

TRUST. THE SOCIAL VIRTUES AND THE CREATION OF PROSPERITY BY: FRANCIS FUKUYAMA

© **Akbar Valadbigi**, Ph.D. Candidate of Sociology, Yerevan State University (YSU)

Email: karvan74@gmail.com

© **Bagrat Harutyunyan**, Assistant Professor of Sociology, Yerevan State University (YSU), Armenia, Email: bagrat_harutyunyan@gfk.am

Francis Fukuyama, a noted Rand Corporation scholar, created quite a stir several years ago when he published *The End of History and the Last Man*. The title, of course, referred not only to the collapse of the Soviet Union following on the heels, half a century earlier, of the defeat of the Nazi Reich but also to the intellectual collapse of the Hegelian and, subsequently, the Marxist and historicist interpretations of political economics and of the Nietzschean and, subsequently, the Heideggerian and deconstructionist interpretations of culture. All of these strands of "historical-critical" understanding have, he argued, been exhausted, although for many, postmodern residues of Cartesian doubt remain the root of their hermeneutics of suspicion.

This book examines a variety of societies from the standpoint of one specific aspect of culture as it relates to economic life: the ability to create new associations. All of the cases treated in this book are economically successful ones. A good deal of its focus is on Asia, because much of it is in the process of moving up from Third to First World status, and culture is believed to be an important element of its success.

Certainly many other cultures around the world could have been included in this book, but every comparative study should make a trade-off between breadth and depth. In any case, the general analytic framework for understanding the various bridges to economic sociability has been established and can be applied to other societies.

Fukuyama has devoted the first chapter of his book to "On the human situation at the end of history". This chapter treats the widespread convergence that is taking place among political and economic institutions.

Most of this chapter is intended to define culture, trust, and social capital. This wants to explain how trust is linked to industrial structure and the establishment of the large organizations which take a great part in the economic welfare and competitiveness.

Part II and III treat two main links to sociability, the family and nonkinship-based communities Part II argues that there are four familistic societies: China, France, Italy, and South Korea. In each one, family constitutes the basic unit of economic organization; each has experienced difficulties in creating large organizations that go beyond the family and in each, the state has had to step in to promote durable, globally competitive firms.

Part III investigates Japan and Germany, which are two countries rich in trust, which in contrast to the familistic societies of part II, have had an easier time spawning large firms not based on kinship. Not only did such societies move early to modern professional management, but they have been able to create more efficient and satisfying workplace relations on the factory floor.

However, part IV discusses the complicated problem of where to situate the US in the spectrum of low and high trust societies. Where the American associational art comes from, and why it has been shrinking are the major issues taken up in this part. At last, part V draws some general concluding remarks with regard to the future of global society and the role of economic life in the wider landscape of human activities.

Chapter 2 argues that although macroeconomic policy is significant, it should be applied within a particular political, cultural, and historical context. Human beings always seek to obtain the largest possible amount of the things they think are useful to themselves, they do this in a rational way, and they make these calculations as individuals seeking to maximize the benefits to themselves before they think the benefit of the large groups they are members to.

According to Fukuyama, social capital has major consequences for the nature of the industrial economy that society will be able to create. If people who have to work together in an enterprise trust one another because they are all operating according to a common set of ethical norms, doing business costs less.

On the other hand, Fukuyama points out that those people who do not trust each other, will end up cooperation only under a system of formal rules and regulations, which have to be negotiated.

Widespread distrust in a society, imposes a kind of tax on all forms of economic activity.

Trust and Making Democracy Work offer intriguing answers to one of society's most fundamental and perplexing questions: what forms of economic and political organization optimize prosperity and liberty? Building on the work of James Coleman and others, Fukuyama and Putnam suggest that social capital, especially trust, develops through norms of reciprocity and successful cooperation in networks of civic engagement. Such trust plays a crucial and underappreciated role in fostering economic prosperity and making democracy work.

