

Acemoglu-Robinson Chapter 4. Critical Junctures

1. Today, Western Europe rich, Eastern Europe poor, because institutions in east were extractive and in the west, inclusive. Divergence traced to Black Plague, 1346.
2. Economic system at the time. Feudal system where peasants paid landowners with fraction of their crops. (extractive).
3. Plague kills 1 in 3, creates labor shortage. Peasants revolt. Sort of works in the West, doesn't in the East. Eastern elites more oppressive. Gains in the west: peasants released from the land, wages increased, generally more inclusive.
4. Glorious Revolution 1688. Rewriting of constitution, something like a bill of rights, limiting power of the king. Transfers power to Parliament who then restructures economic institutions.
 - a. Stopped arbitrary taxation.
 - b. Abolished monopolies
 - c. State sponsors infrastructure—roads, canals, railways
 - d. State promotes trade: Navy protects shipping.
5. AR will argue that the industrial revolution was made possible by Glorious Revolution.

Chapter 5: Growth under Extractive Institutions.

1. Main point: Okay, growth is possible under extractive institutions too, BUT, we don't think it can be sustained.
2. Why can't it be sustained? Elites want to stay in power, view inclusiveness as threats to power and therefore

maintain extractive institutions. Noninclusiveness doesn't allow innovation through creative destruction.

3. Examples: Soviet Union, Mayans, the Democratic Republic of Congo, and an ancient society of the Natufians. AR claimed these were extractive societies that crumbled under the weight of their extractiveness.

Chapter 7. This is important.

1. Claims to explain why the industrial revolution (IR) happened in England when it happened.
2. Groundwork laid by the Glorious Revolution.
3. What was the IR? **Mass production** techniques. Efficiency, economies of scale, specialization and division of labor, economic growth.
4. How do AR explain how 2 leads to 3?
5. We see both innovation and a **pro-business government** evolve.
6. Why England?
 - a. England progressed on inclusiveness before any of the other countries. Inclusiveness made people want to be inventive, which was the backbone of the IR.

Chapter 10: Diffusion of Prosperity

1. Main point: Talks about some success stories (in context of their theory).
2. Australia
3. France and the revolution
4. Japan. The Meiji Restoration.

