

“Somewhere in the middle you can survive”:

Review of *The Narrow Corridor* by Daron Acemoglu and James Robinson

Avinash Dixit<sup>1</sup>

## Abstract

This article reviews Acemoglu and Robinson’s book *The Narrow Corridor*. They depict a constant tussle between “society,” which wants liberty but cannot sustain order, and “state,” which maintains order but grows oppressive. I argue that the book has a huge theme and an impressive historical sweep of supportive examples, but leaves many open questions. The two conceptual categories should be unpacked to examine complex interactions within and across them, and other examples that counter the authors’ thesis should be reckoned with. However, the authors deserve congratulations for a brilliantly written and thought-provoking book that will inspire much future research.

JEL Classifications: Y30, P51, O43, N10

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<sup>1</sup> Princeton University. I thank Timothy Besley, Tore Ellingsen, Karla Hoff, Robert Solow, and Steven Durlauf (the editor) for valuable comments on earlier drafts. The title of my article comes from the final scene of the 1987 comedy movie *Throw Momma from the Train*, writer Stu Silver.

## 1. Introduction

People often exaggerate and extrapolate too much from the most recent observation, and not just in financial markets. The collapse of the Soviet empire brought triumphant assertions of a liberal democratic future, most notably *The End of History* (Francis Fukuyama 1992). Now that history has returned roaring and kicking, we are seeing books like *How Democracies Die* (Steven Levitsky and Daniel Ziblatt 2018). It takes a much longer and broader historical perspective, and much deeper analysis, to get better and balanced insight on the huge question of whether governments can be restrained from oppressing their citizens while retaining the capacity to protect them. In their latest book, *The Narrow Corridor: States, Societies, and the Fate of Liberty*, Daron Acemoglu and James Robinson (AR) provide both the history and the analysis in amazing quantity and high quality. Their overarching theme of conflict between “society” that seeks liberty and “the state” that seeks oppressive power spans the whole book; each chapter or section discusses one aspect, with examples and anecdotes well chosen to support their arguments in each case. The examples range over history from Gilgamesh to Trump, and over geography from the city-state of Athens to Hawaii and to the Zulu nation, with many stops and excursions along the way.

I am impressed by their arguments and evidence, but not fully convinced. In my judgment the categories in their theory are too broadly defined, and interactions that should be of the essence both within and across categories are relegated to afterthoughts. Many of their examples remind me of others that go against their claims.

In this review I will discuss these concerns. For each, I will state why AR’s analysis seems inadequate, offering some examples. I apologize for the fact that my examples are mostly restricted to recent times; alas, I lack the broad and deep historical knowledge that AR so abundantly display.

My criticisms are intended to suggest ways in which the analysis should be developed, extended, and modified in future research; they should not obscure my

admiration for the book. Every weak point in a paper or a book is a research opportunity, and this book is clearly of sufficiently great importance to grab the attention and interest of all scholars of society: historians, economists, and political scientists alike. Its claims and hypotheses will be tested and refined in further work by the two authors themselves and by a thousand others. I am sure enough will stand the test of time, and even more will spur further advances, to establish this book as an important landmark in the social sciences.

## 2. The central question

AR address one of the biggest questions confronting humankind:<sup>2</sup> how can liberty be preserved against the opposing dangers of disorder on one hand and oppression on the other.

Their definition of liberty follows John Locke: “perfect freedom [of people] to order their actions and dispose of their possessions and persons, as they think fit ... without asking leave, or depending upon the will of any other man” (p. xi). This is not only a fundamental human right and aspiration (they quote Locke again: “no one ought to harm another in his life, health, liberty or possessions”) but also important for sustained economic growth, since “[i]nnovation needs creativity and creativity needs liberty” (p. 114).<sup>3</sup>

AR’s thesis is that the fate of liberty hinges on a delicate balance in a never-ending tussle between “society” and “the state.” In their dichotomy, society wants liberty, but finds it difficult to solve the collective action problem of maintaining order – “control violence, enforce laws, and provide public services” (p. xv). For that society needs to build a strong state, and to support it after it exists. But society also

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<sup>2</sup> In my view it ranks right up there with avoiding nuclear conflict and mitigating and reversing climate change, and has been with us for much longer.

<sup>3</sup> I will give only the page numbers from the Acemoglu-Robinson book when citing or quoting from it. Full publication details of the book, and all other references cited by author-year in the text, are listed at the end in the usual format.

needs to “control and shackle the strong state” to avoid the “fear and repression wrought by despotic states” (pp. xv, xvi); that is another collective action problem (p. 50).

