

The Narrow Corridor

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AUTHORS OF WHY NATIONS FAIL

THE NARROW CORRIDOR

STATES,
SOCIETIES, AND THE
FATE OF LIBERTY



DARON ACEMOGLU y JAMES A. ROBINSON

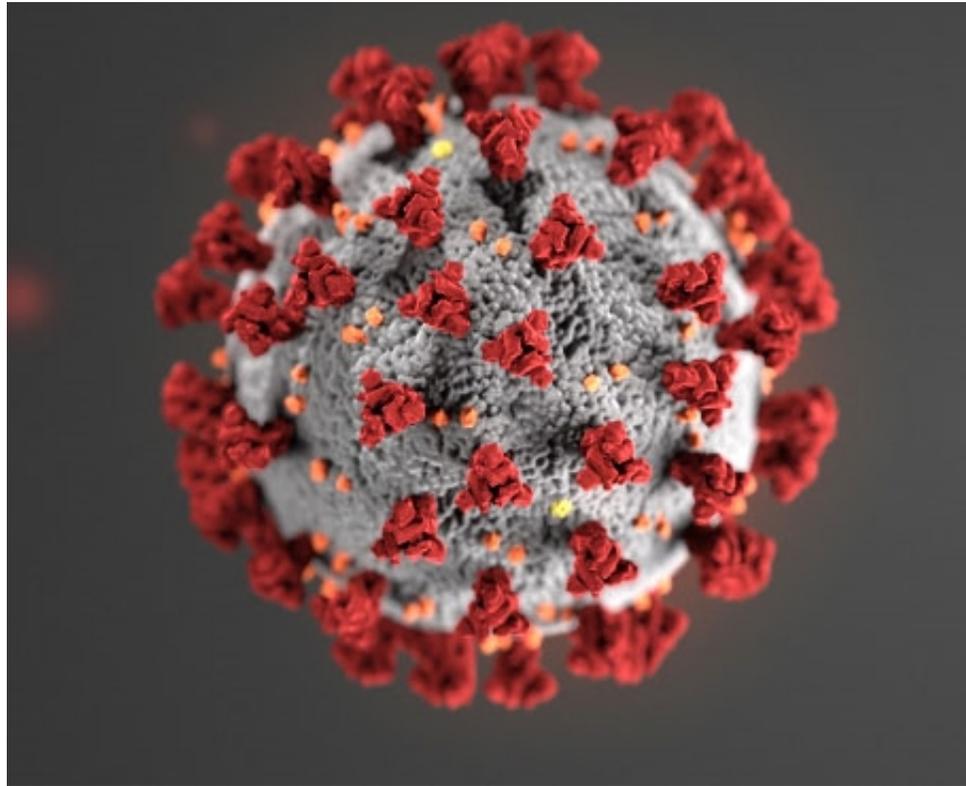
EL PASILLO ESTRECHO

ESTADOS, SOCIEDADES
Y CÓMO ALCANZAR LA LIBERTAD

¿Por qué en algunos países florece la libertad
y en otros el autoritarismo?

