

Why Nobelists Fail¹

When I first encountered the ideas central to the winners of this year's three Nobel Prize in Economics² around two and a half decades ago I was startled. The excessive economy of their framework for understanding a complex global reality combined with a set of premises that looked starkly ideological. Despite the time that has passed, the reams that have been written, and the imprimatur these ideas have now received, these charges remain pertinent.

The point of view of the authors remains narrowly focused - even fixated - on property rights, seeing them as *defining* inclusive economic institutions³ and as underpinning inclusive political institutions⁴, the coupled concepts at the center of their understanding of Why Nations Fail, the sizable volume in which two of the authors elaborated and extended their view.⁵ It is understandable that this perspective enjoys a resonance among property holders and enthusiasts, both in the economic discipline and more broadly in society, as it is reflection of a common sense that prevails in such quarters, but it provides an inadequate guide to understanding either democracy or development. This is because property rights play more

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² Daron Acemoglu, Simon Johnson and James Robinson. I am most grateful to Imraan Coovadia for commenting helpfully on an earlier draft and to Kannan Srinivasan for a reference.

³ The proclaimed effects and the descriptive features are often run together: "Inclusive economic institutions, such as those in South Korea or in the United States, 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. To be inclusive, economic institutions must feature secure private property, an unbiased system of law, and a provision of public services that provides a level playing field in which people can exchange and contract; it also must permit the entry of new businesses and allow people to choose their careers" (Acemoglu and Robinson (2012), pp. 74-75). The first sentence refers to desired effects rather than the features of institutions that might be hypothesized to lead to those effects. The second sentence, focused entirely on market freedoms and largely on property rights, does describe such features. In Acemoglu, Johnson and Robinson (2002, pp. 1266-67) good institutions are measured exclusively by "expropriation risk" (currently) and "constraints on the executive" (currently and in the first year of independence). There is *no* reference to any measure of how widespread is property ownership nor to such criteria as the provision of public services to provide a level playing field, the freedom to choose careers, etc. In Acemoglu, Johnson and Robinson (2001) there is a single reference to "institutions providing equal access to education and ensuring civil liberties" (footnote 4) but these concerns do not explicitly enter the exercise, as the reader is told that there is a "cluster of institutions" that relate all of them to expropriation risk. The authors moreover state clearly at the outset of the paper (p. 1370) that "As our focus is on property rights and checks against government power, we use the protection against 'risk of appropriation' index from Political Risk Services as a proxy for institutions". Concerns with breadth of ownership, public goods provision etc. appear to have been emphasized only subsequently and not to have played *any* role in the statistical exercise undertaken in the original papers arguing for a central role for "good institutions".

⁴ "We will refer to political institutions that are sufficiently centralized and pluralistic as inclusive political institutions. When either of these conditions fails, we will refer to the institutions as extractive political institutions" (Acemoglu and Robinson (2012), p. 81). This description suggests that "inclusive political institutions" are those that have a degree of democratic character.

⁵ It is interesting to note that neither concept appears in Acemoglu, Johnson and Robinson (2001). The word "inclusive" appears nowhere in the main text. In contrast, the phrase "property rights" appears 205 times. Ahmet Tonak has pointed out to me that 'It is also interesting to note that the ratio of usage of the terms "inclusive" to "property rights" is reversed in the 2012 book: from 0/205 to 158/64 (excluding the references in the Index).'

diverse and ambivalent roles in both phenomena than they acknowledge. Their view is ahistorical. It misses essential aspects of the colonial experience (such as the impact of ethnic and racial prejudices and solidarities based on the global color line) and its resulting legacies. It also misunderstands the sources of success of rising nations in the contemporary world, such as the role of developmental states.

I had been interested in political economy, and in particular the role of institutions, as a way of understanding the economics of development – and the world at large – more deeply, throughout my student years. As did many others, I had drunk deeply at the well of available knowledge, ingesting tracts on social conflict as it affects inflation and other economic outcomes, about how states are captured by particular interests, the economic causes and consequences of colonialism and imperialism, the role of norms, customs and conflict in shaping the use of shared resources, the political and social underpinnings of economic innovation, and many other topics. The enormous range of writings on institutions and economic life was by economic and social historians, political scientists, sociologists, anthropologists, legal scholars and some economists too, especially those writing outside of the mainstream (running a gamut from the leftist French “regulation school” to the libertarian Virginia school of political economy). It was not unwelcome that well-positioned mainstream economists, sitting at the institutional apex of the discipline, would be interested in these topics, but what was one to make of their reductionistic approach? Many of the writings I had digested did have the unhelpful view that ‘It is complicated’ and a simple framework that cut through the fog would have its appeal – but could such a perspective in fact be offered while respecting facts about the world?