A stateless society (Absent Leviathan) can degenerate into total disorder. It tries to prevent this to some extent by evolving and using internal norms and beliefs. But these norms are a cage: they constrain behaviors and actions, favor some in society over others, and inhibit the creativity and innovation essential for progress (pp. 23-24, 142-146, and many examples and applications throughout the book).<sup>4</sup> The state can take over the task of maintaining order, thereby relaxing the cage of norms, but can easily become oppressive (Despotic Leviathan), to serve its own interests, levy heavy and arbitrary taxes, and restrict freedom of thought and action in ways that are bad for economic progress (pp. 17-18, 113-114, and many others). Between these two bad situations is the Narrow Corridor with a Shackled Leviathan (pp. 64-65, 402, and others). Here the state has enough power to maintain order, but not so much as to be oppressive. This preserves liberty and facilitates economic growth. Given the opposing pulls that the state and society exert, to sustain this balance takes a never-ending struggle: the Red Queen effect where “it takes all the running you can do, to keep in the same place” (pp. 41, 66, 72-73, and many others).<sup>5</sup>

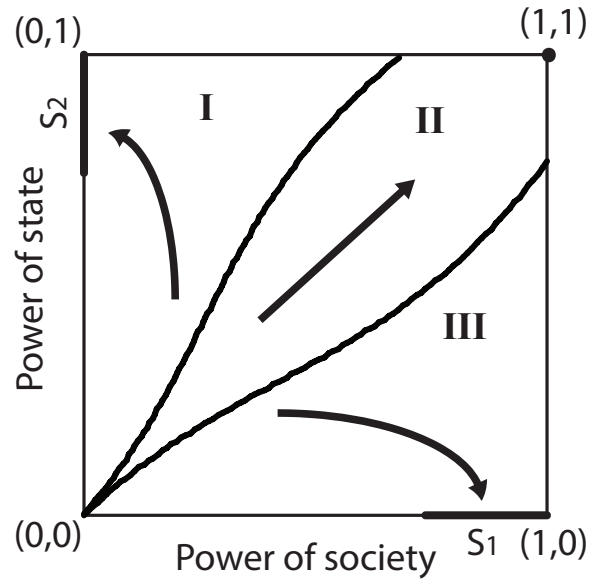
The idea is captured in a very simple diagram (pp. 64, 402, 435 in the book, and Figures 1, 2 and 8 in their paper AR (2017) ); I show a slightly simplified version

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<sup>4</sup> And, although AR do not emphasize this aspect, society’s norms often include aspects of religion and organization that reduce some dimensions of liberty for some people and groups.

<sup>5</sup> In a sense this idea goes back farther than Lewis Carroll to the famous saying: “the price of liberty is eternal vigilance.” This has been variously attributed to Thomas Jefferson, Abraham Lincoln and others, but probably the correct source is the Irish politician and lawyer John Philpot Curran: “The condition upon which God hath given liberty to man is eternal vigilance”. *Speech upon the Right of Election, 1790. (Speeches. Dublin, 1808.)* <https://www.bartleby.com/100/pages/page1047.html> accessed April 28, 2020. The important new feature in AR is the two-sidedness of vigilance: on part of both society and state.

here as Figure 1. The mathematical analysis is spelled out in detail in the paper, and I will refer to it at various points in my discussion.



.Figure 1: Dynamics of state-society interaction

The society and the state constitute the whole polity. The axes show the powers of the two, each ranging from 0 to 1. The two are engaged in a dynamic game. Each chooses how much to invest to increase its power. Denote society by subscript 1 and the state by subscript 2. Denote the power levels by  $X_i$  and investment levels by  $I_i$  for  $i = 1, 2$ . The power levels are like capital stocks that depreciate over time, and investments are like flows. The costs of investment are functions  $C_i(I_i, X_i)$ , with increasing returns in the sense that the marginal cost of investment is a decreasing function of  $X_i$ .

Each period's output is a production function  $F(X_1, X_2)$ ; this captures the possibility that a more capable state and a stronger civil society can both enhance efficiency, but at worst (and in AR's starting assumption) output can be a constant independent of the power levels. Each period's output goes to the winner of a contest between the state and society. The success probability is a function of

$X_1 - X_2$  and single-peaked at 0, so the incentive to invest is strongest for both sides when their power levels are equal. A fresh contest happens each period, and success is independent across periods, so over the long run the division of cumulative output is governed by the probabilities, which evolve over time with  $X_1$  and  $X_2$ .

Scale economies in investment and the form of the contest success function are the key substantive assumptions, and good starting points, but more on them later. There are some technical assumptions and specifications of functional form that serve mainly to rule out uninteresting cases and simplify the solution of the model, but at one point the functional form seems to matter (see Section 5.2 below).

AR (2017) prove that, depending on initial conditions, the polity converges to one of three types of steady states. In Region I of the figure, the state is relatively strong and society is relatively weak. With the scale economies of investment cost, this discrepancy magnifies, and the end result is the Despotic Leviathan: a polity where civil society is powerless and the state is strong and oppressive. The opposite happens in Region III, resulting in the Absent Leviathan: a polity where the state is essentially non-existent, the Hobbesian “Warre ... of every man against every man” creates a constant danger to property and even to life, and a society that tries to avoid such total disorder by developing internal norms is locked into their cage. However, in each of these regions the “winning” side in the steady state does not usually attain its maximum power, namely 1. In Region I the steady state can be anywhere along the line segment labeled  $S_2$ , and in Region III it can be anywhere along  $S_1$ . That is why, for example, the despotic state is usually unable to achieve efficient economic outcomes.<sup>6</sup>

In Region II – the Narrow Corridor of the title and the Shackled Leviathan of the classification – the two powers are balanced, and each side finds it optimal to make sufficient investment to retain this balance (the Red Queen effect). Powers of both grow, and will eventually converge to the steady state at (1,1), the point of maximum powers for both. That also yields optimal economic outcomes. However, if

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<sup>6</sup> Mancur Olson (1993) reaches a similar conclusion but with a different argument, namely the inherent insecurity of tenure and succession in dictatorships.

both powers are initially small, then investment is very costly for both (remember the economies of scale in investment cost). That may reduce investments to the point that the balance is destroyed by a small discrepancy in powers; therefore the corridor is extremely narrow to the south-west. That allows for a transition directly from Region III to Region I (disorder to despotism) without transiting the corridor.

