

Western Civilisation: Decline – or Fall?

John Mauldin | March 5, 2012

I had my nose in Niall Ferguson's newest book, *Civilization: The West and the Rest*, at every possible moment during my recent trip to Hong Kong and Singapore. It's powerful and very, very timely, and I strongly recommend it. To help get the word out, I asked Niall for a short, somewhat personal piece on the thinking behind the book – in other words, what moved him to write it?

What you're going to find in the piece below for this week's Outside the Box, as well as in the book, is an author who is very concerned about our civilization's prospects – and unafraid to say so. I mean, the last time I looked, "saving the world" had gone distinctly out of fashion. And then, and then, we all grow up and get pretty focused and incremental about things: if we can just address the problem or three right in front of us, we're reasonably content.

But leave it to a Harvard history professor to break out of the box and go tilting at the big picture. And when you think of it, we're all pretty concerned at this point, however we frame the issues. Everywhere we turn, it seems, we find the forces of polarization and dissolution gnawing at our social fabric, and Yeats' fateful line about the center not holding starts to feel uncomfortably prophetic. Maybe it's about time we all thought bigger and worked harder at getting along, while we still can.

Niall turns to a notion put forth by the social scientist Charles Murray, who has called for a "civic great awakening" – a return to the original values of the American republic. We could do worse.

I want to congratulate Niall and Ayaan on their new baby, Thomas Hirsi Ferguson! May he grow up in a world that is flourishing.

Your holding out hope for our future analyst,

John Mauldin, Editor
Outside the Box

Western Civilisation: Decline – or Fall?

By Niall Ferguson

As a freshman historian at Oxford back in 1982, I was required to read Edward Gibbon's *Decline and Fall of the Roman Empire*. Ever since that first encounter with the greatest of all historians, I have pondered the question whether or not the modern West could succumb to degenerative tendencies similar to the ones described so vividly by Gibbon. My most recent book, *Civilization: The West and the Rest* attempts an answer to that

question.

The good news is that I do not believe that Western civilization is in some kind of gradual, inexorable decline. In my view, civilizations do not rise, fall, and then gently decline, as inevitably and predictably as the four seasons or the seven ages of man. History is not one smooth, parabolic curve after another. The bad news is that its shape is more like an exponentially steepening slope that quite suddenly drops off like a cliff.

To see what I mean, pay a visit to Machu Picchu, the lost city of the Incas. In 1530 the Incas were the masters of all they surveyed from the heights of the Peruvian Andes. Within less than a decade, foreign invaders with horses, gunpowder, and lethal diseases had smashed their empire to smithereens. Today tourists gawp at the ruins that remain.

The notion that civilizations do not decline but collapse inspired the anthropologist Jared Diamond's 2005 book, *Collapse*. But Diamond focused, fashionably, on man-made environmental disasters as the causes of collapse. As a historian, I take a broader view. My point is that when you look back on the history of past civilizations, a striking feature is the speed with which most of them collapsed, regardless of the cause.

The Roman Empire did not decline and fall over a millennium, as Gibbon's monumental work seemed to suggest. It collapsed within a few decades in the early fifth century, tipped over the edge of chaos by barbarian invaders and internal divisions. In the space of a generation, the vast imperial metropolis of Rome fell into disrepair, the aqueducts broken, the splendid marketplaces deserted. The Ming dynasty's rule in China also fell apart with extraordinary speed in the mid-17th century, succumbing to internal strife and external invasion. Again, the transition from equipoise to anarchy took little more than a decade.

A more recent and familiar example of precipitous decline is, of course, the collapse of the Soviet Union. And, if you still doubt that collapse comes suddenly, just think of how the postcolonial dictatorships of North Africa and the Middle East imploded this year. Twelve months ago, Messrs. Ben Ali, Mubarak, and Gaddafi seemed secure in their gaudy palaces. Here yesterday, gone today.

What all these collapsed powers have in common is that the complex social systems that underpinned them suddenly ceased to function. One minute rulers had legitimacy in the eyes of their people; the next they did not. This process is a familiar one to students of financial markets. Even as I write, it is far from clear that the European Monetary Union can be salvaged from the dramatic collapse of confidence in the fiscal policies of its peripheral member states. In the realm of power, as in the domain of the bond vigilantes, you are fine until you are not fine—and when you're not fine, you are suddenly in a terrifying death spiral.

The West first surged ahead of the Rest after about 1500 thanks to a series of institutional innovations that (to entice younger readers) I call the "killer applications":

1. *Competition*. Europe was politically fragmented into multiple monarchies and republics, which were in turn internally divided into competing corporate entities, among them the ancestors of modern business corporations.
2. *The Scientific Revolution*. All the major 17th-century breakthroughs in mathematics, astronomy, physics, chemistry, and biology happened in Western Europe.
3. *The Rule of Law and Representative Government*. An optimal system of social and political order emerged in the English-speaking world, based on private-property rights and the representation of property owners in elected legislatures.
4. *Modern Medicine*. Nearly all the major 19th- and 20th-century breakthroughs in health care were made by Western Europeans and North Americans.
5. *The Consumer Society*. The Industrial Revolution took place where there was both a supply of productivity-enhancing technologies and a demand for more, better, and cheaper goods, beginning with cotton garments.
6. *The Work Ethic*. Westerners were the first people in the world to combine more extensive and intensive labor with higher savings rates, permitting sustained capital accumulation.

