



By: [Emre Alkin](#)

What Does the Nobel Prize in Economics Tell Us?



The Nobel Prize in Economics was **awarded** this year to three esteemed academics who co-authored the same study. In summary, their work illustrated that geography is not destiny, but rather the philosophy behind the institutions that govern the masses directly impacts development and other factors.

The timing of the award is also significant. This is because global politics has started to perceive democracy merely as a function of voting, and autocracy has seen an irrepressible rise.

The Nobel Committee's decision to honor this particular study feels akin to saying, "stop this train, there are people who need to get off."

The direction that the political train is heading is not the right one. Governments that show no respect for free will have triggered a period of unrest to continuously win at the polls by evoking existential threats and imposing security-oriented policies. The world turning into a fireball provides them with sufficient arguments.

In this process, as conservative governments increasingly shift toward the far-right, we have also encountered "new conservatives." Traditionally, conservatism implies protecting established institutions, essentially preserving them.

However, the new conservatives are keen on dismantling existing institutions and replacing them with new ones. At this juncture, it is essential to note that the study awarded the Nobel Prize contains crucial observations about how the philosophy adopted in establishing institutions correlates directly with a country's future, even its destiny.

Successes in the short term

Autocratic and centralized governments may achieve certain successes in the short term. If you recall, I discussed this situation in my article titled "Electoral Democracy or Electoral Autocracy" months ago.

However, while creating benefits for politics, we must not forget that the institutions that increasingly lose their function of generating benefits for society are also the creations of autocratic and centralized politics.

Frankly, institutions that do not work for the welfare of the people cannot be labeled as democratic institutions; those that ensure the continuous dominance of a particular power or ideology should be recognized as such.

Given this context, governments engaging in behaviors that disrupt the order also grant themselves the right to "fix" the situation every morning as if someone else has created the problem. They have established the order in this way.

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In reality, governments are the creators of inflation, unemployment, and waste, yet they constantly intervene in politics as if someone else is responsible, inventing a survival method for themselves. The claims of "everything would be disastrous without us" naturally follow.

However, they are the ones responsible for the disastrous state of affairs, yet they see themselves as the capable fixers. Drawing from the ancient saying "the tailor cannot sew his own clothes," they seem to struggle in understanding why the new institutions they created with their own hands do not yield the desired outcomes.

Who holds the power to make decisions?

Perhaps the most important analyses from the Nobel-awarded study center around three points: First, it is crucial to determine who holds the power to make decisions regarding resource utilization.

Second, there is a possibility that the masses may have the opportunity to exert power by mobilizing or threatening those in power.

Third, if there is no alternative, the elites who holds power delegate decision-making authority to the public.

When we look at the issue in depth, it is favorable if the elites, groups, or even the masses holding power can establish a system for utilizing resources that does not incite public rebellion.

Leaders who come to power with the support and votes of the people often say, "there is no reason to ask them; I know what is best for them"

However, if there is dissatisfaction regarding this matter, citizens naturally rise up and pressure the leaders to look in a different direction. Ultimately, those who hold power realize that they have no choice but to transfer decision-making authority to the public. However, it is challenging to claim that this process continues uninterrupted or without issues.

As stated earlier, leaders who come to power with the support and votes of the people often say, "there is no reason to ask them; I know what is best for them," and they begin to make legal arrangements to legitimize this approach, creating institutions in that framework.

Such occurrences are frequently observed in the history of democracy. Naturally, welfare and development are consistently interrupted.

Deciding on the distribution of resources

Deciding on the distribution of resources and their transformation into economic value is critical and plays a direct role in the distribution of welfare. On the other hand, determining who will convert those resources

into economic value is another crucial decision.

This is where political elites create their business elites. Deciding who benefits from the economic value created is as important and critical as the first two decisions.



The resources themselves that matter, but also how they are used and for what purposes, as well as who benefits directly or indirectly from these resources - Emre Alkin

Therefore, it is not only the resources themselves that matter, but also how they are used and for what purposes, as well as who benefits directly or indirectly from these resources, which is of great importance in increasing the welfare of the public.

If, in a country, there is no other layer increasing its share of total income besides those at the highest income level, it can be said that the institutions established to govern the state and the nation are not functioning correctly.

This situation not only indicates a distortion in their foundational philosophy but also raises the possibility that they may be used in ways that do not align with their intended philosophy. In either case, the fact that things are going wrong is a clear reality.

Autocracy has morphed into electoral autocracy

Since the 1980s, practices invented to reduce the negative impact of politics on economic values, such as privatization and deregulation,

as well as autonomous regulatory authorities, have paved the way for powers to completely seize control in electoral democracies.

It is observed that autocratic countries utilize these institutions and approaches solely to attract foreign investment, without fundamentally believing in them.

Privatization, deregulation, and autonomous institutions were actually created to forge a common understanding among people with differing opinions. It is unlikely that any beneficial outcomes for society can arise from countries where those in power say, "I will appoint the brightest person who thinks like me and will not deviate from what I say."

Liberal democracy has gradually transformed into electoral democracy, and autocracy has increasingly morphed into electoral autocracy

In summary, as countries established with autocratic or totalitarian logic become democratic enough not to disrupt their order, those countries that have developed their democracies over time are increasingly becoming more autocratic.

In other words, as I mentioned earlier, liberal democracy has gradually transformed into electoral democracy, and autocracy has increasingly morphed into electoral autocracy.

I believe that the work awarded the Nobel Prize by Daron Acemoglu, Simon Johnson, and James A. Robinson is one that politicians who seek to enhance welfare and distribute it justly should carefully examine, rather than those looking for ways to maintain power as they do not embrace these positive approaches.

When power becomes a tool for more power, logic is replaced by every kind of malice.

Not to forget: Many people around the world believe that "benevolent dictators" are needed to fix all these negative issues. I think we are at the peak of the philosophy of "oppress me, but

do not leave me hungry."