These pathbreaking books have helped shift discussion about the prerequisites for prosperity and democracy away from ideology and institutions, and towards cultural factors. Both Trust and Making Democracy Work find conventional explanations about the development of prosperity and democracy to be inadequate. They argue instead that -- though other contributory socioeconomic and institutional factors exist -- the most compelling explanation arises from cultural factors, such as values and virtues.

The fact that two social scientists from opposing points on the political spectrum analyze different case studies but report parallel findings about the importance of investing in social capital should make even the most jaded policymaker take note. At least rhetorically, both Fukuyama's and Putnam's ideas have received considerable notoriety, and each has had his fifteen minutes of fame in Washington policy circles.

If Fukuyama and Putnam are right about the importance of social capital, their studies have major implications for efforts to promote prosperity and democracy, a centerpiece of post-cold war U.S. foreign policy. At the bottom line, their studies indicate that market democracy cannot be built easily from the top down, as U.S. policy has attempted to do in the past. Rather, it must be built with social capital, especially trust. That suggests the need for a bottom-up approach, which has generally been beyond the reach of U.S. government programs.

Fukuyama's view received a great deal of comment and criticism. Historians said that what he calls historicism is not what they do.

Social theorists said that he prematurely wrote off radical ways of thinking by assuming that the dialectics of history are concluded and that liberal democracy is spreading everywhere. This criticism was often accompanied by the presumption that if one did not embrace the critic's view of things, one must be either a reactionary trying to impose premodern modes of thought on contemporary conditions or an advocate of bourgeois, Western, imperialist capitalism.

In Fukuyama's new work, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free, 1995. 447 pp. \$25.00), we find a suggestive companion to the earlier volume, and it turns out that his critics are partly right but mostly wrong. He does see deep connections between premodern patterns of life and what is presently the case. Not everything has been changed by modernity, and the fruits of modernity are substantially adopted into patterns of life that existed long before modernity. Indeed, "modernization" itself may well be the consequence of deeply rooted beliefs and practices that modernity can neither explain nor sustain alone.

Further, he does think that certain kinds of corporate-capitalist economics, although not the possessive individualism loved by some theorists, are more likely to bring prosperity and to relieve people of their poverty and dependency than is Hegelian-Marxist statism or Nietzschean-Foucaultian nihilism. In the long run, no one who wants to survive, to help a people flourish, to build a viable society, or to live well will choose them.

But his argument is deeper and broader than his critics anticipated. Since both the historicist and nihilist perspectives are based on forms of critical thought that breed distrust, they fail to see what generates the social capital that is the basis for peaceful politics and productive economies. And even if economic theories of "rational choice" can account for a substantial percentage of people's economic behavior, they miss the critically important influences that are culturally framed. What enables human societies to flourish is not suspicion, deconstruction, and self-interest, but just the opposite: It is trust, a social virtue, formed in certain kinds of relationships. The immediate question, therefore, is this: In what and in whom do people trust, and what difference does it make if they build networks of trust one way rather than another?

To answer this question, Fukuyama turns to the comparative study of "civil society," that network of "intermediate institutions, including businesses, voluntary associations, educational institutions, clubs, unions, media, charities and churches," that builds on "the family, the primary instrument by which people are

socialized into their culture and given the skills that allow them to live in broader society and through which the values and knowledge of that society are transmitted across the generations." He argues that a "thriving civil society depends on a people's habits, customs and ethics" and, mediated by the family, is inevitably also shaped by religious traditions. In other words, he seeks to study the ways in which trust, and thus civil society, and thus peoples over time, flourish, as evidenced in the kind and quality of their material development.

Fukuyama argues that we are facing, around the world, both a convergence of common structures-patterns of constitutional democracy, technological and communication interchange, and corporations as primary actors in economic life-and a greater awareness of cultural differences. The Italians, the Japanese, and the Americans, for example, simply do not conduct their politics, their media, or their management in the same way, and much is misunderstood if cultural differences are not recognized.

