



Centre for Ethnicity & Racism Studies

## Exploring the contradictions of why the Nations Fail The Dark Side of Capitalism

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### Abstract

The current essay review explores the conceptual limitations of the book *Why nations fail*, where authors discuss critically the reasons behind success and failures of nations to develop their economies. Acemoglu and Robinson established a model to understand why some countries expand their capacity of competition at the market, which leads it to produce further wealth, while others still are in complete stagnation. In this token, it is interesting to delve into the conceptualization of creative destruction, originally coined by J. Schumpeter. We hold the thesis that the wealth of nations as well as their degree of development is social stereotypes ethnocentrically fabricated to create financial subordination from periphery respecting to its centre. Thinking that a nation is better (or more competitive) than other by its income per capita alone represents a one-sided argument that obscures much what it clarifies. Capitalism is defined by its ability to pose “social Darwinism” as a social dogma, where the war of all against all, within the market, is stimulated.

**Key-Words:** Development, Success, Wealth, Economies, Ethnocentrism, Anglo-centrism

### INTRODUCTION

From Adam Smith to Maynard Keynes, the theme of poverty was central to economy almost from its onset. The classical doctrine of economy understands that there are losers and winners. How losers become in winners is the main concern of economists worldwide. Capitalism as a cultural project evolved respecting to three founding events, the discovery/conquest of Americas, breakthroughs in technology and the advance of science that introduced a broader system of classification to explain human experience (Heilbronnner, 2011). Over decades, academicians and pundits were wondering why some

countries remained poor while others are exorbitantly rich. Is capitalism a system that engenders asymmetry and inequality?, or simply is the fear of certain elite to lose their privileges which leads societies to chaos and moral decline?.

Although much has been written in this direction, some leading voices persisted in the academic circles. The theory of ignorance postulates that international markets have disruptions and failures. To what an extent, governments have the expertise to face and resolve such glitches, the more success the economy. Whenever the market-led failures are not duly addressed, the risks of collapse are enhanced (Loasby, 1976; Dove 1983; Reinert, 2007). Rather, other economists believe that culture plays a crucial role by understanding why some nations embrace prosperity. Per this viewpoint, there would be serious cultural pathologies as corruption or violence that prevent governments to accept sustainable programs of development (Leff 1964; Hope & Chikulo, 2000; Brownsberger, 2003; Kang 2002; Doig, Watt, & Williams, 2007). Whatever the case may be, even left-wing socialism has failed to justify why their countries keep rich leaders living in a ghettoized society. These and other themes are explored in the book *Why Nation Fail*, the origins of Power, prosperity and poverty, recently released by Crown Business. Its authors, Daron Acemoglu & James A Robinson reconsider the possibility that prosperity would be determined by the type and quality of institution any society constructs. Two types of institutions are coexisting in the diverse economic systems. The “extractive institution” signals to great concentrations of power in a small minority, which exploits the resources of society in its favor. These political institutions are based on non-democratic governments and the lack of private property. On contrary, inclusive institutions avoid to instill monopolies vesting the power in a broader way, renewing administrations according to popular voting. Unable to extract the resources of others, this model encourages the competence to strengthen the market. As a result of this, wealth and prosperity must be inevitably reached by the citizenships (Acemoglu & Robinson, 2012).

Here, the notion of “creative destruction” formulated by Schumpeter gives a hint. Competition among stakeholders is not viable in atmosphere of oppression and extreme centralization, simply because elite is frightened to loose the control and power. Unless, as South Korea, the decision of politicians guided by US, to create broader participative institutions can be implemented, growth is limited. This begs a great contradiction since hegemony of US over Korean politics started with a coup de etat. David Harvey has criticized the concept of “creative destruction” as the epicenter of job insecurity as well as the advance of postmodernism. Just after the Arab-Israeli war, and the resulted oil embargo, West realized its forms of energy where seriously compromised by next generations. It implied a radical change which went in forms of more decentralized economies, where knowledge and stability set the pace to uncertainness and risk. The social ties not only weakened in view of individualism, but also the fordist-scale production style declined (Harvey, 1989).

The present essay-review not only discusses critically this pro-market argument, providing substantial cases and studies that defy the classic argument that prosperity is related to democracy, but also reminds the conceptual limitations of capitalism-mongers to explain

why within industrial societies the social inequality has been enlarged. Is the trust the invisible hand that all solves, or simply an ideological discourse to expand the hegemony of capital-owners?.

