INSTITUTIONS, POLITICS AND ECONOMIC DEVELOPMENT: THE NEO-INSTITUTIONALIST APPROACH OF ACEMOGLU, JOHNSON AND ROBINSON

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Abstract

The aim of the present paper is to familiarize the reader with the unified version of the neo-institutionalist approach of Daron Acemoglu, Simon Johnson and James A. Robinson. The paper is structured in three sections: The first briefly narrates the history of institutionalism in political science and in economics. The second section attempts to unify the approach of AJR by drawing on selected texts of theirs from 2001 up to 2025. The last section presents the most significant criticisms that has been recorded of the works of AJR, as well as the possible weaknesses of the attempt to unify their thought under the lens of a single theoretical approach.

Keywords: Institutions, development, conflict theory, neo-institutionalism, AJR

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1) INTRODUCTION: RESEARCH ON INSTITUTIONS IN ECONOMICS AND IN POLITICAL SCIENCE

The institutionalist approach holds a central role in political science, while in recent decades it seems to be strengthening its presence in the field of economics as well. Before the approach of Acemoglu, Johnson and Robinson is analyzed thoroughly – in the rest of the text they will be referred to by the acronym AJR – it is worth presenting the history, the characteristics, the weaknesses, but also the significance of the institutional approach in political science and economics. Below, the evolution of new institutionalism, its characteristics and, finally, its appearance in Economics will be presented briefly.

1.1) TRADITIONAL AND NEW INSTITUTIONALIST APPROACH IN POLITICAL SCIENCE

Before the behavioral revolution in political science in 1950, traditional institutionalism held a dominant position in the discipline (Lowndes, 2020). Early institutionalism, and political science in general in the first half of the 20th century, was limited to the description, comparison and examination of legal texts and governmental structures, while it understood institutions in a very restrictive way, that is, it took into account only "formal institutions". In the works of early institutionalism analysis was absent and theory was disdained, while it is evident that these works focused on formal rules, structures of government and organizations, neglecting phenomena such as social movements, individual actions, political behaviors and collective action. Critics of this approach based their criticism on its descriptive and "functionalist" character, while Peters (2005) characterizes early institutionalism as normative, structuralist, historicist, legalistic and holistic. In the middle of the 20th century, after the emergence of the current of behavioralism, traditional institutionalism began to lose ground and to be disdained.

It took several years for the approach that placed institutions at the "center" of research to make a comeback. In the mid-1980s March and Olsen (1984) coined the term "new institutionalism", in order to bring the study of political institutions back into the kaleidoscope of the theories of political science. They claim that institutions are "arenas" within which competing forces produce politics, but also "political actors", being sets of procedures that defend specific interests. For instance, Parliament is an arena, in the sense that within it different politicians and parties compete, but it is also an actor, since its aim is to produce effective laws for the functioning of society and the state. In this sense it becomes understood that the organization of political life makes a difference, since institutions frame the action of individuals, but are also themselves often influenced through the action of the latter; returning to the example of Parliament, who prevails within Parliament determines the kind of laws that will subsequently be produced by it. Consequently, in the new institutionalist approach institutions are not inert, but intensely dynamic, since they interact with individuals, influencing their action, but also being influenced by theirs. New institutionalism, in contrast to the traditional kind, focuses on the role that institutions play in the explanation of politics, produces and relies on theory by developing a deductive logic, does not equate political institutions with political organizations, while it treats them as sets of rules that constrain and shape individual behavior and, finally, distinguishes between formal and informal institutions, also stressing the context in which they are found, coexisting with other institutions.

New institutionalism, although it developed as a reaction to the dominant currents of the time, that is, rational choice and behavioralism, leaves room for cooperation and for the development of a multitude of different kinds of institutionalism. With their article "Political Science and the Three New

Institutionalisms", Hall and Taylor (1996) distinguish three kinds of institutionalism: that of rational choice, the sociological, and the historical. Apart from these three forms of new institutionalism, there are others as well, which combine this approach in order to provide different perspectives on various issues of the sociopolitical sphere. Nevertheless, every new institutionalism places institutions at the center of its analysis.

It is worth at this point presenting briefly the assumptions of rational choice institutionalism and of historical institutionalism, since –as will become understood in the second chapter as well– the theory of AJR presents quite a few common elements, with regard to the functions of institutions, but also to the way in which institutional change takes place. Beginning with the rational choice institutionalism, its basic assumption -apart from the importance of institutions in shaping behavior– is that individuals act rationally. Institutions, by providing information, shape incentives for actors, pushing them toward specific actions (Lowndes, pp 116-117, 2020). Also, institutions, as human constructions, have the capacity to resolve collective action problems, promoting cooperation and the participation of individuals in particular processes (Hall & Taylor, pp 942-946, 1996).

Historical institutionalism, on the other hand, which is of course developed during the same period as that of rational choice, presents significant differences; it accepts the assumption of group theory that "conflict among rival groups for scarce resources lies at the heart of politics" (Hall & Taylor, p 937, 1996). It supplements this idea, however, with the notion that the institutional organization of the polity and the economy structures conflict in such a way that it privileges some interests while demoting others (Hall & Taylor, 1996). Institutional change, according to this theory, takes place at "critical junctures", and arises when power relations change, when new ideas appear and when the old institutional path proves more costly than institutional change (Lowndes, 2020). From the moment of institutional change onwards, society is placed on a "set course" (path dependence) where outcomes and developments are unintended and predetermined (Hall & Taylor, 1996).

In conclusion, new institutionalism is a pluralist and multidimensional approach, since it tends to be combined with other theories, essentially providing an organizational perspective (Lowndes, 2020) upon which a multitude of models and theories are built. From this point of view we could perhaps claim that it has a multi-theoretical character.

1.2) ECONOMIC THEORY OF INSTITUTIONS

The pluralism that, as it appears, characterizes the institutionalist approach makes it attractive for use in other branches of the social sciences as well, such as sociology, but also Economics.

In economic science institutionalism started to develop through the works of Thorstein Veblen and was cemented as an approach by Walton H. Hamilton (1919). Amongst the most eminent figures of institutionalism in economics is John R. Commons. One of his most important papers was written in 1931 and titled: "Institutional Economics". Commons developed his theory in contrast to the classical approach that was dominant in the field of Economics, essentially separating institutional theory from the individual-centered classical and hedonic (hedonistic) economic theory. Defining institutions as "collective action in control, liberation and expansion of individual action" and claiming that collective action "ranges all the way from unorganized custom to the many organized going concerns […]" (Commons, p. 648, 1931), he seems to give significant precedence to structures, limiting the importance of individual action. In this context he maintains that "working rules", that is, institutions, whatever

differences they may have, are alike in the sense that they indicate what individuals can and must, or must not, do, through the imposition of sanctions. This capacity for enforcement is what allows institutions to control individuals by restricting them, to secure for them freedom by preventing harmful acts of other individuals, and to extend their will beyond what they can do "by their own insignificant acts". Commons sees the economy as a system of transactions between individuals, in which factors such as the rationality and efficiency of labor of the classical school, as well as the pleasures of the hedonic school, are of limited importance; in essence, the transactions of individuals intervene in these factors, since it is they that manage the forces of nature and construct the will of the actors.

Commons' theory – which is presented more systematically in 1934 with the publication of his treatise: "Institutional Economics" – rejects the individual-centered view and introduces the notion of institutions as collective actions that regulate transactions between individuals, thereby giving a markedly deterministic tinge to his theory. Like traditional institutionalism in political science, so in economics too, the old institutionalism of Commons disdains the individual action of individuals, placing particular weight on the power of institutions. The turn toward mathematical macroeconomic analyses after the Second World War with Solow, Swan, Harrod and Domar led the traditional institutionalist approach to the economy into decline (Susskind, 2025).

Institutions began to appear again in the foreground in the 1970s, following the criticisms of Douglass North and Robert Thomas of the then dominant neoclassical approach; their criticism was based on the claim that such theories were superficial and did not satisfactorily explain the factors of growth, while also that what they describe as the cause of development – that is, the increase in capital, innovations and investments – is in reality development itself (North & Thomas, 1973, in Susskind, 2025). In 1990, with his work "Institutions, Institutional Change and Economic Performance", North presents more systematically a new institutionalist theory in economics, which provides new tools for the understanding of economic growth, clashes with the neoclassical current without, however, rejecting it, and exerts great influence on the new institutionalist theory of AJR. Defining institutions as the "rules of the game in a society" and also as "humanly devised constraints that shape human interaction" (North, p. 15, 2006), he clearly presents the view that human action is conceived only within specific institutional frameworks. However, contrary to Commons, North's theory gives greater dynamism to institutions, while it also accepts assumptions of the neoclassical school of thought. First, he perceives that organizations, that is, economic actors, interact with institutions; this interaction is what promotes and determines the course that institutional change will take, which is a slow and long-term process. He distinguishes two ways of institutional change, the gradual and the discontinuous; the first arises when the institutional equilibrium collapses, that is, when the different sides of the exchange consider that the cost of changing the "contract", that is, of the institutions, is lower than the benefit. The second way arises more radically and following catastrophic phenomena, for example wars and revolutions; here the change in the rules of the game is more radical and significantly alters the position of the institutional equilibrium. Nevertheless, it is noteworthy to mention that every institutional change is to a large extent a product of the path dependence that governs every institutional framework.

The importance of institutions in North's theory, however, is seen in the interaction of the different organizations-actors; the constraints set by formal and informal institutions reduce the cost of interaction, since the social situation is characterized by imperfect information and limited computational capacity (North, 2006). In addition, North attributes to institutions – in combination with technology – the determination of both transaction costs and production costs. According to North,

transaction cost "consists of the costs of measuring the valuable attributes of what is being exchanged and […] the costs of enforcement" (North, p. 61, 2006), and institutions, having among other properties that of reducing information costs and the capacity to enforce the rules of the game, possess the ability to affect it. As regards production costs, the institutions that have been created for the protection of property rights and the institutions that allow the diffusion of technological progress promote productivity, reducing production costs. On the other hand, institutions that do not perform these functions increase production costs, reducing productivity and leading to stagnation.

In summary, North's theory provides a different type of explanation of where economic development is owed, claiming that the evolution of institutions that reduce transaction costs and promote productivity is the key to progress. His model presents the organizational perspective of the new institutionalist approach, since it combines different theoretical tools from rival theoretical approaches, such as the importance of individual incentives that must be provided to organizations (neoclassical economic theory), the informational property of institutions (new rational choice institutionalism), path dependence (historical new institutionalism), and so on. In this way the new institutionalist economic approach manages to be freed from the weaknesses of traditional institutional theory. A crucial element, finally, in his theory is the view of path dependence; the idea that institutions, even when they change, present a connection with the past and tend to be reproduced; this idea will also be utilized by Acemoglu and Robinson in "Why Nations Fail".

In conclusion, the Economics of institutions, and more specifically the institutionalist Economics of development, belong to a current of thought called economic fundamentalism, which searches for the deeper and foundational reasons of economic development (Susskind, 2025); new institutionalism has a leading role within this current. Institutions as the driving force of the economy is an idea that, especially in recent decades, has seriously limited the political appeal of neoclassical growth theory.

2) THE INSTITUTIONAL APPROACH OF ACEMOGLU, JOHNSON AND ROBINSON

"States with better 'institutions,' more secure property rights, and less distortionary policies will invest more in physical and human capital, and will use these factors more efficiently to achieve a higher level of income" (Acemoglu et al, p. 1369, 2001). This phrase becomes the kick-off of what could be described as the institutionalist approach of AJR. Relying on the conclusions of other institutionalist economists – mainly economic historians – they develop a theory which demonstrates that the level of development of today's states depends on the kind of their colonial institutions during colonization (Acemoglu et al, 2001). In places without rich subsoil, without large cities and with environmental conditions favorable to settlers, colonies with open institutions were developed, which favored both the prosperity of the settlers in the short term and the prosperity of the states in the long term (Acemoglu et al, 2001) (Acemoglu et al, 2002). By contrast, in regions with valuable raw materials, with rich civilizations concentrated in cities, and with environmental conditions threatening to settlers, an ominous future was in store (Acemoglu et al, 2001) (Acemoglu et al, 2002). The fortune of the rich civilizations was to be reversed (Acemoglu et al, 2002) by the destructiveness of the extractive colonial institutions, which would mistreat the indigenous populations and transfer the wealth they extracted to the metropoles. The results of AJR regarding the developmental consequences of colonialism will constitute the basis for what they were about to write. The analysis that follows is based on their texts up to 2025. The purpose of this chapter is to synthesize the individual theories and studies of the three into a single theoretical approach and to reveal its normative aspects.

2.1) THE CORE OF THE APPROACH: EXTRECTIVE AND INCLUSIVE INSTITUTIONS AND THEIR TRANSFORMATION

The core of the neo-institutionalist theory of AJR can be summarized by the diagram that follows:

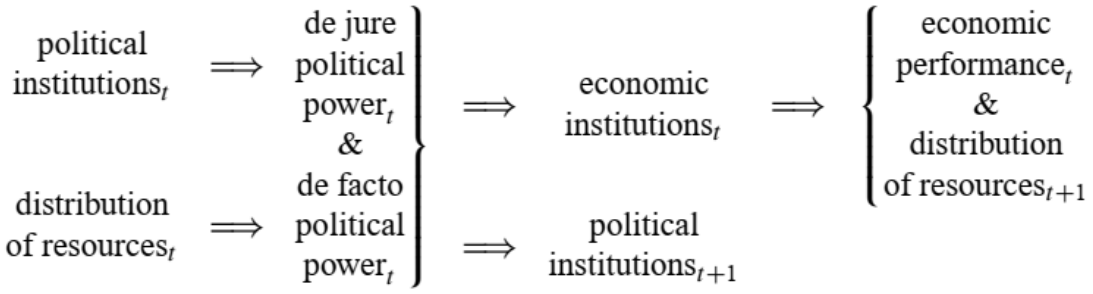

Figure 1. Dynamics between institutions and political power (Acemoglu et al, 2005)

Their model has two state variables: political institutions and the distribution of resources. These factors influence the composition of political power, which shapes future political and economic institutions. It becomes understood, then, that economic institutions are endogenous, since they are determined by collective decisions and conflicts that arise within society. In turn, economic institutions determine the distribution of resources, as well as the progress of the economy. For the proper understanding of the functioning of the model, emphasis must be placed on three elements: First, institutions change at slow rates, hence progress too is observed in the long term. Second, institutions are hierarchically arranged, that is, political institutions shape the "equilibrium economic institutions", since the former determine the composition of power, which in a second stage determines economic institutions. Third, in political power there are inherent "commitment problems", the phenomenon, that is, where the individuals who hold political power cannot commit that they will not use it entirely to their own benefit; the origin of this problem is the fact that in the realm of power there is no neutral arbiter who would ensure the commitment of the two opposing poles to what has been agreed between them. Consequently, the future composition of the political leadership is fluid, hence the contracting parties cannot commit that they will not use the power they hold entirely to their own benefit. The commitment problem is the basic cause of the vicious and the virtuous circle, as we will see below (Acemoglu, et.al, 2005) (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2013).

How, however, are the equilibrium institutions determined in this model? The answer is given through social conflict. In contrast to other institutionalist theories, which understand equilibrium institutions as the result of ideological preferences, of the actors' choice of them for their efficiency, or as a product of chance, AJR consider that the institutions that prevail in society are the result of the conscious choice of the social groups that have prevailed in the social struggle for the securing of power, and are chosen on the basis of their distributive consequences for these groups. Consequently, the political institutions that are chosen aim at the maximization and preservation of the political power of the winners, while the economic institutions that are established ensure that the distribution of society's resources will favor those in power, even if they undermine the economic progress of society as a whole. What, however, are the necessary conditions for someone to become the winner of the social struggle?

A crucial element here is the dual structure of political authority-power: AJR distinguish political power into de jure and de facto; de jure, which is better understood as political authority, is that which stems from political institutions, that is, the legitimized one; de facto, which is translated as political power, is that which stems from the distribution of resources and from the capacity of a group to solve collective action problems and to organize effectively, so as to manage to promote its collective interests. The first is expressed in the form of laws and constitutions, while the second in the capacity to exercise violence. According to these definitions three conclusions follow: First, political power is transient and, if it is not institutionalized, it will not be able to be reproduced in the future. Second, political authority carries much greater weight, since it allows the winner to institutionalize their political power, ensuring that they will be able to preserve it in the future, participating in the decision-making process. Finally, it becomes understood that the commitment problems recorded in the process of institutional formation are a consequence of the fear of the prevailing groups that, if they do not transform the institutional system (political and economic institutions) entirely to their own benefit, then in the future they may be defeated politically.

