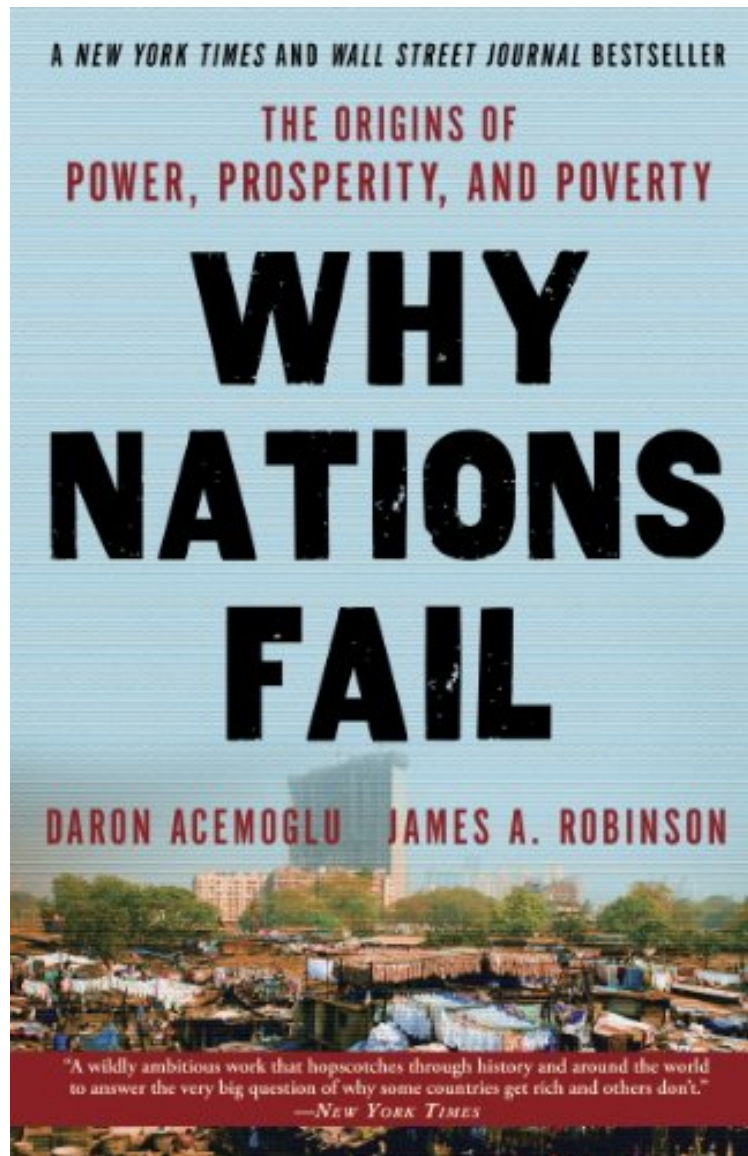


# Why Nations Fail: The Origins of Power, Prosperity, and Poverty

*Daron Acemoglu, James Robinson*

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**Daron Acemoglu, James Robinson : Why Nations Fail: The Origins of Power, Prosperity, and Poverty** before purchasing it in order to gage whether or not it would be worth my time, and all praised Why Nations Fail: The Origins of Power, Prosperity, and Poverty:

495 of 547 people found the following review helpful. Erudite, ever so meandering, and ultimately inconclusivehellip;By John P. Jones IIII find the topic utterly fascinating: why do some nations prosper, and improve the life of their citizens, and others fail, often disastrously so? Daron Acemoglu and James Robinson, both academics, propose a model based on the concepts of ldquo;extractiverdquo; vs. ldquo;inclusiverdquo; institutions. They attempt