R Rajan, a pioneer in anticipating the financial crisis of 2008, contradicts the trust in liberal markets as well as the dichotomy between extractive and inclusive political states. The crisis shocked US and Europe a couple of years back, as a result of the populist policies implemented by Bush's administration to resolve the problem of unjust wealth distribution. American workers are paid according to their professional degree. For those who had the luck to go to the university, possibilities to gain better salaries are higher than those blue-collar workers. This evidenced that the labor market had serious imbalances in view of low and high skilled workforce. Instead of undermining the financial barriers of the current education system (universities), Bush started important financial reformations in order for poor families to gain loans with minimum requirements. Much of the affordable money at the market was used by ordinary people for buying houses (Rajan, 2010). However, with the passing of time, this created an atmosphere of speculation and real-state, which brought serious consequences for economy. Once the interest rate was changed by the Federal Reserve, American economy collapsed. It does not represent a personal assessment whether the economy was led to recession by negligence or by a great conspiracy, it alludes to see how American economy is far from being equitable and egalitarian as Acemoglu and Robinson preclude. At time of exploring the limitations of Why Nations Fail, we understand how capitalism and social Darwinism are inextricably intertwined. Besides, in a racialized state there is an ethnocentric discourse that makes from efficiency the hallmark to distinguish civilized from uncivilized societies. Since the old stereotypes for race are overtly barred, Anglo-protestant ethnocentrism mutated to new more subtle forms (liberal-oriented practices), which are explored in the present work. This represents a type of new racism flagged of rational thought. However the same belief persists, Anglo-societies more prone to progress, liberty and democracy develop sustainable economies than other societies.

## BACKGROUND

What are the claims of liberalism respecting to government interventions?. In his book Capitalism and Freedom, Milton Friedman says,

*"First, the scope of government must be limited. Its major function must be to protect our freedom both from the enemies outside our gates and from our fellow-citizens: to preserve law and order, to enforce private contracts, to foster competitive markets"* (Friedman p2).

The centrality of government, Friedman adds, should be effaced in favor of individual rights. Then, following liberal thinking, centralized-states run further risk to develop poverty and misery than liberal democracies. Here we have to be cautious at time of linking liberalism with democracy. Any government must avoid the effective ways of equality and welfare, or the paternalist views to intervene in the cycles of economies. Friedman starts his premise, populisms over last decades, claimed the hope of further equality to centralize

their interventions. At some extent, it is clear, liberalism has problems to explain the formation of monopolies. Even, as Friedman puts it, governments must delineate the legal framework for the gamers can compete, but avoiding any direct intervention to change the game's rules. So, how monopolies are formed during the evolution of free market?. Liberalism contends that monopolies are shaped by state in many cases. However, sometimes, the natural conditions of competence may create some inevitable private monopolies. This is the lesser evil in Friedman's doctrine. Basically, this seems to be the touchstone where is written Acemoglu and Robinson`s book (Why Nations Fail?)

This fascinating best-seller combines abundant studies and conceptual discussion around the idea that some nations reach development and its benefits whereas others fail in achieving that goal. Tracing a convincingly argument, authors explain that two countries (or cities) formed by the same ethnicity, demography and topography may reach diverse levels of development, wealth, education and health. Responding why this happens is the primary end of the project. When political power is concentrated in few hands, wealth is not distributed to the rest of society, creating poverty and backwardness. In view of this, non-democratic societies are prone to perpetuate narrowly-formed elites since governments are not removed by elections. And of course, its main thesis is aimed at denouncing that democracy (in US and Europe) not only in how governments address the claims of their respective citizens, but also in cultural issues:

*"Why the institutions of United States to much conducive to economic success than those of Mexico or, for that matter, the rest of Latin America?. The answer to this question lies in the way the different societies formed during the early colonial period. An institutional divergence took place then, with implications lasting into the present day. To understand this divergence we must begin right at the foundation of the colonies in North and Latin America" (p 9).*

Spanish settled hosting the indigenous leaders, and once done, their attempts were aimed at creating new elite, which obliges the native to pay taxes and other tributes. The conquest in Americas was based on the idea that others should work for the Crown. Elegantly, this founding event marked forever the destiny of Latin America. Unlike, Anglo-world, Latin American elites organized the exploitation of their peoples in view of the monopoly of wealth, they expect to be returned. The British Empire, when arrived to Americas not only was not possibility to find gold and other precious metals, which were already occupied by Spaniards, but also was pressed to survive with their own arms. Labor and trade with others here played a vital role by configuring the political system of North America. The culture of exploitation was unknown, authors add, for US and Canada, and therefore it was the reason behind the rapid adoption of democracy as the first form of governance. Whilst Latin American region was a high density of population that facilitated exploitation by Iberian Empires, in North America the Crown had serious problems to incorporate the same institutions used by Spain and Portugal. This generated a system of incentive where the hard-work and egalitarian rights paved the pathways for the formation of democracy. Among its strengths, the book addresses historic processes in a coherent and clear way,

doing the best to understand the formation and evolution of poverty. Basically, it starts from the premise two “twin nations” today may develop contrasting economies. Political institutions explain us how what now are striking differences; they were not existed in ancient times. As an example, South Korean case is asserted as a proof the theory is correct.