The Good, the Bad, and the Propertied

Building on the work of an earlier Nobel Prize winner in Economics, Douglass North, who had also emphasized that property rights protections are the elixir of growth, these authors did the same. [No matter that soon after winning the prize, and indeed in his very Nobel Prize lecture, North went on to adjust his message⁶]. But they added more. Not only were property rights protections what brought about prosperity, but the explanation for whether these protections existed – blithely summarized as ‘good institutions’ – was whether they had been successfully transplanted from elsewhere. In their places of origin – in Europe – these good institutions had been chanced upon or developed, and maintained, for their combination of wealth generating properties – as North had argued – and their political appeal; particularly because the wealth

⁶ Having argued that the promotion of aggregate national wealth through robust protection of private property rights was *the* central reason for particular institutions to emerge or to prevail over time, he proceeded – perhaps recognizing that the excessive economy of this view was factually unsustainable and a conceptual embarrassment – to acknowledge the role of diverse other factors. See: <https://www.nobelprize.org/prizes/economic-sciences/1993/north/lecture/> . Even within a mainstream economics repertoire of concepts, factors causing a multiplicity of ‘equilibria’ to be possible in the game of institutional choice, or for a non-wealth-maximizing institutional outcome to prevail, might include the presence of objectives other than wealth maximization, collective action problems, commitment problems, transactions costs, path dependence, norms and culture, uncertainty, behavioral and perceptual imperfections, etc.

that was allegedly widely distributed by ‘inclusive economic institutions’ was in turn protected by ‘inclusive political institutions’.⁷

These good institutions were not transplanted everywhere, we were told, and this is what explained subsequent variation in economic performance. Then what accounted for where they were successfully transplanted? It came down to another splendid explanatory economy: whether a sufficient number of colonists had arrived on the scene, and further, been able to establish themselves as a dominant force, by beating back natives and disease. They had been able to do this in the temperate regions of the world with few and unpowerful indigenous people but not in the tropical regions teeming with inconvenient natives too numerous to be fully displaced or subordinated. In the latter, the colonial power settled for a more “extractive” mode instead. This made the difference between the countries with ‘good institutions’ – settler colonies such as Australia, Canada or the US – and those with ‘bad institutions’ (all the others among those countries which had been directly or indirectly colonized)⁸. The mortality rates of European colonizers were both a direct explanation and an indirect indicator⁹ of success in transplanting good institutions. The great “natural experiment” of colonialism (a strange description from the perspective of the colonized, for whom it must have seemed anything but natural), mediated by settler mortality and native population sizes, provided a way to learn about how institutions affect development¹⁰.

The authors have made other arguments but this is their earliest and remains the most widely known. The idea of extractive institutions certainly captured something important, although it was not in itself especially original. Theorists of development known to readers of the political economy of development (and cited to a very limited extent by the authors) had long pointed out that the mining and plantation-centered economies of Southern Africa and of Latin America, for instance, retained central economic patterns which were legacies of colonialism, maintained for their own reasons by postcolonial elites¹¹. More recently, the idea of the

⁷ Quite apart from the marvelous certainty that all good things start in Europe, the heroic classificatory economy of this scheme is part of what predictably generates a (to say the least) sceptical reaction among people exposed to a richer institutional literature or having direct experience and knowledge of the post-colonial and the non-Western worlds.

⁸ A correlative finding was that some European colonizers were better to have been colonized by than others, because their own institutions differed in quality, leading in turn to different quality institutions bequeathed to their spawn. The British had the best institutions, with the Belgians, French, Spanish and so on having inferior ones. [One could be forgiven for thinking that this is a rather Monty Pythonesque view of the world]. See e.g. Table 4 and related discussion in https://www.nber.org/system/files/working_papers/w7771/w7771.pdf

⁹ Enabling it to be used statistically as an instrumental variable.

