

September 29, 2016 | By Nancy Murphy

Addressing social and political inequality at home and mobilizing allies to counter global threats are challenges for the next president of the U.S., Stanford expert says.



This is an installment of **Wide Angle: Election 2016**, a Stanford media series that offers scholarly, non-partisan perspectives on the forces shaping the election.

An interview with Stanford political scientist **Frank Fukuyama**.

Given the complex array of political, economic, and social challenges facing the U.S., what issues and options should feature in today's political debate? From populism and inequality to domestic and foreign policy, Stanford political scientist Francis Fukuyama identifies priorities for U.S. leaders.

The U.S., like most Western democracies, faces deep and complex structural changes at home and abroad. To explore these phenomena and their political, economic, and social implications, Worldview Stanford interviewed Francis Fukuyama, a political scientist and senior fellow at Stanford University. Fukuyama is the director of Stanford's Center on Democracy, Development, and the Rule of Law and studies the development of political institutions in countries around the world.

Populism appears to be on the rise in the U.S. as well as globally. What's behind this trend and what might that mean for the 2016 presidential election?

The United States is going through something that is happening in other rich industrialized democracies. We've gone through this long period of deindustrialization where a lot of working class jobs, especially in manufacturing, have moved to Asia and to other parts of the developing world.

We've also moved into this highly globalized, very mobile world where people can move across international borders, ideas, images, TV, and the like. That's very disorienting to people. In the United States, because we tend to have a smaller welfare state than in Europe, people were largely left on their own after job loss and social disruption. I think that's led to some very acute social problems in those working class communities that suffered.

The 2008 crisis didn't cause, but exacerbated a lot of these pre-existing trends. Who held subprime mortgages? It was basically low-income working class people who were first-time homeowners. They're the ones that suffered the most immediate job loss and therefore they were the ones whose lives were the most disrupted. Wall Street recovered within two, three years of that crash, but the rest of the population didn't. I think that has contributed to the over-

all sense of anger in this country.

By the way, when we talk about these economic facts, there's also a big social dimension, which people don't talk about. Just as in the African American community back in the 1970s and 80s job loss led to increases in single parent families, of drug use, rising levels of crime—that's also been happening in white working class communities all over the United States.

There are some differences. There is a methamphetamine or opioid epidemic there instead of crack cocaine. But there's a social breakdown that goes way beyond just these bland statistics about employment rates and the like.

Actually I am more surprised that it took this *long* for this phenomenon to emerge than the fact that it emerged because we had a really big financial crisis back in 2008, in which certain elite policies really hurt ordinary Americans. It should make sense that there would be populism. I think we're just now seeing a delayed reaction.

How is rising inequality, broadly defined, changing the political landscape and what implications do you see for public policy?

Inequality has increased pretty dramatically in the last 40 years in the United States. Economists use something called a Gini coefficient to measure it— basically a ratio of the higher income earners to the lower ones. There's no question that it's gone up very substantially. The top 1 percent used to take home something like 9 percent of total GDP in the US back in the 1960s. By the 2008 financial crisis, that had increased to over a quarter.

The basic dividing line is whether you've had a college education or not, which is roughly a third of the country. They've seen improvements in social problems related to family, stability, crime, and security in the last 25 years. But for people with a high school education or less, the bottom has fallen out. Because the U.S. tends to have less of a social safety net than other countries do, that's contributed to a general sense of political malaise.

The way this plays out in politics is a bit complicated, because the poorest of the poor are not the most politically active. In most societies, they're actually pretty passive politically because they don't organize well and they're too busy surviving day to day to actually get that heavily involved.

The biggest backlash, resentment and fear are coming from those who feel that they're part of the middle class but are in danger of falling downwards into genuine poverty. Fear of losing one's social status, I think, explains a lot of the anti-immigration, anti-globalization sentiment in the United States and Europe.

I think that part of the solution to our current problem is thinking through sustainable forms of social policy that will actually help people who are less well off without breeding excessive dependency or demotivating people from working.

This gets to questions about how much of your success is due to your own hard work and talents and efforts and how much of it is due to society, as well as how much the government ought to help people who are less well off. These unfortunately are very ideologized and polarizing issues. I think it's patently obvious that your outcome in life is a combination of things

that you have control over and things you have absolutely no control over.

We need to move beyond this polarized view that it's one thing or the other and realize that there are structural problems with job loss that are really undermining people's life chances. If you're going to rectify that, you have to do it in a way that minimizes the impact on personal responsibility. You have to keep constantly reminding people that fundamentally, there are important parts of their lives that they can really affect.

I think that this election has been a good thing in the sense that both candidates and both parties are now paying attention to the problem of inequality in a way that is quite different from where they've been traditionally.

In 1995, you published a book on *Trust: The Social Virtues and The Creation of Prosperity*. Has our trust in political leaders and institutions changed and what might that mean for the future?

Someone mentioned this concept that I had not heard of previously called a post-truth society in which it's possible to assert things that have no factual basis. People will criticize and fact check it, but that makes no difference whatsoever. Large numbers of people will keep asserting it and large numbers of people keep believing it even if it's not true.

That's an effect that's going to last way beyond the election. I think that once you breach these norms, you're in this undefined territory where anything can go. I don't think we've plumb the depths of that unfortunately.

I think that a post-truth society is a reflection of something deeper which is a basic lack of authority or the decline of authority of institutions across the board. This is not just in the United States. This is in Europe and other places as well. If you think about the things that defined our society, they were corporations, labor unions, the family, churches, political parties. These are the things that structured our social and political lives.

