TEDU Economics Research Union

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ERUMAG

"Economics is life's business."

CONSUMERISM

While new year celebrations are connected to consuming, should we question how consumerist we are?

TEDU ERU

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ERUMAG ACADEMIC TEAM
Arda AKGÜL
Defne TOKDEMİR
Ezgi Eylem ERDOĞAN
Gökçenur BAŞARAN
Kerem BARBAROS
Mustafa BOYDAŞ
Pelin PAYALI
Sıla KHADAROO
Yusuf Arda ARSLANOĞLU
Zehra KARALAR

EDITORIAL APPROVAL
Dr. Cavit Görkem DESTAN, Head of TED University Economics Master's Program

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Editor Note

Dr. Cavit Görkem DESTAN
Assistant Professor at TED University Department of Economics
Head of Department of TED University Economics Master Program

In my view, economics provides an x-ray vision that reveals the hidden forces behind everyday reality. Personally, it has offered explanations for many questions I've had, and this issue of ERUMAG demonstrates exactly that. From various angles, the authors explore consumer markets and the behaviors shaped by them. Economics may not be the typical go-to topic for a New Year's party, but ERUMAG makes it much more enjoyable.

Happy 2026!

C.G. Destan

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WHO ARE WE?

The Economics Research Union was founded in the fall term of 2023 by Nejat Yılmaz and students of the Department of Economics. The aim of ERU is to bring students together to examine the past, present, and future of economic science, to conduct research, to evaluate the Turkish and the world economy, and to organize workshops. Believing that "Knowledge is a treasure that increases as it is shared," ERU aims to increase the popularity of scientific work among university students by organizing seminars with academicians who are experts in their fields. This journal has been prepared by ERU members for anyone who is interested in economics and who wants to improve themselves in the field of economics and increase their knowledge.

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Bertil Ohlin, Swedish economist and politician, known by Heckscher-Ohlin model.

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A steel plant in Hebei, China. Source: The Guardian

Who Is Afraid of Consumerism?

Prof. Dr. Ayça TEKİN-KORU

Professor of Economics, Dean of Graduate School of TED University, Director of TEDUsTRC

Everyone says they are critical of consumerism. It is blamed for climate change, credit card debt, fast fashion, empty lives, and shallow values. If dislike were enough, consumerism would have disappeared long ago. And yet, here we are… Shopping, scrolling, upgrading, replacing, often while criticizing the very system that makes all this necessary.

This should already make us uneasy because consumerism does not survive by accident. It survives because modern economies are built around it. This is not about people suddenly becoming greedy or irrational. It is about how economic stability itself has come to depend on continuous consumption. We do not just produce in order to live; we increasingly live in order to keep demand alive. That is not a cultural coincidence. It is an economic arrangement.

The discomfort around consumerism is therefore not really about buying things. It is about what happens when buying things starts doing the work that politics, redistribution, and collective decision-making used to do. When dissatisfaction is redirected into market choices, when inequality is softened through access to goods rather than addressed directly, and when social problems are reframed as personal shopping decisions, something important quietly shifts. People remain active, but mostly as consumers.

From “Nice to Have” to “Must Have”: Why Consumption Became Necessary

In earlier economic thinking, consumption followed income. You earned money, then you spent it. Simple enough. This logic begins to change decisively with John Maynard Keynes. In The General Theory, consumption is no longer treated as a passive result of production, but as a key driver of economic stability. If demand collapses, the economy collapses with it.

Once consumption becomes central to macroeconomic stability, keeping people spending is no longer optional. It becomes policy-relevant. Governments worry about consumer confidence. Central banks worry about spending slowdowns. Entire economic debates revolve around whether households are buying enough. At that point, consumption stops being a sign of prosperity and starts becoming a requirement for it.

This has an important implication that is easy to miss. When consumption is necessary for the system to function, the question is no longer whether people want to consume, but how they will keep doing so. Wage growth helps, of course, but when wages stagnate, other mechanisms step in. Credit expands. Debt becomes normal. Consumption continues, even when economic security does not. Consumerism, in this sense, is not a lifestyle choice; it is a structural condition.

Why We Keep Consuming Even When We Are Not Getting Richer

At this point, a reasonable question arises: if incomes are stagnant and insecurity is rising, why does consumption not slow down? Why does consumerism seem so stubbornly resilient?

One of the clearest economic answers comes from James Duesenberry. His relative income hypothesis tells us something that still feels uncomfortably accurate: people care less about how much they have in absolute terms than about how they compare to others. Consumption is social. It is relational. It is about position.

This means that consumption does not stop just because income growth slows. When reference points move upward, when lifestyles around us become more expensive, maintaining one's place requires continued spending. Opting out is not neutral. It often feels like falling behind. Consumerism, then, is not driven by excess; it is driven by fear of visible decline.

A similar insight appears much earlier in the work of Thorstein Veblen, who described consumption as a language of status. This is often misunderstood as a critique of luxury. In fact, Veblen was making a more subtle point: consumption communicates belonging. It signals normality. Today, that signaling function is everywhere, only now it looks ordinary, even necessary.

In other words, people do not consume because they misunderstand their interests. They consume because economic participation and social recognition increasingly run through markets. Consumerism persists not because people are foolish, but because the system makes consumption feel like the safest way to stay afloat.

Exit Is Easy. Voice Is Hard.

At some point, consumerism stops being only about markets and starts reshaping politics. This is where the story becomes less comfortable, and more interesting. One of the most powerful ways to understand this shift comes from Albert O. Hirschman, who distinguished between two ways of responding to dissatisfaction: exit and voice. You either leave, or you speak up.

Source: Google Gemini 3 (Nano Banana)

Consumerism makes exit incredibly easy. Don't like your phone? Switch brands. Don't like your internet provider? Change plans. Don't like public services? Go private, if you can afford it. Exit is quick, individual, and emotionally satisfying. Voice, on the other hand, is slow. It requires coordination, patience, and the uncomfortable act of dealing with others who disagree with you.

Over time, consumerism quietly teaches a lesson: switching is smarter than demanding change. Dissatisfaction is redirected away from politics and into markets. People do not stop caring; they simply stop caring collectively. In Hirschman's terms, consumerism institutionalizes exit. The more we rely on exit, the less capacity we have left for voice. This does not mean people become passive. On the contrary, they remain extremely active, just not as citizens. They compare, choose, optimize, and upgrade. What fades is the expectation that shared problems should have shared solutions. Consumerism does not silence people. It keeps them busy.

Inequality Without Redistribution: How Economies "Buy Time"

This logic becomes especially important once we bring inequality into the picture. Inequality is politically dangerous. Addressing it through redistribution requires conflict, negotiation, and institutional change. Consumerism offers a far less confrontational alternative: as long as people can keep consuming, tensions can be postponed. This is not a new insight. Karl Polanyi warned that when markets are allowed to organize social life without restraint, social protection erodes. Needs that were once addressed collectively are pushed into the market, to be solved through individual purchasing power. Consumerism fits perfectly into this logic. It privatizes social problems and repackages them as shopping decisions.

More recently, Wolfgang Streeck has described how advanced economies "buy time." Instead of resolving conflicts between democracy and capitalism, they rely on debt, credit, and financial expansion to keep consumption going. Redistribution becomes politically difficult; borrowing becomes economically convenient. Growth continues on paper while underlying tensions accumulate.

