

POLITICAL ORDER
AND
POLITICAL DECAY

*From the
Industrial Revolution
to the
Globalization of Democracy*

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INTRODUCTION

Development of Political Institutions to the French Revolution

Consider a number of very different scenarios that have been playing out at the beginning of the second decade of the twenty-first century.

In Libya in 2013, a militia armed with a panoply of heavy weapons briefly kidnapped the country's prime minister, Ali Zeidan, demanding that his government provide them with back pay. Another militia has shut down much of the country's oil production, which is virtually the only source of export earnings. Other militias were earlier responsible for the killing of U.S. ambassador Christopher Stevens in Benghazi, and for shooting dozens of demonstrators in the capital, Tripoli, who protested their continuing occupation of the city.

These militias were formed in various parts of the country in opposition to Libya's longtime dictator, Muammar Qaddafi, whom they ousted, with significant help from NATO, in the first year of the Arab Spring in 2011. The protests against authoritarian governments that broke out that year not just in Libya but also in Tunisia, Egypt, Yemen, Syria, and other Arab countries were often propelled by demands for greater democracy. But two years later, democracy as it is practiced in Europe and North America seems like a distant dream. Libya since then has taken some tentative steps toward establishing a constituent assembly that would write a new constitution. But at the moment, its most fundamental problem is that it lacks a state—that is, a central authority that can exercise a monopoly of legitimate force over its territory to keep the peace and enforce the law.

In other parts of Africa, states claiming a monopoly of force exist on paper and are less chaotic than Libya. But they remain very weak. Radical Islamist groups, having been pushed out of South Asia and the Middle East, have been setting up shop in countries with weak governments such as Mali, Niger, Nigeria, and Somalia. The reason that this part of the world is so much poorer in terms of income, health, education, and the like than booming regions like East Asia can be traced directly to its lack of strong government institutions.

Over the same time period, a very different scenario was playing out in the United States with regard to its financial sector. The United States is in many ways at the opposite end of the political spectrum from post-Qaddafi Libya: it has a very large and well-institutionalized state, one that dates back more than two hundred years and draws on a deep well of democratic legitimacy. But that state is not working well, and its problems may be related to the fact that it is too institutionalized.

Prior to the financial crisis of 2008, there were nearly a dozen federal agencies with regulatory authority over financial institutions, as well as banking and insurance regulators in each of the fifty states. For all of this regulation, however, the U.S. government was nonetheless unaware of the looming subprime mortgage crisis, allowing the banks to take on excessive leverage and permitting the emergence of a huge shadow banking system built around derivatives that were far too complex to properly value. Some commentators have tried to blame the crisis exclusively on government-guaranteed mortgages from agencies like Fannie Mae and Freddie Mac, which did in fact contribute to the meltdown.¹ But the private sector was a happy participant feeding the mortgage frenzy and could take undue risks because large banks knew that they would ultimately get bailed out by the government if they got into trouble. This is exactly the scenario that occurred in the wake of the Lehman Brothers bankruptcy in September 2008, leading to a near collapse of the global payment system and the deepest U.S. recession since the Great Depression.

What is perhaps more shocking, however, is what has happened since the crisis. Despite widespread recognition of the enormous risk posed by “too-big-to-fail” banks, the American banking sector became even more concentrated than it was in 2008. In the years following the crisis, Congress passed the Dodd-Frank Act that was supposed to solve this problem. But the legislation ignored simpler remedies, such as sharply raising bank capital requirements or putting hard caps on the size of financial

institutions, in favor of a highly complex stew of new regulations. Three years after passage of the legislation, many of those detailed rules had not yet been written and would likely not solve the underlying too-big-to-fail problem even if they were.

There are two fundamental reasons for this failure. The first has to do with intellectual rigidity. The banks, in their own self-interest, have argued that strong new regulations of their activities would cut into their ability to lend, and therefore undermine economic growth, while producing harmful unintended consequences. Such arguments are often quite valid when applied to nonfinancial institutions like manufacturing industries, and appeal to many conservative voters who are distrustful of “big government.” But, as the scholars Anat Admati and Martin Hellwig among others have shown, large banks are very different from nonfinancial firms, due to their ability to harm the rest of the economy in ways not possible for a manufacturing company.² The second reason for the failure is that the banks are very rich and powerful, and can hire a legion of high-priced lobbyists to work on their behalf. Despite enormous public anger against the banking sector and the taxpayer bailouts, these lobbyists have succeeded in blocking meaningful regulation that would have gone directly to the heart of the too-big-to-fail problem. Some legislators may have found the bankers’ arguments against new regulation persuasive based on their ideological beliefs; for others, the arguments were a useful cover to protect the stream of campaign contributions flowing from the banking sector.³

