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Creative Destruction, Family Style

BOOKS REVIEWED in this ESSAY

Work and Family, Allies or Enemies? What Happens When Business Professionals Confront Life Choices by Stewart D. Friedman and Jeffrey H. Greenhaus. Oxford University Press, 2000.

Care and Equality: Inventing a New Family Politics by Mona Harrington. Alfred A. Knopf, 1999.

The Widening Gap: Why America's Working Families Are in Jeopardy and What Can Be Done about It by Jody Heymann. Basic Books, 2000.

Love & Economics: Why the Laissez-Faire Family Doesn't Work by Jennifer Roback Morse. Spence Publishing Co., 2001.

There's No Place Like Work: How Business, Government, and Our Obsession with Work Have Driven Parents from Home by Brian C. Robertson. Spence Publishing Co., 2000.

The Missing Middle: Working Families and the Future of American Social Policy by Theda Skocpol. W. W. Norton & Company, 2000.

In the wake of communism's late twentieth century rout by a victorious market capitalism, the pessimistic prognostications of the economist Joseph Schumpeter attract less and less attention. While not a Marxist himself, Schumpeter adapted some of his arguments from Karl Marx, particularly the view of capitalism as an evolutionary system, one full of nervous energy, one that could "never be stationary." Driving this industrial mutation was a process Schumpeter labeled "Creative Destruction," which "incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one." He emphasized that this "gale of Creative Destruction" did not arise from changes such as new competitors, price fluctuations, or the flow of the business cycle. Rather, the impulse came from the introduction of new consumer goods, new technologies, new modes of production or transportation, new markets, new forms of industrial organization, or new methods of retailing (for example, Wal-Mart's triumph over the shops on Main Street). Such changes command "a decisive cost or quality advantage" and strike "not at the margins and the outputs of the existing firms but at their...very lives." In every specific economic field, he wrote, this process leaves "a history of revolutions"—and the debris of ruined companies that could not keep up.

Controversially, Schumpeter believed that entrepreneurial capitalism could *not* survive. As he formulated this thesis in his 1942 volume, *Capitalism, Socialism, and Democracy*, capitalism's

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"very success undermines the social institutions which protect it, and 'inevitably' creates conditions in which it will not be able to live and which strongly point to socialism as the heir apparent." He argued that the bureaucratization of large industrial units ousts the entrepreneur in favor of the manager. This "managerial revolution" undoes the bourgeoisie as a social class and undermines the very nature of private property. More fundamentally, capitalism levels the institutions of the pre-industrial world: the class of artisans operating through guilds, the village, the agrarian peasantry, and—most notably—the family itself.

Observing data from the 1930s, Schumpeter concluded that marriage, family life, and parenthood meant less to the men and women of modern capitalist societies than they had before. He pointed specifically to tumbling marital birthrates, "the proportion of marriages that produce no children or only one child," as the clearest sign of this revolution in values. This revolution in the family derived from capitalism's "rationalization of everything in life," the embrace by moderns of an "inarticulate system of cost accounting" that exposed "the heavy personal sacrifices that family ties and especially parenthood entail under modern conditions." This "decline of philoprogenitivity" rendered homes and home life of steadily less value. As "family, wife and children" faded as figures of motivation for the businessman, "we have a different kind of *homo economicus*," one who has lost "the only sort of romance and heroism" that is left "in the unromantic and unheroic civilization of capitalism." As the processes of capitalism undermined the "props…of extra-capitalist material" and the "behaviors" on which it rested, capitalism turned toward self-destruction: the passing of entrepreneurship and family-held firms and the "emergence of socialist civilization."

It is on these points that Schumpeter today is faulted. For has not market capitalism triumphed around the globe? Even in once-Communist strongholds such as the Soviet Union and the People's Republic of China, do not entrepreneurs effectively rule? Is not socialism in broad retreat, found today only in crude backwaters like Cuba and North Korea?

The problem with these rejoinders is that Schumpeter was quite clear that there were different *forms* of socialism. And it was not the Russian Communist version that he thought most likely to triumph in Western Europe and America. Rather, he pointed to Swedish socialism as the more viable and adaptable model.