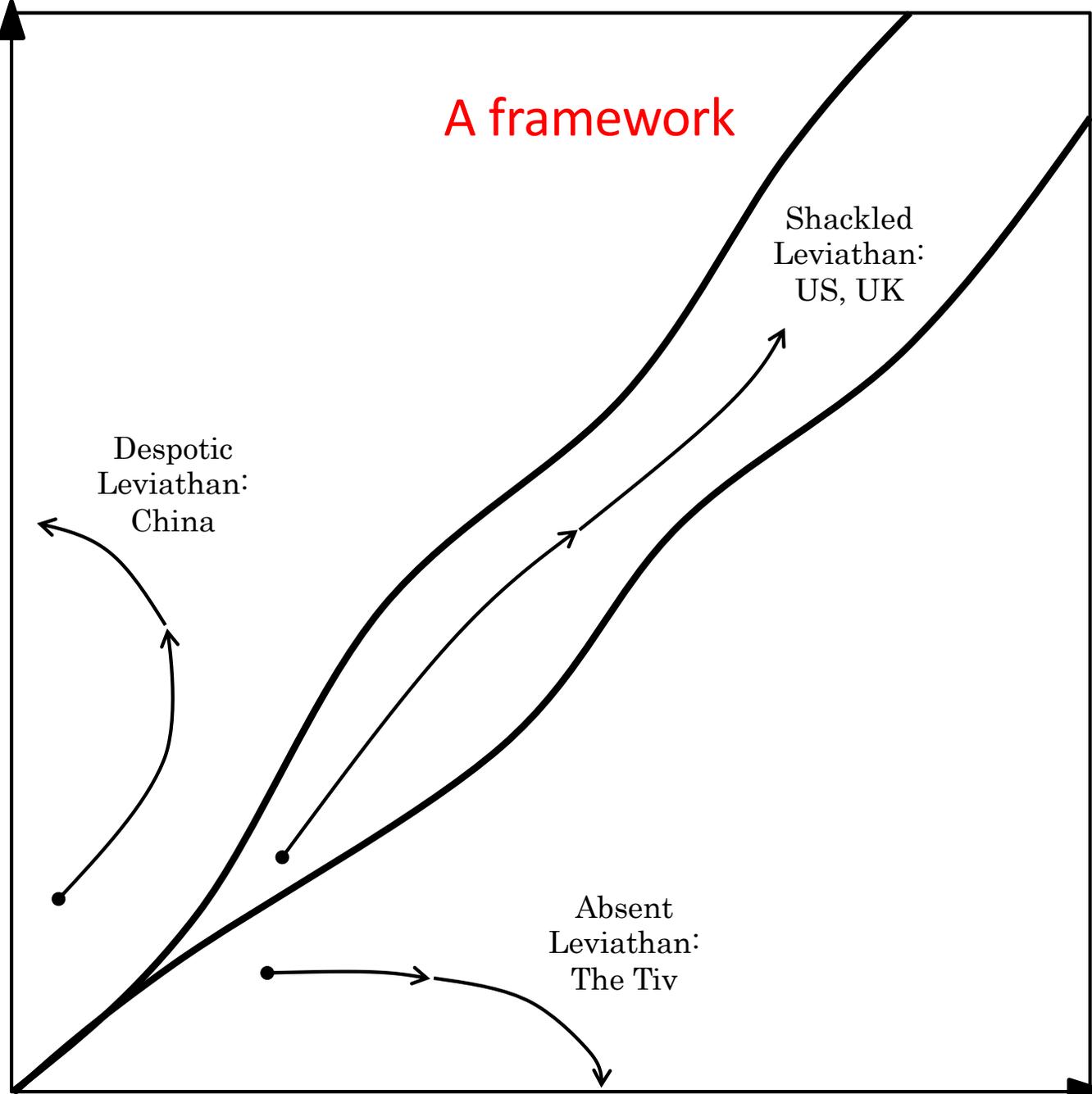


A New World?

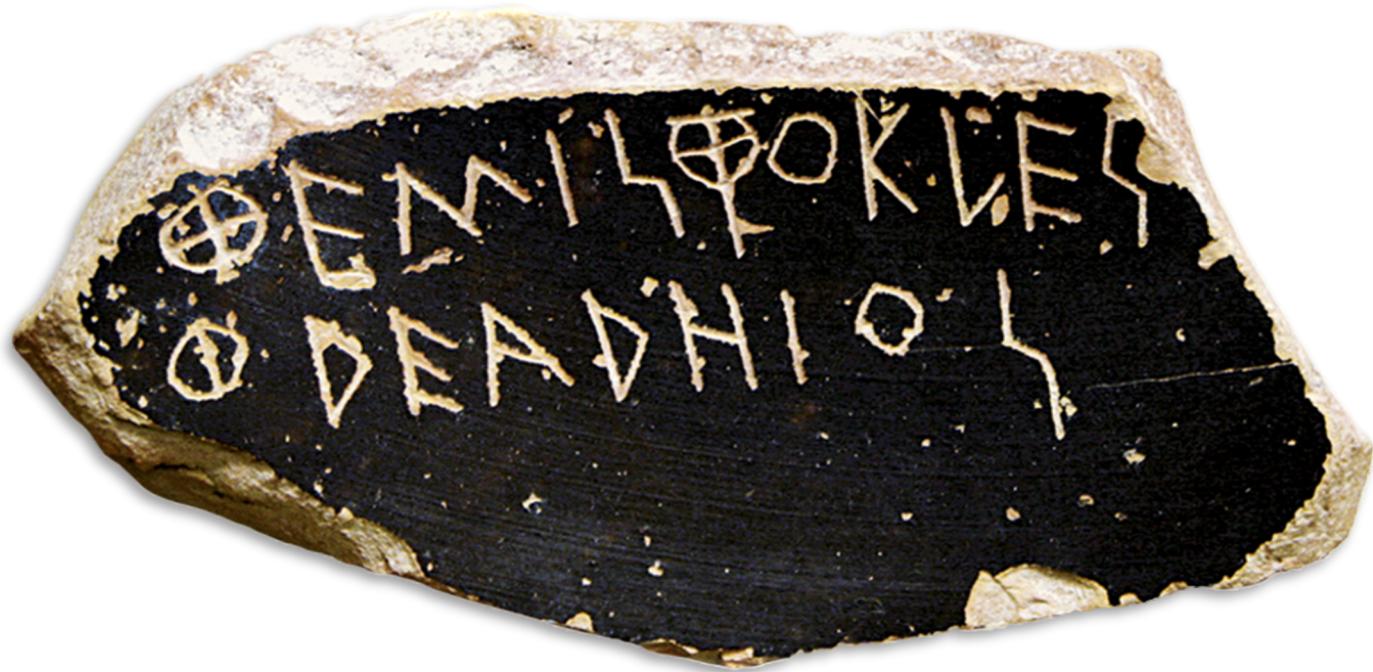


- Is this the end of democracy? Liberty? Globalization?

