

Good why nations fail book review example

[Psychology](#), [Success](#)



Why Nations Fail looks to the past as well as today's world in order to answer the age old question of why some nations prosper while others fail.

Historically some countries' citizens are considered wealthy, their nations in rich material goods, education and freedoms while and others are perceived a generally poor, or divided by lines of wealth and poverty.

It is obvious by looking at more universal factors of culture, weather, and geography that countries with similar external and internal factors can enjoy, or suffer different circumstances. North and South Korea and East and West Germany are evidence of this. The continent of Africa also displays how nations with similar circumstances at the outset can evolve in a short period of time with dramatically different results. In this Botswana serves as the wealthy example as one of the world's fastest-growing countries. At the same time the African nations of Zimbabwe, the Congo, and Sierra Leone have made little progress and their population is sunken into a vicious cycle of poverty and violence.

In Why Nations Fail Daron Acemoglu and James Robinson prove that the political and economic institutions underlying the political structure determine the economic failure or success of a civilization. Using Korea as an example they show a nation divided along political lines across what would otherwise be a homogeneous nation. In spite of what should be equal levels of success the people of North Korea are some of earth's poorest on earth and their relatives across the political border in South Korea are some of the richest. This sharp divide in economic status is solely caused by governance; political and economic institutions. In South Korea there is a society with incentives, it rewards innovation, and everyone can participate in the

economic opportunities. This economic success became sustainable because the government is held accountable for its policies and so must remain responsive to citizens. This is not the case in North Korea where the majority of the population has suffered with greatly different political and economic institutions. The differences between the Koreas are not geographic, or due to substantial climate or natural resource differences. Both sides of Korea have the same racial and cultural background. The difference is the policies and politics with their resulting vastly different institutions that sent one half a nation on the path to prosperity and condemned the other half to poverty trajectories.

Acemoglu and Robinson did not limit their efforts to modern society their research goes far back into evidence compiled over the course of their fifteen years of study into the historical evidence from earlier civilization such as the Mayans, the Romans, and medieval Venice. In more recent times they look at the Soviet Union, Latin America, England, Europe, the United States, and Africa to search for differences and patterns. By looking at the present through the mirror of the past they were able to establish a new theory of politics and economy that not only has current relevance but also may help spot and correct future trends.

One of the themes they explore is to look at the countries that chose to institute radically extractive governance and institutions in the name of pushing development by centralizing the power structure. While this may provide a short term solution, Acemoglu and Robinson believe nations like China that are still in their growth cycle will ultimately fall to the same fate as the Soviet Union, falling under the crushing weight of its own repressive

culture and institutions.

Acemoglu and Robinson also examine how change can come about in a less radically and suddenly violent method than the cultural revolutions that seem to dominate the history books.

At times institutions drift apart rather than being torn asunder. Under other circumstances cultural revolutions in other sectors such as the Industrial Revolution in the British culture, drive the impetus to across the board changes. Under those circumstances the politically powerful individuals and institutions might oppose what on the surface would seem to be beneficial to them in order to preserve their control over the masses. This is the reason why these institutions, politicians and individuals in many nations initially opposed the Industrial Revolution.

One of the sad truths that the authors face is that the European Colonial Movement set up oppressive institutions that impoverished many civilizations in large parts of the world. One of the outcomes of this is that it is glaringly obvious as to the alternatives when they examine other choices some parts of the world used a different approach to prosperity. There was a time when the sun did not set on the British Empire, but although they may have “ruled the waves” they did not rule the world and Acemoglu and Robinson also examine the long term effects of the choices other nations made.

Some of these choices set up a “Virtuous Circle” where in institutions encourage prosperity and create positive feedback loops. When this cycle is in place it is not possible for the powerful elites to undermine the system and seize control. In situations where the institutions create poverty a different

type of cycle comes into being. This “ Vicious Circle” generates negative feedback loops that remove the ability of the populace to withstand the further efforts of their ruling classes to push the general populace further and further into a condition of deprivation.