Of course such models should not be taken as literal or complete descriptions of the world; they should be used for channeling and disciplining our thinking. AR's book does indeed use the formal model of their paper in this way. For example, the formal model starts from an exogenous initial condition, i.e. a given point in the  $(X_1, X_2)$ -space. A literal interpretation would be that polities are fated to follow whatever fate their historical condition may entail. But AR have examples where the initial point can be shifted or manipulated (Chapter 14, especially pp. 434-435), and they use these to discuss how a polity can enter the narrow corridor. This is entirely appropriate.

But I will argue that there are places where the model needs serious alteration or extension to serve as a good guide to thought. Once again, I do this to spur future research, not to denigrate the achievements of the book so far.

### 3. What is "society"?

AR's basic picture is of "civil society": a collectivity of individuals unanimous in their desire to provide and protect liberty for all members. But societies almost everywhere and at all times are split by wide and deep crevasses along many dimensions: race, class, income, wealth, economic ideology, nationality or ethnic origin, and most importantly and most disastrously throughout history, religion. Reality seems closer to Tom Lehrer's song about National Brotherhood Week:<sup>7</sup>

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<sup>7</sup> Video at <https://www.youtube.com/watch?v=allJ8ZCs4jY> ; lyrics, together with blanket permission to quote, can be found at <https://tomlehrersongs.com/> , both accessed April 18, 2020.

“Oh, the white folks hate the black folks  
And the black folks hate the white folks.  
To hate all but the right folks  
Is an old established rule.”

“Oh, the poor folks hate the rich folks  
And the rich folks hate the poor folks.  
All of my folks hate all of your folks.  
It's American as apple pie.”

“Oh the Protestants hate the Catholics  
And the Catholics hate the Protestants  
And the Hindus hate the Muslims  
And everybody hates the Jews.”

“But during National Brotherhood Week  
Be nice to people who are inferior to you.  
It's only for a week, so have no fear.  
Be grateful that it doesn't last all year.”

If that is too frivolous for you, here is a serious top scholar (Allen 2017): “the world has never built a multiethnic democracy in which no particular ethnic group is in the majority and where political equality, social equality, and economies that empower all have been achieved.”<sup>8</sup>

Of course AR recognize that “ignoring conflicts within society is a huge simplification” (p. 65), and in their narrative discussions they mention such conflicts. But in my judgment there is much more to it. The rifts within society, and

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<sup>8</sup> There is the added problem that the composition of the “majority ethnic group” may change endogenously over time. For example the Irish, the Italians, and the east-European Jews were out-groups in the United States in the 19<sup>th</sup> and early 20<sup>th</sup> centuries; now they are very much part of the white Judeo-Christian majority.



rifts among actors who comprise the “state” (which I discuss in the next section), enter the game between state and society in AR’s model in crucial ways.

For example, Chapter 8 describes India’s caste system in great detail: its origins from ancient history, its de facto continuation to this day, and pernicious effects of the cage of norms it has created. Indian politicians on all sides have strategically exploited the caste (and religion) divisions to acquire and retain their own power. Thus rifts within “society” have crucially altered the state-society game. Similarly, their discussion of society’s rifts the United States (Chapter 10) is all about matters like the Supreme Court’s interpretation of the constitution, and public-private partnerships to provide services like transport and medical care; they say little or nothing about the deliberate strategies used by the two main parties – the southern Democrats until the mid-1960s, and the Republicans since then – to keep alive and exploit racial and cultural prejudices and conflicts within society.

Such strategies are absent from the AR model, but they are of the essence in explaining failures to enter or to stay in the corridor. They should be incorporated into the theory from the outset, not as afterthoughts or ad hoc adjustments in narrative applications.<sup>9</sup> AR’s important claim that “populist movements will ultimately lead to despotism when they come to power” (p. 421) is beyond the scope of their formal model, and it should not be. I will elaborate on this in Section 5, after arguing the need for similar unpacking of AR’s other category, the state.

#### 4. What is “the state”?

For AR, the state consists of the elites. This is often true, but the boundary between the elites and the rest is fluid. A shift in the boundary can pave the way from the corridor (and also directly from disorder) to the Despotic Leviathan. Napoleon emerged from the chaos of the French revolution to become emperor (and to establish other members of his family as kings of other countries). Who knows

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<sup>9</sup> In Acemoglu and Robinson (2000) on extending the franchise, dichotomy between the enfranchised elite and the disenfranchised masses seemed much more natural; here it does not.

what would have happened without him. Some of these transitions may be accidental, but the desire to join the elite drives many actions of individuals in the society, and may alter what they would otherwise have done to pursue the cause of their group in the state-society conflict. Many of the best-educated Indians competed for places in the Indian Civil Service and then served the British Raj loyally, taking active part in suppressing their fellow-Indians' struggle for independence.