From an economic perspective, this arrangement works until it doesn't. It stabilizes demand in the short run but weakens the foundations of collective accountability. People remain economically active yet increasingly disconnected from the institutions that shape their lives. Consumption fills the space where political agency once lived.

Global Markets, Same Lives Everywhere

Now let's zoom out. Consumerism is not just a national phenomenon; it is global. As markets integrate and production becomes international, consumption patterns converge. The same brands, platforms, and "good life" images circulate across countries. This creates a strange combination: more consumer choice, but less collective economic control. Dani Rodrik helps us make sense of this. His globalization trilemma shows that deep economic integration limits democratic choice. Governments compete for investment, regulation converges downward, and policy space shrinks. At the same time, consumers are offered an expanding menu of global goods. Choice grows at the checkout counter, while it shrinks in the voting booth.

The result is a highly standardized consumer culture layered on top of very unequal economic realities. People across different countries desire similar things yet lack shared mechanisms to address common risks. Consumer identities travel easily across borders; citizenship does not.

So, Who Is Afraid of Consumerism?

Not people who consume. That would include almost everyone. Not even those who criticize consumerism, since critique itself is often comfortably absorbed into branding, lifestyle choices, and ethical consumption narratives. The real unease lies in recognizing what consumerism quietly replaces. Consumerism is unsettling because it allows economic systems to function while hollowing out political engagement. It manages dissatisfaction without resolving it. It transforms inequality into a private problem and choice into a substitute for voice. The fear, then, is not of excess, but of recognition: recognizing how much we rely on consumerism to keep things running.

Citizenship in a Consumer World

This is why advice like "just consume less" completely misses the point. Consumerism is not sustained by ignorance or bad values. It is sustained by economic structures that make consumption carry the burden of belonging, normality, and stability. Individual restraint cannot replace collective capacity.

Citizenship consciousness begins where consumer logic ends. It means understanding inequality as a political issue, not a personal failure. It means treating markets as tools rather than as judges of value. Most importantly, it means valuing voice over exit, even when exit feels easier and faster.

We live in a world shaped by an overextended globalization that has blended lives into a strangely homogeneous mix of desires, brands, and aspirations. In such a world, the most important economic question is no longer what we choose to buy, but what we stop demanding together. Consumerism thrives when citizenship departs. Taking it seriously is not about fear, it is about recovering the habit of asking economic questions that cannot be answered at the checkout counter.

Source: Google Gemini 3 (Nano Banana)

Suggested Readings: Where to Go Next

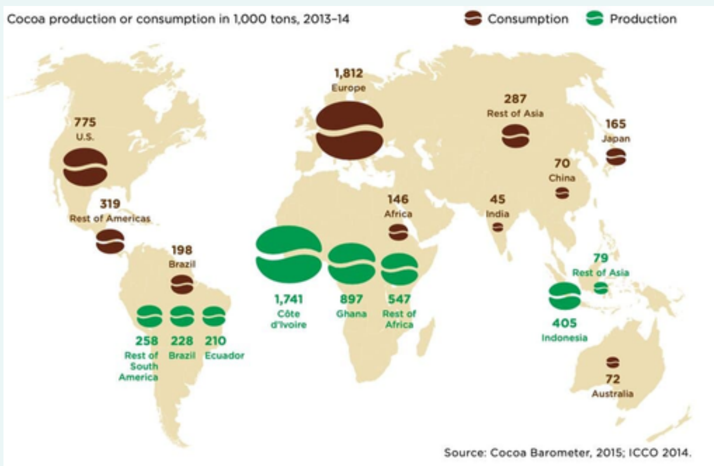
- *The General Theory of Employment, Interest and Money,* **John Maynard Keynes**
- *Income, Saving and the Theory of Consumer Behavior,* **James Duesenberry**
- *The Theory of the Leisure Class,* ***Thorstein Veblen***
- *Exit, Voice, and Loyalty,* **Albert O. Hirschman**
- *The Great Transformation*, **Karl Polanyi**
- *Buying Time*, **Wolfgang Streeck**
- *The Globalization Paradox*, **Dani Rodrik**
- *Consuming Life*, **Zygmunt Bauman**

Chocolate: A Sweet Treat or Deforestation Driver?


Nejat YILMAZ
Economics Ph.D. Student, University of Colorado Boulder

It is that time of year once again. As economies worldwide experience massive shocks, the Western world celebrates “holidays.” Economists are particularly interested in this period, analyzing the festive season through the view of utility maximization. It was in 1993 that Yale economist Joel Waldfogel published a controversial study in which the concept first emerged, titled “The Deadweight Loss of Christmas.” Waldfogel (1993) argued that giving gifts is inefficient due to givers’ inability to precisely assess the receiver’s preferences, resulting in a 10%-33% loss in the valuation of the present. Despite the fact that later the literature has argued that this view disregards that gift-giving creates social value, such as a parent choosing to gift a child a classic novel rather than cash, the concern with allocative efficiency overlooks a much more significant argument (Ruffle and Tykocinski, 2000; Tremblay and Tremblay, 1995). The actual deadweight loss of the holiday season lies not in a recipient valuing a sweater less than its price, but with an abuse of the concept in the substantial, unaccounted negative externalities that human consumption imposes on the earth, especially in developing regions.

The holiday season represents more than a social tradition; it constitutes a significant demand shock that influences the global business cycle. Wen (2002) argues that substantial fluctuations in consumption demand during Christmas are a primary driver of overall economic fluctuations. For instance, retail sales in the United States go up in the fourth quarter and down in the following first quarter, which causes “seasonal cycles” that have a significant impact on overall output changes. In many cases, the environmental costs incurred at the site of production are omitted in the global demand that extracts resources from the periphery to the core, i.e., from a raw-material supplier in the undeveloped world to the final good of influential economic hubs. For that matter, chocolate, a seasonal favorite treat, provides a suitable political economy example of this dynamic that is neither more nor less severe than any other.



Deforestation in the Supply Chain: The Cocoa Paradox

The supply chain transporting cocoa from West Africa entails deforestation as a significant, unrecognized negative externality. This phenomenon is intrinsically linked to the “festive delight” of the Global North; as demand for holiday treats surges, it increases pressure on land in the Global South. The extent of this environmental deadweight loss is alarming; in the past 60 years, Côte d’Ivoire, the leading cocoa producer globally, has experienced a loss of almost 80% of its forest cover. A new geospatial analysis by Renier et al. (2023) reveals that from 2000 to 2019, over 2.4 million hectares of forest were deforested or degraded as a result of cocoa farming. This totals 125,000 hectares every year, accounting for 45% of the country’s total deforestation over that time frame.

This deforestation is systematic; it follows a distinct economic cycle referred to as the “cocoa loop” (Barima et al., 2020). To fulfill the endless global demand, production continually adapts to capitalize on the “forest rent” of recently cleared, fertile land. The industry historically began in the East, depleted the land, transitioned to the Center-West, and has now migrated to the mountainous West. The quest for new land stimulates considerable migration, as farmers 53% of whom are recent foreign migrants in these areas - transform the few remaining forests into cocoa farms (Barima et al., 2020).

Opacity of Global Trade

What prevents the market from pricing this destruction? The answer lies in the supply chain’s deficiency in transparency. Large producers dominate the vast majority of exports, yet they don’t know much about the origins of their beans. Only 43.6% of the Ivory Coast’s cocoa exports in 2019 could be linked to a particular supplier (Renier et al., 2023).