Power of the State



Power of Society



⊕ ΕΜΙ ΨΟΚΛΕΣ
⊕ ΔΕΑΔΗΙΟ

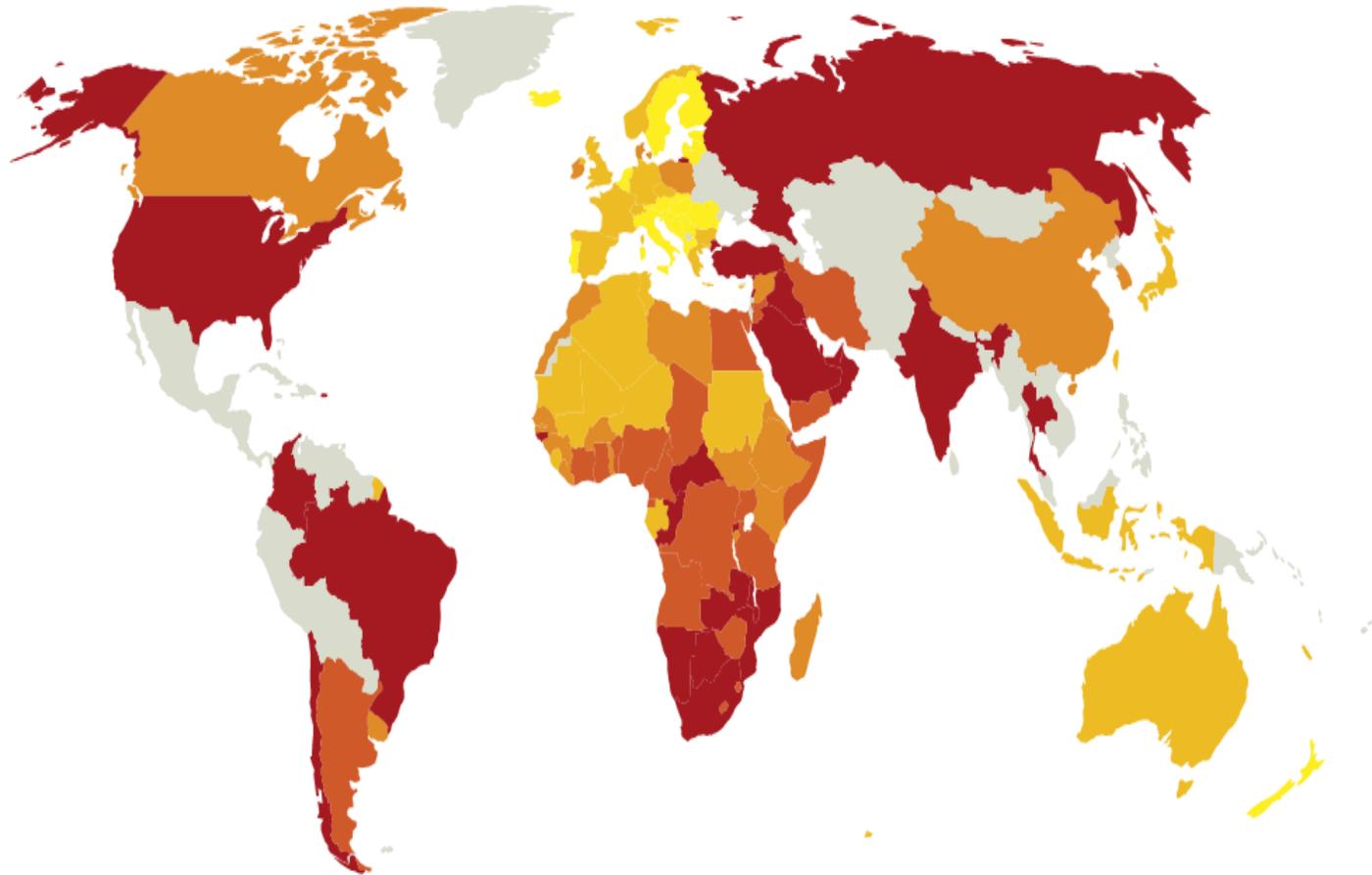
The cage of norms: manual scavenging



Cage of norms: Latin American way



Top 1% national income share



Share of total (%)

