

NIALL
FERGUSON

Civilization

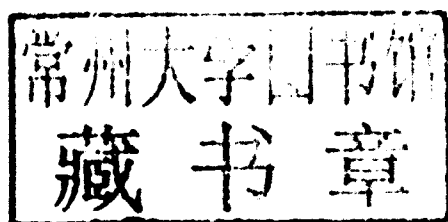
THE WEST *and the* REST



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Civilization

For Ayaan

Preface

I am trying to remember now where it was, and when it was, that it hit me. Was it during my first walk along the Bund in Shanghai in 2005? Was it amid the smog and dust of Chongqing, listening to a local Communist Party official describe a vast mound of rubble as the future financial centre of South-west China? That was in 2008, and somehow it impressed me more than all the synchronized razzamatazz of the Olympic opening ceremony in Beijing. Or was it at Carnegie Hall in 2009, as I sat mesmerized by the music of Angel Lam, the dazzlingly gifted young Chinese composer who personifies the Orientalization of classical music? I think maybe it was only then that I really got the point about the first decade of the twenty-first century, just as it was drawing to a close: that we are living through the end of 500 years of Western ascendancy.

The principal question addressed by this book increasingly seems to me the most interesting question a historian of the modern era can ask. Just why, beginning around 1500, did a few small polities on the western end of the Eurasian landmass come to dominate the rest of the world, including the more populous and in many ways more sophisticated societies of Eastern Eurasia? My subsidiary question is this: if we can come up with a good explanation for the West's past ascendancy, can we then offer a prognosis for its future? Is this really the end of the West's world and the advent of a new Eastern epoch? Put differently, are we witnessing the waning of an age when the greater part of humanity was more or less subordinated to the civilization that arose in Western Europe in the wake of the Renaissance and Reformation – the civilization that, propelled by the Scientific Revolution and the Enlightenment, spread across the Atlantic and as

far as the Antipodes, finally reaching its apogee during the Ages of Revolution, Industry and Empire?

The very fact that I want to pose such questions says something about the first decade of the twenty-first century. Born and raised in Scotland, educated at Glasgow Academy and Oxford University, I assumed throughout my twenties and thirties that I would spend my academic career at either Oxford or Cambridge. I first began to think of moving to the United States because an eminent benefactor of New York University's Stern School of Business, the Wall Street veteran Henry Kaufman, had asked me why someone interested in the history of money and power did not come to where the money and power actually were. And where else could that be but downtown Manhattan? As the new millennium dawned, the New York Stock Exchange was self-evidently the hub of an immense global economic network that was American in design and largely American in ownership. The dotcom bubble was deflating, admittedly, and a nasty little recession ensured that the Democrats lost the White House just as their pledge to pay off the national debt began to sound almost plausible. But within just eight months of becoming president, George W. Bush was confronted by an event that emphatically underlined the centrality of Manhattan to the Western-dominated world. The destruction of the World Trade Center by al-Qaeda terrorists paid New York a hideous compliment. This was target number one for anyone serious about challenging Western predominance.

The subsequent events were heady with hubris. The Taliban overthrown in Afghanistan. An 'axis of evil' branded ripe for 'regime change'. Saddam Hussein ousted in Iraq. The Toxic Texan riding high in the polls, on track for re-election. The US economy bouncing back thanks to tax cuts. 'Old Europe' – not to mention liberal America – fuming impotently. Fascinated, I found myself reading and writing more and more about empires, in particular the lessons of Britain's for America's; the result was *Empire: How Britain Made the Modern World* (2003). As I reflected on the rise, reign and probable fall of America's empire, it became clear to me that there were three fatal deficits at the heart of American power: a manpower deficit (not enough boots on the ground in Afghanistan and Iraq), an attention deficit (not enough public enthusiasm for long-term occupation of

conquered countries) and above all a financial deficit (not enough savings relative to investment and not enough taxation relative to public expenditure).

In *Colossus: The Rise and Fall of America's Empire* (2004), I warned that the United States had imperceptibly come to rely on East Asian capital to fund its unbalanced current and fiscal accounts. The decline and fall of America's undeclared empire might therefore be due not to terrorists at the gates, nor to the rogue regimes that sponsored them, but to a financial crisis at the very heart of the empire itself. When, in late 2006, Moritz Schularick and I coined the word 'Chimerica' to describe what we saw as the dangerously unsustainable relationship – the word was a pun on 'chimera' – between parsimonious China and profligate America, we had identified one of the keys to the coming global financial crisis. For without the availability to the American consumer of both cheap Chinese labour and cheap Chinese capital, the bubble of the years 2002–7 would not have been so egregious.

