

The Values of Nations

The Fate of Nations is Not Predetermined

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## Abstract

The values of a nation are vital for forming the institutions that govern a people and for guiding public policies. This thesis examines the historical institutions and political cultures of several nations and compares them to their geographic (i.e. continental) contemporaries. Particular emphasis is devoted to case-studies of Industrial Revolution Britain, Meiji Restoration Japan, Independent Botswana, and Post-war Asia. This thesis demonstrates a correlation between such institutions as free markets, limited government, and protected personal liberties, with national prosperity. Most importantly, the formation of these institutions was directly affected by the values of the individuals that established them. Values, both cultural and institutional, are the key factors that enable nations to experience material prosperity and technological innovation. In the modern world, geography is no longer, if it ever was, the primary determinative factor in a nation's development. This thesis demonstrates, through comparison of geographic contemporaries, that values have always been the primary agent of national development.

## The Values of Nations: The Fate of Nations is Not Predetermined

### **Introduction**

The most important role of comparative politics is to discover and implement policies that will enable a community to succeed. From the municipal to the national level, the goal of public policy is to bring peace, material prosperity, and the freedom to innovate. Comparative politics demonstrates a sharp contrast of individual means and national power between countries of the West and those of the Third World. The theory of geographic determinism attributes the allocation of national power and individual material wealth primarily to geographic factors, such as climate and continental characteristics. Proponents of this theory, such as Jared Diamond, make valid observations concerning the history of intercontinental relations, by noting the role that geography plays in intercontinental development. By excluding values, however, determinisms over-simplify the explanation for the success of nations and ignores insights from the wealth of knowledge that history provides. Modern comparative politics and developing economic theory cannot afford to make such an oversimplification.

This thesis examines the historical policies of nations that experienced exceptional economic and technological growth in comparison to their geographic neighbors. A study of post-Industrial Revolution and post-World War II economies, as they moved from poverty to wealth (by modern global standards), offers excellent policy decision comparisons. Examples range in scope from pre-industrial Britain to the Meiji Restoration, along with the economic boom of Botswana and Post-war Asia. The weakness of the geographic thesis of development is that geographic factors cannot accurately predict the success or failure of individual nations. The primary determinative

factors in the development of nations from the Industrial Revolution onward are human factors, such as culture, governmental institutions, and individual character. These demonstrate the application of *values* to politics, ethics, and interpersonal relationships.

Several historians, economists, and political scientists propose counter-arguments to the geographic thesis of national development and postulate various factors to explain that success. Primary among them are free market principles of economics, a wide range of protected individual liberties, and a stable, limited government to enforce rule-of-law. Daron Acemoglu and James Robinson focus almost entirely on political governments, arguing the Institutions Thesis. David Landes focuses on the factors of culture and institutions, with special emphasis on values. Max Weber is famous for arguing the Cultural Thesis. Wayne Grudem and Barry Asmus focus on the Values Thesis of national development. History is replete with examples of nations' fates determined by human factors. To that end, understanding values is necessary to preserve cultures and institutions for future generations.

This thesis does not reject or disprove the Cultural or Institutional Theses. These two approaches do not conflict with each other; they are complementary, but only in the context of the Values Thesis, their philosophical antecedent. Institutions and the decisions of leaders are not random or without cause; every human choice is guided by some type of value system. Acemoglu and Robinson list institutional successes and failures throughout history, and successful governmental institutions are certainly desirable. However, limiting one's view solely to institutions ignores the fact that no institution exists in a values-free vacuum. Post-colonial and post-Arab-Spring nations offer excellent illustrations of avowedly democratic institutions that gave rise to strong-

man-rule or outright dictatorships. Values are indispensable in the application of public policy. Cultures and institutions are, consequently, expressions of a society's values.

The philosophical purpose of this essay is persuasive in nature, and is directed towards policymakers, as well as citizens. Personal human factors, not attributable to geography are important in national development. If the prosperity of a nation is determined at all by human factors, success is partially—if not primarily—contingent upon correct decisions, by national leaders on one end of the power spectrum and individual citizens on the other. A deterministic view of national progression is inaccurate, and detrimental to progress. The human factor of choice is critical. The purpose of this thesis is to demonstrate the successful strategies and historically-proven policies that responsible leaders can accomplish within their own nation. In a world of widespread poverty, concepts such as a global economy and comparative advantage offer productive options for developing countries. Jared Diamond's dynamic—proposing which continent was more likely to develop the technology permitting inter-continental conquest—cannot apply to, and is hardly useful in, modern policymaking. Only through determining the correct and desirable decisions of successful countries throughout modern history, is it possible to predict and achieve future prosperity in nations.

### **The Goal**

The goal of most policymakers is to improve their own status and improve the world around them. In the realm of economics, a country becomes richer by increasing the production of something of value. Increasing wealth or increasing value is the ideal objective. Thus, a country “must increase the total amount of goods and services that it

produces.”<sup>1</sup> A great number of countries have improved their international station, increased their standards of living, and risen out of poverty. Britain, Japan, China, Taiwan, South Korea, Malaysia, Chile, and Hong Kong are all examples of nations that have risen out of relative poverty toward the path of modernization. The question remains: What can the poor countries of today do? The answer comes from the spread of globalization, modern technology, and comparative advantage. No one person—or country—can produce everything. Human capacity to produce is finite, despite humanity’s infinite desire to consume. Given those premises, “there will always be something that each country can make that people within the nation and even people in other countries will want to buy.”<sup>2</sup> By putting human effort and creativity into a product or service in demand, its value can increase, possibly exponentially. Consider a set of eyeglasses. Individually, the materials—glass, plastics, and some metal—cost very little. However, with some specialization, knowledge of lens crafting, and the innovative use of technology, materials that were once worth a few cents can be transformed into a product worth many times more.<sup>3</sup> In the same way, the creative capacity of a country’s citizens provides a base resource, as humanity is a type of capital, so to speak, which *any* country in the world can utilize to start on the path of economic development.

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1. Wayne Grudem and Barry Asmus, *The Poverty of Nations: A Sustainable Solution* (Wheaton, IL: Crossway, 2013), 45-47. A summary of the values listed by Wayne Grudem and Barry Asmus, *The Poverty of Nations* in its appendix can be found at <http://www.waynegrudem.com/wp-content/uploads/2013/12/PON-79-factors-2-p-handout-w-book-cover.pdf>. Wayne Grudem (Ph.D., University of Cambridge, DD Westminster Seminary), a professor at Phoenix Seminary, has published more than 20 books and was General editor for the ESV Study Bible. Barry Asmus (Ph.D., Montana State University) is a senior economist at the National Center for Policy Analysis and has authored 8 books.

2. Ibid., 62.

3. Ibid., 53.

## Values

### Geographic Factors

In his *Guns, Germs, and Steel: The Fates of Human Societies*, Diamond argues that favorable geographic conditions gave the civilizations of Europe a comparatively better climatic endowment and advantage against the civilizations of other continents.<sup>4</sup>

While Diamond's explanation might provide a meta-explanation of which continent held the most geographic privileges, it does not predict how those advantages are used—or whether they are even used at all. David Landes observes, “it would be a mistake to see geography as destiny. Its significance can be reduced or eroded . . . at a price. Science and technology are key.”<sup>5</sup> Climate cannot guarantee success any more than it guarantees stagnation. Moreover, species of plants and animals—and more importantly, ideas—can now travel easily because of globalization and communication technology.<sup>6</sup> Geography cannot account for differences in national means.

### Human Factors: Choice

Decisions are never made in a moral or values-free vacuum. Right and wrong decisions make the difference between successful nations and failed ones. Success can

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4. Jared Diamond, *Guns, Germs, and Steel: The Fates of Human Societies* (New York: Norton, 1999), 153-156. See Figures 1 through 3 in Appendix for more information on the Geographic Thesis. Jared Diamond, *Guns, Germs, and Steel*, 140, 162, 177. Jared Diamond (Ph.D., Trinity College, Cambridge) has written 14 books, is a professor of geography at UCLA, and won the National Medal of Science Award in 1999.

5. David S. David Landes, *The Wealth and Poverty of Nations: Why Some are so Rich and Some so Poor* (New York: Norton, 1999), 15. David Landes (Ph.D., Harvard) was a professor emeritus from Harvard University before his death and has written three other books.

6. Daron Acemoglu and James A Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (New York: Crown Publishers, 2012), 52-54. An online PDF version can be found at <http://norayr.arnet.am/collections/books/Why-Nations-Fail-Daron-Acemoglu.pdf>. Daron Acemoglu (Ph.D., London School of Economics) is a professor at MIT, has won several awards in economics and has contributed to numerous books and other publications. James A. Robinson (Ph.D., Yale) is a professor at Harvard and has written five other books and contributed to several other works.



be traced back to people (on any range of the power spectrum). Before the Industrial Revolution, all societies were poor by modern standards. For example, the per capita incomes of Western and Eastern Europe were comparable in 1750. By the twentieth century, they had diverged to the point where Western Europe saw 80% more growth than the East. The difference between Western Europe and the Third World is even more drastic. It must be understood that “poor nations were poor before rich nations became rich.”<sup>7</sup> One can trace history back to a period in time when all people groups were equally poor. The key is to discover what makes nations successful. Only one economic system has created prosperity on the level of the West: the free market system. Grudem and Asmus observe, “No other economic system has brought any country from poverty to prosperity. A free market system is the only type that offers a workable alternative and resilient counterforce to the failed -isms and systems.”<sup>8</sup> When a nation fails, “getting it wrong is mostly not about ignorance. . . . Poor countries are poor because those who have power make choices that create poverty.”<sup>9</sup> The Glorious Revolution, the Meiji Restoration, and the Independence of Botswana provide excellent examples of nations that were on the precipice of major breakthroughs. In all three cases, those in power made the right decisions and formed institutions which facilitated prosperity. In each case, values and/or personal characteristics influenced those decisions.

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7. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 99.

8. Ibid., 139.

9. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 68.

## Institutional Values

### Institutional Values Conceptualized

Acemoglu and Robinson highlight Nogales, Arizona and Nogales, Sonora as examples to show the difference political institutions make. The former is part of the United States, while the latter is in Mexico and much poorer. People often require incentives to improve society, since innovation is not guaranteed. “Individual talent needs . . . an institutional framework to transform it into a positive force.”<sup>10</sup> Governmental institutions exert more power on the economy than any other entity. Correct government policy is therefore critical.

Governments can use their powers for good or for evil and rulers can choose to be oppressive or empowering. Throughout their book, Acemoglu and Robinson argue for what they call *inclusive institutions*:

inclusive economic institutions foster economic activity, productivity, growth, and economic prosperity. Secure private property rights are central, since only those with such rights will be willing to invest and increase productivity. . . . Society also needs other public services: roads and a transport network . . . a public infrastructure . . . and some type of basic regulation to prevent fraud and malfeasance.<sup>11</sup>

Receptivity of a nation to innovation and technological change is critical for its prosperity. Acemoglu and Robinson also observe that the countries considered rich by today’s standards were among the earliest to adapt the technologies of the Industrial Revolution.<sup>12</sup>

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10. Ibid., 68.

11. Ibid., 75-76.

12. Ibid., 301.

Niall Ferguson makes the Smithian observation that “laws and institutions” can equip or obstruct that nation’s economy.<sup>13</sup> Ferguson lists six institutional factors “and associated ideas and behaviors” that separate the history of “the West from the rest: . . . competition, science, property rights, medicine, the consumer society, and the work ethic.”<sup>14</sup> These institutions were first pioneered in Western Europe, particularly in England.<sup>15</sup> The West, in comparison to its global historic contemporaries, had

more competition in both the political and the economic spheres. . . . The reason North America’s ex-colonies did so much better than South America’s was because British settlers established a completely different system of property rights and political representation in the North from those built by the Spaniards and Portuguese in the South. . . . Earlier industrialization of the West reflected institutional advantages: the possibility of a mass consumer society existed in the British Isles well before the advent and spread of steam power or the factory system. Even after industrial technology was almost universally available the differential between the West and the Rest persisted.<sup>16</sup>

Grudem and Asmus themselves have developed a list of institutional factors that governments should incorporate. Governments should promote the rule of law and ought to be accountable to the citizenry in some way, such as through elections. The court system should be fair, and officials should be free of corruption and bribery. Government should be strong enough to promote peace and stability, but limited enough so that it does not trample the rights of its citizens. Government should protect its citizens from crime, invasions, and, to the best of its ability, disease.<sup>17</sup>

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13. Niall Ferguson, *The Great Degeneration: How Institutions Decay and Economies Die* (New York: Penguin, 2012), 10. “Smithian” refers to the works of Adam Smith, particularly *The Wealth of Nations*. Niall Ferguson (Ph.D., Magdalen College, Oxford) is a professor at Harvard and has written several books on history and economics.