What were—and are—the main characteristics of this model? Sweden's Social Democrats resolved in the late 1920s to forego most expropriation or nationalization of industry and private property. Let the capitalists remain as formal owners, they reasoned. Instead, the keys to the socialization of society would be a close regulation of industry and commerce to achieve social ends, a form of central economic planning through new mechanisms of coordination such as state-brokered wage agreements, and expansion of the welfare state into "the People's Home." Relative to families, this meant the socialization of remaining family functions such as early childcare and the provision of clothing and meals. Most importantly, said Alva Myrdal, an influential social theorist in the 1930s, labor union socialism itself must change. The goal of "a living family wage" for fathers as heads-of-households must go, as must its companion institution, the "housewife." They would be replaced by a commitment to the absolute equality of men and women. In the new order, Myrdal explained, *both* genders would be expected to work outside the home. Marriage and home life would be

strictly focused on sex and reproduction; everything else would be the responsibility of private industry or government, now informally merged into a vast corporate state.

This union of individualistic or equity feminism with democratic socialism was an historically strange brew. It was hostile to the century-old goals of the European labor movement, which had striven for "the equality of households," "family autonomy," the "family wage," and "the special protection of women and children." And it was not fully realized, even in Sweden, during the 1930s. But three decades later, in the 1960s, its time had come round at last. It was *this* socialism, with a vision of a union between "big business" and "big government" built on the ruins of families and small communities, that would triumph in developed nations around the globe. Indeed, its success would be so pervasive, and its details so distracting, that hardly anyone would even notice the apotheosis of the grand Feminist-Capitalist-Socialist cause.

Courtesy of Virginia Tech Univ.

homo economicus

How then might Schumpeter's argument be reformulated or updated to explain this victory? He would emphasize, I think, that the capitalist mindset is imperialistic. It cannot leave any thing or relationship untouched. It tends progressively to subordinate other spontaneous communities, and even nature itself, to its own values. It injects its peculiar biases—rationalism, cost accounting, efficiency, and consumerism—into pre-capitalist natural institutions such as families, and so transforms them into very different things. This is Creative Destruction literally brought home.

The new capitalist economic order grows together with the Welfare State. Each picks up functions from the ever-diminishing household economy. Business begins by taking over the production of clothes and shoes; it ends by absorbing family meals (e.g., McDonald's) and home cleaning (e.g., the "Merry Maids" franchise). Government begins by acquiring the education function and regulating the workplace in the name of child protection; it ends by giving *care* to all who cannot work: the elderly, the sick, preschool children, even newborns.

In this new order, we also need a fresh understanding of that awkward term, *proletarianization*. Marx had defined it as the process whereby workers lost all productive property or capital, coming to rely entirely on wages for their support. Contemporary *proletarianization* might be defined as the steady elimination of independent sources of household income other than wages and the "redistributed" wages of state transfer payments, a process in which economic gains from "commons" rights, informal economic activity, household production, and other forms of non-market work are displaced by industrially-organized labor, commercially produced goods, and public welfare. Most Western families in the nineteenth and early twentieth centuries struggled mightily to avoid this loss of liberty, this descent into dependency. But with only scattered exceptions, twenty-first century households in Europe and America have, willy-nilly, already acquiesced to this new order.

While none of their authors openly intended it, evidence for the truth of this neo-Schumpeterian argument can be found in a string of new books on the mounting conflict between work and family. Four of these

books embrace a common project: to achieve a better mesh or coordination between workplace and home-life. But a more accurate description of their goal would be to complete, once and for all, the subordination of families to the industrial principle.

Jody Heymann's *The Widening Gap: Why America's Working Families Are in Jeopardy and What Can Be Done About It* is at one level a fairly honest argument for full family surrender to industrialism. She correctly notes that before 1850, most American children grew up in farm families where both parents, in a sense, worked at home. Thirty years later, the rise of industry created a new situation in which the majority of children grew up in families where the father earned a "family wage" outside the home while the mother labored in the household. By 1990, however, over seventy percent of American children lived in households where *both* parents were in the industrialized labor force. While glossing over important issues of timing, Heymann does accurately conclude that these changes "were the result *not* of women entering the wage and salary sector but rather of *both* men and women entering the industrial...labor force. The fact that both men and women labor is not new. What has been altered radically over the past 150 years for both men and women is the location and conditions of work."

In assessing the consequences of this change, Heymann's working group at Harvard University conducted detailed interviews with 7,500 "working families." With most able adults at work, they found a troubling new "care-giving deficit." As the author explains, "Whether the issue is elder care or child care, the experiences of low-income families are sounding early, grim warnings for the nation as a whole." The solution, she insists, is certainly *not* to bring the women home. Rather, a program to address "the daily care needs of all Americans" must rest on "the precepts of equal opportunity and equal access."