The illusion of American 'hyper-power' was shattered not once but twice during the presidency of George W. Bush. Nemesis came first in the backstreets of Sadr City and the fields of Helmand, which exposed not only the limits of American military might but also, more importantly, the naivety of neo-conservative visions of a democratic wave in the Greater Middle East. It struck a second time with the escalation of the subprime mortgage crisis of 2007 into the credit crunch of 2008 and finally the 'great recession' of 2009. After the bankruptcy of Lehman Brothers, the sham verities of the 'Washington Consensus' and the 'Great Moderation' – the central bankers' equivalent of the 'End of History' – were consigned to oblivion. A second Great Depression for a time seemed terrifyingly possible. What had gone wrong? In a series of articles and lectures beginning in mid-2006 and culminating in the publication of *The Ascent of Money* in November 2008 – when the financial crisis was at its worst – I argued that all the major components of the international financial system had been disastrously weakened by excessive short-term indebtedness on the balance sheets of banks, grossly mispriced and literally overrated mortgage-backed securities and other structured financial products, excessively lax monetary policy on the part of the Federal Reserve, a politically

engineered housing bubble and, finally, the unrestrained selling of bogus insurance policies (known as derivatives), offering fake protection against unknowable uncertainties, as opposed to quantifiable risks. The globalization of financial institutions that were of Western origin had been supposed to usher in a new era of reduced economic volatility. It took historical knowledge to foresee how an old-fashioned liquidity crisis might bring the whole shaky edifice of leveraged financial engineering crashing to the ground.

The danger of a second Depression receded after the summer of 2009, though it did not altogether disappear. But the world had nevertheless changed. The breathtaking collapse in global trade caused by the financial crisis, as credit to finance imports and exports suddenly dried up, might have been expected to devastate the big Asian economies, reliant as they were said to be on exports to the West. Thanks to a highly effective government stimulus programme based on massive credit expansion, however, China suffered only a slow-down in growth. This was a remarkable feat that few experts had anticipated. Despite the manifest difficulties of running a continental economy of 1.3 billion people as if it were a giant Singapore, the probability remains better than even at the time of writing (December 2010) that China will continue to forge ahead with its industrial revolution and that, within the decade, it will overtake the United States in terms of gross domestic product, just as (in 1963) Japan overtook the United Kingdom.

The West had patently enjoyed a real and sustained edge over the Rest for most of the previous 500 years. The gap between Western and Chinese incomes had begun to open up as long ago as the 1600s and had continued to widen until as recently as the late 1970s, if not later. But since then it had narrowed with astonishing speed. The financial crisis crystallized the next historical question I wanted to ask. Had that Western edge now gone? Only by working out what exactly it had consisted of could I hope to come up with an answer.

What follows is concerned with historical methodology; impatient readers can skip it and go straight to the introduction. I wrote this book because I had formed the strong impression that the people currently living were paying insufficient attention to the dead. Watching

my three children grow up, I had the uneasy feeling that they were learning less history than I had learned at their age, not because they had bad teachers but because they had bad history books and even worse examinations. Watching the financial crisis unfold, I realized that they were far from alone, for it seemed as if only a handful of people in the banks and treasuries of the Western world had more than the sketchiest information about the last Depression. For roughly thirty years, young people at Western schools and universities have been given the idea of a liberal education, without the substance of historical knowledge. They have been taught isolated ‘modules’, not narratives, much less chronologies. They have been trained in the formulaic analysis of document excerpts, not in the key skill of reading widely and fast. They have been encouraged to feel empathy with imagined Roman centurions or Holocaust victims, not to write essays about why and how their predicaments arose. In *The History Boys*, the playwright Alan Bennett posed a ‘trilemma’: should history be taught as a mode of contrarian argumentation, a communion with past Truth and Beauty, or just ‘one fucking thing after another’? He was evidently unaware that today’s sixth-formers are offered none of the above – at best, they get a handful of ‘fucking things’ in no particular order.

