

ESSAY

Why Nations fail ?

Thesis Statement :-

"Nations fail due to the presence of extractive institutions, which hinder economic growth and perpetuate poverty."

Outlines :-

1- Introduction :-

"The vast differences in economic and political development across nations"

- 1.1. - Definition of nation and failure
- 1.2. - Importance of understanding the cause of national failure.
- 1.3. - Overview of key factors influencing national success or failure.

2- Background :-

- 2.1. overview of historical failures (e.g. Soviet Union, Zimbabwe)
- 2.2. Importance of historical context in analyzing modern nations.
- 2.3. The Roman Empire
- 2.4. The Ottoman Empire

3 Political factors:-

3.1. Role of political institutions

3.1.1. Inclusive Vs Extractive institutions

3.2. Corruption and lack of accountability

3.2.1. Effect on governance and public trust.

3.3. Political violence and Instability

3.3.1. Case studies of conflicts and its impact on nation building.

4 Economic Factors:-

4.1. Economic Institutions and growth

4.1.1. Importance of property rights and rule of law

4.2. Resource Curse

4.2.1. How abundance can lead to failure (e.g. Nigeria)

4.3. Trade and globalization

4.3.1. Opportunities and challenges for failing nations

5 Social Factors:-

5.1. Ethnic and cultural divisions

5.1.1. Impact on social cohesion and national identity

5.2. Education and human capital

5.2.1. Importance of investment in education for development

5.3. Social capital and trust

5.3.1. Role of community and civil society
in fostering resilience

6. Case Study:-

6.1. Successful vs failed nations

6.1.1. Contrast between South Korea and
North Korea

6.1.2. Comparison of successful post-colonial
nations (e.g. Ghana) with those
that have struggled (e.g. Democratic
Republic of Congo)

7. Conclusion :-

7.1. Summary of key points

7.2. Reflection on the importance of building
inclusive institutions.

7.3. Call to action for policy makers and
global leaders.

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"Instead of having a set of policies that are equipping people for the globalization of the economy, we have policies that are accelerating the destructive trends of the global economy."

Introduction:-

Nations are often defined by their political, economical and social structure while failure can refer to the collapse of governance, economic stagnation or social unrest. Nations fail for a multitude of reasons, ranging from poor governance to economic mismanagement and social fragmentation. Nations that cultivate inclusive institutions tend to thrive, while those plagued by extractive institutions often fail. This essay explores the fundamental reasons why nations fail, arguing that the absence of inclusive institutions capable of fostering economic growth and political stability is at the heart of national failures.

Background:-

By examining the historical examples, we can understand why nations fail. In this way, a nation's history plays a pivotal role in shaping its current institutions. Historical legacies, particularly those stemming from colonialism, can leave lasting

effects on governance and economic structures. Colonized nations often inherit extractive political and economic institutions that hinder development long after independence.

For example, many African nations struggle with the legacies of colonial rule, which established systems of governance that favored exploitation over inclusivity. The challenge of overcoming these historical disadvantages is significant, as deeply entrenched institutions resist change.

"The Roman Empire", once a beacon of civilization, ultimately collapsed due to a combination of internal strife, economic decay, and external pressures.

Similarly, the Ottoman Empire, despite its initial success, fell into decline as it struggled to adapt to modernity and maintain control over its diverse territories. Likewise, the total collapse of the Soviet Union in 1991 took many in the west by surprise. The fundamental factors that contributed to collapse, including economic stagnation and the overextension of the military, were rooted in Soviet

policies, but the Cold War and U.S. policy of containment played a role as well.

These historical narratives illustrate that the trajectory of nations is often determined by the nature of their institutions. Nations that evolve from extractive to inclusive institutions tend to recover and thrive, while those that remain entrenched in extractive frameworks face inevitable decline.

A crucial reason for national failure lies in the nature of political institutions. Nations with inclusive political institutions—those that allow broad participation and ensure accountability—tend to thrive. In contrast, Extractive institutions, characterized by concentration of power and corruption, often lead to stagnation and unrest. For instance, in many failed states, leaders prioritize personal gain over public good, eroding trust in governance.

Corruption is another significant political factor. In countries where corruption is rampant, the lack of

accountability undermines public trust and hampers effective governance. Furthermore, political violence and instability can lead to a cycle of chaos that prevents nation-building, as seen in war-torn regions where governance structures collapse entirely.

Economic institutions play a vital role in a nation's success. Effective property and adherence to the rule of law encourage investment and innovation.

Conversely, nations rich in resources, such as Nigeria, often suffer from the "resource curse", where abundant resources lead to conflict, corruption, and economic mismanagement.

Globalization presents both opportunities and challenges. Nations that fail to integrate into the global economy may miss out on growth opportunities, exacerbating their struggles.

Social cohesion is a vital for national stability. Ethnic and cultural divisions can hinder social unity and lead to conflict, as seen in many countries with deep-seated ethnic tensions.

Education also plays a critical role in development; nations investing in human capital often experience greater growth and resilience. Additionally, social capital trust among citizens and between citizens and institutions can significantly impact a nation's stability and ability to thrive. Strong communication communities and active civil societies contribute to building resilience against crises.

Examining successful versus failed nations offers valuable insights. South Korea's rise from war-torn devastation to economic powerhouse contrasts sharply with North Korea, which, despite initial advantages, has suffered due to extractive political institutions. Similarly, Ghana's democratic governance has led to relative stability and growth, while the Democratic Republic of Congo continues to struggle with governance and conflict.

In summary, nations fail due to a complex interplay of political, economic and social factors that foster extractive institutions. Understanding these dynamics is essential for addressing

the root cause of failure and promoting sustainable development. It is imperative for policymakers and global leaders to focus on building inclusive institutions that empower citizens and foster resilience, paving the way for nations to thrive.