At this point the way in which AJR understand politics also becomes comprehensible, and they define it as: "… the process through which society chooses the rules that govern it" (Acemoglu & Robinson, p. 95, 2013). Through this definition, politics – which is understood as a conflictual process – is shaped by society, but then reorganizes the power relations that prevail within it through the establishment of institutions, that is, of the rules, that govern it.

Nevertheless, it is important to mention that there are no two societies in the world that are governed by identical rules, since the conflict and the forces that prevail in each society have characteristics that differ from one another. So how can we find which kind of institutions is the one that ensures development and which the one that undermines it? Answering this question, AJR construct four ideal types of institutions: inclusive political institutions, extractive political institutions, inclusive economic institutions and extractive economic institutions. They conclude that successful states, that is, developed states, are those that adopt inclusive institutions, while those that fail develop extractive institutions.

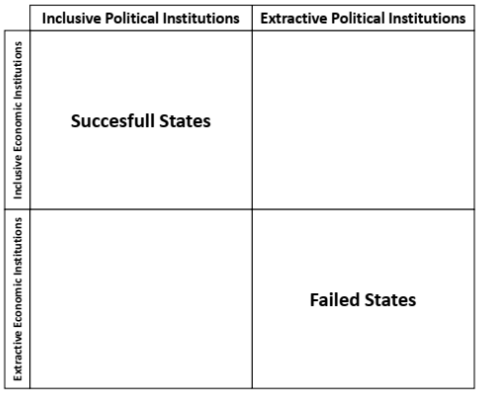

Figure 2. Types of institutions and states

Let us begin with political institutions. Inclusive political institutions are characterized as those that "…are sufficiently centralized and pluralistic" (Acemoglu & Robinson, p. 97, 2013). They are centralized in the sense that they have the capacity to impose themselves on society, while they are also pluralistic, to the degree that they shape a framework of political equality, where there are free and competitive elections, freedom of expression and where the government responds to the preferences of the population as a whole, thus also securing individual freedom (Acemoglu & Robinson, p. 17, 2006). Consequently, open political institutions can also be characterized as democratic. As regards closed – or extractive – political institutions, these are those that promote a regime of political inequality; that is, they are either authoritarianly centralized and represent the interests of a small social group, concentrating political power in its hands (Acemoglu & Robinson, p. 18, 2006), or anarchically pluralistic, where in essence the rules cannot be enforced, favoring in every situation whoever at a given time has greater political power, thus creating a regime of permanent instability (Acemoglu & Robinson, 2020). Extractive political institutions can be characterized as non-democratic, with the first case referring to absolutist regimes and the second to quasi-states.

Proceeding to economic institutions, these are fully antithetical. Inclusive economic institutions "…are those that allow and encourage participation by the great mass of people in economic activities… protect private property… ensure an impartial judicial system… guarantee equality in transactions and contracts… allow the establishment of firms… and give citizens the ability to choose their careers" (Acemoglu & Robinson, p. 90, 2013). These institutions allow the development of the states that adopt them, since they pave the ground for the engines of prosperity: they allow the creation of inclusive markets, promote technological innovation and provide education incentives to the citizens of society. Consequently, they give states and their citizens the ability to discover their comparative advantages, as well as to increase their productivity. They shape, then, an institutional framework within which the process of creative destruction can take place, which, according to Schumpeter, is the driving force of capitalist economies. As regards extractive economic institutions, these possess precisely the opposite properties to those of open economic institutions. Such institutions "…are based on the deliberate extraction of incomes and wealth from one subset of society to benefit a different subset" (Acemoglu & Robinson, p. 92, 2013). Institutions of this kind see to it that society's resources are concentrated in the hands of a few, while they undermine the development of the economy, leaving it in a state of stagnation.

Having seen so far the conflictual element of the model and having analyzed the structure of political authority-power and the kinds of institutions, we can proceed to the description of the groups that seek the establishment of democratic institutions and those that struggle for the creation of non-democratic ones. At this point – as probably also in the conflictual interpretation for the finding of equilibrium institutions – the theory of AJR presents quite a few common points with the Marxian analysis of class struggle; AJR distinguish two large social groups: the elite, which – being rich – seeks the consolidation of regimes of political inequality, limited freedom and limited redistribution; and the great mass of citizens, which – being poorer – seeks the creation of a framework of political equality, redistribution commensurate with the level of inequality that prevails, and increased individual freedom. In summary, the elite struggles for the preservation of non-democratic regimes, while the great mass of citizens for the establishment of democracies.

Nevertheless, institutional reform is not a simple process. Institutions are transformed at slow rates, the stability of some democracies is uncertain, the overthrow of authoritarian regimes has a high

cost, while the solution of the collective action problems of civil society is an arduous obstacle. Consequently, institutions change at critical historical junctures and only if certain conditions are met. At this point, the process of reform of political institutions can be traced in the economic theory of democratization of Acemoglu and Robinson.

According to their model, democracy can be created in conditions where the majority of citizens has managed to gather sufficient political power, making the option of repression unattractive for the elite, while at the same time leaving no room for non-credible concessions, which could be revoked at any moment. That is, a state democratizes when citizens manage to force the elite to institutionalize the political power that they hold at a given time, ensuring that in the future they will participate in the decision-making process, that is, they will hold political authority. Here it is confirmed how foundational political institutions are, since the institutionalization of political power ensures its future reproduction.

When, however, do citizens manage to constitute a threat to the prevailing elite? Three conditions must be met: First, citizens must have solved the collective action problems and organized effectively. Second, they must convert their organization into an effective force against the regime. Third, the elite must not have the power to suppress the revolutionary force, or in other words, the cost of repression must have increased significantly. A crucial role in the model is played by the inequality between the groups; the greater the level of economic inequality in society, the more likely it is that the elite will seek to resist any revolutionary movement, because it fears the redistributive consequences that this would have at its expense. With a similar logic, inequality plays a corresponding role for the consolidation of democracy, since in democracies where the level of economic inequality is low the elite will have fewer incentives to stage a coup, as the level of redistribution will also be low (Acemoglu & Robinson, 2006). Nevertheless, it is important that democracies keep the cost of a coup high for the elite, because – owing to commitment problems – the elite seeks in every case to transform political institutions so as to secure power and, by extension, to define the terms of the distribution of resources to its own benefit.

According to this model, four paths of evolution of political institutions are discerned (figures 3 and 4): The first predicts a gradual, but inevitable, transition from non-democratic to democratic political institutions. The second predicts the creation of democracy, but not its consolidation, owing to a high level of social inequality. The third predicts the preservation of the institutional status quo, whatever it may be, owing to a low level of social inequality. The fourth predicts that, owing to the excessively high level of inequality, the cost of repressing any democratic pressure seems small in the face of the redistributive consequences of the prevailing of democracy.

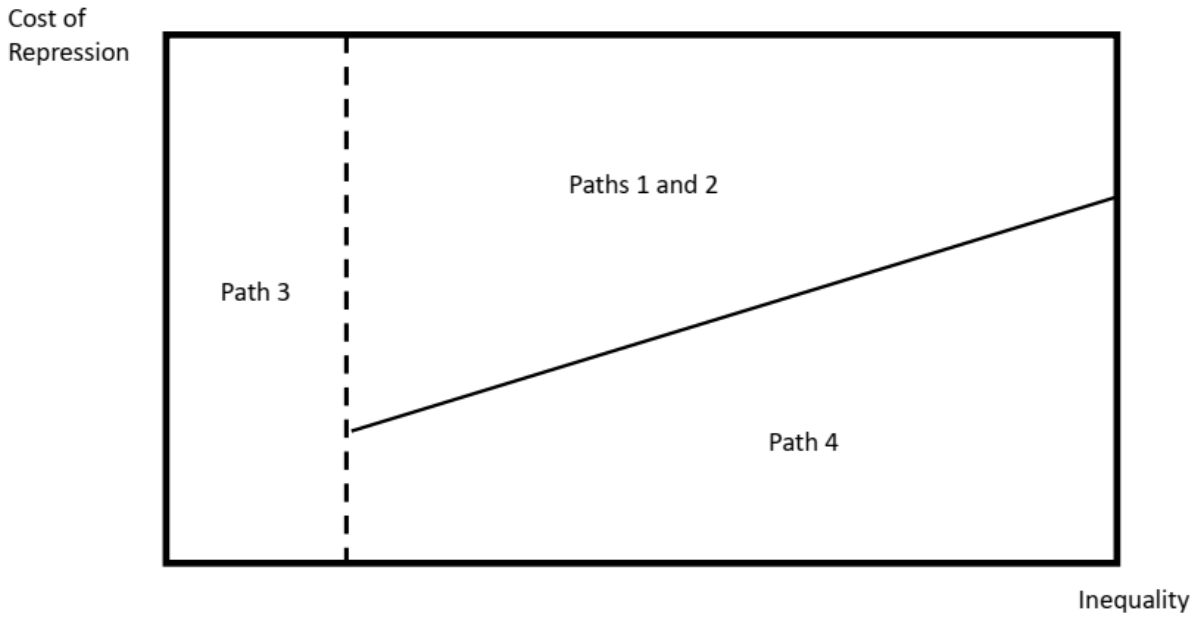

Figure 3. Possible paths of political evolution

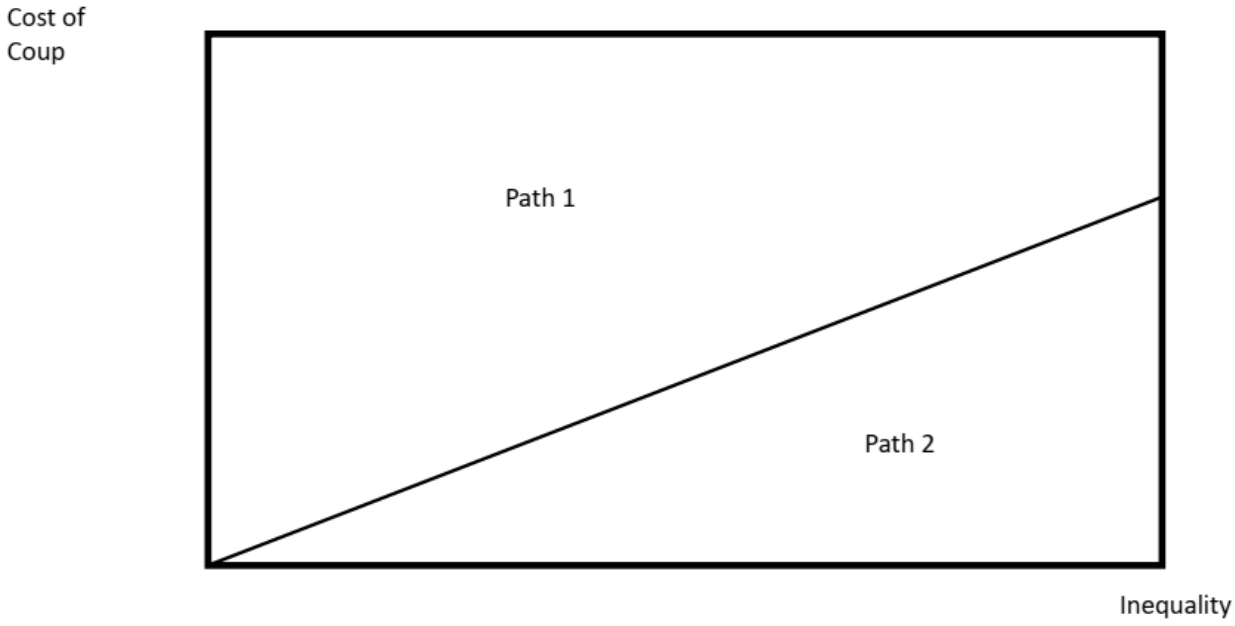

Figure 4. The relationship between the level of income inequality and the incentives for coup action by the elite

There are, of course, conditions that shift either the position of the states, by increasing or decreasing the cost of repression, the cost of a coup and the level of social inequality, or the boundaries that frame each case. In the first category of conditions, which can be characterized as endogenous, are found the small institutional differences of each state; the size and the prosperity of the middle class, the level of social cohesion, the structure of the economy, the level of inequality and the type of the elite – industrial or landowning – are factors that shift the position of the states within the graphs. Such

factors, however, change with exceptional slowness, since a characteristic of institutions is their longevity and persistence (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, pp. 122-139, 2013). The second category of conditions consists of exogenous factors, that is, the critical junctures of the historical course. Phenomena such as economic crises, wars, the diffusion of revolutionary ideas, as in the case of the French Revolution (Acemoglu et.al, 2011), globalization etc., shift the boundaries of the individual cases of institutional evolution, causing shocks to the costs of repression and of coup action respectively (figures 5 and 6).

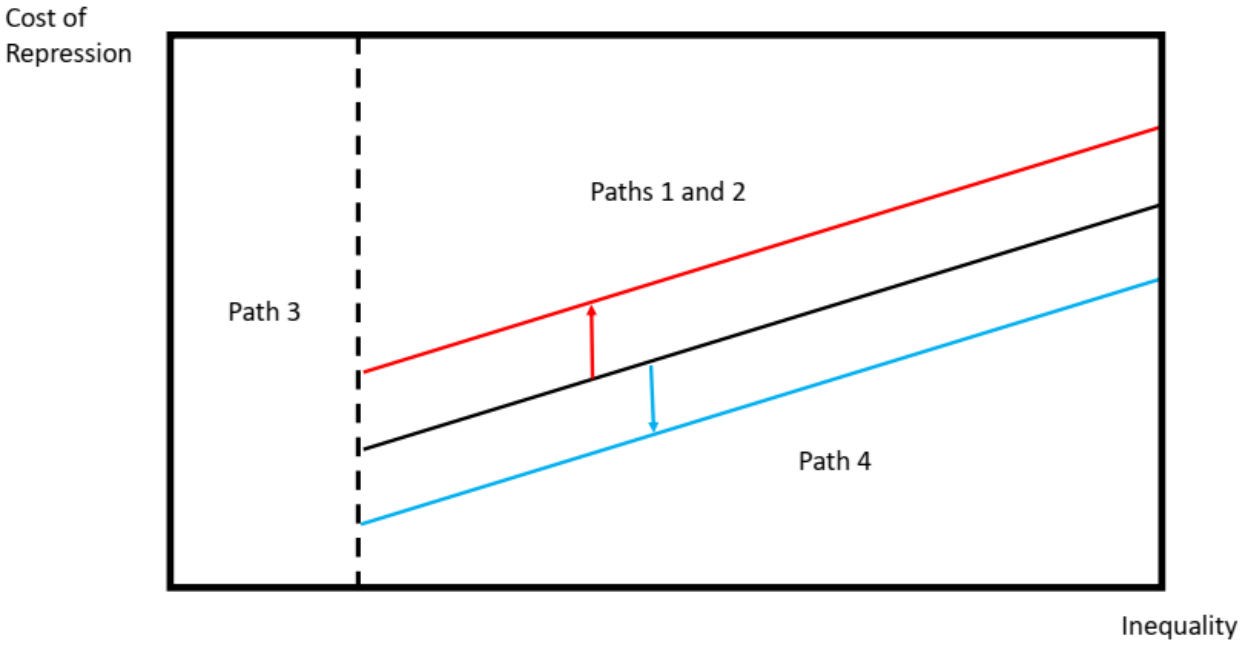

Figure 5. Effect of exogenous factors on costs of repression

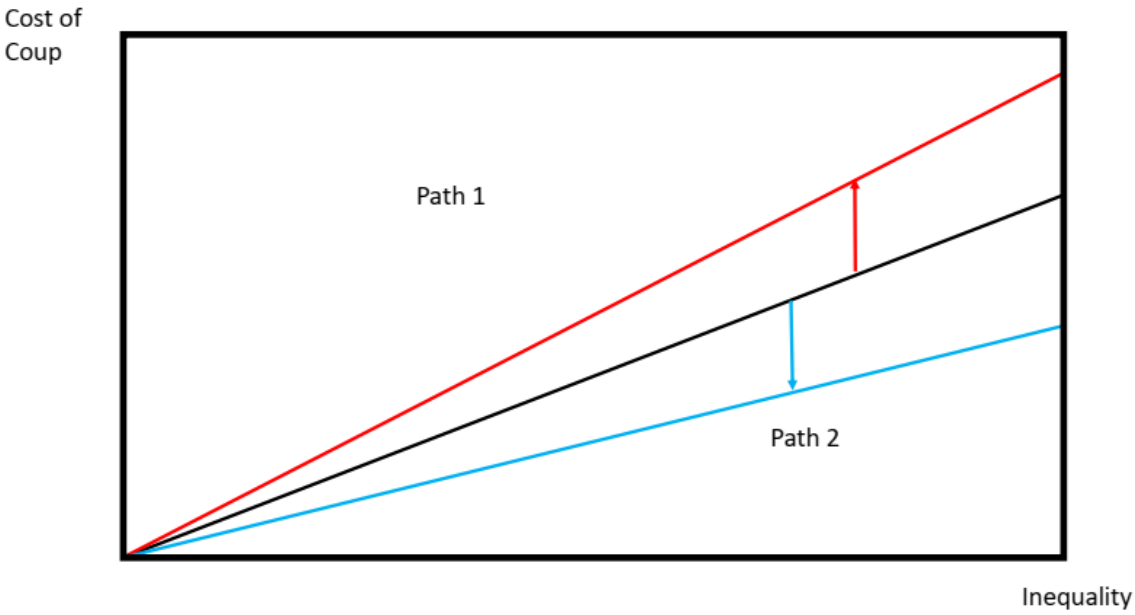

Figure 6. Effect of exogenous factors on costs of coup

Here a significant advantage of the neo-institutionalism of AJR is observed: They understand that the choice of institutions is an endogenous process, yet they also take into account the weight of history, that is, the contingency, which influences and transforms the institutions of each state differently, depending on the institutions that it has adopted. Consequently, it incorporates the arguments of the approach that treats the prevailing of certain institutions as a product of chance, while at the same time preserving the foundational importance of institutions for the evolution of states (Acemoglu, et. al, 2005) (Acemoglu & Robinson, 2013).

