ability to cope with that discipline, threatening to make our entire civilization and epoch a neurotic or even pathological one.

The opposition to globalization then is understandable as a complaint against the cultural superego and the malaise that sets in when scientific and technological progress fails to increase human happiness. This malaise and complaint may be displaced in a variety of ways, especially because we have a hard time admitting the social as a source of human suffering. Freud argues that when we criticize our civilization for allowing so much unnecessary suffering we exercise a proper right and are not at all the enemies of that civilization.

Thomas Friedman and other promoters of globalization cannot understand this. For Friedman, critics of globalization are "wrong headed" and "stupid" (Friedman 2002).<sup>7</sup> Stiglitz, however unconsciously, understands it at least in part. He takes the complaint against the cultural superego seriously, and puts himself in the position of the wise and sympathetic doctor who is pragmatic and has done extensive fieldwork so that he knows the reality of our situation, unlikely the IMF economists who play with their models and move from airport to five-star hotel as they visit the poor countries, where the benefits of globalization are imagined to be the most prevalent.

Of course "globalization and its discontents" is really a logo, a marketing device designed to sell books. It is a clever one, because it connects antiglobalization

7. "Where it matters most, globalization thrives," *International Herald Tribune*, 23 September, 2002, 8.



sentiment to something outside of economics and captures something important about the current moment. But in Stiglitz's book especially, there is a sense that with just the right therapy, the discontent with globalization can be overcome. And of course, Stiglitz is just the right therapist. His book is remarkable in its self-aggrandizement. Stiglitz is never wrong; the IMF is never right.<sup>8</sup>

Freud was less sanguine. Could one find an accommodation between the individual's desire for happiness and the cultural demands of civilization? "[O]ne of the problems that touches humanity is whether such an accommodation can be reached by means of some particular form of civilization or whether this conflict is irreconcilable" (43). Freud leaves this as an open question. Would that all sides in the globalization debate were so humble. Stiglitz claims to have the answer. Many on the political Left want to promote the universal love of mankind and nature as a counterglobalization to what they see as "corporate globalization." The promotion of a global ethic is seen as a way to channel the forces of globalization toward the promotion of the interests of all peoples (Kung 1998). This is often asserted as being obviously correct, in the same way that corporate globalizers such as Friedman promote their own agenda as being obviously right to all but the stupid.

From Freud's perspective, the promotion of such a universal ethic is as misguided as the belief that all will or should surrender to the cultural superego of globalization. The lack of discrimination involved in such a view "seems to me to forfeit a part of its own value, by doing an injustice to its object; and secondly, not all men are worthy of love" (49). People are not, in fact, gentle creatures, but "creatures among whose instinctual endowments is to be reckoned a powerful share of aggressiveness" (58). Differences among people are classified as good or bad by ethics, without regard to the fact that such differences are themselves (over)determined.<sup>9</sup>

Ethics, for Freud, is a therapeutic endeavor to command the superego in ways that other parts of the process of civilization have failed to do. It has its value but, so long as virtue has no earthly reward, its preaching is in vain. It is good to strive to eliminate competition and enmity between peoples, but foolish to assume that this is easy to do or that we are anywhere near doing so. In the end, Freud points in a socialist direction. "I too think it quite certain that a real change in the relations of human beings to possessions would be of more help in this direction than any ethical commands" (90).

Although he enjoins socialists for having their own utopian view of human nature, perhaps Freud was really onto something.

8. Freud's treatment of religion as mass delusion could be usefully applied to the economics profession, both in its dominant neoclassical school and in the bandwagon for the somewhat different "information economics" for which Stiglitz is famous.

9. Social democratic critics of globalization often point out that support for such things as the abolition of child labor stem not from protectionist but from altruistic reasons (Rodrik 1997, 33). This is somehow imagined to put such criticism on a higher plane, but why the distaste of the wealthy suburbanite for soccer balls produced by children is of a higher order than the complaints of the unemployed textile worker against imports is left unexplained. Arguments over such standards are perhaps better understood as concerning what is and what is not a taboo.

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