The definition of "elite" shifts over time and varies across space, and does not coincide with "state". AR offer the Magna Carta as an example of "society" securing liberty from the "state" and launching England in the corridor (pp. 174-178). But, even though the Magna Carta had some provisions to protect all free (and in some respects even non-free) men, it was mainly the initiative of barons, who should be regarded as society's elite by almost any criterion, but were not fully part of the state. Liberty for everyone in the sense we would understand – security of life and property from other people or from arbitrary demands of the state, voting rights, and so on – took hundreds of years more.<sup>10</sup> It was a gradual process, including steps like local mini-constitutions (pp. 178-180) and the Suffragette movement (p. xvii). These involved more complex state-society and elite-commoner interactions than are suggested by AR's formal categories.

Perhaps most dramatically, AR describe (pp. 188-194) how the English parliament, which was "society" constraining the king (state) for most of the 17<sup>th</sup> century, turned into the "state," which the larger English society had to constrain in the 18<sup>th</sup> and 19<sup>th</sup> centuries. Some, at least, of this bigger society's victories could not have been won without much sympathy and active support from prominent members of the new state (parliament), for example the Whig aristocracy and Lord

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<sup>10</sup> As a cynical, satirical but perceptive history of England (Walter Sellar and Robert Yeatman 1931, chapter XIX) puts it, Magna Carta's provisions included "1. That no one was to be put to death, save for some reason (*except the Common People*)" and "5. That the Barons should not be tried except by a special jury of other Barons *who would understand*" (emphasis added). They conclude: "Magna Carta was therefore the chief cause of Democracy in England, and thus a *Good Thing* for everyone (except the Common People)" (emphasis in the original).

John Russell and Earl Grey in the process that led to the Great Reform Act of 1832. AR explain the expansion of the franchise based on the elite's fear of revolution; more positive motives, namely a view of "reform as essential to reduce the pervasiveness of patronage and to coax the machinery of government to serve the public purpose," is discussed by Lizzeri and Persico (2004).

Just as society has its crevasses, so too does the elite. Different factions of the elite vie for power, and their strategies alter AR's picture of the tussle between state and society in fundamental ways. I will discuss this in Section 5.

But first a different issue: what goes on is sometimes better described as an intra-state conflict. For example, from AR's account of the middle-east during and after the 18<sup>th</sup> century I think it was not a state-society conflict but an intra-elite matter: a "symbiotic relationship between the ulama [Moslem scholars who interpret Sharia law] ... and ... despotic states" (p. 388). The two engaged in power struggles or formed uneasy alliances "marrying unchecked despotism with an intense (and intensifying) cage of norms" (p. 387). "Society," or ordinary people, played almost no part, except perhaps in deciding whether to accept the teachings of someone claiming to be an ulama (p. 388). And there were no fundamental and permanent principles; on each occasion those elites just figured out what they wanted to do at that time, and then found or bent principles to justify it.<sup>11</sup>

Next, contrary to AR's depiction, the state is not always despotic, striving to increase its own power at the expense of society; those fighting the state are not always society's forces for good. Think of the Spanish civil war (or the U.S. civil war, for that matter), Chile in the early 1970s, and many fanatical groups of terrorists. And, as I write this, crowds in many American states are protesting against executive orders that imposed lockdown, social distancing and wearing face-masks during the coronavirus pandemic. Is this an instance of "society" seeking liberty in opposition to a despotic "state" (as the agitators claim), or one where the state serves the social good by constraining behavior that inflicts potentially deadly

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<sup>11</sup> Perhaps that is not too different from how the U.S. Supreme Court operates in arriving at its decisions!

negative externalities on others (as a majority of the population, and probably most readers of this journal, think)? AR's framework carries the risk that the substance of the issue gets concealed behind ready-made labels.

The state is not a single actor; most importantly it faces agency problems. At a minimum, the elite have to hire large numbers from the non-elite to implement their oppression and extortion of society. Despots do reward these agents well enough to buy their services in acting against their fellow non-elite. But ensuring the quality of their work is a severe agency problem. One would have thought that Stalin, of all dictators, had powerful incentive schemes (sticks, not carrots) to force all Soviet citizens to make genuinely Stakhanovite efforts and generate huge surpluses for his plans of investment and growth. To implement these incentives efficiently, he needed accurate monitoring of who was working hard and who was slacking. But his monitoring apparatus was very "noisy"; it relied on arbitrary decisions, favoritism, and denunciations by monitors who were in turn subject to similarly imperfect monitoring. The result was large errors of both Type I and Type II. The probability of ending up in the Gulag was not very different whether or not one worked or managed well, so the expected marginal return from exerting effort in greater quantity and (especially) quality was too low (Paul Gregory and Mark Harrison 2005, Section 3.3).

Many other despotic states (Congo, Venezuela, ... ) are even worse; their administrative apparatus is so defective that they are perhaps better called Shambolic Leviathans instead of Despotic Leviathans. Their performance would be comic if it were not so tragic for their own people. AR describe similarly incapable states in Chapter 11, and label them Paper Leviathans. But these are largely not despotic. What I have in mind is something worse – states that have capacity for oppression, but not for governance of a quality that will at least achieve a little of what AR call despotic growth.

AR discuss why a Despotic Leviathan cannot reach its optimal point (0,1) in Figure 1, but their explanation focuses on the despotic state's temptation to increase its rate of taxation or extortion to excessive, counterproductive levels (the Khaldun-Laffer curve, pp. 111-112), not so much on agency problems and noisy monitoring.

