



By: *Emre Alkin*

Radical or Idealistic? At Least Let It Be Realistic



Javier Milei did not perform a **miracle**. He merely did what was necessary. This implies that leadership will be required to do what is necessary. The reason developing countries struggle to become developed is due to leaders often saying, "This is enough," rather than doing what needs to be done.

Not only in Turkey but in many developing countries around the world, politicians are asking questions that imply, "How can we overcome economic problems without disturbing our comfort?"

Although they do not phrase it this way, they continually mention the difficulties of the conditions, internal politics etc. In countries where the state and government are intertwined, this is normal. Therefore, it is necessary to discuss what is realistic rather than what is ideal or radical.

If I were to be asked for an official report one day, I would start with an introduction that means "let's not fool ourselves." I am obliged to do this; otherwise, the report would simply be a superficial "make-good" document prepared to please political elites. I have no need for that.

The "servility" that John Stuart Mill emphasised in his book "On Liberty" has already brought developing countries to this state. Now, let me return to the main issue.

Comfortable positions

I would continue by saying, "Since there will be no fight against **inflation** without reducing public spending and making significant cuts in the government, the most accurate approach is to increase production and welfare."

Because telling citizens to "stop spending" while continuing public expenditure destroys the relative price balance. Thus, since governments in developing countries will not refrain from public expenditures, it is imperative to urgently change the recipes of impoverished citizens, or else this situation will negatively affect citizens' attitudes

towards the government.

For those who do not want to leave their comfortable positions, there will certainly be no effective recipe.

In developing countries, with heavy public costs and expenditures, it is impossible to implement a rapid inflation-reducing policy

Let's accept the facts: in developing countries, with such heavy public costs and expenditures, it is impossible to implement a rapid inflation-reducing policy.

Governments must produce policies and programmes that increase citizens' welfare and production while being selective with credits and aware of the realities, disregarding the criticisms of liberal economists.

It should not be labelled as "anti-inflationary policy" or "disinflation policy." Ordinary citizens loathe this terminology and cringe upon hearing it. Let's call it a "Development & Welfare Programme." It sounds much better and does not even mention the word inflation.

Let's not tire the citizens unnecessarily

The subtitle of the report I would write would probably be: "Let's not tire the citizens or the business people unnecessarily." For example, I would suggest that governments that control exchange rates gradually loosen their grip, which requires a gradual decline in interest rates.

If the current economic administrations in these countries object, a short list of colleagues who are serious enough to have public credibility and are unlikely to face societal objection should always be kept ready.

Because many of the "saviours" appointed in these positions in emerging countries today,

hold citizenship of other countries that are far from the realities of their own, also having studied abroad in the West. They can turn back; there would be no problem.

However, if they continue to impoverish citizens, then governments will not be able to remain in power. Therefore, a strong list of "patriots" has to be prepared before the action.

The real burden on citizens is the rising service prices

Let's get back to the subject: The real burden on citizens is the rising service prices. We can track the prices of goods and observe production processes. We can intervene comfortably. However, we cannot intervene in service prices.

There are substantial price increases globally, from transportation to communication. These increase burdens on people significantly.

The communication sector is gaining tremendous profits, while airlines are also progressing in the same direction. It is essential to slow down price increases, particularly in transportation and communication.

Additionally, prices in all public transport services should be regulated under public leadership, from trains to buses. There needs to be a serious effort regarding rents for homes and offices in some developing countries. A rigidity has formed between tenants and landlords.

The "Development & Welfare Programme" must be managed well in terms of public relations, emphasising warm, understanding communication rather than a cold demeanour towards the public. The technical explanations from economic administrations imported from abroad are infuriating citizens.

Therefore, the process needs to be managed with calm yet compassionate communications that demonstrate state empathy.

In summary, if there are politicians reading this who feel "the current team cannot possibly succeed," they should consider either supplementing or changing the team. As mentioned earlier, prior to doing this, they should form a shortlist of names that the public would not object to.

Which country, aside from Argentina, will implement a pragmatic programme

The most important issue is this: radically reducing taxes on citizens' essential needs should be a primary action. If high taxes are imposed on goods and services that citizens are forced to spend on simply because they are easier to collect, inflation will not decrease but rather become entrenched.

It is necessary to reduce VAT and special consumption tax without heeding anyone's opinions, starting with food items. Additionally, effective oversight must be implemented. In some developing countries, economic administrations make hollow claims like "we have the lowest VAT in the world."



In many developing countries, high taxes and high domestic borrowing are crushing citizens and the business world. This needs to stop urgently - Emre Alkin

It is crucial to pursue tax optimisation regardless. When citizens earn very little and are subjected to high taxes on their essential needs, inflation becomes rigid. Furthermore, there should be optimisation of VAT and STV across all goods and services.

Typically, in such countries, these rates are set

either reactively or to protect the interests of specific groups.

Looking back at my writings, I realise that I reiterated this warning during the pandemic: "It is more appropriate to focus on domestic borrowing rather than collecting more taxes from citizens."

Unfortunately, in many developing countries today, high taxes and high domestic borrowing are crushing citizens and the business world. This needs to stop urgently.

In conclusion, my final note is this: the "Development & Welfare Programme" must have a specified duration, clear objectives, and, as the name suggests, a design aimed at welfare. Ambiguous programmes with no defined duration or goals undermine trust.

When citizens do not know for how long, why, and for what purpose they are expected to sacrifice, everything works against the government. Therefore, transparency and accountability must be the philosophy of the new programme. As much as they can, of course.

By 2025, we need a new narrative that gives hope to developing countries. Let's see which country, aside from Argentina, will implement a pragmatic programme.