A decisive clue to the differences and the similarities among cultures and to the economic patterns shaped by them can be found in family structure. No society is without one. Yet, the family can become a decisive center of exclusive loyalty to its own members or a center that nurtures those values that encourage family members to interact easily with people outside their family

If all other institutions are seen as threats or as resources to be exploited for the family, it is likely that certain family-based institutions will become the primary network of economic activity, and other institutions will have diminished levels of commitment, time, energy, money, and power. People do not share resources with groups they do not trust. The range of trusting and trustworthy interaction can be contracted or expanded by the family and the family's relationship to other institutions in society. Two Sides of One Coin

Despite some important differences, *Trust* and *Making Democracy Work* will, for the purposes of this essay, be considered as complementary books offering two perspectives on one argument, two sides of one coin. The basic argument in *Trust* can be stated simply: economic success depends substantially on the establishment of large, private economic organizations, namely corporations. Their establishment and success, in turn, depend on "spontaneous sociability," or trust -- the shared expectations group members have regarding the importance of subordinating individual interests to those of the larger group. According to Fukuyama, "Trust

arises when a community shares a set of moral values in such a way as to create expectations of regular and honest behavior" (Fukuyama, p. 153).

Fukuyama argues that the most important political questions revolve around economic and cultural issues. Further improvements in the common good can not be achieved through social engineering. Rather, any improvements are likely to be brought about by strengthening civil society, which must be nourished through an "increased awareness and respect for culture." Echoing Max Weber, Fukuyama suggests that "there are ethical habits, such as the ability to associate spontaneously, that are crucial to organizational innovation and therefore to the creation of wealth" (Fukuyama, p. 37).

He then discusses the three general paths to associating or sociability -- family and kinship, networks of voluntary associations, and the state -- with their corresponding forms of economic organization -- family businesses, professionally managed corporations, and state enterprises, respectively.

Fukuyama builds his argument on an intriguing, if somewhat frustrating, set of case studies, broadly describing complex historical, economic, and cultural patterns in what he considers to be "high-trust" societies (Japan and Germany) and "low-trust" societies (Italy, France, Korea, and China). He also includes an extensive discussion of the "crisis of trust" in the United States, which displays a hybrid of high- and low-trust characteristics. Based on this evidence, Fukuyama is convinced that the middle way of voluntary association in corporations is the road most likely to lead to prosperity.

In a parallel vein, Putnam argues that the basis of responsive, democratic government lies in civic tradition. It follows that "civic communities" -- patterns of social cooperation based on trust, tolerance, and widespread citizen participation involving "norms and networks of social engagement" -- are essential to democracy. Civic communities are based on "a dense network of secondary associations" that build trust and cooperation, which, in turn, lay a firm foundation for democratic development (Putnam, p. 90).

Putnam undertook the study that is the basis of his argument to determine why, twenty years after semi-autonomous regional governments were established in Italy, some governments performed better than others. During the twenty-plus years of the study, he focused on three northern regions (Emilia-Romagna, Lombardia, and Veneto) and three southern regions (Basilicata,

Lazio, and Puglia), eventually assembling an impressive array of quantitative and qualitative data, including historical accounts, survey data, and personal narratives.

Although both *Trust* and *Making Democracy Work* have been highly praised as impressive contributions to our understanding of the bases for prosperity and democracy, they also have generated strong criticism in some quarters. Fukuyama is faulted for paying insufficient attention to macroeconomic factors that play a significant role in economic success, for simplifying the relationship between cooperation and self-interest, and for overstating the connection between private corporations and economic prosperity.

He also is criticized for failing to credit leadership factors, such as entrepreneurial drive and vision, in his assessment, and for not offering an effective "metric" by which to measure social capital, thereby complicating judgments about how to enhance it.

Fukuyama argues that Southern Italy, traditional China, and most of France (with modern Korea as a mixed example) have familistic traditions, with a grave distrust of nonfamily relationships. Indeed, deeply rooted in the religious and cultural history of these lands, paternal authority in the family is seen as the model for political and economic authority.