to support their thesis by undertaking a very broad review of economic and historical developments in a spectrum of 30 or so countries. They commence, like medical researchers do when they hope to minimize the number of variables, by examining "twins"; In the author's case the "twins" are the cities of Nogales, immediately adjacent, in Arizona, and in Sonora. One is relatively prosperous, the other not so. It is a good start, and later in the book, the author uses the two Koreas. In both cases, geography and culture are relatively constant, which seems to bolster their view that it is the "institutions" that govern the lives of the respective citizens that are causative. However the book can be a bit of a maddening slog in order to find some enjoyable nuggets of information and/or wisdom. For sure, if one establishes a situation in which individuals have incentives to produce they will work harder. So, why is this concept not universally embraced, by corporations and countries? I once set up a "profit-sharing" program for workers in my company; it seemed to change attitudes, improved the operating efficiency and reduce waste. After I left, the owner immediately eliminated it, though he would pontificate on the needs for economic incentives for himself! His outlook was rigid: if he was "sharing" the profits with the workers, he was a loser, and the thought that he might have a slightly smaller percentage of a much bigger pie never entered his mind. The authors confirmed my personal experience time and time again, and expressed it in terms of "The Iron Law of Oligarchy"; An elite would be deposed by "revolutionary forces"; only to see those forces turn into a new elite who acted much the same as the old. Among others, the authors cite Ethiopia as an example, where "the Derg" deposed Haile Selassie in 1974, and within four years Mengistu was using the same throne Selassie did. The authors could also have cited George Orwell's *Animal Farm*. I also found the authors' description of how Venice turned into a "museum"; to be one of their most concrete examples, in terms of identifying the steps taken by the elites to protect their interests, and eliminate the "profit sharing" with the masses. Likewise, as a counterpoint, there was a good description on how Botswana became the most prosperous country in sub-Saharan Africa. For sure, I believe the "differential diagnosis" to be essential, and therefore comparisons of one historical situation to another can be most useful. But the authors seem to have taken this concept to the extreme, juxtaposing wildly disparate situations, and providing no "connective tissue"; For example, chapter 6 contained 10th-12th Century Venice, the Roman Empire, and Axum, in Ethiopia, without any meaningful comparisons. Over and over again the details of the history of a country were included, generally correctly, but for no apparent reason in terms of supporting their thesis. Thus, we are treated to a catalog of Napoleon's military successes, the number of tons of gunpowder the British sold between 1750 and 1807, and Roosevelt's efforts to pack the Supreme Court. And I dare say that if the redundancies were eliminated by a good editor, a hundred pages would be shaved off the book. For example, three times in 50 pages there is the same list of African countries that had descended into civil war; the Battle of Adowa is mentioned at least twice, and there is the relentless mantra of using "extractive" to mean anything bad that is occurring in a country, and "inclusive" for positive developments. There are also the outright errors of Bill Gates's education (p.43) (Gates dropped out of Harvard in his freshman year), and the circulation of the French "Old France" until 1992 (p. 388). And then there were the sins of omission. Several readily sprung to mind: all of Scandinavia, Singapore, Malaysia, Dubai, and Canada. Examination of these would have provided some useful counterpoints to one of the author's concluding propositions: "You can't engineer prosperity"; And where is the rise of "extractive" institutions in the United States over the past 30 years? Totally omitted. Reviewing the extensive bibliography/references was also instructive. There was Kapuscinski's classic account of the fall of Haile Selassie, *The Emperor: Downfall of an Autocrat* but I was astonished to find missing Gunnar Myrdal's equally classic inquiry into the poverty of nations *Asian Drama, An Inquiry Into The Poverty OF Nations Volumes I, II and III* (Volumes I, II and III) It is a rich book, which covers a vast swath of human history. But it lacks the "connective tissue" that supports the author's thesis, and thus remains light-years away from any sort of "unified field theory" of development. 3-stars. [Note: Originally posted on February 13, 2012 via the Vine program; reposted on August 18, 2017] 29 of 29 people found the following review helpful. A very well reasoned theory with few heroes and many villains By David Oldacre I bought this book because it was the first one found on the particular subject of "Failed Nations" since I had read "The Collapse of complex Societies" by Joseph Tainter. The two books however are entirely different in the way they answer the fundamental question as this is why nations fail. Tainter's theory is that powerful nations collapse because their institutions have become more and more complex and require more and more effort from their citizens with less and less to show for it, with the result that the fringes of the state start to crumble and the people either die off or move away. He cites many examples but the main ones he concentrates upon are Lowland Classic Maya of Central America, the Western Roman Empire, and the collapse of the Chacoan civilization of northern New Mexico. He argues that States ruling without competition compared with those ruling in polities of equal strength, leads him to the conclusion that collapse can only occur in a power vacuum. The authors of this book take an entirely different approach. Their arguments are primarily ones which are based on economical and political institutions. They firmly reject that there are arguments that the reasons nations fail are due to geographic, cultural or ignorance. But they do recognize that all have one thing in common and that the rule is by a narrow elite whose main focus is on maintaining and/or expanding their own interests at the expense of the

rest of the population which they govern. The following is a summary of the contents of this book, which I will comment on later:

Chapter 1 SO CLOSE AND YET SO DIFFERENT Nogales, Arizona, and Nogales, Sonora, have the same people, culture, and geography. Why is one rich and one poor?

