

## The Last Man and the Future of History

*Francis Fukuyama, Charles Davidson, & Jeffrey Gedmin*

*TAI Chairman Francis Fukuyama looks back on his famous essay thirty years later—and looks ahead to the challenges facing the West tomorrow.*

**TAI:** This year marks the 30<sup>th</sup> anniversary of your famous essay, “The End of History?” But few of your critics pay any attention to the “Last Man” thesis that you developed in the book based on the essay. Can you talk about that idea—what it means and how it speaks to today’s challenges?

**Francis Fukuyama:** The whole “Last Man” section is about what could go wrong with democracy in the future. One of the issues is that if you simply have a society that’s stable, prosperous, and peaceful, people don’t have anything to aspire to. That aspiration—what I call megalothymia, the desire to be recognized as greater than other people—doesn’t get satisfied. You have to have outlets for this, and if you can’t struggle for justice, as in prior history, then you’ll struggle for injustice.

If you think about the current world, it’s kind of crazy that we’re having all this anxiety, anger, and populism. First of all, there’s no major war, there’s no major crisis going on anywhere in the western world. Sure, incomes are flat, but we could be in the Great Depression when incomes fell 25 percent. There’s no disease; there are no Martians over the horizon. You look at a country like Poland, which was the fastest growing EU country in the ten years prior to the rise of the Law and Justice Party, and you ask: What do they have to be upset about?

Part of my book’s point was that there are plenty of sources of discontent other than serious insecurity or serious material privation, which really have to do with people’s feelings of dignity. People will not be satisfied with endless consumerism and buying the new iPhone every 18 months, because they actually want to be recognized for something. I do think that critics failed to recognize how I said that nationalism and religion would not disappear from the world, and could come back to bite us.

**TAI:** Could you say a little bit more Central and Eastern Europe in this context? It’s not just Poland where we see this trend of greater prosperity and greater discontent.

**FF:** Well, you have an entire generation now that had no adult experience of communism. If you’re living under an authoritarian political system, you understand what real tyranny is, right? I took my students last year to see *The Lives of Others*, the film about the Stasi in East Germany. It was funny watching their reactions, because they don’t even remember September 11<sup>th</sup>, and they had no experience of totalitarianism, so to see a real police state was shocking.

I think that people who were adults in that period are really grateful that they’re living in a democracy. But you’ve got this entire younger generation that didn’t have that direct experience, and so they can say things like “Brussels is the new tyranny,” which is ridiculous.

I also believe Ivan Krastev. He wrote a piece which argued that Eastern Europe never went through social liberalization the way that Western Europe did. They pretended everything was fine in terms of race, ethnicity, and tolerance under communism, but that's only because a repressive state kept all that under wraps. Whereas if you think about Germany, they actually taught a couple of generations about the Holocaust and the need for tolerance and different kinds of social norms. It was a really wrenching experience, to the point where some of them even got annoyed at being constantly lectured about how bad they were. None of those Eastern European countries did that kind of cleansing of themselves. There was some lustration but it really wasn't the same thing.

**TAI:** Why did we miss that opportunity?

**FF:** It's like communism froze in aspic those societies for the time that it was ruling them. There was no immigration in any of those countries in that whole period, whereas it was happening in a big way in places like the Netherlands and France. Then all of a sudden the wraps come off in 1989 and they inherit the society that had existed in 1945. But in the meantime, Western Europe had moved on considerably.

**TAI:** If you go back to 1989 and the period that followed, what were our assumptions and choices that seem wise and effective, and what did we get wrong?

**FF:** Well, I've been reading Bill Burns's autobiography, who I worked for when he was in Policy Planning and James Baker was Secretary of State, so it's been a big nostalgia trip. And I must say that reading about Bush 41 makes you want to cry because those people were so confident. Obviously they made mistakes, but the general moderation, and this realization that this was going to be a really traumatic experience for the Soviet Union and they didn't want to rub salt into the wounds, was commendable.

In fact, I remember at the time that those of us in Baker's group at State were having a big fight with Condi Rice and Brent Scowcroft at the White House, because they wanted to move even more slowly, and we felt that they didn't understand the underlying social dynamic and pressure from civil society for a revolutionary change. On that part I think we were right, but they eventually got there. And just reading that account, and thinking about the care with which something like German unification was handled, made me say to myself, "Boy, we were sure lucky that these people were in charge."

Afterward. I think there were some real mistakes. One of the biggest was the economic advice that we gave the Russians after the break-up of the Soviet Union. I think it was a case of dizzy-with-success syndrome, where we thought that they could just get rid of all these state structures and things would take care of themselves, the markets would form spontaneously. I think that Jeff Sachs and all of those guys who went over at that time were selling them a bill of goods.