*“The People of South Korea have living standards similar to those of Portugal and Spain. To the north, in the so called Democratic People’s Republic of Korea, or North Korea, living standards are akin to those of sub-Saharan African country, about one-tenth of average of living standard in South Korea. The Health of North Koreans is in an even worse state; the average North Korean can expect to live ten years less than this cousins such of the 38 parallel”* (Acemoglu & Robinson, 2012: 71).

While North Korea adopted a communist authoritarian government that centralized the wealth in a small minority (elite); South Koreans experienced a substantial change in their institutions that helped for democracy to be enthralled in the country. The entire work is centered in a historical approach that attempts unravel the puzzling of wealth. Through second chapter authors explore how poor countries are in such situation not by reason of their cultures or geographies, rather by their governments. The way politics induce society to follow certain incentives while others are discarded, explains how prosperity and poverty surface (Chapter 3). Competition among social institutions and bank system cemented the possibility to foster stronger networks that accelerated the growth in the democratic societies. It is not surprising that,

*“The reason that the United States has a banking industry that was radically better for the economic prosperity of the country has nothing to do with differences in the motivation of those who owned the banks. Indeed, the profit motive, which underpinned the monopolistic nature of the banking industry in Mexico, was present in United States too. But this profit motive was channeled differently because of the radically different US institutions”* (Acemoglu & Robinson 2012, p. 5)

In perspective, Chapter 4 and 5 are reserved to study the historical evolution of empires as well as the problems of China to keep the growth in the course of next years. The problem of development and loans are addressed in chapters 7/8/9. The restant sections are dedicated to offer a model, which is based on the democracy as political tenet. Those nations that fail today are determined by a “logic of exploitation” escaping to “absolutism”. This atmosphere of non-participation for ordinary peoples engenders dictatorial institutions, which are not prepared to manage successfully the economy. Acemoglu and Robinson argue convincingly that prosperity and wealth must not be engineered or designed by means of rational policies introduced by experts, whenever the culture is mined by authoritarian basis. They are the results from deliberative democracies worldwide. This begs the question how a society passes from restrictive to adopt participative institutions?.

## **PROBLEMS AND LIMITATIONS**

In Mexico, Telmix gained over decades not only considerable profits, but also created a monopoly that offers today a great variety of products. Telmix's case, which is adamantly analyzed, gives a clear example who Anglo-democracy works. Let clarify readers that modern democracies have a legal resource for citizens make their discontents whenever a law affects their interests; this is an "amparo". The legal jurisprudence suggests "amparos" prevent the absolute policies of state or current government; at least until it has been reviewed by Justice. However, the common parlance in Anglo-Saxon societies had a pejorative view of "amparo". It would reinforce the creation of monopolies and concentrated wealth system.

*"An amparo is in effect a petition to argue that a particular law does not apply to you. The idea of the amparo dates back to the Mexican constitution of 1857 and was originally intended as a safeguard of individual rights and freedom. In the hands of Telmex and other Mexican monopolies, however, it has become a formidable tool for cementing monopoly power. Rather, than protecting people's rights, the amparo provides a loophole in equality before the law" (p 40).*

Although this book offers an all-encompassing view, which through diverse strategies attempts to avoid any culturalism, giving priority to the convergence of politics and economy so that readers have a fresh theoretical framework, it rests on a shaky foundations, it is indeed ethnocentrism!, or what this reviewer called "Anglo-centrism".