Fukuyama calls such societies "low-trust" societies although they obviously exhibit a kind of confidence in certain family connections with links to governmental authority. Under conditions of modernization, such societies tend to produce "smaller private (family) firms that constitute the entrepreneurial core of their economies and a number of very large, state-owned firms at the other end of the scale." Their ties are often quite corrupt.

In contrast, he claims that Japan, Germany, and Britain (with the United States as a mixed case) have "high-trust" societies, although each works in a distinct way. Japan, for example, has had few voluntary associations in the Western sense, but it did have religious groups, not unlike American churches, that individuals could join or leave on a voluntary basis. It also had omnipresent *Iemoto* (self-cultivation) groups that, while not democratic, were not based on kinship or birth status. Furthermore, in Japan, the feudal structures involved binding relationships between leaders and people that surpassed family loyalties-and were transmuted into modern corporate institutions with a very distinctive shape and sense of obligation between worker and management.

Distinct, but comparable forms of group loyalty outside the family can also be traced in German history, from the guild memberships and the city oaths to the loyalties to the various regional identities that persist even today-in the B of BMW, for example-and that bind workers, managers, consumers, and suppliers in a web of obligation.

They can also be found in parts of the Anglo-Saxon heritage, and even more in the Protestant traditions that, in different ways, both Tocqueville and Weber saw as the core of American civil society. Indeed, Fukuyama adopts Tocqueville's term "spontaneous community" to designate the constant forming and reforming associationalism in American social, political, and economic life that grew from this root. This is the basis of the capacity to form corporations that are relatively free of corruption, extremely dynamic, and rarely confined to either family or state control-characteristics that enable them to move internationally.

Fukuyama's causal link between large corporations and prosperity likewise seems questionable. A strong correlation may exist between them, but many other factors contribute to economic growth besides the presence of efficient private corporations. Lastly, his selection of only relatively successful countries as case studies seems dubious. His theory would have been better tested by examining areas with strong associational patterns that could have engendered economic prosperity but instead appear to have curtailed it (as in certain parts of West Africa).

Putnam's book has been called "a great work of social science, worthy to rank alongside de Tocqueville, Pareto and Weber," as well as "seminal, epochal." Despite the acclaim, Putnam also has his critics. He is faulted for failing to consider that Italy's corruption is as pervasive as other "civic legacies." He is criticized for a somewhat cavalier approach to history, especially because the incompleteness of Italian unification in the nineteenth century may be a better explanation for the differing performances of Italy's regional governments than the existence of medieval communes is.

Furthermore, although there may be a correlation between strong civic community and efficient, responsive regional government, it does not tell the entire story. Lastly, the historical-based civic community Putnam describes serves as a form of predestination. One regional president, upon learning of the author's findings, lamented, "This is a counsel of despair. You're telling me that nothing I can do will improve our prospects for success. The fate of the reform was sealed centuries ago" (Putnam, p. 183).

While the criticisms leveled at both books are serious, ultimately they do not detract from the importance of the works. Putnam's book is destined for classic status; Fukuyama's probably will not achieve that mark. However, the latter should be read as part of an ambitious project to reconfigure political and economic theory to coincide with current circumstances. Fukuyama's previous work, *The End of History*, explores questions of ideology, *Trust* examines the basis for prosperity, and a sequel would likely explore other values essential for prosperity and democracy. American culture is often said to be highly individualistic. Fukuyama argues, however, that while it protects human rights and civil liberties, American culture is not individualistic, familist, or statist. At least, it has not been so historically. It is, above all, associational. Americans are remarkable joiners.

American culture is not quite "communitarian," in the sense of fixed solidarities based on ethnic, linguistic, class, or national backgrounds-although such groups do develop, and when they do, jarring low-trust features of society appear in an otherwise high-trust context, further widening gaps of understanding and economic participation. Yet, he argues, America is tempted by its own view of itself as individualistic to become more so and, then, to demand a strong central government to ensure the sovereignty of the individual-thereby destroying the American genius for associational construction and for renewal of civil society by the formation of intermediary organizations. Thus the critical question critical morally as well as strategically, religiously as well as politically, spiritually as well as economically-is whether the United States will move toward a more and more inclusive high-trust society or retreat to a low-trust one.