“Indirect sourcing” or “unknown sourcing” channels are responsible for the introduction of more than 55 percent of the cocoa that is sold on the market. Indirect sourcing occurs when exporters purchase from intermediaries without knowing the farm of origin, whereas unknown sourcing occurs when non-transparent exporters trade without 2 providing supplier information. Consequently, deforestation constitutes a component in the supply chain.

In 2019, European Union imports alone were associated with 838,000 hectares of deforestation over the previous 15 years. Therefore, farm-level traceability is still poor, especially for businesses dedicated to the Cocoa and Forests Initiative (CFI), as evidenced by the fact that just 40% of the farms supplying CFI traders have been mapped in 2019, covering only 22% of all exports (Renier et al., 2023).

Source: Mighty Earth

Concluding Remarks

The deadweight loss that unfolds following Christmas reveals that there is a big market failure around the world. The price of a chocolate bar does not include the loss of biodiversity and/or the destruction of rainforests in protected areas like the Haut-Sassandra Classified Forest, where cocoa production diminished forest cover from 93% to less than 28% (Barima et al., 2016).

To fix this problem, we need to adopt major improvements to the political and economic systems which govern global trade. Sustainability commitments are hollow without complete traceability and transparency, in which corporations disclose not only their direct suppliers but also their indirect sourcing networks.

To put it briefly, the consumption patterns we engage in are the driving force behind a complex global system currently motivated by the loss of natural resources in the developing world. This is something that we must acknowledge as “we” celebrate the season.

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An Early Trial of Euro: Central Bank of West African States


Mustafa BOYDAŞ
Economics 4th Year Student


Arda AKGÜL
Economics/BA 3rd Year Student

European Monetary Union is most well-known monetary union in the World. However, it is not the only one. What if we say that there is another monetary union in the middle of Africa with a common central bank called BCEAO (Central Bank of West Africa)? The Central Bank of West African States (BCEAO) is a central bank and therefore the supranational monetary authority for the eight member states of the West African Economic and Monetary Union (WAEMU), named as Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo. BCEAO headquarters is located in Dakar, the capital city of Senegal. The BCEAO issues the West African CFA franc (XOF), a currency pegged to the euro, as the only issuer of the West African CFA franc, and it is responsible for conducting the monetary policy of XOF, ensuring financial stability, and managing the FX reserves of the union.

Historical Background

We can consider that behind the BCEAO, there is a rich history about colonialism and the geopolitics of Africa, and to fully understand the sophisticated sides of the new Eco currency, it is essential to look at the history of the monetary authority in the region, the Central Bank of West African States (BCEAO). The story started with the CFA franc in 1945. On 26th December of 1945, the CFA franc was created. Initially, CFA was the abbreviation of the *Colonies françaises d'Afrique* (French Colonies of Africa). On 12th May 1962, Banque centrale des États de l'Afrique de l'Ouest (Central Bank of West African States) was founded as a supranational central bank of 8 member countries.

At the same time, the West African Monetary Union (WAMU) was founded with the same member countries as well, yet Guinea-Bissau joined much later (1997), and Mauritania was originally in the union but left in 1973; Mali also left in 1962 and rejoined in 1984. After the foundation of WAMU, the name of their currency changed to Communauté Financière Africaine (African Financial Community). Besides the WAMU, in 1994 the West African Economic and Monetary Union (WAEMU) was founded to provide fiscal discipline, convergence, and regulatory union between WAMU countries, and its institutional evolution offers insights for the ECOWAS integration proposal. While the currency was managed from Paris in its early history, the 1970s witnessed a significant shift to Africanization. This shift happened during the term of the first African governor, Abdoulaye Fadiga, in 1975 and the relocation of the bank's headquarters from Paris to Dakar, Senegal, in 1978.

BCEAO Headquarters, Dakkar/Senegal

Source: MIT Library

Despite these administrative changes, the currency continued to be pegged to the French franc. The rate was 50 CFA francs to 1 French franc. As narrated in the Future Plans section of this work, as of 2025, the withdrawal of Mali, Burkina Faso, and Niger from ECOWAS to form the Alliance of Sahel States (AES) has made ECOWAS's plans delayed.

Similarities with ECB

The BCEAO is described as an "early trial" of the Euro in terms of the state coming from currency union, however, similarities exist. Both are central banks that are above the countries, and they govern a currency union of sovereign states. However, the differences show the distinct historical and economic contexts of West Africa and Europe.

Feature	European Central Bank (ECB)	Central Bank of West African States (BCEAO)
Exchange Rate Regime	Free Float (determined by markets).	Fixed Peg (to the Euro).
Reserve Management	Decentralized (held by National Central Banks).	Historically Centralized (Operations Account).
Lender of Last Resort	The ECB acts for the banking system.	The French Treasury acted as an external guarantor for FX reserves for the pre-2021 period.
External Guarantee	None.	French Treasury Guarantee (Unlimited Convertibility).

Future Plans

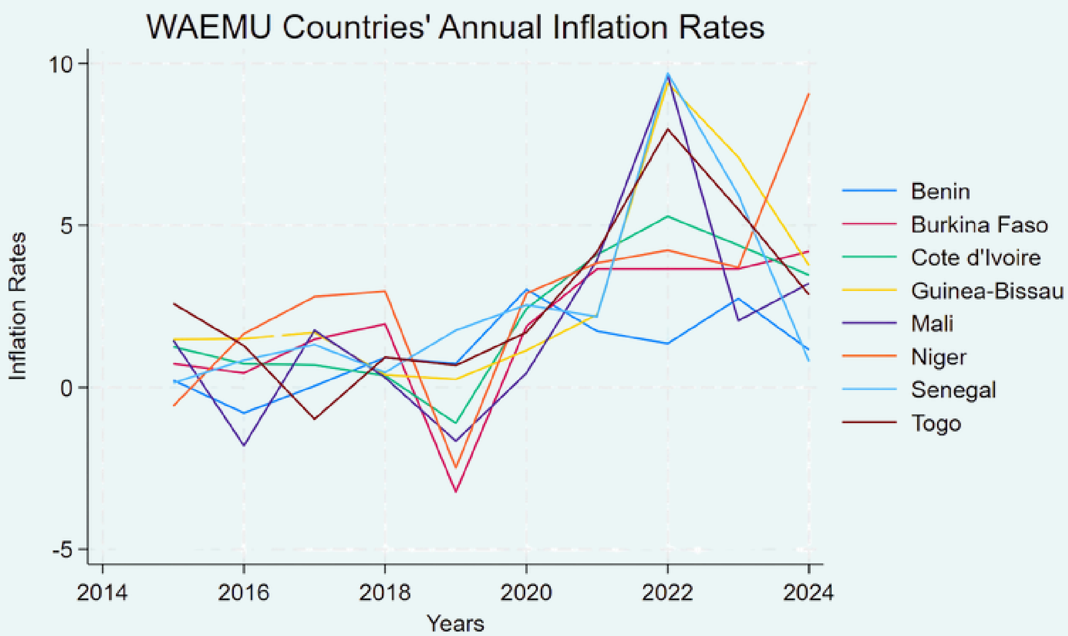
The Economic Community of West African States (ECOWAS), which was introduced in Lagos in 1975 and has member countries in 15 West African countries, is currently working on the idea of an ECO currency. However, the vision of a unified currency may struggle as of 2025 due to Burkina Faso, Mali, and Niger because of their withdrawal from ECOWAS to form the Alliance of Sahel States (AES). These nations have rejected both the CFA franc and the proposed fiat money, the eco, and instead, they proposed a resource-backed model anchored in gold, uranium, and oil. This effectively splits the region into three competing monetary ideologies: the ECOWAS (fiat money Eco), the AES bloc (commodity-backed), and the status quo CFA zone. While ECOWAS maintains a 2027 launch target, the combination of missed convergence criteria and this new disparity shows that timeline is highly unrealistic.

