

The Cultural Cost of Globalization:
Observations on Business School, Free Lunch, and Moral Relativism
Aaron Kreuter

The world has certainly benefited from globalization; what is often ignored, however, is a realistic and honest discussion of the costs the world incurs from globalism. This essay will explore: I.) The basic economic principle that any choice made will have both benefits and costs, II.) The benefits and costs associated with living in a global world, III.) How moral relativism has become a cost of doing business internationally, and IV.) The effect moral relativism has on character and community.

I.) Milton Friedman popularized the saying, “There ain’t no such thing as a free lunch.” This saying refers to what economists call “opportunity cost;” that is, any choice a person makes will have a cost associated with it. There are two types of costs: a choice may have a primary cost – a drink purchased at the local coffee house will have a primary cost of \$4. But any choice will also have secondary costs – that is, costs that are often overlooked because they are not immediately felt. For example, drinking too much coffee for a long time could be costly to the health.

On the other hand, every choice also has a benefit. This is, after all, why we make choices in the first place: we try to look for an option that will give us the most satisfaction. Coffee gives satisfaction to those who need an early morning stimulant.

But when considering choices, it would be unwise to make a decision based solely on potential benefits, or on potential primary or secondary costs. To make the best choices, one must try to see the whole picture. To employ the coffee example again: Are

the benefits of having a stimulating cup of coffee (or two) every morning worth the \$4 per cup *and* possible health implications?

Most choices that face us are individual choices. That is, they are best made by the people they face – the decision to either drink or forego coffee, the decision to either buy or lease a car, the decision to practice law instead of medicine. Not only is the person involved in the decision-making process the one who is most fully able to understand and weigh the benefits and costs of this decision, he is ultimately the person who will be most affected by and responsible for the choices he makes.

We are also faced with choices that will greatly affect others. We may, for example, choose to physically assault another person, or we may choose to violate terms of a contract. In such cases, it is instantly recognizable that this choice impacts the victim far more than the perpetrator. (This is where the law should enter the arena, as a deterrent against making this type of choice.)

There are also choices in which the outcome is not as clear. The benefits may seem so bright that they gloss over the costs or cast them in an unrealistic light; a doctor could be so driven to cure disease that he ultimately does harm to achieve it. Or we may not see certain costs simply because they are not yet known – take the case of drugs like Thalidomide or Fen-Phen. The benefits of these drugs seemed so great that they became popular after the Food and Drug Administration quickly approved them. Needless to say, the costs of these drugs, when finally known, were far higher than any benefit they gave.

II.) The benefits of globalization are fairly obvious, and have been recognized since before the days of “going global.” Globalization, at its most fundamental, is nothing more

than the free flow of commerce and ideas as a result of international trade. As basic economic theory (and common sense) informs us, any trade between two countries will be mutually beneficial - or the trade won't happen. And since both sides, by trading, are made better off than they would be otherwise, it only makes sense to trade often, and with as many partners, as long as each relationship remains beneficial. And when this takes place on an international level, when countries have become completely intertwined with all types of trade, it is called globalization.

But what, specifically, are some of the benefits the world has experienced because of globalization? In terms of commerce, new horizons have opened, both for businesses and for developing nations. Businesses from the developed world can lower production costs by manufacturing in the third world, where the labor supply is higher; this leads to lower prices for consumers worldwide, and injects growth and prosperity into formerly depressed or underdeveloped economies. And when markets expand across borders, so do the number of competitors; and when competition increases, entrepreneurial innovation will occur more often. Innovation, coupled with increased interplay and communication between formerly isolated regions, will increase collaboration and cooperation, aiding in further advancements in science, technology, and medicine. These are just a few of the benefits of the globalization phenomenon; because there are nearly limitless combinations of things that can be traded, the benefits are equally many.

But, as the opening paragraphs of this essay explored, there is no choice that we can make that does not also have costs. The choice to globalize on a massive scale is no exception to this rule. Though we enjoy a multitude of benefits from globalization, it

must be recognized that we also suffer the effects of many of the costs of globalization. And, as was discussed above, these costs are both primary costs and secondary costs.