Those concerned with religion, ethics, viable civil societies, and the building of persons and societies from the inside out and not only from the top down or from the bottom up, may want to take this study more seriously than will those who see the fabric of community as determined by impersonal, nonreligious, amoral forces. This is not to say that Fukuyama's work is beyond criticism of a sort that has seldom been mentioned by his fellow social scientists.

Are there, for example, different types of trust? Do some reach toward multicultural pluralism and others toward monocultural triumphalism? Such questions are posed in the extremely complex societies, which he does not treat, that are rapidly developing, for example, in India, as shaped by Hinduism, or in Indonesia, as influenced by Islam. Both are "internally international" with distinctive family traditions, yet driven by impulses to religious

nationalism. Laying out his thesis by comparing relatively homogenous countries may be necessary at this stage of his work, but Fukuyama will have to extend his analysis if he is to make his case in regard to Indian or Indonesian society or to the multilateral networks that are developing in the new global society.

We can put it this way: If there is a reach toward inclusion, is it on the basis of a new domination by high-trust societies that will breed distrust? This is a rather fateful question, considering that two of Fukuyama's examples of high-trust societies are Japan and Germany, and we are but half a century removed from World War II.

It is also not clear how he might address low-trust, minority and poverty communities in the West. What can build trust when families and cultural traditions are disrupted and educational and economic prospects are bleak at best? It would be curious to hear what he would say about the Million Man March and its peculiar combination of low-trust rhetoric and calls for high-trust engagements.

If that is not the direction we should take, are there any actions-social, political, or religious-that could be taken to increase trust? Fukuyama does not think that political programs or corporate strategies can create trust or civil society. Effective political economies in fact depend on trust and a vibrant civil society. But it is not clear whether Fukuyama thinks religion is decisive. Sometimes he treats religion as the source of decisive cultural values-some familistic and confining, others simultaneously family affirming and family transcending. In his treatment of Korea as a mixed case, one might expect that he would inquire into the fantastic growth of Christianity, precisely among that portion of the population that is forming the "post-Confucian" society, politics, and economics. At times, however, he seems to treat religion as only a part of culture that bears trust. Is religion cause, effect, or corollary?

Fukuyama may be able to respond to these queries in due course. Even now, however, his argument is extremely suggestive. At the very least, it invites dialogue between theologians and sociologists, ethicists and historians, and people from many societies and traditions.

Furthermore, his view should encourage all those pastors who preach and parents who teach their children to trust those who come from different families, tribes, and cultures and to develop their talents to interact in a wider world. This theologically guided social ethicist thinks that he is on the right track. He may even be close to

identifying one of the most powerful, radical, and revolutionary forces in social history.

Given these differences, there are striking similarities between *Trust* and *Making Democracy Work*, Putnam concludes by stating: "Building social capital will not be easy, but it is the key to making democracy work" (Putnam, p. 185). Fukuyama's final assertion is: "Now that the question of ideology and institutions has been settled, the preservation of social capital will occupy center stage" (Fukuyama, p. 362).

As such, these books appear to move in the same direction, offering mutually reinforcing perspectives about the importance of social capital for both prosperity and democracy. Fukuyama states that "social capital is critical to prosperity ... but its more important consequences may not be felt in the economy so much as in social and political life" (Fukuyama, p. 355). Similarly, Putnam argues that "for political stability, for government effectiveness, and even for economic progress, social capital may be even more important than physical or human capital" (Putnam, p. 183).

Given these differences, there are striking similarities between *Trust* and *Making Democracy Work*, Putnam concludes by stating: "Building social capital will not be easy, but it is the key to making democracy work" (Putnam, p. 185). Fukuyama's final assertion is: "Now that the question of ideology and institutions has been settled, the preservation of social capital will occupy center stage" (Fukuyama, p. 362). As such, these books appear to move in the same direction, offering mutually reinforcing perspectives about the importance of social capital for both prosperity and democracy.

