

# Political Order and Political Decay

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### Robin Niblett

We have a wonderful opportunity to host Francis Fukuyama here at the Institute and to have an opportunity to hear Part II, as I think is the right way of putting it, of what is a large, historical take on the concepts of political order. What we'll be discussing today specifically is *Political Order and Political Decay*. This is the companion piece to the book that he wrote in 2011, *The Origins of Political Order*. We have an opportunity to really delve into the structure of international relations and the structure of history as much as we do into the current events of today. But the issues that he is discussing in his new book are specifically questions of how to maintain well-functioning modern states in a particularly complex world at the moment, something that I think we as Brits – and I can still use the term currently – are particularly aware of at the moment. So there is a poignancy and an immediacy to the topics that Dr Fukuyama will be undertaking today.

He is the Olivier Nomellini Senior Fellow at the Freeman Spogli Institute for International Studies at Stanford. Obviously made his mark and his career with the seminal book, *The End of History*, which was right around the time of the end of the Cold War, in 1989. In fact, just preceded the fall of the Berlin Wall when it came out, and quite rightly gave him a renown which we're going to be able to now see him live up to with his new book. He's had the benefit of working also in government, in policy planning. Involved with numerous organizations, helped set up *The American Interest*, which he founded and serves on its editorial board.

Dr Fukuyama, we're delighted that you would take the time out, with the launch of your new book, to come and speak to Chatham House, share your thoughts and also take questions from our members here. This is being live streamed so hopefully we'll get a few questions in as well on Twitter. Thank you very much indeed. We look forward to your remarks, on the record.

### Francis Fukuyama

Thank you very much. It's really a great delight to be in London. It's strange but I believe this is my first time at Chatham House, so it's really a great opportunity to connect with this audience. This is the beginning of my book tour so you're the first actually to hear this presentation.

So I thought it would be good to actually begin by talking about the world as it is in 2014. It's not very good right now. This has been a remarkable year in terms of political instability. It does seem to me, if you think about the world as a whole, it's become bifurcated in a very striking way. What Zbigniew Brzezinski used to call 'the arc of crisis' – the entire area from North Africa through sub-Saharan Africa, the Middle East, often to South Asia – is obviously in a tremendous amount of turmoil. You have simultaneous state failure in Libya, Syria, Iraq, Afghanistan, Yemen, and the spreading of Islamist terrorism out of Afghanistan and Pakistan and into the Sahel and in places like northern Nigeria.

I actually – we can discuss this in the Q&A period – I actually think that in the long run, this brand of Islamic radicalism is not the most serious threat faced by world order, but it becomes extremely serious because of the weakness of states. I think this is the characteristic of that part of the world – the main characteristic is the lack of government. The reason that Boko Haram and other Islamist groups are making headway in places like northern Nigeria is the utter incompetence of states and their inability to do the most basic thing that states are supposed to do, which is to provide physical security for their

citizens. In fact, the terrorism has been moving – it's like being attracted to a vacuum – into places in which this kind of political weakness exists.

Another part of the world operates very, very differently: Eurasia. I think the other big source of instability in 2014 is at both ends of Eurasia, with Russia and China now advancing territorial claims that I think are extremely upsetting to the kind of political settlement that emerged at the end of the Cold War. China has been a state – this is a story that I told in the first volume of my book, about the rise of the Chinese state, because I believe that Western interpretations of China have failed to recognize that they were actually the first civilization not to create a state but to create a modern state: that is to say, a state that was centralized, bureaucratic and had aspirations to be impersonal. It is off of those deep wells of stateness that the current Chinese regime is built. In fact, there are huge continuities between the way that the Communist Party rules China today and dynastic China. They have a lot of experience with this. Russia, I would say, is much less successful as a state, certainly in terms of delivering basic services, but it is without question a classically strong great power.

Both of these countries are posing, in a way, very familiar kinds of challenges, in terms of making territorial claims, in terms of supporting co-ethnics abroad and the like. Those are challenges that have to be dealt with in geopolitical terms. I think it's not a happy situation but at least it's one that is a little bit more familiar to Europeans and Americans than the kind of stateless threat that is being posed in those parts of the world.

This is, I think, the fundamental bifurcation in the world today. It's really not over authoritarianism versus democracy; it's over parts of the world that are able to maintain coherent, effective states and those in which states either have not emerged (like Afghanistan or Somalia) or ones in which they have broken down.

A lot of American foreign policy as well as the foreign policy of this country, in the stateless part of the world, has been directed at actually trying to create state institutions where they don't exist. The exit strategies out of Iraq and Afghanistan were completely bound up with the effort to produce some kind of a basic political structure. Americans, I think, naively thought they could create democracies in both places. I think today Washington would be extremely happy if they could simply hang on as countries and not be overwhelmed by terrorists of various sorts. So that's really what's defined foreign policy in much of the past 15 years, this effort of outsiders to try to create state institutions. It's a toolbox that we still do not really possess. I think that's been one of the fundamental frustrations. How do you get a place like Nigeria to actually be able to suppress an insurgency in its own north?

