

EMRE ALKIN

## EXIT FROM ECONOMICS

*How did we become like this?*

*What do we do now?*



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**EMRE ALKIN / EXIT FROM ECONOMICS**

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**INTRODUCTION  
TO ECONOMICS**

**EXIT FROM  
ECONOMICS**

*How did we become like this?*

*What do we do now?*

Translated By İlke Yalçın



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## PREFACE

My Dear Father, Dear Professor Alkin:

I was only a college student when I first read your book, which made me feel hugely responsible and proud as a young man. You had taught a lot of people in Turkey “the economics”, and it was my turn to learn it. When I was in university, my friends and academics used to joke about it, saying, “You can always ask you dad if you don’t understand the class”.

Sadly, there is a plenty of things I still try to understand about the challenges Turkey is facing today. But, I cannot ask for your wisdom now, since you are no longer here with me. You told me everything Turkey would go through long ago; before they happened. But you also used to say, “Turkey has a bright future ahead”. Hearing words of hope and encouragement from you would make me feel stronger than ever.

Now that you are gone, I feel responsible for spreading your words. I used to look up to you for strength, but today, I am on my own. Standing alone where you too once stood alone, I draw power and inspiration from a beautiful thing:

*Founding principles of the Republic of Turkey, and the universal moral rules that everyone should follow...*

In this book, I approached your writing in a different way than you did with your books. After all, we are living in the age of social media and artificial intelligence. The factors of production have changed considerably over time; new instruments emerged to become a new form of money. That is why I had to take up where you left off and finish this journey. You called this journey “Introduction to Economics”, but I call it “Exit from Economics” now since we no longer live in a rational world.

You used to say that some of those mega projects are nothing but a waste of time and money. I am writing the preface for this book in Istanbul Airport, which costed Turkey a lot of money and caused a tremendous waste of people’s time and money since its launch. I guess destiny’s funny that way. I arrived at the airport at hours before my scheduled departure time. So, I turned on my laptop and begun to write. After all, educated people should have the ability to turn a bad situation around into a good one. Don’t you think so?

*I shall always remember you with respect and gratitude.*

*Your son Emre*

*May 7<sup>th</sup>, 2019*



## **THIS IS OUR STORY**

If you are one of those who constantly wonder how and why this world became like this, this book is for you.

I will tell you every single detail that has led us to where we are today. But before I do that, I would like to begin with the most apparent reason: Today, there is a distinct erosion of the doctrine of separation of powers and the three pillars of “structural reforms”, which are justice, education and freedom. The reason why justice, education and freedoms have been eroded over the years is not solely about the fact that these pillars are arbitrarily used by the will of political figures, but it also about the fact that the majority of society now think that these values are not worth money. A tragic regression indeed... According to the IMF, people suffering from extreme poverty tend to think that education is pointless. Everyone that is convinced that justice, education and freedom will not help them achieve success in life automatically reconciles with this unreality. But, this does not mean that there are not different forms of thinking.

This book is dedicated to those who still believe that there is a last exit before the complete darkness. This is, in a sense,

an attempt to prevent good people from doing bad things. I know we cannot change bad people, so I consider this book a match flame lit up for good people, since their sudden desire or inclination to perform evil actions would definitely disrupt balance in the world. Darkness cannot drive out light, but even a tiny match light can do the opposite. This book is based on true experiences, mistakes, and analyses. A book written by mistakes of the people... Including me...

So, this book covers many topics, including design, innovation, GDP growth, and development. I did not want to bother my readers with unnecessarily complicated vocabulary but I made sure that it preserves its scientific aspect as well. I tried to share with you my original thoughts and opinions based on my knowledge and my experiences.

For example, it's pointless to ask, "Why do we fail?" In fact, "How do others succeed?" is what we should ask instead. We sadly cannot stop asking "Why do we fail?", and go beyond it because of the false belief we have that the current economic models are working. As Turkish society and the people of other emerging countries, we suffer from an interesting condition where we tend to boast about getting ordinary results from extraordinary people. However, in many other places of the world, ordinary people can yield extraordinary results. So, why do we stand on the wrong side of success? That's what I'm trying to answer in this book.

I called this book "Exit from Economics" since it is almost impossible to convince people to embrace change, especially those who see the world through a lens of rational world paradigm. We do not live in the age of noble actions and emotions anymore. Thought models of the 1950s and the 1970s no longer function. Most people today do not dream of a home

where they can live happily ever after with their loved ones, or of a job they can work for decades before being eligible for a pension. Even the last members of these generations now seem to be adapted to the habits of new generations.

This book is meant to disturb the comfortable. This is hardly a book of lecture. It was written in an attempt to distress, not to help you find peace. This is an invitation for you to get out of your comfort zones in order to stop living amidst lies, confusion and chaos. After reading this book, I hope you will look at yourself, the world around you, and say, “Something’s not right here”, and hopefully comprehend the reasons why humans had to bid farewell to rationality.

From Turkey to regions across the world, this is our journey towards unbelief in rationality. This is our story...

One final word: I would like to extend my deepest thanks and gratitude to my dear editor, Ms. Özlem Küskü for the Turkish version and İlke Yalçın for the English version of the book; with whom I worked before in the editing of my previous books. Thank you again for your relentless efforts. I also need to express my special thanks and appreciation for Yelda Cumalıoğlu, the CEO and owner of Destek Media Company, for acknowledging the fact that writing is an exercise in freedom. Her approach to writing and writers is a rare and priceless treasure, especially in today’s world.

## **WHY DOES MORAL BREAKDOWN LIE BEHIND PROBLEMS IN TURKEY AND SIMILAR COUNTRIES?**

The day I turned fifty I sat down and started to write this book. To some people, I am too old, while for the others, I'm still young. Yet, I have had a substantial amount of experience so far and made a lot of mistakes in my past. But, I am a person who prefer learning from my own mistakes, rather than living with regrets.