Chapter 2 THEORIES THAT DON'T WORK Poor countries are poor not because of their geographies or cultures, or because their leaders do not know which policies will enrich their citizens. The interests of narrow elites and the long agony of the Congo.

Chapter 3 THE MAKING OF PROSPERITY AND POVERTY How prosperity and poverty are determined by the incentives created by institutions, and how politics determines what institutions a nation has. Extractive and inclusive economic and political institutions

Chapter 4 SMALL DIFFERENCES AND CRITICAL JUNCTURES: THE WEIGHT OF HISTORY How institutions change through political conflict and how the past shapes the present. The Black Death, the contingent path of history.

Chapter 5 "I'VE SEEN THE FUTURE, AND IT WORKS": GROWTH UNDER EXTRACTIVE INSTITUTIONS What Stalin, King Shyaam, the Neolithic Revolution, and the Maya city-states all had in common and how this explains why China's current economic growth cannot last

Chapter 6 DRIFTING APART How institutions evolve over time, often slowly drifting apart; Venice, Roman virtues and vices, Roman Britain, Diverging paths.

Chapter 7 THE TURNING POINT How a political revolution in 1688 changed institutions in England and led to the Industrial Revolution

Chapter 8 NOT ON OUR TURF: BARRIERS TO DEVELOPMENT Why the politically powerful in many nations opposed the Industrial Revolution and enduring backwardness: Ottoman Empire, Spain, Hapsburg and Russian Empires, Ming and Qing dynasties, Somalia,

Chapter 9 REVERSING DEVELOPMENT How European colonialism impoverished large parts of the world; Dutch East Indies, African slave trade, South African apartheid.

Chapter 10 THE DIFFUSION OF PROSPERITY How some parts of the world took different paths to prosperity from that of Britain; Australia, the French Revolution, Europe, Japan; The roots of world inequality.

Chapter 11 THE VIRTUOUS CIRCLE How institutions that encourage prosperity create positive feedback loops that prevent the efforts by elites to undermine them. British Reform acts, Trust busting in the US, Failed attempts to pack Supreme Courts.

Chapter 12 THE VICIOUS CIRCLE How institutions that create poverty generate negative feedback loops and endure. Collapse of infrastructure in Sierra Leone, Land grab in Guatemala, Slavery to Jim Crow, Oligarchy in Ethiopia.

Chapter 13 WHY NATIONS FAIL TODAY Institutions, institutions, institutions and why nations fail. ; Zimbabwe, Sierra Leone, Colombia, Argentina, North Korea, Uzbekistan, Egypt,

Chapter 14 BREAKING THE MOLD How a few countries changed their economic trajectory by changing their institutions. Botswana, US Civil Rights, China's rebirth

Chapter 15 UNDERSTANDING PROSPERITY AND POVERTY How the world could have been different and how understanding this can explain why most attempts to combat poverty have failed; Authoritarian growth (China), Failure of foreign aid (Afghanistan), Empowerment (Brazil)

The main thesis that the authors put forward is fairly straightforward. First of all the state must be sufficiently centralized that its rulers and ruling elite can actually govern it. The second is that Economic and Political institutions established in the state are inclusive enough that a significant portion of the population have significant powers to prevent the control by a narrow elite, and that the state is governed by the rule of law in which the rights of all; justice, property, education, economic and political - are adequately protected and are difficult to be removed. The concept of contingent events; like the Black Death in which a major portion of the population died, provided an opportunity for a slow but sure change in the political development of western European countries as the rulers had to start to take into account the needs and demands of those which supported them; leading to the development of large cities, with merchants and guilds. Another was the discovery of the Americas which; particularly in Latin America; was primarily a looting operation that simply replaced the native ruling elites with European ones. The authors use the establishment of the North American colonies (which was a century later than that of Latin America) to describe how those colonists found it extremely difficult to exploit the local population and had to be self sufficient for their own survival. The slow development of a larger more wealthy portion of the English populations led to the English Civil War, and the eventual establishment of a more constitutional monarchy. This is described in some detail in Chapter 7 and showed how Britain and subsequently the US industrialized and slowly established more and more inclusive institutions which are so important for the development of their modern democracies. There are course, many descriptions of the ups and downs of this progress, but the book does an excellent job of explaining the successes and failures of various states in all continents of the world; and why this has resulted in the current world political reality. The difficulty I have with this book is that the authors are unable to offer solutions to dealing with the problems of failed states. I suppose that is probably too much to ask for, and the final chapter makes an effort to address this issue; which is more or less an appeal to influential persons to be informed of the failures of aid programs to alleviate poverty, and to understand why those policies may fail if the funds only end up in the hands of the oligarchic rulers. And they certainly do not address the many powerful international organizations such as FIFA, IOC, (and to some extent the UNO) which are observably corrupt and tend only to serve the "narrow elite"; who run those organizations. I am also dubious about some of the arguments used in favour of "Creative Destruction"; which seem to be more effective in more successful democracies than those which are anything but democratic. What is the purpose of creative destruction when it can also destroy the foundations of a developing state?. I do agree that the development of a successful state is a slow one; although it appears that the French experience after the