For hundreds of years, these killer apps were essentially monopolized by Europeans and their cousins who settled in North America and Australasia. They are the best explanation for what economic historians call “the great divergence”: the astonishing gap that arose between Western standards of living and those in the rest of the world. In 1500 the average Chinese was richer than the average North American. By the late 1970s the American was more than 20 times richer than the Chinese.

Westerners not only grew richer than “Resterners.” They grew taller, healthier, and longer-lived. They also grew more powerful. By the early 20th century, just a dozen Western empires—including the United States—controlled 58 percent of the world’s land surface and population, and a staggering 74 percent of the global economy.

Beginning with Japan, however, one non-Western society after another has worked out that these apps can be downloaded and installed in non-Western operating systems. That explains about half the catching up that we have witnessed in our lifetimes, especially since the onset of economic reforms in China in 1978.

I am not one of those people filled with angst at the thought of a world in which the average American is no longer vastly richer than the average Chinese. I welcome the escape of hundreds of millions of Asians from poverty, not to mention the improvements we are seeing in South America and parts of Africa. But there is a second, more insidious cause of the “great reconvergence,” which I do deplore—and that is the tendency of Western societies to delete their own killer apps.

Who’s got the work ethic now? The average South Korean works about 39 percent more hours per week than the average American. The school year in South Korea is 220 days long, compared with 180 days in the U.S. And you do not have to spend too long at any major U.S. university to know which students really drive themselves: the Asians and Asian-Americans. The consumer society? 26 of the 30 biggest shopping malls in the

world are now in emerging markets, mostly in Asia. Modern medicine? As a share of gross domestic product, the United States spends twice what Japan spends on health care and more than three times what China spends. Yet life expectancy in the U.S. has risen from 70 to 78 in the past 50 years, compared with leaps from 68 to 83 in Japan and from 43 to 73 in China.

The rule of law? For a real eye-opener, take a look at the latest World Economic Forum (WEF) Executive Opinion Survey. On no fewer than 15 of 16 different issues relating to property rights and governance, the United States fares worse than Hong Kong. Indeed, the U.S. makes the global top 20 in only one area: investor protection. On every other count, its reputation is shockingly bad. The U.S. ranks 86th in the world for the costs imposed on business by organized crime, 50th for public trust in the ethics of politicians, 42nd for various forms of bribery, and 40th for standards of auditing and financial reporting.

What about science? U.S.-based scientists continue to walk off with plenty of Nobel Prizes each year. But Nobel winners are old men. The future belongs not to them but to today's teenagers. Here is another striking statistic. Every three years the Organization of Economic Cooperation and Development's Program for International Student Assessment tests the educational attainment of 15-year-olds around the world. The latest data on "mathematical literacy" reveal that the gap between the world leaders—the students of Shanghai and Singapore—and their American counterparts is now as big as the gap between U.S. kids and teenagers in Albania and Tunisia.

The late, lamented Steve Jobs convinced Americans that the future would be "Designed by Apple in California. Assembled in China." Yet statistics from the World Intellectual Property Organization show that already more patents originate in Japan than in the U.S., that South Korea overtook Germany to take third place in 2005, and that China has just overtaken Germany too.

Finally, there's competition, the original killer app that sent the fragmented West down a completely different path from monolithic imperial China. The WEF has conducted a comprehensive Global Competitiveness survey every year since 1979. Since the current methodology was adopted in 2004, the United States' average competitiveness score has fallen from 5.82 to 5.43, one of the steepest declines among developed economies. China's score, meanwhile, has leapt up from 4.29 to 4.90.

Not only is the U.S. less competitive abroad. Perhaps more disturbing is the decline of meaningful competition at home, as the social mobility of the postwar era has given way to an extraordinary social polarization. You do not have to be an Occupy Wall Street activist to believe that the American super-rich elite—the 1 percent that collects 20 percent of the income—has become dangerously divorced from the rest of society, especially from the underclass at the bottom of the income distribution.

But if we are headed toward collapse, what will it look like? An upsurge in civil unrest and crime, as happened in the 1970s? A loss of faith on the part of investors and a sudden

Greek-style leap in government borrowing costs? How about a spike of violence in the Middle East, from Iraq to Afghanistan, as insurgents capitalize on our troop withdrawals? Or a paralyzing cyberattack from the rising Asian superpower we complacently underrate?

Is there anything we can do to prevent such disasters? Social scientist Charles Murray calls for a “civic great awakening”—a return to the original values of the American republic. He has a point. Far more than in Europe, most Americans remain instinctively loyal to the killer applications of Western ascendancy, from competition all the way through to the work ethic. They know the country has the right software. They just cannot understand why it is running so damn slowly.

What we need to do is to delete the viruses that have crept into our system: the anticompetitive quasi monopolies that blight everything from banking to public education; the politically correct pseudosciences and soft subjects that deflect good students away from hard science; the lobbyists who subvert the rule of law for the sake of the special interests they represent—to say nothing of our crazily dysfunctional system of health care, our overleveraged personal finances, and our newfound unemployment ethic.

Then we need to download the updates that are running more successfully in other countries, from Finland to New Zealand, from Denmark to Hong Kong, from Singapore to Sweden. And finally we need to reboot our whole system.

Voters and politicians alike dare not postpone the big reboot. If what we are risking is not decline but downright collapse, then the time frame may even be tighter than one election cycle.