In retrospect, if they had gone slower in terms of privatization; if they had worried about building up a state, things might have been different. This has become my research agenda ever since, because I now understand the importance of having a strong state that can actually do things like hold an auction of an SOE fairly and not sell it off to insiders. At that time nobody in Washington cared about that.

The second thing is NATO enlargement, which I still don't know what to think about. Bill is actually quite skeptical about whether that was a good idea and says he was arguing against it at

the time. It's one of those counterfactuals that no one can ever settle. You can certainly see how it fed a lot of Russian resentment. I gather that Baker and Bush had at least made informal assurances that they would not expand NATO. What makes me not sure is what the Eastern Europeans were arguing to us at the time—that it wouldn't make any difference to the Russians. You behave moderately towards them now, but the moment they get stronger they're just going go back to their old habits. Maybe that was right.

**TAI:** That brings us to democratic retreat and authoritarian resurgence. You've been involved with state-building and democracy promotion efforts in Ukraine and Georgia. Any wisdom you can share?

**FF:** Well, I think Ukraine is the single most important front of this war against authoritarian expansion. That's why I've gotten involved. Clearly it matters a lot to Putin that Ukraine does not succeed as a democracy. He wants to show that all of these color revolutions lead to anarchy, and so he's perfectly happy to see Ukraine floundering. Therefore I think they have to show that they can and have made progress. Ukraine is a major European country and if it ends up going back toward the Russian orbit, or if it doesn't solve its corruption problems, that's not going to bode well for democracy in Europe as a whole.

**TAI:** Can Ukraine succeed so long as there's a government in Moscow that's committed to its failure?

**FF:** I think it can. At Stanford we just hosted Ukraine's Deputy Minister of Economic Development and Trade. She was saying that, in a way, the Russian boycott and hostility to Ukraine was great for Ukraine because their trade had been 90 percent dependent on Russian markets and now it's reversed—it's 90 percent dependent on Europe and the United States. That's put them in touch not with corrupt Russian oligarchs but modern Western companies.

Similarly, I think the annexation of Crimea and the invasion of the Donbas was actually good for their national identity. This is Charles Tilly's old social science theory about war making the state and the state making war. A lot of Ukrainians didn't understand themselves as being all that different from Russians before the war, but now they have a sense of being different; they want to protect their independence.

I'm optimistic in the long term because of my own personal experience. We try to train young Ukrainian reformers and get them to network with one another, and I'm always amazed how many of them there are. They're well educated; they really want to be European, so I think that it's a generational issue. The Soviet generation is getting off the stage now, and once these people that are in their thirties forties and forties now take over, the country's got a chance.

**TAI:** Many people speak now about great power competition with Russia. Do you see it that way?

**FF:** I wrote my dissertation on Soviet foreign policy in the Middle East, and the whole thrust was to show how cautious the Soviet leadership was. They would make threats to intervene but they'd always wait until the crisis had really passed so that they wouldn't have to follow through on it. And although they sent weapons and advisors they rarely put their own troops in harm's way.

Putin has completely thrown that out the window in a country that's a third the size of the former Soviet Union. Certainly the military balance between Russia and NATO is a lot worse from a material standpoint than it was during the Cold War. So first, he's a huge risk taker. Sending troops to Venezuela, for example, is totally crazy. If we really wanted to, we could swat that back so easily. I think he'll get his comeuppance at some point.

But the other part is this asymmetric warfare, where he's used his limited resources in a really clever way, through election interference and the use of the internet. They figured this stuff out way before anybody else in the West did, and they're way ahead of the Chinese in their ability to exploit the internal divisions of Western societies.

**TAI:** You say that Putin's a risk taker. Is Donald Trump a risk taker?

**FF:** No. I don't see that Trump's taken any big risks—certainly not anything that involves the potential use of force. He's shot some missiles in Syria, but Obama should've done that. That was an extremely low-risk venture.

I do give him credit in a couple of cases. The one where I think most people would agree is the trade policy towards China. That's risk taking, in a way, because when you threaten tariffs you really could get major reciprocation and an escalating trade war. That may still happen, but I actually think it was necessary to do something like that. I actually had this discussion with Larry Summers recently; I said, "That's what you guys should've done back in the 2000s, or under Obama." The Chinese just weren't scared of us up until this point.

The other area where I think the Trump Administration probably did the right thing was toward North Korea, because they were really ready to go to war. There were concrete plans for different kinds of military operations. I think that both the North Koreans and Chinese saw that this was happening and that's what led to the summit. It hasn't produced a result yet that makes it worth it, but that did amount to taking a risk.