¹⁰ “Speaking from Athens, Greece, after the prize was announced, Acemoglu said the trio’s work could best be summarised as the study of the “natural experiment” created by colonialism”: <https://www.ft.com/content/128ef2f6-1343-4e56-be51-8306a44c22c8>

¹¹ This insight was central to the work of dependency and world systems theorists in particular, e.g. Andre Gunder Frank, Paul Baran, and Immanuel Wallerstein, as well as those in marxian influenced third worldist scholarship generally, e.g. Amiya Kumar Bagchi. These scholars also saw the insertion of the developing countries into an unequal world order which maintained their subordinate position as resource exporters in the international division of labor as being central to a description. In this framework, the relevant causal factors were not only internal but also external.

resource curse had come into currency. Earlier authors had also long emphasized that colonies came in different kinds, in particular including privileged 'Neo-Europes'¹² and disprivileged others, the former containing citizens and the latter subjects¹³. Then what of this thesis was original, and was what was original also good¹⁴?

Ties of Blood and Water

Those many years ago, my first reaction was simple. In all of their statistical exercises involving the burden of disease for white settlers in the tropics, treated as a proxy for the (lack of) ability to establish good institutions, had they omitted a crucial insight which was right in front of them? As any student of statistics as applied to economics, or econometrics, knows, the use of the correct variables in 'specifying' the statistical test being done is quite essential, and applying the right interpretation to the variables one employs is equally important. I was tempted to call this omitted variable, 'Kith and Kin' (i.e. of the citizens of the European colonizer or 'home country'). This variable would take on a value of one if a sufficiently large proportion of the population in a given colony belonged to this select category and zero otherwise. It is well known, after all, that for centuries large numbers of migrants left the British Isles and other places in Europe to settle elsewhere in the British Empire, and similarly in the case of some other European colonizers. These included not only the working classes but also at times the second and third sons of the affluent. Emigration provided a vital outlet for European workers in a time of demographic expansion and helped avert conflict at home by providing material opportunities as well as a chance to partake in the symbolic goods of imperialism including its racial order. These opportunities also provided a way to salve the wounds generated in internal battles, binding subordinate people within emerging nation states through their colonial enterprise - for instance, the Scots and Irish within the United Kingdom¹⁵.

Would it be at all a surprise if these ties of blood and culture led to ongoing benefits for the descendant populations? Already in the *Wealth of Nations*, Adam Smith had discussed the appropriate attitude of the mother country toward settler colonies as being that of a nurturing parent to a child¹⁶. This variable would presumably be strongly correlated with the mortality of European settlers (with those places having higher mortality also ultimately having fewer people of European descent) and with the original population of natives (as a larger population of natives would presumably also lead to there being an ultimately smaller proportion of European descent)¹⁷. As a result, an analysis including this variable would have similar results as

¹² See e.g. Crosby (1986).

¹³ This we knew already, in our bones.

¹⁴ "It is both good and original, but is what is good original and is what is original good?". See e.g.: <https://quoteinvestigator.com/2013/06/17/good-original/>

¹⁵ See e.g. Colley (1992) and MacKenzie and Devine (2011).

¹⁶ Smith had in mind particularly what became the United States. In this discussion, Smith drew on his understanding of the experience of the ancient Greek colonies in the Mediterranean.

¹⁷ The mortality data have come in for serious criticism, e.g. by Albooy (2008), who has suggested that much of the data relates to groups such as soldiers and does not provide a direct source of information on the mortality rates

found by the authors, but a very different interpretation: the outsized successes of the ‘Anglo-Saxon’ peoples could be perceived as being due to blood being thicker than water, and not ‘good institutions’. Indeed, even without re-running the statistical analysis with this new variable one might simply reinterpret the existing analysis along these lines.

It is not for nothing that Winston Churchill wrote a History of the English-Speaking Peoples which focused on those tied by race as well as language, or for which reason such figures as Andrew Carnegie (in his day) and Conrad Black or Boris Johnson (in ours) spoke of their political kinship and called for ever closer ties. It is also well-known that in the British Empire - and similarly in the other colonial empires too, such as the French and the Portuguese - a system of Imperial Preference provided explicit benefits in the form of lower tariffs and other supports to the self-governing dominion overseas populated overwhelmingly by the descendants of British settlers - benefits which were denied to other subordinated colonies, which were handled in a mode of extraction instead of ‘co-prosperity’. The privileged British Dominions settled by kith and kin were, with the United States, the largest recipients of British overseas investment (in considerable measure financed by the proceeds of colonial enterprises elsewhere, because of their foreign exchange earnings from exports of tropical products to the rest of the world, which for Britain itself had begun to wane) during the nineteenth century.¹⁸ The various racial preferences that structured economic life, not only between different colonies but also within them, were extensive and have been well-documented.