Some opponents of globalization contend that the steepest costs are those that are readily apparent, the primary costs; citing the United States' currently negative balance of trade, they argue that our economy has profited at the "expense of future generations." Other opponents dig deeper, and examine what they believe to be secondary costs of globalization. The cost effects of globalization, they contend, are most acutely felt by the domestic laborer whose job is offshored, or by desperate citizens of the third world who are exploited by foreign interests. Ultimately, the opponents agree, the costs incurred by globalization and free trade are not felt by the beneficiaries; instead, they are passed on to those less fortunate.

These particular claims are, at best, debatable, and, at worst, erroneous. But whether or not these particular contentions of the populist opponents of free trade have any validity is beside the point. What matters is that these opponents – as well as those who trumpet the benefits of globalism – overlook a cost that is far more dangerous. There is a deeper secondary cost of globalization; one that can affect all aspects of any culture touched by it. This secondary cost is the moral relativism that has become a necessary part of doing global business.

III.) My study of business management at the University of Minnesota has introduced me to the world of globalization; it has given me the opportunity to become acquainted with the mainstream ideas influencing the strategy and operations of international business. Though attitudes towards globalization have varied from professor to professor

and textbook to textbook, there has been one principle stressed across classes: the principle that, to make effective and efficient business decisions on a global level, one must take to heart the idea that all cultures and moral codes are equally valid and relevant. If a business leader does not adopt this mindset, according to the popular thought, his business organization will be too inflexible to adapt to the constantly shifting paradigms of global business; furthermore, it will be shunned in foreign countries that cannot stomach cultural imperialism.

I remember one of the first classes I took, when, on the first day of lecture (and repeatedly, throughout the term) the professor exhorted us to “embrace ambiguity” as we conducted ourselves as future managers within global organizations. I challenged this principle, suggesting that it might be better if we tried to peer through ambiguity in order to get down to the nuts and bolts of the situation. No, the only way to be truly flexible and effective, my professor replied, was by accepting and embracing ambiguity.

Whenever I recollect this story, I am reminded of “objectivity training,” the tool used by the antagonists of C.S. Lewis’ novel *That Hideous Strength*. The goal of this training was to make its subjects bland enough to fit in at an insidious governmental organization; its intentions were to produce completely objective people so that the inner circle of the organization would be tightly knit and most effective. The story paints a fitting picture of how easily people can fall prey to a relativistic mindset when trying to fit into a group.¹

In another class, one focused on the international business environment, I was told that the only way to be successful in global business was by “embracing the other.” This meant that we should, among other things, accept and adopt every other culture with

¹ C.S. Lewis, *That Hideous Strength*, (New York, Macmillan, 1946), pp. 255-6, 296-9

which we have contact; by doing this we would find business success and would become “true global citizens.” An intrinsic part of embracing other cultures, it was repeatedly noted, is accepting the fact that all moral codes are equally valid. (It is interesting to note that an unspoken thread running throughout this class – and most others – was that, though all cultural and moral systems are supposedly equal, traditional western culture and moralities are usually considered just slightly inferior.)

My experience as a business school undergraduate has not been unique; in fact, I am sure that my experiences have been similar to the experiences of the majority of business students across the country. These schools use the same approach to business education as mine, they use the same textbooks, and they read the same articles published at Wharton and Harvard Business School. Every year, hundreds of thousands of business students just like me are taught that, to be successful in global business, one must be a cultural and moral relativist.

What has caused this business school trend? Is it borne of a misguided quest to create efficiencies in monolithic international organizations, because having no standards can be a “competitive advantage?” One thinks of Google, who, in order to operate in China, overlooked their corporate motto “Don’t Be Evil” by allowing the government to monitor the web activity of Chinese citizens.² Or is a result of the general trend toward moral relativity that Allan Bloom examined in *The Closing of the American Mind*? The university has fully succumbed to relativism, and it just took a little longer for it to pass from the rest of academia into business education (which is a fairly recent addition to the university). Or is it as old as the world itself, as Peter Kreeft suggests in his book, *A*

² “Fuzzy Maths – Google,” *The Economist*, U.S. Edition, 13 May 2006

Refutation of Moral Relativism: Interviews with an Absolutist? (He suggests that it was the Devil in the Garden of Eden who was the first relativist.)³

I tend to think that Dr. Kreeft is on to something, but it is difficult to say exactly when or why relativism originated in business school. No matter when or why it started, though, it has become the undeniable reality. And as business school students graduate and enter leadership positions in the marketplace, they carry with them the philosophy they were taught. In turn, the organization they work for is correspondingly shaped according to this philosophy. An organization is, after all, merely the sum of its parts; and if the parts are increasingly relativistic, so too is the organization.