Critical junctures, of course, are the exception. They function as opportunities provided to societies to transform their institutions and to change the path on which they find themselves. From the moment a framework of institutions is adopted, a set course is charted for states, which, depending on the kind of institutions that have prevailed, leads either to prosperity or to poverty.

With the consolidation of open institutions, a virtuous circle is created, a process of positive feedback that promotes prosperity and the reproduction of the institutions that prevail. The first arises from the positive functioning of open economic institutions, which promotes the engines of prosperity, which allow development. The preservation of institutions – or otherwise, institutional persistence – is the result of three factors: First, the pluralist character of open political institutions, that is, the fact that power is diffused in society, prevents the usurpation of power, ensuring the rule of law, making the cost of coups high. Second, inclusive economic institutions promote political ones, since by increasing the overall prosperity of society they reduce the level of inequality, hence also the redistributive policies that threaten the elite, but they are also promoted by political institutions, since the pluralist structure of power leads to the preservation of economic institutions, which ensure a framework of equal opportunities and rights for the entire population. Finally, open political institutions, by ensuring the political equality of citizens, as well as freedom of expression and of the media, facilitate the solution of citizens' collective action problems, giving them the ability to change those who hold power through elections, but also mobilizing them through their information about the threats that open institutions face.

On the other hand, with the consolidation of closed institutions a vicious circle is created and a process of negative feedback, which promote a regime of political inequality and underdevelopment. To begin with, closed economic institutions shape corresponding political ones, since they limit the political power of citizens, seeing to it that distribution takes place in favor of the elite. Closed political institutions in turn favor extractive economic institutions, allowing the maximization of the income and personal prosperity of the elite. Furthermore, non-democratic political institutions make the organization of citizens difficult, since, by restricting their political and individual freedoms, they make the solution of collective action problems harder. Finally, even in cases of overthrow of the authoritarian regime, usually – owing to commitment problems – the group that overthrows it, which is small in size, tends to maintain the same framework of closed institutions, which will be able to ensure it the maximization of its political authority and power.

Consequently, it becomes understood that the feedback of the institutions that prevail is owed mainly to commitment problems. Whoever holds political authority will shape the institutional framework so as to secure their position and their privileges. Hence it is logical that the broader a coalition that holds power is, the more inclusive the institutions that prevail, with the result that the costs of usurpation of power are high. By extension, the conclusion follows from the theory that hybrid

institutional frameworks are not sustainable, because the coalition that will take power, that is, the group that has transformed political institutions to its own benefit, will soon shape the economic framework to its own benefit as well, since there is no one who can restrain it.

Let us consider the example of 17th-century England: The Glorious Revolution of 1688, by limiting the power of the monarchy, allowed the strengthening of Parliament, whose will became law, while at the same time it responded to the demands of citizens, through the institution of petitions. The opening of political institutions led subsequently to the development of inclusive economic institutions, limiting the power of monopolies, promoting the manufacturing sector and harming the landowning elite through the imposition of taxes, thereby limiting the power of the old elite that was based on land, allowing the emergence of a new one that would be based on human and physical capital. The institutional transformation of the United Kingdom created a positive feedback, leaving room for the functioning of the engines of prosperity, enlarging the middle class and increasing the costs of a coup, since the increase in the prosperity of the new elite is positively related to the investment of citizens in themselves, that is, to the growth of their human capital through education. Taking advantage of the critical juncture of the Glorious Revolution, the United Kingdom managed to break the vicious circle and charted a new – set – course within a virtuous circle, which allowed the ignition of the industrial revolution and subsequently social prosperity. In conclusion, at this point the hierarchical relation of institutions is also confirmed (figure 7): The reform of political institutions precedes that of economic ones, since the group that prevails in the social struggle seeks to avoid the transience of its political power by institutionalizing it.

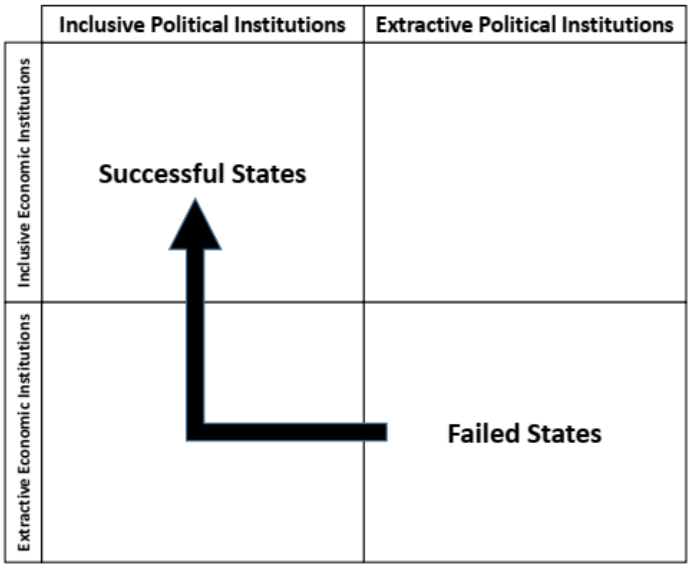

Figure 7. The priority of political institutions in the process of institutional change

Of exceptional interest at this point is a paradox of inclusive institutions, which AJR describe but do not clarify: Although the choice of institutions is indeed a conscious choice of the prevailing social group, the developmental results of institutions are not always intended. As regards extractive political institutions, the elite will choose the economic institutions that will maximize its income and prosperity.

AJR do not reject the possibility of economic development within closed political institutions, but they maintain that the development of such a framework could not be sustainable, since, should they need to choose, elites will prefer to undermine economic development while ensuring that they will be the ones to receive the largest part of the pie (Acemoglu, et. al, pp. 436-437, 2005) (Acemoglu & Robinson, pp. 141-169, 2013). However, as regards open political institutions the situation differs, since the broad coalition that holds political authority chooses a specific framework of economic institutions, having in mind only the distributive consequences that this will have. That is, the development that accompanies inclusive institutions is not a conscious choice of citizens, but rather is a consequence of the invisible hand of the market.

To conclude, it is worth mentioning a subtle theoretical peculiarity of the neo-institutionalism of AJR. Their theory has a micro level and a macro-historical level. In the first, rational choice neo-institutionalism seems to prevail, while in the second historical neo-institutionalism, as described by Hall and Taylor (1996).

Beginning with the micro level, AJR describe both the functioning of social groups and the functioning of actors within the economy, in a manner consistent with the four particular characteristics of rational neo-institutionalism. First, actors have a fixed set of preferences (Hall & Taylor, p. 944, 1996): "… individuals have well-defined preferences over outcomes and consequences of their actions; for example, they prefer more income to less" (Acemoglu & Robinson, 2006). They treat politics as a series of collective problems (Hall & Taylor, p. 945, 1996), as indeed is seen in the theory of democratization that they propose, where, in order for citizens to prevail in the social struggle, they must have managed to solve the collective action problems and to organize, so that they can subsequently promote the institutions that they prefer. Furthermore, economic institutions affect the behavior of economic actors (Hall & Taylor, p. 945, 1996), as is seen, on the one hand, in the causes of underdevelopment under closed institutions, where economic actors do not choose to invest, since they expect that their profits will be extracted by the elite – a result of the hold-up phenomenon that arises from the commitment problems of closed institutions – (Acemoglu, et. al, pp. 430-432, 2005), and on the other hand in the developmental results of open institutions, where actors, expecting that the success of their investments will be protected by property rights, engage in economic activity. Finally, institutions originate from voluntary agreement (Hall & Taylor, p. 945, 1996) within the groups; although the institutions that prevail in each state are the result of social conflict, the institutions that the different social groups prefer are the result of agreement. For instance, if within an absolutist state part of the elite wishes reforms in political institutions, it may split off and seek the overthrow of the existing regime; if the new elite prevails, the institutions that will be imposed will still be considered closed, but will have the qualitative differences that the individuals who constitute it have agreed upon.

Proceeding to the macro-historical level, the model of AJR has quite a few common characteristics with the calculus approach of historical institutionalism of Hall and Taylor (pp. 937-942, 1996): To begin with, the theory of AJR has a conflictual character and recognizes the imbalance of power that exists in society, hence also the fact that some groups prevail over others. In addition, the winning group of the social struggle imposes the institutions that maximize its benefit, while institutional feedback can also be described in terms of Nash equilibrium, where in a non-repeated game, without any significant advantage in favor of one group or the other, there is no incentive to change the institutional framework, since the pursuit of change will worsen the position of the players. Let us consider, for instance, the functioning of the virtuous circle; if the elite seeks to seize power in

order to implement a framework of closed institutions, it may lose a significant part of its income, owing to the destruction that will accompany the coup action, while if it also fails it will find itself in an even worse position. Correspondingly, if the majority of citizens seeks to transform the political institutions of the regime, it may increase the political authority of the elite, reducing its own. Consequently, a set course is followed, both for the institutional framework and for the economic development of the state, while change comes at critical junctures of history, where the balances of political power change. Finally, as regards open economic institutions, the unintended character of their developmental results is also confirmed.

In conclusion, it has probably become evident that the core of the neo-institutionalist model of AJR is characterized by the conflictual interpretation of the process of adoption of institutions, by the dual structure of political authority-power, by the ideal types of open and closed institutions, by the different institutional preferences of the individual social groups, by the virtuous and vicious circle, and by the distinction of a macro-historical and a rational micro level. Their whole argument highlights the foundational importance of institutions – and especially of political institutions – for the developmental course of a state.

2.2) EXTENSIONS OF THE APPROACH: THE NARROW CORRIDOR AND THE PRODUCTIVITY BANDWAGON

The theory of AJR is not limited to the aforementioned. As has become understood from the preceding, the core of the theory is essentially a theory of development[1], which aspires to give universal prescriptions to states of low and lower-middle income level for how they can increase their prosperity (Acemoglu et. al, 2005) (Acemoglu & Robinson, 2013). The concepts it uses have a high level of abstraction, leaving the theory vulnerable to criticisms of oversimplification (Acemoglu & Robinson, 2006). It gives explanations for the causes of the phenomenon of poverty in developing societies, being unable to account for inequalities in frontier economies (Acemoglu & Robinson, 2013). It places institutions at the center of the analysis, without however making a clear distinction between the state and society, thereby downgrading the role of the state in the developmental course of individual economies (Vries, 2013). It attempts to give universal and indeed monocausal explanations for a world in which similarity is the exception and where development and underdevelopment are multicausal phenomena (Sachs, 2003, 2012).

Nevertheless, treating the above theoretical framework as part of a broader theoretical approach, the weaknesses seem to shrink. The extensions of the model seem to solve the previous problems of austerity and abstraction of the core of the approach, while at the same time preserving the foundational principles, as these were described.

2.2.1) THE NARROW CORRIDOR

Starting from the first extension of the approach, this can be described as the theory of the Narrow Corridor (Acemoglu, 2005) (Acemoglu & Robinson, 2016) (Acemoglu & Robinson, 2017) (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2023). The Narrow Corridor is the only space within which both the state and society can maximize their power and, by extension, achieve a state of

[1] It is useful to distinguish between economic development and economic growth. The first term is used when we refer to states of low and lower-middle income, that is, economies that are converging with those already developed. The second term is used when we refer to frontier economies. Correspondingly, development theories focus on economies that are converging, while growth theories on frontier economies.

social equilibrium, where freedom, economic development and inclusive technological progress are ensured (Acemoglu, p. 37, 2025). In brief, it is the space where the Shackled Leviathan emerges (Acemoglu & Robinson, pp. 26-27, 2020), that is, the inclusive state (Acemoglu & Robinson, p. 3, 2017). The theory of the Narrow Corridor provides the approach of AJR with the mechanisms explaining the emergence of the ideal types of individual states, which arise from the different balances of power between the state and society. Before, however, the ideal types are described, the variables that are utilized in order to achieve this categorization must be analyzed.

The variables that are utilized for the development of the theory are state and societal political power. The first is calculated by military power and by the sufficiency of the state to organize and support its basic functions, as well as by the capacity of the latter to regulate and tax the economic activity that takes place within it (Acemoglu & Robinson, pp. 6-7, 2017). The second consists in the capacity of society to solve its collective action problems, to organize and to act collectively. The coordination of its actions is facilitated according to the level of coordination of the individual local organizations, as well as the type of social norms and informal rules that prevail in society. To elaborate, the quality and the kind of social institutions either increases or decreases the level of difficulty of coordination of local organizations, that is, also of societal power (Acemoglu & Robinson, 2023); an example here could be the legal framework of labor unions. Correspondingly, properties of different cultures can either increase or restrict the capacity of a society to solve its collective action problems (Acemoglu & Robinson, 2023) (Acemoglu & Robinson, 2025). Let us consider, for instance, the system of social hierarchy in India: by fragmenting society into castes, it makes impossible social organization beyond the existing social hierarchy, thus perpetuating a social regime of low social mobilization (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025).

It is important at this point to mention that the accumulation of political power of the state and of society has increasing returns to scale (Acemoglu & Robinson, p. 410, 2023). This is owed to the high marginal cost of accumulating additional political power below a certain level. Let us consider, for instance, the fixed costs of building a fiscal apparatus and the corresponding ones of a set of social institutions that facilitate the collective action of society: these are high, but once they have been expended and built, the corresponding institutional frameworks, by institutionalizing the power of the individual actors and ensuring its preservation in the future, make the further expansion of their power cheaper. A further crucial observation is that the state is identified with the elite, while society with the whole of citizens (Acemoglu & Robinson, 2023), preserving one of the basic elements of the core of the approach.

At this point two significant expansions are observed with regard to the core of the approach. On the one hand, the dual nature of political institutions is indirectly formulated (Acemoglu & Robinson, pp. 409-410, 2023). Political institutions, as described above, consist of the sum of purely political institutions and social institutions. Purely political institutions are characterized as those that directly affect the structure of de jure political power. Social institutions are those that are formally secured by the state and exert an indirect influence on the outcome of the political and economic process, facilitating the organization of society and increasing its social capital (Putnam, 1993). Such an institution, for example, could be considered the right of assembly and association. Consequently, social institutions could be considered as a state variable that reduces the costs of increasing the political power of society. On the other hand, the crucial importance of culture in the political process is presented, which can have both positive and negative results for the increase of the power of society.

Like social institutions, so too culture functions as a state variable, affecting the structure of de facto power of both the state and society (figure 8). To clarify, the castes in India reduce the political power of society, making impossible its collective action against state authorities, but also eroding state authority, which, despite its democratic constitution, cannot break the cage of norms (Acemoglu & Robinson, pp. 237-265, 2020). More about culture will be developed below.