If you look at polling data over the last 40 to 50 years, every single one of those institutions has seen a decline in the number of people saying they trust those institutions. The causes of this are complicated. I think technology plays a role because a lot of these institutions have actually become much, much more transparent. When people actually see the way that they function in reality, they don't like it. Even though there's actually been no change.

For example, I suspect if you actually look at police shootings over time, it's been declining along with the crime rate over the last 30 years. Now that you've got body cameras and people with smartphones, it's much more visible because ordinary citizens can take videos of what's been happening. I think that's something that's been going on across the board and has led to the steady erosion of confidence in public institutions.

Given this erosion in trust and confidence, how resilient is the U.S. democracy today? What could we change about our system to make it more effective and functional?

I think that democracies really have three separate sets of institutions. You have to have a state. That's what really does things; it exercises power. Then you have to have the state

limited by both the rule of law and by democratic accountability. If you compare the United States to other rich democracies, we are different, because we emphasize the institutions of constraint much more than we emphasize the power-exercising institutions.

For deep historical reasons, the American constitution created this system of checks and balances in order to limit government power. It also means that the government cannot get things done like infrastructure. Both parties acknowledge that repairing the interstate highway system, roads, bridges, airports, and so on have been in deficit for a long time.

I think that is due to the structural problems in our political system combined with a highly polarized electorate. In the future, what do you do about this? You can change the institutions. But you can also remove some of the barriers to decision making.

For example, right now, every one of the 100 senators can put a hold on any executive branch appointment or judicial branch appointment. There's a backlog of agency heads, assistant secretaries, and federal judges that are just sitting in the Senate because somebody has blocked their appointment. That's easy to get rid of.

I would get rid of the routine use of the filibuster, which means that basically a minority of 40 senators can block any piece of legislation they want.

Then more fundamentally, I would move to a different budgeting system that's much more hierarchical and top down where a small group of people negotiates a budget and then it's voted up or down like we did with the military base realignment and closing commission.

Finally, in the electoral system, you can change the voting rules that would make it easier for third parties to enter politics so that we give people an alternative to the Republicans and the Democrats.

The social dimension is much harder to fix. Part of the reason that Congress can't do anything is because the American people themselves are very divided on what to do. Unfortunately, that may be a long-term situation. American citizens see the world in very different ways and our system is going to continue to reflect that.

I think that as long as you've got this system that is broken in certain fundamental ways, you're going to get a continuation of populist candidates or people proposing outlandish solutions to these problems. That is a reflection of how hard the system is to change.

On the foreign policy front, the campaign debates have focused largely on terrorism and national security, the effects of globalization, and trade. What do you see as the biggest challenges that the next president is likely to face?

I have an opinion about terrorism that's not shared by a lot of Americans, which is that, in the end, it is not really an existential threat. I think that existential threats are posed by countries or civilizations that have organized states and that can accumulate massive power. What ISIS can do is shoot up civilians in a café, which is a sign of their underlying weakness.

The big problem with terrorism right from the beginning has always been our reaction to it. In my view, we overreacted to September 11th by invading Iraq, which has brought terrible and

unanticipated consequences. It also meant that we were ready to surrender our civil liberties in the quest for security.

In the meantime, we're not paying attention to larger problems. I think that the rise of China is probably the biggest long-term challenge of the international system as a whole. China is a really big and powerful country that can make use of the highest levels of technology. They are likely to be richer than the U.S. in another 10-15 years and then the world is going to look really different. Unfortunately, we've not given very much thought to how to adjust to a world like that, because of the focus on terrorism.

Russia, like China, is a big authoritarian power but it poses a more conventional threat, especially to all of the countries on its borders: Ukraine and Georgia and the Baltic States. But Russia has many more weaknesses than China. It's completely energy-dependent and has fallen into a recession and budget problems because of the collapse of energy prices. That doesn't mean that in the short term it's not going to be an acute threat to its neighbors.

I think the next president has a very difficult foreign policy challenge, because in my view, global stability really does depend on maintaining existing alliances and commitments and then counterbalancing different kinds of threats in an appropriate way. There is definitely a terrorist threat from ISIS. There's also a great power challenge from Russia and China. In order to deal with that, you need allies. You need friends that are willing to work with you around the world.

The problem is that we are really in an isolationist period. That's coming from both parties and both sides of the political spectrum. The sentiment—that the United States just needs to take care of its own people and stop worrying about all these other places—is misguided. The next president is going to have to figure out a way to explain to the American people why this idea continues to be important.

If you could recommend three books to the next President of the U.S., what would they be?

I can recommend three books that are very informative on the question of the traditional white working class, which is at the center of populism and a lot of what's been going on in this election.

One is *Coming Apart: The State of White America* that was written by a conservative, Charles Murray several years ago. Another is a book by Robert Putnam, a liberal social scientist at Harvard called *Our Kids*. These books offer a lot of data and basically tell the same story about the decline of the old working class. Putnam argues that class has become the single most important dividing line, much more important than gender, than race, than ethnicity, than religion in the United States.

Then there's a more personal memoir by J. D. Vance called *Hillbilly Elogy*, which is about a guy who grew up in in Kentucky and southeastern Ohio. He comes out of a Scotch-Irish part of the country where nobody goes to college. He managed to break free of that and ended up at Yale Law School. It's a fascinating account of what it's like to live in that kind of a com-



munity and how severe its problems are with broken families, drug use, crime, and associated social ills. And how completely cut off well-educated people living in places like Palo Alto, California are from people that live in those parts of America. *

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