The former president of the university where I teach once confessed that, when he had been an undergraduate at the Massachusetts Institute of Technology, his mother had implored him to take at least one history course. The brilliant young economist replied cockily that he was more interested in the future than in the past. It is a preference he now knows to be illusory. There is in fact no such thing as the future, singular; only futures, plural. There are multiple interpretations of history, to be sure, none definitive – but there is only one past. And although the past is over, for two reasons it is indispensable to our understanding of what we experience today and what lies ahead of us tomorrow and thereafter. First, the current world population makes up approximately 7 per cent of all the human beings who have ever lived. The dead outnumber the living, in other words, fourteen to one, and we ignore the accumulated experience of such a huge majority of mankind at our peril. Second, the past is really our only reliable source of knowledge about the fleeting present and to the multiple

futures that lie before us, only one of which will actually happen. History is not just how we study the past; it is how we study time itself.

Let us first acknowledge the subject's limitations. Historians are not scientists. They cannot (and should not even try to) establish universal laws of social or political 'physics' with reliable predictive powers. Why? Because there is no possibility of repeating the single, multi-millennium experiment that constitutes the past. The sample size of human history is one. Moreover, the 'particles' in this one vast experiment have consciousness, which is skewed by all kinds of cognitive biases. This means that their behaviour is even harder to predict than if they were insensate, mindless, gyrating particles. Among the many quirks of the human condition is that people have evolved to learn almost instinctively from their own past experience. So their behaviour is adaptive; it changes over time. We do not wander randomly but walk in paths, and what we have encountered behind us determines the direction we choose when the paths fork – as they constantly do.

So what can historians do? First, by mimicking social scientists and relying on quantitative data, historians can devise 'covering laws', in Carl Hempel's sense of general statements about the past that appear to cover most cases (for instance, when a dictator takes power instead of a democratic leader, the chance increases that the country in question will go to war). Or – though the two approaches are not mutually exclusive – the historian can commune with the dead by imaginatively reconstructing their experiences in the way described by the great Oxford philosopher R. G. Collingwood in his 1939 *Autobiography*. These two modes of historical inquiry allow us to turn the surviving relics of the past into history, a body of knowledge and interpretation that retrospectively orders and illuminates the human predicament. Any serious predictive statement about the possible futures we may experience is based, implicitly or explicitly, on one or both of these historical procedures. If not, then it belongs in the same category as the horoscope in this morning's newspaper.

Collingwood's ambition, forged in the disillusionment with natural science and psychology that followed the carnage of the First World War, was to take history into the modern age, leaving behind what he dismissed as 'scissors-and-paste history', in which writers 'only repeat,

with different arrangements and different styles of decoration, what others [have] said before them'. His thought process is itself worth reconstructing:

- a) 'The past which an historian studies is not a dead past, but a past which in some sense is still living in the present' in the form of traces (documents and artefacts) that have survived.
- b) 'All history is the history of thought', in the sense that a piece of historical evidence is meaningless if its intended purpose cannot be inferred.
- c) That process of inference requires an imaginative leap through time: 'Historical knowledge is the re-enactment in the historian's mind of the thought whose history he is studying.'
- d) But the real meaning of history comes from the juxtaposition of past and present: 'Historical knowledge is the re-enactment of a past thought incapsulated in a context of present thoughts which, by contradicting it, confine it to a plane different from theirs.'
- e) The historian thus 'may very well be related to the nonhistorian as the trained woodsman is to the ignorant traveller. "Nothing here but trees and grass," thinks the traveller, and marches on. "Look," says the woodsman, "there is a tiger in that grass."' In other words, Collingwood argues, history offers something 'altogether different from [scientific] rules, namely insight'.
- f) The true function of historical insight is 'to inform [people] about the present, in so far as the past, its ostensible subject matter, [is] incapsulated in the present and [constitutes] a part of it not at once obvious to the untrained eye'.
- g) As for our choice of subject matter for historical investigation, Collingwood makes it clear that there is nothing wrong with what his Cambridge contemporary Herbert Butterfield condemned as 'present-mindedness': 'True historical problems arise out of practical problems. We study history in order to see more clearly into the situation in which we are called upon to act. Hence the plane on which, ultimately, all problems arise is the plane of "real" life: that to which they are referred for their solution is history.'

A polymath as skilled in archaeology as he was in philosophy, a staunch opponent of appeasement and an early hater of the *Daily Mail*,* Collingwood has been my guide for many years, but never has he been more indispensable than in the writing of this book. For the problem of why civilizations fall is too important to be left to the purveyors of scissors-and-paste history. It is truly a practical problem of our time, and this book is intended to be a woodsman's guide to it. For there is more than one tiger hidden in this grass.