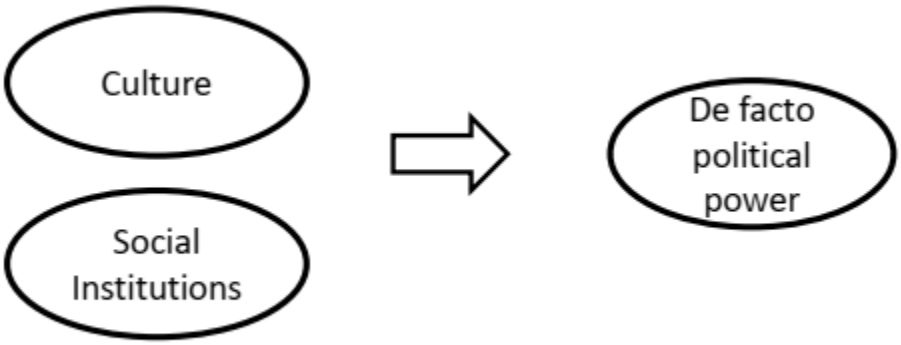

Figure 8. The role of culture and social institutions in shaping de facto political power

Having examined the variables that are used, we can move on to the ideal types. The first ideal type is the Despotic Leviathan (figure 9), where political power is greater than the power of society. In this state of equilibrium the state ensures neither political and individual freedom, nor social equality, but contributes to economic development, allowing the increase of human capital (Acemoglu et. al, 2014) and the promotion of technological innovations. This development, however, will not have long-term sustainability, while at the same time it will promote technologies that will serve mainly the elite and surveillance functions (Acemoglu & Robinson, pp. 234-236, 2020) (Acemoglu & Johnson, pp. 339-355, 2023). The reason why the development of these states is limited is owed to the fact that they cannot set the framework for the establishment of the engines of prosperity, while at the same time commitment problems pulverize long-term business planning. Examples of states that belong to this ideal type are Saudi Arabia, Iran and others of the kind.

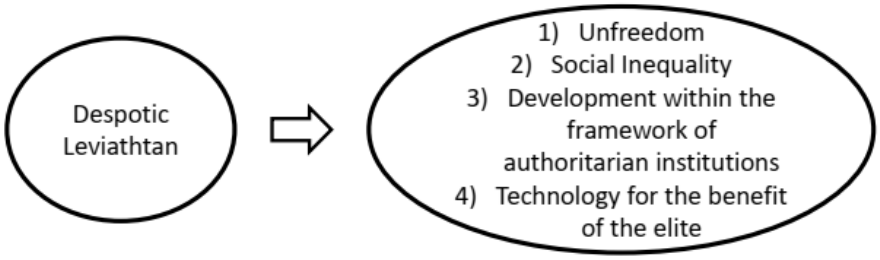

Figure 9. The Despotic Leviathan

The next ideal type is the Absent Leviathan (figure 10), where society is stronger than the state. In such states "law" and what is "proper" is imposed by the cage of norms (Acemoglu & Robinson, pp. 18-24, 2020). By the term cage of norms (or of tradition) is described the set of combinations of cultural traits of a culture (Acemoglu & Robinson, 2025), which is imposed on society. When the state either is absent, or is unable to impose itself and break the cage, society is dominated by culture. Consequently, this particular ideal type is better described by the cases of stateless societies, where the power of society, that is, its capacity to act collectively, stems from culture itself, which however at the same time restricts individual freedom. Such societies are poor, with a pre-modern structure of division of labor and technologically stagnant; they are economically trapped and can develop only up to the limits dictated by the cage of norms (Acemoglu & Robinson, pp. 102-104 and 124-125, 2020). Such cases of social organization are rare in our state-centered world, but can be found in tribes of the Amazon, of various islands of the Pacific Ocean and of Africa.

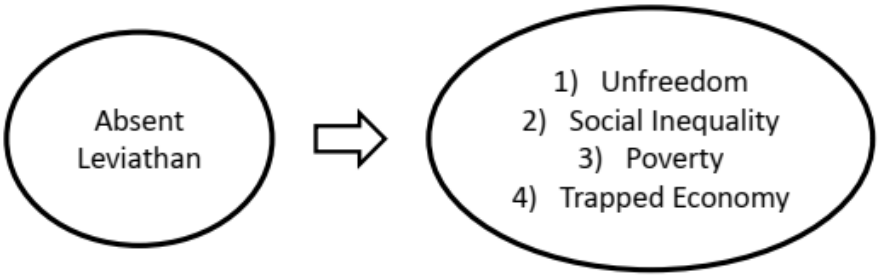

Figure 10. The Absent Leviathan

Acemoglu and Robinson, in speaking of the cage of norms, seem to describe it as the opposite of Weber's iron cage (pp. 157-160, 2006). Concluding "The Protestant Ethic and the Spirit of Capitalism", Weber speaks with awe of a cage of rationality, which seems to define the frameworks of human action, along the axis of the constant maximization of one's utility, while it also constitutes the new framework of meaning-giving of action in modernity and, by extension, in capitalism. Indeed, he describes as the final stage of this new framework one where "specialists without spirit, sensualists without heart" will prevail (p. 159, 2006). This view takes tangible form in the political process with the modern state (Acemoglu & Robinson, pp. 341-342, 2020), since it is staffed by impartial specialists, that is, the bureaucrats, while it constantly seeks to increase its power, not in order to offer to the whole, but because superiority of power confers upon it, and upon the elite that handles it, prestige (Acemoglu & Robinson, pp. 94-96, 2020). It becomes understood that, just as the cage of norms harms individual freedom in non-state societies, so too the iron cage of rationality, although necessary in order to break the bonds of tradition, may also eliminate freedom – as in the case of despotic states – if there is no other force to restrain it. Only within the inclusive state can the tendency of the iron cage to exercise oppression be restrained.

Before, however, we analyze the inclusive state more deeply, we must analyze a particular case: the Paper Leviathan (figure 11) (Acemoglu & Robinson, pp. 338-369, 2020). This ideal type proves catastrophic both for the state and for society and is a product of European colonial governance (Acemoglu & Robinson, pp. 365-367, 2020). Many colonies of the European states were established in

areas without the existence of state entities, where the native population was organized in stateless societies (tribes, clans, etc.). In order for the colonizers to exploit the areas, they had to establish a centralized administrative mechanism, which in several cases was staffed with members of the local elite (Acemoglu et al, 2001) (Acemoglu et al, 2002). The colonies, particularly the extractive ones (Acemoglu et al, 2001), had significant demographic and economic consequences (Acemoglu & Robinson, 2013) and determined the form of the state institutions of the individual colonies after their independence (Acemoglu et al, 2001). However, after their independence, these states, despite the fact that they had their own legal, educational, fiscal and judicial system, did not have the power to impose themselves on their society. Correspondingly, society, fragmented and disorganized, whether owing to the pluralism of different cultural frameworks or owing to the institutional weakness of social institutions, could not act collectively and shackle the state. Such states, which can also be characterized as quasi-states, suffer from the disadvantages both of despotic states and of non-state societies: As regards the results of the "Paper Leviathan" in the field of freedom, the state – to the degree that it has some power – functions despotically, but cannot free society from the cage of norms, which in several cases imprisons it in situations of generalized violence. As regards economic results, the paper state leaves no room for the functioning of the engines of prosperity, maintaining a situation of extensive stagnation, zero technological progress and – in certain cases – de-development.

In conclusion, paper leviathans are the consequence of the violent and uneven modernization of pre-modern societies during the colonial period. Examples of such states are several states of Africa, such as Somalia, Liberia and others, but also of Latin America, such as Colombia and Guatemala.

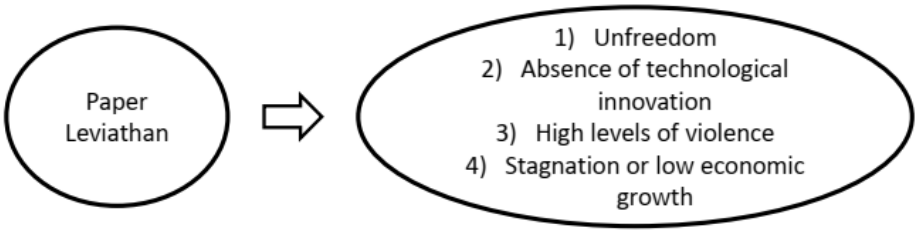

Figure 11. The Paper Leviathan

The last ideal type of state is the inclusive one -the shackled leviathan- (figure 12). In this case a relative balance of power has been achieved between the state and society, with the result that the status quo is preserved through a Nash equilibrium, since neither of the two players could overturn it without incurring greater costs than benefits (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2017) (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2023).

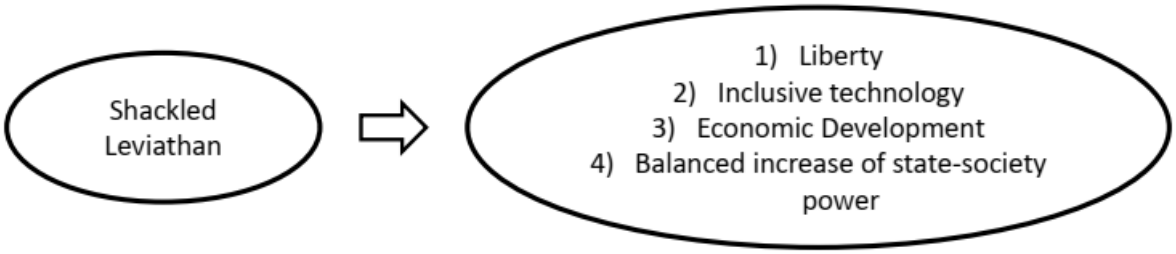

Figure 12. The Shackled Leviathan

In the given case the Leviathan moves within the confines of the Narrow Corridor, only within which can freedom and economic development be achieved. In such states the engines of prosperity gallop and technologies can be produced that increase the prosperity both of the elite and of society, while the state and society increase their power in parallel.

Observing the ideal types, the connection that they have with the core of the approach becomes understood: The despotic, the absent and the paper leviathan constitute frameworks of extractive political and economic institutions, as well as non-democratic regimes; the inclusive state, on the other hand, constitutes a framework of inclusive political and economic institutions, always being democratic. Consequently, the title of the theory of the Narrow Corridor is also justified, since extractive institutions constitute a broad and non-uniform category, with the only common elements being unfreedom and stagnation, whereas open institutions are a combination of centralization and pluralism, which arises from a dynamic equilibrium. By extension, the theory of the Narrow Corridor formulates a hierarchy among the economic results of the different types, with the paper state having the worst performance and the inclusive state the best, with the despotic and the absent following (figure 13). Finally, this theory maintains that the strongest states are not those that dominate at the expense of their societies, but those that march together with them, in a climate of healthy competition (Acemoglu & Robinson, 2017) (Acemoglu & Robinson, 2023). The failure of despotic states to gather greater power than inclusive states is owed to the discouragement effect, which predicts that when one of the parties – in our case the state – is significantly stronger than the other – that is, society – it is discouraged from investing further in increasing its power (Acemoglu & Robinson, p. 4, 2017).

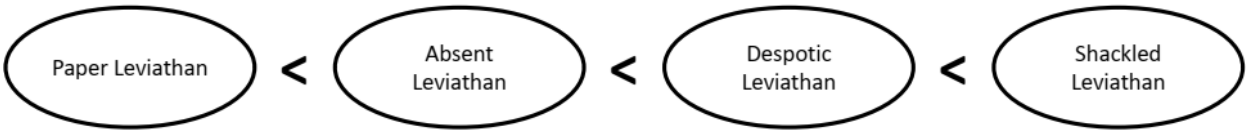

Figure 13. Hierarchy of economic outcomes

How, however, is this and the other equilibria achieved? A basic mechanism that explains the finding of these different points of equilibrium is the phenomenon of the Red Queen effect, that is, the situation where one continues to move in order to remain in the position in which one finds oneself (Acemoglu & Robinson, p. 41, 2020). With the Red Queen the theory maintains that stagnation is not an option in the political process; in order for a state to manage to remain in the Narrow Corridor and ensure its inclusiveness, from the moment it enters it both the state and society must constantly invest in their political power and authority in order for there to be some relative balance between them (Acemoglu & Robinson, pp. 7-8, 2017) (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, pp. 411-412, 2023). As is probably understood, this constant need for movement arises from the commitment problems that govern politics, that is, the fact that if someone is given the ability to violate the agreement (for instance the Constitution) they will do so, since there is no impartial arbiter to enforce it. Consequently, both actors must have the power to impose themselves in order to prevent any attempt to violate the status quo, since the Leviathan can be shackled, whereas the desire for power cannot. Of course the Red Queen contains dangers, which can put it out of control, but also break it.

When a state leaves the Narrow Corridor, the Red Queen effect ceases to function, with the result – owing to the discouragement effect – that the power of the state itself, but also of its society, begins to decline (Acemoglu & Robinson, p. 415, 2023).

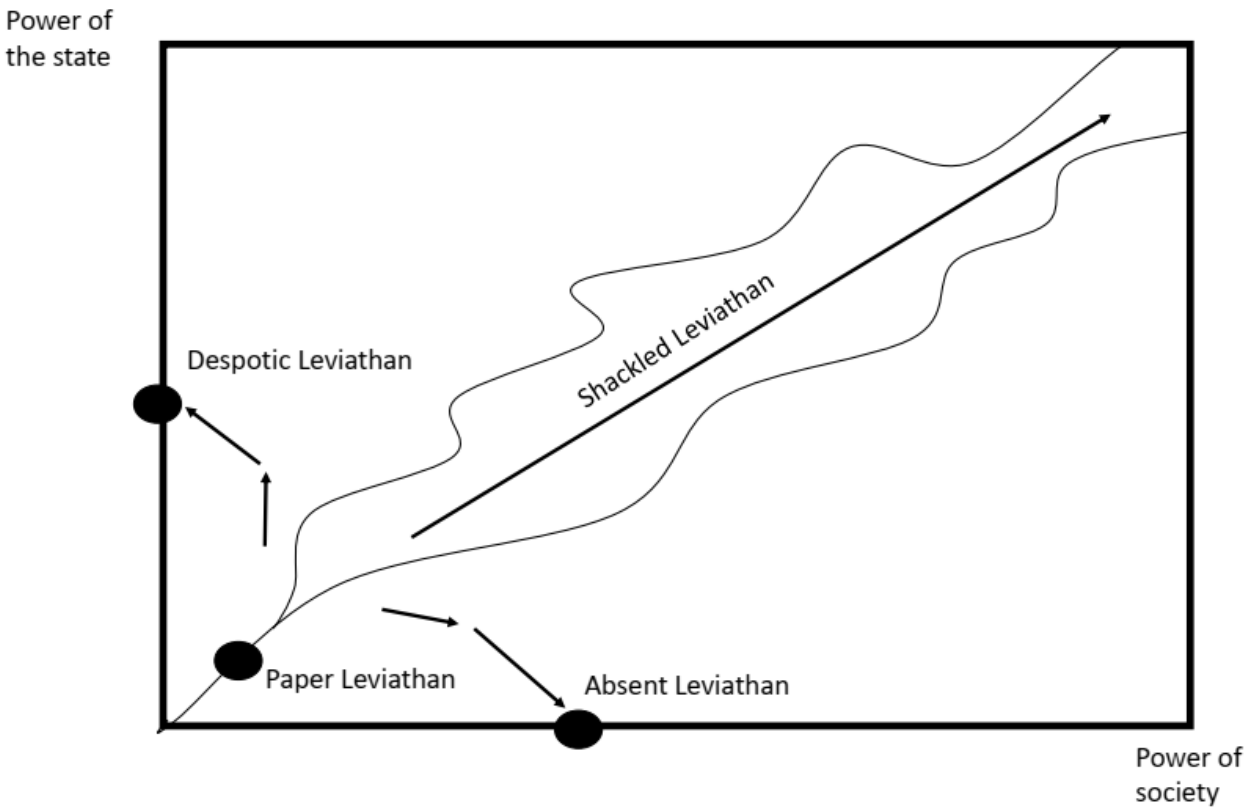

Figure 14. The Narrow Corridor and the Red Queen effect

Before the causes that prevent the entry of certain states into the corridor, and the phenomena that displace others that were moving within it, are analyzed, the causes of alteration of the size of the corridor must be mentioned. Critical junctures of history, such as international treaties, wars, economic and political crises, technological innovations, structural changes in the functioning of the market etc., may change the breadth of the corridor, but also shift it permanently (Acemoglu & Robinson, pp. 450-463, 2020). For instance, the establishment of the United Nations in 1945 constituted a critical juncture, strengthening the power of states, recognizing them as the central actors of the system. A result of this juncture was the widening of the corridor, both from the side of the despotic state and from the side of the absent state. However, this reform narrowed the corridor at its base, with the result that many of the states represented in the organization were "paper" states. Let us consider, for instance, the People's Republic of the Congo in 1960; with its independence within a few months, it was recognized by the international system, had its own government and bureaucratic system, but was unable to impose order within its periphery, could not protect its citizens and almost immediately sank into civil war. Furthermore, small institutional differences in periods of great changes can place a state within the corridor. Let us consider the United Kingdom after the Glorious Revolution: society, judging that the revolution would have greater benefits than costs (Acemoglu & Robinson, 2006), having significantly increased its power in previous years – through the broadening of the class of merchants and various institutional concessions – and constituting a formation consisting of many different social strata, managed to overthrow the king and to transfer legislative competence to Parliament, which represented society better. A result of the revolution was the widening of the corridor from the side of

the despotic state, since society considered that it could control it. Thus, the United Kingdom managed to enter the corridor and subsequently to activate the Red Queen effect.