The presence of large numbers of kith and kin (indeed the dominant share of the settler population) would also explain the seemingly broad nature of the property ownership pattern in these societies, central to the definition of “good institutions” of the authors, which *a priori* excludes instances of highly concentrated ownership. The settler colonies encouraged settlement through land grants and other property distributing mechanisms directed specifically at kith and kin, so as to encourage economic expansion and secure an ever-shifting frontier. It is not surprising that these relatively internally equitable communities (notwithstanding their exclusion of indigenous people - and also their use of slaves, in the US case) engaged in early and robust public goods provision (for themselves) in the form of the provision of universal schooling and other goods.¹⁹

faced by settlers as such, and seriously undermining the statistical results. A response was presented by Acemoglu, Robinson and Johnson.

¹⁸ The authors (see in particular Acemoglu, Johnson and Robinson (2002)) give central importance to the role of good institutions in encouraging investment but do not distinguish between those forms of investment arising from within due to the incentives to save and invest provided by private property rights protections and those resulting from the preferential direction of foreign savings. It is well established that enormous quantities of British capital flowed to the British colonies and to the United States in the 19th century. On the British investment in the US railways in particular, see e.g. Adler (1970).

¹⁹ This observation is compatible also with the very important arguments of Stanley Engerman and Kenneth Sokoloff which emphasized the divergence between North and South America that resulted from differences in the level of equality of their asset ownership patterns (especially in land, with South America having high concentrations of ownership that North America did not) causing differences in political dynamics and in public goods provision - especially evident in attitudes and approaches to education, and therefore in human capabilities consequential for later growth.

Viewing the findings of the authors in terms of Kith and Kin, then, might seem to offer an alternative interpretation of the outperformance of those settler colonies that were not ‘burdened’ by diseases and natives. In short, the countries with ‘good institutions’ are those that the dominant powers of the age treated well and set off to a good start because of their special relationships with their kith and kin, while those with ‘bad institutions’ are those that they subjected to depredations or to varying degrees of underinvestment and benign neglect, because their primary use was to be pillaged; with the few kith and kin who remained there gaining benefits from being at the helm of an exclusionary and oligarchic structure, or being replaced by postcolonial elites who came to play a similar role. These countries also inherited political and institutional orders that remained oriented toward the management of subject populations rather than toward true self-governance by citizens²⁰.

The idea that it is ‘good institutions’ and ‘bad institutions’ (defined centrally by property rights protections) that matter is - in this reading - a false inference, with Kith and Kin being the more relevant explanatory factor.²¹ Whereas the former interpretation places the emphasis entirely on internal causes the latter recognizes that international economic relations played an important role in determining the possibilities for growth and development, and that these were structured in racially preferential ways²². These historical patterns may in turn have had ongoing consequences because they have shaped both the internal order and aspects of the international economic system, in particular its division of labor²³. The failure to consider a kith

²⁰ This is evident, for instance, in the relative underdevelopment of municipal government and public goods provision generally, and the relative overdevelopment of police forces and armies in many such countries, visible at independence and continuing to this day. Hamza Alavi was one of the first to identify this point. See also, more recently, e.g. Mahmood Mamdani (1996). The extractive and oligarchic nature of such regimes (as described in Acemoglu, Johnson and Robinson (2002) was widely recognized in the longstanding literature on colonialism.

