***ASSIGNMENT-01***

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***Topic: ‘****Why Nations Fail’* ***Consulted Book: Why Nations Fail by Acemoglu and Robinson.  
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***“Why Nations Fail”***

The question of why some nations succeed while others fail has been a source of curiosity and concern for people worldwide. "Why Nations Fail: The Origins of Power, Prosperity, and Poverty" by Daron Acemoglu and James A. Robinson attempts to answer this complex puzzle. In this essay, we will explore the key concepts from the book in simple words and offer some additional insights.

**\*\*1. The Role of Rules and Institutions\*\***

At the heart of "Why Nations Fail" is the idea that rules and institutions matter greatly. But what are these? Think of rules as the guidelines or instructions that everyone in a country follows. These rules are created by institutions, like the organizations responsible for ensuring everyone behaves pretty.

In some countries, these rules and institutions are designed to benefit everyone. They make sure people can own property, start businesses, and have a say in how the country is run. These are called "inclusive institutions." They include things like a fair legal system, free and fair elections, and protection of property rights. When nations have inclusive institutions, they do well because people are encouraged to work hard, invest in their future, and create new things. This leads to prosperity and success.

But in other places, the rules and institutions must be more fair. They're set up to benefit just a few people, like a wealthy and powerful elite. These are called "extractive institutions" because they extract wealth and power from most of the population. In extractive systems, there is often corruption, where people in power use their positions to get rich at the expense of everyone else. This makes it hard for regular folks to start businesses or improve their lives. As a result, these nations tend to struggle and can even fail.

**\*\*2. The Story of Two Cities: Nogales\*\***

Let's take a closer look at this idea with a simple story. Imagine there are two cities named Nogales, one in the United States and one in Mexico. They share a border, but their levels are very different.

Nogales, Arizona, in the United States, has inclusive institutions. People there can start businesses quickly, and their property rights are protected. The legal system is fair, and everyone has a chance to succeed. As a result, Nogales, Arizona, is a prosperous city with good schools, hospitals, and opportunities for its residents.

On the other side of the border, there's Nogales, Sonora, in Mexico. Here, extractive institutions have been in place for a long time. A small group of elites controls the wealth and power, and corruption is widespread. Starting a business is hard, and people often struggle to improve their lives. Nogales, Sonora, is less prosperous than its American neighbor, and many people face challenges like poverty and limited access to good education and healthcare.

So, the same people with the same skills and abilities can live in very different conditions just because of the rules and institutions in their countries. This shows how important it is for nations to have inclusive institutions encouraging economic and social progress.

**\*\*3. The Impact of History\*\***

History plays a significant role in why some nations have inclusive institutions while others have extractive ones. Imagine if a nation had a history of being ruled by a king who controlled everything. Even after the king leaves, the habits and rules he left behind may still shape the country. This can make it hard to change the institutions for the better.

For example, some nations were colonized by powerful countries in the past. When these colonizers left, they often left behind extractive institutions that benefited them. These institutions can be brutal to change, even after a country gains independence. That's because the elites who benefit from these systems want to keep things as they are.

**\*\*4. Geography and Resources\*\***

Where a nation is located and what resources it has can also affect its success or failure. For instance, if a country is in a place with fertile land, plenty of water, and access to the sea, it has an advantage. It can grow food, trade with other countries, and have a strong economy.

But sometimes, having too many resources can be a problem. This might sound strange, but it's called the "resource curse." When a country relies too much on one help, like oil or minerals, it can become vulnerable. Instead of investing in other industries and creating a diverse economy, the country becomes overly dependent on that one resource. The economy can crash when its price falls or the resource runs out.

Think of it like someone who only eats one type of food. If that food becomes available, they'll need help finding something else to eat. The same goes for nations that rely too much on a single resource.

**\*\*5. Culture and Social Factors\*\***

How people think and act in a country also plays a role in its success or failure. Some cultures value hard work, cooperation, and trust. In these places, people work together and create opportunities for everyone. This leads to prosperity.

But in other places, divisions and mistrust can hold a nation back. High levels of inequality, where a few people have most of the wealth, can lead to social unrest and instability. When people don't trust each other or their government, it's hard to build a strong, united nation.

**\*\*6. Political Leadership and Corruption\*\***

Who leads a country and how they behave can make a big difference. Good leaders focus on the well-being of all their citizens and work to create inclusive institutions. They fight corruption and make sure that people have equal opportunities to succeed.

But bad leaders can harm a nation's future. Leaders who are corrupt, selfish, or power-hungry can use their positions to steal from the country and oppress their own people. This often leads to poverty, conflict, and a lack of progress.

**\*\*7. Learning from History\*\***

So, what can we learn from all of this? First, we see that the rules and institutions in a country matter a lot. Inclusive institutions encouraging fairness, innovation, and equal opportunity are crucial to success. Extractive institutions, which benefit only a few, lead to failure.

Second, history matters. The past can shape a nation's present and future. Nations with a history of extractive institutions may face a more challenging road to prosperity.

Third, geography, resources, culture, and leadership also play a role. Some nations have advantages, while others face challenges.

But here's the hopeful part: countries can change. It might not be easy, and it might take time. Still, with the right leadership and determination, nations can transition from extractive to inclusive institutions. They can learn from history, invest in their people, and create a brighter future.

**Conclusion:**

In simple terms, "Why Nations Fail" teaches us that a country's rules and institutions, history, geography, culture, and leadership all contribute to whether it succeeds or fails. Inclusive institutions that treat everyone reasonably lead to prosperity, while extractive ones that benefit only a few lead to poverty and instability.

Understanding these factors helps us see why some nations thrive and others struggle. It also reminds us that positive change is possible. By working together to build inclusive institutions, nations can overcome their past and create a better future for their people.