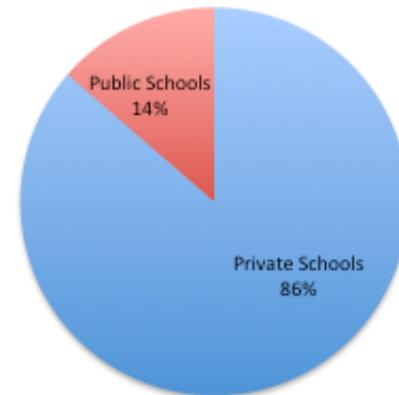


(From Francisco Gallego, 2019).

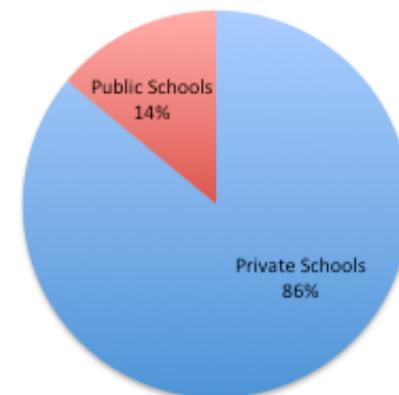
Perhaps even worse

- Inequality of social status.
- Who has:
 - access to good jobs,
 - access to political power,
 - access to good education,
 - access to voice...

Cabinet Members: President S. Piñera
(First Cabinet 2010)



Business Elite 2008
(CEOs of 100 Top Firms in Chile)