And they discuss corruption in some detail (Chapter 7 and elsewhere). Corruption at the top level (Grand Corruption) is often an inherent characteristic of Despot Leviathans, but corruption at lower levels of government (petty and middle-level corruption) is an agency problem.

Are these issues isolated exceptions to a general rule that conforms to AR's schemata? Perhaps, but they seem numerous and important enough to be stated and remembered when theorizing about how the state-society struggle plays out in any specific instance. Their explicit incorporation into a microfounded model of the state should be an important component of the analysis of state-society interaction in future research.

## 5. Society-state interactions

### 5.1. Strategic targeting of policies

Elites strategically exploit conflicts within society on their path to despotic power, and to stay there. They actively interfere with society's internal game of solving its collective action problem, so society can't be given an exogenous (even if microfounded) cost-of-investment function like in the AR model.,

Policy in the real world has many dimensions – economic, cultural, religious, ideological and on. The different dimensions have different salience for different segments of society, and elites can strategically exploit these differences in the game where they contest for power against other elites. Each element within the elite can undertake to represent a subset of society and advocate policies that favor that subset, according to its perception of where the best route to power lies. Elites even create and foster these fissures within society toward the same goal.<sup>12</sup>

In the United States, Republicans have exploited the cultural, racial and xenophobic anger and frustrations of white less-educated rural citizens to get them

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<sup>12</sup> In AR 2017, section 2.4, policy is one-dimensional and purely about economics: "the state announces a tax rate  $\tau$  on the output of the producers. If the producers accept this tax rate, it is collected and the remainder is kept by the producers. If they refuse to recognize this tax rate, there will be conflict between state and society."

to vote against their own economic interests. Trump's campaign and victory in 2016 gave these people pride and satisfaction that "their" country had been restored to them. See Arlie Russell Hochschild (2018) and Robert Wuthnow (2018) for detailed sociological studies of this. In Britain, similar forces were important in the Brexit vote. India's BJP has exploited anti-Muslim attitudes of many among the majority Hindus; in Indian states, regional parties have exploited caste divides to retain and exploit their local kleptocracies. If rifts in society do not exist, they can be created or exaggerated. Hardin (1995) demonstrates how leaders cultivate hatred to mobilize their people into conflict – Serb versus Croat in former Yugoslavia, Hutu versus Tutsi in Rwanda, Catholic versus Protestant in Northern Ireland. And of course, biases and prejudices against foreigners and immigrants are tempting targets. In Europe many right-wing and xenophobic parties and leaders gained power, gained a share of power, or consolidated power into an "illiberal democracy," probably a step on the path to despotism, as a result of the immigration and refugee crisis of 2015. And, of course, all politicians disguise their true motives behind lofty assertions that "the people" want such and such. All such phenomena seem quite outside the scope of the AR model.

These vital concerns of our times get only a brief mention (pp. 425-426). AR do describe the events in the Weimar republic that led to Nazi despotism (pp. 390-405), but that account hardly conforms to the kind of state-society conflict of their theory. Fault lines within society were of the essence; AR admit as much (p. 403-404). For analysis stressing the social and international aspects behind the fall of the Weimar republic and the rise of Hitler, see Mommsen (1996). Incorporating these ideas will require a major overhaul of their model. It is not clear whether such a modified model will have a corridor at all. Instead, it may have a tightrope with saddle-point instability, so almost surely the polity is doomed to one of the extremes of despotism and disorder. That seems a good question for future researchers.

AR do have a microfoundations section (2017, section 2.4) but not a multi-player game where elements of the "state" are actively & strategically trying to disrupt society's collective action effort, or to form coalitions with one subset of

society to favor themselves and that subset while harming others, or where different factions within “society” are disrupting any functioning of the state.

At a minimum, the state can exploit apathy of one group when some other group is being oppressed. By the time the apathetic realize the full evil of the regime, it is too late for them. AR do highlight (p.495) the famous quotation from Martin Niemöller, a Lutheran minister and early Nazi supporter who was later imprisoned for opposing Hitler's regime, with its chilling conclusion: “Then they came for me, and there was no one left to speak for me.” They build this into a good set of general principles: a basic set of universal rights should be recognized, any encroachment on these rights should be opposed by a broad coalition of the civil society, and so on. These are beautiful and correct prescriptions. But in the last analysis they are just necessary conditions for solving civil society’s collective action problems, which is where the whole story started (pp. xv, xvi, 50 etc. cited earlier)!

Many scholars and observers can identify necessary conditions for a good outcome; alas, no one has a set of sufficient conditions. The conditions AR lay out in Chapter 15, especially for the United States (pp. 485-488), are in my opinion far from being sufficient. Even though cast in their framework (avoiding a zero-sum Red Queen contest between state and society), they look very similar to those stipulated by other scholars with other frameworks, and similarly stop short of providing concrete guidance.

A would-be despot’s path to power can be facilitated, not hindered, by the existence of opposing elites if those cannot act in unison. A divided society, and multiple parties each with its own egotistic leader, cannot mount effective opposition. Then the party in power can hold elections and pretend to uphold democracy, while enjoying de facto autocracy. We all know many examples; more may be coming soon! A situation where the state’s power is low (because it has clashing elites or warlords) may be especially conducive to the dominant warlord’s or party’s moves against society’s attempt to marshal and increase its collective action capability. It is important for future research to study such possibilities in a model that will have to be a major extension or modification of what AR now have.