So that's one part of the question, but the other part is that established democracies in many respects are not doing all that well in certain fundamental ways. The story about democracy and the contemporary democratic world is complex. I think some parts of that world are doing extraordinarily well. Germany has been riding high for much of the past 15-20 years; a lot of Scandinavia, the Netherlands and so forth. But there are other parts of the democratic world that have been doing rather poorly.

I would point to my own country as an example of this. I think that the American system of checks and balances was designed in certain respects to deal with the problem of overweening centralized power, and in a way it's been too successful. As a result of the way that polarization interacts with the existing check-and-balance institutions, we get to a situation like we have now: the American Congress has not passed a budget by its own rules since 2008. Last year we had a shutdown of the federal government in which it would have been a criminal offence for any federal employee to actually show up for work for the period

that the shutdown was happening. This was brought about because of a basic disagreement in Congress as to whether the United States should pay its past debts.

So I think that as a model of democracy, the interaction of the kinds of changes in American society that have been going on with the kinds of political institutions that we have has been producing a situation that I characterize as one of 'political decay', in which very well organized and very powerful interest groups can essentially stop the government from doing anything that that particular group finds objectionable or contrary to its interests. Since there are a lot of very powerful interest groups, it really means that it's pretty hard to accomplish anything.

I think that this has had a very negative impact, and there are other countries in this situation. Japan and Italy, I would say, among major democracies, have also had very comparable problems in actually generating the basic social consensus and therefore political power to fix some of the big underlying problems that they face.

So this is the issue that I'm trying to deal with in this book: where does basic political order come from? Where does the state come from? I think that we in the West, and particularly us Americans, are very much focused on the institutions of electoral accountability and rule of law that limit the capacity of governments to tyrannize over their fellow citizens. Even today in the United States you'll hear Tea Party people say that Obama is a tyrant. I mean, I think this is one of the most absurd characterizations, because as far as I'm concerned, Obama is probably one of the weakest presidents we've had in several generations. But this is the consciousness. It is a consciousness of the misuse of state power and relatively little focus on how state power is to be generated. This is a point that was made by my mentor, Samuel Huntington, in his classic book *Political Order in Changing Societies*, back in 1968, where he said that before you can limit power, you have to be able to generate power, and that this is actually the problem in much of the developing world, the basic absence of stateness.

So the framework in which I look at this problem is the following: any modern political regime, any modern political order, basically has to have three components. It has to have a state; it has to have a state that, according to Max Weber, is a monopoly of legitimate force over a defined territory. The force part of it is very important because the state is really about the ability to coerce at the end, but it is about legitimate coercion, authority that is exercised on behalf of the whole community.

One of the most important distinctions is another one that Max Weber made between a patrimonial state and a modern state. A patrimonial state is basically an extension of the ruler's household. It's run for the benefit of the ruler, his family and friends. That is actually the characterization of government in very much of the developing world at the moment. Again, I don't want to pick on Nigeria particularly, but if you want a really great example of that, it's a country that's generated \$400-500 billion in oil revenues over the past generation and still has a poverty rate of about 70 per cent. If you ask where all that money went, it basically went into the pockets of the elite that rules the country, which has bought it stability but very little else in terms of development.

So the really critical issue is the one that I call 'getting to Denmark', which is: how do you get from that kind of a state, that's basically a state controlled and run by insiders – how do you get that kind of state to be an impersonal state that treats all its citizens *qua* citizens with the same degree of distance of respect? That, I would assert, is kind of the central governance issue in development.

So that's one institution. The second institution is the rule of law, which reflects community views of justice but it has to be binding on the rulers if it is to be the rule of law. So it is fundamentally a limitation of state power.

Then finally, institutions of democratic accountability that try to guarantee that power will be used on behalf of the community as a whole and not simply on behalf of the interests of the particular elite that's ruling the community. So any political order is actually a very difficult balancing act between a state (hopefully a modern state) that can exercise power on the one hand, and then the rule of law and democratic accountability on the other, that try to limit power.

I would say that all of the world's regimes can be arrayed somewhere on that spectrum. So the problem really in Russia and China is the fact that they've got very strong states with very few checks and balances, a high degree of discretion, little limitation of power. On the other hand: a place like the United States or India or, I would say, a number of other democracies in which you have a large number of checks and balances which when combined with a high degree of social mistrust and polarization produce very ineffective government.

So I want to just run through a couple of more specific ways in which this plays – the book is very long and so I cover really a lot of topics, but I want to highlight a couple. One has to do with corruption and the other one has to do actually with the particular dysfunctions in the United States.