14. Niall Ferguson, *Civilization: The West and the Rest* (New York: Penguin, 2011), 12-13.

15. Niall Ferguson, *Great Degeneration*, 25.

16. Niall Ferguson, *Civilization*, 14.

17. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 369-370.

Rule-of-law is a value consciously held at the institutional level, and one need only look as far as Europe to observe its failure. All of the countries of the European Union pledged to have balanced budgets and avoid fiscal irresponsibility. However, some leaders of some countries (Portugal, Ireland, Greece, and Spain) violated these treaty obligations. As a result, fiscally responsible nations such as Germany had to bail-out these nations. The fact that such fiscally irresponsible actions were kept secret from other treaty members is also concerning. Respect for the rule-of-law forbids those with power from abusing said power.<sup>18</sup>

The divided Korean peninsula offers the starkest institutional contrast. In each of the two countries, “people with different interests and objectives made the decisions about how to structure society.”<sup>19</sup> Government can use power for the good of the people, or to oppress them. The North and South have a shared language, history, culture, and ethnic background—and geography. Because of their institutional differences, however, the North Korean citizens live under an oppressive tyranny in destitute poverty, while the South Korean citizens live in a democratic country with one of the highest standards of living in the world. The result of the divergence in developed infrastructure is undeniable.<sup>20</sup>

### **Economic Freedom Results in Prosperity**

The annual *Index of Economic Freedom* report by the *Wall Street Journal* and The Heritage Foundation is a systematic study of all nations of the world according to

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18. Samuel Gregg, *Becoming Europe: Economic Decline, Culture, and How America Can Avoid a European Future* (New York: Encounter Books, 2013), 289. Samuel Gregg (Ph.D., Oxford) is the director of research at the Acton Institute and has published numerous other books on public policy.

19. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 79-80.

20. Ibid., 70-73. See Figure 4, Ibid, 72.

their economic performance, individual prosperity, and personal freedoms. Each year the *Index* shows a positive correlation between institutional freedoms and economic prosperity. In the annual study's measurements, countries are compared, based upon four general principles: rule of law, limited government, regulatory efficiency, and open markets. These four categories subdivide into ten separate factors, respectively: "property rights, freedom from corruption; . . . fiscal freedom, [low] government spending; . . . business freedom, labor freedom, monetary freedom; . . . [and] trade freedom, investment freedom, financial freedom."<sup>21</sup> A trend line based on this data associating the economic freedom score with GDP per capita has a correlation coefficient of 0.65, which is a statistically positive correlation. The *2012 Index* demonstrates that "lasting economic growth is achievable only when governments adopt economic policies that increase individual choice and opportunity, empowering and encouraging entrepreneurship."<sup>22</sup>

Ambassador Terry Miller defines *economic freedom* as a "condition or state of being in which individuals can act with autonomy while in the pursuit of livelihood."<sup>23</sup>

He and the numerous other contributors found that:

the proven path to revitalizing economic growth is to advance economic freedom by prompting policies that generate a virtuous cycle of innovation, job creation, productivity growth, and higher living standards that in turn helps to create the social and economic resilience that sustains and empowers individuals in a rapidly evolving economic environment.<sup>24</sup>

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21. Terry Miller et al., *2012 Index of Economic Freedom* (Washington DC/New York: The Heritage Foundation/*Wall Street Journal*, 2012), 15. Terry Miller was the former ambassador to the United Nations Economic and Social Security counsel and is currently the Director of the Center for International Trade and Economics at the Heritage Foundation. Kim R. Holmes (Ph.D., Georgetown) was former Assistant Secretary of State for International Organization Affairs and is currently Vice President for Foreign and Defences Policy Studies (AEI). Edwin J. Feulner (Ph.D., University of Edinburgh) is the President of The Heritage Foundation.

22. Terry Miller et al., *2012 Index*, 3. See the chart in Figure 5, *Ibid*.

23. *Ibid.*, 13.

24. *Ibid.*, 6.

Geographically, every region has within itself at least a few countries that pursue economic freedom; free institutions are not limited to any one continent. According to the *2012 Index*, “Every region continues to be represented by at least one of the top twenty freest economies.”<sup>25</sup> Even Sub-Saharan Africa, the poorest overall region, is represented on this list by Mauritius. Botswana also has high scores. Among geographic contemporaries, the free nations consistently indicate higher standards of living and GDP per capita than the less free nations.<sup>26</sup>

### **The Free Market Is the Best Economic System**

The Free Market offers the best system for determining wealth distribution and offers people more opportunities for self-advancement than any other. For much of the economy, government intervention is not needed—the less government, the better. An economic system is free when *individuals*—not some central, monolithic authority—make choices without coercion.<sup>27</sup> Moreover, the free market has done more to bring the destitute out of poverty than any other system such as feudalism, mercantilism, or socialism. The basis of the free market is private property.<sup>28</sup> Government cannot hope to imitate the infinite “variety and diversity of individual action[s].”<sup>29</sup> Milton Friedman argues that, “competitive capitalism . . . [is] a system of economic freedom and a

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25. Ibid., 2.

26. Terry Miller et al., *2013 Index of Economic Freedom* (Washington DC/New York: The Heritage Foundation/*Wall Street Journal*, 2013), 12-13. See Figures 6 and 7 for a GDP intra-region comparison, Ibid., 12, 13.

27. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 108.

28. Ibid., 108.

29. Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 2002), 4. Milton Friedman (Ph.D., Columbia University) was an economist, a presidential advisor, and a professor at the University of Chicago and won the 1976 Nobel Prize in economics.

necessary condition for political freedom.”<sup>30</sup> Decreasing the functions of the government increases the functions and freedom of the citizen. The general principle is that when fewer rules are needed, there is a reduced need to enforce conformity. The coercive powers of the state should be used sparingly because “the ballot box produces conformity without unanimity; the marketplace produces unanimity without conformity.”<sup>31</sup> In the same way, “competitive capitalism . . . promotes political freedom because it separates economic power from political power.”<sup>32</sup> A free market leads to greater diversity and to an increase of variety in economic goods and services. Individual freedom is inversely related to governmental power; if the economy is primarily organized by the free market system, fewer government rules are needed. The role of government ought therefore to be an “umpire” or “mediator,” to settle disputes and prevent fraud.<sup>33</sup>

Throughout history, there have been only two models for organizing the economy: by “coercion,” or by “free association.”<sup>34</sup> The general premise of the free market system is that transactions or trades will not occur unless each of those involved personally believes they will benefit. One of the great benefits of the free market is the allocation of wealth and resources in a manner that eschews violence or involuntary redistribution.<sup>35</sup> Another moral advantage of the free market is the potential for *Earned Success*, Arthur Brooks’ term for the happiness that results from working hard to achieve

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30. Ibid.

31. Ibid., 66.

32. Ibid., 9.

33. Ibid., 24-25.

34. Ibid., 13.

35. Ibid., 168.

one's goal.<sup>36</sup> Income inequality of some sort is inevitable with a growing economy; the important result is that *everyone*, including the poor, is better off financially. Statistically-speaking, there will always be a *lowest quintile* in wage comparison. Income mobility, not income equality, is a better measurement of economic growth.<sup>37</sup>

Private property is another cornerstone of the free market. When someone owns property, that person has an interest in preserving and improving it. For example, consider common ownership of land. A system of tribal ownership removes incentives to improve the property because one is not guaranteed personal reward for doing so.<sup>38</sup> John Locke understood the positive-sum result of private property. In his *Second Treatise* (1689) he writes that one who develops and plows land for personal profit adds a net increase to the productivity of society as a whole. "He who appropriates land to himself by labour, does not lessen, but increase the common stock of mankind." Indeed, untilled, fallow property held in common hardly benefits society at all.<sup>39</sup> Property is more productive in private hands because it generates personal incentives and innovation.

### **The Price System and the "Invisible Hand"**

Another key component of economic freedom and the free market is the *price system*. A price is what someone is willing to pay for goods and services relative to

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36. Arthur C. Brooks, *The Battle: How the Fight between Free Enterprise and Big Government Will Shape America's Future* (New York: Basic Books, 2011), 67; Arthur C. Brooks, *The Road to Freedom: How to Win the Fight for Free Enterprise*, (New York: Basic Books, 2012), 19-26. Arthur C. Brooks (Ph.D., Frederick S. Pardee RAND), is president of the American Enterprise Institute

37. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 302-303.

38. Ibid., 114-115; see Garret Hardin, "The Tragedy of Commons," *Science* (December 13, 1968), 1244, accessed October 30, 2014, <http://www.jstor.org/stable/1724745>.

39. John Locke and C. B. Macpherson, *Second Treatise of Government* (Indianapolis, IN: Hackett Pub. Co., 1980), 23. John Locke was a Whig Philosopher from the seventeenth century who also wrote on economics and political science. His *Second Treatise* (1689) is primarily an argument for limited government, separation of powers, and social contract theory.



supply and demand; it signals producers and consumers to adjust their actions. An increase in demand or a decrease in supply, which raises prices, sends a signal to producers to increase production. Indeed, the price system transmits information to consumers and producers faster, and more accurately, than any other economic system.<sup>40</sup> Adam Smith described this phenomenon as an *Invisible Hand*. When everyone increases his own productivity and efficiency, the net productivity and efficiency of the nation will increase as well. Self-interest compels a worker to specialize in one occupation; workers in different occupations then pay each other for their expertise.<sup>41</sup> As Smith observes, “it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest.”<sup>42</sup> A perfect illustration of the price system in action is the process involved in creating a pencil. A price system, based on supply and demand, produces all the information needed to organize each step in manufacturing a pencil, resulting in someone willing to pay a price for the finished product.<sup>43</sup> Producers and consumers need not be experts in the field of economics, nor do they need to know all aspects of the global market. Rather, the price system conveys all the information they need.

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40. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 178.

41. Adam Smith, *The Wealth of Nations* (New York: Barnes & Noble, 2004), 364-365. Adam Smith was an eighteenth century Scottish philosopher and economist and pioneer of free market/capitalist thought. *Wealth of Nations* was originally published in 1776.

42. Ibid., 14.

43. Milton Friedman and Rose D. Friedman, *Free to Choose: A Personal Statement* (New York: Harvest/HBJ, 1990), 12-13. Friedman’s paraphrase is a retelling of Leonard Read’s *I, Pencil*. Additional information on *Free to Choose* can be found in the video series produced by the Friedmans, based on the book: <http://www.freetochoose.tv/broadcast.php>.

### The Importance of Capital

Government protection of private property is necessary for innovation and private investment. The ability to conceptualize the physical realm into theoretical or abstract units allows objects to have potential in the realm of value. Cars, buildings, and property have inherent functional utility that accomplish a specific purpose. However, by applying such abstract concepts as possession, value, and legal protection, physical assets can enter a world of economic potential. Moreover, assets, also known as capital, need to be fully integrated into this abstract world to be utilized economically, which is the premise of Hernando de Soto's research. He observes that "the major stumbling block that keeps the rest of the world from benefiting from capitalism is its inability to produce capital."<sup>44</sup> To illustrate this concept, consider the case of the Tunisian, Mohamed Bouazizi, a fruit vendor whose suicide by self-immolation was the final catalyst for the Arab Spring (2011 to present), because his property rights were not protected by the Egyptian government. He did not have legal titles to his fruit cart, or his scales; when police destroyed them, they simultaneously destroyed his *capital*. Bouazizi's livelihood, and anything else he could have accomplished financially with that cart, was destroyed.<sup>45</sup>

Most of the poor in Third World countries have some physical assets that could be used as capital. "The poor . . . do have things, but they lack the process to represent their property and create capital. They have a house but not titles; crops but not deeds;

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44. Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), 5. <https://yendieu.files.wordpress.com/2009/04/the-mystery-of-capital.pdf>. Hernando de Soto Polar is an award-winning Peruvian economist and president of the Lima-based think tank, Institute for Liberty and Democracy.