## 5.2. Substitutes or complements?

Are the powers of society and state substitutes or complements? Formally, does the production function  $F(X_1, X_2)$  have  $\partial^2 F / \partial X_1 \partial X_2 < 0$  or  $> 0$ ? AR's claim that a major role of state capacity is to relax the society's cage of norms (especially pp. 19, 146) suggests the former. But their discussion of the development of parliaments in Europe, resulting in the industrial revolution and economic progress along the corridor (pp. 178-200), suggests the latter. Which case prevails can depend on the history, culture and circumstances of individual polities.

The case of strategic substitutes may help us better understand what AR call the "zero-sum Red Queen" (pp. 400, 413 etc.). In the case of strategic complements each side has greater incentive to increase its own power when the other has more power.<sup>13</sup> This would be the right model of a " 'positive sum' Red Queen, where both sides ultimately strengthen as a result of their competition" (p. 400). Each, by encouraging the other's investment in power, promotes greater social surplus.

Unfortunately in their formal model, even in the more general version (2017, Section 5), AR consider only the razor's-edge case with neither substitutes nor complements: they assume a linear  $F(X_1, X_2)$ , so  $\partial^2 F / \partial X_1 \partial X_2 \equiv 0$ . Generalizing the model in this respect and finding out how the results change will enable better contact between the formal model and some of the narratives. My guess is that in the substitutes case the corridor will become narrower or even vanish, whereas in the complements case the corridor will be wider, especially if the winner-take-all nature of the contest is altered following my next suggestion.

This suggestion concerns AR's assumption that at every instant the winner of the state-society conflict gets 100% of the polity's surplus. Even when the two sides are forward-looking, they do not seem to realize that they will win some of the time and lose at other times. This builds in the "zero-sum Red Queen" feature in an extreme form. It makes no difference if both are risk-neutral, but that is not such a good assumption either. In a more general model with risk-aversion, both sides can

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<sup>13</sup> In game-theoretic terms, the best response curves are upward-sloping.



do better than getting everything when they win but zero when they lose. The dynamic game has self-enforcing (subgame-perfect) equilibria where the winning side takes less than 100% in exchange for getting more than 0 when it loses at some future date; how much less, and how much more, is governed by dynamic incentive constraints. Indeed it is possible to characterize the best (Pareto efficient) such equilibria; see Alberto Alesina (1988), and Avinash Dixit, Gene Grossman and Faruk Gul (2000). Bringing this feature into the AR setting can yield a rich harvest of understanding of political compromises and moderation in exercise of power. After painting a picture darker than that of AR in many respects, I am happy to suggest a mechanism that offers more positive potential for staying in the corridor.

### 5.3. Mais Où Sont les Tortillas-Boulangers d'Antan?

AR's model has a first-best optimal steady state at the north-east corner of the corridor, where both state and society have their maximum powers, and this steady state is a stable attractor for movements along the corridor. The book gives some appealing, almost beautifully poetic, pictures of polities launching into the corridor and progressing along it. But almost none of these examples of a Shackled Leviathan have endured, let alone reached the bliss point. Where are the tortilla-bakers (pp. 147-151) of yesteryear? Even the few current peaceful state-society cohabitations seem on the verge of falling apart (pp. 425-426). Sure, nothing lasts for ever, but what went wrong eventually? Was it a totally idiosyncratic shock, different in each example, or was there some common factor? If the former, the unifying, overarching framework seems a bit shaky. If the latter, the common factor should be identified and incorporated into the model. In either case, the model needs to be extended by allowing for some large stochastic shocks, as that can alter the optimal decisions of both sides to invest in acquiring greater powers.

In their earlier book *Why Nations Fail*, AR placed great emphasis on the role of *contingency*: "The richly divergent patterns of economic development around the world hinge on the interplay of critical junctures and institutional drift. ... The outcome, however, is not historically predetermined but contingent. The exact path

of institutional development during these periods depends on which of the opposing forces will succeed, which groups will be able to form effective coalitions, and which leaders will be able to structure events to their advantage.” This perspective seems missing, certainly downplayed, in *The Narrow Corridor*. In fact the dynamics of the reduced form model in the underlying 2017 paper is entirely deterministic; see equations (7), (11) and (12) and Propositions 1 and 3. I believe that formally modeling the emphasis on contingency, and in the interpretations of history in its lens, should be an important topic in future research.

## 6. What is “liberty”?

Liberty has multiple dimensions. AR and most outside liberal observers (including me) would take a very broad view. But some societies may care a lot about some dimensions and little about others. They may be satisfied with economic material progress, and willingly sacrifice freedom of thought and expression to that end. This is often claimed to be so in China, Singapore, and some other countries. In that case, a state that is oppressive in matters we in the west regard as important aspects of liberty may meet that society’s approval. Would A-R count that as a Shackled Leviathan, constrained as it is by the imperative of providing a sufficiently good economic performance? Probably not; they would say that without full freedom of thought, expression and dissent, true creativity and innovation cannot prevail and economic progress will stall. But especially in view of China’s recent strides in frontier technological progress, this remains an open question.