The flags of the countries of the Economic Community of West African States (ECOWAS) Commission
Source: BCEAO

Conclusion and Suggestions

Apparently, a well-functioning economy comes with political stability. However, as we should look at the structure specifically, it is important to define BCEAO's path.

Firstly, most of the West African countries, including WAEMU countries also, are suffering from different types of political instabilities. Military coups in Burkina Faso and Mali are two of the many examples. In this environment, a common central bank, monetary policy, and currency could be beneficial for WAEMU countries in providing independence of institutions. However, the decisions of BCEAO are not separate from the union countries themselves. In other words, the political instabilities of these countries are still affecting the BCEAO's decisions whether there is an independent central bank or not. Therefore, there could be a risk of penalizing stable countries of the union also. Moreover, there are not homogeneous economies inside the WAEMU. They are all different in terms of inflation, fiscal policy and etc. As a result, the ideal monetary policy could differ. However, due to the common monetary policy for each country by BCEAO, the effects of the monetary policy change for every country.



(Data Source: BCEAO)*
**Burkina Faso's inflation data is missing for the years of 2022 and 2023. Therefore, we use the same value of 2021 for these years.*

Besides, the Central Bank of West African States (BCEAO) is an institution that could be divided into two eras. It was designed to connect West Africa colonies to France. Through the reforms of 1975 and the leadership of Abdoulaye Fadiga, it attempted to localize this relationship, moving its headquarter to Dakar and its strategy toward African development. Today, however, the BCEAO faces an existential problems. First group is AES, the alliance demand a total sovereignity from France and a currency based on African resources such as Gold and Uranium. Second group is ECOWAS, who demand a merger with the volatile Western African economy under the Eco, and the group who demand stability as they fear from the hyperinflation of the WAMZ and prefer the safety of the Euro peg.

Suggestions can be using the AES narrative without embracing volatility, so the BCEAO should consider moving from a strict Euro peg to a basket peg, for instance, a basket that contains Euro, Dollar and Yuan. A final step of maturity of this localization step would be for the BCEAO to build sufficient reserves to redo the French guarantee entirely, as it can transform the BCEAO into a truly independent central bank like any central bank.
The "Early Trial of the Euro" in Africa has proven that a monetary union could survive for decades among developing nations. Whether it can survive the disparities in African geopolitical sovereignty is the defining question of the region.

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An Interview with Prof. Dr. Nazire Nergiz Dinçer


Ezgi Eylem ERDOĞAN
Economics 3rd Year Student


Gökçenur BAŞARAN
Economics Graduate Student

Prof. Dr. Nazire Nergiz Dinçer, Gökçenur Başaran, and Ezgi Eylem Erdoğan during the interview.

Transitioning from mathematics to the world of social sciences, Prof. Dr. Nazire Nergiz Dinçer has built a career defined by the vital intersection of academic discipline and real-world policy. Her journey reflects a unique blend of experiences, beginning with her education at METU and Bilkent University, followed by her role as a planning expert at the State Planning Organization (SPO). During her years at the SPO, she witnessed the Turkish economy's most critical turning points firsthand, from the 1999 earthquake to the 2001 financial crisis, gaining a "masterclass" in institutional coordination and policy framework.

In this interview, Prof. Dinçer shares her insights on a global academic trajectory, including her postdoctoral research at the University of California, Berkeley.

Beyond her international experience, she provides a deep dive into her current roles as the Chair of the Economics Department at TED University and the Director of the TEDU Sustainable Trade Research Center (sTAM).
She also addresses the systemic challenges women face in the profession, advocating for a more inclusive and solidarity-driven future. From the necessity of shifting toward a circular economy to her recent research in disaster economics following the 2023 earthquakes, Prof. Dinçer offers a roadmap for the next generation of economists.

We would like to express our deepest gratitude to our professor for her time and for always supporting us. Your guidance has truly made a difference in our journey, and we are so thankful for everything.

1) What initially motivated your transition from a background in mathematics to an interest in economics? Additionally, how did your move from the State Planning Organization (SPO) to academia unfold?

When I first started university, I already knew that I loved research and wanted to pursue an academic path. However, while I was in the mathematics department, I began to feel that the field was very traditional. I worried that it would be difficult for me to contribute something truly original there. That's what pushed me toward the social sciences. Economics really appealed to me it had a strong mathematical foundation, but the subject matter felt so much more alive and compelling. I also quickly realized that I had a natural knack for macroeconomics.

While I was working on my master's, I decided to take the State Planning Organization (SPO) entrance exam just to test my skills, and I passed. At the time, my heart was set on a PhD, but my supervisors encouraged me to balance both my professional and academic life. It turned out to be one of the best decisions I ever made. The SPO was basically an academy back then; department heads would literally stand at the blackboard and lecture us. We were constantly bridging the gap between theory and practice, which gave me a deep, firsthand understanding of the Turkish economy."

2) After completing your PhD, you spent time at the University of California, Berkeley. What did this experience contribute to your academic development? Do you have any advice for students considering an international academic experience?

Since I completed my PhD in Türkiye, I recognized the need for international experience to broaden my perspective. My goal was to collaborate with a leading scholar at a prestigious institution. This ambition led me to Professor Barry Eichengreen, and I subsequently joined the University of California, Berkeley, for my postdoc studies. This proved to be a highly productive period, enabling me to publish in top-tier journals and making a significant impact on my academic trajectory.

If I were to give one piece of advice to students today, it would be this: actively seek out the opportunities provided by TÜBİTAK scholarships. We're living in a time where securing international funding is tougher than ever, so programs like the Jean Monnet Scholarship whether you apply during or after your PhD can give you a massive advantage. Don't wait for opportunities to come to you; go after them.

3) The period during which you worked at the SPO was a critical time for the Turkish economy. What are your reflections on that period?

I joined the State Planning Organization (SPO) in November 1998. Consequently, I witnessed major turning points such as the 1999 earthquake and the 2000-2001 financial crises firsthand from a bureaucratic perspective. For me, those years were a real masterclass in how important it is to have strong policy frameworks and seamless coordination between institutions. Being right in the middle of a crisis environment, where I could see both the policy failures and the successful interventions as they happened, was an invaluable experience. It truly shaped how I look at economics and policy today.

T.C. BAŞBAKANLIK
DPT
DEVLET PLANLAMA TEŞKİLATI

4) Your research interests include international economics, the Turkish economy, and central banking. What factors led you to focus on these areas?

In the beginning, my focus was macroeconomics, and my early research was very much tied to my work at the SPO. However, I ran into a practical challenge: the frequent structural breaks in Turkish economic data made it difficult to conduct reliable time-series analysis.

This technical hurdle, along with my own curiosity to explore new areas, eventually steered me toward microeconomics. It was during this transition that I began collaborating with Prof. Dr. Ayça Tekin-Koru, which has been incredibly enriching. We found a great intellectual rhythm merging her deep micro-level insights with my macro background created a powerful synergy.