45. Niall Ferguson, *Great Degeneration*, 31.

businesses but not statutes of incorporation.”<sup>46</sup> The legal inability to put this capital “to work,” impedes the implementation of capitalism to its fullest extent. Bureaucratic red tape is a hurdle to the potential small business owner in many countries. According to de Soto’s research, registering a business in Peru took 289 days of traveling to the capitol city (Lima) to fill out forms; an effort that required some six hours of work a day. The cost of registration itself was 31 times the amount a worker would make in a month on minimum wage. Acquiring land deeds in the Philippines require 168 steps; in Egypt, 77. A lease in Haiti requires 65 steps and two years’ worth of work.<sup>47</sup> When a laborer is forced to spend time on paperwork instead of adding value to society through his trade, an economy is deprived of its productivity. Based on de Soto’s calculations, “the total value of real estate held, but not legally owned by the poor of the Third World and other former communist countries is at least \$9.3 trillion.”<sup>48</sup> The economic consequences of these types of legal hindrances are obvious when one considers the functions of private property as capital:

in the West, for example, most formal property can be easily used as collateral for a loan; as equity exchanged for investment; as an address for collecting debts, rates, and taxes; as a locus point for identification of individuals for commercial, judicial, or civic purposes; and as a liable terminal for receiving public utility services, such as energy, water, sewage, telephone, or cable services. While houses in advanced nations are acting shelters or workplaces, their representations are leading a parallel life, carrying out a variety of additional functions. . . . Whether anyone intended it or not, the legal property system became the staircase that took these nations from the universe of assets in their natural state to the conceptual universe where assets can be viewed in the full productive potential.<sup>49</sup>

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46. Hernando de Soto, *The Mystery of Capital*, 6-7.

47. *Ibid.*, 18-21.

48. *Ibid.*, 35.

49. *Ibid.*, 51.

As a result, when a government fails to protect private property, it deprives the nation of economic potential.

### **Comparative Advantage**

A nation has a comparative advantage when the laborers in that nation have the ability to produce something at a cheaper cost than its competitors. To reiterate a previous point, one nation simply cannot produce all things at the same time, since the resources of any nation are finite; thus trade and division of labor naturally evolve in the market. Donald J. Boudreaux explains that, “trade allows specialization on comparative advantage and thus undoes this constraint, enabling each person to consume more than each person can produce.”<sup>50</sup> Offshore factories are one way companies can help the Third World pursue comparative advantage, as a for-profit business could set up a factory infrastructure in that nation.<sup>51</sup> In the Third World, even if factory employers pay laborers what would seem (given first world standards) to be an “unfair wage,” there is often a net benefit for the nation. Factory labor is inevitably paid better than anything else in the rural or urban economy of Third World nations, and entry into the labor market is the first step that leads employers to bid up wages for potential employees.<sup>52</sup> For the West, another example of comparative advantage is taxation. Switzerland has a competitively low corporate tax, and compared to the high corporate tax rates of Switzerland’s neighbors, it may benefit a business to move its headquarters to her, thereby bringing

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50. Donald J. Boudreaux, “Comparative Advantage,” In *The Concise Encyclopedia of Economics*, 69-71, edited by David R Henderson (Indianapolis, IN: Liberty Fund, 2008), 69, <http://econlib.org/library/Enc/ComparativeAdvantage.html>. See the chart in Figures 8 and 9 for a further explanation of comparative advantage, Ibid., 70.

51. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 185.

52. Ibid., 105.

business, as well as some taxable income to the Swiss government. Samuel Gregg observes that Switzerland has become a haven for corporations.<sup>53</sup>

### **Institutions: Historical Applications**

#### Historical Failure

Latin American failure. One can see throughout history the consequences of both good and bad institutions. On the Iberian Peninsula of the 1500s, scientific thought was stagnated and anti-Semitism was hindering human capital. The Catholic Church controlled education, and sometimes violently suppressed “heretical influences.” In some areas, Jesuits banned the ideas of such scientific thinkers as Copernicus, Newton, and Galileo, and others until 1746. The book printing industry was also heavily regulated by the Church.<sup>54</sup>

Spanish colonies lacked the emigrating families that British colonies benefited from, and Nativism also kept out many foreign European immigrants.<sup>55</sup> The Spaniard’s method of colonization often exploited the natives while extracting and exporting as much mineral wealth as physically possible. This was in contrast to British North America’s focus on industrialization. Although virtually all seventeenth-century monarchies pursued mercantilism at first, Britain quickly transitioned past this, while independent Latin America continued the mercantilist policies of Spain. One poorly organized institution followed another, mired in corruption, instability, and economic stagnation, which hindered economic growth.<sup>56</sup> Latin America also followed the same

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53. Samuel Gregg, *Becoming Europe*, 246.

54. David Landes, *Wealth and Poverty of Nations*, 133-134.

55. Ibid., 311. Nativism is essentially an anti-immigrant stance.

56. Ibid., 312-313.

economic strategy of Spain, using mineral wealth to acquire commodities instead of developing domestic industries. Nativism and xenophobia prevented potential foreign investment as well. The Industrial Revolution came to Protestant Europe long before it came to Latin America. For some Latin American countries, industrialization arrived as late as the end of the nineteenth century.<sup>57</sup> Argentina, geographically speaking, had the greatest natural endowments of any Latin American country, making it comparable to the continental United States. However, the government was weak and ineffective, and its land policies kept out foreigners. Significant levels of immigration did not begin there until the end of the nineteenth century. Those who did attempt to settle did not stay long, unlike immigration patterns in the United States.<sup>58</sup>

European failure. As in Latin America, many countries in Europe “missed the boat and failed to take advantage of the spread of industry.”<sup>59</sup> Russia, Austro-Hungary, and Spain lacked the same level of property rights as in England, which in turn blocked innovation in Eastern Europe. Perhaps the worst situation was serfdom, which emerged in Russia as a means of preventing migration, upward social mobility, and preventing peasants from leaving the land. Western Europe became freer; Eastern Europe, less free.<sup>60</sup> The Northern Scandinavian countries were among the earliest to develop industrial economies, while the Southern Mediterranean countries were slower to develop. “Political instability . . . and intellectual intolerance” were factors.<sup>61</sup> Spain, Italy, and

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57. Ibid., 314-315.

58. Ibid., 315-321.

59. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 222.

60. Ibid., 240.

61. David Landes, *Wealth and Poverty of Nations*, 249.

Portugal also suffered from political fragmentation. Eastern Europe practiced serfdom, which ultimately led to economic stagnation, and it became intellectually backward. The consumer demands and purchasing power that could have fueled an Industrial Revolution were non-existent.<sup>62</sup>

Chinese failure. Throughout most of the last millennium of Chinese history, despotism prevented the free market from developing, in addition to stifling independent thought. Though some Chinese had property rights, Ming (1368-1644) and Qing (1644-1912) dynasty China's economy was organized from the top down. Throughout most of the Ming dynasty, government prohibited foreign trade. Women were kept in the home and out of the marketplace, whereas in contemporary England and Meiji Japan, they were part of the work force that fueled the Industrial Revolution. Overall, statism suppressed almost all forms of human individuality.<sup>63</sup> Adam Smith at the time of writing his *Wealth of Nations* (1776) recognized economic stagnation in China because of Isolationism, observing that a country with closed ports cannot compete on the same economic level as one with open ports.<sup>64</sup>

One of the reasons for the isolationism of the Ming and Qing dynasties was “fear of creative destruction,” or the effect upon those displaced, or made obsolete, by inventions, with its subsequent impact on political stability.<sup>65</sup> China's economy and institutions were not prepared for economic revolution, unlike England after the Glorious

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62. Ibid., 251.

63. Ibid., 55-57.

64. Adam Smith, *The Wealth of Nations*, 99.

65. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 84. “Creative destruction” is a term originally coined by Joseph Schumpeter.

Revolution in 1688. Subsequently, China's economy stagnated at a time when much of the rest of the world was industrializing. As a result, China did not industrialize until after World War II.<sup>66</sup> Right about the time Europe began its Age of Exploration, China had become isolationist. Following one Ming Dynasty regime change, the government destroyed ocean-capable ships and arrested their owners. The Ming Dynasty destroyed its magnificent treasure ships, and their great voyages were forgotten.<sup>67</sup> In the seventeenth and eighteenth centuries, Chinese government viewed Europeans and European ideas with suspicion. In previous generations China had been technologically superior, but it suffered centuries of scientific stagnation at the worst possible time. China lacked educational entities, such as universities, which were emerging in Europe at the time. Most of all, Ming/Qing China lacked intellectual diversity. Landes summarizes: "cultural triumphalism combined with petty downward tyranny made China a reluctant improver and a bad learner."<sup>68</sup> Ming China's leadership made catastrophic institutional mistakes.

Historical Success

England's Glorious Revolution. The Whig Revolution, also called the Glorious Revolution, of 1688, was unlike any previous one. Government was restructured to impose limits on arbitrary rule, and more freedom was granted to individuals. Most importantly, through institutional changes, the Glorious Revolution prepared the nation for the economic changes needed for the Industrial Revolution. After the Black Death swept through Europe around 1346, all nations in Europe had similar government systems, and many of the ruling classes in the various countries were related to each

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66. Ibid., 235.

67. David Landes, *Wealth and Poverty of Nations*, 96-98.

68. Ibid., 336-343.



other. However, as a result of the Glorious Revolution, the power of the English monarchy was limited through the English Bill of Rights (1689), and political power was decentralized at a time when monarchies in France and Spain became more absolutist.<sup>69</sup>

Creative destruction has the potential to affect political power, and for this reason, in the sixteenth and seventeenth centuries, many European monarchs defended the status quo. In 1583 England, William Lee's invention of the sewing machine was not given support by Queen Elizabeth I because of the fear of creative destruction.<sup>70</sup> English Barons and Parliament had often been at odds with the powerful monarchs throughout England's history, and the consolidation of power during the Tudor dynasty actually proved to be the catalyst for institutional reform. Henry VII's consolidation of power centralized the nation-state of England, and it provoked push-back by Parliament to check his power.<sup>71</sup> In the early seventeenth-century, Plantagenet Kings James I and Charles I moved England in the direction of absolutism, as occurred in the rest of Europe. But in 1642, Parliament revolted against King Charles I. He was defeated during the English Civil Wars and was executed. Eventually, the Stuart monarchy was re-established. In 1687, James II attempted to implement policies that Parliament saw as absolutist. While the acts of James II were not inherently objectionable, the fact that he had used royal prerogative to supersede Parliamentary law, prompted Parliament to seek a new monarch.<sup>72</sup> James II

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69. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 108-109.

70. *Ibid.*, 182.

71. *Ibid.*, 186-187.

72. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 190; Steven C. A. Pincus, *England's Glorious Revolution, 1688-1689: A Brief History with Documents* (Boston: Bedford/St. Martin's, 2006), 30-31; see James II. "Declaration of Indulgence," in *England's Glorious Revolution 1688-1689: A Brief History with Documents*, by Steven C. A. Pincus, 132-135, (Boston: Bedford/St. Martin's, 2006), 133; see Tim Harris, *Revolution: The Great Crisis of the British Monarchy, 1685-1720* (New York: Penguin, 2007), 211, 235.

also slowly began to favor and emulate King Louis XIV of France, the quintessential absolutist monarch.<sup>73</sup> Parliament invited the Netherland's Prince William of Orange, the son-in-law of James II, to rule as a *constitutional* monarch.<sup>74</sup> The assumption of King William III was at the request of, and by the permission of, Parliament. Under the new Bill of Rights, the King and Queen could not supersede the laws of the land without parliamentary consent. Parliament also established the rules for monarchical succession in England, and the English Bill of Rights became a pivotal document for limiting government in England, legally marking the "end of absolutism in England."<sup>75</sup> The end of royal prerogative was spelled out: "the pretended power of suspending of laws, or the execution of laws, by regal authority, without consent of Parliament, is illegal."<sup>76</sup> While historians may debate the *de jure* limitations this document placed on the monarchy, the undeniable result of the Glorious Revolution was the *de facto* warning that a future monarch could "un-king" himself if he superseded the laws of Parliament.<sup>77</sup> Subsequently, the rights of the population in general gained more legal protection.

The Industrial Revolution has its roots in the Glorious Revolution. James II attempted to steer England in a path similar to Louis XIV's of France at the time, with an agrarian-based aristocracy. William and Mary valued industry and the protection of

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73. Steven C. A. Pincus, *England's Glorious Revolution*, 31. Steven C. A. Pincus (Ph.D., Harvard) is a professor at Yale University and has written several books on English history.

74. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 188-190.

75. *Ibid.*, 191-192

76. James McClellan, *Liberty, Order, and Justice* (Indianapolis, IN: Liberty Fund, 2000), 82; Tim Harris, *Revolution*, 212, 331. Timothy J. G. Harris (Ph.D., Cambridge) is a professor at Brown University and has written extensively on the Stuart dynasty.

77. Tim Harris, *Revolution*, 348.

manufacturers' rights.<sup>78</sup> Great Britain's insular position in Europe was undeniably helpful in restraining absolutist continental influences. It was not until the Glorious Revolution, however, that absolutist tendencies were purged from the monarchy.