To clarify this to readers, *Ethnocentrism* consists not only in valorizing the own cultural values or viewpoint as universal applicable to the rest of human groups, but also as the best the World embraces; a need for making of this world a better place. Thinking in United States as the main democracy of the world, as Professor Rudolf Rocker put it, is a great fallacy. United States from its inception debated against liberal and authoritarian tendencies (reactionary character based on the fear to understand the other). One might think in the negro's slavery as well as the struggle of activists to gain egalitarian rights respecting to white lords (Buell, 1994), or the criticism exerted by Michael Omi & Howard Winant to a racialized state that create an "Other" excluded from economic progress. M. Korstanje, in earlier studies, questioned the concept of "Anglo-democracy", which is pitted against the "Greek democracy". In ancient Greece, the problem of elections and voting was unknown, at least in the classic terms as the modern analysts like to impose to public opinion. Not only slavery was a valid way of production, but also the authority of the king. As a resource, demos, only was consulted whether a citizen consider the passed law is unjust. In egalitarian condition with monarchy, any citizen is able to ask for Senate to derogate a law if necessary or threaten the public domain. May we acknowledge the same happen in modern (Anglo) democracy?. The British conception of democracy that adopted United States, not only does not accept the election of presidents by direct majority, but also builds a barrier between professional politicians and the society simply in larger units of populations democracy is impossible. Governments are conformed by indirect participation of their citizenships enlarging a gap which is fulfilled by financial business corporations that support the campaigns. After all, the freedom encouraged by Anglo democracy is a

temporal state of liberty that only is accepted by the ordinary citizen to consume the produced commodities of late-capitalism (Korstanje, 2013).

Quite aside from this, one of the aspects that leads Acemoglu & Robinson's argument towards a misconception of why nations fail, places the cart before the horse. It validates an error of interpretation, by which the explanation of behaviors are inferred by characteristics of the groups that individuals belong. This means that democracy and prosperity are social construes only valid in capitalist societies; they are not universal goods by themselves. Therefore, the correlation between both is given in this one-sided direction, where there is not serious discussion of how democracy has evolved, neither its diverse meanings in the threshold of time. There are many other nations which are free to choose to live in another way. Paradoxically, envisaging democracy as a universal value is a betrayal to the self determination of others (the centre of democracy).

To put this in bluntly, if we imagine values as prosperity, longer life spans, voting, health and expectative of life are good for peoples, in fact esse, we must assume the rest of cultures should accept them. However, other non-western cultures may see in Occident serious pathologies accelerated by Anglo democracy, such as "insomnia", "distress", "suicides", "crime", "competence and job insecurity" "sexual abuses", "drug abuses" and so forth. This book ignores precisely what anthropology evinced one century ago; human behaviour follows the patterns of each involving culture where they were created. This means that the economic factor resulted from the introduction of rationality as a new way of relations, which suggest Europe and its spirit was resulted from evolution of superior "values" over others of "weaker character". The discourse of rationality, embodied in the theory of development, not only indebted the world, but also posed the world in one of its more radical crisis (Rajan, 2010; Stiglitz, 2003). By defining the nation's success depending on the degree of wealth, or per capita income, as this book did, corresponds with an "ethnocentric" mechanism of discipline aimed at creating a need in non-western societies, oddly the needs of being developed and modern nation. In respect to this, the concatenated failures to expand development beyond West, never opened the discussion around the responsibility of international banks or financial organizations as IMF or World Bank, analysts and academicians delve into cultural pathologies, enrooted in third world countries as civil-wars, corruption, ethnic cleansing and so forth (Esteva & Prakash, 1998). To our end, philosophically speaking this was the big problem of Europe to understand the "otherness", the "difference" was conceptualized as a glitch to fix instead of a fundamental character of other collective beings. Why are states in Latin America weaker than in US?.

## THE NATION-BUILDING IN LATIN AMERICA

Even if Iberian powers have exerted extreme violence to exploit natives in the gold-rich areas, as Rome before them, the fact is that the conquest was conducted in relative little time, as Thomas Calvo observes. For 1530 the entire continent was under the control of Spain, and of course, this happened because the already-existent aboriginal empires as Incas and Aztec not only had many enemies, who helped Spaniards in the topography of the lands, but also facilitated resources. The brutal oppression of Incas entailed the liberation of

many other oppressed groups that worked together Iberian powers. So, this book offers an idealized image of Americas` conquest which lacks of scientific basis.

Another limitation we have found throughout this argument is the generalizations it falls. Entire civilizations are explored with little detail by Acemoglu and Robinson, even the history of Argentina defies the core where the book is built. After all, how we may define the Latin American Identity?, by chance, it was an invention of European powers as France to create a rupture between Anglo and Latin worlds.

Furthermore, Spain exerted considerable violence only in those zones where they found gold and precious metals, not in El Virreinato del Rio de la Plata (former Argentina). Of course, in “La Pampa” we do not have a legacy of cruelty as in Peru or Mexico. Following this, we must accept Argentina would follow the economic pattern of US or Canada. Why has Argentina faced several coups in its history?.

