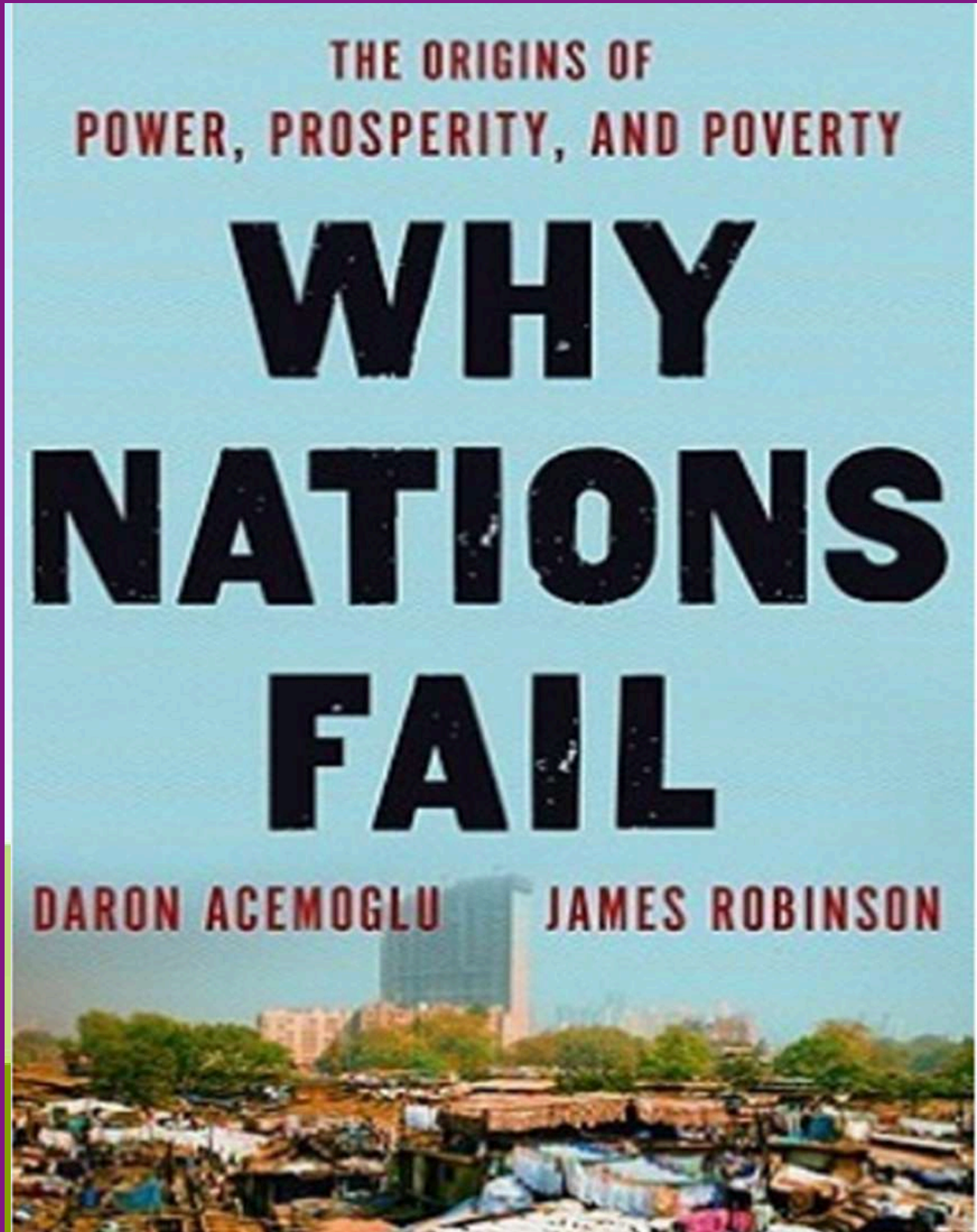




BOOK REVIEW

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

Authored by Daron Acemoglu and James A. Robinson



Introduction

We live in times where billionaires walk the earth while billions survive on less than \$2 a day, forcing one to ponder over the dilemma of whether destiny determines the persisting perpetual poverty in some nations, or is it humans who remain in charge of their own fate. This inciting theme is what lays the foundation for Daron Acemoglu and James A. Robinson's *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, a panoramic analysis that credits the quality of economic and political institutions as the root of global inequalities over aspects like geography, culture or sheer ignorance.