This means that all able adults must work, and all non-working dependents must receive gender-neutral care from "society," meaning—of course—the state. Heymann calls for early childhood care and education for preschoolers by the government on a scale equal to that provided for 5 to 18 year-olds. For those older children, both the school day and the school year should also be greatly expanded (suggesting that babysitting and adolescent-confinement are displacing learning and acculturation as the driving forces behind the public schools). She also calls for mandatory paid parental-leave insurance for all working adults, government subsidies for eldercare "community centers," publicly funded child care, and more publicly funded transportation, so that family members can travel with greater efficiency between their various care centers. The social democracies of Europe, she insists, have made their peace with industrial necessity (e.g., 95 percent of Belgian three-year-olds are in publicly funded child care centers); so must America.

Giving more complete attention to the revolutionary nature of the new corporate state is Stewart Friedman's and Jeffrey Greenhaus' *Work and Family: Allies or Enemies?* The authors are Professors of Management at, respectively, the Wharton School of the University of Pennsylvania and Drexel University. Their list of consultancies is also impressive. Friedman, for example, serves as Director of the Leadership Development Center at Ford Motor Company.

In dissecting "the conflict between work and family," the authors focus almost exclusively on gender. The point is made over

and again: "To create options that help make allies of work and family,…we need to change the traditional gender roles"; "Some try to make the point that the problem of work-family conflict transcends gender. They are right in some respects but in our view it's also still *about* gender"; "It is time for gender equity in the workplace and at home"; and "Change society's gender ideology through education and socialization."

Friedman and Greenhaus could actually serve as poster boys for Schumpeter's process of Creative Destruction. Their book is compelling proof that there is nothing conservative about capitalism. "Keep the *revolution* going," they argue. "The struggle for the creation of new and more varied lifestyle options is far from over." Existing "hierarchies" must be shattered. These Professors of Management also insist that Americans "must be prepared to make the most of the *brave new world*" lying in the future, in order to advance "the *workplace revolution.*"

What specifically needs to be changed? The authors say that women must be pulled more completely into the corporate world, for "success in *the brave new world* of twenty-first century careers" requires people able to handle ambiguity, manage many simultaneous tasks, and build networks, and "[w]omen seem to be more skilled in these areas than men." The latter, then, need to be weaned from their careers and trained to spend more time at child- and elder-care. Why? Because in "contrast with mothers…it is *less* career involvement for a father that increases his psychological availability to his children." They suggest that "innovative summer camps" be used to indoctrinate children into the needed revolution: "let's open our children's minds to challenging the traditional gender roles" in these boot camps for the post-family order.

Friedman and Greenhaus praise Hillary Rodham Clinton's book *It Takes a Village* for its "powerful message" that "each of us—society as a whole—bears responsibility for all children, even other people's children." To meet this obligation, government subsidies should "significantly increase the quality and affordability of child-care for working parents." Family leave measures should be strengthened. And more caregivers should be recruited, trained, and paid with state funds.

Amidst long passages lamenting the unmet potential of "Clinton the listener" (tragically undone by "an out-of-bounds sexual appetite"), Mona Harrington's *Care and Equality: Inventing a New Family Politics* offers roughly the same argument. Following the movement of most women into work outside the home, "the country's care system [is] collapsing." The need now is to "explicitly link economics and the function of care giving" and to build a new public system of care. This initiative "must begin with a clear view of the *unfair* allocation to women of the major costs of care giving." Instead, a "new family order" must be created, where men take on more care duties while women focus on career development. The author praises Bill Clinton's use of the term "corporate citizen" for underscoring that corporations are, indeed, citizens of the modern polity, with their own set of responsibilities for creating this new family order.

Harrington urges no less than a political revolution, where "care" is added to the existing pantheon of national social values: "liberty, equality, and justice." In practice, she says, the joint goals of "care" and "equality" can only be achieved through a vast expansion of the welfare state. The author's agenda includes extending the Clinton-era Family and Medical Leave Act to cover *all* employees and to supply paid leave (just as in Sweden). "Joint corporate-governmen-

tal contributions" should be used to create "a guaranteed annual income" for all households. "For children, the familiar list includes support for high-quality paid day care and tax credits for families using it, support for early childhood care and education, and strong support for after-school programs." Government-corporate subsidies should provide thorough training and higher salaries for care-givers. There should also be "greatly increased governmental funding" for community centers offering elder care. Harrington's "new politics of social responsibility" boils down to this: the home largely disappears as a functional place; employers gain *all* the productive adults; governments claim the children, the old, and the sick.