As Deborah Norden puts it, Argentina’s history shows a cycle of coups and democratic governments produced not always by external factors. Military forces have learned from past experiences to take action over those glitches they considered needed to be fixed. Among the factors to explain why militaries are prone to politics, two important theories prevail. The theory of professionalism signals to the cocoon where military-forces have been educated. Based on a profound sentiment of differentiation respecting to civilian order, officership is considered a valuable profession. If they are provided with everything they need to keep this sentiment of exemplarity, civilians would enjoy certain autonomy. The militaries would intervene in politics whenever they feel the national security or their interests to professionalism would be at risk. Rather, the “doctrine of burocratization” explains that rebellion resulted from the antinomy between what is a front-line and desk officer archetype. Armed forces evolved from strong autocrat apparatuses, which sometimes give more prominence to rules than the ideals of chivalry. In Argentina, politics was subject to the struggle between these two contrasting groups, one emulating the warrior archetypes, the other more interested in preserving democracy to be benefited from the logic of bureaucracy. For the front-line officialdoms, the bureaucrats, in the same ways the civilians embodies the most negative and corrupt form of politics, because they negotiate to make profits and business irrespective of national security (Norden 1996). What is more than important to discuss is to what extent the successive coups in politics fragmented not only the electorate towards a deep atomization of political parties, but also the lack of trust of citizenry in their institutions. From the earlier military-intervention, experiences in the society developed a weaker loyalty to its institutions to the extent Argentineans equaled politics and economic inefficiency to corruption. Throughout the diverse decades, civilians claimed to open the barracks every time the government gives no coherent responses to the problems of the economy, at least until 1976 when the intervention in public life was widely radicalized.

Although not all dictatorships have caused the same effects to the political system, what is more than important to examine is the atmosphere of conflict and violence experienced by the country through the 70s decade (Guest, 1990; Knudson, 1997; Norden, 1996; Lewis,

2002; Feierstein, 2006; 2014; Jelin, 2003; Timmerman, 2008). In what historians know as “National Reorganization Process”, Argentinean military forces took the power in March of 1976, meanwhile the country was subdued in a bloody climate of violence between the supporters of deceased Juan D. Perón and some left-wing terrorist cells (dirty-war). To strengthen the control of the political arena, the juntas brought down the former president María Estela Martínez de Perón. At time the military forces orchestrated a plan to efface “guerrilla”, many political dissidents such as intellectuals, writers, worker union leaders were clandestinely hosted, tortured and killed. This illegal repression not only did not encompass a just trial for those persons accused of terrorism, but also paved the ways for imposing policies that otherwise would have been rejected by work unions. In this period, the government introduced a set of liberal measures which protected the interest of the elite.

In this vein, Haggard & Kaufman (1995) found in the ebbs and flows of the economy, the key factor to pass from democracies to dictatorships and vice-versa. In southern countries such as Argentina, Uruguay and Brazil, there was a systematic plan to impose liberal policies in the local economies, dismantling the regulatory process of the workforce. While the dictatorship in Argentina collapsed because of a combination of serious economic problems and Malvinas/Falkland's war, in Chile it took much time. Given this, these specialists argue that Chile kept the cohesion of elite to overcome the crises with success while the aristocracy in Argentina was dichotomized into pieces in view of the pressure groups. Once the democracy in Argentina was restored (1983), the public imaginary developed a negative view of dictatorship and coups reminding the almost 10.000 forced-disappeared dissidents who were assassinated by the government. Malvinas's war was a reminder of the excess of last dictatorship as well as an assertive response in favor of democracy (Korstanje & George, 2012).

As Alicia Entel put it, the “last bloody dictatorship” 1976/82 affected not only our ways of making politics but also the trust citizens have with their institutions. The political repression engendered by long-simmering fear that excluded citizenship from public participation and militant commitment. The sentiment of insecurity during that period caused people to not only decline the social trust among citizens but reduced their political attachment to the State. The workforce was disciplined not to take active support for public issues or questions associated with the politics (Entel 2007).

Recent studies have focused on the role played by international business corporations, which in the past introduced the influence of neoliberalism in third world economies, such as World Bank to enlarge the gap between citizenships and their governors. The sociologist Susana Murillo explains that the neo-liberal discourse has failed to grant a more equal redistribution of wealth in the 90s decade. This was the reason why they have changed the discourse to new subtle ways associated with security and efficiency. Any local government is portrayed by these groups as inefficient, corrupt or insensible to people's claim so that the private market can be presented as an alternative (Murillo, 2008). The money-oriented governments are more interested to make profits and business to enrich themselves at the cost of citizens than to resolving the real problems of the society.