A third scenario links the Arab Spring to the protests that broke out in Turkey and Brazil in 2013. These two countries were leading “emerging market” economies, which had seen rapid economic growth during the preceding decade. Unlike the Arab dictatorships, both were democracies with competitive elections. Turkey had been ruled by the Islamist Justice and Development Party (AKP in its Turkish initials), whose leader, Prime Minister Recep Tayyip Erdoğan, had initially made his mark as mayor of Istanbul. Brazil for its part had elected a president, Dilma Rousseff, who hailed from a Socialist party and had been jailed in her youth by the military dictatorship that ruled the country from 1964 to 1985.

Despite these impressive economic and political accomplishments, both countries were briefly convulsed with mass protests against their governments. In Turkey, the issue was a park in Istanbul that the government wanted to make over as a shopping mall. Many of the young protesters felt

that Erdoğan, despite his democratic mandate, had authoritarian inclinations and was seriously out of touch with the younger generation of Turks. In Brazil, the issue was corruption and a failure of the government to provide reliable basic services, even while spending billions to host the football World Cup and summer Olympic Games.

What linked these protests to each other, and to the Arab Spring that occurred two years earlier, was the fact that they were driven primarily by the middle class. As a result of the economic development that had taken place over the preceding generation, a new middle class had emerged in both countries, whose expectations were much higher than those of their parents' generation. Tunisia and Egypt had experienced lower rates of growth than Turkey or Brazil; nonetheless, both produced large numbers of university graduates whose hopes for work and career were stymied by the cronyism of those countries' autocratic regimes. The fact that Turkey and Brazil held democratic elections was not sufficient to satisfy the protesters. Government actually had to deliver better results if it was to be regarded as legitimate, and needed to be more flexible and responsive to changing public demands. China, another economic success story, has begun to face similar challenges from its rising middle class, which now numbers in the hundreds of millions. While they have been the beneficiaries of the country's breakneck economic growth over the past generation, they, like their counterparts elsewhere, have different and higher expectations of government. The survival of the political systems of all these countries will depend critically on the degree to which they can adapt to the new social landscape created by economic growth.

THE PROBLEM WITH GOVERNMENT

These three examples may seem like very different cases, where problems are driven by specific policies, personalities, and historical context. But they are in fact linked by a common thread that serves as a background condition for all political life: institutions. Institutions are "stable, valued, recurring patterns of behavior" that persist beyond the tenure of individual leaders.⁴ They are, in essence, persistent rules that shape, limit, and channel human behavior. Post-Qaddafi Libya's problem is a lack of basic institutions, most notably a state. Until there is a single, central source of authority that exercises a legitimate monopoly of force in that country,

there will be no citizen security or the conditions for individuals to flourish.

At the other end of the scale, the United States has long-standing and powerful institutions, but they have been subject to political decay. Government institutions that are supposed to serve public purposes have been captured by powerful private interests, such that democratic majorities have a difficult time asserting their control. The problem is not just one of money and power; it also has to do with rigidities of the rules themselves, and of the ideas supporting them.

Finally, in the case of emerging market countries like Turkey and Brazil, the problem is one of social change outstripping existing institutions. By definition, institutions are persistent patterns of behavior that are created in response to the needs of a particular historical moment. But societies, especially those experiencing rapid economic growth, do not stand still. They create new social classes, educate their citizens, and employ new technologies that shuffle the social deck. Existing institutions often fail to accommodate these new actors and, as a result, come under pressure to change.

The study of “development”—that is, change in human societies over time—is therefore not just an endless catalog of personalities, events, conflicts, and policies. It necessarily centers around the process by which political institutions emerge, evolve, and eventually decay. If we are to understand the fast-changing political and economic developments of our contemporary world, it is important to put them in the context of the long-term story of the underlying institutional structure of societies.

The present book is the companion volume to *The Origins of Political Order: From Prehuman Times to the French Revolution*. This project started out as an effort to rewrite and update Samuel P. Huntington’s classic *Political Order in Changing Societies*, first published in 1968. The current volume takes its title from the first chapter of the latter book, which in turn was based on an article originally published in *World Politics*. Huntington’s work was critical in making people understand that political development was a separate process from economic and social growth, and that before a polity could be democratic, it had to provide basic order. For all of the differences between Huntington’s book and my own in form and substance, I come to the same basic conclusions that he did. The first volume gave an account of the origins of three critical sets of political institutions: the state, the rule of law, and procedures promoting

democratic accountability. It explained how these institutions separately or in combination emerged, or failed to emerge, in China, India, the Middle East, and Europe. For those who have not read the first volume, the following sections recap the story presented there.