After the Glorious Revolution, Parliament created a political system that encouraged innovation and protected private property, producing an economic environment that facilitated the Industrial Revolution.<sup>79</sup> Landes lists the institutional and cultural values that created the environment for the Industrial Revolution: protection of private property, individual liberties, contractual enforcement by the government, listening to the concerns of its citizens, the avoidance of corruption of government officials, and the maintenance of a stable government. These values meant technology was adopted quickly, knowledge was transferred to the next generation easily, employment was merit-based, and government permitted individuals to suffer the consequences of their enterprises—either success or failure.<sup>80</sup>

Industrial Revolution. In the eighteenth century, mechanization of spinning and weaving revolutionized the textile industry, reducing the number of hours required to make 100 pounds of cotton fabric from 50,000 to 135.<sup>81</sup> Industrialization also decreased the number of those working in the field of agriculture, but increased the number working in the manufacturing industry. By 1850, only 20% of the workers in England were in agriculture, and by 1910, the number was down to 9%.<sup>82</sup> Ultimately, as a consequence of

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78. Steven C. A. Pincus, *England's Glorious Revolution*, 31-32.

79. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 196.

80. David Landes, *Wealth and Poverty of Nations*, 217-218.

81. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 204.

82. Niall Ferguson, *Civilization*, 198-199.

division of labor, specialization, and mechanization, the total output of the worker increased and more time was saved.<sup>83</sup> England was thus able to dramatically increase the amount of goods and services it produced as a nation. It was the first nation to adopt this industrial process; all other industrial economies followed this model.

Meiji Restoration. Japan was the first non-Western country to industrialize, and it established a precedent for Third World countries to adapt Western policies to regional goals. During the Tokugawa Shogunate, Japan, like China, experienced a time of xenophobia. In 1616, only two Japanese ports received European vessels, and Japanese citizens were also forbidden to emigrate.<sup>84</sup> In the nineteenth century, as the Japanese market slowly began to open, the textile/cotton-spinning industry eventually provided the same platform for an Industrial Revolution that England possessed.

In 1867-1868, Japan experienced a critical revolution of sorts. An uprising took power from the Shogunate (essentially a strong general), and state-headship was returned to the emperor. The formal, unifying role of the emperor was also comparable to England's constitutional monarchy. Most importantly, from an institutional perspective, a central government was formed, replacing the feudal system.<sup>85</sup> In 1867, regional leaders persuaded the Shogun to resign and restore power to the emperor, which formalized Japan's government into a modern system with a parliament and bureaucracy. Meiji, the son and heir of the emperor, oversaw the swift modernization of Japan. Feudal landownership was abolished, and the government recognized a right to private property.

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83. Adam Smith, *The Wealth of Nations*, 10.

84. David Landes, *Wealth and Poverty of Nations*, 355-356.

85. Ibid., 371; Joseph Pittau, *Political Thought in Early Meiji Japan 1868-1889* (Cambridge, MA: Harvard University Press, 1967), 9-11, 17-18.

“Taxation was centralized . . . [and] in 1869 the equality of all social classes before the law was introduced and restrictions on internal migration and trade were abolished.”<sup>86</sup>

The government heavily invested in infrastructure, machinery, ship-building, and other types of factories, and heavily focused on innovation. “The true revolutionaries took over, the *rangakusha*, the technicians, the forward-looking bureaucrats.”<sup>87</sup> The government also opened major ports to foreign trade, and promised to institute democratic principles. Japanese leaders were motivated by an unprecedented spirit of modernization, and looked to foreign mechanisms, and “hired foreign experts and technicians while sending Japanese agents abroad to bring back eyewitness accounts of European and American ways. . . . No opportunity for learning was lost.”<sup>88</sup>

Meiji Japan even adopted the military structure of the Prussians. Postal services, time measurement, and calendars were all standardized. Universal military service was adapted which eliminated “distinctions of class and place. It nurtured nationalist pride.”<sup>89</sup> Economically, Japan pursued comparative advantage in the textile and cotton industry, and in 1890, textile factories were privatized. By 1902, Japan was self-sufficient in the global cotton industry, and by 1913, had cornered one-quarter of the international cotton market.<sup>90</sup> Japan’s industrial development was not limited to consumer goods:

early on, the Japanese determined to go beyond consumer goods. If they were to be a modern economy, they had to master heavy work: to build machines and engines, ships and locomotives, railroads and ports and shipyards. The

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86. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 295-297; see also Joseph Pittau, *Political Thought in Early Meiji Japan*, 22-23.

87. David Landes, *Wealth and Poverty of Nations*, 374.

88. *Ibid.*, 374-375.

89. *Ibid.*, 375-376.

90. *Ibid.*, 378-380.

government played a critical role here, financing reconnaissance abroad, bringing in foreign experts, building installations, and subsidizing commercial ventures.<sup>91</sup>

By the turn of the century, Japan's industrial capacity matched the strength of other world powers. The Meiji Restoration demonstrates several encouraging truths. A few dynamic leaders make an incredible difference in the fate of a nation. A nation dedicated to hard work is capable of modernizing and entering world-power-status in just one generation.

### **Institutions: Contemporary Applications**

#### East Asia

East Asian modernization, like the Meiji Restoration, demonstrated the importance of good leadership and institutional reform. From about 1965 to 2000, no other economic region has grown more than East Asia, with most of the growth coming from Japan and the *Four Asian Tigers*: South Korea, Taiwan, Hong Kong, and Singapore. There, an industrious work ethic has used comparative advantage to create competitive products. Malaysia, Thailand, and Indonesia have also seen great economic growth.<sup>92</sup> Industrially speaking, Japan took advancement a step further by moving from imitation to invention, and the industrial quality of the products it created set a world standard. Tariff barriers were also reduced.<sup>93</sup> In short, a 1993 study by the World Bank concluded:

east Asia's extraordinary growth is due to superior accumulation of physical and human capital. But these economies were also better able than most to allocate physical and human resources to highly productive investments and to acquire and master technology. . . . Rapid growth in each economy was primarily due to

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91. Ibid., 380.

92. Ibid., 475.

93. Ibid., 472-473.

the application of a set of common, market-friendly economic policies, leading to both higher accumulation and better allocation of resources.<sup>94</sup>

The trade policy objective of many *high-performing Asian economies* (HPAEs: Japan, Hong Kong, South Korea, Singapore, Taiwan, China, Indonesia, Malaysia, and Thailand), was the export push. Government and industry would focus on exports in order to establish a healthy share of the world market. In order to establish a foothold in the global market,

Hong Kong and Singapore adopted trade regimes that were close to free trade; Japan, Korea, Taiwan, and China, adopted mixed regimes that were largely free for export industries. . . . These policies exposed much of the industrial sector to international competition and resulted in domestic relative prices that were closer to international prices than in most other developing economies.<sup>95</sup>

In contrast to the previously mentioned red tape in other countries, the government of Hong Kong implemented market-friendly policies. In Hong Kong,

obtaining a business license requires filling out a single form, and the process can be completed in a few hours. In other economies, such as India and parts of South America, the process of obtaining a business license can take much longer, involving endless trips to government offices and repeated encounters with officious and sometime corrupt bureaucrats.<sup>96</sup>

Many of the HPAEs encourage upward mobility by promoting public education. Improvements to “education, training and health,” which have advanced in most HPAEs, has increased human capital.<sup>97</sup> The World Bank report concludes by listing several policy fundamentals worth emulating, such as keeping inflation low, increasing human capital,

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94. World Bank, *The East Asian Miracle* (New York: Oxford University Press, 1993), v-vi, <http://documents.worldbank.org/curated/en/1993/09/698870/east-asian-miracle-economic-growth-public-policy-vol-1-2-main-report>. See East Asian growth rate chart in Figure 10, Ibid., 30.

95. Ibid., 22.

96. Terry Miller et al., *2012 Index*, 17.

97. World Bank, *The East Asian Miracle*, 160. See Gary Becker, “Human Capital,” In *The Concise Encyclopedia of Economics*, 248-251, edited by David R. Henderson (Indianapolis, IN: Liberty Fund, 2008), 248.

adapting technology, limiting the amount of government intervention/subsidies, and a general “export push.”<sup>98</sup> The successful implementations of government intervention were cases of limited involvement in situations often unique, and therefore specifically suited to, the successful nation’s circumstances.<sup>99</sup>

### Third World

Africa. Prior to independence, African countries had little experience in self-governance. When the colonizing Europeans left, power often devolved into strong-man-rule. Corruption, kleptocracy, and anarchy were the results of a lack of stable, law-abiding regimes.<sup>100</sup> According to Paul Collier’s research on the poorest septile of earth’s population of 7 billion, “seventy-three percent of people in the societies of the bottom billion have recently been through a civil war or are still in one.”<sup>101</sup> British and American civil wars, by comparison, were swift, and occurred generations ago. Many African states are undeniably weak, or failed states; non-African states such as Afghanistan, Haiti, and Nepal likewise exhibit similar problems. These governments fail to protect citizens’ property and neglect to provide other basic functions which produce stable economies.<sup>102</sup>

Collier notes an unfortunate reality of corruption in Third World nations:

because whoever controls the state becomes the beneficiary of this excessive power and wealth that it generates, extractive institutions create incentives for infighting in order to control power and its benefits. . . . The extractive institutions

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98. World Bank, *The East Asian Miracle*, 347-358.

99. World Bank, *The East Asian Miracle*, 26.

100. David Landes, *Wealth and Poverty of Nations*, 504.

101. Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (Oxford: Oxford University Press, 2007), 17. Paul Collier is Professor of Economics and Director of the Center for Study of African Economis at Oxford University and a former researcher at the World Bank.

102. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 115.



that many African countries inherited from the colonial powers sowed the seeds of power struggles and civil wars.<sup>103</sup>

While some colonial governments were better than others (British colonies were fortunate to receive investments in civics and infrastructure), many, such as Belgium, simply used colonization to extract as much wealth as possible with no consideration for the natives. Former colonies rarely had pleasant histories after independence.<sup>104</sup>

Botswana. Upon gaining independence, Botswana was fortunate to have Seretse Khama for its president: a man of integrity who was not motivated by hatred, vengeance, or personal gain. He desired the best for his country and his people. Nevertheless, such integrity was more of an exception than the rule in Africa.<sup>105</sup> Botswana was able to surpass the other states in Sub-Saharan Africa in economic growth and political stability because it had stable, “pluralistic”—but also centralized, and therefore effective—government at its independence. Pluralism was evidenced in conferences of the pre-independence Tswana chiefs, who would often gather together to make collective decisions. These conferences were Botswana’s first seeds of representative government. Botswana’s monarchy, under colonial British protection, was constitutional and consensual in nature. Common political sentiments held that “the king is king by the grace of the people.”<sup>106</sup> Botswana was economically poor when it gained independence from the United Kingdom in 1966; “it had a total of 12 kilometers of paved roads, [and

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103. Ibid., 344.

104. H. J. de Blij, Peter O. Muller, and Jan Nijman, *The World Today: Concepts and Regions in Geography*, 6th (Hoboken, NJ: Wiley, 2012), 235-236.

105. Acemoglu and James A. Robinson, *Why Nations Fail*, 117.

106. Ibid., 407-408; J. Clark Leith, *Why Botswana Prospered* (Montreal: McGill-Queen’s University Press, 2005), 35. J. Clark Leith is a professor emeritus at the University of Western Ontario.

only] twenty-two citizens who had graduated from university.”<sup>107</sup> Yet in the next half-century, Botswana not only achieved one of the fastest rates of economic growth in the world, it currently boasts the highest standard of living in Sub-Saharan Africa, comparable to some of the poorer countries of Eastern Europe.<sup>108</sup> Botswana’s government and economy are stable, and elections are democratic. It has not experienced the civil wars endemic to its neighbors, and property rights are protected.<sup>109</sup>

Optimal decisions made by political leaders have been key to Botswana’s success. Seretse Khama was able to convince landowners to keep the discovery of its diamond mines a secret until the country gained independence, after which he pushed for laws that would require diamond revenues to be reinvested into the nation’s infrastructure. By doing this, diamond revenue was not in the hands of regional elites, which might have fueled the tribal factionalism that has led to civil wars in other African states with diamond mines.<sup>110</sup> Granted, nationalizing an industry is not considered market-friendly. However, the circumstances of sub-Saharan Africa required unique action to prevent civil war. President Khama sought social unification by making Setswana and English the official national languages, and to avoid ethnic fragmentation, the national census does not inquire into ethnic background. He avoided establishing a dictatorial regime for personal profit; and diamond revenues funded public services, not private factions—not even those of Khama’s own tribe.<sup>111</sup> While it is unfortunate that “Africa’s overall level of

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107. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 409.

108. *Ibid.*, 409.

109. *Ibid.*, 410.

110. *Ibid.*, 411-412; J. Clark Leith, *Why Botswana Prospered*, 60-61.

111. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 412-413.

economic freedom is the lowest of any region . . . Botswana remains the region's second freest economy."<sup>112</sup> Indeed, according to the scores on the *2012 Index*, "Botswana remains the least corrupt country on the African continent."<sup>113</sup> Botswana was fortunate to have the political leadership it did.

#### Comparative Advantage Revisited

The greatest economic boon to an African nation, or any poor nation for that matter, would be investment in infrastructure by Western private enterprise; however, stable legal and civil institutions are necessary to attract such business. P. T. Bauer observes that the richest areas of the Third World are those that established commercial contacts with the West earlier than their contemporaries.<sup>114</sup> Conversely, "the poorest areas of the world have no external trade."<sup>115</sup> As a whole, "people benefit from the widening of opportunities which external trade represents."<sup>116</sup> Government corruption is a critical factor determining whether the poorest countries prosper or not. Countries can be blessed with ethical leadership; alternatively, they are harmed by corrupt or inept leadership. A 2004 survey of Chad's Ministry of Finance saw that only 1% of funds allocated to rural clinics reached their destination.<sup>117</sup> "Bad societies need not be a trap: societies can learn from failure, and many do. . . . The leaders of many of the poorest countries of the world are themselves among the global super rich. They like things the

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112. Terry Miller et al., *2012 Index*, 40.

113. Ibid., 120; see also J. Clark Leith, *Why Botswana Prospered*, 34-35.

114. P. T. Bauer, *Equality, the Third World and Economic Delusion* (Cambridge, MA: Harvard University Press, 1981), 71.

115. Ibid., 76.

116. Ibid.

117. Paul Collier, *Bottom Billion*, 66.

way they are.”<sup>118</sup> Globalization and comparative advantage offer hope for the poor countries, but this requires ethical leadership. In the 1990s, Madagascar was chosen for the location of a new garment factory. Unfortunately, when President Didier Ratsiraka lost his reelection bid, he used his powers to stay in office. Though the American government set up a trade agreement to bring jobs to the country, the potential for instability spooked company executives into choosing a different location *in a different country*.<sup>119</sup>

## Cultural Values

### Cultural Values Conceptualized

The emphasis on values in this essay now shifts from the institutional level, which emphasizes those in power, to the horizontal and personal level, which emphasizes a culture's shared values. Granted, in the realm of political science, institutions possess the most power, and good leadership can lead to prosperity. However, cultural values and institutional values have a reciprocal effect upon each other.<sup>120</sup> Cultural values are a factor separate from race or ethnicity and the following sections will demonstrate that good values transcend ethnicity and geography. For example, the same work ethic that propelled England into the Industrial Revolution likewise fueled Japan's success during the Meiji Restoration.<sup>121</sup> Good behavior is not a universally enforceable principle, but decisions which result in productive economies and stable civil structures must be made on the individual level as well.

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118. Ibid.

119. Ibid., 83.

120. David Landes, *Wealth and Poverty of Nations*, 516-517.

121. Ibid., 391.

## Culture: Historical Application

### Ethical Monotheism

Three entities can hold humanity “morally accountable:” state, self, or a God/transcendent lawgiver. Belief in God as a moral judge is important because, as Dennis Prager notes, those who believe they will be judged by a moral standard have the philosophical basis for societal morality.<sup>122</sup> He continues by saying that, “without this God as the ultimate source of a standard of good and evil, there is no objective good or evil, only personal or societal preferences about right and wrong.”<sup>123</sup> Ethical monotheism stands as one of the pillars of America’s Constitutional order and system. As stated in the Declaration of Independence, “all men are created equal . . . [and] are endowed by their Creator with certain unalienable Rights, that among these as Life, Liberty, and the pursuit of Happiness.”<sup>124</sup> This quote itself paraphrases Lockean thought (and often early-modern British thinking).<sup>125</sup> As John Adams observes on human value and equality: “there is no such thing without the supposition of a God. There is no right or wrong in the universe without the supposition of a moral government and an intellectual and moral governor.”<sup>126</sup> The concept of a transcendent moral law presupposes a moral law-giver.

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122. Dennis Prager, *Still the Best Hope* (New York: Harper Collins, 2012), 323. Dennis Prager is a syndicated talk-show host. His book is a defense of American values.

123. Ibid, 329.

124. *The Constitution of the United States with Index, and the Declaration of Independence*, 2nd, (National Center for Constitutional Studies, 2012), 35.

125. John Locke and C. B Macpherson, *Second Treatise*, 9, 18.

126. John Adams, in John Eidsmoe, *Christianity And The Constitution: The Faith of Our Founding Fathers* (Grand Rapids, MI: Baker Books, 1995), 281.

## Work Ethics

Protestantism. Key to the historical success of Protestant countries was the concept of the Protestant Work Ethic. Max Weber declares: “The God of Calvinism demanded of his believers not a single good work [(sic)], but a life of good works combined into a unified system. There was no place for the very human Catholic cycle of sin, repentance, atonement, release, followed by renewed sin.”<sup>127</sup> Protestantism “promoted the rise of modern capitalism” through a “code of behavior: hard work, honesty, seriousness, the thrifty use of money and time.”<sup>128</sup> Landes notes another advantage of Protestantism: the emphasis on Biblical authority. The necessity of teaching the Bible in readable text led to high rates of literacy amongst men and women in Protestant regions. In comparison, Catholics were more likely to be taught by Catechisms, and the Catholic Church placed less emphasis on reading the Bible personally.<sup>129</sup> As a matter of industry, the Protestant work ethic also meant “pursuing one’s job as a calling from God; being able to read; and being honest and diligent at work.”<sup>130</sup> Lawrence Harrison notes a similar correlation, observing that, “predominantly Protestant countries do substantially better than predominantly Catholic countries on the UN’s Human Development Index.”<sup>131</sup> Work ethics, however, are not a uniquely European development.

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127. Max Weber, quoted in Lawrence E. Harrison, *The Central Liberal Truth: How Politics Can Change a Culture and Save It from Itself* (New York: Oxford University Press, 2006), 42.

128. David Landes, *Wealth and Poverty of Nations*, 174-175.

129. Ibid., 178.

130. Wayne Grudem and Barry Asmus, *The Poverty of Nations*, 320.

131. Lawrence E. Harrison, *Central Liberal Truth*, 92.

Japan. Japan had its own work ethic. While Japanese citizens during the Meiji Restoration didn't pursue moral behavior and hard work to find personal salvation or favor with God, a transcendent ethic—the good and advancement of the nation—gave citizens a reason to work hard.<sup>132</sup> A competitive work ethic also gave Japan a comparative advantage in labor during the Meiji, and Post-War Era, when Japan realized its industrial deficiencies. During the 1950s, Japanese car production was low, at around 30,000 units a year (about two days' worth of American production), but the 1960s saw an increase to almost half a million, with some exports. By the 1980s, Japan had become the world's leading car exporter, and surpassed the United States in total production capacity, as Japanese laborers felt a duty to bring value to the company.<sup>133</sup> Union disputes were negotiated far in advance to prevent interruptions of manufacturing, and Japan surpassed American car manufacturing in part because of American “complacency.” Meanwhile, American government subsidies and tariffs, which were intended to protect domestic business, were not used by the American car industry to increase efficiency or improve methods of manufacturing at the same pace as Japan. Over time, Japan learned to do more with less—a non-Western model that almost any nation can emulate.<sup>134</sup> An industrious work ethic will add value to any laborer from any country.

### **Culture: Contemporary Application**

#### **Future Generations**

Marriage. The most basic unit of any society is the family-unit. A stable, two-parent household is the best environment in which to raise a child; Grudem observes that

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132. David Landes, *Wealth and Poverty of Nations*, 383.

133. Ibid., 483.

134. Ibid., 487-489.

“government should define and establish marriage because no other institution can do that for an entire society.”<sup>135</sup> Stanley Kurtz purports that the government’s role is ultimately to protect children. Marriage is not about love, but creating a new family unit. “In setting up the institution of marriage, society offers special support and encouragement to men and women who together make children.”<sup>136</sup> Grudem also believes that “government should encourage and reward marriage between one man and one woman because it gives benefits to society that no other relationship or institution can give. . . . Marriage is the basic building block of any stable society.”<sup>137</sup> A married couple offers the best environment to create and raise children, and children in married households, with a mother and father committed to raising them, experience better academic achievement, are better off financially, are “less likely to commit crimes . . . are less likely to experience physical abuse . . . [and] are more likely to establish stable families in the next generation.”<sup>138</sup>

According to Census Bureau, CDC, and NCHS data, researched by Robert Rector, “child poverty is an ongoing national concern, but few are aware that its principal cause is the absence of married fathers in the home. Marriage remains America’s strongest anti-poverty weapon.”<sup>139</sup> Data shows that 36.5% of children living in poverty are those with a single female parent, compared to 6.4% living in 2-parent households.

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135. Wayne Grudem, *Politics*, 222.

136. Stanley Kurtz, in Wayne Grudem, *Politics*, 222.

137. Wayne Grudem, *Politics*, 222-225

138. *Ibid.*, 224-225.

139. Robert Rector, “Marriage: America’s Greatest Weapon Against Child Poverty.” *Backgrounder* (The Heritage Foundation), no. 2465 (9 2010): 1, accessed November 14, 2014, <http://www.heritage.org/research/reports/2010/09/marriage-america-s-greatest-weapon-against-child-poverty>.



America's within-wedlock birthrate was 93% in 1964, but decreased to 59% by 2007. Meanwhile, out-of-wedlock birthrates increased from 6% in 1930, to 41% in 2008.<sup>140</sup>

Population. Europe is experiencing a breakdown of the family unit and, as a result, is in a state of unsustainable demographic decline. Europe is losing its population; data shows that "between 1997 and 2001, the population of Europe contracted by 2.08 million. . . . Without immigration the decline would have been twice as large."<sup>141</sup>

Alexander Avdeev observes a statistical breakdown of the European family unit:

A demographic transition, which began in the 1960s in some countries, is characterized by long-term stabilization of fertility at below replacement levels, new forms of domestic organization other than marriage, and fertility that is independent of the legal status of the union. This . . . demographic transition is bringing new social challenges in its wake, including faster population aging, greater instability of households, and the prevalence of poverty in some types of households, such as lone-parent families and one person households.<sup>142</sup>

Commenting on this demographic change, Walter Laqueur observes that before World War I, the per-woman fertility rate was around 2.2, while currently it is at 1.37, an untenable level.<sup>143</sup> A decline in population will have a devastating impact on retirement funding and pension plans as the number of retirees increases and the number of workers paying taxes subsequently decreases. Pay-as-you-go welfare spending will reach an

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140. Ibid., 2-3. See Figures 11, 12, and 13, Ibid., 2, 2, 3.

141. Alexandre Avdeev et al., "Populations And Demographic Trends Of European Countries, 1980-2010," *Population* (English Edition) 66, no. 1 (2011): 16, accessed November 28, 2013, [http://www.ined.fr/fichier/s\\_rubrique/208/pop\\_e\\_66.2011.1\\_avdeev.en.pdf](http://www.ined.fr/fichier/s_rubrique/208/pop_e_66.2011.1_avdeev.en.pdf). See Figure 14, Ibid., 17. Alexandre Avdeev is an economics professor at Moscow State University.

142. Ibid., 40.

143. Walter Laqueur, *The Last Days of Europe: Epitaph for an Old Continent* (New York: Thomas Dunne Books, 2007), 21-22.

unstable critical mass in Europe. By the year 2030, “Germany, Japan, Italy, and Portugal, for example, will only have two workers for every retiree.”<sup>144</sup>

The welfare state has expanded much further in Europe than it has in America. Bruce Thornton, quoting T. R. Reid, states the social “‘safety net’ is like falling into a soft bed.” The average number of American days of paid leave in 2007 was approximately 10, compared to 23 in England and 25 in France.<sup>145</sup> Ferguson observes,

Europeans today are the idlers of the world. On average, they work less than Americans and a lot less than Asians. Thanks to protracted education and early retirement, a smaller share of Europeans are actually available for work. . . . Europeans are also more likely to go on strike. Above all, thanks to shorter workdays and longer holidays, Europeans work fewer hours. Between 2000 and 2009 the average American in employment worked just under 1,711 hours a year. . . . The average German works just 1,437.<sup>146</sup>

On the personal and cultural level, no amount of government coercion can force a person to marry and raise children. In a democratic society, no one can be forced to be a productive citizen. Nevertheless, these are decisive factors that are critically important for the continuance of civilization—a decision that citizens, not the government, must make.