Fukuyama states that "social capital is critical to prosperity ... but its more important consequences may not be felt in the economy so much as in social and political life" (Fukuyama, p. 355). Similarly, Putnam argues that "for political stability, for government effectiveness, and even for economic progress, social capital may be even more important than physical or human capital" (Putnam, p. 183).

Fukuyama does provide a partial answer, however. He says that "while governments can enact policies that have the effect of depleting social capital, they have great difficulties understanding how to build it up again." He is cautious about any role for government in enhancing social capital, suggesting that if government does have a role, it is a supporting rather than leading one. In particular, government should "seek to do no harm,"

undertaking such objectives as promoting religious tolerance and better understanding of cultural differences, while reinforcing positive aspects of culture: the work ethic, sociability, and citizenship (Fukuyama, p. 11).

While neither *Trust* nor *Making Democracy Work* is an investor's guide to social capital, they both offer some general advice. In particular, three basic recommendations can help guide Washington's investments in social capital overseas.

Both authors demonstrate that social capital, especially trust, is accumulated through a time-consuming, primarily local process. While prosperity occasionally can be achieved in a relatively short period of time, perhaps in a few decades, the empirical record shows that the process of building robust democracies spans generations.

Government-sponsored efforts to increase social capital are also burdened by uncertainty about the government's role and the best partners for the project. Government programs for developing institutions tend to fit specific partners, whether those institutions necessary for prosperity, such as capital markets and banks, or those essential for democracy, such as parliaments and judiciaries. While U.S. programs of this type work relatively well, they are not likely to enhance social capital *ipso facto*.

Fukuyama's and Putnam's books recommend working less with these formal institutions and focusing instead on political culture, relying on such informal institutions as civic associations. Accordingly, the U.S. government should place a higher priority on encouraging the development of supportive environments -- legal, financial, and human resources -- for the civic associations that both Fukuyama and Putnam identify as essential.

Along these lines, the Agency for International Development (AID) recently attempted to emphasize working with informal institutions in Eastern Europe. To date, its efforts have met with mixed results, in part because the programs' actions are to some extent politically motivated. For example, in 1994 AID began the \$30 million Democracy Network Program, which uses U.S. non-government organizations as intermediaries to provide small grants to foreign non-government organizations through competitive processes. In theory, this approach is consistent with investing in social capital.

In practice, however, the bureaucratic proclivities of AID missions and the tendency of embassies to micromanage the programs have created conflicts, and micromanaging for political or bureaucratic

reasons undercuts the programs' potential to build significant social trust.

Other problems include a frequent lack of convergence between the programs' goals and their means. If the participating civic associations do not follow democratic procedures and rules, they are unlikely to build the social capital necessary to promote democracy. A discrepancy between goals and available resources similarly plagues many programs. Lastly, all of the institutions involved in a program must work together consistently to foster trust.

Thus, a variety of normative, bureaucratic, political, and programmatic problems indicate that there should be some division of labor between government-sponsored programs and those of the many independent non-government organizations working to enhance social capital overseas. (In Central Europe alone, some fifty foundations have invested in activities that directly or indirectly influence social capital.) Accordingly, government program would focus on enabling formal institutions, helping to develop the legal, financial, and human resources to expand civic associations. Non-government organizations would work on strengthening the civic associations themselves.

The recent experience in Eastern Europe highlights several lessons to be heeded in designing program to develop social capital, even if government programs are confined to addressing "enabling" issues. The most successful programs will be those with local leadership and a clear vision; local involvement in the program design, implementation, and evaluation; and some form of local support, either through financial or human resources. Without these elements, which government involvement sometimes stifles, programs will falter and actually may deplete social capital instead of building it.

Lastly, Fukuyama and Putnam demonstrate that social capital does not develop in a vacuum. However, much of their discussion about strengthening civil society in general, and social capital in particular, seems myopic. Insufficient attention is paid to the fact that civic associations engaged in building the social capital and trust that these authors hold to be so important do not exist in isolation.