SOCIAL ANIMALS

The first volume began not with primitive human societies but with mankind's primate ancestors, because political order is rooted in human biology. Contrary to the theories of philosophers such as Jean-Jacques Rousseau or modern neoclassical economists, science now shows us that human beings did not start out as isolated individuals who gradually came to form societies over the course of historical time. The behaviorally modern human beings who emerged somewhere in Africa about fifty thousand years ago were socially organized from the start, just like their primate forebears.

Natural human sociability is built around two phenomena: kin selection and reciprocal altruism. The first is a recurring pattern by which sexually reproducing animals behave altruistically toward one another in proportion to the number of genes they share; that is, they practice nepotism and favor genetic relatives. Reciprocal altruism involves an exchange of favors or resources between unrelated individuals of the same species, or sometimes between members of different species. Both behaviors are not learned but genetically coded and emerge spontaneously as individuals interact.

Human beings, in other words, are social animals by nature. But their natural sociability takes the specific form of altruism toward family (genetic relatives) and friends (individuals with whom one has exchanged favors). This default form of human sociability is universal to all cultures and historical periods. Natural sociability can be overridden by the development of new institutions that provide incentives for other types of behavior (for example, favoring a qualified stranger over a genetic relative), but it constitutes a form of social relationship to which humans always revert when such alternative institutions break down.

Human beings by nature are also norm-creating and norm-following creatures. They create rules for themselves that regulate social interactions and make possible the collective action of groups. Although these

rules can be rationally designed or negotiated, norm-following behavior is usually grounded not in reason but in emotions like pride, guilt, anger, and shame. Norms are often given an intrinsic value and even worshipped, as in the religious laws of many different societies. Since an institution is nothing more than a rule that persists over time, human beings therefore have a natural tendency to institutionalize their behavior. Due to the intrinsic value with which they are typically endowed, institutions tend to be highly conservative, that is, resistant to change.

For the first forty or so thousand years of the existence of the modern human species, individuals were organized into what anthropologists label band-level societies, consisting of small groups of individuals, almost all of them genetic relatives, who subsisted off of hunting and gathering. The first major institutional transition, which occurred perhaps ten thousand years ago, was the shift from band- to tribal-level societies, which are organized around a belief in the power of dead ancestors and unborn descendants. We typically call these tribes; anthropologists sometimes use the term “segmentary lineages” to describe individuals who trace ancestry to a common progenitor who might be several generations removed. Such tribal societies existed in ancient China, India, Greece, Rome, the Middle East, and pre-Columbian America, and among the Germanic forebears of modern Europeans.

Tribal societies have no central source of authority. As with band-level societies, they tend to be highly egalitarian and have no third-party enforcement of laws. They prevailed over band-level societies largely because they were capable of achieving enormous scale simply by pushing back the dating of common ancestry. Both band- and tribal-level societies are rooted in kinship and hence human biology. But the shift to tribal organization required the emergence of a religious idea, belief in the ability of dead ancestors and unborn descendants to affect health and happiness in one’s current life. This is an early example of ideas playing a critical independent role in development.

EMERGENCE OF THE STATE

The next important political transition was from a tribal to a state-level society. A state, in contrast to a band or tribe, possesses a monopoly on legitimate coercion and exercises that power over a defined territory. Because

they are centralized and hierarchical, states tend to produce higher degrees of social inequality than earlier kinship-based forms of organization.

There are in turn two broad types of state. In those described by the sociologist Max Weber as “patrimonial,” the polity is considered a type of personal property of the ruler, and state administration is essentially an extension of the ruler’s household. The natural forms of sociability, reliance on family and friends, are still at work in patrimonial states. A modern state, on the other hand, is impersonal: a citizen’s relationship to the ruler does not depend on personal ties but simply on one’s status as citizen. State administration does not consist of the ruler’s family and friends; rather, recruitment to administrative positions is based on impersonal criteria such as merit, education, or technical knowledge.

There are numerous theories about what is called “pristine” state formation, the formation of the first states out of tribal societies. There were necessarily a number of interacting factors at work, such as the availability of agricultural surpluses and the technology to support them, and a certain level of population density. Physical circumscription—what is called “caging,” the bounding of territories by impassable mountains, deserts, or waterways—allowed rulers to exercise coercive power over populations and prevented enslaved or subordinated individuals from running away. Patrimonial states began to form in many parts of the world around eight thousand years ago, primarily in fertile alluvial valleys in Egypt, Mesopotamia, China, and the Valley of Mexico.