These are not just cycles that played out in historically distant cultures such as the Mayans or the Romans, nor did we learn from the less distant history of the Industrial Revolution. Even the very recent disintegration of the Soviet Union did not bring about a global understanding of how politics, economics and the attendant institutions create negative or positive economic trajectories. Although most nations on a negative course will continue until they ultimately fail in others the citizens seize control and decide to change their institutions and thereby alter the course of their economic trajectory. In order to do this it is necessary to understand prosperity and poverty, how the world could have been different and what changes need to be made in order to win the war.

Acemoglu and Robinson make a strong argument but do ignore some salient points. When they point to the Industrial Revolution that started around 1688 they ignore the past progression of history up from the Magna Charta and the well-established Norman property right that had become an integral part of British common law. This common law already created the start of a strong middle class and established a commercially based civilization well before the Industrial Revolution took place. Logic dictates that if there was no alternate commercial and merchant class before that time there could not have been an Industrial Revolution. The powerful elite would have owned it along with the vast estates and croplands already under their control.

In that manner the Industrial Revolution can be seen as “ a” critical junction, but it is not “ the” critical junction. History progressed through a series of junctions and choices that can alter the trajectory of a civilization easily at some times, and with more effort at others. The establishment of the Crown as a borrower, is vastly significant not only in how British public debt exploded afterwards but also in how that course in history is still affecting economic conditions today.

Although some details take away from their arguments the greatest failure to prove their theories are their arguments regarding China. Being that is an oppressive culture that embodies every negative that they point out in every failed civilization they investigated China is enjoying a growth pattern that make is one of the fastest growing economies on the planet. Although the argument can be made that China today is far improved from past experience and much more inclusive than the Maoist Chinese form of governance that existed in the past it is still not a free nation by many of the world’s standards.

When compared to the United States and the European nations the Chinese citizens live under heavily politically and economically repressive standards. The standard of living is lower, and the cloud of pollution hanging over the country can be seen from space. Yet still China is one of the fastest growing large countries, and the fastest growing large country over course of the last thirty years. This is in spite of having in place all the institutional practices that Acemoglu and Robinson declared would doom a nation to failure.

Although they feel that nations with a government that is a blatant oligarchy that restricts market access, is financially repressive, does not guarantee

personal property rights and generally does not conform to the Western-style rule of law is doomed to failure China just refuses to roll over and die.

Acemoglu and Robinson do make a strong argument in the prediction that while China is doomed to failure it just has not yet taken place they sweep centuries of Chinese history under the carpet ignoring that China has always had a more repressive form of government than Western nations, yet although their institutions are repressive they have been that way for millennia. Yet still they have the oldest continuing culture on earth. For the last 3500 years China has had a national identity held together by the Confucian ideology, a single written language and a bureaucratic administrative system; and that bureaucratic kept it as a functional oligarchy for most of that time.

Although the western world views China as having been ruled by a succession of dynasties the true daily functions of the government was in the hands of a small group of scholars and bureaucrats who were able to communicate with each other throughout the length and breadth of China by means of the written language. The Chinese spoken language varies from district to region. However, unlike western languages it does not use a phonic based alphabet it uses thousands of graphic characters that represent words and concepts. This written language form has the advantage of being understandable to people whose verbal dialect might otherwise be so far removed from each other that they could not speak to each other. It has the drawback of being so complex that only few individuals could master it.

When the dynasties changed this bureaucratic structure stayed in place. This

is what has given China a consistent national culture and identity for about 3500 years, The United States of America is not even one tenth that old. In America we think in terms of an “ administrative” change when a new political party comes into power. That is not what happen in China. When a new dynasty came into power it did not change the administration. The real administration of the country did not change no matter who was in power. Although it does seem logical that China’s current growth cycle will eventually crash, slip or at least vastly slow down, the theory of more inclusion creates greater success does not necessarily when it comes time to examine China in the early part of the 21st century.

Even taking China into account as a potential anomaly in their broad conclusions, Acemoglu and Robinson set out in *Why Nations Fail* are significant and should be considered by all policy makers when considering the establishment and regulations of those economic and political institutions that are known to effect the wealth and poverty cycles within a nation, as well as the international and global effects they have already created. Looking at the past processes, going back for millennia and bringing those lessons forward in a manner that is readily apparent to both conventional and linear thinkers. In this in *Why Nations Fail* by Daron Acemoglu and James Robinson is a huge step forward to understanding governance, economic institutions and the cycles of poverty and wealth they create.

Works Cited

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