### Europe’s Moral Decline

Bruce Thornton attributes the demographic decline of Europe to a culture of decadence, along with the abandonment of Christian values. He claims that the abandonment of values of liberty and free market capitalism, which once made Europe and the West great, is slowly eroding the population’s will to pass on those values to the

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144. Joel Kotkin, *Overpopulation Isn’t The Problem: It’s Too Few Babies*, Forbes, October 27, 2011, accessed February 12, 2014, <http://www.forbes.com/sites/joelkotkin/2011/10/27/overpopulation-isnt-the-problem-its-too-few-babies/>.

145. Bruce Thornton, *Decline and Fall: Europe’s Slow Motion Suicide* (New York: Encounter Books, 2007), 12. Bruce Thornton (Ph.D., University of California, Los Angeles) is a humanities professor at California State University, Fresno.

146. Niall Ferguson, *Civilization*, 265.

next generation. This worldview shift will have a profoundly detrimental effect upon Europe, which has “sacrificed values and beliefs that ensure survival for comfort and pleasure, a trade off that can only end in extinction.”<sup>147</sup> Secularism and materialism have robbed the European population of a sense of purpose for which to live. The philosophical shift that has played the greatest part in Europe’s decline is the rising prominence of secular religions that replace the Judeo-Christian God (statism, postmodernism, humanism). Church attendance in Europe is dismal; in Western Europe, the rate is around 5%, and in nations such as Great Britain, Germany, Sweden and the Netherlands, *monthly* attendance is less than 10%, compared to 50% every *week* in America.<sup>148</sup>

As adherence to Judeo-Christian ethics begins to wane, any number of other philosophies can arise to fill the void. Whenever someone holds something to be of ultimate value, that thing becomes, essentially, a god for that person. Every person, Herbert Schlossberg observes, has some “hierarchy of values.”<sup>149</sup> Cultures change from time to time, and, as James Sire observes, “a culture cannot lose its philosophical center without the most serious consequences. . . . When God dies, both the substance and value of everything else die too.”<sup>150</sup> Europe is the primary example of a culture that has virtually abandoned its Christian heritage, and the consequences are obvious.

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147. Bruce Thornton, *Decline and Fall*, 24.

148. Jeremy Rifkin, *The European Dream* (New York, 2004), 20-21. In Bruce Thornton, *Decline and Fall*, 30.

149. Herbert Schlossberg, *Idols for Destruction: The Conflict of Christian Faith and American Culture* (Wheaton, IL: Crossway), 1993, 5. Herbert Schlossberg (Ph.D., University of Minnesota) has his Ph.D. in European intellectual history and has written several books on the subject of worldviews.

150. James W Sire, *The Universe Next Door: A Basic Worldview Catalogu*, 5th (Downers Grove, IL: InterVarsity Press), 2009, 214. James W. Sire (Ph.D., University of Missouri) was formerly a senior editor at InterVarsity press and has written several book on worldviews and Christian apologetics.

Non-theistic religions exist, and one of history's deadliest is state-worship, or *statism*. Militant nationalist parties still thrive in Europe, however marginally. While fascist parties have only marginal success during European parliamentary elections, the most prominent version of state-worship is manifested in the welfare state.<sup>151</sup> When one relies on the state to provide paternalistic protection and economic salvation, the state—not the individual—becomes the primary moral agent. In a welfare state, government subsumes the roles of the church and the family, so that “the state becomes the enforcer of virtue in the family. It protects children against their parents, teaching the citizens that their real security is to be found instead in government bureaucrats.”<sup>152</sup> Indeed, “when loyalty to God disappears, there is no longer a barrier to an omnipotent state.”<sup>153</sup> Wherever trust in God is replaced with faith in the welfare state, citizens become drone-like, robbed of a higher purpose and of a guiding, transcendent moral ethic. As mentioned earlier, Europe is beset by idleness and hedonism. Thornton cites a 2003 Harris poll and World Health Organization data that showed that “57 percent of Americans are satisfied with their lives, [but] only 14 percent of the French, 17 percent of the Germans, and 16 percent of Italians [are]. . . . In many European countries, suicide is the second leading cause of death.”<sup>154</sup>

Fortunately for the rest of the world, Europe can function as a “canary in the coal mine,” especially for America.<sup>155</sup> A nation does not need to follow Europe's mistakes.

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151. Bruce Thornton, *Decline and Fall*, 44-46.

152. Herbert Schlossberg, *Idols for Destruction*, 216.

153. *Ibid.*, 229.

154. Bruce Thornton, *Decline and Fall*, 24.

155. Samuel Gregg, *Becoming Europe*, xvii.

Europe will probably fall off the fiscal cliff before it crashes from its demographic and moral death spiral. Fiscally responsible government is a choice: either by politicians, but sometimes by the electorate. Short-sighted voters might also vote themselves benefits ad infinitum until the government can no longer pay its debts. Either way, the positive results in fiscally responsible Germany and negative results in fiscally irresponsible Greece offer contrasting consequences.<sup>156</sup> America, and other nations, can observe the consequences experienced by Europe and learn from their failures and successes.

### **Conclusion**

Humans have shaped and acted upon history in ways too numerous to count. Every rational choice stems from some value held by individuals: from the vertical level with the values of those in power, to the horizontal level with the values collectively held as a culture. Actions have either good or bad consequences, as observed throughout history. One can observe the negative example of cultural values gone wrong in Europe. Europe has lost the will to survive and is in an apparent death spiral—but the world is not without hope. The leaders in Glorious Revolution Britain, Meiji Japan, and Independent Botswana each made their own breakthroughs in different circumstances, but all were guided by good values. Values—which transcend race or ethnicity—bind all of them together. Society can adopt good values and prosper, or suffer from bad values and die off. Fortunately for most of humanity, the choice has yet to be made.

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156. Ibid., 221.

### Appendix

TABLE 8.1 World Distribution of Large-Seeded Grass Species		
<i>Area</i>	<i>Number of Species</i>	
West Asia, Europe, North Africa		33
Mediterranean zone	32	
England	1	
East Asia		6
Sub-Saharan Africa		4
Americas		11
North America	4	
Mesoamerica	5	
South America	2	
Northern Australia		2
	Total:	56

Figure 1<sup>157</sup>

This figure demonstrates that, historically, Europe had a greater level of botanical biodiversity, particularly in the area of agricultural food production.

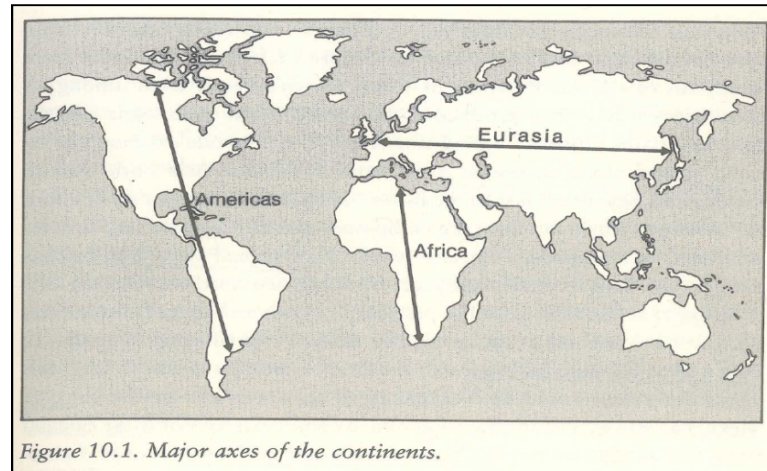
TABLE 9.2 Mammalian Candidates for Domestication				
	<i>Continent</i>			
	Eurasia	Sub-Saharan Africa	The Americas	Australia
Candidates	72	51	24	1
Domesticated species	13	0	1	0
Percentage of candidates domesticated	18%	0%	4%	0%
A "candidate" is defined as a species of terrestrial, herbivorous or omnivorous, wild mammal weighing on the average over 100 pounds.				

Figure 2<sup>158</sup>

In the same manner as Figure 1, Eurasia has a greater endowment of large, domesticated animals.

157. Jared Diamond, *Guns, Germs, and Steel*, 140.

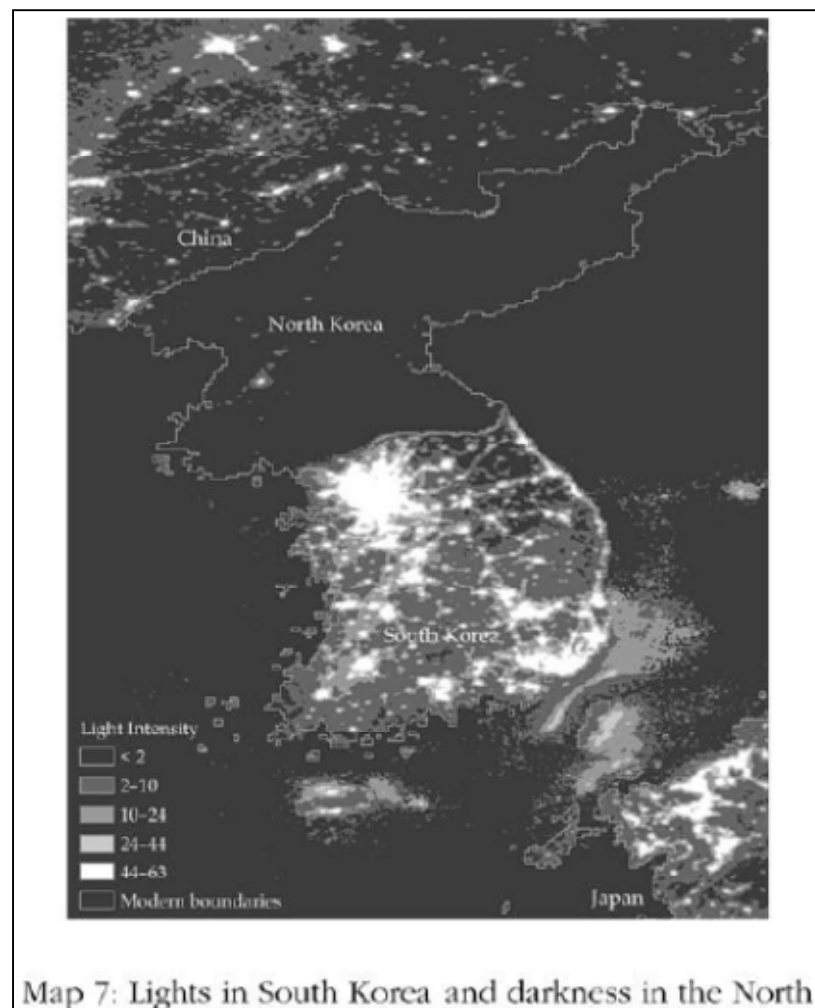
158. *Ibid.*, 162.

Figure 3<sup>159</sup>

This figure demonstrates that Eurasia was ideally shaped to preserve biodiversity and facilitate the transfer of ideas and biological material. Plants rarely survive changes in latitude. Figures 1, 2, and 3 are from *Guns, Germs, and Steel*.