Theda Skocpol is a more serious scholar, and more judicious in her analysis and conclusions. Her earlier book, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*, was a reasonably accurate history of the "maternalism" that guided the earliest federal programs touching on the family. Her new volume, *The Missing Middle: Working Families and the Future of American Social Policy*, has a similar depth. She is aware, for example, of the "self-interest" held by corporations in the weakening of family bonds. Skocpol honestly reports how changes in family structure—particularly the rise of single-parent households through out-of-wedlock births and divorce—have been a major cause of mounting poverty. She pinpoints the social devaluation of marriage and parenthood and honestly acknowledges that the passing of the "family wage" regime came at some considerable social cost. And her book includes a sensible discussion of tax policy and families.

But in the end, she throws her argument into the hands of state capitalism and its Siamese twin, the complete welfare state. As Skocpol explains, "it is a myth that vibrant market capitalism and adequate social supports for working families cannot go hand in hand." While acknowledging that the existing social security system greatly benefits the elderly at the expense of young workers, she recoils from talk of cutting back. The "best response," she reasons, "may be to increase the stake of people of all ages—and generations—in national social programs." Her "inclusive and redistributive social security system" would include universal health insurance and paid family leaves. It would require "repeated increases in the minimum wage" and "a national system of subsidized child care," with state support given to both institutions and families.

As with all the authors described above, she ultimately sees the issue boiling down to the quiet burial of the homemaker and full-time mother: "at the turn of the twenty-first century, participation in the wage-employment system is universally understood as desirable for all adults, men and women, mothers and fathers alike." Home production and the home economy must give way to reliance on the wage-economy and the state. Using classic democratic socialist language, Skocpol concludes that "it will be necessary to revalue national government as an instrument for addressing broadly shared needs in the name of democratically shared values." Or, put another way, for "work and family...to mesh more smoothly" families must submit to the corporate state.

Fortunately, there are two, more recent books offering alternative interpretations of the current "work-family crisis." They both issue from a new Dallas-based publishing house, Spence Publishing.

Given its title, *Love & Economics: Why the Laissez-Faire Family Doesn't Work*, the reader might expect to find in this book yet another justification for expanding the welfare state. But author Jennifer Roback

Morse has a very different agenda. A professor of economics for fifteen years at Yale and George Mason Universities and currently affiliated with the Hoover Institution, Morse writes as a libertarian who has discovered through painful experience the limits to classical liberal thought.

Her awakening came, it appears, as the consequence of adopting a two-and-a-half year-old boy from a Romanian orphanage. Where her natural-born daughter matured normally, she writes, "the developmental path of our son has been circuitous, painful, and slow, unlike anything we could have ever predicted. We had to provide explicit instructions for our son to learn tasks our daughter picked up effortlessly: making eye contact, making the most elementary sounds, playing peek-a-boo, noticing other people, even smiling." Morse learned by experience that babies are not born oriented to the good: "they are just cute savages who have the potential to be civilized. It is not a foregone conclusion that any particular child will be civilized." Morse concluded that the real work of life is not to be found in the domain of paid employment: "The real world is the world around the kitchen table, the world of the nursery, the world of the bedroom." She also learned that the laissez-faire principles of competition, efficiency, and pursuit of self-interest could not be extended into families and other face-to-face communities: they did not "provide the social glue for the good society."

Unprepared for creative destruction.

One of her most candid admissions follows from a discussion of "attachment disorder" in children. She describes:

> …a child who does not care what anyone thinks of him. The disapproval of others does not deter the child from bad behavior because no other person…matters to the child…. The child does whatever he thinks he can get away with, no matter the cost to others. He does not monitor his own behavior, so authority figures must constantly be aware of him and watch him. He lies if he thinks it is advantageous to lie.... He shows no regret at hurting another person…. [H]e may become a sophisticated manipulator….

Who is this child? Morse asks. "Why, it is *homo economicus*," the rational, calculating, economic man of libertarian theory whose "actions are governed by the self-interested calculations of costs and benefits."