According to a survey conducted by PİAR Survey Company (July 2019), people in Turkey face three major problems: bad economy, ineffective enforcement of migration policies and high unemployment rate.

Turkey went through all of these problems many times before. But, when I look at today's Turkey, I can foresee that it may face more serious problems in the future because of the effects of lack of education.

I realized that I have been giving the same answer for some time now to questions about Turkey's economic problems.

– What do you think is the most important problem facing the economy today?

– Obviously, moral degradation!

Interestingly, no one seems to like my answer, which leads me to the conclusion that I tell the truth. When we look at other countries' experiences in dealing with economic problems, we notice that moral breakdown first begins in highly popular human activities, such as sports, politics, music, literature, business, bureaucracy, military, and the list goes on. But, is this a typical situation in Turkey?

As developed countries have already experienced the painful consequences of moral degradation, they do absolutely not let any person lose their moral values even when carrying out a small, ordinary task for a small organization. They too prefer learning from their mistakes.

According to a 2018 survey by the IMF<sup>1</sup>, in some countries, higher the level of corruption leads to a lower average level of education. Young people and their families living in these countries believe that a quality education/a good set of skills and abilities are not really necessary for gaining wealth and/or respect in society. The mismatch between the education level and the income level of the wealthiest business people and political leaders in these countries, their crooked justice system, and restrictions on civil liberties render graduation more important than education in the eyes of parents, who spend relatively too much on their children's education every year. In other words, rather than making sure their children receive a good education, parents want their children to have more practical and useful skills for life and work, and to start building a life. I mean they want them to receive a diploma as soon as possible.

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1. Patrinos ve Angrist

The most recent edition of Credit Suisse Research Institute's "Global Wealth Report" shows that wealthy people tend to have larger share of GDP in countries with higher rates of corruption. In Turkey, Russia, and in most of the developing countries, the wealthiest top 10% own 75% to 85% of global assets. However, the number of dollar billionaires or millionaires in these countries fluctuates due to recurring financial crises. It can be seen that the global leaders in technology and innovation and the countries with the highest industrial outputs in the world, are in the top ranks of the prosperity index. And I think I would not be wrong in saying that the reason why these nations lead prosperous lives is because they attach great importance to education, and more importantly, they are committed to fight against corruption and the moral decay.

Today, modern rhetoric enables people in the political arena to use population growth and growth in per capita GDP as robust political arguments. But, most of the developed countries investing heavily in education are not among the top ten countries with the highest GDP per capita. They are also less populated. However, the political arguments used by political leaders in Turkey as well as in many "developing" countries reflect a "less developed" point of view, like trying to make overpopulation and high GDP look like big success.

Based on my calculations, it seems very unlikely for Turkey to rank among the top ten countries with the highest nominal GDP before 2050 unless Turkey changes its outdated economic model. I am talking about a model with wasteful practices that are based merely on construction activities and "mega" projects. The growth target that the government desires to achieve is actually not a sensible target at all. And here is why:

According to an analysis by *the Economist*, in 2050 Indonesia and Mexico will rank among the top ten countries with the highest nominal GDP. Indonesia is expected to rank as the fourth-largest economy by 2050 after China, the United States and India, thus surpassing Japan and Germany. Mexico, on the other hand, is projected to rank 8<sup>th</sup>, exceeding France and UK.

Now, based on these projections, is it possible to say that Indonesian economy will deliver more prosperity than that of Germany, France, UK, Japan, and even that of Italy, which could be out of the top 10 by 2050? Could we even claim that Indonesia or Mexico will overtake developed countries in terms of human rights, justice, technology, healthcare, quality, branding etc.?

Now, let me approach this matter from a population perspective: According to a United Nations report, ranking number 7 in the list of top ten countries by population in 2015, by 2050, Nigeria will become the world's third largest country by population, following India and China. Indonesian economy is projected to rank number 4 in the list of the top ten countries with the highest GDP by 2050. Similarly, population of Indonesia is also expected to rise to the 5<sup>th</sup> place by the same year. The UN report predicts that Ethiopia, Congo, Bangladesh, Brazil, and Pakistan will be among the 10 most populous countries by 2050.

Now that you have read the UN data, I wonder whether any of you would want to live in one of the abovementioned emerging economies instead of living in a member state of the European Union. Let me put it another way, "Would these two factors, population and GDP supremacy, make you decide to live in one of these countries?"

I always give open-book exams to my students, and I sometimes ask them questions that are designed to improve their discernment and reasoning skills. A little stress and pressure around exam time can be useful, as it helps them retain what they learn during the examination. Now, I am asking the question one more time:

*“Are population and GDP supremacy important factors for you when choosing a country to live?”*

Or,

*“What are the key factors to consider choosing a place to live?”*

Grab a piece of paper and write down the first things that come to mind. You will see that neither population nor high GDP will be on this list.

Almost everyone would like to live in a country blessed with prosperity, equally sharing it throughout society. A country full of educated, kind people who respect rules and the liberties that all individuals possess... A country where the rule of law reigns supreme and the laws are applied equally to everyone. A country with well-developed healthcare and education system that cares for and protects its natural resources so they can persist for next generations...

All the facts mentioned above reveal a major mistake that political leaders of developing countries are making today. These leaders are somewhat convinced that increasing the GDP growth rate or making the population grow faster will help become a developed country. High-quality education, equal justice and civil liberties cannot be offered by boosting population or GDP increase. This is a matter of preference and/or priority. The same mistake is made by business leaders in countries like Turkey or other emerging countries that hold elections almost every 2 years.