Development of modern states, however, required specific strategies for shifting political organization away from family- and friends-based organizations to impersonal ones. China was the first world civilization to establish a nonpatrimonial, modern state, which it did some eighteen centuries before similar political units appeared in Europe. State building in China was driven by the same circumstances that necessitated centralized states in early modern Europe: prolonged and pervasive military competition. Military struggle created incentives to tax populations, to create administrative hierarchies to provision armies, and to establish merit and competence rather than personal ties as the basis for recruitment and promotion. In the words of sociologist Charles Tilly, “War made the state and the state made war.”

Modern states have to move beyond friends and family in the way that they recruit officials. China did this by inventing the civil service examination as early as the third century B.C., though it was not routinely used

until later dynasties. Both the Arabs and Ottomans came up with a novel approach to the same problem: the institution of slave-soldiers by which non-Muslim boys were captured, taken from their families, and raised to be soldiers and administrators loyal to the ruler and lacking ties to the surrounding society. In Europe, this problem was solved on a social rather than a political level: early in the Middle Ages, the Catholic church changed the rules of inheritance to make it much more difficult for kin groups to pass resources down to their extended families. As a result, extended kinship among the Germanic barbarian tribes dissolved within a generation or two of their conversion to Christianity. Kinship was ultimately replaced by a more modern form of social relationship based on legal contract, known as feudalism.

THE RULE OF LAW

The rule of law, understood as rules that are binding even on the most politically powerful actors in a given society, has its origins in religion. It is only religious authority that was capable of creating rules that warriors needed to respect. Religious institutions in many cultures were essentially legal bodies responsible for interpreting a set of sacred texts and giving them moral sanction over the rest of society. Thus in India, the Brahmin class of priests was understood to be higher in authority than the Kshatriyas, the warriors who held actual political power; a raja or king would have to seek legitimation from a Brahmin before he could rightly rule. In Islam as well, the law (sharia) was presided over by a separate hierarchy of scholars known as the ulama; a network of qadis or judges did the routine work of administering religious law. Though early caliphs united political and religious authority in the same person, in other periods of Islamic history the caliph and sultan were separate individuals, and the former could act as a constraint on the latter.

The rule of law was most deeply institutionalized in Western Europe, due to the role of the Roman Catholic church. Only in the Western tradition did the church emerge as a centralized, hierarchical, and resource-rich political actor whose behavior could dramatically affect the political fortunes of kings and emperors. The central event marking the autonomy of the church was the investiture conflict that began in the eleventh century. This clash pitted the church against the Holy Roman Emperor,

over the question of the latter's interference in religious matters. In the end, the church won the right to appoint its own priests and bishops, and emerged as the guardian of a revived Roman law based on the sixth-century *Corpus Juris Civilis* or Justinian Code. England developed an equally strong but different legal tradition: the Common Law emerged after the Norman Conquest out of the law of the king's court. There it was promoted less by the church than by early monarchs who used their ability to dispense impersonal justice as a means of cementing their legitimacy.

Thus in Western Europe, law was the first of the three major institutions to emerge. China never developed a transcendental religion; perhaps for this reason, it never developed a true rule of law. There, the state emerged first, and up to the present day law has never existed as a fundamental constraint on political power. The sequence was reversed in Europe: law preceded the rise of the modern state. When European monarchs aspired to behave like Chinese emperors from the late sixteenth century on and create modern, centralized absolutist states, they had to do so against the backdrop of an existing legal order that limited their powers. The result was that few European monarchs ever acquired the concentrated powers of the Chinese state, despite aspirations to do so. Only in Russia, where the Eastern Church was always subordinated to the state, did such a regime emerge.

DEMOCRATIC ACCOUNTABILITY

The last of the three sets of institutions to emerge was democratic accountability. The central mechanism of accountability, the parliament, evolved out of the feudal institution of estates, variously known as Cortes, Diet, sovereign court, *zemskiy sobor*, or, in England, Parliament. These institutions represented the elites in society—the upper nobility, gentry, and in some cases the bourgeoisie in independent cities. Under feudal law, monarchs were required to go to these bodies to raise taxes, since they represented the asset-owning elites in the agrarian societies of the time.

Beginning in the late sixteenth century, ambitious monarchs deploying novel theories of absolute sovereignty undertook campaigns to undermine the powers of these estates and to acquire the right to tax their populations directly. In each European country, this struggle played out over the next two centuries. In France and Spain, the monarchy succeeded in