
BOOK REVIEW:
*Why Nations Fail: The Origins of Power,
Prosperity, and Poverty*
and
The Poverty of Nations: A Sustainable Solution

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Throughout his ministry on earth, Jesus admonished his followers to care for and bring good news to the poor (Matthew 25:40; Mark 10:21; Luke 4:18). A similar message is echoed by both Old Testament (Deuteronomy 15:11; Proverbs 19:17) and epistle writers (James 1:27; I John 3:17-18), making it explicitly obvious that concern and provision for the poor is an essential part of the Christian life. Loving God and loving others requires actions that help those lacking material possessions (James 2:15-17). Millennials, the generation born after approximately 1982, have demonstrated a passion for addressing the needs of those in poverty, both within developed countries and around the world (Telefonica, 2014). Our role as Christians, combined with the interests of college-age students, ensures that the causes and alleviation of poverty are crucial topics on the campuses of Christian colleges and universities.

Although poverty exists in developed countries, the majority of the world's poorest citizenry are concentrated in countries within Central America, sub-Saharan Africa, and Asia. Although the number of people living in extreme poverty has declined during the last thirty years, just fewer than one billion people, or approximately 17 percent of the world population, continue to live at or below \$1.25 per day. This is down from 52 percent in 1981 (World Bank, 2014). At the same time, many developed countries enjoy economic prosperity and the quality of life that generally accompanies it. Two recent books examine the question of why some countries are generally prosperous while oth-

ers appear mired in a cycle of poverty. Economist Daron Acemoglu and political scientist/economist James Robinson (2012) examine the issue from a secular perspective in their book *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, while theologian Wayne Grudem and economist Barry Asmus (2013) "combine the findings of modern economics with the teachings of the Bible in an attempt to solve the age-old problem of world poverty" (p. 21) in writing *The Poverty of Nations: A Sustainable Solution*. Although the purpose of and general themes of the two books are relatively similar, key differences emerge in the presentation, depth of support, and their conclusions regarding the importance of culture. The key themes of each book are briefly discussed below, followed by an examination of the important differences.

Acemoglu and Robinson (2012) provide an extensive history of the countries they discuss in order to show how past decisions and events have impacted current prosperity. Beginning with a comparison of locations that are geographically close but economically divergent, the authors disprove widely accepted theories on poverty (geography, culture, and ignorance). Their overall premise is that a nation's prosperity is dependent upon the nature of its economic and political institutions; inclusive economic and political institutions lead to poverty while extractive institutions lead to a nation's failure. "Inclusive economics institutions...are those that allow and encourage participation by the great mass of people in economic activities that make best use of

their talents and skills and that enable individuals to make the choices they wish" (p. 74). In contrast extractive institutions extract income from one group to benefit another (p. 76). Similarly, inclusive political institutions allow political power to rest with a broad coalition or plurality of groups, while extractive political institutions concentrate power in the hands of a few (pp. 80-81). Acemoglu and Robinson posit that long-term economic prosperity can only be achieved with the existence of both inclusive economic and political institutions. Economic growth will not persist in the presence of inclusive economic institutions and extractive political institutions, leaving them to predict that China's economic growth will not last (p. 151). Using several historical examples, the authors demonstrate how countries can "drift" towards a type of institution and the importance of various turning points that can push a nation towards more inclusive or more extractive institutions.

Other key themes in *Why Nations Fail* include (1) the importance of allowing and encouraging creative destruction for economic growth, (2) the lasting negative impact of European colonialism through encouraging extractive institutions, (3) the self-perpetuating cycles of both inclusive and extractive institutions, and (4) an examination of diverse paths to prosperity exhibited by developed countries, which demonstrates how countries can change their current position and trajectory. The authors conclude that all nations can move toward prosperity "by transforming their institutions from extractive to inclusive...but...there are no easy recipes for achieving such a transition" (p. 436).

Grudem and Asmus' (2013) book is directed towards the leaders of poor nations with the intent of providing a path to reducing poverty in a sustainable manner. The authors are not just targeting government officials but also the leaders of businesses, charities, education, and church leaders (p. 31). The overall result is a compilation of seventy-eight factors related to four components of nations, including: economic systems, government laws and policies, cultural values and beliefs, and moral and spiritual convictions. These factors are described throughout the book, and the appendix provides a comprehensive list. Grudem and Asmus do not provide new economic research, but rather, they rely heavily upon the work of other authors, including Landes (1999) and Acemoglu and Robinson (2012). Their goal was to compile the work of other economists with regards to the keys to economic prosperity while providing theological support for both why we should be concerned with the poverty of nations and how Scripture supports the factors discussed.

Grudem and Asmus' (2013) primary thesis is that economic growth is the secret to reducing or eliminating

poverty and that growth is best achieved through a free market economic system. In the first portion of the book, the authors provide a description and examples of economic systems that did not work, along with a primer of the basic tenets and mechanics of a free market system. They identify private property and the rule of law as the economic and legal foundations for a free market, respectively. The latter portion of the book explains the governmental structures, freedoms, and values that are essential for promoting economic prosperity and the widespread reduction of poverty. Biblical support for each factor, as perceived by the authors, is also explained. The authors do not claim that adoption of all the factors is necessary for reducing poverty; however, these are factors that will move a country towards the goal of greater economic prosperity.

Although different terminology is used, the authors of these two books arrive at similar conclusions. Both pairs recognize the importance of economic and political institutions/systems that allow for participation by all subsets of a nation's citizenry. Despite this similarity, there are also some key differences. The most obvious is the inclusion by Grudem and Asmus of a theological perspective.

Another difference is the emphasis Grudem and Asmus place on cultural values and norms. Although Acemoglu and Robinson recognize that cultural norms may support certain institutions, they largely dismiss the idea that cultural values impact economic inequalities (p. 57). In contrast, Grudem and Asmus believe the cultural values will determine the kinds of economic and governmental systems that are supported within a nation.

Both the writing style and research differ between the two books. While both books are written at a level that even young undergraduate students can easily read and understand, Grudem and Asmus are particularly careful to explain any terms that may be unfamiliar to a beginning economics student. Acemoglu and Robinson provide extensive historical and current analysis to support their positions, whereas Grudem and Asmus state their views with limited support or with support found in the writings of other economists. Grudem's theology is largely Calvinistic, which may result in Christians of diverging theological positions to disagree with the scriptural support provided throughout the book. Alternative views of the selected Bible passages are generally not provided.

Given the differences described above, the potential classroom use of these texts also differs. The author of this review previously taught in a relatively secular institution that would have frowned upon the use of the Grudem and Asmus text. However, the Acemoglu and Robinson book was successfully incorporated into a Principles of Macroeconomics

course. Given the emphasis on both economic and political institutions, the Acemoglu and Robinson book would also be very useful in a course that is cross-listed with economics and political science. Both books are rather lengthy (405 and 545 pages); however, they are not difficult to read. In the principles course just discussed, groups of students were given different portions of the book to read and use as the basis for a research project on that section's particular subject. This may be a viable option for instructors who are unable to assign the entire text as required reading.

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