**TAI:** You mentioned a few areas where you see virtue in Trump's foreign policy. Where do you see problems and liabilities?

**FF:** That's just so easy. You have a President who changes his mind every other day. Credibility matters for something, and Trump's got no credibility on anything. I don't see how anyone can do a deal with him because the moment that you think you've got a deal, he starts changing the terms. This U.S.-Mexico-Canada deal looks like it's about to fall apart for this reason.

The basic values issue is serious, too, because the United States used to stand for democracy globally and it doesn't anymore. It's clear that Trump just doesn't give a damn about democracy. It also leads to an incoherent foreign policy. I said the China policy is good, but what he ought to be doing is getting all of the Europeans and Japan to line up to put pressure on China at the same time. Instead he's attacking all these potential allies and doing trade offensives against all of them simultaneously. That doesn't make any strategic sense at all.

**TAI:** What do you make of Trump-Russia?

**FF:** I've always thought his behavior was bizarre, even in terms of his own self-interest. The moment the election interference stuff came out he should have said, "This is outrageous; this is completely unacceptable. Even if they're trying to help me, as an American I think that they shouldn't be allowed to do this." And instead, he does the opposite. In fact, he plays the part of

Moscow's man in Washington so well that it actually makes you think it's not true—because if the Russians really were cultivating a Manchurian candidate they wouldn't get somebody that's so obvious about it.

I think he's probably the most selfish individual I've ever encountered in public life, but even given that, he doesn't calculate his own self-interest well in a lot of cases, because his narcissism gets in the way. I think Russia is one of those cases.

**TAI:** After Trump, what advice would you give the new American President to help restore American credibility and the cohesion of our alliances?

**FF:** Well, I'm not sure that that's going to be such a hard thing, because I think our allies really didn't have an alternative to the relationship with us. The Europeans aren't going to go to China and Russia because they can't get what they want out of Washington. Everybody's just been waiting and hoping, and a lot of Americans are saying to these allies, "just be patient; this guy's only there for four years and then things will go back to normal."

I think the big problem is that he's now mobilized a lot of his base to be, for example, pro-Russian in a way that they weren't before he became President. We'll have to see whether the Republican Party has now reverted to the kind of isolationism that characterized it in the 30s and 40s. That's a big danger.

But the biggest change is not so much about what the President says, or what the Secretary of State does; it's American society. For many of our allies, American society has evolved into something that they just don't understand and find really scary.

When we started *The American Interest*, it was in the aftermath of the Iraqi invasion when Europeans were saying "Boy, these people come from Mars; we really do not understand what's driving them." That's always been part of the purpose of the magazine, to try to bridge that gap in mutual understanding. But if you thought we were crazy then, well, now we've gone off the charts.

**TAI:** Is it possible the Democratic Party will embrace its own version of protectionism and isolationism?

**FF:** Yeah, it's certainly possible. That's a big temptation. A lot of the Democratic presidential candidates have been outbidding each other, just like in the French Revolution. Nobody wants to be outflanked on the left, and that's dangerous.

I think the countervailing force is just that they really want to win this election, and a lot of Democrats believe that if they shift too far to the left then that's going to help Trump. But the trouble is that nobody is in control of either party right now. There's nobody that can say, "We have to make these kind of strategic calculations and come up with this kind of candidate."

**TAI:** Are political parties in trouble now across the West?

**FF:** Yeah, I would say they are. American parties have been in decline for a long time, by which I mean there's no core group within the party that can make decisions on its behalf. It's all about external donors and whoever manages to win these demolition derbies called primaries, but the party apparatus itself really has very little power.

Britain was a classic Westminster system. You have a two party-system reinforced by a first-past-the-post electoral system that produces two disciplined parties and a Prime Minister who is a kind of elected dictator. With Brexit this has completely gone out the window, because both parties have these internal cleavages and so the leaders of the Tories or Labour can't discipline their own members. In Germany, same thing, the SPD has lost 20 percent of its electorate since the 1990s. The French Socialist Party has disappeared.

**TAI:** You were in Europe recently on tour for your newest book, *Identity*. What kinds of questions were people asking there?

**FF:** The biggest question is whether modern democracies need a national identity. In Europe a lot of people on the Left don't think that's necessary. They think that national identity inevitably leads to nationalism and aggression and exclusion and all of these bad things.

On the Right, you get people who do think national identity is important but they want to go backwards and reinforce an ethnic understanding of identity that excludes people. What I don't really see is a centrist position that says yes, you should think about national identity but it has to be a democratic and an open one. Whether that's possible in Europe was a central issue that I was discussing in every country that I visited.

