

Why Nations Fail: the Origins of Power, Prosperity and Poverty, Daron Acemoglu, James A. Robinson (2012). Profile Books Ltd., London, 2012.

Reviewed by

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Since Adam Smith's ground breaking work on exploring a path that leads a nation towards glory and prosperity in his famous book "The Wealth of Nations" a number of writers, thinkers and those interested in deciphering the enigma of rise and fall of nations have followed suit. The work of Daron Acemoglu and James A. Robinson titled "Why Nations Fail: the Origins of Power, Prosperity and Poverty" is a recent addition to the knowledge pool dealing with the complex subject of assessing and analyzing the trajectory of rise and decline of a state. The book draws serious attention and is replete with strong, interesting arguments and historical accounts. The interdisciplinary approach adopted by the authors makes their work unique as both writers derive their understanding and arguments from a diverse pool of knowledge. Acemoglu an economist, and Robinson A political scientist offer a detailed and convincing perspective from an interdisciplinary amalgam of politics and economics but they largely rely on historical data to proof the thesis statement of their work which if condensed to a single statement posits that an 'inclusive citizenry' and an indiscriminate application and function of the 'extractive capability' of the state are the arch stones of a successful state while the failure to ensure these two cardinal principles leads to failure of a state. Through a broad multiplicity of historical examples the authors succinctly shed light on the importance of institutional development and the subsequent impact on the fate of a nation; even accidental institutional developments have brought far reaching impacts on the economic and political outlook of various nations. Openness of a society, encouragement of healthy competition in market economy knitted with a competitive political system, the rule of law and 'creative destruction', these are the ingredients which when meshed together result in the rise of a nation. Thus, economic inclusiveness as well as political inclusiveness achieved through institutional development is the prime factor at work behind the destiny of a state. poverty and prosperity of nation depends on what economic institutions offer as incentives and the nature and structure of these institutions is determined and shaped by politics, thus it is the political and economic institutional building which is responsible for leading a country towards progress or decline and not the culture or the faith. All other theories that enlist culture, religion, ethnic configuration and geographical location as determinants of rise and fall of nations are discarded and considered erroneous. Besides these oft-quoted determinants, the authors also refute the 'belief' or perception generally held by many experts which lays overemphasis on enlightening the leadership of

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poor countries with innovative ideas and modern administrative techniques. The authors refuse to accept this approach of offering readymade solutions and generalized prescriptions to the leadership of poor countries which in the present world is also adopted and much relied upon by international organizations like IMF and World Bank. The authors opine that it is not because of the lack of innovative ideas which is responsible for the deteriorating and dysfunctional performance of the politico-economic system; rather it is the indifferent approach of the elites who resist all kinds of changes which are directed towards ensuring inclusive political and economic system which obviously is against their vested interests.

The book is interesting and offers a new dimension to look at the performance of a state but like other such ambitious works which encompass a huge time span for analysis it also suffers from overgeneralizations and an erroneous concept of the overall history of the nations. The obsessive focus of the writers on the peculiar aspect of the inclusive politico-economic institution building and the case of Columbia where extractive state institutions could not ensure the expected results, question the core thesis of the writers.

The book is an eloquent vindication of equal opportunities and advocates an inclusive citizenship based on democratic principles which narrates the importance of economic matters in human history.