The book talks about a binary framework where it explains the two kinds of institutions, namely "inclusive" and "extractive", where decentralisation, innovation and a sense of upholding property rights make an institution inclusive, which further leads to persistent prosperity, while an elite-controlled institution stands as an extractive structure that dooms a nation to perpetual poverty and stagnation.

It picks up from historical instances ranging from ancient Rome to Zimbabwe in contemporary times, arguing about minute differences at salient historical crossroads like "black death" and the "glorious revolution", establishing disparate paths for nations.

It embellishes its thoughts with examples like the divided city of Nogales, where a contrast between a prosperous U.S. side and a penurious Mexican Side highlights how inclusive institutions act as an incentive for more investments, while the extractive institutions, like the Mexican side Nogales diminish it. A similar contrast can be seen on both sides of the Korean DMZ, where one took an authoritative "Juche" approach, and the other witnessed the "Miracle of the Han". Acemoglu and Robinson highlight how regimes that are extractive enjoy short-term gains, an example of which is the Soviet industrialisation, but never last without what Schumpeterian called "creative destruction".

The Positive Features to Look out for

What makes "Why Nations Fail" distinct is the bold and intelligible thesis that simplifies development economics for the masses. The authors lampoon rival theories through illustrations like demystifying the geographical influence by showing how a tropical Singapore prospers while a temperate Argentina flounders. They explain how culture doesn't have a stake in the pre- and post- division Korea where a divergent path was chosen even after a shared heritage.

The book eulogizes the inclusive systems, instances of which could be witnessed throughout from elucidations like the 1688 Glorious Revolution in England that caused a transition of power to the Parliament, further empowering the Industrial Revolution by guarding patents and dismantling monopolies.

There are quotes like “Extractive institutions.... create a vicious cycle”, reflecting on how these institutions reinforce themselves because of a lack of security from elements who intend to misuse these institutions, visible in situations like Sierra Leone where the post-colonial heads took advantage of an exploiting institution ultimately causing a civil war. The book also consists of groundbreaking examples that have manifested over the decades like Botswana and their shift to a meritocratic framework replacing the extractive colonial institution with a diamond-based public service system, or the grassroots mobilisation prompted by the Brazil’s Workers Party to resist the dictatorial regime, showing how broad-based movements can act as a catalyst for turning vicious cycles into virtuous ones.

Criticisms

Although the simplicity that the book possess acts a double-edged sword, as it often neglects the impact of various external forces and intricate factors. The appreciation of the internal choices made by various institutions often undermine the impact of imperialism, considering it as a mere crossroad rather than a significant institutional framework powered by systemic imposition. This phenomenon can be witnessed in their analysis of the encomienda system which acknowledges the disruption but then neglects the continuing extraction feeding the neocolonial hegemons, like the U.S. backed regimes in Guatemala. A Marxist lens reflects a harsher perspective where the “inclusive” institutions that have led to Western prosperity rely on the “extractive” institutions sustaining in the peripheral nations. The Feminist critique looks at how the narrative is gender-blind not factoring how women are intersectionally exploited by the extractive institutions, an example of which can be the Afghan women under the extractive Taliban rule which feeds from the unpaid labour of women.

While a post-colonial narrative highlights how the book can be Eurocentric in a lot of instances, like the description of pre-colonial African kingdoms being considered extractive, neglecting elements of advanced governance and agency reinforcing the western superiority narrative, a constructivist perspective would portray the ignorance shown to the significance of culture, especially with examples like the transition in East Asia, facilitated by Confucian identities.

Summary

The language of the book is cogent and appealing, being a hybrid of academia and storytelling, categorising it as an "easy read". However, sometimes a few terms like the "Schumpeterian creative destruction" might be alien to amateurs in the field. The book being published in 2012 amidst post economic crisis deliberations and a rampant Arab spring was a counter to the geography centred narratives like Jared Diamond’s *Diamonds, Guns, Germs and steel*.

While the book is suitable for political scientists, economists and international relations theorists, it also has a following amongst the common masses who have a tilt towards understanding the prevailing inequality manifesting in various forms across the world.

The structure, illustrations, working with the mainstream theories and a promotion of a top-down approach makes Why Nations Fail a compelling piece. The book gets an 8 out of 10, as it can act like a good starting point for people who intend to learn about the global inequalities and what causes them. However, a suggestion to every person reading Why Nations Fail would be to have an understanding about the broader institutional frameworks.

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