

## **Annotation**

The aim of this diploma thesis is to verify, based on the application of the theories from Daron Acemoglu and James A. Robinson on the case of South Africa, whether the setting of institutions in the state influences on the function and prosperity of the state. The authors discuss in their book "Why Nations Fail: The Origins of Power, Prosperity and Poverty" about the theory of extractive and inclusive institutions. To explain these terms, they mention the two cities of Nogales (one in the US, the other in Mexico). Although the historical development of these cities was almost identical, especially in cultural terms, today these cities differ in terms of economic, health care or education of the population. The authors consider different types of institutions to be the cause of the differences, as the Mexican ones are rooted in the colonization period of America by the Spain. Conquistadors looted in the colonized territory, enslaved the indigenous peoples, and transported gold, along with other resources from the country back to Europe. The local elites, after decolonization, have adapted to this established order and, in these countries, extractive institutions still remain to this day. On the other hand, inclusive institutions enable and support the involvement of broad masses in economic activities in the state, develop their talents and abilities, enable people to make their own choices. Inclusive institutions require private ownership, impartial legal systems and public services. The authors also refer about South Africa under the British rule, but only at a time when the British administration has allowed the original black population to do business in agriculture, turning economic institutions into inclusive. However, the change of the institutions was only temporary. The white population protested against the equalization of the black population in business, and the British administration turned the process back into an extractive institution, thus halting the development of indigenous peoples. But today, after the consolidation of South Africa's democracy at the end of the 20th century, these institutions are not entirely recognizable. The presented work aims to distinguish this setting of institutions.