Let's begin with the question of corruption. As I said, I think that the issue of effective governance and corruption is really the central dividing line that exists in the world. Authoritarianism versus democracy is, of course, important but many of our recent conflicts are really over the quality of government.

I'll give you several examples. Ukraine: the big failure of the Orange Revolution in 2004 was the fact that the Orange coalition could not govern. It could not govern. It was itself highly corrupt, the leaders spent all their time bickering among themselves. They basically kept up this rent-seeking and rent-redistributing system, with the result that Viktor Yanukovich was reelected in 2010. The fundamental struggle that went on between Euromaidan and the Yanukovich government was not over democracy. This guy was democratically elected. It was fundamentally over whether Ukraine was going to be run by a kind of internal, kleptocratic, rent-seeking mafia like the one that is currently ruling Russia.

Again, I think the fundamental issue in values and institutions now between the West and Russia is not, strictly speaking, democracy versus authoritarianism. It is really that question about whether you want to be ruled by this kind of self-seeking, corrupt elite. One of the biggest struggles that Ukrainians now have to face is, having learned from the mistakes of the Orange Revolution, whether they can actually make democracy work – not by making it electorally accountable, because that's the easy part that they got in the past decade. The much harder part is whether they can make their state work.

But there are many other examples of this. In India, there is a study by Jean Dreze back in the late 1990s that showed that 50 per cent in many of the poor northern states like Uttar Pradesh and so forth – 50 per cent of schoolteachers were not showing up for work. They were being paid but they were not showing up for work. This raised a huge hue and cry within India, a lot of political agitation to correct that situation. Ten years later they did another survey and it turned out that exactly the same percentage of teachers were not showing up for work.

This, in a sense, indicates what the nature of the problem is. There isn't anyone in India that will get up and say: yes, teachers ought to get paid and not show up for their jobs every day. Nobody believes this,

everybody thinks that education is a goal. Yet this is a problem that seems to be beyond the ability of the political system to correct and it points to, I think, a fundamental issue in democracy. Democratic, electoral accountability is supposed to not let this sort of thing happen. Nobody wants teachers to not show up for work. Nobody wants public corruption. The theory is that democracies ought to be able to fix this because the voters will just vote the rascals out. Yet in one democratic country after another, this fails to happen. In the case of India, I think a lot of it has to do with the nature of patronage and clientelism that makes people vote for certain leaders based on their ability to distribute individual favours to their constituents. But it means that the country cannot really mobilize along lines that would be sufficient to generate an anti-corruption coalition, and that's one of the great struggles that that country has to deal with.

If you do read my second volume you'll see that there's a way out, which is really the story about the United States during the progressive era, in which the American government from top to bottom, from the federal down to the lowliest municipality, was similarly clientelistic and patronage-based. Yet there was a development of a middle-class coalition that got past that problem. I think that this is essentially the political struggle that Mexico, India, Brazil, Turkey, very many countries that are democratic and have basic institutions of accountability – this is the further struggle that they really have to engage in.

Let me just conclude by saying a little bit about the United States because this is a subject that I think, as I said, makes a difference not just to Americans but to the rest of the world, because of the kind of image that the United States projects. The United States, as you're probably familiar, never liked big government. The whole reason that we have a country in the first place was Americans didn't like George III and they wanted to create a constitutional system that distributed power so that nobody would be able to exercise power in that fashion.

The wellsprings of the current American problem lie very deeply in that. I think during the progressive era there was a strong move to create a modern state – a modern, impersonal, bureaucratic state – in the US. But I think it never achieved the kind of modernity that existed in the parliamentary systems, either in the Commonwealth or in continental Europe, and over the past generation we've actually gone back. I give a very long explanation for why that happens in the United States. We prefer courts over administrative hierarchies to enforce laws and so in my state of California we have this thing called the Private Enforcement Act, in which any California citizen can sue the government either to enforce or desist from enforcing a law. It makes governance extremely inefficient because everybody is threatened with lawsuits. By the way, this is not the private litigation that we're familiar with – this is litigation against public authorities.

But I think the bigger problem has to do with what I call re-patrimonialization, which I think is at the heart of political decay. In the United States we have a very narrow definition of corruption: corruption has to be a very specific *quid pro quo* transaction between a politician and a private citizen. But in fact I think we have recreated the patronage system of the 19th century through different means. It's basically through a kind of legalized gift exchange in which politicians are influenced fundamentally by money or by promises of support or even by ideas, in a certain sense, in a way that when combined with our check-and-balance political system make it extremely powerful, as I said, for well-organized interest groups to stop things.

