MONEY & INVESTING

The Wealth and Poverty of Nations

by David S. Landes

Why are some nations rich and others poor? Landes says culture and invention, not luck, made the difference.

BEST POINTS FROM THE BOOK

01 **Landes's bottom line: culture makes all the difference.**

After a thousand years of evidence, he concludes that a society's inner values - work, thrift, honesty, patience, curiosity - outweigh land, gold, and luck.

02 **Geography loads the dice, but it does not roll them.**

Tropical heat, disease, and pests made development an uphill fight for much of the world, while temperate Europe drew a kinder hand. But a bad hand can be outplayed - and a good one wasted.

03 **Europe's winning move was the invention of invention.**

Improvement became a routine: experiment, measure, borrow ideas from anyone, keep what works. Landes stresses openness - trusting your own eyes over old authorities - as the first key to success.

04 **Small tools can tip the balance of the world: think eyeglasses and the clock.**

Spectacles let aging craftsmen do fine work years longer; the mechanical clock taught whole societies to measure and discipline time. Tiny inventions, compounded, became economic power.

05 **A strong state can strangle a lead: China invented, then turned inward.**

China led the world in technology, but its court ended Zheng He's great ocean voyages (1405-1431) and banned private sea trade. With officials free to squeeze the rich, invention lost its reward.

06 **People build when what they earn is safe from the ruler.**

Secure property, fair courts, and a government strong enough to stop its own servants from confiscating wealth - Landes counts this political formula as Europe's second key.

07 **Many rival states beat one big empire - because talent could walk away.**

In fragmented Europe, a persecuted thinker, heretic, or craftsman could cross a border and keep working. A unified empire can kill an idea everywhere at once; Europe's rival rulers could not.

08 **Easy riches are a curse disguised as luck.**

Spain flooded with American silver and grew less productive, not more; Landes says oil-rich states repeat the pattern. Windfalls reward idleness - earned wealth builds skills and institutions.

09 **Colonialism, he argues, does not explain who stayed poor.**

One of his most debated claims: some colonies grew rich and some never-colonized nations stayed poor, so the decisive factor was the institutions and values a society lived by. Historians like Kenneth Pomeranz push back, crediting coal and colonial resources instead.

10 **The best clue to a nation's future is how it treats its women.**

Landes's own claim: the status and role of women is the best clue to a nation's growth potential. A society that benches half its talent pool - his example is the Middle East - competes with one hand tied.

11 **Wealth is rented, not owned: leaders who stop learning fall behind.**

Spain, then the Netherlands, then Britain each lost the lead through complacency and resistance to change. Landes pointedly warns the modern United States with the same pattern.

12 **Catching up is possible - but it is done by learning, not by aid.**

Japan, then South Korea, Taiwan, Singapore, and Hong Kong grew rich by borrowing technology and building the habits to use it. His closing recipe: no miracles - keep trying, stay skeptical, empower people instead of shipping money.

THE BOOK, IN SHORT

The question is in the subtitle: why are some nations so rich and some so poor? When Landes wrote, the gap between the richest and poorest countries had swollen from roughly five-to-one a few centuries earlier to about 400-to-1. A Harvard economic historian, he answers with a sweep through a thousand years - and centers the story unapologetically on Europe, because that is where the breakthrough to modern growth happened.

He starts, honestly, with nature. Tropical heat saps energy and breeds disease and pests; temperate Europe had kinder land, water, and seasons. But geography only deals the hand. Europe's real edge grew after Rome fell: a crowd of rival states, semi-independent cities, protected private property, and a growing willingness to test ideas against experience. That produced what he calls the invention of invention - water wheels, eyeglasses, the mechanical clock, printing - improvement as a standing habit rather than a lucky accident, leading in time to the Industrial Revolution in Britain.

The failures teach as much as the successes. China was the world's technology leader, but an all-powerful bureaucracy ended its ocean voyages, banned sea trade, and left merchants exposed to official extortion. In the Islamic world, Landes blames thought control - above all the centuries-long refusal of the printing press, which he calls Islam's greatest mistake - and the subordination of women. Spain shows the opposite trap: a flood of American silver that rewarded idleness instead of industry. And he argues, controversially, that colonial exploitation cannot be the master explanation:

some colonies grew rich and some independent nations stayed poor, depending on the institutions and culture each lived by.

Leadership, in his telling, keeps moving: Spain slowed, the Dutch stagnated, Britain grew complacent and lost its industrial crown to America and Germany - a warning he aims at the modern United States. Yet the book is not fatalistic. Japan and the East Asian tigers prove that latecomers can catch up by learning voraciously and changing their habits. His famous conclusion is that culture makes all the difference - and his closing advice is modest: no miracles, no perfection; keep trying, with what he calls a skeptical faith.

DO THIS WEEK

This week, run Landes's audit on your own small world - your team, business, or household. Ask three questions: (1) Do people here keep what they earn, or does effort go unrewarded? (2) Do we borrow good ideas from anywhere, or reject them for being foreign or new? (3) Is anyone's talent being benched by an old rule or habit? Pick the weakest answer and fix one small thing about it before the week ends.

By David S. Landes, first published 1998. Read it if you want the big history answer to why wealth grows in some places and stalls in others.