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Book Review

Trust: The Social Virtues and the Creation of Prosperity

REVIEWED BY THOMAS MAXWELL*

FUKUYAMA, FRANCIS, TRUST: THE SOCIAL VIRTUES AND THE CREATION OF WEALTH; The Free Press, New York, NY (1995). (\$24.50); ISBN 0-02-910976-0; 457pp. (hardcover).

When people ask me where I stand on the issue of fences and neighbors in my poem "Mending Wall", I simply point out to them that the two key lines - "Something there is that does not love a wall", and "Good fences make good neighbors" - appear an equal number of times each, and I leave it at that. Robert Frost.

Modern cosmologists ask us to picture a saddle-shaped universe, where time and space are curved essences. Francis Fukuyama, in *Trust: The Social Virtues and the Creation of Wealth*, his first book since his seminal post-Cold War work, *The End of History and the Last Man*, suggests the consideration of saddle-shaped societies. With strong families on one end and strong governments on the other, Fukuyama contends that these societies lack structures of independent sociability substantial enough to support their economic aspirations. Thus saddle-shaped societies are in peril. Their economies are limited by the inability to bridge the gap between tightly family-oriented businesses, which tend to burn out as family situations change over the generations, and businesses which are really government ministries, centrally controlled and regulated, pursuing goals which are absolute and too often arbitrary.

Conversely, full, rounded societies develop modern, world-class economies marked by possession of the greatest economic good, "scale". These societies are characterized by self-regulation and independence from absolute government control as well as continuous landscapes of socializing opportunities free from narrow determination by familial or

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family-based proscription. This time-space warp Fukuyama calls "trust", a concrete, tangible noun. From this larger category, two sub-categories are formed: saddle-shaped societies, based on "low-trust", and round societies, based on "high-trust". Using this hypothesis, Fukuyama concludes that certain emerging economies, which at a glance seem destined to join the big three — The United States, Japan, and Germany — as market-makers and market-controllers, are in fact bound to peak at lesser levels because they will hit saddle-shaped ceilings inherent in their societies. Korea and Taiwan/China he places in this category. Other fully-vested economies — France and Italy are those he treats in depth — are already experiencing this problem, because they too are low-trust.

If readers disagree that economies-of-scale are *sine qua non* to top-tier success, they will disagree entirely with Fukuyama's hypothesis. If, on the other hand, the necessity of developing scale seems self-evident to readers, they will have little choice but to follow the author in his claims. *Trust* is that sort of book which is hypothesis-driven and simplistic, lending itself to thumbs-up or thumbs-down judgements. As a scholarly technique, this is rather bold, standing in contrast to the majority of today's cutting-edge economic theories, which take complexity to levels of ambiguity and equivocation unheard of a few generations ago. Most modern economics is statistics and calculus on steroids, post-Euclidean blurs rather than structures, penumbra rather than focus. Fukuyama, however, is calm and consistent, gracefully dedicated to testing his insular hypothesis under idealized, almost laboratory conditions. He doesn't allow any troublesome slippery-slope spectra of conflicting variables to compromise the edges of his research, nor does he attempt to scour the entire global panorama with exhaustive vigilance. Instead, he lets the simplicity of his high-trust/low-trust hypothesis fill the available space, and the limited specimen countries speak for themselves (the reader must decide if the choices represent a wider field).

Fukuyama manages his presentation by sweeping his focus back and forth among his target countries. His most interesting revelation, the broadest leap in the book against the grain of popular wisdom, is also his most expressive of his overall method. He states that the undisputed all-time best bumper-sticker message of America — that it is a nation of *individualists*, and that fact misstates the truth by 180 degrees. Instead, the truth is, our rich custom of voluntary *socialization* accounts for its greatness. Americans grant each other enough trust so that a spontaneous sense of common existence leads to a sense of common purpose and a decision for common action. Thus, Americans can create vast, sophisticated industries populated by aggressively competing autonomous companies, without depending on governmental or family-based master-planning to do so.

This is how American society rounds out the saddle-shaped gap. Other successful countries reach generally the same destination by va-

rious other routes. It's important to readers of *Trust* to envision this. Fukuyama, as a figure in intellectual history, is still young and lacks the daring to pursue the social ethic very deep into the cultural woods. He points to the obvious, countable things, like the boy scouts, various societies, and the Protestant church tradition. In his *End of History* mantle, Fukuyama tracked this phenomenon back to its intellectual head-waters. In the case of the Protestant ethic, for instance, one might revisit the Protestant Reformation, adding to the audiences' knowledge the connection between that and the humanist Renaissance. But to his credit, Fukuyama acknowledges in his introduction that his present topic of economics grew out of his previous book on civil governance as its natural offspring, and that his approach is essentially intuitive, more Tarzan than Erasmus.

His swing through the treetops of Japanese society, especially as it's evolved since World War II, is perhaps his best observation. He describes transformations to the faintly lit — to the West — social profile of Japan as evolving in a manner that the casual observer might quite miss. Fukuyama's handling of the transformation from the pre-war *zaibatsu* system of commercial networking to the post-war construct of *keiretsu*, reveals why the Japanese practice the art of dissembling before all else. His snapshot of mid-nineties Japan shows a well-tempered meritocracy which is taking full advantage of the elaborate social trust the nation enjoys. This results in vast prairie-like expanses of horizontal commercial structuring the likes of which the world is not likely to see again for quite awhile.

Countries which show insufficient evidence of ample social capital to Fukuyama, like Korea with its over dependence on governmental planning, and Taiwan, which is tightly locked into a family-business commercial structure. About France and Italy, Fukuyama will have some readers scrambling for their globes, wondering why he is talking about places which they don't find even vaguely familiar. Fukuyama comes very close to making facile judgements even about French wine, much less French society.

