



## Daron Acemoglu and James A. Robinson: The Narrow Corridor: States, Societies, and the Fate of Liberty

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To cite this article: Bilin Neyapti (2022) Daron Acemoglu and James A. Robinson: The Narrow Corridor: States, Societies, and the Fate of Liberty, Journal of Economic Issues, 56:1, 284-287, DOI: [10.1080/00213624.2022.2026184](https://doi.org/10.1080/00213624.2022.2026184)

To link to this article: <https://doi.org/10.1080/00213624.2022.2026184>



Published online: 25 Mar 2022.



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## **Book Review**

*The Narrow Corridor: States, Societies, and the Fate of Liberty*, by Daron Acemoglu and James A. Robinson. New York: Penguin Press, 2019. Hardcover: ISBN: 978 0735224384, \$32.00, 576 pages.

Since its publication, *The Narrow Corridor*, co-authored by Daron Acemoglu and James A. Robinson, has been on the Best Book lists. Building on their earlier joint works on the role of institutions in development, in this book the authors seek to present a theory of sustainable development, covering a wide historical and geographical domain. The authors state that they benefited from the contributions of more than forty researchers who contributed to the book with interesting historical country episodes. Both the focus on the interaction between norms and the state to explain the development phenomena, and the many interesting narratives covered to explain this interaction are the book's novelty.

The book's focus is on exploring the conditions for sustainable development. The authors argue that these conditions can only be attained in a *narrow corridor*, characterized by the balance of competition and cooperation between the state power and social norms. They call the extreme state power as *Despotic Leviathan* and the other extreme as the *cage of norms*. The ideal case, according to the authors, is called the *Shackled Leviathan*, which they argue as possible when the *Red Queen effect* takes place.<sup>1</sup> This allegory is used throughout the book to describe effective institutional change, which is the common theme of the *new institutional economics* literature. Using such allegories frequently, and in view of many narratives presented in the book, the authors conclude that the corridor leading to sustainable development is so narrow that is very difficult to get into; but is also easy to get out, unless the Red Queen shackles the Leviathan (connotations reserved).

The authors start the book by explaining the concept of Despotic Leviathan via linking the epic of Gilgamesh to the Syrian regime. In the first chapter, the Leviathan forms are presented as *Absent*, *Despotic* and *Shackled*, the last of which is argued to be the most conducive to sustainable development. The book's objective is stated as to explain the conditions for striking a balance between social norms and state repression, that is to attain the Shackled Leviathan.

Narrating the history of ancient city-states of Athens to motivate to the concept of the *cage of norms* and the emergence of the state, the following chapters progress with the historical episodes of forty some countries that are scattered over time and globe. However, the chapters do not exhibit a systematic treatment of the relationship between the evolution of norms and the state, which is probably because there is indeed no clear theory behind it. I think that the book would have been much better organized and easier read had it started

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<sup>1</sup> The Red Queen character in the mathematician Lewis Carroll's *Through the Looking Glass* has been used in business and evolutionary biology to express the adaptive change for survival.

with a more explicit discussion of a theory and hypotheses, and then proceeded with the these interesting episodes in support. Each episode would then shed more light on some aspect of that general framework, and the conditions that led to the corridor would have been better understood.

### **Main Criticisms**

First, Acemoglu and Robinson overlook some of the very relevant literature as well as some country examples that would have provided, had they been addressed, deep insights into the hard-to-attain sustainable development path, which they call the *Narrow Corridor*. On one hand, the Red Queen effect that the authors use to explain the formal and informal institutional dynamics is closely related with the notion of *effective institutional change* of the new institutional economics literature. On the other, the inability to enter or remain in the narrow corridor closely relates to the *Collective Action* theory, which explains the circumstances within which *narrow* or *encompassing interest groups* form and become powerful to affect the dynamics of the state and society relationship.<sup>2</sup> Making use of these theories would actually have provided the framework fundamental for the formalization of the dynamics between the Red Queen and the Leviathan.<sup>3</sup>

Nonetheless, the authors' emphasis on the interaction between the formal and informal institutions to explain development is certainly a great improvement over their earlier work that grossly neglected informal institutions.<sup>4</sup> In bringing these two fundamental aspects that are represented by the state and the society, however, the dynamics is still rather elusive, due mainly to the missing pillars of the collective action theory. In addition, the reader finishes the book with no clue about the evolution of formal institutions via the state mechanism, on the one hand, or of norms in the society, on the other.

Fundamental to all different patterns of developmental experiences are the historical and geographical idiosyncrasies. The book would have also benefited from the literature on the interplay of geography, history and development.<sup>5</sup> *Collective Action theory* also explains how history and geography can be essential in the formation of narrow interest groups. Exploring the role of such external factors could have helped formulate the conditions that enable or prevent narrow interest groups empowering *despotic Leviathans*. The authors acknowledge much later in the book, in chapter nine, the role on development of the interconnected dynamics of the norms-state balance and some exogenous factors, such as geography and demography.

Second, the authors use a set of allegories frequently to explain the relative position of the norms vis-à-vis the state, or that of the formal vis-à-vis informal institutions. I wonder how essential those new terminology are to explain the subject. For example, instead of the despotic Leviathan and the cage of norms, one could easily use the terms *dictatorship* or *autocracy*, and *traditional society*, respectively. The imbalance between formal and informal institutions, which throws societies outside the narrow corridor, may very well be explained by the concept of *institutional sclerosis* of Olson (1982). Institutional sclerosis is used to

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<sup>2</sup> See Olson (1965, 1982).