From this perspective, she concludes that something is fundamentally wrong in modern Western society. Without using his name, she acknowledges Schumpeter's dilemma: "Our new problem is that the family bonds that earlier generations of political theorists could take for granted have become so weakened that the very fabric of social life is threatened." Morse even identifies the essence of the real problem: political dominance by an "ideological cocktail" composed of "left-wing self-esteem feminism and right-wing income maximizing capitalism."

But at this point her argument falters, for she does not acknowledge the remainder of Schumpeter's argument: that capitalism's own nervous energy and value imperialism undoes the inherited institutions that might keep it humane. Instead, Morse implicitly holds to a view of market neutrality: the problem lies with bad people and bad ideas, not within the system itself. Kept in their proper place, markets can work just fine. And so, her proposed antidotes to family decline turn out to be fairly anemic. Still the libertarian here, Morse would cut back the state by reducing the sway of social security, spiking welfare to

single mothers, taking moral education out of the public schools, and tempering the power of child-protection agencies. Her long and sometimes poignant passages on the meaning of love and sacrifice also imply a call to mothers to return home voluntarily to care for their children. All of these are reasonable, even good ideas. But they seem to float in the air, only encountering on the margins the aggressive new family order of the corporate statists.

The second volume from Spence is made of sterner stuff. Brian Robertson's *There's No Place Like Work: How Business, Government, and Our Obsession With Work Have Driven Parents from Home* rests on fewer illusions, more historical insights, and full recognition of Schumpter's argument: capitalism's marketplace is not neutral ground. The author offers a lengthy and solid history of the family wage regime, showing how this mix of cultural pressures and law limited industrial intrusion into the family for about a century. Like Schumpeter, he sees the falling marital birth rate as a sign of family decay. He also gives specific examples of a feminist-driven capitalism's creative destruction of the home:

- "The transformation of the father-ideal from chief breadwinner to chief consumer was probably already accomplished before the transformation of the mother from homemaker to working mom."

- "The feminist solution…has also succeeded, in many homes, in making domestic work just one more commodity for which the market has a price tag."

- "[W]hat began to happen in the 1960s was a large-scale cultural capitulation to the feminist romanticization of the marketplace…as well as an increasing demand on the part of business for female labor."

Indeed, Robertson ably identifies some of the key steps in rearing the new corporate state on the bones of the autonomous family. In 1957, for example, the U.S. Department of Labor jointly sponsored a conference with business groups on "Work in the Lives of Married Women." At the very height of the postwar baby boom and the evident surge in female domesticity, corporate and government economists agreed that only the labor of married women and mothers could overcome looming "manpower" shortages. Some years later *The Economist* magazine, with its characteristic blunt honesty, made more explicit what business had to gain: "Women are proving a godsend to many [American] employers. They usually cost less to employ than men, are more prepared to be flexible and less inclined to kick up a fuss if working conditions are poor.… Employers like them because they…command lower pay, and because part-timers can be pushed harder while they are at work."

Robertson also describes recent episodes of rational cost accounting at work in the post-family order. One employer gives a twenty-five percent pay raise to new mothers if they return more quickly to their corporate tasks. A life insurance company has found "lactation support rooms" to be an efficient tool, saving $1,435 and three days of sick leave per breastfed baby, "a three to one return on their investment." Such developments remind Robertson of Hilaire Belloc's prediction, early in the twentieth century, that the threat to the West's freedom did not arise from socialism per se, "but from an unholy alliance of big government and big business" where workers would find security in "government regulation, confirming the economic dominance of larger corporations."

The author faults an American conservatism which exalts the unfettered market as its first principle. He also offers a very

different policy agenda. Massive tax relief tied to marriage and the number of children might serve as a workable substitute for the family wage. The protection and encouragement of home schooling also could be a promising way to start bringing real functions back into the home circle.

Just as this review was being completed, word came from Asia of a remarkable development: the Communist Party of China would soon open its membership to capitalists. Most Western observers will probably see this as still another symbolic triumph by the free market system over its collectivist foe. But another interpretation is possible. Perhaps this is a symbol of a different victory, the triumph of a global capitalism in league with welfare socialism to advance the true social revolution built through Creative Destruction. Seen this way, "capitalists in the Communist Party" represents no advance of liberty, but rather the deepened slavery of atomized individuals, now dependent jointly on the mega-corporations for normal sustenance and on the nanny state for security and "care." This is, I believe, how the British Distributists of the 1920s, the American Agrarians of the 1930s, and an Austrian-American economist named Schumpeter of the 1940s would have viewed the capitalist-Communist hybrid.