**TAI:** How do you think these identity questions are playing out in the United States compared to Europe?

**FF:** I think that overall we are in a better position than the Europeans, because we really did, after a long struggle, develop what I call a creedal or civic identity. By the end of the civil rights movement it was an identity that wasn't based on race or ethnicity but on belief and basic American principles.

But I think that's under threat. From the Right you have, if not Trump himself, a lot of his supporters who would like to restore this old idea that Americans are basically white people. And on the Left, you have a different problem. You get people who don't believe that there's a shared identity, or that it's all about racism, patriarchy, and colonialism; there's no positive story you can tell about the United States. Both of those positions take a less extreme form in the United States than in Europe, but it's happening here too.

**TAI:** One thing we haven't talked about is corruption and kleptocracy, and the enabling role the West plays for authoritarian regimes. Could you talk about that as a threat to democracy?

**FF:** What strikes me is how the free market ideology of the Reagan years ended up justifying tax havens. Rich people never want to pay taxes, nobody does, but they used to make a principled argument against taxes. This took the form of the Laffer Curve and all sorts of theories about how low rates of taxation were good for economic growth, or that if we pay taxes the government will just waste them on some pointless social program.

Now you have the proverbial nameless rich American who, say, established a charitable foundation, has funded a lot of good causes, but lives on a little island in the Caribbean because he doesn't want to pay American taxes. And I don't think he feels bad about it. He says, "Tax rates are too high in the United States, so why should I pay them?" And it's perfectly legal to live in a tax haven.

The political obstacle is that people actually don't want enforcement of these rules. They want private banking divisions of investment banks to help them hide their money from the taxman. I think that Reaganism, or Thatcherism, gave them a principled justification for doing this. It wasn't just, "well, I should be richer than I am," but this idea that it was unjust to tax productive people.

**TAI:** But it seems like something's different from 25 and 50 years ago, that these issues have come into sharper relief.

**FF:** Well, I think capitalism always worked well when it was balanced by a sense of social responsibility and an awareness that capitalist institutions were embedded in a larger society that had norms, that put boundaries around certain kinds of behavior.

Paul Collier, the development economist at Oxford, has just written a very nice book, *The Future of Capitalism*, which makes this point about the nature of the firm. Back in 1970, Milton Friedman published a widely cited article that said the only business of a company is to benefit its owners. Collier argues that you have a whole couple of generations of business school students who have internalized this notion, and that's led to squeezing employees, getting every last drop of pay out of them, cutting their benefits, using political power to prevent them from unionizing, and so forth.

And capitalism wasn't always like that. Especially in Germany and Japan after the Second World War, the business elites realized that they had been feeding an incredibly adversarial relationship with their workers in the interwar period and that if they were actually going to have social peace and democratic political systems, they had to accept sharing the wealth a little bit. I think American capitalists were like that in an earlier generation too.

**TAI:** If these are matters of habits and values, behavior and culture, then how do we change things for the better?

**FF:** Part of it is going to be a natural political adjustment. You're now seeing ideas that have not been articulated on the Left for a long time, like a 70 percent upper tax bracket, or breaking up Google and Facebook. Six months ago this would have seemed unthinkable, but now a lot of people are jumping on that bandwagon. I think there will be a big shift in the Overton Window in terms of economic policy. At the left edge of the window it's going to go too far, but the middle of the window may find a place that's appropriate.

I think what's missing is a good articulation of a moral basis for doing all of this. There is a moralism on the Left, but what the Left really needs is a political entrepreneur to articulate exactly what kind of society you want to have emerge as a result of these economic policies. I haven't seen that articulated yet.

**TAI:** Let's come full circle, back to 1989. How do you inculcate a sense of that year and its meaning—what we're fighting for and what we're fighting against—to a new generation that never experienced it?

**FF:** The only thing you can do is teach history, and we don't do that very well. There are plenty of things I'm only aware of thanks to my study of history. For example, the interwar generation that went through the Great War had a very different moral experience from the Second World War generation. At least for the Americans and Brits, the Second World War was an elevating

moral struggle where they stood up against tyranny, they won, and democracy triumphed. But the First World War is a completely different animal. It undermined bourgeois morality, because you had all these young men who were fighting for king and country and then they went off into a meat grinder and at the end there was no point to it all. And so you have a much more nihilistic outcome.

I didn't experience that, and the only way I can appreciate it is by reading about it and thinking imaginatively about what it would have been like to be a soldier, or to have lived through that period. A lot of it has to be done through fiction. I remember reading Erich Maria Remarque's *All Quiet On The Western Front* back in high school and being completely traumatized by the book. I think it's possible to keep memory of these things alive.

*Editor's Note: This transcript has been edited for clarity.*

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