Then came the 2023 earthquakes, a tragedy that changed everything. I felt a strong need to respond to Türkiye's urgent needs, so I pivoted my research agenda toward disaster economics. Disaster research is naturally intertwined with sustainability and climate change. Today, about 60 - 70% of my work is focused on this field, with a clear goal in mind: finding ways to build economic resilience for our future.

5) As the Chair of the Department of Economics at TED University, could you elaborate on the structure and opportunities available in the undergraduate and graduate programmes?

TED University is a young, dynamic institution, and I'm very proud of what we've built here. Our Department of Economics boasts a truly distinguished faculty, with six full professors and two assistant professors who bring a wealth of experience to the table. One of the best things about our undergraduate program is its flexibility: students are admitted to the faculty first and only choose their specific major at the end of their first year.

This gives them the time they need to make an informed decision about their future. By the time they reach their final year, we offer a rich variety of electives and require a senior thesis, which I believe is key to preparing them for both the professional world and advanced academic life.

Our master's program is equally special it's very much 'boutique' by design. We keep our student cohorts small to ensure high-quality interaction, and the results speak for themselves. Our graduates are remarkably successful, consistently moving on to PhD programs at prestigious universities both here in Türkiye and abroad, in countries like the US and Germany.

6) In today's context, how would you assess the importance of studying economics?

I'd like to answer that by sharing an anecdote my colleague, Prof. Dr. Ayça Tekin-Koru, often tells from Prof. Dr. Fikret Görün:

> ***"You can work in fields like physics, mathematics, or chemistry. In those disciplines, the human factor isn't at the core; many of those sciences could exist without humanity. But if you're a social scientist, if you're an economist you inevitably need people. You simply must understand them."***

Societies and individuals are in a constant state of flux. To be a successful economist today, you have to be able to interpret this ongoing transformation. We're living in a time where societies are evolving at an unprecedented pace, and new paradigms emerge almost every day. Whether we're looking at the trajectory of the Turkish economy, global trade wars, or the local impacts of climate change, these challenges demand innovative, human-centric policies. Because economics puts human behavior at its very center, understanding these dynamics makes an economics education more vital than it has ever been.

7) How do you evaluate the role of initiatives such as the Women in Economics Initiative (İBKİ) in promoting women's representation in the economics profession? As a female academic and administrator, what are your views on women's representation in economics, their position in the profession, and the key challenges they face?

I believe economics is as much about social justice as it is about markets. Yet, it's clear that women are still underrepresented in academia and policy-making. This is exactly why we founded the Women in Economics Initiative (İBKİ).

We wanted to make the barriers women face visible and challenge the traditionally "masculine" culture of our field. For us, İBKİ isn't just an organization; it's a solidarity network where we mentor young economists and work to dismantle the gendered codes built into our institutions.
We can't talk about real progress in economics without addressing systemic issues like the "glass ceiling" or the "leaky pipeline" where talented women are pushed out of career paths. Whether it's the burden of domestic care or the new challenges brought by the digital and green transitions, we need to ensure women are at the center of the conversation. My call to all colleagues and my students who are my "colleagues to be" is simple: let's build this inclusive future together. Join us, support the cause, and let's grow this solidarity into a lasting transformation.

8) Could you provide information about the TED Sustainable Trade Research Center (TEDU sTAM)?

This center was originally established in 2014 as the 'Trade Research Center,' which Prof. Dr. Ayça Tekin-Koru and I co-founded. However, as sustainability has increasingly become inseparable from trade, we rebranded it last year as the TED University Sustainable Trade Research Center (TEDUsTAM).
Our work is quite dynamic; we host international conferences and seminars, such as the "Empirical Investigations in Services Trade" series. On the research front, I'm particularly proud of our team a highly successful group of talented undergraduate and graduate students. Together, we've already started publishing academic work in the field of sustainable trade.

One of our most exciting current projects involves a massive new dataset we've built by collecting sustainability reports from 705 firms listed on Borsa Istanbul (BIST). With firms now required to report according to the Turkish Sustainability Reporting Standards (TSRS), we are deep into analyzing these disclosures. It's a great time for anyone interested in this field, and I'd like to invite students who are passionate about these topics to reach out and collaborate with us!"

9) What does the concept of sustainability mean? How should its role within economics and its importance for economics students be understood?

The concept of sustainability has grown out of the harsh realities of climate change and the depletion of scarce resources, forcing us to rethink how we use what we have. At its core, economics is all about making choices under scarcity so, in a way, economics is the very heart of sustainability. Of course, it's not something we can tackle alone; it's inherently interdisciplinary. You need environmental and chemical engineering, data science, and business administration all working together. But honestly, achieving true sustainability without the framework of economics is virtually impossible.

From a student's perspective, the momentum in this field is incredible right now. With sustainability reporting becoming mandatory in both the EU and Türkiye, we're seeing a massive rise in demand for "green-collar" professionals. Students who train in this area will have a significant edge in the job market. Whether they end up in the public or private sector, or in production versus services, this knowledge won't just be an 'extra' anymore, it will be an absolute necessity for their future careers.

10) Beyond sustainability, the concept of the circular economy has gained prominence. How would you define the circular economy, particularly in the context of consumerism?

To understand where we are, we first need to look at our current system: we extract, produce, consume, and discard. This is the linear economy. But since global resources are finite, this model is a dead end. Simply increasing efficiency or consuming a bit less might buy us another five or ten years, but it won't save us. We need a complete systemic transformation.

This is where the circular economy comes in. It's so much more than just 'zero waste'; it's an entirely new way of thinking. In this system, products are designed for longevity from day one. If something breaks, you repair it instead of throwing it away. When it can't be fixed, its components are repurposed, and finally, the materials are recycled. The goal is to keep materials in circulation with as little waste as possible.

I always encourage my students to check out the Ellen MacArthur Foundation. Ellen MacArthur who once held the world record for the fastest solo circumnavigation of the globe witnessed the reality of limited resources firsthand while at sea and became a leading voice for the circular economy.

To give you some inspiring examples:

- **Japan**: Newspapers have been produced that, once read, can be planted in soil and will grow into seeds.
- **Textiles (Hiut Denim and Patagonia)**: The UK-based brand Hiut Denim produces highly durable jeans and offers free repairs when zippers break or fabric tears, thereby extending product life. Similarly, Patagonia replaces faulty zippers in fleece garments free of charge, allowing products to be used for many years.
- **Agriculture:** In an Asian farming example, ducks are used instead of pesticides or fertilizers. The ducks consume pests, and their waste acts as fertilizer, resulting in a sixfold increase in productivity.

11) Finally, what advice would you offer to students and aspiring academics?

1. **Read extensively:** A social scientist cannot sustain an intellectual life without reading; extensive and continuous reading is essential.
2. **Use artificial intelligence but verify:** Tools such as ChatGPT can be highly useful, but they are prone to errors. Always verify outputs critically.
3. **Learn about sustainability:** Regardless of your field, you will need this knowledge in the future. Develop your expertise using reliable sources.

As TED University Economics Research Union, we thank Prof. Dr. Nazire Nergiz Dinçer for this special interview and her support in our works.

ECON DICTIONARY

Zehra KARALAR
Economics 2nd Year Student

Consumption

The spending of money on goods and services by households. Consumers can either spend their income, or save it. When consumers are cautious, they spend less and save more. This can have adverse economic effects as consumption is usually the largest component of aggregate demand, ahead of public spending and investment.