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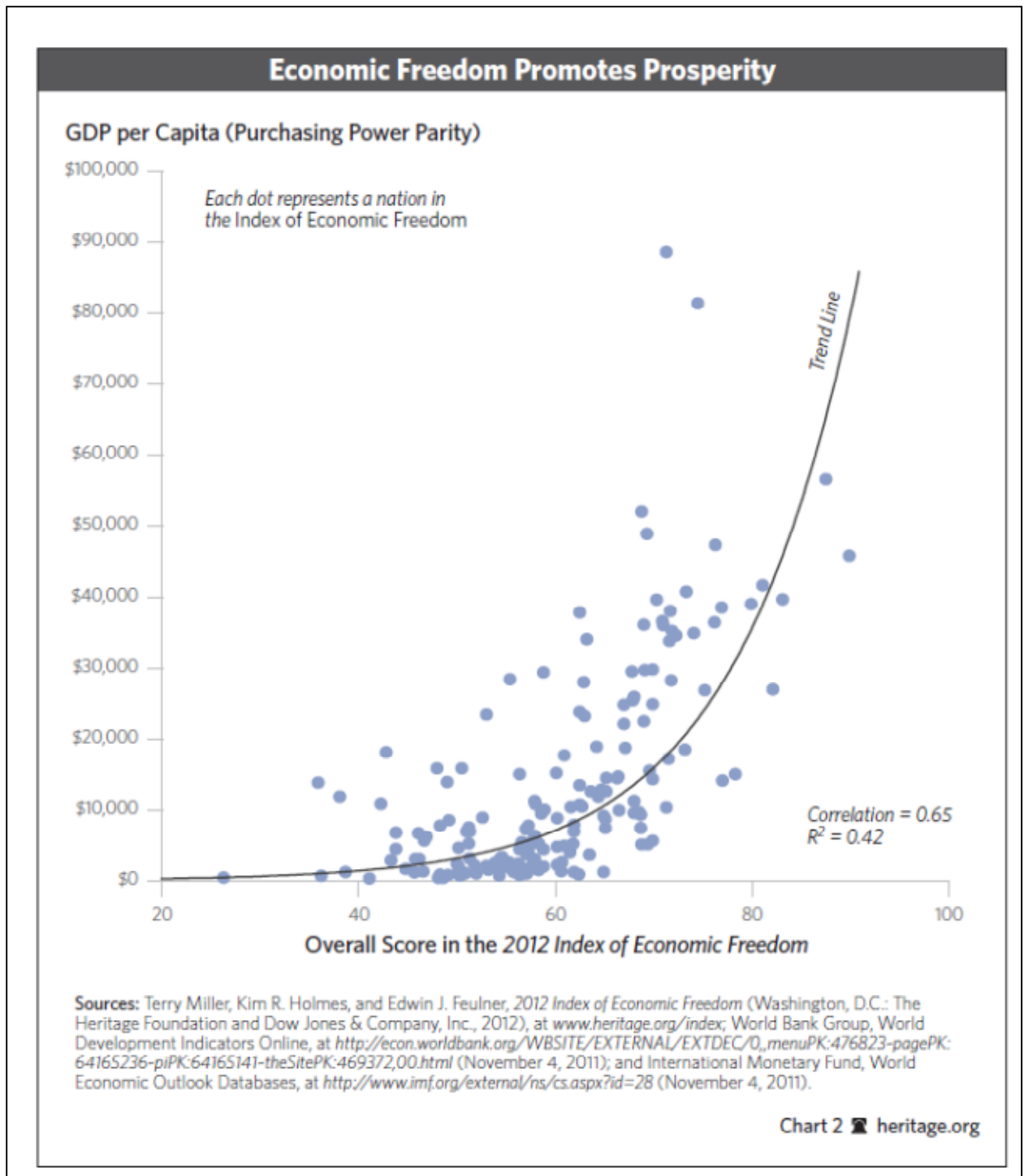
159. Ibid., 177.

Figure 4<sup>160</sup>

North Korea is grossly underdeveloped. This chart is from *Why Nations Fail*.

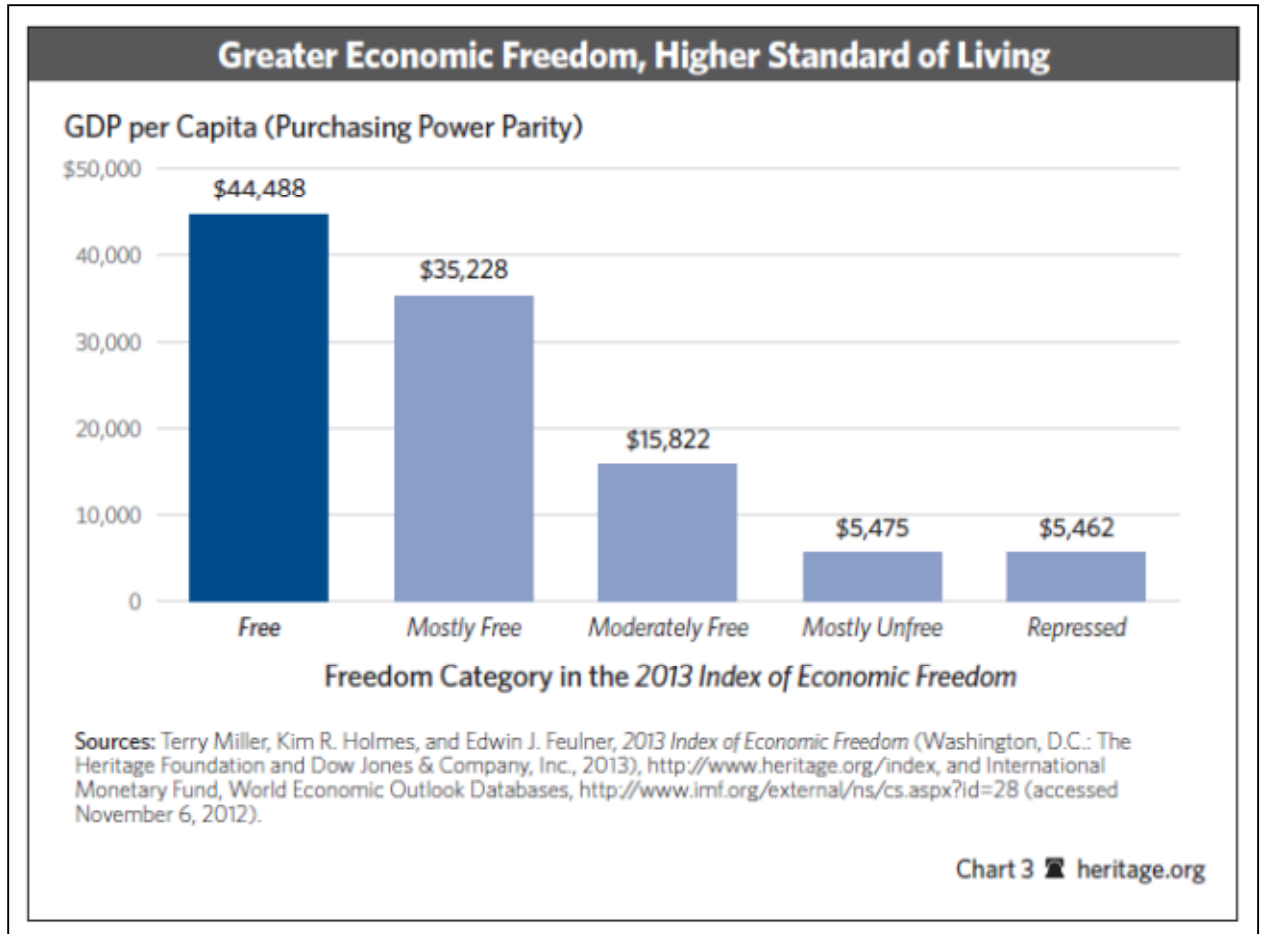
160. Daron Acemoglu and James A. Robinson, *Why Nations Fail*, 79-80, accessed April 20, 2015, <http://norayr.arnet.am/collections/books/Why-Nations-Fail-Daron-Acemoglu.pdf>.



Figure 5<sup>161</sup>

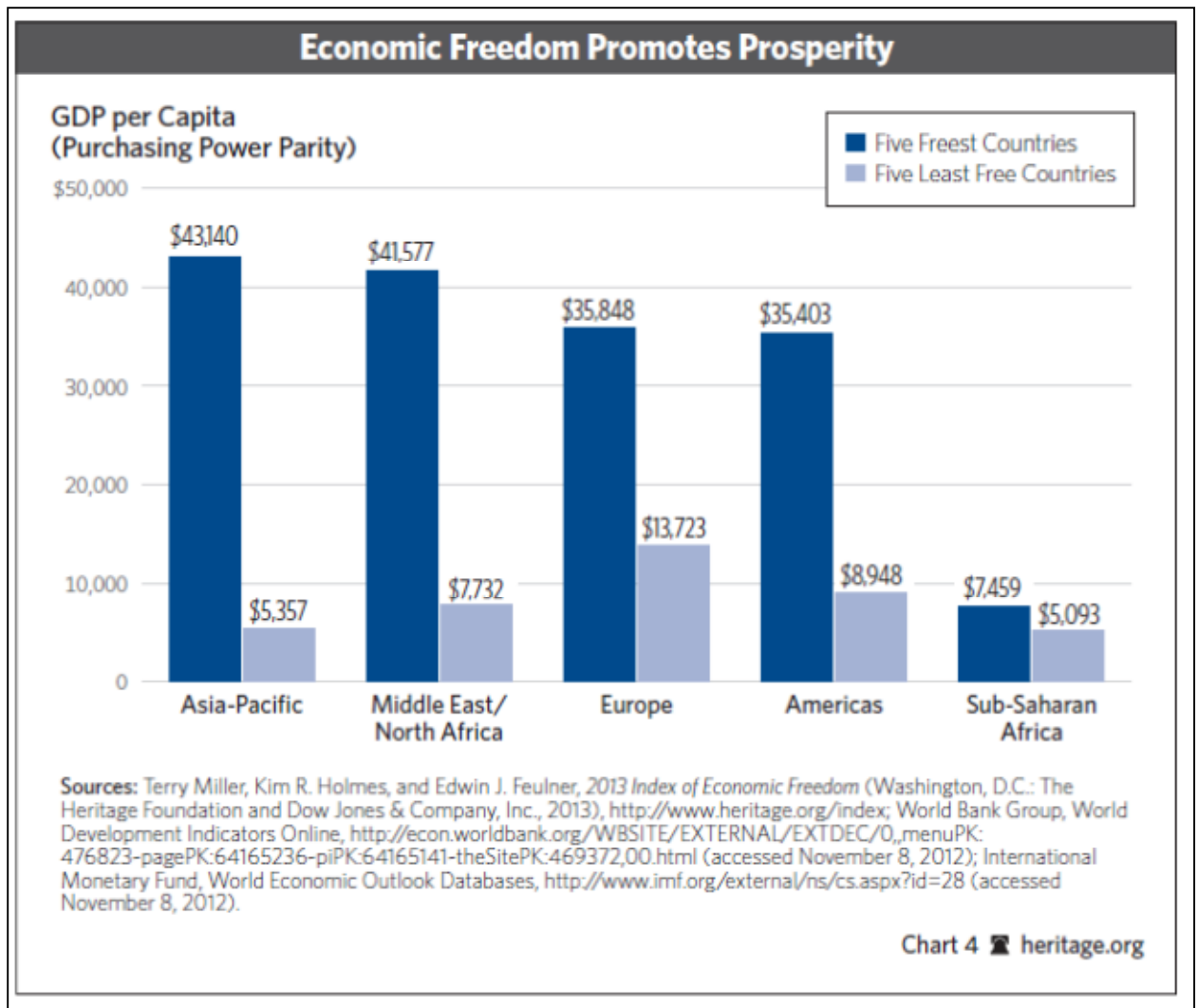
The data in this chart from the 2012 *Index* demonstrates a positive correlation between economic freedom and economic prosperity.

161. Terry Miller et al., 2012 *Index*, 3, accessed April 20, 2015, [http://www.heritage.org/index/pdf/2012/book/index\\_2012.pdf](http://www.heritage.org/index/pdf/2012/book/index_2012.pdf).

Figure 6<sup>162</sup>

This chart compares all nations in the *2013 Index*, demonstrating a global trend correlating freedom with economic prosperity.

162. Terry Miller et al., *2013 Index*, 12, accessed 20 April, 2015, .  
[http://www.heritage.org/index/pdf/2013/book/index\\_2013.pdf](http://www.heritage.org/index/pdf/2013/book/index_2013.pdf).

Figure 7<sup>163</sup>

Even among geographic and continental contemporaries, countries with greater economic freedom are more prosperous.

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163. Ibid., 13.