And whose liberty are we to take into account? Nowadays we think of a “country” or a “nation-state” as the appropriate unit, and rate them on some measure of liberty, such as the Freedom House index.<sup>14</sup> But even those measures are open to challenge by some or all of the divided societies within the nation-states and

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<sup>14</sup> A three-tier classification of countries into Not Free, Partly Free, and Free is shown in a map at <https://freedomhouse.org/explore-the-map?type=fiw&year=2020> ; scrolling on a country displays its numerical score on a 0-100 scale.

by outside observers. Do the Rohingyas and Rakhines have liberty in Myanmar, and for that matter, do the Bamar people? What about Uighers and Tibetans in China? What about Arabs in Israel, and should we include the West Bank in that context? Should immigrants and temporary workers enjoy the same liberties as citizens of long standing? One subset of these societies will maintain that they enjoy great liberty, while others complain bitterly that they are oppressed. Should we take the average, or some Rawlsian criterion that emphasizes the worst-off?

When fissures within society meet multiple dimensions of liberty, subgroups are perfectly willing to deny some dimensions of liberty valued by others, while insisting on their own liberties in dimensions they value. In the United States, conservatives insist on the freedom of gun ownership while denying women's freedom of choice concerning abortion rights, and liberals favor the opposite.

## 7. Interactions across polities

In the stories AR tell, each polity is on its own; there is no interaction across these entities. In reality, such interactions are frequent and very important, both in causing the fall of despotic regimes and in supporting such regimes against their own citizens. Without NATO's intervention in Serbia in the 1990s, who knows how much worse those societies would have been. On the other hand, the civil society in Czechoslovakia could have won its struggle against the Communist dictatorship in the Prague Spring of 1968 but for the invasion of the Soviet army, which the Moscow government claimed was at the invitation of the Czech people.<sup>15</sup>

AR's account of South Africa's successful entry into the corridor (Chapter 14, pp. 430-434) pays little attention to the pressure exerted on the white minority government and businesspeople of South Africa by the governments of some other countries, and even more importantly by civil societies in many other countries. The

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<sup>15</sup> A political joke soon made the underground rounds (Greg Benton and Graham Loomes, 1976): "Q. Why did the Russians send so many troops? A. To find the Czech man who invited them."

sanctions not only inflicted economic costs (these get only one sentence on p. 452), but also created the psychological cost for South Africa's white population of being the world's pariahs. (Alas, that country's sojourn in the corridor may not continue for long beyond the inspiring leadership of Nelson Mandela. His successors have shown both a tendency toward oppression and an inability to maintain order; the country may therefore end up with a Shambolic Leviathan.)

In Syria for almost a decade the struggle of democratic forces against the Assad regime has been drastically altered many times and in different directions by the interventions of the United States, Iran, Russia, and Turkey. Their coalitions with local democrats, IS, and Kurdish populations have formed, reformed, and sometimes made 180-degree turns. (A recent account is in Luke Mogelson (2020).) Whichever local or foreign party prevails, its victory will probably prove pyrrhic.

Even without military intervention or boycotts, the trade and investment policies that emerge from one country's society-state interaction can affect other countries' liberty. As AR say (pp. 195-196), "the state ... had no problem impinging on the liberty of others; for example [England's] Navigation Acts made it illegal for foreign ships to carry goods to England or its colonies, helping English merchants and manufacturers monopolize trade." The Jones Act of the United States has a similar effect for maritime commerce between two US ports. But such interactions across countries have no place in AR's model.

And of course, real, hypothetical, or totally fabricated threats from other countries, immigrants, foreign terrorists (and "foreign" viruses!) provide convenient excuses for despots and would-be-despots to cover up their own failures, and to expand their powers with support from many or even all of their long-suffering citizens.

On the positive side, information about compromises reached in one polity or some polities may influence similar conflict resolution in others, as exemplified by AR's account (pp. 182-185) of the near-simultaneous emergence of parliaments or similar bodies in many countries of Europe in medieval and early modern periods. This is a nice story, but quite outside the scope of their formal model. It will be worth extending the model to see whether and how such positive informational

flows can alter the political dynamics in multiple countries. Negative effects are also conceivable; disillusionment with democracy in one country may spread to citizens of other countries.

All such multi-country interactions are another direction in which AR's modeling and narratives can and should be extended and enriched.

## 8. Europe and China

AR view the political and economic development of almost the whole world over several thousand years through the lens of their model, and offer new interpretations, especially about Europe (Chapter 6) and China (Chapter 7).<sup>16</sup>

Stated very briefly, they argue that in the thousand years since emperors Clovis and Charlemagne, many polities in Europe struck a good balance between the Roman institutions of a centralized state with its legal and administrative apparatus (conducive to the emergence of a Despotic Leviathan) and the bottom-up Germanic traditions of people's assemblies and norms (risking disorder and the "cage"). This combination, and an ongoing tussle between the two systems, led to movement to the north-east along the corridor, created incentives for investment, innovation and creativity, and culminated in the modern economy with its high productivity, major scientific and technological advances, high standards of living for the general population, and continued growth potential.

AR's account of China also features dual philosophies for governance: Confucianism, which esteemed "the people," and legalism, which favored domination by a strong ruler (basically a Hobbesian Leviathan, or the state) over society. But all the time for just over two thousand years from the Qin dynasty to the Qing, rule was basically despotic. Successive rulers oscillated between the two philosophies without ever striking a good balance (the corridor). Phases with less despotism allowed some innovation and creativity, but because of the inherent weakness of despotism (the temptation to raise taxes and fall on the wrong side of

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<sup>16</sup> Other perspectives on economic development of, and comparisons between, Europe and China include Landes (1998) and Scheidel (2019).

the Khaldun-Laffer curve mentioned in Section 4), the economic outcome was never very good.