In dutifully reconstructing past thought, I have tried always to remember a simple truth about the past that the historically inexperienced are prone to forget. Most people in the past either died young or expected to die young, and those who did not were repeatedly bereft of those they loved, who did die young. Consider the case of my favourite poet, the Jacobean master John Donne, who lived to the age of fifty-nine, thirteen years older than I am as I write. A lawyer, a Member of Parliament and, after renouncing the Roman Catholic faith, an Anglican priest, Donne married for love, as a result losing his job as secretary to his bride's uncle, Sir Thomas Egerton, the Lord Keeper of the Privy Seal.[†] In the space of sixteen impecunious years, Anne Donne bore her husband twelve children. Three of them, Francis, Nicholas and Mary, died before they were ten. Anne herself died after giving birth to the twelfth child, which was stillborn. After his favourite daughter Lucy had died and he himself had very nearly followed her to the grave, Donne wrote his *Devotions upon Emergent Occasions* (1624), which contains the greatest of all exhortations to commiserate with the dead: 'Any man's *death* diminishes *me*, because I am involved in *Mankinde*; And therefore never send to know for whom the *bell* tolls; It tolls for *thee*.' Three years later, the death of a close friend inspired him to write 'A Nocturnal upon St Lucy's Day, Being the Shortest Day':

* Which he called 'the first English newspaper for which the word "news" lost its old meaning of facts which a reader ought to know . . . and acquired the new meaning of facts, or fictions, which it might amuse him to read'.

[†] After he was briefly arrested for defying her father, she quipped: 'John Donne – Anne Donne – Un-done.' No wonder he loved her.

PREFACE

Study me then, you who shall lovers be
At the next world, that is, at the next spring;
For I am every dead thing,
In whom Love wrought new alchemy.
For his art did express
A quintessence even from nothingness,
From dull privations, and lean emptiness;
He ruin'd me, and I am re-begot
Of absence, darkness, death – things which are not.

Everyone should read these lines who wants to understand better the human condition in the days when life expectancy was less than half what it is today.

The much greater power of death to cut people off in their prime not only made life seem precarious and filled it with grief. It also meant that most of the people who built the civilizations of the past were young when they made their contributions. The great Dutch-Jewish philosopher Baruch or Benedict Spinoza, who hypothesized that there is only a material universe of substance and deterministic causation, and that 'God' is that universe's natural order as we dimly apprehend it and nothing more, died in 1677 at the age of forty-four, probably from the particles of glass he had inhaled doing his day-job as a lens grinder. Blaise Pascal, the pioneer of probability theory and hydrodynamics and the author of the *Pensées*, the greatest of all apologies for the Christian faith, lived to be just thirty-nine; he would have died even younger had the road accident that reawakened his spiritual side been fatal. Who knows what other great works these geniuses might have brought forth had they been granted the lifespans enjoyed by, for example, the great humanists Erasmus (sixty-nine) and Montaigne (fifty-nine)? Mozart, composer of the most perfect of all operas, *Don Giovanni*, died when he was just thirty-five. Franz Schubert, composer of the sublime String Quintet in C (D956), succumbed, probably to syphilis, at the age of just thirty-one. Prolific though they were, what else might they have composed if they had been granted the sixty-three years enjoyed by the stolid Johannes Brahms or the even more exceptional seventy-two years allowed the ponderous Anton Bruckner? The Scots poet Robert Burns, who wrote

the supreme expression of egalitarianism, ‘A Man’s a Man for A’ That’, was thirty-seven when he died in 1796. What injustice, that the poet who most despised inherited status (‘The rank is but the guinea’s stamp, / The Man’s the gowd [gold] for a’ that’) should have been so much outlived by the poet who most revered it: Alfred, Lord Tennyson, who died bedecked with honours at the age of eighty-three. Palgrave’s *Golden Treasury* would be the better for more Burns and less Tennyson. And how different would the art galleries of the world be today if the painstaking Jan Vermeer had lived to be ninety-one and the over-prolific Pablo Picasso had died at thirty-nine, instead of the other way round?