Deadweight Loss

In economics deadweight loss is the loss of societal economic welfare due to production/consumption of a good at a quantity where marginal benefit (to society) does not equal marginal cost (to society).

Consumer Confidence

A measure, taken from a survey, of the public's attitude towards the economic outlook. If people are worried about their jobs, or political unrest, or a pandemic, they will be less likely to spend money.

Consumerism

Consumerism is an economic theory that was first noted in the twentieth century. It is the belief that excessive consumption of goods has a positive effect on the economy and that companies should create goods and services that consumers most desire.

Externality

An externality is a cost or benefit to a third party as a result of someone else's actions. Externalities lie outside the market system. Polluted air, caused by a chemical plant's emissions, is a negative externality. A common textbook example of positive externalities involves beehives next door to an orchard: the nectar feeds the bees, which in turn pollinate the trees.

ECON DICTIONARY

Framing

In behavioral economic the idea that how a proposition is framed can affect the reaction of individuals. So, expressing the cost of an annual subscription at $72 a year will attract fewer customers than describing it as $6 a month.

Overheating

If an economy is growing too fast, companies may face bottlenecks in acquiring resources or hiring labour. This will lead to higher costs and wages, and thus rising inflation.

Hedonic Adjustment

The change made recorded inflation rates to reflect the improvements in the quality of goods, such as personal computers.

Reservation Wage

The lowest wage at which a worker will accept employment. Looked at in another way, this is a measure of potential workers' valuation of their leisure time.

Precautionary Motive

Holding a proportion of assets in cash, so that the individual can bear the cost of an unexpected event. Keynes suggested there were three reasons to hang on to cash: the other two are the speculative motive and the transaction motive.

Retail Therapy

The act of shopping to improve one's mood or reduce stress. It represents an emotional motivation for consumption and a cultural phenomenon.

Corruption and Economic Growth

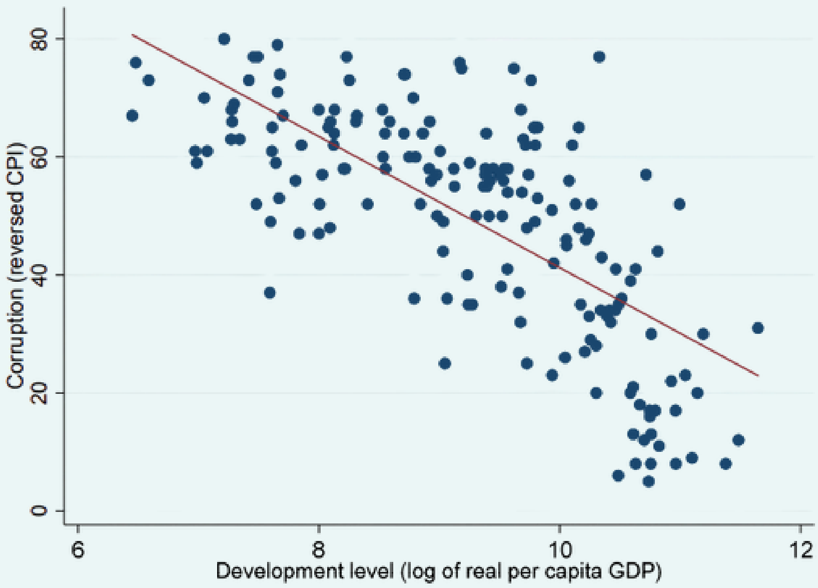
Sıla KHADAROO
Economics 2nd Year Student

When it comes to corruption, we assume it to only have negative impacts, but could it be that for any reason it could also have positive outcomes? Or to what extent does corruption affect an economy?

We can start by broadly explaining the two existing theories regarding the effects of corruption. These are the 'grease the wheels' theory and the 'sand in the wheels' theory. The 'grease the wheels theory' states that with corruption, if the regulations are not being followed as they should, and if there are strict rules for new firms entering the market, then it is probable that buying off authority officials and people of political power will result in increased economic activity (Gründer and Potrafke, 2019). Also, it is seen that corruption is more existent in countries that are not developed and that have little protection of property rights.

Investments that would normally not have been possible become possible through a new channel, which in this situation is corruption, hence livening the economy and increasing growth (Leff, 1964 & De Vaal and Ebber, 2011). The 'sand in the wheels theory' states the opposite by saying that, independent of how much corruption there is and the duration of it, through the losses occurring in the potential for transformation and in production, there will be reduced economic growth (Gründer and Potrafke, 2019 & Beyaert et al., 2023).

Figure 2: Corruption and Development Levels, 2018.

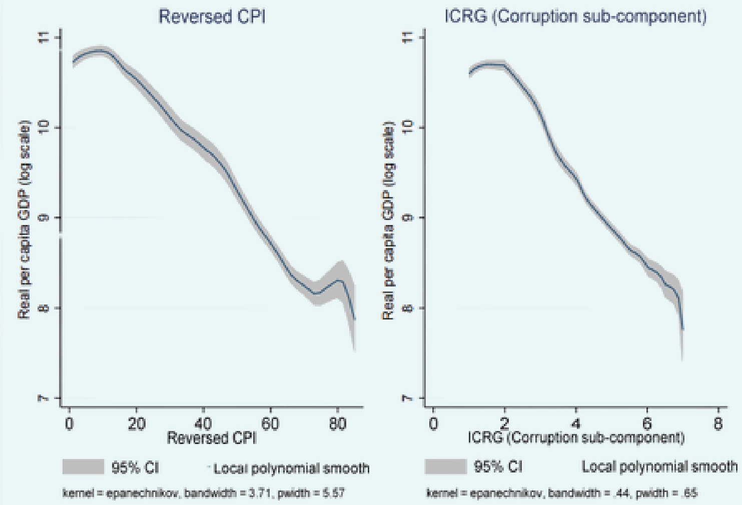


Notes: The figure shows the correlation between corruption (measured via the reversed CPI) and the development level (measured via the log of real per capita GDP) for the year 2018. The coefficient of correlation is 70.51%. Over the whole period for which comparable data is available (2012-2018), the coefficient of correlation is also 70.52%.

Source: Gründer and Potrafke (2019)

It is possible to continue by further examining the work of Gründer and Potrafke (2019). It should be noted that due to a methodology change made in 2012, this study only covers the time period of 2012-2018. Their first results propose that there can be a loss of real GDP per capita in the short run, by 10%, when corruption elevates by one standard deviation. When looking at the marginal effect, this time it is not a loss of 10% but of approximately 4%. In the long run, they found it to be near 17%. Let's also not forget to point out that even though this study finds a linear relationship, there have been several other studies that find non-linear, inverse U-shaped relationships together with relationships depending on the conditions of institutions (Beyaert, 2023).

Figure 4: Non-Parametric Estimations on the Relationship between Corruption and Economic Growth, Reversed CPI versus ICRG (Corruption Sub-Component).



Notes: The figure shows non-parametric estimations on the relationship between corruption and economic growth using both the reversed CPI (left panel) and the ICRG (corruption sub-component; right panel) as measures for corruption. Estimates use kernel-weighted local polynomial smoothing with Epanechnikov kernel.

Source: Gründer and Potrafke (2019)

Since we mentioned institutions, a comparison between well-established, functional institutions and poorly established, inoperative institutions can be made. In poorly established institutions, there is a misdistribution of input. In this case, inputs are manipulated and mostly utilized for intermediary purposes rather than for creating actual output. This leads to a loss in motivation in the independent will to produce.