²¹ The Nobel committee, in its “Scientific Background” document (<https://www.nobelprize.org/uploads/2024/10/advanced-economicsciencesprize2024.pdf> p.17) notes that “A more serious concern for the validity of the exclusion restriction is if the settlers also brought with them their know-how and human capital, and if these factors have had a direct effect on long-term prosperity for a given set of colonial institutions. In a rebuttal to Glaeser et al. (2004), Acemoglu, Gallego, and Robinson (2014) concluded that there is more support for the argument that where the Europeans settled, they also established institutions that supported the education for large portions of the population. Ultimately, however, human capital and institutions are both determinants of growth, and it is very hard to distinguish Acemoglu, Gallego, and Robinson’s argument from the fact that human capital has an independent effect on growth”. Much the same might be said about Kith and Kin as about “human capital”. Whereas the human capital thesis related high performance to internal traits of the settler populations (skills, culture, or genes?) the kith and kin thesis relates this to external economic relations within the imperial context. If we wished to be provocative, we might suggest that the Nobel Committee has taken seriously (and not rejected) the Glaeserian “Alt Right critique” of the authors’ (pro-colonial and pro-property and in that measure “right-wing”) argument, but it has failed to consider - but similarly cannot readily reject - the anti-colonial (and in that measure “left-wing”) argument from Kith and Kin.

²² Being one manifestation of what Nancy Fraser, following W.E.B. Du Bois, has referred to recently as the ‘global color line’.

²³ It is not necessary to believe that initial conditions are destiny in order to recognize that they matter. Postcolonial nations have faced a “gradient” when attempting to transform their economic conditions, defined in part by internal structures and in part by the features of the international system and its historical division of labor. Some have, at least partially, succeeded.

and kin interpretation is only one example of the authors' fast and loose, uneven, and baldly ideological²⁴, approach to concepts and to history.

What Really Works: Property Rights Pragmatism

The definition and protection of private property rights within an Anglo-Saxon framework of law²⁵ seems to have been neither necessary nor sufficient for sustained economic growth. The most outstanding examples of countries that have escaped the economic periphery and moved toward the core of the world economy in recent years are the East Asian late developing economies. In the successful East Asian countries and elsewhere, high levels of investment were not primarily driven by private property rights protections but by a variety of other factors that led to unprecedentedly high levels of savings and which concentrated and directed these savings.²⁶ In many of instances, property rights, while often respected, were also maintained as ill-defined in order to be strategically manipulable by a developmental state (this is as much true of China today²⁷ as it was of South Korea and Japan earlier)²⁸. Even in the Anglo-Saxon derived countries, it has long and widely been understood that private property may at times become an obstacle to economic growth and other public aims - for which reason it is accepted that a state may use eminent domain to construct vital infrastructure such as roads or dams. The locking up of ideas in the form of 'intellectual property rights' enforced by patents, copyrights and other means have also rightly come in for much criticism in recent years, and it is well understood even by mainstream economics that these generate sizable costs to society, by making useful goods and services unavailable to those who could benefit from them, and by

²⁴ Andre Gunder Frank might have used the formulation, 'metropolitan', to refer to the Eurocentric and Northern biases that are involved.

²⁵ The authors appear to have in mind (although they do not elaborate on this) a Blackstonian concept of law and not a Hohfeldian one, which would allow for a broader interpretation of how property rights can be defined and distributed. For instance, many traditional societies (including England's) had recognized distributed rights to land, e.g. distinct but overlapping rights for grazers and cultivators. The supplantation of these richer understandings embedded in norms, with a view of land as owned by one person in whom would be vested all rights and signified by a deed, was not the 'establishment' of property rights but their conversion into a new form (and often, in fact, an outright expropriation, as in the case of the Enclosures in England). Similar processes took place in all European settler colonies. Such expropriation and conversion were central to the creation of inequalities in land everywhere, and in particular in former colonies.

²⁶ These ran a gamut from postal savings banks to provident funds; see e.g. the relevant writings of Alice Amsden, Chalmers Johnson, Robert Wade and others. In China in particular, sizable quantities of foreign investment appear to been encouraged by high growth rates and the prospect of future returns, *despite* the lack of robust property rights protections.

²⁷ For an important early contribution on this point, see Weitzman and Xu (1994).

²⁸ We do not take up here the broader role and history of the developmental state, which the authors appear entirely to neglect. Long before East Asia, there were historical examples from Europe and its colonies: perhaps most intriguingly, the often overlooked but once hugely influential British Board of Trade, founded in 1622 as "The Lords of the Committee of the Privy Council appointed for the consideration of all matters relating to Trade and Foreign Plantations" and continuing to this day. On its role in the colonization of Australia and the British expansion in the Indian Ocean generally, see e.g. Frost (2003, 2012).

damaging further innovation that builds upon the existing stock of ideas²⁹. Successful former British colonies that have seemingly embraced property rights protections have also selectively deviated from property rights orthodoxy in order to address particular challenges (for instance, in the case of Hong Kong and Singapore, restricting private land ownership rights to ensure availability of housing). This is not to deny that there are cases in which the insecurity of property rights has plausibly been damaging for productivity and investment, and therefore for growth and development. But it would seem, even within a perspective that accords importance to property rights, that property rights pragmatism - and neither property rights maximalism nor absolutism - enable development, by providing a balance between protections and exceptions, and by structuring rights in pragmatic and sensible ways.

