

TW Notes on  
Daron Acemoglu and James Robinson  
Why Nations Fail Crown Publishers  
2012

They critique the ~~same~~ view  
that economic ~~stagnation~~ backwardness  
is due to geography, culture  
or faulty ideas of the leader.

They emphasize the importance  
of the beneficiaries of the status  
quo in blocking change.

The key to economic development  
is to have ~~inclusive~~ inclusive

economic and political institutions  
"pluralistic political institutions  
make ~~severe~~ usurpation of power  
[by individuals or groups] much  
more difficult" 332

"Pluralism also enshrines the notion  
of the rule of law..." 333

The support and are supported by  
inclusive economic institutions

This creates a mechanism for the  
virtuous circle.

"Inclusive economic institutions remove  
the most egregious extractive  
economic relations" 333

They Inclusive political institutions  
also "allow a free media to flourish" 339

"Under exclusive economic institutions,  
wealth is not concentrated in the hands  
of a small group that could then  
use its economic might to  
increase its economic power  
disproportionately" 364

"History is not destiny" 426

A confidence of factor is often needed  
for countries to adopt better institutions  
critical junctures

Sustained growth requires innovation  
which in turn upsets the status quo

Elites fear the accompanying  
creative destruction

institutional drift isn't necessarily  
a cumulative process

Small differences and contingency  
play a major role. This limits  
the predictive power of the theory

Some degree of political centralization  
is needed

②

"there are no easy recipes for achieving... [positive] transformation" 436

"our theory... enables us to recognize bad policy advice, based either on incorrect hypothesis or inadequate understanding of how institutions can change" 437

Singapore, Malaysia, and Botswana  
contradict the geography hypothesis

"Inequality in the modern world largely results from the uneven dissemination and adoption of technology..." 53

Diamond: they don't consider this  
D focuses on continental inequality

They grant that culture has some influence, but not much

TW [How does this differ from the ignorance hypothesis that they criticize] 63-

They grant ignorance has led to the adoption of some disastrous policies but argue that "ignorance can at best explain a small part of world inequality" 64

Poor performance can't "simply  
be blamed on ignorance" ~~85~~  
After all, if ignorance were the  
problem, well-meaning leaders  
would quickly learn what types  
of policies increased their citizens'  
incomes and welfare, and would  
"gravitate toward these policies" 85  
"... the main obstacle to the  
adoption of policies that would  
reduce market failures and encourage  
economic growth is not the  
ignorance of politicians but the  
incentives and constraints  
from the political and economic  
institutions in their societies" 87

quote from Abba Lerner  
in the 1970s

"Economics has gained the title  
Queen of the social sciences  
by choosing solved political  
problems as its domain" p 88



They argue that because of China's  
extractive political institutions, it  
is unlikely to... [enjoy]  
sustained economic development" p 437

They argue that the switch  
in China's economic policies  
wasn't due to a change in  
beliefs of the Communist Party  
but because Deng Xiaoping  
and his allies had different  
interests and political objectives  
and managed to gain power. p 68  
TW [This isn't terribly convincing]