Let us now examine when a state leaves the corridor. The causes of this misfortune stem from the unstable nature of the Red Queen (Acemoglu & Robinson, pp. 66, 265, 399-406, 2020). The first cause is that of the phenomenon of the Broken Red Queen, which refers to the situation where the power of the state and of society decreases, owing to the dysfunctional framework within which they struggle; the second is that of the Out of Control Red Queen, where either the competition of state-society ceases to be healthy, or institutions are unable to mediate in the struggle.

It is useful to understand the case of the Red Queen, of the Out of Control Red Queen and of the Broken Red Queen, as a race between two athletes of the same level.

In the first case the athletes are friendly toward one another, while the asphalt on which they compete is well maintained. Consequently, they can, by competing, constantly improve their position, without one significantly overtaking the other, giving each other an incentive to continue, while the maintained asphalt ensures that no one will be injured. Such was the situation within which the inclusive state of postwar West Germany functioned, where the corporatist system allowed healthy competition between firms, workers and the state, ensuring that the prosperity and progress of the one would not undermine the position of the other.

In the second case the athletes hate each other and run at night, without good visibility, on a road where they do not know what may befall them. Competing, one curses and mocks the other, they push one another, while whenever they are injured they cast the blame on their opponent. Such a situation could perhaps describe the USA of Trump's second presidential term; intense polarization between left and right, uneven economic development, a sense of the elite's precedence over society, distrust of institutions, which are unable to frame the conflict (as is confirmed by the episodes of violence by the immigration and customs enforcement service in Minnesota), present a situation of broad destabilization and democratic backsliding, which may shift the Leviathan of the USA out of the corridor. In conclusion, when the queen runs out of control, one player increases his power at the expense of the other, creating a zero-sum game. The case of the inclusive state of the USA is particular and the theory of the Narrow Corridor predicts that there are increased risks for the preservation of the USA within the corridor (Acemoglu & Robinson, pp. 304-337, 425, 2020).

The third case combines characteristics of the two other cases. The athletes have a friendly attitude toward one another, but the road on which they run is worn. Here the athletes compete, but sometimes they either slow their pace, or are injured. The case of India fits this example. The culture of India and specifically the system of social organization in castes, is exceptionally suffocating, restricting both society within the cage of norms, and the state, since its inability to impose the democratic institutional framework, which prohibits castes, erodes its power (Acemoglu & Robinson, pp. 237-264, 2020) (Acemoglu & Robinson, pp. 676-678, 2025). Indian society is characterized by high levels of social and income inequality, since the caste system not only determines the social position of individuals, but also their work. It functions, consequently, as a mechanism of division of labor, which significantly restricts the prosperity of individuals born into the lower castes and subcastes, since there is no way for them to advance socially. The state, despite the efforts it has made, has not managed to break definitively the cage of tradition, with the result that the Indian Leviathan finds itself at the boundaries of the Narrow Corridor, creating a situation of a hybrid state, between an inclusive and an absent state.

Before the ways of entry into the corridor and certain disincentives for arrival within it are analyzed, it is worth analyzing briefly the role of culture in the theoretical approach of AJR, which constitutes also its most topical extension (Acemoglu & Jackson, 2015) (Acemoglu & Robinson, 2025). By developing a new framework for the examination of culture, the aim is the overturning of the prevailing – Parsonian – conception of culture, treating it as a bearer of social meaning and legitimacy, as part of the broader social system – influenced by it and influencing it – and as an element that can change abruptly with critical junctures (Acemoglu & Robinson, pp. 645-658, 2025).

By extension, they categorize cultures into extreme hardwired, hardwired, intermediate and fluid. They use two ordinal variables for this categorization: The degree of "mixing" of the collection of different bundles of cultural traits; a culture is considered the more hardwired, the more closely connected to one another its individual cultural characteristics are, while the more autonomous they are, the more fluid it becomes. For instance, castes make Indian culture more hardwired, because they make the collections of cultural characteristics more mixed. By contrast, Catholicism in England can function in the direction of greater fluidity, since it constitutes an element that is not fully integrated into the remaining dominant cultural characteristics. The second variable is the specificity of the cultural traits of a culture; traits that are characterized by a high level of abstraction leave frameworks for different interpretations, hence also increase the fluidity of a culture, enlarging the number of feasible connections of the specific traits with others. On the other hand, more specific traits make a culture more hardwired, reducing their possible conceptualizations and the set of feasible connections with others. In the first case belong, for instance, the Way and the "Virtuous" of Confucianism, which legitimizes both authoritarian regimes – such as China – and democratic ones – such as South Korea (Acemoglu & Robinson, pp. 229-234, 2020) (Acemoglu & Robinson, pp. 672-675, 2025). On the other hand, the notion of "pollution" in Indian culture constitutes a specific cultural trait, which is connected directly with the Dalits (Acemoglu & Robinson, p. 654, 2025).

Furthermore, by treating culture as a mechanism of provision of meaning and as part of the social system, it follows that it constitutes an element that affects the outcomes of the social, political and economic process. Indeed, the role of culture in the theory is that of the "sibling of institutions" (Acemoglu & Robinson, p. 643, 2025), with the result that the theory is aligned with foundational principles of the sociological neo-institutionalism of Hall and Taylor (pp. 946-950, 1996). Indeed, the way the theory evolves confirms the turn toward this set of institutionalist theories, especially if we take into account the preservation of the institution of monarchy in several states of western Europe:

It does not increase the efficiency of the administration of the state, nor the security of society, yet it is preserved owing to the value it has within the cultural environment. Probably, the future that Weber foresaw within an iron cage does not seem so convincing, since the culture of the past shapes the frameworks of the future too, framing the changes and developments to come. In conclusion, both culture and institutions influence each other and, jointly with economic outcomes, shape the state of social equilibrium (Acemoglu & Robinson, p. 651, 2025).

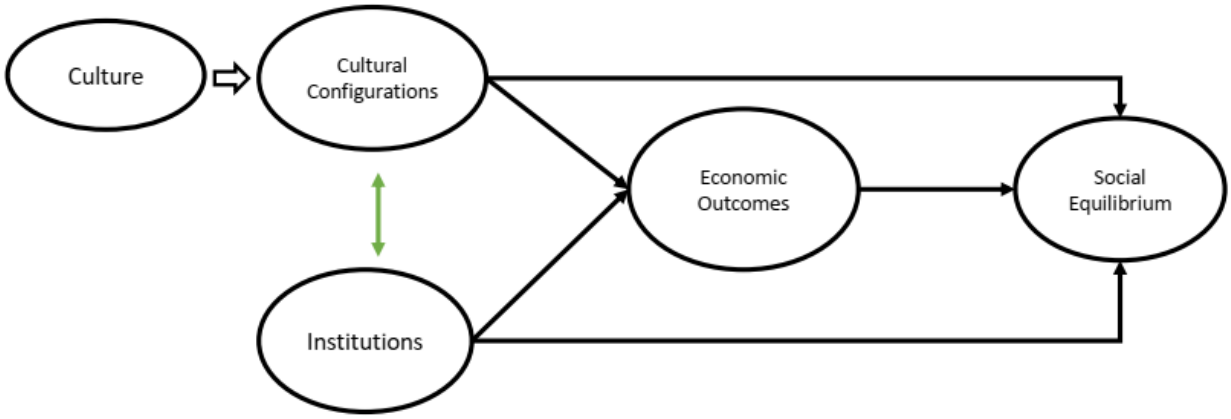

Figure 15. The role of culture in shaping the state of social equilibrium

Crucial for the role of the cultural configurations is the fact that, just as institutions can change rapidly during critical junctures, so too these bundles can change by leaps in periods of cultural conflicts (for instance the Iranian Revolution of 1979), with the appearance of "cultural entrepreneurs" (for instance Martin Luther) and with the transmission of cultural changes from one domain to another. As regards the more fluid cultures, cultural change is faster and more frequent, since the daily action of individuals within different social contexts leads to even more different meanings being given to individual cultural traits (Acemoglu & Robinson, p. 657, 2025).

Concluding the analysis of the role of culture in the theoretical approach, some examples that fall within the different types of culture must be mentioned, but also an empirical example that highlights the importance of this particular extension in the theoretical framework.

To begin with, in the extreme hardwired cultures the cases that fall within them are limited, since there is no culture that has not been altered with the evolution of the society that it governs. Nevertheless, examples of such a culture could, perhaps, be considered tribes on islands of the Pacific Ocean, which have not come into contact with the world outside the island. Such societies, being non-state, constitute the finest example of application of the cage of tradition in our days, while the (informal) institutions that govern them exert no influence on the bundles of cultural traits that characterize them.

In the hardwired cultures may be placed the state of Iran under the theocratic regime of the Ayatollah, where society was suffocating, both owing to the despotic state and owing to the cage of tradition, which fully legitimized every action of the state. In this state, Islam shaped the institutions of the state, but the institutions also shaped it, so that it would respond to the needs of the modern world.

In the intermediate cultures may be placed the cultures of states – mainly African – that were former colonies. Owing to their uneven modernization, many of these states combine cultural traits with a high level of abstraction (for instance egalitarian conceptions, magical rituals etc.), which, however, are closely connected with one another and not particularly fluid. Let us consider, for instance, Liberia; the colonial institution of the "paramount chiefs" of British indirect rule has taken root, changing the framework of meaning-giving of power, but kinship continues to play an important role in how the modern state will be organized (Acemoglu & Robinson, pp. 360-365, 2020).

Finally, we have the fluid cultures, in which most western societies could be placed. Not all western states are alike, but they are alike to the degree that fundamental characteristics of the individual cultures are vague, leaving broad room for different interpretations. The similarity of western states and cultures also arises from the fact that the characteristics of their cultures are not closely connected with one another, having the possibility to stand alone. Let us consider, for instance, the notion of freedom; it is treated as a fundamental principle by all western states and their societies, but it is a rather general notion.

The addition of the importance of culture to the theoretical approach of AJR, apart from the analytical power that it confers on it, also corrects some of its weaknesses. Let us return to India: The Indian Democracy belongs to the states of lower-middle income with a high level of social, economic and political inequalities, despite the fact that it is framed by open institutions. Why does this happen? The answer lies in the hardwired nature of its culture, where a combination of specific and mixed cultural traits legitimizes the existence of high income inequality, justifying social inequality. More specifically, the system of social organization with castes – established 2,500 years ago – categorizes people into castes and subcastes, defining for each one also the obligations they have toward the remaining members of society. In combination with castes, the belief in reincarnation of Buddhism and Hinduism, which increases the tolerance of the faithful to the difficulties of this world, income inequality becomes more tolerable, while at the same time the power of society is also reduced, since cultural characteristics such as the "pollution" of the Dalits prevents joint collective action. Consequently, on the one hand the legitimization of inequality through the cultural traits of castes and of the prevailing religious belief, and on the other hand the shrinking of societal power, a result of "pollution" and of castes, reduce the sense of social inequality, as well as the capacity of the state to chart policy around some issues (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025). It becomes understood from the example that the more hardwired a culture is, the harder it is for the state to impose itself on it and to break the cage of tradition.

Before we proceed to the role of technology, we must, concluding the theory of the Narrow Corridor, see how states can enter it and why some, although they can, do not want to.

The path that every state follows in order to join the corridor is different and depends on the social, institutional, cultural and economic course on which it already finds itself. Consequently, the characteristics, on the one hand of the macro level, such as the balance of power between state and society, the type of institutions, the type of the prevailing culture, the prevailing technology and the most important sectors of the economy, and on the other hand of the micro level, such as whether the elite is landowning or industrial (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2020), the size and quality of the middle class and the breadth of the coalition that competes with the state (Acemoglu & Robinson, p. 434, 2020), which prevail in the status quo, predict different ways of entry into the corridor for each state. This is owed to the fact that, since the characteristics lead to different equilibria of power in the realm of politics, the same critical junctures may have different results for each state. Let us consider the decolonization of Botswana and Sierra Leone: the first, a state with some degree of centralization pre-colonially, governed by an enlightened kingship, which was controlled by a broad coalition of citizens and framed by a culture that showed greater tolerance toward the various ethnic minorities, evolved as one of the most stable democracies in Sub-Saharan Africa (Acemoglu & Robinson, pp. 421-430, 2013). By contrast, Sierra Leone, a state without any degree of organization pre-colonially, governed by a local "paramount chief" appointed by the United Kingdom, who governed answerable

only to the colonial sovereign, evolved into a paper state after its independence (Acemoglu & Robinson, pp. 353-363, 2013). Nevertheless, there is a general rule: for entry into the Narrow Corridor, despotic states must increase the power of their societies (Acemoglu & Robinson, pp. 435-438, 2020), absent states must strengthen their state institutions and paper states must increase the power both of the state (Acemoglu & Robinson, pp. 444-447, 2020) and of their society (Acemoglu & Robinson, pp. 447-450, 2020).

Despite the fact that entry into the corridor is beneficial both for the state and for society, the states that are outside it, for the most part, do not seek to enter it. This is owed, on the one hand to the Red Queen effect, and on the other to commitment problems. Starting with despotic states, it is evident that the strengthening of society, which in certain cases in order to be achieved means a temporary relaxation of the state, worries the prevailing elite, since there will be no way of guaranteeing that its old privileges will be preserved in a new inclusive regime, where the strengthening of society will accompany that of the state. In addition, the strengthening of society could function self-destructively, creating a zero-sum situation, where society is strengthened at the expense of the state.

As regards non-state societies, the fear is similar. Trapped in the cage of tradition, society is protected by the elite, which performs specific roles, while the power of the elite is also protected by society, being legitimized by tradition. However, the pursuit of state formation may constitute a threat to society, by breaking the cage of tradition for the benefit of the state. To elaborate, state formation, in cases where there is none, may mean the consolidation of a despotic state, which would draw legitimacy both from institutions and from tradition. This fear is described as the "slippery slope" and consists in the perception that from the moment you choose the path of state formation you may slide and end up somewhere undesirable (Acemoglu & Robinson, pp. 57-59, 2020). Such is the case of many African states, where the state – controlled by one ethnic group – exercises violence against a part of society, as indeed happened in the case of Rwanda in 1994.

Finally, paper states avoid their entry into the corridor owing to the "mobilization effect" that runs through the elite (Acemoglu & Robinson, pp. 344-346, 2020). The combination of low state power and low societal power creates a balance of terror, which prevents the elite from deepening its state capacity, since it considers that it will be crushed in the event of collective action by society, which will react to any such choice. Consequently, the elite prefers the preservation of the status quo, which also means exploitation and appropriation of its limited capabilities (Acemoglu & Robinson, p. 345, 2020).

2.2.2) THE PRODUCTIVITY BANDWAGON

The role of technology in the theoretical approach of AJR is examined through the theory of the productivity bandwagon (Acemoglu & Johnson, 2023). The texts that examine the role, the functioning and the direction of technology are those that allow the approach to examine inequality in developed societies, to predict institutional developments in the countries of lower-middle and low income, but also to re-examine the quality of democracy in the states of high and upper-middle income.

Basic tools that are used for the examination of technology are the functional distribution of income, that is, the share of labor and of capital in the distribution of income (Acemoglu & Restrepo, 2019) (Acemoglu & Johnson, 2023) (Acemoglu, 2025). Technology is treated as a consequence of the political process, that is, of the social struggle, hence also directed by its results. Technologies can

function either for the benefit of the elite, which is rich and draws its income mainly from capital, or for the benefit of society, which is poor and consists of unskilled workers (Acemoglu, 2025).

A basic claim of the theory is that for the productivity bandwagon to function properly – that is, the phenomenon where technology increases the productivity of firms, which then want to expand their production and for this reason hire more workers, with the result that wages also increase – technology must function inclusively, that is, the increase in the income of labor must be proportional to that of the income of capital (Acemoglu, p. 37, 2025) (Acemoglu & Restrepo, 2018a) (Acemoglu & Restrepo, 2019) (Acemoglu & Johnson, pp. 9-38, 2023). Consequently, the course of technological evolution must be such that it will not replace labor, through automation, but will complement it, increasing its productivity (Acemoglu & Johnson, p. 20, 2023).

In order to understand the position of technology in the approach of AJR, it is useful to use the utility-technology possibilities frontier (figure 16) (Acemoglu, p. 13, 2025).

