

HAS MITT BEEN READING “WHY NATIONS FAIL”?

Mitt Romney’s latest overseas outrage is asserting that Palestinians are so much poorer than Israelis because of their culture.

“As you come here and you see the GDP per capita, for instance, in Israel which is about \$21,000 dollars, and compare that with the GDP per capita just across the areas managed by the Palestinian Authority, which is more like \$10,000 per capita, you notice such a dramatically stark difference in economic vitality,” the Republican presidential candidate told about 40 wealthy donors who breakfasted around a U-shaped table at the luxurious King David Hotel.

[snip]

Romney, seated next to billionaire casino owner Sheldon Adelson at the head of the table, told donors at his fundraiser that he had read books and relied on his own business experience to understand why the difference is so great.

“And as I come here and I look out over this city and consider the accomplishments of the people of this nation, I recognize the power of at least culture and a few other things,” Romney said, citing an innovative business climate, the Jewish history of thriving in difficult circumstances and the “hand of providence.”

While some outraged responses have focused on Mitt’s ignorance of the true extent of Palestinian poverty and others have decried

Mitt's racism, all I could think is that Mitt is voicing a misreading (but not an extreme one) of the latest fad book among policy elites of both parties: Daren Acemoglu and James Robinson's *Why Nations Fail*.

Why Nations Fail purports to explain why some areas are rich and some poor (it adopts economic success as its measure of success and failure with no questioning of whether that's the correct measure) by pointing to what it deems the relative extractive characteristic of a particular state. In states where the elite share the wealth via relatively open political systems, wealth grows. In states where the elites keep the wealth to themselves with the help of political repression, wealth stagnates.

The reason I think Mitt's comment comes from having read or been briefed on *Why Nations Fail* (aside from his comment attributing the opinion, in part, to books he has read) is because his comment basically repeats the book's key gimmick: the authors compare Nogales, Mexico with Nogales, AZ, North and South Korea, and South and North America and with each claim the wealthier of the geographically contiguous pair is wealthy because of its relative freedom. Mitt is making the same comparison—explaining why people in contiguous geographic areas have dramatically different outcomes.

In both the book's gimmick and what I suspect is Mitt's appropriation of it, there's something missing. *Why Nations Fail* claims that everyone in Nogales, AZ enjoys great political rights; it doesn't consider the important economic role played in the Southwest by undocumented workers who enjoy no political rights. Nor does it consider the way the drug war strips money and viable economic growth out of the rest of Latin America. Similarly, while the book admits that the US has provided a lot of aid to South Korea since the Korean war—not to mention paid for its defense—it doesn't consider how important that outside relationship has been in determining South Korea's path since the war. And somewhere

in the discussion of how the US evolved in a less extractive fashion than Latin America—which includes a discussion of genocide in Latin American—the authors state something to the effect of “the Native Americans [in the US] were sidelined” (I listened to the book, so I can’t give you the exact quote). “Sidelined” (if that’s the word the authors used) is the politically correct—and almost unremarked term—for extraction that democrats later go on to whitewash.

And all that’s before you get to the inter-state power dynamics that lie behind the success or failure of a lot of smaller client states, which itself tends to tolerate a lot of extraction the authors barely mentioned.

Now, if Mitt got his little theory from *Why Nations Fail*, it is a misreading of the book, though not a big one. Mitt attributed the difference to culture, not politics. But in a policy world where people uncritically say Israel is the only democracy in the Middle East (ignoring Iran and Turkey, but also ignoring that Arabs in Israel—to say nothing of the occupied territories—don’t enjoy the same rights as other Israelis), Mitt really is just replicating *Why Nations Fail*’s gimmick, pointing to democracy and innovation as a way to ignore the oppression that democratic regimes exert over others and instead celebrate that difference.

In which case, if I’m right, the whole flap should focus not just on the comment itself, but on what it says about Mitt’s cognitive ability (his slight misreading of the book), but also the policy elites’ fetishization of a book that engages in the same kind of whitewashing, to serve virtually the same end, a sort of blind self-congratulation.

Update: NYT’s Michael Barbaro, who has read Romney’s No Apology, says he cites David Landes’ *The Wealth and Poverty of Nations* in the book. IIRC, *Why Nations Fail* bills itself as a critique of Landes (though perhaps more his

earlier technological determinism).