Exclusionary Inclusion

Perhaps the worst example of the authors' inverted approach to concepts is that they describe the property rights-entrenching economies that they favor as 'inclusive', by way of contrast to resource-centered 'extractive' economies. But the existence or enforceability of property rights by themselves do not in themselves ensure inclusivity. Far from it. A property-owning democracy (as the philosopher John Rawls put it, drawing on the ideas of the British economist James Meade) with widely distributed ownership, along the lines envisioned in the early American republic, and drawing on English utopian ideals, is as different as night from day when compared with a plutocratic oligarchy. Many of the settler colonies that established robust private land ownership did so in a manner that permanently denied rights to land to the native inhabitants who had previously lived upon and benefited from it, in order to create land holdings of often enormous scale. These inequalities in turn have structured inequalities in an ongoing manner. This is as much true in Britain - where today's still highly unequal landholdings have ancient provenance, and continue to have an impact on modern inequalities - as it is elsewhere, in its former colonies, both privileged and disprivileged³⁰. To assert, without qualification, that property rights protections are the basis of an 'inclusive' economy is to speak in a manner that borders on the positively Orwellian.

And what of 'inclusive' political systems? It should be noted that it was *only* in the Dominions privileged by their racial kinship with the mother country that self-governance and wide franchise existed within the colonial world, and there too after in some cases lengthy negotiations. In all of the other colonies, on the other side of the global color line, political

²⁹ Another winner of the Nobel Prize in Economics, Joseph Stiglitz, has been a consistent and eloquent advocate of this view. See also, e.g. the work of Grossman and Helpman (1993) on innovation and growth in the global economy.

³⁰ Neither Britain or the United States are, among OECD countries, especially equal, although they have quintessential "good institutions" by the authors' institutional criteria of reported high "constraints on the executive" and low *current* "expropriation risk" (Acemoglu, Johnson and Robinson (2002). Neither were they, it seems, penalized in the statistical exercise for possessing concentrations of wealth - a concern, as earlier noted, seemingly introduced only in later writings. The lack of exclusion on the latter ground might be questioned - on which, see e.g. Winters (2011). One might be forgiven for wondering whether a treatment of the US (and Anglo-Saxon derived or dominated countries with similar traits) as the apotheosis of all good things is intended.

power was jealously guarded and doled out slowly, fitfully, and limitedly³¹. Where (almost everywhere) political systems established under colonialism were not 'inclusive' that is primarily because there were too many and too restless a group of natives who had to be excluded, in order to maintain the political and therefore the economic supremacy of the settlers. In the privileged settler colonies, in which the natives were – or came to be, at times due to murderous or even genocidal actions – small in number, and which natives' traditional rights were extinguished by fiat, an 'inclusive' political system could be established without sacrificing settler privileges. The count of the natives was too small for them to count. Inclusivity was made possible by *prior* exclusion. If this was inclusivity, then, it was frequently the inclusivity of the desert³².

That inclusive political institutions (including in particular democracy) have many advantages, such as providing a framework for the management of internal conflicts, is not in doubt, and has long been recognized, and is one of the main reasons for its origination and widespread adoption. But such inclusion has a complex history, in which the claims of property owners have at times driven a demand for what we have later come to see as democratic claims (as in the case of the Magna Carta) and which have sometimes led in a contrary direction (which is one reason why many defenders of property have sought to constitutionally protect it from the reach of democracy³³). The idea that all good things go together is central to the authors' perspective. But their conception of the good things is unusually narrow and does not permit a recognition of the tensions that exist between the different aspects of 'good institutions', as they themselves describe them. It is wholly plausible, although not original, to argue that inclusive economic systems and inclusive political systems enjoy a complementarity (or to use an earlier language, an elective affinity). What is less plausible - although it is decidedly original - is to give priority to property rights in defining and interpreting these terms.