<sup>3</sup> Apolte (2012), for example, also criticizes the Acemoglu-Robinson earlier work, on the grounds that they overlook the collective action and focus instead on inequality that, he argues, is not even a necessary condition for revolution<sup>4</sup>

<sup>4</sup> In Acemoglu (2006), the elite and the working classes' relative potential for collective action does not evolve via interaction. In Neyapti (2013) and Neyapti and Arasil (2016), however, formal institutional reform results from a social planner that minimizes the cost of creative destruction facing differently evolving norms of different groups.

<sup>5</sup> See, for example, Gallup, Sachs, and Mellinger (1999) and Rodrik, Subramanian, and Trebbi (2004).

explain the case of formal institutions persisting too long and over-living their usefulness as politically powerful groups resist necessary reforms (this would have been particularly useful to explain the lack of sufficient financial regulation in the United States that led to the Great Recession). It is also possible to argue that the term *shackled Leviathan* can be expressed by the term *governance*.

The book's repetitive references to a few allegories to explain the implications for the selected country narratives do not help building a convincing theoretical framework either. This is not only because sustainable development is not indeed very difficult to attain, unless the state and norms need to be in harmony, but the abundant use of the "the shackled or despotic Leviathan or the Red Queen effect" seems to divert the attention away from the need for a deeper and a systematic portrayal of the nature of interest group formation and dynamics in the cases examined. The problem is, the authors do not elaborate on the conditions leading to the *narrow or encompassing interest group* formation that would help a lot to explain whether or not countries can enter the corridor, how wide the corridor is, and how long it can stay in there. The same figure that appears six times in the book to show the positions of different country episodes does not provide much insight either.

Third, the interpretation of some of the historical episodes covered in the book as explanations of its central argument gives the reader the sense of a rather biased view. Among the cases in point are the mostly sympathetic view of the U.S. political system, the critique of the modern nation building effort of the newly established state of the Turkish Republic, and the regime of Syria the authors liken to the epic of Gilgamesh. The book starts with a Preface that describes the calamity Syria witnessed as if all that unfolded endogenously, resulting from the domestic forces' lack of satisfaction with Assad's administration, and as if it had nothing to do with geopolitical power struggles. While the authors mostly praise the U.S. democracy as being an exemplary case of shackled Leviathan, they overlook the important counter case of the era of McCarthyism, for example. Such biases in the choice and interpretation of some of the historical episodes covered in the book lead the readers to question the authors' impartiality in their reading of the recent history.

A final point is that the impact of the external powers in countries' developmental potential is much underplayed in the book, with the exception of the effects of some colonial experiences. In view of globalization and the rising power struggle in the face of a likely geopolitical paradigm shift, focusing only on the domestic power relations fails to give a full account of the state and society dynamics in any country.

To summarize, the foregoing set of criticisms point at a somewhat narrow angle to explain the conditions for sustainable development. First, the book lacks a solid theoretical framework to explain the dynamics of getting in and out of the so-called narrow corridor. Second, it presents a biased view of some country episodes. These points impair largely the book's potential to contribute to the development economics literature.

In addition to the above, a side issue is that some interesting country cases have been overlooked in the book. The book makes references, according to my count, to fifty-eight countries from all continents that show different cases of getting into and out of the narrow corridor. A couple of inapt exclusions from the list are Botswana and Finland. The omission of these countries from the rich set of narratives is unfortunate for the following reasons. For the first, Botswana is not only a country that is an outlier in many empirical development studies that would make it a very interesting case to address, but it is also a country that the

authors worked on at length.<sup>6</sup> Incorporating Botswana into the book would have highlighted how local democratization interacted with a relatively benevolent government that sought to allocate diamond gains in quite an egalitarian fashion. The historical example of Botswana, that was not colonized due to the colonials' lack of awareness of Botswana's diamond resources by the time of decolonization, would have also helped demonstrate that the lack of international interference could be fundamental for the ability to enter the corridor. Besides, the Botswana experience could be of a great addition to the book as increasing inequality in the recent decades could have been argued to result from an insufficient *Red Queen effect* to *shackle the Leviathan*; or from *institutional sclerosis*.

The second country whose exclusion from the list of countries is inapt is Finland. Finland presents such a stable developmental success story that would be a very good example of, in Acemoglu and Robinson's terms, "shackled Leviathan that remains in the narrow corridor with effective Red Queen." It would have been interesting to delve some into the history of Finland to explain the role of high quality free state education and high degree of unionization that led to the maintenance of remarkable socioeconomic homogeneity over decades. This pattern appears both the cause and the effect of Finland's sustainable development that could be exemplary for many countries. It appears that the authors picked those cases that support their argument and ignored the cases such as the aforementioned, also possibly encountering the type-2 error.

In conclusion, the book can be an interesting read for people interested in economic history and episodic development experiences, with some caution on the politically-biased interpretation of some of those episodes. However, it fails to provide a theory of development that would be considered as a significant contribution to the literature. All in all, the book is much overrated and over-publicized; and in consideration of the above points its title may as well read as: "The Narrow Corridor, From a Narrow Angle."

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<sup>6</sup> See Robinson et al. (2003).