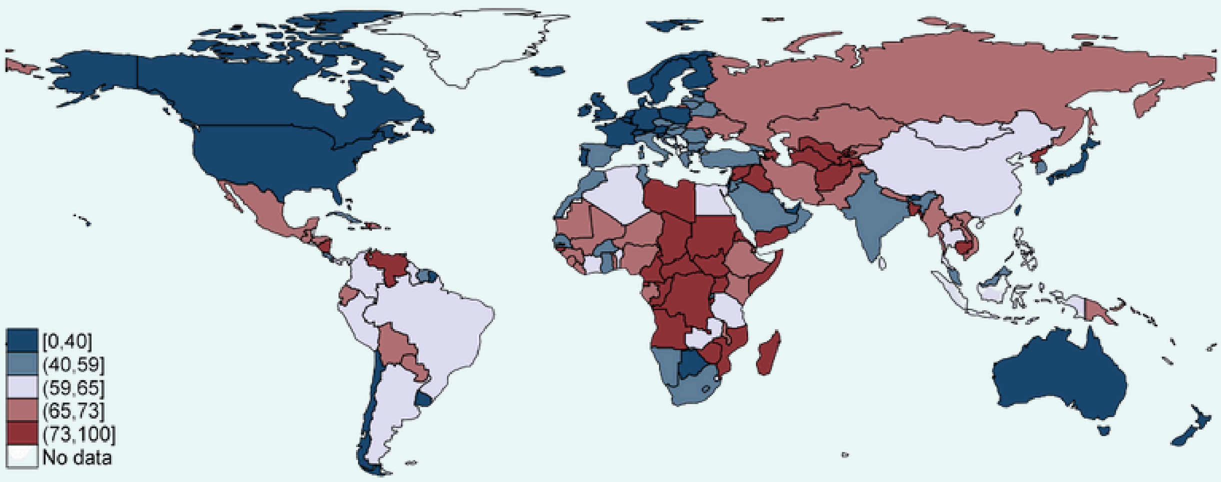
On the contrary, well-established institutions will create a space where only a small share of inputs are allocated for intermediary use. Consecutively, more actual output can be produced, therefore pushing economic growth. 'Intermediary uses' in this frame refers to corruption. In spite of that, the expansion or shrinkage in growth determined by institutions relies on the total effects originating from both the direct and indirect factors (De Vaal and Ebben, 2011).

One more noteworthy point is how economic growth is affected by the effects of corruption on investment. This relation is visible through foreign direct investments, as it is observed that because low-risk investors are less likely to invest in high-corruption countries, they shift their investments to more low-corruption countries, therefore lowering the FDI of high-corruption countries (Cieslik and Goczek, 2017).

Having said that, another discussion is the relation between geographical location, corruption, and GDP. Taking into account that, between bordering countries, there are political activities, possible migrations, and trade, we can suspect corruption in one country to be positively correlated with corruption in a bordering country.

However, when tested further, it is seen that there is no correlation between the degree of corruption in bordering countries and the GDP of the original country (Gründer and Potrafke, 2019). According to the findings of Beyaert et al. (2023), continents can be grouped according to the extent of corruption as follows: Latin America and Africa as high corruption, Europe and North America as low corruption, and Asia as immensely variant.

Figure 1: Corruption in the World, 2018.



Notes: The figure shows the extent of corruption in the world, measured via the reversed CPI Index from Transparency International (2018). Low values (blue) reflect low extents of corruption, while high values (red) reflect high prevalence of corruption. The quintiles used in the figure are recovered from the empirical distribution of the CPI in 2018.

Source: Gründer and Potrafke (2019)

In conclusion, corruption can have a two-way effect on economic growth. A variety of research has been done, approaching the matter through different lenses such as development, quality of institutions, effects on investments, and geological location. So, whether corruption is detrimental or beneficial is dependent on the dynamics of several factors.

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Everything Is a Lie: The World Just Turns Around Itself 365 Times


Ezgi Eylem ERDOĞAN
Economics 3rd Year Student


Gökçenur BAŞARAN
Economics Graduate Student

In the new year, you should be your best version! Have a new workout routine! Read more books! See new places! You are getting old, don't let life pass you by!
Every year, we see these kinds of slogans everywhere. These words seem to try to convince us that we have left behind a very inefficient, unpleasant, and bad year. So, what should we do? It is best to sign up for a gym, buy new clothes and skincare products, and start looking for better places to travel. It does not matter who you are, just consume more…

To Have It Instead of Consume it: Consumerism.

Abela (2006) defines consumerism as "excessive attachment to material possessions."
In the early 18th century, the concept of consumerism developed as new shops, products, and advertisements became more common. People started to define themselves by what they have instead of who they are. Hence, this also changed social classes; poor people copied the clothes of the rich to look better, and the middle class used their money to show they were just as important as the aristocrats (Benson, 1994).

It has been more than 300 years, and here we are! As humanity, we are standing still.
But as authors, we still wonder, why do we want to consume more? There are a couple of articles that wonder, too. Let's dive in!
People use objects to compensate for their insecurities and stress that they have, fill their inner emptiness, and prove their social status.

Why do we consume?

- **Identity and Meaning:** In modern life, we define ourselves with the objects we have. Those possessions do not become part of our characters.
- **Social Emulation:** According to McKendrick's Trickle Down theory, as the lower classes imitate the upper classes, the demand for luxury goods spreads across the entire population. This keeps the economy moving.
- **An Effort to Forget Unhappiness:** The challenges that brings industrialization and modern work life have turned consumption into a 'compensation mechanism.' Stearns (1997) says that as middle-class jobs and labor become less satisfying, people try to fill this avoid in their professional lives through consumption.

- **Curiosity for Innovation**: Even if the object we have is still usable, we buy a new one due to catching the fashion trends (Benson, 1994).
- **Marketing and Credit:** Advertising tells us that objects make us happier, and credit cards allow us to achieve this dream immediately, even if we do not have money.
- **Way of Showing Love:** Sometimes we want to show our love with gifts, not through our actions. Caring for someone cannot be reflected in the number of gifts you give, but in the actions that show you care.

The Capitalist Loop: Work, Buy, Owe, Repeat

And yet, consumer culture keeps translating care and identity into proof that can be displayed, priced, and compared. In capitalism's logic of constant upgrading, even "being a better me" becomes a product category: better skin, better body, better home, better lifestyle. The promise is personal freedom, choose your style, choose your identity, but the method is repetitive: work harder, buy more, feel inadequate again, and repeat. This is not accidental. As Bauman (2007) argued, consumer society thrives on "the instability of desires and insatiability of needs."

The system requires endless dissatisfaction to keep circulation alive. Perfection is sold through products, yet those products are designed both functionally and socially to become lies. Your smartphone works, but last year's model marks you as "behind." Of course, you are free to choose, but only within the market's pre-set options.

Source: polyp.org.uk

Consistent with research on compensatory consumption, self-threat can shift preferences toward symbolic purchases aimed at “repairing” the self. However, these choices may also have the opposite effect by decreasing satisfaction after the purchase (Mo et al., 2025).

When Crisis Hits: The Lipstick Effect

But what happens when the economy itself collapses? Do people finally stop consuming?
When a crisis hits, like in the current situation in our lives, theoretically, we expect luxury consumption behavior to decline overall. Is the crisis itself a driving factor in the decrease in consumption? The answer is really shocking: consumer behavior does not disappear it shape-shifts.