Last but not least, in a seminal book, *Blood and Debt*, Miguel A. Centeno provides a clear and well-detailed explanation of politics in Latin America. Instead of conducting “total-wars” against other states, as the example of Europe showed, in this corner of the world, struggles were domestic or limited to a short period of time. Since wars are not only products of states, but states are derived from the ability of peoples to make wars, Centeno adds, the efficacy in forging extractive institutions that accumulate resources is given by the ability to face total wars. This is the difference between Europe and Latin American states. States in Latin America, have serious financial problems because their inefficacy to develop extractive methods that allows centralizing the political power. Their weakness is based on the limited wars they celebrated in the past. “*To understand the possible importance of total war in state building considers some of its effects in detail. These include a) increased state capacity to extract resources, b) centralization of power in national capitals and the gradual disappearance of regional loyalties or identities ...*” (p 22). European states which have in the history two total wars developed a centralized model of authority that led to embrace more efficient ways of productions. The much longer the war is, more stable the state.

### **FROM POLITICS TO ETHNOCENTRISM**

Elegantly, this ambitious essay makes a profound criticism to what authors call “theories that don’t work”, which range from cultural, geographical and ignorance as main hypothesis respecting to why nations failed to import success models of development. Although, they accept “English legacy” is not enough to explain why some African colonies are not developed countries, US still exhibits the main model to follow:

*“The economic institutions in the United States enabled these men to start companies with ease, without facing insurmountable barriers. Those institutions also made the financing of their projects feasible. The US labor markets enabled them to hire qualified personnel, and the relatively competitive market environment enabled them to expand their companies and market their products”* (p. 43)

Not surprisingly, criticism on cultural hypothesis encompasses a naïve exploration by Weber’s argument. To the point, is culture sufficient to understand material inequalities in the World, Acemoglu & Robinson, say “yes and no”. Although recognizing there are “social norms (p57), widely related to culture, others aspect as religion, ethics and values do not correlate with prosperity. Then, the limitations in political struggle is vital to undermine the formation of monopolies that may lead society to decline,

*“Finally, the political institutions ensured stability and continuity. For one thing, they made sure that there was no risk of a dictator taking power and changing the rules of the game, expropriating their wealth, imprisoning them, or threatening their lives and livelihoods. They also made sure that no particular interest in society could warp the government in an economically disastrous direction, because political power was both limited*

*and distributed sufficiently broadly that a set of economic institutions that created the incentive for prosperity could emerge” (p 43)*

Last but not least, the excerpt shown above explains that “prosperity” is produced by two key factors, stability and competence. In view of that, traditional societies where democracy is not practiced not only would be doomed to decline but also would not grant the conditions of improvement beyond the market. Nonetheless, less is said on the condition of exploitation “social Darwinism” generated in US and worldwide. Returning to Weber, Richard Hofstadter offers a convincingly explanation why US became the financial epicenter of the globe. One of the primary aspects that determined by competition and the spirit for entrepreneurs were the adoption of social darwinism per the view of authors as Asa Gray, Graham Sumner and Herbert Spencer. This biological theory postulated two significant axioms which reinforced the sentiment of exceptionalism inherited in the founding parents of nation. The first was the “survival of fittest”, the second was the “social determinism”. In a brilliant argument, Hofstadter argues that the legitimacy of law to ensure the equality of all citizens was not sufficient to explain why some actors are success while others falls in ruins. As a supra-organism, the social structure overrides the interpretation of law. Taking the survival of the fittest as a sign of supremacy of White power America understood that Millionaires are not resulted from the greed or avarice, but from the evolution of natural selection. They have been selected by their strengths, tested in their success in business, and abilities to achieve adaptation to environment. Rather, others have been relegated to occupy poor conditions of existence or to disappear. Because of social Darwinism was a doctrine originally adopted by some religious waves, not only Sumner but Gray alarmed on the negative effects of leaving the poor without assistance. At a closer look, Calvinist and other protestant circle emphasized on the hostility of the environment as a proof of faith. This belief suggests that man evolves in a conflictive and dangerous world. Secondly, the archetype of uphill city which holds the selected people exerted considerable influence to delineate the roots of labor. Being success, for Americans, was more than important to ensure one is part of selected by God. At a surface, this is not pretty different in what social Darwinism claims (Hofstadter, 1992).