There's lots of examples that I could proliferate. Obamacare and the Dodd-Frank Act, the two biggest initiatives of the Obama administration – I think it's better to have them than to have nothing but as pieces of legislation they are simply monstrosities, because of all the concessions that had to be made to these interest groups. Then if we're ever going to do something like entitlement reform it's going to be

nearly impossible, because these well-organized interests that are inevitably going to suffer as a result of this are simply too strong to permit the collectivity to go ahead.

So this is not a very optimistic way to end. I do think, however, that democracies do have resources – by the way, I should make clear that I actually don't think American civilization is at all in decline. I think the American private sector – look at energy, or where I live, Silicon Valley – it's still unbelievably innovative. We're doing the best of really any part of the developed world in terms of fundamental innovation and competitiveness. But the government is a different thing, and governments are important in the present-day world. I think it will probably take an external shock of some sort to get us to get our act together.

In the meantime this is a challenge, because I think political decay is something that historically happens to everybody. Simply because you are a developed democracy does not mean that you are exempt from this problem. There's no automatic mechanism in history that means that once you've turned – there's no ratchet that means once you're a liberal democracy, you're there for good. Human agency, both for us as individuals and as communities, still matters a great deal.

Thank you very much for your attention.

### Robin Niblett

Thank you very much for laying out both a tableau of how the world is changing and also some very core messages here. One about the arc of crisis expanding, as you said, in particular across Asia; the territorial claims and what some people have described as a more 19th-century mentality of East Asia. But then the worrying sign of the weaknesses of our own system. I thought it was interesting that you would stand out and say that corruption, which we tend to associate, as a word, more with developing parts of the world – you used that word pretty explicitly to talk about what is taking place in the United States and some of its dysfunctionality. In particular, you talked about the loose definition of corruption that's emerged there.

Could I just take advantage and do a quick first question and then open it up to everyone here? You've given us plenty of time to be able to get into questions. Your first book of this series, *The Origins of Political Order*, took us up to, as I understand it, the French revolution, the American revolution – in a way, the dawn of industrialization. It strikes me that the process of industrialization tends to bring about, or creates a demand for, strong governance. Governments need to be effective, they need to provide infrastructure, they need to educate people to speak similar languages – or the same language ideally, so they can work in big mechanized systems. You need some element of welfare in return. It seems industrialization perhaps created the strong state. If we look at how China has become strong again, it's been in an industrialization period.

But we're in a post-industrial world, and certainly what your part of the world, Silicon Valley, has been driving is a kind of destructive, disruptive process. This is disrupting economies, but maybe in disrupting economies it's also disrupting political systems. I'm just wondering to what extent in your new book, which is this period from the industrial into the technology era, you see the connections between those two things. It's a big question but some pointers on that would be interesting.

### Francis Fukuyama

I actually have a section of the book that deals with economic and technological change and democracy. I think the connection is very clear. I basically, fundamentally agree with Barrington Moore, who said: no bourgeoisie, no democracy. Now, the relationship is not as simple or a linear one but fundamentally when people have a certain degree of education – and I would define ‘middle class’ more in occupational and education terms rather than simply through income distribution – they behave differently politically. I think it’s a cross-cultural phenomenon. So the kinds of uprisings that you saw in Turkey or in Brazil last year, who are the people that are out on the streets? They are the well-educated, young, well-connected, new middle classes in those countries.

So I think that the middle class is actually a big boon to democracy. Or let’s put it differently: they want political participation. They want recognition, they want political participation. Whether you actually get to democracy is another big issue because there you need institutions, political parties, all sorts of things. But there’s no question that that’s one of the drivers. If China’s system changes over time, it’s going to be the 400-500 million middle-class Chinese that are going to be the drivers.

However, there’s two really big threats that this poses. First is that – again, this is a point that Huntington used to make quite clearly – it’s this expectations gap. Many democratic systems cannot keep up with the rising expectations of their own middle class. That’s exactly what’s going on in Brazil right now. Buses, public transport, very creaky infrastructure, high degrees of corruption in the political class – young Brazilians don’t want this. They actually may vote Marina Silva as president because they think she may be able to do something about that. So that’s a good example where the system is being de-legitimated by the rising expectations of the middle class.

But then – this is something I’m particularly conscious of, living in Silicon Valley – the middle class itself is under threat, particularly in these Anglo-Saxon countries, Anglo-American countries, that have had pretty unfettered labour markets and competition. Technological advance has been eating away at especially low and middle – and increasingly now middle-class – jobs for some time now. If you look at median incomes in the United States in 2014, they are about 8 per cent below where they were on the eve of the financial crisis, in 2007. Actually they’ve been largely stagnant. Total income is different because we still do a lot of redistribution but the actual incomes have basically been stagnant for two decades now. That’s not good for democracy. It’s really not good for democracy because it’s setting up this highly polarized, Latin American kind of situation where you have a very small group of people that are doing extremely well and a lot of people that are not sharing in that economic growth.

### Robin Niblett

Thank you. Let me take some questions.