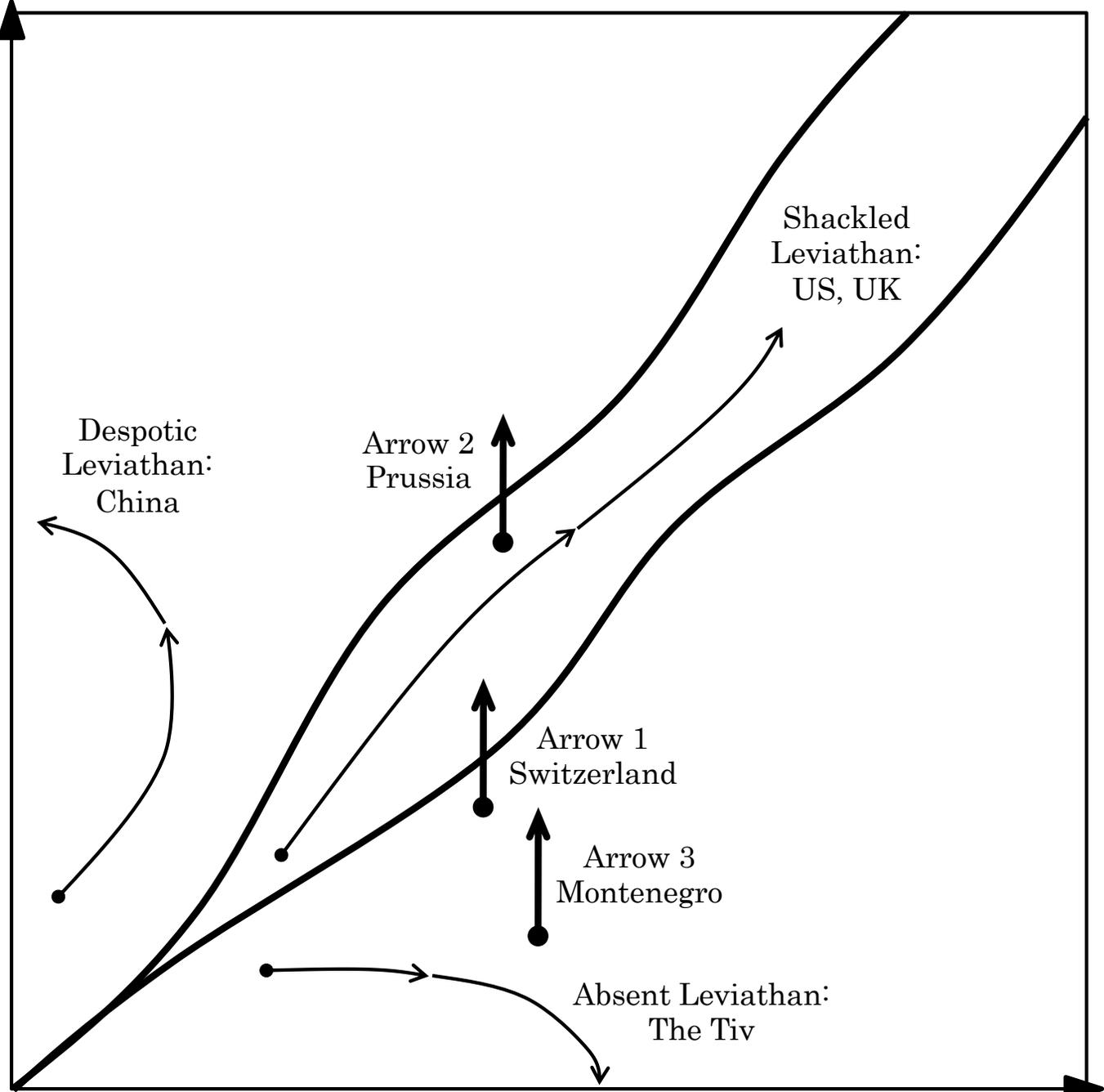




“States made war and war made the state”

- Charles Tilly

Power of the State



Power of Society

subscribe

by cameras such as these, looking out over Tiananmen Square in Beijing, is on the rise in China. Critics say the government is using them to discourage dissidents.