**Table 2** Accounts Produced *and* Consumed before Specialization and Trade

	Bob	Ann
Bananas	25	50
Fish	25	100

Figure 8<sup>164</sup>**Table 3** Amounts *Produced* with Specialization and Trade

	Bob	Ann
Bananas	50	25
Fish	0	150

**Table 4** Amounts *Consumed* with Specialization and Trade

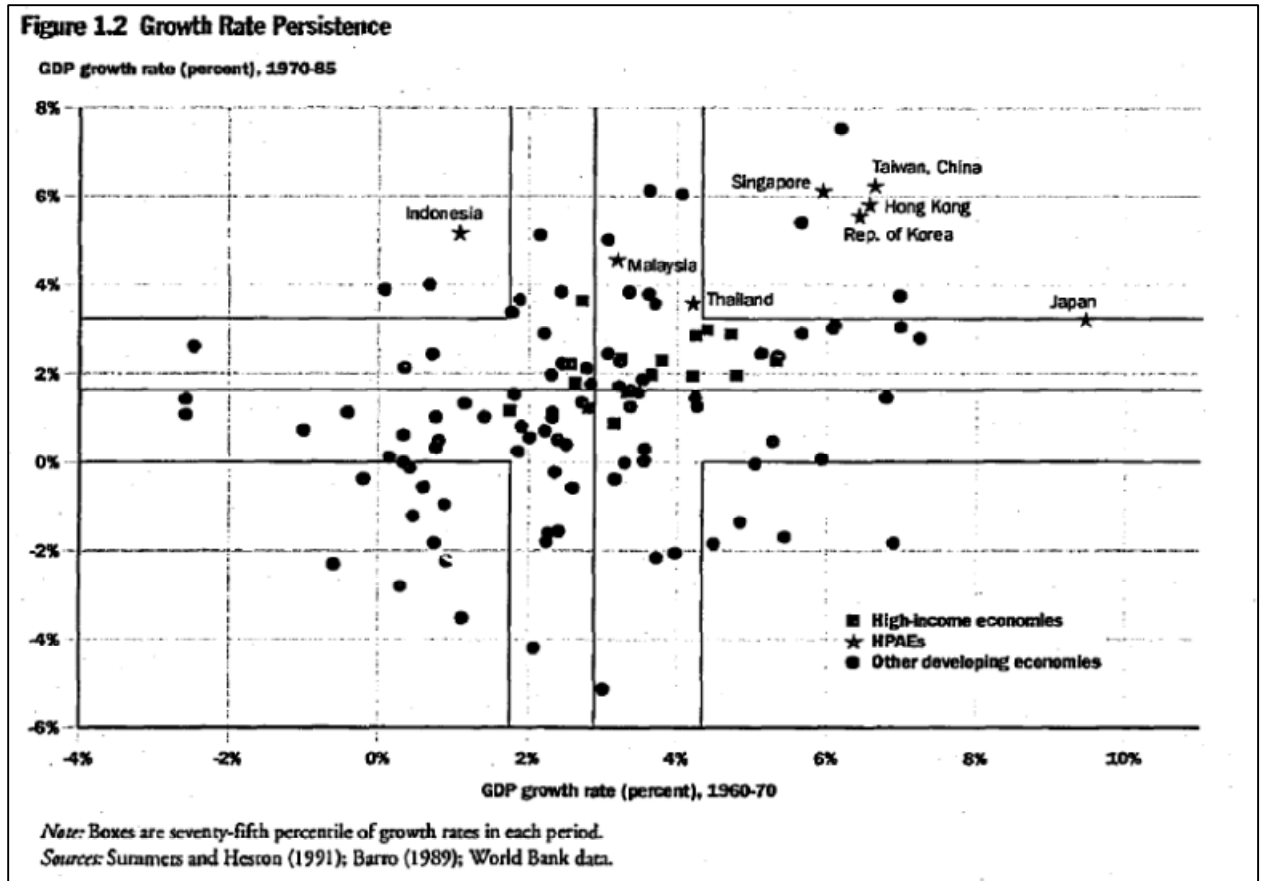
	Bob	Ann
Bananas	25	50
Fish	37	113

Figure 9<sup>165</sup>

Table 4 (from the *Concise Encyclopedia of Economics*) demonstrates that Bob is better off with specialization by twelve fish. Ann is better off by 13 fish. Both have increased the total amount to be produced and consumed by specialization.

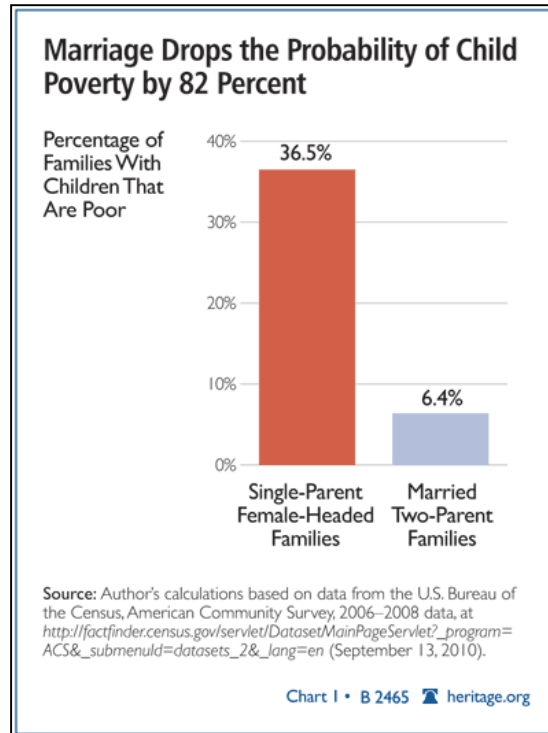
164. Donald J. Boudreaux, "Comparative Advantage," 70.

165. Ibid.

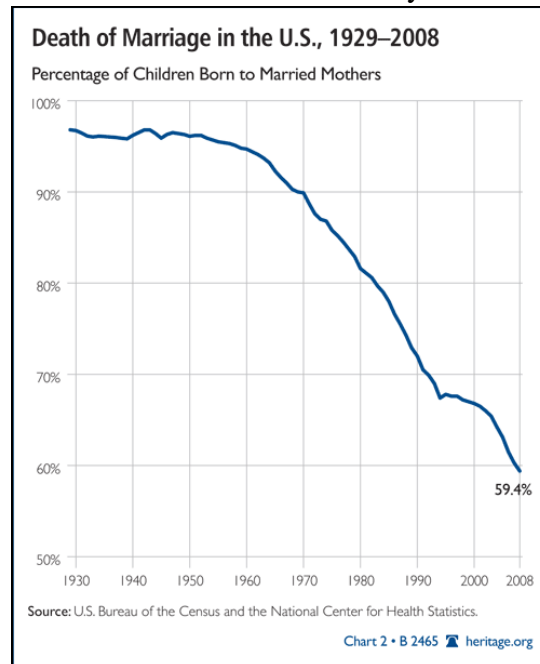
Figure 10<sup>166</sup>

This scatter plot from *The East Asian Miracle*, shows that the eight high-performing Asian economies are, as a group, the fastest-growing economies in the world.

166. World Bank, *The East Asian Miracle*, 30, accessed 20 April, 2015, [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/1993/09/01/000009265\\_3970716142516/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/1993/09/01/000009265_3970716142516/Rendered/PDF/multi_page.pdf).

Figure 11<sup>167</sup>

Statistically, children are better off financially in a married household.

Figure 12<sup>168</sup>

Marriage rates are on the decline in the United States.

167. Robert Rector, “Marriage: America’s Greatest Weapon Against Child Poverty,” 2, accessed 20 April, 2015, [http://thf\\_media.s3.amazonaws.com/2010/pdf/bg2465.pdf](http://thf_media.s3.amazonaws.com/2010/pdf/bg2465.pdf).

168. Ibid.

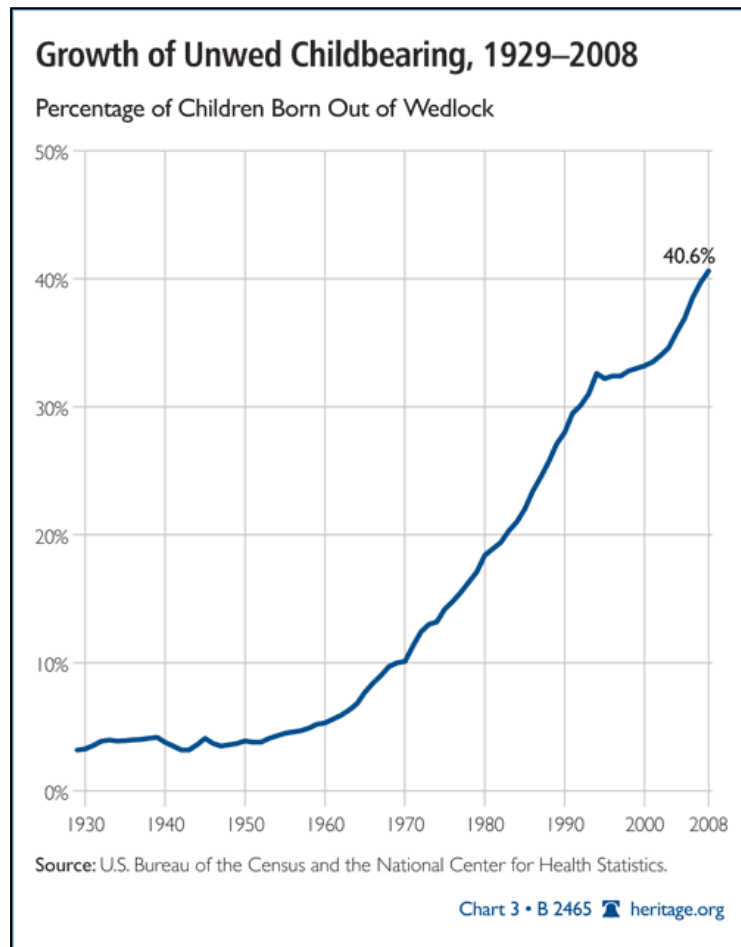
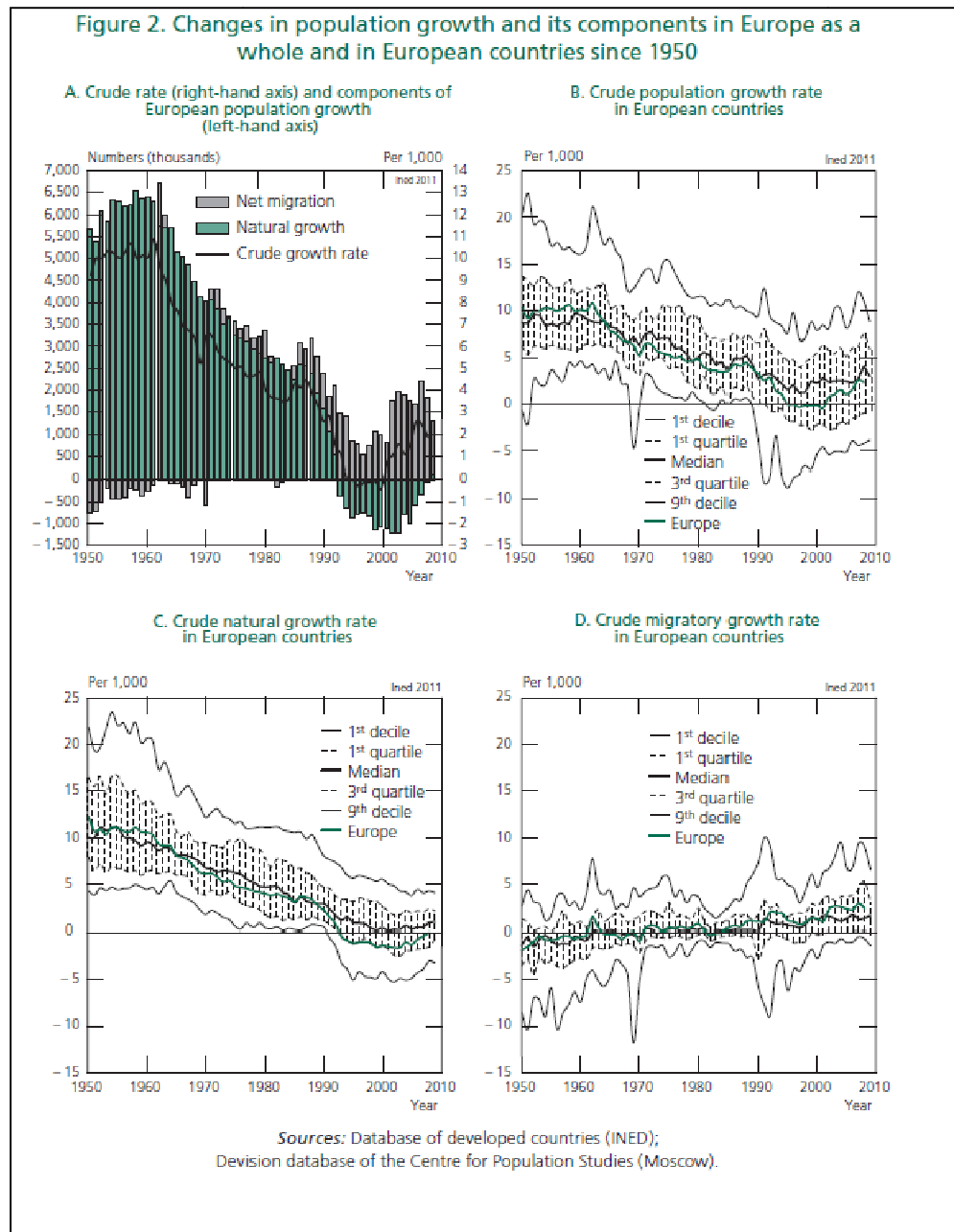


Figure 13<sup>169</sup>

Tragically, out-of-wedlock birth rates are on the rise.

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169. Ibid., 3.

Figure 14<sup>170</sup>

These charts, from *Population*, demonstrate that Europe's population growth rate, a net decline, is unsustainable.

170. Alexandre Avdeev et al., "Populations And Demographic Trends Of European Countries, 1980-2010," 16, accessed April 20, 2015, [http://www.ined.fr/fichier/s\\_rubrique/208/pop\\_e\\_66.2011.1\\_avdeev.en.pdf](http://www.ined.fr/fichier/s_rubrique/208/pop_e_66.2011.1_avdeev.en.pdf).



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