In light of the discussion, Zygmunt Bauman clarified the problem of death in his books *Consuming life* and *Liquid Fear*. The capitalist ethos has changed the mind of citizens, who passed being part of the production machinery. As commodities, workers are exploited to congeal the mass-consumption encouraged by capitalism. The big brother is an example how people enter in competence, as commodities, to be selected and bought by others. Participants in this reality show know that only one will win, and the rest will die. Big Brother, for Bauman, emulates the life in capitalist societies which enhance the style of life of a small minority by producing pauperization for the whole. The modern state set the pace to the advent of liberal market to monopolize the sense of security for people. This does not mean that states are unable to keep the security, but also the market is re-channelling the consumption by the imposition of fear. If human disasters as Katrina show the pervasive nature of capitalism which abandoned thousand of poor citizens to death, no less truth is that the “show of disaster” unbinds of responsibilities for the event. The sense of catastrophe, like death, serves to cover the inhuman nature of capitalism (Bauman, 2007;

2008). This society only has an answer to crisis, when its economic system is at risk. Since the real reason for disaster are ignored by the allegory of death, which persisted in the media and famous TV series where technicians and forensic experts look to solve the crime, the disaster comes sooner or later (Bauman, 2011). Modern capitalism, which Acemoglu and Robinson valorize, stimulates an eternal competence among citizens precarizing their conditions of work, at the time, elite enhances their profits. Capitalism is vested by the logic of Protestantism, by the sense of salvation it produces. Over recent decades, the market abandoned the job security given by unionization in favor of capital enhancement. The values imposed as “incentive” alludes to the glory of few but the ruin of the whole. Latin American cultures where poverty is contextualized not as an evil, but as a condition of people to enter in heaven, as well as Middle East with their traditional institutions, represent a real obstacle to capitalist expansion. Even, within industrial societies exhibits serious asymmetries between poor and rich classes. Widely documented by French philosopher Robert Castel (2004), social ties and trust set the pace to risk; ordinary people are educated to face their own risks lonely resigning the protection of state (Sennett, 2011).

In the conclusion, the book inscribes a support to “creative destruction” as the key factor to boost economy and competition,

*“Similarly, extractive economic institutions are synergistically linked to extractive political institutions, which concentrate power in the hands of few, who will then have incentive to maintain and develop extractive economic institutions for their benefit and use of the resources they obtain to cement their hold on political power. These tendencies do not imply that extractive economic and political institutions are inconsistent with economic growth.... What is crucial however is that growth under extractive institutions will not be sustained...the synergies between extractive economic and political institutions create a vicious circle, where extractive institutions, once in place, tend to persist. Similarly, there is a virtuous circle associated with inclusive economic and political institutions. But neither the vicious nor the virtuous circle is absolute”* (Acemoglu & Robinson, 2012: 430-431)

Acemoglu and Robinson did the correct thing accepting it is evident that where the old doctrines of liberalism which recommended flexible exchange rates, reduction in the size of state, and capitalization, this means in 90s decade, failed; this was because pundits of IMF and World Bank had not familiar with the nature of political institutions for under-developing countries. The theory of ignorance as it was formulated by financial corporations does not suffice to explain why some promising economies as Soviet Union or China dribbled to halt. *“despite this unflattering track record of development aid, foreign aid is one of the most popular policies that Western governments, international organizations such as The United Nations, and NGO of different ilk recommended as a way of combating poverty around the World. And of course, the cycle of failure of foreign aid repeats itself over and over again. The idea that rich western countries should provide*

*large amounts of developmental aid in order to solve the problem of poverty... is based on an incorrect understanding of what causes poverty* (p. 452-453). What should do US with this issue?.

As George Bush kicked off, authors added, US as main power, should condition the help to qualitative but substantial changes in political development to adopt democracy as a first option. The problem lies in the type of indicators are used as a hallmark of progress or development. Income per capita is only one aspect of wealth and its distribution. Lester Thurow concurs that

*"while it is easy to calculate per capita GNPs, it is notoriously difficult to make precise standard-of-living comparisons among countries. In each country, individuals naturally shift their purchases toward those items that are relatively cheap in that country. Tastes, circumstances, traditions and habits differ. Individuals do not buy the same basket of goods and services. What is necessity in one country may be luxury in another* (Thurow, 1980: p. 5)

Secondly, intervention in foreign states contradicts one of the tenets of democratic thinking, the self-determination of nations. As it has been posed, the problem of poverty leads to imperialism. On one hand, it affords loans and financial aid to poor nations without any possibilities to be accrued, but on another, it exports a model that intervenes directly into the sovereignty of other nations. Last but not least, the explanation of Why Nations collapse not only is not convincing, but also avoids dealing with a lot of cases which may be counter-deceptive to the theory. Throughout the text, neither connection to the bombing to civilians in Hiroshima and Nagasaki by US nor the excellence in health and education system developed by a communist country like Cuba, which faces a unilateral "embargo" are examined with detail. What is the idea of a democratic nation that prevent others to trade freely with the rest of the globe?, what are the indicators that leads American Health system better than other nations?.

