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BOOK REVIEW

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

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In the vast landscape of development literature, few books have generated as much discussion and debate as Daron Acemoglu and James A. Robinson's *Why Nations Fail*. This ambitious work tackles one of the most enduring questions in social science: why do some nations prosper while others remain trapped in poverty? The authors, both distinguished in their fields—Acemoglu as an economist at MIT and Robinson as a political scientist at the University of Chicago—argue compellingly that the answer lies not in geography, culture, or ignorance, but in institutions. Their thesis, that inclusive political and economic institutions drive prosperity while extractive ones perpetuate poverty, offers a powerful lens through which to understand global inequality.

At the heart of the authors' argument lies a fundamental distinction between two types of institutions. Inclusive economic institutions, they contend, protect private property rights, provide public services, encourage broad participation in economic activities, and foster what *Joseph Schumpeter* termed "*creative destruction*"—the process of innovation that replaces old technologies and practices with new ones. Crucially, these inclusive economic institutions rest upon inclusive political institutions that distribute power broadly, enforce the rule of law, and make governments accountable to their citizens. In stark contrast, extractive institutions concentrate power and resources in the hands of a small elite. These institutions may generate short-term growth—think of the Soviet Union's rapid industrialization or resource booms in authoritarian states—but ultimately lead to stagnation because they discourage innovation and create conflict over the spoils. The authors illustrate this contrast powerfully through paired comparisons: the two Nogaleses (one in Arizona, one in Sonora) divided only by a border; North and South Korea sharing a peninsula and culture but with vastly different outcomes; and the divergent paths of North and South America following colonization. The authors argue that history is shaped by "*critical junctures*"—moments of upheaval such as the *Black Death*, the Glorious Revolution in England, or *colonial encounters*—during which societies can either reform institutions toward inclusivity or entrench extractive arrangements. *England's Glorious Revolution of 1688*, for instance, created political constraints on the monarchy and established conditions for inclusive economic institutions that ultimately spurred industrialization. Conversely, *Spanish colonization of Latin America* installed highly extractive institutions focused on resource extraction, resulting in persistent inequality and underdevelopment. The authors introduce what they call the "*iron law of oligarchy*": even when revolutions overthrow existing elites, new elites often replicate extractive structures rather than create inclusive institutions. This concept of path dependence helps explain why institutional patterns persist across centuries and why reform is so difficult, a theme also explored by North et al. (2009) in their framework on violence and social orders.

One of the book's most notable achievements is its compelling narrative style. The authors weave economic theory with historical anecdotes, making complex institutional arguments accessible to a wide audience. Their use of paired comparisons—particularly the divided city of Nogales and the Korean peninsula—powerfully illustrates how nearly identical geography and culture can yield starkly different economic outcomes when institutions diverge. The book's greatest strength lies in its insistence that economic growth cannot be separated from political power structures. By emphasizing inclusive political institutions as prerequisites for inclusive economic institutions, the authors challenge purely technocratic development prescriptions. Their framework suggests that attempts to spur growth through aid or policy reforms will fail if elites remain entrenched in extractive power structures. This insight resonates deeply in countries like Bangladesh, where economic challenges are often blamed on corruption and elite dominance.

Despite its many strengths, ***Why Nations Fail*** has faced valid criticisms. The book sometimes oversimplifies complex historical processes, presenting sweeping claims about causality without sufficient nuance. Critics have noted that the authors tend to treat the U.S. and U.K. models as universal while downplaying the diversity of development paths. For instance, they characterize countries like South Korea and Taiwan as having inclusive institutions despite their heavy use of state-led industrial policy—a model quite different from Anglo-American approaches. The book also underplays the role of global power dynamics. While the authors discuss colonialism, they give less attention to how contemporary global trade rules, geopolitical interests, and multinational corporations continue to shape national institutions. Dependence theorists would argue that poor countries are often locked into unfavorable global structures that perpetuate extractive institutions, even when domestic elites seek change. Additionally, the authors' use of evidence can be selective. They laud Botswana's inclusive institutions while downplaying its dependence on diamond wealth and persistent inequality. They dismiss China's growth as unsustainable due to its authoritarian politics, yet China has maintained remarkable growth for decades through gradual institutional reforms rather than Western-style democracy. As ***Sachs (2012)*** argues, geography and other factors may play a more significant role in development than the authors acknowledge.

Bangladesh's recent political upheaval, particularly the July 2024 uprising, offers a compelling contemporary illustration of the book's framework. The country's economic trajectory demonstrates how extractive institutions and elite capture can impede development despite initial progress. According to Transparency International, state capture occurs when powerful individuals manipulate laws, policies, and institutions to serve private interests, undermining the rule of law and public welfare. In Bangladesh, an oligarchy aligned with Prime Minister Sheikh Hasina's regime has been accused of capturing key state institutions, including the judiciary, security forces, and economic sectors. The July 2024 uprising, triggered by public frustration over corruption, exclusion, and declining social services, exemplifies the consequences of extractive governance. ***Human Rights Watch (2024)*** reports that approximately 1,650 anti-quota protesters were killed, roughly 22,000 injured, and over 12,000 arrested during the crackdown. These figures underscore the violent lengths to which Bangladesh's oligarchy was willing to go to maintain power—a stark manifestation of the ***iron law of oligarchy*** described in the book. Bangladesh's experience aligns with the book's warning that extractive institutions can achieve short- term stability but ultimately lead to stagnation and conflict. While the country achieved early economic growth through garment exports and remittances under partially inclusive economic institutions, political power remained concentrated in a small elite, making these gains vulnerable to reversal. The July uprising represents both a symptom of extractive governance and a potential critical juncture for institutional reform.

Drawing on the book's framework, Bangladesh must prioritize institutional transformation through several critical measures. Establishing judicial independence and restoring an impartial electoral commission are foundational for inclusive political institutions. Civil service reform via merit-based recruitment and transparent procurement systems is essential to dismantle patronage networks. Empowering civil society and media ensures governmental accountability, while decentralizing authority from Dhaka counters centralized extractive dynamics. Investment in inclusive education and health systems enhances human capital, and transparency initiatives like open data governance mitigate corruption. Finally, robust anti-discrimination frameworks safeguarding minority and women's rights are imperative for equitable institutional development. ***Why Nations Fail*** offers a significant contribution to development literature through its institutional analysis of global inequality. The authors contend that inclusive political and economic institutions are essential for sustainable prosperity, providing a compelling alternative to cultural or geographic determinism, as noted by ***Fukuyama (2012)***. While the work exhibits limitations in historical nuance and Western-centric perspective, its core thesis regarding institutional determinants of economic outcomes remains robust. For Bangladesh, this framework illuminates the governance challenges exposed by the July 2024 uprising, demonstrating how extractive institutions undermine development stability. The text is highly recommended for development scholars and policymakers, particularly those analyzing South Asia's institutional evolution. It emphasizes that nations possess agency to transform their institutional structures during critical junctures, provided sufficient political will exists to implement inclusive reforms.

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