Here I believe that repeating the words of some scholars on this work of Fukuyama can be well worth considering.

On the back cover of *Trust*, however, the reader observes some short quotations from the noted figures that may have read the book and

have made comments on which. Amitai Etzion suggests that trust is a brilliant study of the interactions among economic life with cultural life. This book is also an essential antidote to the increasing drift of American culture into extreme versions of individualism, which if unchecked, will have dire consequences for the nation's economic health.

This book, on the other hand, has been suggested as the ultimate source for those who seek to understand economics but realize that they are nestled in societies and cultures. It is also a whole new way of doing economics.

Newman, for his part, asserts that this book, like the title it is bearing, is an invaluable investment. In the onset of the book, that is in preface, Fukuyama adds that he has been in search of following his *The end of history and the last man* with a book on economics. In doing so, he says that all political questions today revolve around economic ones.

Fukuyama goes on to say that his book is not a cookbook in the competitiveness genre, explaining how to create a winning economy or how Americans ought to imitate the Japanese or Germans. It is the story of how economic life reflect, shapes, and underpins modern life.

He argues that Trust tries to compare and contrast different cultures with respect to economic performance is an open invitation to insult everyone it touches upon. It covers a great deal of ground to which the scholars of the societies under discussion can add numerous objections, exceptions, and contradictory evidence.

One of the most notable consequences of socialism, Fukuyama suggests, in the Soviet Union and Eastern Europe was the through destruction of civil society that took place there, a destruction that has hampered the emergence of working market economies and stable democracies. However, socialist societies were not the only ones to have weak intermediate associations.

To Fukuyama, the role of family ties hinders the economic progress, as he argues that" the impact of family values on economic life poses a complex and contradictory picture: it is possible for some societies to be too strong to permit the formation of modern economic organizations, while in others they can be too weak to perform their basic task of socialization.

In another chapter, Fukuyama adds that after Japan, the country displaying the highest degree of spontaneous sociability is Germany. Although the specific cultural origins of communitarianism are quite different in Germany than they are in Japan, the effects are remarkably similar: Germany developed large organizations and professional management early on, has an economy organized into informal networks, and possesses a high degree of enterprise solidarity.

According to Fukuyama as quoting Max Weber, the very essence of modern economic life is the rise and proliferation of rules and law. The rise of the modern world was bound up with the rise of rationality, that is, the ordered structuring of ends to means, and for Weber the ultimate embodiment of rationality was modern bureaucracy.

The proponents of multicultural studies argue that the US is a diverse society and that Americans need to recognize and better understand the positive contributions of the many cultures that make it up. They also suggest that the US never had a single culture beyond its universalistic political and legal system, or else that the dominant European culture of generations past was oppressive and should not be a model to which all Americans must conform.

Furthermore, this book demonstrates that not only Asians characterize the US as individualistic. Americans tend to see their own society this way; however, they do not regard individualism as a vice but as an almost unalloyed virtue signifying creativity, initiative, and a proud unwillingness to bend to authority.

To comprehend the communal side of American life, we must understand the origins of its individualism. The US has undergone a "right revolution" in the second half of the twentieth century.

This revolution has provided a moral and political basis for the promotion of individualistic behavior, with the consequent weakening of many earlier tendencies toward group life.

Trust argues that a society's supply of social capital is essential to understanding its industrial structure, and hence its place in the global capitalist division of labor. Important as these issues are, social capital has implications that go well beyond the economy. Sociability is a vital support for self-governing political institutions and an end in itself.

This book does not make use of the distinction between culture and social structure because it is often difficult to distinguish between the two; values and ideas shape concrete social relations, and vice versa. Fukuyama concludes that social capital is vital to prosperity and to what has come to be called competitiveness, but its more significant results may not be felt in the economy as they are in social and political life. Social capital is like a ratchet that is more easily turned in one direction than another; it can be dissipated by the actions of government much more readily than those governments can build it up again. Now that the question of ideology and institutions has been settled, the preservation and accumulation of social capital will occupy center stag