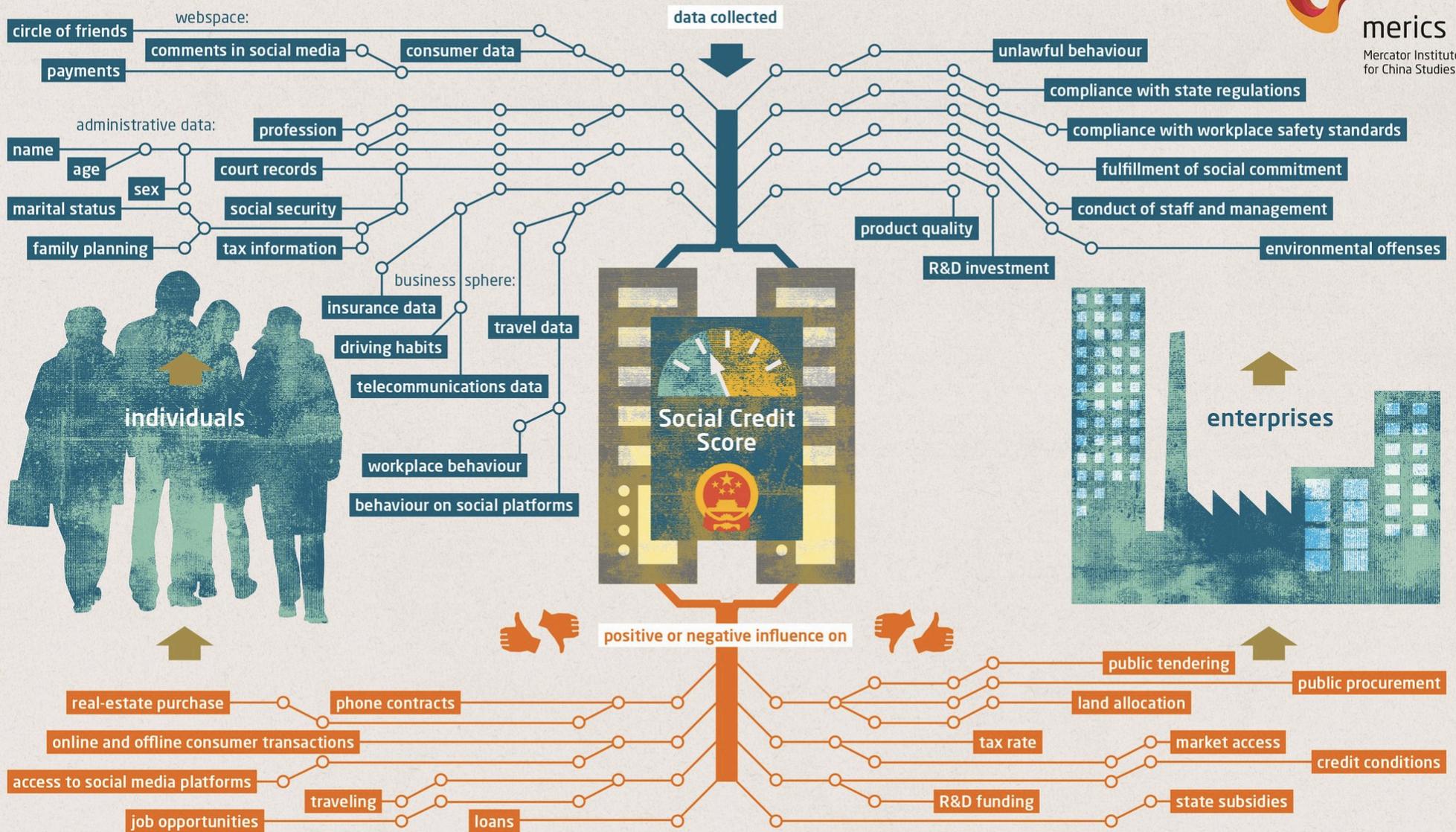
Ed Jones / AFP / Getty Images

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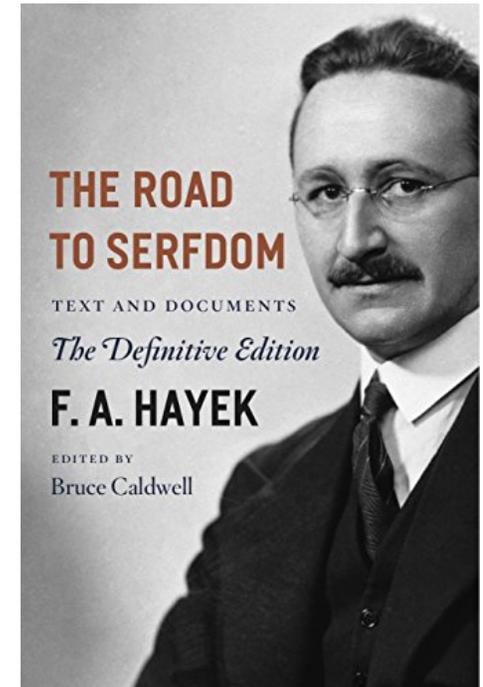
morning
edition

The all-seeing state: China's plans for total data control



Hayek's Concern

- A **new totalitarianism**?
- Not so far-fetched in this age of the coronavirus.
- Beveridge report in 1942, emblematic of the rise of the social welfare state in the 1930s and thereafter.
- James Griffiths wrote later in his memoirs
“In one of the darkest hours of the war, in the end of 1942, the Beveridge Report fell like manna from heaven.”
- Hayek disagreed and worried about the state's dominance over society
- In terms of our framework, Hayek worried about Western societies moving out of the corridor:
“This means, among other things, that even a strong tradition of political liberty is no safeguard if the danger is precisely that new institutions and policies will gradually undermine and destroy that spirit.”



It's Worse Today

- **New responsibilities** for the state (again).
- It's not just the economic power of the state, but its surveillance capacity that will increase.
- But state institutions have failed miserably in most of the West during the pandemic (and were already failing in the face of globalization, automation, new social inequalities, and war on terror even before then).
- And all of this at the time of huge polarization and collapsing trust in institutions.
 - Vicious circle of dwindling expertise and erosion of trust.
- Are we doomed to re-create a version of the Chinese system in the West? Or empower tech companies even more?

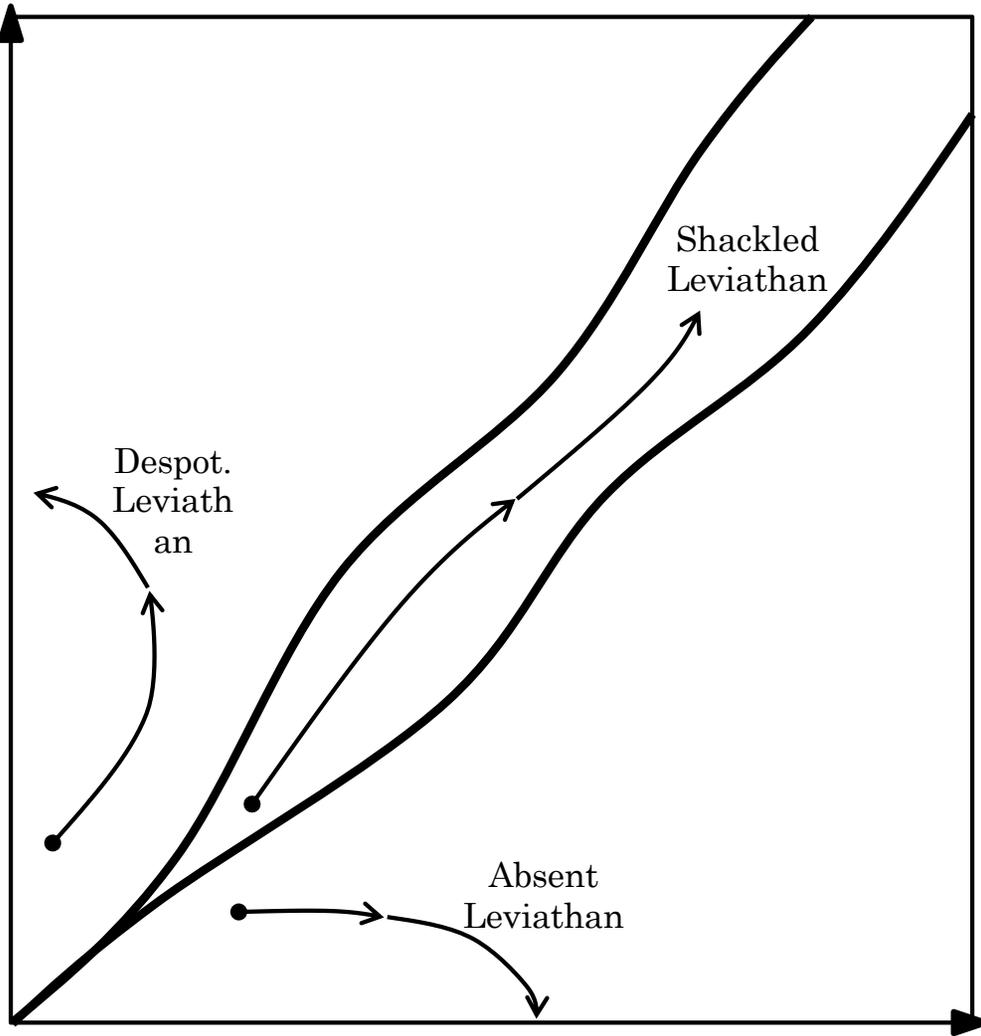
But Was Hayek Right?