Fukuyama does not condemn as infertile the many spreading deltas of contemporary theories which are based on inclusiveness and diversity; he implies instead that the foundational mainstream is more important to watch than all the sidestreams combined. He declines to speculate that there might be something in human affairs that succeeds better than success itself. His deepest and most resonant implication is that there is a secret to success which is within the reach of every society: as long as they realize the saddle-shaped declivities in their social infrastructures can be filled and rounded, a way can be found to express the will. "Maturity" might sum his message up the best. The extended families and controlling governments are like parents, and societies are their children. If the parents don't "let go", the child will never grow into maturity and thrive. Societies must ramify and proliferate without umbilical obligations calling the tune. One of

Fukuyama's boldest move is to emphasize "society" at the expense of its more modish sibling "culture." "Society" seems rather plain by comparison. "Culture" wears the costumes and lights the candles and sings the hymns, after all. Fukuyama is merely saying that there is a bus called "modernity," and societies best hustle to catch it, whatever their cultures might be.

"Modernity" stands as large in *Trust* as trust itself. What is modernity's logical opposite? Nostalgia, authoritarianism, pyramided tradition? Based on his lack of treating this matter as a topic unto itself, one might infer that Fukuyama doesn't seem to care. Of course, in order to correct itself, any given culture must examine how it uniquely hamstring its society, and culture-by-culture examinations occupy a good portion of the book; but, then, every form of flabbiness requires the application of some form of fitness regimen, and articulating the tedious specifics is not the true vocation of the fitness-itself theorist.

Fukuyama's modernity is fitness in the other metaphorical sense as well, the Darwinian sense, because he more than implies that he foresees an era coming in which the economic margins, occupied by lesser, non-scale players, will be narrower and more parsimonious than they are now: a country must "emerge" all the way or risk sinking back quite severely. It is on this score that most of the criticism that *Trust* has collected around the world settles. Can it seriously be suspected, the critics ask, that in an era of rising global prosperity, measured in total wealth and number of transactions, that France, Italy, Korea, and China will command smaller and smaller pieces of the pie, while those of Japan, the US, and Germany grow? That seems preposterous on its face. And if a single given theory of determination were to predict such a state of affairs, wouldn't it have to be one of those Universal Field Theory jobs that does it, bursting with supply/demand curves, comparative advantage evaluations, behavior theory, and technology-impact factors? Mere details, Fukuyama's book replies.

More intriguing to this reviewer than taking issue with his appraisal of particular social trust situations, is to explore the notion of trust as behavior. The book invites this, even if its author does not. Fukuyama postulates a rather humble definition of trust, borrowing freely and openly from previous sources, citing as well figures on the kinds of non-familial and non-governmental organizations in which members of various societies participate. His hypothesis evolves eventually to the topic of trust in the workplace, wherein vertically organized, task-oriented operations, the great majority of their employees having no say in any corporate decisions, are found inferior to firms with more horizontal, involving, participatory structures. He looks with approval on the fact that the general trend in the United States is a movement from the former to the latter, though he finds ours still lagging behind Japan's efforts. The trend in America is not moving fast enough for his liking, however, and in fact he worries that it might be

slowing down as a consequence of an evident dwindling of trust in our society. Not unlike most social commentators, or just about anyone else for that matter, Fukuyama sees a serious threat to our society in statistics documenting crime, violence, incivility, moral indifference and nihilism, educational decline, and all the other distressingly familiar problems we face. Similarly, increasing levels of litigation, more, America's increasing tendency to view all human interaction as potentially actionable, as describable at any point in terms of the criminal code, common law, the bill of rights, contract law, or whatever, Fukuyama also red-tags as a sign of a lowering level of trust among us.

If he's right about litigiousness representing lowering trust, one should be alarmed, of course. Then again, he doesn't venture to suggest how the coming into existence of an all-pervasive legalistic atmosphere could be reversed, and how things would be if it were. How many people would voluntarily opt for less legal protection than they enjoy now, merely for the purpose of demonstrating they are more trusting and trustworthy? It might be argued, in fact, that mutual, aggressive legalistic behavior actually *limits* legalism taking over our lives, since so often "due process" and "stalemate" amount to one and the same thing (while "settlement" and "collecting" often do not). And might it not be argued even more fundamentally that a hearty legal environment actually promotes and reflects a very high level of social trust, *real* trust that is? An ability to maintain personal space through rule of law in a complex, crazy, and changing society could be our highest achievement as a people. Perhaps here Fukuyama's minimalist hypothesis fails him. He doesn't seem interested in seeing trust as the bedrock foundation for us to build upon, and its unquestionable existence as that which keeps our many and various palaces of individualism, diversity, and even acrimony from falling down.

What is more, he relegates to problematic limbo the fact that the destinies of individual countries are becoming interwoven in a global tapestry that displays patterns in which strength and weakness are sometimes juxtaposed so as to reverse roles. Trust, as the whole world turns, is but an orphan in the storm, it often seems, too frail and pathetic for even Diogenes to query in his search for the honest man.

"The end of history" means, I believe, the end of the horrid, self-annihilating strife which has been the lot of humankind since before history began. The winter of our discontent is maybe finally passing on, and the season of renewal, of flat-out concupiscence, is at hand. As springtime comes, the ice of night giving way to gentle happy growth in the day, calm, kindly Francis Fukuyama asks us to remember to trust the very most real thing we have: Something there is that does not love a wall.