Discussed in a seminal book as *The Revolution is for the Children*, A. Casavantes Bradford (2014) discusses the paternal role of US as benefactor father of some islands in Caribbean Sea (as Cuba). Fidel Castro's revolution takes place in Cuba as a counter-action against the administration of Batista which was suspected of high corruption and serious inefficiencies to achieve an stable economy. Through this process, which ranged from 1953 to 1959, the island witnessed three mainstream forced migrations towards US, the most known Mariel crisis evinced a cruel dichotomy for Cubans in the next years. Though the revolution brought benefits for some lower-classes which were historically relegated and invisibilized by elite, a dual-structure of two landscapes of Cuba surfaced. The capitalist Cuba hosted in Miami accused communist administration not only to violate the human rights, but also vulnerability the rights of children. This image, originally disseminated by journalism, posed Marxism as one of the main threat of Americas, at the same time, portrayed a good image for Americans as benefactor and protector government. Of course, on the other side of the river, Castro's government made from Children its bulwark against the asymmetries

generated by capitalism. Based on the idea that Castro's revolution was not an spontaneous act, but a counter-response enrooted in the sociological context of Cuba, this text reminds brilliantly how "*the archetype of children*" are politically constructed to elite to keep its legitimacy. In this vein, chapter one refers to the preliminary works of Jose Marti envisaging an "essentialized" view of Cuba in order for expanding further ideological support to its quest for independence from Spain. Decades later, this image of a vulnerable and immature Cuba served to the interests of elite to support the US invasion. As this backdrop, it not only shored up the relation of subordination of White-Empire (America) and a racialized island (Cuba) but also accompanied the discourse of exiles even during XXth century. At some extent, in the mind of expatriates, revolution failed to achieve a mature democracy (like a child who is vied for parents) that leads Cubans to adhere authoritarian governments. At the same time, Castro's administration portrayed an heroic image of children as the pillars of independence and liberty from the "Yankees" invaders. In other terms, parental relationships as well as child-rearing were used and manipulated to explain the difficult position of America and Cuba in their respective diplomacies. This point of discussion, deciphered by Casavantes-Brown not only is valid in her study-case, but also to a more universal model imposed by US to intervene in the world. In this token, *Why Nations Fail*, beyond the rationality articulated, echoes an old Anglo-centrism that sees in incomes the sign of salvation, or at least the borders between civility and barbarians.

## CONCLUSION

This essay-review has explored with accuracy and detail, the primary limitations of the book *Why Nation Fail*, a recent Best seller that received praise in the Anglo-world. Though written in a polished manner, it obscures much more than it clarifies. It not only leaves many questions open, but also rests on an old ethnocentrism that presents western values as universal. To what an extent, political institutions are important to explain wealth and prosperity, but they are not immutable, they change according to the context. Instead of criticizing the role of leading countries in indebting the under-developed world, Acemoglu and Robison provide a history constructed by the eyes of present. Their impressions of ancient Empires are determined by their own current stereotypes. To my end, the title "Why the Nation fail" determines the methodological problems unresolved in the argument, it should be changed by "what does the world need?". The dea of success and failure are associated to "social Darwinism", in the same way salvation and condemnation are for Protestantism. Not surprisingly, United States (following GINI coefficient, which measure the inequality as well as wealth distribution in nations) has GINI coefficient ranged from 0.45-049, while Sweden and Denmark are pondered under 0.25. This coefficient not only includes the income per capita, but also incorporated other more complex variables. In US the coefficient recorded in 1929 was 0.45, which maintained stability in the time but now, in 2009 it rose to 0.865. What is more striking is that today US is situated in rank 123<sup>th</sup>, while Argentina decreased to 115. how may we understand Acemoglu and Robinson's model?.

Intended to leave suspicions the world is a great dictatorship, the book feds the deep ethnocentric values of Anglo-culture. Following this one-sided ethnocentric way of reasoning, the poverty in the world has not resulted from the tactic of exploitation of great

industrial powers as England and US, which established abroad “extractive institution” for other ethnicities, while at the centre they reinforced the liberty and democracy. This is exactly what historian Bernard Bailyn claimed, British Empire first and US later used the same strategy. At the time, they encouraged democracy internally, expanded cruel and exploitative institutions in its colonies. Although America rebelled against British oppression, the same policy was continued whenever US erected as a main financial and military power post WWII (Bailyn, 1992). In next approaches it would be vital to discuss the impact of social Darwinism not only in British Empire, but also in the cultural values that formed the “American Exceptionalism”.

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