Conclusion: The Good and the Original

Even if one sees widely distributed property rights as a guarantor of liberty and of sustainable political inclusion (as did early republicans in America and elsewhere) there is the question of how best to attain and to sustain them. Entrenching property rights in law can be as harmful as it can be advantageous, as it may threaten to freeze a highly unequal, unjust and plausibly also inefficient, order in place. Much depends upon the specific conditions that obtain.

The case of concentrated land holdings deriving directly from the exclusionary acts of settler colonialists provides a particular case of the more general problem. The ongoing impact of historical injustices calls out for some correction, with it being plausibly argued that efficiency as well as equity can thereby be advanced, at least if the corrective is designed and implemented

³¹ The lengthy and painful process by which political rights for 'natives' were expanded, and only ever to a limited extent, in British India provides one important example.

³² "They make a desert and call it peace" [Tacitus]. See also: https://www.econlib.org/archives/2011/06/tacitus_peace_a.html.

³³ As elaborated in the writings of James Buchanan, Gordon Tullock and other members of the Virginia School, drawing also on the writings of Austrians such as Friedrich Hayek.

carefully. It is no accident that land reforms and calls for wider land rights, especially but not exclusively for indigenous people, have been a central political demand in many countries³⁴. But in such a case, the property rights of some are likely to have to be weakened or qualified in order for property for others, or rights more generally, to be secured.

The maxim of property protections *uber alles* hardly serves societies well. It may be objected that this was not what is intended. In that case, there is a need for a more adequately calibrated theory of how and when property rights of different kinds matter, and why.

Being for or against property rights is as silly as being for or against culture³⁵. As welcome as it is to try to cut through the fog, the question must be more nuanced than that. What arrangements of rights work best for specific purposes is an important question, and there seems little doubt that the definition and protection of property rights can have an important role to play. But reducing the question to one of whether institutions ‘matter,’ where institutions are largely reduced to property rights protections, and in turn run together with ‘inclusivity,’ seems primarily an ideological act - and an evasion of the responsibility adequately to understand the world, let alone to change it.

Why does a hypothesis phrased in a simplistic way enjoy such influence? There are many explanations. Under-complicated framings (e.g. geography matters vs. institutions matter) derive from the scientific³⁶ atmosphere of mainstream economics. The fact that the prevailing, and indeed the most appealing, hypotheses, may be the products of intellectual or cultural prejudices and blinders do not come in for much self-inspection. The ideas gain influence because they are produced by insiders, who are legitimated by their place in apex institutions, giving them a bullhorn, helping to disseminate the ideas widely³⁷, and garnering for them a presumption of authority and legitimacy. And they are enabled by a prevailing supposition – not wholly without justification - that property rights protections are of great importance in encouraging good husbanding, investment, and entrepreneurship.

Is there a lesson? “It’s complicated” is not enough, but neither is, “It’s simple”. Occam’s Razor has much to recommend it, but so does the maxim attribute to Einstein: a framework for understanding “should be as simple as possible, but not simpler”³⁸.

It is good form to credit the winners of an award with an achievement. But the problem is that the Nobel Prize in Economics generates an implied hierarchy of knowledge, and rewards

³⁴ The importance of land reforms in generating political stability and creating conditions for subsequent agricultural and educational development has been surprisingly widely recognized in the past, and not only on the part of left-wing advocates (e.g. by late Tsarist Russia, and by the US occupying authorities in Japan and Korea).

³⁵ Amartya Sen has recalled being asked by a member of an audience in Switzerland, ‘Do you like culture?’. He reports responding ‘yes’ before fully realizing how absurd the question was.

³⁶ Scientism refers to the image without the actuality of scientific endeavor. See the relevant writings of Friedrich Hayek, Mary Midgley and others.

³⁷ From N to A as it were...from the National Bureau of Economic Research to the American Economic Review.

³⁸ <https://quoteinvestigator.com/2011/05/13/einstein-simple/>

particular ways of thinking.³⁹ This in turn has great consequence for what ideas are spread and adopted, within the discipline and in the world at large – a world needing answers. For this reason, it is too important to ignore.

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³⁹ For an earlier comment on the Nobel Prize in economics, see <https://reddytoread.com/2018/10/08/beyond-the-aura-the-nobel-prize-in-economics/>

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