Revolution and the Napoleonic era effectively swept away the institutions of the old regime, such that a new structure had to be created in its place; and today (even if you do not agree with its political philosophies) it is one of the more powerful and successful democracies. And I agree with the proposition that you cannot legislate prosperity. I think, however, that the authors are being somewhat optimistic in arguing that current success stories will actually lead to long term success. What is interesting about the book is there is little or no discussion on the impact of religion on the development of the state which is probably just as well, because once you can get on that topic then you enter the realm of beliefs and articles of faith, and any possibility of reasoned analysis tends to be glossed over as irrelevant. I found this book to be very readable and the arguments in support of their thesis very easy to follow. But as they say, economics is a dismal science and there are indeed few heroes and many villains in this account. I can understand why this book has been so well received, because it provides strong justification as to why the western democracies have been so successful. I would certainly recommend it to other readers who have similar interests to my own. I give it 5 stars. 3 of 3 people found the following review helpful. Highly recommended for all Third World leaders, Foreign Service Personnel, Lobbyists and State Department employees. By BARTUM KULAHA great book!!! I could not put it down. This book is well written, and has very good and in depth research. This should be a required text in all colleges and Universities. Every African and third world leader should get a copy. This is a must read for all candidates of the impending elections in Liberia to succeed Ellen Johnson Sirleaf. I suggest that Riva Livinson; and other lobbyists involved in Africa ought to read this book multiple times, keep a copy at their office, and give copies to each of their clients. In addition those in the US Foreign Service, the State Department and Congress who handle African and third world nations, should have this on their reading list.

Brilliant and engagingly written, *Why Nations Fail* answers the question that has stumped the experts for centuries: Why are some nations rich and others poor, divided by wealth and poverty, health and sickness, food and famine? Is it culture, the weather, geography? Perhaps ignorance of what the right policies are? Simply, no. None of these factors is either definitive or destiny. Otherwise, how to explain why Botswana has become one of the fastest growing countries in the world, while other African nations, such as Zimbabwe, the Congo, and Sierra Leone, are mired in poverty and violence? Daron Acemoglu and James Robinson conclusively show that it is man-made political and economic institutions that underlie economic success (or lack of it). Korea, to take just one of their fascinating examples, is a remarkably homogeneous nation, yet the people of North Korea are among the poorest on earth while their brothers and sisters in South Korea are among the richest. The south forged a society that created incentives, rewarded innovation, and allowed everyone to participate in economic opportunities. The economic success thus spurred was sustained because the government became accountable and responsive to citizens and the great mass of people. Sadly, the people of the north have endured decades of famine, political repression, and very different economic institutions; with no end in sight. The differences between the Koreas is due to the politics that created these completely different institutional trajectories. Based on fifteen years of original research Acemoglu and Robinson marshal extraordinary historical evidence from the Roman Empire, the Mayan city-states, medieval Venice, the Soviet Union, Latin America, England, Europe, the United States, and Africa to build a new theory of political economy with great relevance for the big questions of today, including: - China has built an authoritarian growth machine. Will it continue to grow at such high speed and overwhelm the West? - Are America's best days behind it? Are we moving from a virtuous circle in which efforts by elites to aggrandize power are resisted to a vicious one that enriches and empowers a small minority? - What is the most effective way to help move billions of people from the rut of poverty to prosperity? More philanthropy from the wealthy nations of the West? Or learning the hard-won lessons of Acemoglu and Robinson's breakthrough ideas on the interplay between inclusive political and economic institutions? *Why Nations Fail* will change the way you look at and understand the world.