



# RESEARCH2REALITY

Shining a light on research & innovation.

## Why Do Some Countries Decline?

An interview with Professor Daron Acemoglu

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### What allows some countries to prosper?

It is impossible, according to my research and my view that a country is going to do extremely well economically for a very long time, but its economic political institutions, its legal system are in a mess. That is at some level a hopeful view because you can see how countries can at the same time strengthen their democratic institutions, have better legal systems and do economically well. But that optimistic view is a little bit dashed lately because you see all around you all of these countries going from worse to worse to worse, but that means it becomes even more urgent for us to see what are these trends are being caused by and how we can get a better grip so that perhaps we can do something about it.

### Why is this research important?

You know people have advanced so many different ideas about why some countries are rich and others are not, and many of those go to factors that are out of our control. For example geographic factors or things that are cultural, really inherent in a nation's character. But the institutional view which I advocate is much more about things that we control. Take a society in which you don't have the right legal system. You can have, you know, dozens of Einstein's but none of them are going to become innovators because they're too busy, you know, picking rice or cleaning shoes or something like that. So that is a society that doesn't create the opportunities for innovation, for technology, for enrichment. Appropriate incentives and appropriate opportunities are at the root of innovation. Both are very important and that's why an institutional perspective is key here. Institutions create incentives, institutions create the framework under which we operate and therefore they create opportunities.