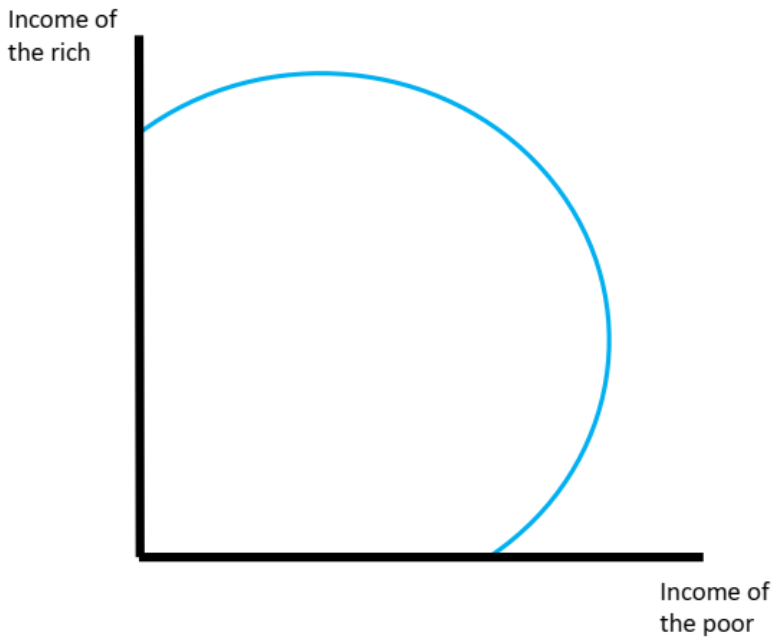

Figure 16. Utility-technology possibilities frontier

Depending on the position of the economy on the curve, the functional distribution of income takes place either for the benefit of labor – that is, of society – or for the benefit of capital – that is, of the elite – (Acemoglu & Johnson, 2023) (Acemoglu, 2025). The position of the economy on the curve is determined by four factors: institutions, the kind of technology, culture and social norms, and ideology.

To begin with, the role of institutions in the distribution of income is seen from the influence they exert on the political process. By influencing the balance of forces in the social struggle, different institutions allow also the existence of different states, which have different distributive outcomes. States with open institutions are inclusive and, usually, ensure that the share of profits, that is, of capital, does not increase at the expense of that of wages, that is, of labor. By contrast, in cases with closed institutions, where the state is absent, distribution takes place for the benefit of labor, while

indeed the total income is limited. Similarly, in despotic and paper states, distribution takes place for the benefit of the elite, with despotic states presenting better macroeconomic results than paper states.

The kind of technology is equally important, since in economies where automation is intensely promoted, the income of labor is harmed, while at the same time practices of extensive automation may also harm the income of capital, reducing its productivity. Let us consider, for example, an automatic ticket vending machine; it replaces the worker, without significantly increasing the productivity of the capital that was used to replace him.

Finally, culture, norms and ideology play a crucial role in shaping the functional distribution of income, since they delimit the tolerable limits of income inequality that stem from technology. For instance, Sweden, a country with a long social-democratic tradition, will show much lower tolerance toward automating technologies that will increase income inequalities, compared to the USA, a country with a deeply rooted liberal framework. Here lies also the distinction between "cuddly" and "cutthroat" capitalism (Acemoglu et al, 2017).

The curve can shift, but also remain in the position where it is. The factors that shift it are institutional reforms and the technological changes that accompany them. Such changes come at critical junctures, where the direction of the shift of the curve in each state is determined by the small institutional and cultural differences that govern it and its society (Acemoglu, 2025). Factors that keep the curve stationary are the commitment problems that govern closed institutions, but also the cage of norms.

As regards the shift of the curve outward, the adoption of inclusive institutions is the basic factor that allows it. Within open economic frameworks the engines of prosperity function fruitfully, with the result that innovations enlarge the set of available resources (Acemoglu & Robinson, 2013). By contrast, the adoption of closed institutions has, for the most part, the opposite results. The establishment of institutions that provide for the existence of either an Absent Leviathan or a Paper Leviathan undermines technological innovation, since they undermine also the state power that is indispensable for any progress (Acemoglu, p. 21, 2025); in the first case this holds because the cage of tradition does not provide incentives for innovation, giving individuals clearly defined social roles and positions of work. In paper states, the engines of prosperity do not function, since the state cannot impose an environment of security for individuals that guarantees their property rights. In the case, however, of closed institutions that allow the emergence of a Despotic Leviathan, the results may be both positive and negative. On the one hand, progress within a framework of closed institutions is possible, hence it allows also the shift of the curve outward in cases of states that were previously of low income; on the other hand, in cases of states that were previously inclusive, the adoption of closed institutions means also the shrinking of their economy, since despotic states do not possess the capacity to mobilize the engines of prosperity in the long term, since whatever growth they allow is artificial and state-directed (Acemoglu & Robinson, 2013) (Acemoglu & Robinson, 2020). An example of economic development within closed institutions is China, which, by investing significant sums in science and innovation, artificially produces the engines of prosperity and thus managed to escape the poverty trap and to develop at rapid rates (Acemoglu & Robinson, pp. 230-234, 2020).

The factors that keep the curve stationary lie in the commitment problems of power (Acemoglu, et al, 2005) (Acemoglu & Robinson, 2006) (Acemoglu, 2025). When the prevailing elite governs within a framework of closed institutions, it will usually constitute an obstacle to the adoption of new

technologies, fearing that these will change the balances of power, leading it to lose power, or that it will improve the productivity of certain economic sectors, drawing resources from the branches that ensure its income. Consequently, whenever the prevailing elite considers that it may lose, either politically or economically, then it constitutes an obstacle to changes (Acemoglu, et al, 2005) (Acemoglu, 2025). Let us consider, for instance, the refusal to adopt technological innovations in tsarist Russia (Acemoglu & Robinson, pp. 245-249, 2013). Correspondingly, in despotic states technological innovation is limited, since the securing of property rights is uncertain, since there is no one to guarantee to the economic actor that the profits he will reap from his action will not be appropriated by the elite. Consequently, the absence of technological innovation predicts stagnation.

Having spoken of how the balances of the functional distribution of income change, it is worth concluding with the importance of the power of labor for the functioning of democracy and the dangers of technology for democracy.

The bargaining power of labor stems from the capacity of workers to influence the level of their wages (Acemoglu & Johnson, pp. 20-23, 2023). By labor is meant unskilled labor, since this characterizes society, while it is also this that runs the greatest risk from automation (Acemoglu & Restrepo, 2017). As has been mentioned previously in the core of the model of the approach of AJR, political power arises from the distribution of resources. Consequently, inclusive technologies, which increase the marginal productivity of labor, allow the functioning of the productivity bandwagon, since progress improves the income of the elite in parallel with that of society, that is, it improves the income of labor. With a similar logic, the adoption of technologies that increase the productivity of labor also strengthens its bargaining capacity, since the value of labor increases, allowing workers to exert pressure on the elite, when the policies it adopts do not satisfy them. In conclusion, keeping in mind the theory of the Narrow Corridor, it becomes understood that in order for a state to remain within the corridor and to ensure the freedom of its citizens there must be a balance of power between state and society, which can be achieved only if the bargaining power of labor is high and workers are paid commensurately with the overall progress of the economy. Let us consider, for instance, the United Kingdom of the Industrial Revolution; although there was room for progress for the economy, there was no vision of inclusive progress, since until the middle of the 19th century English society was impoverished. Only after the middle of the 19th, with the organization of workers and the concession of certain democratic demands, did the standard of living of the working class manage to improve (Acemoglu & Johnson, pp. 168-174 and 195-199, 2023). From this example there also arises an interesting difference between inclusive institutions and inclusive progress: The existence of the former is necessary for the existence of the latter, but the absence of the latter does not mean the absence of the former. With a similar logic we observe in the world today democracies with very different levels of income inequality.

Continuing, the dangers posed by extractive technologies must be mentioned. Such technologies are those that either allow the surveillance of society by the elite or automate the productive process. Surveillance technologies violate the individual freedom of the members of society, while at the same time they increase the power of the elite, allowing elites to surveil society, facilitating the repression of collective action and reinforcing the unequal information in favor of the elites and of the Big Tech giants (Acemoglu & Johnson, pp. 339-382, 2023). Automation is no less harmful for democracy. It doubly reinforces the income of the elite, since, owing to the phenomenon of homoploutia, its members are in the top 10% of the population both with regard to income from capital and with regard to income from labor. In the case of labor they come out ahead, since, as they occupy

high-skill jobs, it becomes harder for them to be replaced (Acemoglu & Restrepo, 2017). Consequently, by reducing the importance of labor in the productive process through automation, the elite manages to reduce the power of society, since, on the one hand, the bargaining power of labor is limited, as owing to the increase in unemployment it becomes easier for employers to replace their workers, and on the other hand the share of income of labor falls against the share of capital.

Closing, three basic elements of the theory of the productivity bandwagon must be stressed. First, the bandwagon functions only if the institutional framework favors technologies that increase the marginal productivity of labor. Second, technology is not the result of chance, but a consequence of the political process and of the struggle between society and the elite; that is, "people get the technology that suits them" (Acemoglu, 2023). Third, the choice of labor-substituting technologies constitutes an even greater danger for developing states, since they do not allow them to take advantage of their comparative advantage, that is, the abundance of cheap labor force of low and intermediate level of skill.

2.2.3) UNIFICATION OF THE AJR NEO-INSTITUTIONALIST APPROACH

Having sketched the course of evolution of the neo-institutionalism of AJR, we can now connect the individual theories of their approach into a single scheme.

To begin with, the approach is governed by the assumption that the state of social equilibrium and, by extension, the finding of the equilibrium institutions is a consequence of the social struggle between elite and society (Acemoglu, et al, 2005) (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2020) (Acemoglu & Johnson, 2023).

The outcome of the social struggle is determined by the composition of political authority-power (Acemoglu, et al, 2005). Examining the parts that jointly constitute it, it becomes understood that political authority is determined by political institutions, which provide for who may participate in the decision-making process. As regards political power, its composition is multifactorial (figure 17): it is shaped by the bargaining power of labor and of capital (Acemoglu & Johnson, 2023), the distribution of resources (Acemoglu, et al, 2005) (Acemoglu & Robinson, 2006) and the capacity to organize collective action (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2020) (Acemoglu, et al, 2022). By extension, the bargaining power of capital and labor and the distribution of resources are determined by the kind of technology that is adopted in the economy, while in the distribution of resources the bargaining power of labor exerts additional influence (Acemoglu & Johnson, 2023). On the other hand, the capacity for collective action depends on social institutions (Acemoglu, et al, 2022) and on the set of bundles of cultural traits of the prevailing culture (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025).

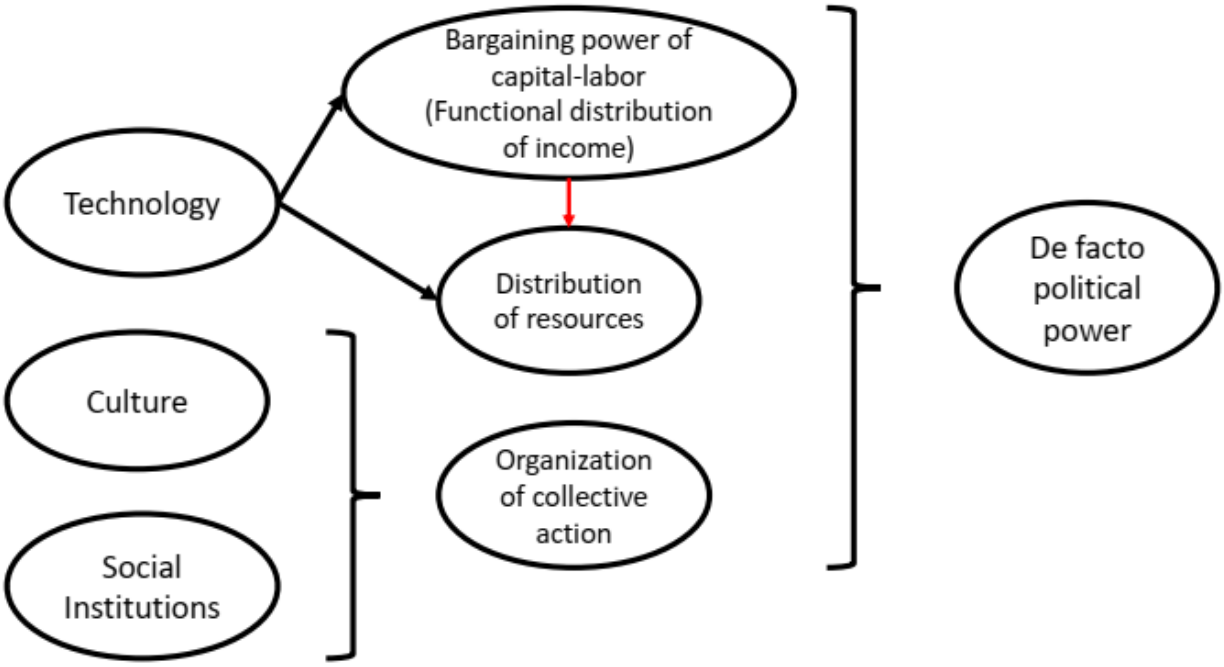

Figure 17. Factors constituting political power

As regards the macro-historical level of the approach, the mechanisms of path dependence and of the persistence of institutions are preserved, as well as critical junctures (Acemoglu, et al, 2005) (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2013) (Acemoglu & Robinson, 2020). The persistence of institutions and path dependence are owed, on the one hand to the Nash equilibrium, where institutions do not change since the change would lead to a negative non-zero-sum outcome (it would be harmful for both), and on the other hand to commitment problems, which push whoever prevails in the social struggle to establish the institutions that will ensure his dominance in the future as well. The approach does not predict that in the course of time there are no reforms and political concessions, but what it maintains is that significant changes come only at critical junctures, where the balances of political power change and the choice of political concessions by the ruler is not feasible, owing to the distrust of the opposing actor with regard to the future preservation of these concessions; hence, the struggling actor wishes to institutionalize his political power, ensuring its preservation in the future as well. Consequently, it becomes understood that historical junctures carry significant weight with regard to the change of the institutional framework, but the small institutional and cultural differences between states at such moments are what will determine also the future institutional composition (Acemoglu, et al, 2005) (Acemoglu & Robinson, 2006) (Acemoglu & Robinson, 2013) (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025).

Seeking the reconstruction of the chain of causality of the theoretical approach of AJR, we arrive at the following conclusions (figure 18): The social struggle and the balance of political power determine the kind of institutions that will prevail (Acemoglu, et al, 2005). By extension, the bundles of cultural traits influence further the form of these institutions (Acemoglu & Robinson, 2025), since, as is evident, there are no two regimes in the world that are identical (Acemoglu & Robinson, 2006). Of course,

depending on the fluidity of culture, institutions also exert influence on the connection of its cultural traits (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025). Subsequently, the kind of institutions, in combination with the prevailing balance of power between state and society, predicts also different types of state formation (Acemoglu & Robinson, 2013) (Acemoglu & Robinson, 2020). For instance, closed political institutions with a stronger state relative to society lead to the type of the Despotic Leviathan. Proceeding, the type of state, in combination with the bundles of cultural traits, leads to different frameworks of economic institutions (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025). For instance, the USSR, a despotic state with socialist ideology, led to a framework of closed economic institutions, which focused particularly on industrial development. With a similar logic, economic institutions together with the bundles of cultural traits lead to the establishment of different types of markets, to the focus on different forms of technology and to different levels of human capital (Acemoglu & Robinson, 2013) (Acemoglu, et al, 2014) (Acemoglu & Johnson, 2023). These three elements, which in their ideal form constitute the engines of prosperity (Acemoglu & Robinson, pp. 93-95, 2013), lead in turn to different developmental and distributive outcomes (Acemoglu, et al, 2005).