This is an appealing picture, especially for those inclined to favor life under a liberal democratic regime. But further thought raises several questions and doubts about this account of both regions. Let me mention just a few that occurred to me.

For starters, I think AR are too negative about China's technological achievements before the early 1400s CE, widely regarded as world-leading for that time. Joseph Needham's monumental and still ongoing project (Needham et al. 1954- ) have more detail than most readers would want. But to mention just a few, paper, moveable type, magnetic compass, gunpowder, crossbow, large ships (and long voyages of exploration using them), even the humble umbrella – quite a list. AR may similarly be underestimating (pp. 230-234) the potential of today's Chinese firms to lead and achieve frontiers of technology, for example in 5G for cellular networks, and the satellite geo-location system BeiDou accurate to 10 centimeters, which is some 15 years ahead of America's GPS-3. But by the standard of former Chinese premier Zhou Enlai's (apocryphal) verdict on the French revolution, "It is too early to tell."

In Europe, many polities fought long and bitter wars among themselves: the Hundred Years' War, the Thirty Years War, Viking and later Swedish invasions, Napoleonic wars, the Franco-Prussian war, the two World Wars, the list is long. It is hard to argue for progress along the corridor in each polity on its own, without taking into account the effect of all this warring. Next, the polity situated farthest from Rome, namely Prussia, developed one of the strongest despotic systems, and an army to match. AR explain this (pp. 273-274) as a consequence of wars: "With big guns, the state could control more. But to get big guns, it needed more tax revenue. More tax revenues would be easier to raise if Frederick William could increase his power over society, and that's what he did." But England's state capacity to raise taxes (or borrow) *increased* after the Glorious Revolution of 1688 (pp. 188-189) that reduced the king's power. (The parliament, although itself beginning to assume the role of "the state," was very far from possessing the level of power that Frederick William needed to raise more revenue.)

Also, despotic Prussia in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries had a remarkable burst of creativity and innovation in science and engineering. Indeed for a while German was almost the first language of science; Berlin was perhaps the center of the scientific world; British and American scientists regularly visited Germany or studied there, and followed German research journals. All in all, AR's accounts of the different trajectories of different countries in Europe seem rather ad hoc, not very well tied into their overall framework of state, society, and the corridor that balances their powers.

Looking at the record of conflict in Europe, I wonder if conflict can actually spur rather than hinder creativity and technological advances.<sup>17</sup> Perhaps Harry Lime's memorable, although inaccurate, statement in the movie *The Third Man* has a germ of truth: "In Italy for thirty years under the Borgias, they had warfare, terror, murder, bloodshed. They produced Michelangelo, da Vinci, and the Renaissance. In Switzerland, they had brotherly love, five hundred years of democracy and peace, and what did they produce? The cuckoo clock."<sup>18</sup>

I would like future research to focus on statistical work that supplements and reexamines AR's illustrative case studies. Is there a positive correlation across Chinese dynasties between the value of innovations produced under a dynasty and its turn away from despotism in the legalistic framework? Is there a positive correlation across polities in Europe between economic outcomes and their balance of Roman and Germanic systems, controlling for other relevant factors like inter-

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<sup>17</sup> Harnessing and managing conflict to spur innovation is a well-known theme in business literature, for example Coleman and Ferguson (2014). Likewise, the feedback between war and state capacity is famous; see Charles Tilly (1975, p. 42). Here I am asking whether individuals living under disorder or despotism might actually be more creative or innovative than those in AR's corridor, perhaps because they have to be to survive in those difficult conditions.

<sup>18</sup> See [https://www.rottentomatoes.com/m/the\\_third\\_man/quotes/](https://www.rottentomatoes.com/m/the_third_man/quotes/). The line is not in Graham Greene's novel on which the movie was based; it seems to have been improvised at the shooting by Orson Welles. For inaccuracies in the assertion, see <https://www.bbc.com/news/magazine-19202527>. Both sites accessed May 1, 2020.

polity conflicts? And so on. This will be hard to do, but a necessary step beyond supporting examples and toward understanding broader tendencies and causation.

## 9. Call to action

Acemoglu and Robinson have written a brilliant, thought-provoking book. Their model of a dynamic game pitting forces of disorder against those of despotism is a valuable contribution to focus thought and analysis. They, and others, should extend and modify this to recognize the more complex multi-player nature of the game: fissures within each of their two players, state and society, and coalitions across subgroups of the two. They should also recognize examples that go against their main theme. Confidence in a theory's value as a guide for interpreting society and history is a matter of degree; one need not insist that 100.000% of evidence fits it. Exceptions also suggest ways to further improve the theory. Finally, matters such as culture, identity, ideology, and non-rational actors have received much attention recently in the social sciences. AR (and I) have said little systematic about them, but they could play bigger roles in future work.

I am sure that numerous scholars will be intrigued and inspired by the book's thesis and examples. It will leave a huge and lasting impact on future research in all these disciplines within the social sciences. I hope this article will play a small role in spurring this large body of research to come.

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