- No. Because what is necessary is not to limit the power and responsibilities of the state, but to counterbalance it with the power of society---the Red Queen effect.



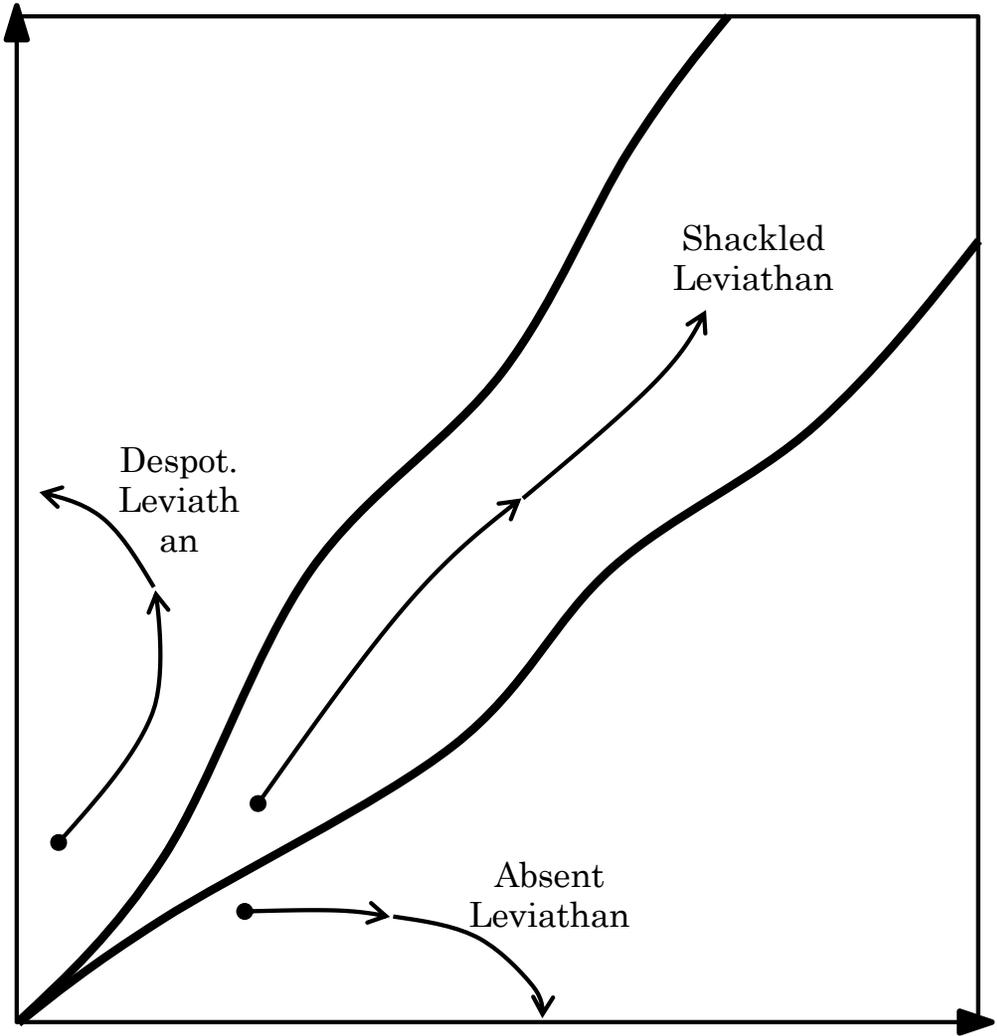
- A new, “red-green” coalition formed in the aftermath of the Great Depression that brought workers and farmers together, then joined by segments of the business community, to enable simultaneous increase in state capacity and societal controls over the state.
- A model for dealing with new exigencies: Not shy away from greater responsibilities for the state, but increase society’s control over it at the same time. Deeper democracy to go with greater state capacity.
- General lesson: balance of power, balance of power, balance of power.