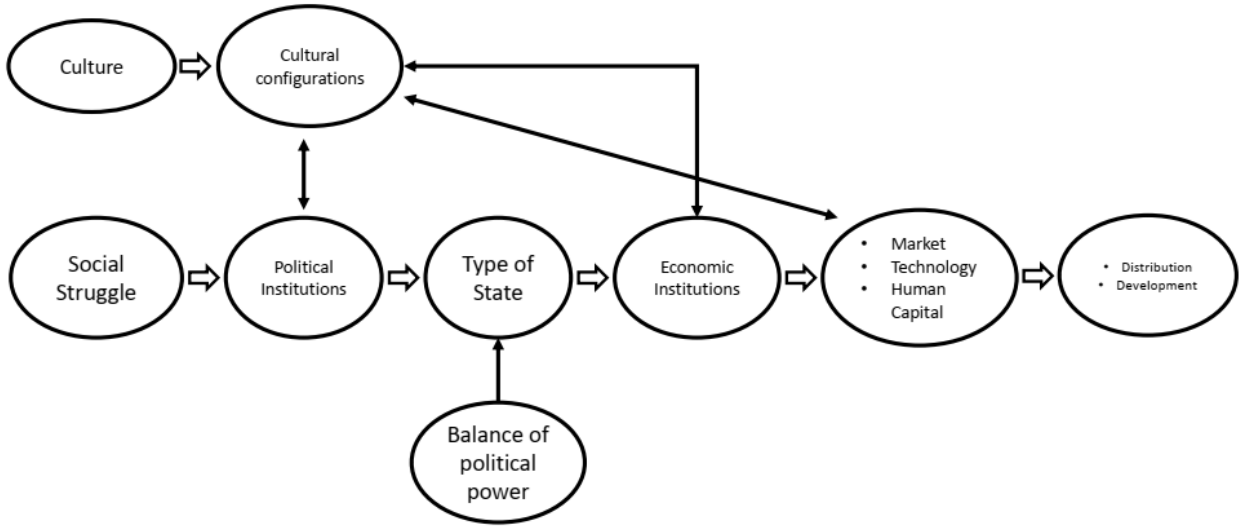

Figure 18. Chain of causality of the neo-institutionalist approach of AJR

Examining the new chain of causality a clarification must be formulated: Sustainable economic development, inclusive progress and freedom can be achieved only within a framework of open economic and political institutions, of an inclusive state, which sets the ground for the functioning of the engines of prosperity, and of an inclusive technological design, which provides that technological progress will function as an aid to the human being, reinforcing the marginal productivity of his labor. Nevertheless, although the approach maintains that democracy indeed leads to economic growth (Acemoglu et al, 2008) (Acemoglu, et al, 2019), it does not exclude the possibility of economic development in non-democratic regimes (Acemoglu & Robinson, pp. 141-169, 2013). However, it declares that sustainable economic growth is the privilege of open institutions, since "extractive institutions carry within them the seed of their own destruction, owing to the turmoil they engender" (Acemoglu, p. 21, 2025).

By unifying the approach of AJR it becomes understood that there is room for further empirical investigation of their hypotheses; the theory of the Narrow Corridor, but also their study of culture, have not been examined thoroughly with the use of statistical data, while their conclusions arise mainly from the use of historical examples and the construction of mathematical models. In addition, their theory could be used in other scientific fields and subfields, beyond economics and political science. For instance, the theory of the Narrow Corridor can be used for the reinterpretation of the theory of democratic peace (Maoz & Russett, 1993), since the reason why democracies do not fight one another may be owed not only to their shared values, but also to their increased power, which would lead any armed conflict to a negative non-zero-sum outcome.

2.2.4) THE BENEFITS FOR POLITICAL SCIENCES: SCOPE FOR A NEW TYPOLOGY OF POLITICAL REGIMES

Contemporary political science utilizes several different typologies for the study of the political regimes of states. Among the most widely used typologies are those of Freedom House[2], of Varieties of Democracy[3], of Fareed Zakaria (2003)[4], of Juan Linz (2000)[5], of Levitsky and Way (2010)[6]. Nevertheless, a characteristic of these typologies is that they rest mainly on the political aspect, without giving particular importance to the cultural and technological structure of the state, as well as to the very power of the state entity. The approach of AJR provides the appropriate tools for the construction of a new typology of political regimes.

Utilizing the distinctions they point out for the kinds of states, the type of culture and the kind of technology, we can categorize political regimes along three dimensions: a political one, which will record the kind of the state entity, a cultural one, which will describe the type of culture and, finally, an economic one, which will record how technology affects the bargaining power of labor against capital.

	Fluid culture		Hardwired culture	
Inclusive state	Open technology	Closed technology	OP	CT
Despotic state	OP	CT	OP	CT
Absent state	OP	CT	OP	CT

Figure 19. Types of political regimes

[2] Free, partly free, not free states
[3] Liberal democracies, electoral democracies, electoral autocracies, “closed” autocracies
[4] Liberal and illiberal democracies
[5] Totalitarian, authoritarian, sultanistic regimes
[6] Democratic, authoritarian, competitive authoritarian (hybrid) regimes

Following the principle of "Occam's razor", in the political dimension the category of the paper state is absent, since it presents many commonalities with that of the absent state. In the cultural dimension the four types of culture observed by AJR are grouped into two, since the type of the extreme hardwired culture is rare, while the majority of cultures of intermediate fluidity converge with the hardwired cultures. We arrive, then, at twelve potential types of political regimes (figure 19).

Nevertheless, what would be the usefulness of such a typology and what would be the analytical power that it could offer to the social sciences? Could it stand theoretically? How could it be tested empirically?

Beginning with the first question, the present typology can offer a new categorization of political regimes, which will be free from the Western-centrism of contemporary political science – taking into account the individual particularities of the individual cultures, societies and states – and will take into account structural characteristics of political entities that were not taken into account in the past, which however directly affect the political and social state of equilibrium. Besides, as was demonstrated by the unification of the approach of AJR, technology, institutions and culture influence one another, either directly (as culture influences institutions and institutions culture), or indirectly (as technology influences institutions, since it exerts influence directly on culture). Consequently, the proposed typology also has strong theoretical foundations.

As regards the analytical power that the present typology may have, this lies in cases of states that under today's typology would be called hybrid. Such a case is India. In the typology that is proposed, India would belong to the regimes of inclusive states with hardwired cultures[7]. What the proposed typology added to the analysis of India is to predict the possible socioeconomic, but also political, consequences that it could have depending on the kind of technological structure it will adopt. As was demonstrated, closed technologies – such as automation and the extractive use of artificial intelligence – constitute a danger mainly for workers of low skill (Acemoglu & Restrepo, 2017a, 2017b) (Acemoglu & Johnson, 2023). The comparative advantage of India, like that of most states of low and lower-middle income, is the numerous and cheap labor force of low skill. Consequently, the adoption of a technological model based on automation could lead to an increase in income inequality and a concentration of power in the hands of a small economic elite, while at the same time also to low rates of economic growth. Consequently, it becomes evident that the proposed typology may be useful, both for the categorization of regimes in the present, and for the design of political and economic strategy in the future.

Concluding, the empirical test could be carried out by utilizing the operationalization that AJR have made in their own works: In the political dimension an index would be constructed, which would consist of state revenues from taxation as a percentage of GDP – in order to record state capacity, that is, whether the state is capable or absent – (Acemoglu, 2005) and of the level of protection of private property from state expropriation – in order to examine the inclusiveness of the regime – (Acemoglu et al, 2001). In the technological dimension the functional distribution of income could be utilized, since this seems to highlight better the bargaining power of labor against capital (Acemoglu & Johnson, 2023), as well as the Gini index of economic inequality. The cultural dimension constitutes probably the most significant problem at the present moment, since the fluidity of culture is difficult to operationalize.

[7] As already mentioned (p. 22) the caste system, despite the constitutional reforms, exists and continues to affect the organization of society, particularly to the detriment of the "polluted" Dalits.

Summing up, the further investigation of the potential correctness and functionality of the proposed typology could offer significant theoretical tools to the field of political science. Having traversed the first quarter of the 21st century, we see that the role of technology in political and economic life plays an ever more important role, while the multiculturalism of the West seems to come into conflict with the cultural homogeneity of states such as Iran. A new typology is necessary in order to explain the ever more complex political, economic and social phenomena.

3) CRITICISM AND SUPPORT OF THE AJR APPROACH: THE SIGNIFICANCE OF UNIFYING THEIR THEORIES

The approach of AJR has been the occasion for the development of many texts, both in support of and in criticism of their work. It is worth focusing on the criticism they have received, in order to understand the significance of a unified perspective on the whole of their texts, which follow their articles of 2001 and 2002. The purpose of this section is to present the most significant points of criticism, subsequently providing support for the approach of AJR, but also to highlight the weaknesses and the advantages of unifying their work, under the lens of a unified neo-institutionalist approach.

3.1) CRITICISM OF THE AJR APPROACH

The main points of criticism directed at AJR concern issues of oversimplification (McArthur & Sachs, 2001) (Sachs, 2003) (Rodrik, 2004) (Albouy, 2012) (Vries, 2013), accusations of statism (McCloskey, 2021), the underestimation of other factors for underdevelopment and development (Sachs, 2003) (Diamond, 2012) (Dzionek-Kozlowska & Matera, 2016) (McCloskey, 2021), but also the highlighting of empirical examples that undermine the resilience of the model (Subramanian, 2013) (Fukuyama, 2012).

Starting from the issues of oversimplification, these concern mainly the core of the approach of AJR. Their article on the colonial "roots" of underdevelopment in 2001 has been criticized both by researchers who distance themselves from the neo-institutionalist approach (McArthur & Sachs, 2001) (Albouy, 2012) and by academics who adopt it (Rodrik, 2004). McArthur and Sachs claim that the small sample of former colonies, combined with their small dispersion, makes the findings of AJR (2001) limited (McArthur & Sachs, 2001). By extension, they stress that, in the year they write, there are four significant theoretical models, which take into account the role of geography and climate for economic development and underdevelopment (McArthur & Sachs, pp. 2-4 & p. 14, 2001): what arises from the article of AJR they consider to be the most simplified and theoretically weak, since it does not take into account the influence that climate has on technology. This influence is direct, while indeed technology also has an effect on the shaping of institutions. Consequently, the linear model of AJR seems weak, which considers that the level of settler mortality – which arises from the climate of the colony's location – shapes the kind of colonial institutions, which favor development or not.

Responding to the present criticism a clarification must be made: AJR do not claim that colonial institutions promote development or not, but that a set course is charted, which starts from colonialism, where the kind of colonial institutions persists and shapes the kind of the modern institutions of these states. It becomes understood, then, that what they propose is much more complex, since they examine neither the short-term nor the medium-term future. On the contrary, they propose a macro-historical explanation for the causes of the underdevelopment of former colonies. Consequently, the neo-

institutionalist explanation of AJR on the matter seems theoretically much more resilient in relation to the explanations of the geographical approach.

McArthur and Sachs, although they criticize the empirical resilience of the model of AJR (2001), do not entirely reject the importance of institutions for the economic development of a state. By contrast, Albouy (2012) seeks to show that the results of the article of AJR are a consequence of data manipulation. He maintains, on the one hand that the calibration of the level of settler mortality of the African states is unjustified (pp. 3061-3064, 2012), and on the other that AJR use in each state the data that favor the proof of their hypothesis, indeed mixing the mortality levels of soldiers who are on campaigns with those of soldiers who are in barracks (pp. 3064-3067, 2012). He concludes by claiming that these two methodological errors lead to false causality and to the rejection of the conclusions of the article, since he himself conducts a statistical test without taking into account the unfounded data.

AJR respond directly to Albouy (Acemoglu et al, 2006, 2012), stressing that their results, with or without the African states, remain resilient and that there is no clear justification for Albouy not to take into account in his statistical tests several of the states, while indeed they mention that in order to overturn their results he needs to render "unreliable" 60% of their sample. It is worth noting at this point that this dialectical struggle continued for about a decade, that is, from 2001 up to 2012. I consider that this persistence is unjustified: during these years AJR have produced very significant theoretical works, which are now widely accepted, while indeed many have also been proven empirically. Their article of 2001 constituted the empirical basis upon which a very promising economic and political theory was built. The obsession with quantitative data and with the statistical resilience of models in political and economic science is out of place, since, as Susskind states: "It is not wise to spend too much time examining the results of data science experts, whose conclusions are so vague and uncertain that one can find support for almost any argument one would like to make" (p. 49, 2025). With a similar logic, one could also refute any argument one wished.

A more significant criticism is that of Rodrik (2004), who from an institutionalist standpoint considers that, with their article of 2001, AJR do not offer a complete theory of development, but certain useful tools for the operationalization and analysis of complex and hard-to-measure elements, such as institutions. In more detail, he considers that the instrumental use of the level of settler mortality constitutes a satisfactory tool, which isolates the effect of institutions in the statistical test, but is not sufficient to explain all the differences in the levels of development of states. Besides, as he states, many of the most underdeveloped states of the planet have never been colonized by Europeans (p. 11, 2004). Rodrik's aim seems to be the desire for a turn of neo-institutionalism toward the production of solutions to the issues of economic development of states that are more fluid and adaptable to the individual particularities of states. The issue should not be the quality of institutions, but the problems that need to be solved by institutions in each state.

In order to address this criticism we must treat the articles of AJR on colonialism (2001, 2002) as the kick-off of a complex approach, which takes into account the individual particularities of states. The evolution of the neo-institutionalism of AJR does not seek to give universal prescriptions of growth, while indeed it seems to combat the modernization theories of the 20th century (Acemoglu et al, 2009) that claimed they could offer universal solutions, as seen from their skeptical stance toward the role of foreign development aid in the development of states and their position that we cannot construct prosperity (Acemoglu & Robinson, pp. 464-472, 2013). Besides, as is also seen in Power and Progress,

the role of inclusive institutions is entirely different in frontier economies and in economies that are converging: Having reached a high level of development, the role of institutions in frontier economies is to ensure progress, diffusing the benefits to society, that is, ensuring the inclusiveness of technology, increasing the bargaining power of labor against capital. In economies that are converging, some levels of increased inequality – both economic and of bargaining – at the expense of the labor force are acceptable, even within the frameworks of open institutions, in order to ensure some initial level of economic development.

A large part of the accusations of oversimplification arise from the tendency toward monocausal explanations for the economic outcomes of states (Sachs, 2003), but also from the oversimplification – or in some cases, the idealization – of historical events and conditions (Vries, 2013). Sachs says that "institutions matter, but not exclusively" (p. 38, 2003) and shows that the role of geography is equally important. He maintains that climate, the diseases that arise from it, but also the accessibility of a country to the routes of international trade have significant weight and influence the developmental course of states. He distinguishes three categories: States with climate and institutions that favor economic development, states that have only a favorable climate and states that have neither the one nor the other. In this discussion Sachs attempts to show that geographical conditions mean far more for the economic development of a state than what AJR ascribe to them. A similar logic is followed by the criticism of Diamond (2012) of the book of Acemoglu and Robinson Why Nations Fail. The aim both of Sachs and of Diamond is to prove that geography affects the developmental outcomes of states, regardless of the kind of their institutions, while at the same time they try to show that institutions do not explain everything.

Is this, however, true? Starting with the first part – the influence of geography on development – it is worth answering with a brief comparison of the states of Botswana and Sierra Leone: Both are located in Sub-Saharan Africa, were colonies of the United Kingdom and were and are rich in valuable raw materials. Why is the first the "African miracle" of economic development and the second a developmental failure? The foundationalist approaches that rest on geographical hypotheses could not give any satisfactory answer. Indeed, if we take into account the theory of the resource curse, one could say that Botswana constitutes an empirical refutation of the phenomenon. By contrast, the approach of AJR gives a clear answer: the pre-colonial institutional organs and the institutional organization of the Kingdom of the Tswana ensured, after decolonization, the organization of a modern state with inclusive political and economic institutions, where the political elite did not appropriate the revenues from diamond exports, while indeed it invested them in the construction of a modern bureaucratic mechanism (Acemoglu et al, 2003) (Acemoglu & Robinson, pp. 421-430, 2013). By contrast, Sierra Leone, which did not have any form of centralization during the pre-colonial period, post-colonially preserved the structure of the extractive colonial institutions that the English had established, that is, the institution of the paramount chief. The revenues from the rents of valuable raw materials were appropriated by the state elites, who were not interested in the shaping of inclusive institutions, while indeed society was exceptionally weak in managing to pressure for institutional reforms (Acemoglu & Robinson, pp. 353-363, 2013). Consequently, it seems that in this case geography could very hardly give an answer on its own, while indeed it seems that it played no role in the developmental course of these states. Indeed, in order to be consistent with the approach of geography, we must admit that Sierra Leone seems to have been in an advantageous position, since it had access to the sea, a fact that reduced transaction costs, in contrast to Botswana, a landlocked state.

Nevertheless, the argument that institutions cannot explain everything is not unreasonable. In this context Kozlowska and Matera, as well as McCloskey, accuse AJR of the theoretical inconsistencies that arise from the downgrading of the role of culture in the developmental course of a state (Dzionek-Kozlowska & Matera, 2016) and of the statism of their neo-institutionalist approach, which downgrades the role of ideas (McCloskey, 2021).