Politics, too, is an art – as much a part of our civilization as philosophy, opera, poetry or painting. But the greatest political artist in American history, Abraham Lincoln, served only one full term in the White House, falling victim to an assassin with a petty grudge just six weeks after his second inaugural address. He was fifty-six. How different would the era of Reconstruction have been had this self-made titan, born in a log cabin, the author of the majestic Gettysburg Address – which redefined the United States as ‘a nation, conceived in liberty, and dedicated to the proposition that all men are created equal’, with a ‘government of the people, by the people, for the people’ – lived as long as the polo-playing then polio-stricken grandee Franklin Delano Roosevelt, whom medical science kept alive long enough to serve nearly four full terms as president before his death at sixty-three?

Because our lives are so very different from the lives of most people in the past, not least in their probable duration, but also in our greater degree of physical comfort, we must exercise our imaginations quite vigorously to understand the men and women of the past. In his *Theory of Moral Sentiments*, written a century and half before Collingwood’s memoir, the great economist and social theorist Adam Smith defined why a civilized society is not a war of all against all – because it is based on sympathy:

As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation. Though our

brother is on the rack, as long as we ourselves are at our ease, our senses will never inform us of what he suffers. They never did, and never can, carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations. Neither can that faculty help us to this any other way, than by representing to us what would be our own, if we were in his case. It is the impressions of our own senses only, not those of his, which our imaginations copy. By the imagination, we place ourselves in his situation.

This, of course, is precisely what Collingwood says the historian should do, and it is what I want the reader to do as she encounters in these pages the resurrected thoughts of the dead. The key point of the book is to understand what made their civilization expand so spectacularly in its wealth, influence and power. But there can be no understanding without that sympathy which puts us, through an act of imagination, in their situation. That act will be all the more difficult when we come to resurrect the thoughts of the denizens of other civilizations – the ones the West subjugated or, at least, subordinated to itself. For they are equally important members of the drama's cast. This is not a history of the West but a history of the world, in which Western dominance is the phenomenon to be explained.

In an encyclopaedia entry he wrote in 1959, the French historian Fernand Braudel defined a civilization as:

first of all a space, a 'cultural area' . . . a locus. With the locus . . . you must picture a great variety of 'goods', of cultural characteristics, ranging from the form of its houses, the material of which they are built, their roofing, to skills like feathering arrows, to a dialect or group of dialects, to tastes in cooking, to a particular technology, a structure of beliefs, a way of making love, and even to the compass, paper, the printing press. It is the regular grouping, the frequency with which particular characteristics recur, their ubiquity within a precise area [combined with] . . . some sort of temporal permanence . . .

Braudel was better at delineating structures than explaining change, however. These days, it is often said that historians should tell stories; accordingly, this book offers a big story – a meta-narrative of why one civilization transcended the constraints that had bound all previous

ones – and a great many smaller tales or micro-histories within it. Nevertheless the revival of the art of narrative is only part of what is needed. In addition to stories, it is also important that there be questions. ‘Why did the West come to dominate the Rest?’ is a question that demands something more than a just-so story in response. The answer needs to be analytical, it needs to be supported by evidence and it needs to be testable by means of the counterfactual question: if the crucial innovations I identify here had not existed, would the West have ruled the Rest anyway for some other reason that I have missed or under-emphasized? Or would the world have turned out quite differently, with China on top, or some other civilization? We should not delude ourselves into thinking that our historical narratives, as commonly constructed, are anything more than retro-fits. To contemporaries, as we shall see, the outcome of Western dominance did not seem the most probable of the futures they could imagine; the scenario of disastrous defeat often loomed larger in the mind of the historical actor than the happy ending vouchsafed to the modern reader. The reality of history as a lived experience is that it is much more like a chess match than a novel, much more like football game than a play.

It wasn’t all good. No serious writer would claim that the reign of Western civilization was unblemished. Yet there are those who would insist that there was nothing whatever good about it. This position is absurd. As is true of all great civilizations, that of the West was Janus-faced: capable of nobility yet also capable of turpitude. Perhaps a better analogy is that the West resembled the two feuding brothers in James Hogg’s *Private Memoirs and Confessions of a Justified Sinner* (1824) or in Robert Louis Stevenson’s *Master of Ballantrae* (1889). Competition and monopoly; science and superstition; freedom and slavery; curing and killing; hard work and laziness – in each case, the West was father to both the good and the bad. It was just that, as in Hogg’s or Stevenson’s novel, the better of the two brothers ultimately came out on top. We must also resist the temptation to romanticize history’s losers. The other civilizations overrun by the West’s, or more peacefully transformed by it through borrowings as much as through impositions, were not without their defects either, of which the most obvious is that they were incapable of providing their inhabitants