IV.) This philosophy of moral relativism that has engulfed business (and other aspects of our lives) has certainly had an effect on our society and our culture. It will certainly continue to do so. But what, specifically, happens to character and community in an age of relativistic globalism? Can they survive? Before addressing these questions, it would be useful to examine more specifically what relativism is before looking at how it affects a society.

Generally speaking, relativism claims that there is no objective truth; again, generally speaking, this means that no one thing or idea is objectively better than any other thing or idea. When relativity is discussed in terms of morality, the idea it suggests is that no one moral code or set of moral principles is better or worse than any other. When all moral codes become relatively equal, and when right or wrong depend upon context, morals no longer matter and the concept of morality ceases to exist.

³ Peter Kreeft, *A Refutation of Moral Relativism: Interviews with an Absolutist*, (San Francisco, Ignatius Press, 1999), pp. 36-37

Moral relativism will certainly have a negative effect on character; in fact, individual character cannot survive in an environment of complete moral relativity. This principle is inherent in the definition of “character;” character is, after all, just a summary of personal attributes and behaviors. If we say that someone has good character, we mean that they exhibit tendencies towards “doing the right thing.” Likewise, if someone has bad character, they tend towards wrong behavior. But these ideas of “right” and “wrong” behavior have no meaning in a relativistic society. Good and bad become merely contextual concepts; they depend on the point of view of the observer. Character becomes doing something because it’s what you think other people think you should do; it becomes meaningless.

The absence of character in a relativistic society will, in this way, pervert community, but it won’t eliminate it; the inherent tendency in humans to join together and form groups is too strong. People have, after all, formed communities for as long as we’ve been around. Even today, in our own society, this urge is not dead; the popularity of social networking websites such as Facebook and MySpace confirm that the human desire to join together is alive and well.

But there is an important question that this raises: What good is “community” in a society that forgets morality or has a fuzzy or meaningless view of right and wrong? History has shown us what happens in times like these – the eager use of the guillotine during the French Revolution, the atrocities of WWII Germany, the rioting English football hooligans. But these are extreme examples; perhaps the simplest example of the natural human urge for community – that is, “characterless community,” where a person’s decisions and actions are based on how others will view them – comes from

Augustine in his *Confessions*. Augustine recounts a tale from his youth when, with a number of friends, he stole pears from an orchard for no other reason than the camaraderie found in lawlessness:

“I would not have robbed at all had I been robbing alone. How infectious, then, is this affection, the mind’s inexplicable swerve, the way laughter and pranks become a readiness to harm, a willingness to inflict loss, without any compensating gain, no sense of wrong being required! Someone has but to say, Let’s do it! – and feeling shame becomes one’s only shame.”⁴

Humans have a tendency to form groups and communities and will continue to do so; but in a morally relativistic society, when character and right and wrong are dead, community won’t matter. Or rather, it will matter, but in a detrimental way; communities will become just another place where the symptoms of a society’s moral disease will present themselves.

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The reality of the situation is that the problem facing character and communities is too serious to have an easy solution. It is not something that will be fixed, say, by a healthy dose of the free market. This isn’t to say that a free market system is to blame for our troubles or that any alternative economic system would operate as well as capitalism does. Rather, the issue of moral relativism and decay has a broader scope than can be fixed by economics, free market or otherwise; it is a philosophical or spiritual problem, or both, depending on one’s perspective.

I don’t believe that our civilization is doomed because of globalization, and the purpose of this essay is not to condemn business or claim that morality is lost. But it is of

⁴ Augustine, *Confessions* trans. by Garry Wills, (New York, Penguin, 2006) pp. 32-37

great importance to understand both the benefits and the costs of our decisions – especially those costs that can be easily overlooked. And if there is, indeed, no such thing as a free lunch, we must examine carefully, and choose wisely.