So What Matters



Panel a

Power of
Society

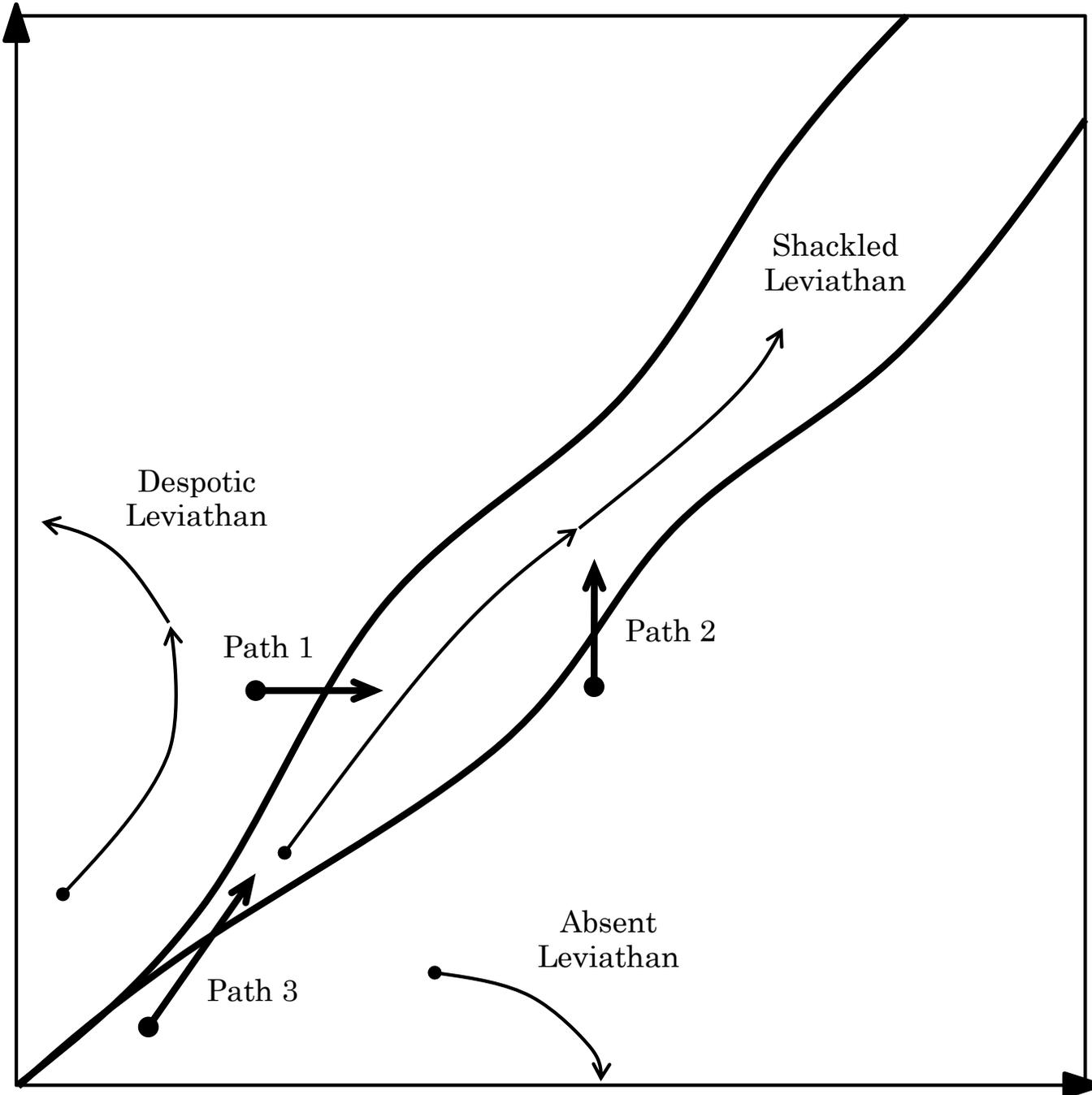


Panel b

Power of
Society

How to Move into the Corridor

Power
of the
State



Power of Society