Starting with Kozlowska and Matera, their criticism is entirely prudent. Indeed, when they write the article, AJR seem to give no importance – while indeed they disdain to a large extent (Acemoglu & Robinson, pp. 72-79, 2013) – to the role that culture has in economic development. Indeed, at several points of their theory they leave room where the importance of culture is almost self-evident: one such case is the category of de facto political power (Dzionek-Kozlowska & Matera, p. 6, 2016). Of course, the evolution of the theory of AJR and its unification into a unified neo-institutionalist approach, as this was described above, solves the issue that Kozlowska and Matera identify. As they themselves state, in their approach "culture and institutions are more like siblings, influencing one another" (Acemoglu & Robinson, p. 643, 2025).

The addition of the role of culture to their work allows us to address more effectively also the criticism of McCloskey (2021). As McCloskey states, the statism of neo-institutionalism, combined with their materialism, with regard to the motives behind the actions of individuals, undermines the role of ideas in the developmental course of states. She proposes that their position that institutions lead to growth (N → G) is insufficient and that they should adopt the position that the function of institutions and ideas leads to growth (f (I, N) → G). She maintains that in the Narrow Corridor, but also in the whole of their written work, AJR – and by extension all the economists of the neo-institutionalist approach – do not distinguish correctly between necessary and sufficient conditions, with the result that they attribute to institutions results that they could not produce on their own. Consequently, although institutions constitute necessary conditions for economic development, human creativity is the sufficient condition that allows it.

The addition of the theoretical framework of culture solves these problems. Using the terms of McCloskey, the power of words is highlighted in the approach of AJR with the phenomenon of the "cultural entrepreneur" (Acemoglu & Robinson, p. 658, 2025). Intellectuals, scientists, religious and political leaders etc., have the capacity to reorganize the interconnections of the individual characteristics of the cultures that surround them, with the result that they affect the structure of society and the state of social equilibrium as a whole. In addition, what McCloskey does not take into account is that the state has a central role in economic growth: certainly individual inventiveness and innovation are crucial for development, but some of the most significant inventions are nothing but the result of state planning and developmental strategy. Behind every Fritz Haber and Julius Robert Oppenheimer there is a powerful state that manages the resources that are indispensable for the realization of innovative ideas. The same state is then the one that will benefit first from the invention, while indeed the institutions that constitute it also shape the framework of use of the new inventions. Consequently, answering McCloskey, ideas certainly matter. However, these ideas are to a large extent a consequence of the cultural and political-economic institutional framework that frames the individuals who have these ideas that change history.

At this point we must discuss briefly also the accusation of undermining human agency, which McCloskey raises. This position is presented also in Susskind (2025), who – criticizing foundationalist

approaches as a whole – states that neo-institutionalist theories are unable to give practical solutions to modern problems. As he stresses, learning about the role of geography in economic development, a policy designer will probably feel powerless to chart any effective developmental strategy. However, the role of individuals in the approach of AJR is crucial from the very first stages. It is worth returning to the micro level of the approach: individuals here are powerful, because – whether they are in the elite or in society – in order to organize within their group, solving the collective action problems, each individual must reach some kind of agreement with his fellow citizens. By extension, the complete and unified version of the neo-institutionalist approach of AJR offers even greater importance to individual action: here the reader can think of the example of the "cultural entrepreneur", as well as the fact that the only way for the Leviathan to be shackled is through the balancing of the power of society with that of the state. The power of society stems from the sum of the individual power of citizens. Insofar as individuals are not active and do not wish to organize effectively, solving the problems of their collective action, then society is weak and the danger of authoritarianism begins to become evident. Summing up, although their approach ranges at the macro level, individual action at the micro level must not be underestimated. Especially at critical junctures, the action of one individual can change the balances of society.

Before we close with the highlighting of empirical examples that undermine the resilience of the approach of AJR, it is worth examining the criticism of Vries (2013) of the simplified and to a large extent erroneous reading of history by AJR. Focusing on their argument that the Glorious Revolution in the United Kingdom constituted the critical juncture for the transformation of institutions from closed to inclusive, he claims that an over-optimism is observed regarding the situation in Great Britain of the late 17th and 18th centuries: Although Parliament prevailed in the conflict with the crown, the majority of the seats belonged to members of the landowning elite, with the Liberals having limited political power. In addition, AJR do not take into account the extractive use of fiscal mechanisms. For instance, taxation burdened mainly the low-paid workers instead of the higher-income social classes. In the field of labor, Vries observes that, although the level of wages in Great Britain of the time was among the highest in Europe, working conditions could in no case be considered inclusive. Finally, if one takes into account the existence of monopolies – whose role of course was undermined after the prevailing of Parliament – and the inherently extractive British mercantilism, it seems that abroad the British Empire was anything but an inclusive power.

However, the "optimism" of AJR does not claim that the Glorious Revolution constitutes the critical juncture that leads to a complete politico-economic democratization of the British Empire. On the contrary, their argument is that institutional obstacles were placed on the until then arbitrary power of the crown, but also of a large part of the British elite, as well as that an institutional framework was shaped that reinforced certain property rights and economic activity. Anticipating the criticism that even before the revolution there were rules of property (Vries, 2013) (McCloskey, 2021), certainly there were: But the issue is not their existence, but also the capacity for enforcement, as well as for whose benefit they are enforced each time. As regards the foreign policy of Great Britain, it is important to take into account that the developmental model of AJR is endogenous. Consequently, the extractive character of the British Empire on the international stage does not negate the fact that internally it could apply a more inclusive framework. In addition, I consider that the claims of erroneous reading of historical events are very weak in political science and in economic science, because the aim of these sciences is to "narrate" their own stories, or better, their own interpretations of history. Taking this into account, it

is useful to read the texts of AJR, not in order to learn history, but in order to understand how it is charted. It is almost out of place for anyone to claim that the conflictual model of institutional equilibrium that they utilize for the construction of the theory of the Narrow Corridor, but which also governs the whole of their approach, does not give an exceptionally interesting and plausible explanation for the politico-economic developments of our era, but also of the past.

Important in the criticism of Vries is the transformation of the definition of open economic institutions. He defines inclusiveness in economic terms as: "the existence of some equality in income and in wealth" (Vries, p. 191, 2013). With a similar logic, strong criticism has been exercised with regard to the excessive abstraction of the definitions of AJR, whose definitions are so broad that it becomes exceptionally difficult to operationalize them.

The issue of the abstraction of the definitions of AJR arises from the principle of "Occam's Razor"[8], which governs the whole of their works. Studying social phenomena, especially from a macro-historical perspective, it becomes necessary to carry out groupings with the construction of ideal-typical categories, which may not be in a position to explain the particularities of the different entities that are found in each group. Nevertheless, under the unified lens of the approach, it turns out that the approach has the tools to deal with the particularities of individual states. In the case of the definition of inclusive economic institutions by Vries, with the distinction between progress and development, AJR show that it is feasible for a state to have open economic and political institutions, while at the same time the structure of its technology is closed, reinforcing the bargaining power of capital against labor. Consequently, as regards the British Empire of the 17th and 18th centuries, it seems to belong to a category of open institutions with closed technology (Acemoglu & Johnson, pp. 141-174, 2023).

The approach of AJR is also undermined by cases of certain states that refute its hypotheses (Fukuyama, 2012) (Subramanian, 2013). The most characteristic examples remain those of China and India. Of course, these two cases have certain peculiarities, which are recorded and dealt with by the approach. Starting from India, despite its democratic regime, the power of the state is undermined by the hardwired nature of its culture, that is, the system with castes. The state is unable in several cases to break the cage of tradition, in order to free its citizens and to release a process of economic development and progress. Consequently, taking into account the type of culture and of the political regime, India constitutes a hybrid regime, which benefits in part from the inclusiveness of its institutions, but is unable to increase its power and to impose itself on the hardwired culture of Indian society; a classic phenomenon of the Broken Red Queen (Acemoglu & Robinson, pp. 237-265, 2021) (Acemoglu & Robinson, pp. 676-678, 2025).

The peculiarity of China arises also from its culture: Confucianism, with its central cultural trait the "Tao" (the Way), shapes a framework where the leader is considered to hold power because he is virtuous and has the duty to care for the prosperity of the whole. This communitarian logic, when combined with Marxism, creates a state of social equilibrium where citizens have the duty to submit to the will of the sovereign, whose planning ensures the good of the whole. The CCP ensures its legitimacy because it rests on the economic success of the state: As long as the economy grows at rapid rates, the

[8]"The principle is that the number of entities required to explain a given phenomenon should not be increased beyond the necessary number" (Acemoglu & Robinson, p. 22, 2006).

leadership can be presented as virtuous and maintain power. In such a framework, it is not political institutions that bind the political leadership from transforming the whole institutional framework of the state to its own benefit, but the Confucian-Marxist culture that places the interest of the whole above that of the individual. With a similar logic, just as the elite is hindered by the cultural framework, so too society is bound to follow the party line and to submit to the authoritarianism of the state. However, if the Chinese economy is led to a state of stagnation and crisis, state authoritarianism will be undermined (Acemoglu & Robinson, pp. 201-236, 2020) (Acemoglu & Robinson, pp. 668-676, 2025).

In conclusion, it is evident that, under the unified perspective of the approach of AJR, the criticism directed at their theories and hypotheses can be dealt with effectively.

3.2) CRITICISM OF THE UNIFICATION OF THE APPROACH

The most significant criticism that could be directed at the unification of the approach[9] is that it creates a false theoretical coherence through a retrospective reading. Indeed, the present thesis rests on the texts of AJR, which have been written from 2001 up to 2025, observing a coherence that seems unable to explain certain incompatibilities in the whole of their work.

To begin with, their articles of 2001 and 2002 are quintessentially empirical, while they do not seem to reveal the conflictual logic of politics, which AJR subsequently establish, in order to explain the process of adoption and reform of political and economic institutions. The theory of conflict seems to appear in their texts from 2005 onward.

By extension, the unified version of the approach seems to seek the smoothing out of the tension that arises from the incompatible ontological assumptions of their various texts. For instance, their economic model of democratization of 2006 rests on the rigid rationalism of the social actors, that is, of the elite and the people, which is not fully compatible with the regulatory role of culture, as this is presented in their later works (Acemoglu & Robinson, 2020) (Acemoglu & Robinson, 2025). This ontological incompatibility can perhaps be traced, for instance, in the cases of societies with hardwired cultures, where the rationalism of individuals is trapped in the cage of tradition.

In addition, in several of the works they produced from 2001 up to 2025 contradictions are presented. This is evident, for example, in the case of the role of technology as regards economic growth and the widening of inequalities. The macroeconomic textbook of economic growth of Acemoglu (2009) treats technology with greater optimism in comparison with his later work with Johnson (2023) and with Restrepo (2017, 2018a, 2018b, 2019).

Concluding the criticism, the attempt at unification seems to downgrade the role of Johnson, but also to give less importance to the econometric methods of AJR, compared to the analysis of empirical examples and historical analysis. The majority of the literature that was utilized for the elaboration of the approach of AJR focused on texts of Acemoglu and Robinson. With a similar logic, the support of the examples of AJR was based mainly on empirical and historical examples – many of which they themselves also utilize – without the same weight being given to the results of their research, which rest on econometric analysis.

[9] Subsection 2.2.3

The present criticism highlights some of the weaknesses of unifying the work of AJR into a unified approach. Nevertheless, the theoretical framework of AJR, as it is shaped after the unification, can answer several of these problems.

Starting from their articles of 2001 and 2002, it would be more beneficial to treat them as the basis for the empirical grounding of the institutionalist hypothesis. AJR were not the first to speak of the effect of institutions on the economic development of states, but with these two articles they marked a critical juncture in institutionalist arguments: They brought a persuasive empirical strategy, particularly through the utilization of instrumental variables, such as the degree of urbanization and the level of mortality, which demonstrated that institutions have a causal effect on development, highlighting their historical persistence. In this way they managed to take the lead over the geography-based arguments about development and underdevelopment, but also to set the foundations upon which they could build a broader neo-institutionalist approach to development.

As regards the criticism of the ontological incompatibilities, which one may identify in the unification of the works of AJR, these do not seem to hold. As becomes understood in the present text, the unification of the theory allows the reader to identify a micro level and a macro level. The macro-historical level, which gives an explanation of the historical course that seems to downgrade the role of individuals, does not eliminate the rationality of the model: the actors who chart the historical course – that is, the elite and the people – function fully rationally, each seeking to impose itself entirely on the other and to impose its interests. At the micro level, the rationalism of individuals is even more intense, since individuals seek in every case the maximization of utility and have fixed interests, which they satisfy within the existing institutional framework in each case. With a similar logic, individuals treat politics as a process of solving collective problems; especially in the case of the people, individuals must have the ability to solve effectively and efficiently the problems of collective action, so that they can maximize their power as a whole – that is, the power of the people – in order to be protected from the arbitrariness of the elite and of the state.

An ontological consistency is observed, thus, with regard to the rationalism of the approach, where, both at the macro level and at the micro level, the actors maintain their rational character, seeking – in the first – to maximize their power and – in the second – to maximize their utility, satisfying their interests.

As regards the role of culture, which is added with the theory of the Narrow Corridor, this does not seem to present incompatibilities of an ontological character with the core of the approach. The macro level and the micro level remain and are not altered. What is altered are the motives of individuals depending on the cultural frameworks that surround them. Demands such as security, prosperity and other similar ones do not cease to constitute fundamental interests of individuals, just as the goals of the elite and the people for prevailing in the political game are not altered. What changes is the framework within which they pursue them.

Consequently, culture and institutions function as shapers of the frameworks where political and economic actors compete with one another, rationally pursuing the achievement of goals, which are for the most part common. Good institutions and a more flexible culture shape a more participatory framework, whereas closed institutions in combination with more hardwired cultures shape extractive frameworks, which leave greater room for the elites and the more privileged to promote their own

interests. In both the first and the second case, the actors function rationally, with the only thing that changes being the rules of the game.

Let us think again of the example of the cage of tradition: Why would someone accept to be restricted by it and to lose his freedom? Acemoglu and Robinson answer this question by saying that in many cases, particularly those concerning the African continent, the basic motive for submission to clans, tribes and other non-state entities of social coexistence was the need of individuals to protect themselves from the slave trade and to secure what was necessary for their survival (Acemoglu & Robinson, pp. 18-24, 2020).

At this point I consider that the quintessential argument in favor of unifying the work of AJR is highlighted. The unification of their texts into a unified approach does not simply allow the better understanding of their texts and of their individual arguments, but seems to function also as a unifying factor of the foundationalist theories in economic science. By treating culture as a "sibling" of institutions (Acemoglu & Robinson, 2025), they revise their old criticism of cultural approaches (Acemoglu & Robinson, pp. 72-79, 2013) and prepare the ground for a foundationalist economic approach, where both institutions and culture will "matter" (Susskind, pp. 45-48, 2025).

Concluding with the contradictions in the various works of AJR, these could be treated as indications of later self-criticism and evolution. The fact that over time they differentiate themselves from some of their positions in older texts does not constitute fruitful criticism of the unification of their approach, since, if anything, it reinforces the arguments in its favor. The fact that they refute earlier arguments of theirs shows theoretical depth, but also a tendency of distancing from widely accepted positions on specific issues, such as technology. That is, it highlights a tendency toward the shaping of a different theoretical framework with different tools.

Closing, it is worth stressing that there is a sequence between their texts, which works in favor of the argument of a truly unified approach, which is not a product of retrospective reading. Specifically, the inception of the theory of the Narrow Corridor is presented in 2005 with the article of Acemoglu: "Politics and Economics in weak and strong states" (2005). Similarly, the role of culture is highlighted in the book "Narrow Corridor" (Acemoglu & Robinson, 2020), which precedes the article of Acemoglu and Robinson on the relation between culture and institutions (2025). In addition, the book "Power and Progress" (2023) is a consequence of several articles that focus on the analysis of the results of the role of technology with regard to development, growth, progress and inequality. Finally, the conflictual logic for the finding of equilibrium institutions, as this was formulated in 2005, seems to be preserved in the whole of the works of AJR ex post.

Consequently, I consider that the criticism that the unification of the approach of AJR creates a false coherence, since it arises from a retrospective reading, does not hold. The whole of the works of AJR constitutes a structured neo-institutionalist approach, which can constitute the precursor of a foundationalist approach to the study of economic development and growth.

3.3) GENERAL CONCLUSION

The aim of the present thesis was, on the one hand the brief narration of the history of institutionalism in political and economic science, and on the other the unification and the highlighting of the internal architecture of the neo-institutionalist approach of AJR. From the analysis that preceded

it follows that the approach of AJR constitutes a theoretical synthesis, which constructs a unified analytical framework for the understanding of development and underdevelopment in the world. This theoretical synthesis rests on selected texts of theirs from 2001 up to 2025.

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