

CONTENTS

PREFACE • 1

*Why Egyptians filled Tahrir Square to bring down Hosni Mubarak
and what it means for our understanding of the causes of
prosperity and poverty*

I.

SO CLOSE AND YET SO DIFFERENT • 7

*Nogales, Arizona, and Nogales, Sonora, have the same people,
culture, and geography. Why is one rich and one poor?*

2.

THEORIES THAT DON'T WORK • 45

*Poor countries are poor not because of their geographies or cultures,
or because their leaders do not know which policies will enrich
their citizens*

3.

THE MAKING OF PROSPERITY AND POVERTY • 70

*How prosperity and poverty are determined by the incentives
created by institutions, and how politics determines what
institutions a nation has*

4.

SMALL DIFFERENCES AND CRITICAL JUNCTURES:

THE WEIGHT OF HISTORY • 96

*How institutions change through political conflict and how
the past shapes the present*

5.

"I'VE SEEN THE FUTURE, AND IT WORKS":
GROWTH UNDER EXTRACTIVE INSTITUTIONS • 124
*What Stalin, King Shyaam, the Neolithic Revolution, and the
Maya city-states all had in common and how this explains why
China's current economic growth cannot last*

6.

DRIFTING APART • 152
How institutions evolve over time, often slowly drifting apart

7.

THE TURNING POINT • 182
*How a political revolution in 1688 changed institutions in
England and led to the Industrial Revolution*

8.

NOT ON OUR TURF: BARRIERS TO DEVELOPMENT • 213
*Why the politically powerful in many nations opposed the
Industrial Revolution*

9.

REVERSING DEVELOPMENT • 245
How European colonialism impoverished large parts of the world

10.

THE DIFFUSION OF PROSPERITY • 274
*How some parts of the world took different paths to prosperity
from that of Britain*

11.

THE VIRTUOUS CIRCLE • 302
*How institutions that encourage prosperity create positive feedback
loops that prevent the efforts by elites to undermine them*

12.

THE VICIOUS CIRCLE • 335

*How institutions that create poverty generate negative
feedback loops and endure*

13.

WHY NATIONS FAIL TODAY • 368

Institutions, institutions, institutions

14.

BREAKING THE MOLD • 404

*How a few countries changed their economic trajectory by
changing their institutions*

15.

UNDERSTANDING PROSPERITY AND POVERTY • 428

*How the world could have been different and how understanding
this can explain why most attempts to combat poverty have failed*

ACKNOWLEDGMENTS • 463

BIBLIOGRAPHICAL ESSAY AND SOURCES • 465

REFERENCES • 483

INDEX • 511