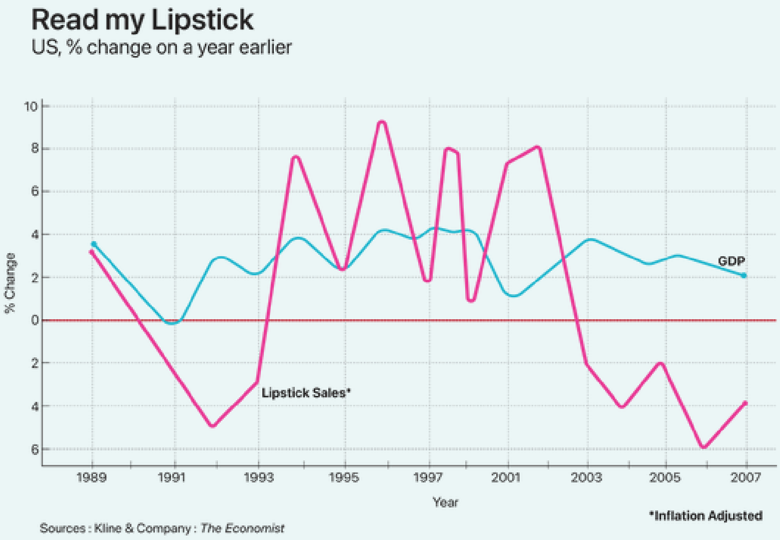
Source: hausfraujournal.com

This phenomenon, termed the "lipstick effect," refers to the tendency of consumers to purchase more affordable cosmetic and beauty products during economic downturns, forgoing spending on other luxuries like jewelry or clothes and purchasing more makeup instead.

The term was first identified by Estée Lauder chairman Leonard Lauder in 2001, when cosmetic sales surged following the 9/11 attacks despite economic contraction. Historical evidence reveals a similar pattern during the Great Depression, when cosmetic sales increased by 25% even as overall spending plummeted.

Source: Timo Lenzen for Bloomberg Businessweek

According to empirical research conducted by MacDonald and Dildar (2020), there was an increase in cosmetic spending among consumers aged 18 to 40 during the 2008 Great Recession, independent of their employment or marital status. This study analyzed data from over 127,000 U.S. households during the Great Recession. Additionally, this spending shift represents an economic substitution effect: consumers reduce spending on higher-priced appearance-related goods like clothing while maintaining or increasing purchases of more affordable cosmetic alternatives. During the Great Recession, despite cosmetic prices rising relative to women's apparel prices, younger consumers strategically reallocated their budgets away from expensive garments toward lower-cost beauty products.



Under threat and uncertainty, consumption behavior shifts from big goods to psychologically strategic purchases: small luxuries that feel like control, confidence, and continuity. This shows how consumption patterns have a deeper function and power. Even in collapse, the system finds a way to channel distress back into the market.
So here we stand, more than 300 years after consumerism took root, and as humanity, we are standing still.

We have built a civilization that defines progress by accumulation, success by possession, and identity by consumption. But what have we truly gained?

Conclusion

We buy to fill the emptiness, we buy to show the status, or we buy just because we want to. So where does this leave us?

Türkiye's card payments surged 74% year-on-year in December 2024, reaching TRY 1.7 trillion, while individual credit card debt climbed to TRY 2.068 trillion (BDDK, 2025; BKM, 2025).

Source: openPR.com

In the U.S., household debt hit $18.39 trillion, with credit card balances alone at $1.21 trillion, 5.87% higher than a year earlier (New York Fed, 2025). These are not just numbers; they are symptoms of a system that profits from identity, packages anxiety as aspiration, and finances "freedom" through revolving debt.

Consumerism by BOBERT

Everything is a lie: the promise that the next purchase will complete you, that material wealth equals success, and that you must consume to prove your worth. But here is the truth they do not advertise: you are not what you own. Your value cannot be measured in possessions.

The lipstick effect during crises, the holiday spending surges, the New Year campaigns are all variations of the same mechanism: converting human vulnerability into market transactions. Your identity exists beyond the brands you wear, the debt you carry, or the "new year, new you" campaigns designed to restart the cycle every January 1st. You finance the "new year, new me" fantasy not because it works, but because the alternative, the emptiness, feels unbearable.

It is recognized that the best version of you cannot be purchased. It can only be lived consciously, deliberately, and freely.

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Gender-Based Consumer Behavior: A Comparative Analysis of Women's and Men's Spending Habits

Kerem BARBAROS
Economics 4th Year Student

Consumer behavior is a complex process shaped not only by economic rationality but also by sociological, psychological, and cultural factors. The field referred to in academic literature as "Gender Marketing" reveals that women and men exhibit distinct differences in their purchasing motivations, information processing, and risk perceptions (Silverstein & Sayre, 2009; Brennan, 2015). This article examines these differences along the axes of Utilitarian and Hedonic consumption.

1. Psychological Foundations: "Hunter" and "Gatherer" Instincts

• Men (Outcome-Focused/Hunter): Men's shopping behavior is generally defined as "task-oriented." A man's entry into a store usually carries the goal of obtaining a specific product in the shortest time and with the least effort. Shopping is not a 'process' but a "job" to be completed (Kruger & Byker, 2009).

• Women (Process-Oriented/Gatherers): For women, shopping is a holistic experience that goes beyond simply owning the product, encompassing processes of research, comparison, and socialization. The emphasis on details and the desire to "find the best option" prolongs women's decision-making process while also spreading their satisfaction level throughout the process (Silverstein & Sayre, 2009).

2. Data-Based Findings

The spending difference between genders is not only theoretical but also supported by statistical data.

Data 1: Dominance in Purchase Decisions Global market research shows that women are the decisive force in household spending. Various studies (e.g., Bloomberg and Forbes data) indicate that approximately 70% to 80% of consumer spending worldwide is controlled or directly influenced by women (Silverstein & Sayre, 2009; Brennan, 2015). This shows that women play a critical role as the "veto power" or "approval authority" even in areas traditionally attributed to men, such as automobiles or real estate.

Data 2: Investment and Risk Perception A 2021 study by Fidelity Investments titled “Women and Investing” revealed a striking piece of data. Women trade less frequently than men; however, when looking at long-term portfolio performance, female investors' returns were found to be an average of 40 basis points (0.4%) higher than men's on an annual basis (Fidelity Investments, 2021). This suggests that men, with their overconfidence bias, engage in riskier and more frequent trading, increasing commission costs, while women tend to be more cautious and inclined toward a “buy and hold” strategy.

3. Digital Consumption and E-Commerce

With digitalization, spending habits are changing shape:

• Information Processing: While men generally focus on technical specifications (specs) and logistics speed on e-commerce sites, women focus on user reviews, social proof, and the context of product use (Brennan, 2015).

•Average Basket Size: Men's single-transaction spending amount (average basket size) is generally higher , while women shop more frequently (Silverstein & Sayre, 2009).

Women's and men's spending habits can be explained by socio-economic roles rather than biological determinism. Men view spending as a means of “gaining power and status” or “satisfying needs,” while women code it as a means of “household welfare,” “relationship management,” and “personal expression.” However, with Generation Z, the blurring of gender roles indicates that these sharp distinctions will gradually diminish over the next decade.

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Global Seasonal Consumption Peaks

Arda AKGÜL
Economics/BA 4th Year Student

Recent economic literature identifies two primary mechanisms that drive the organization of seasonal peaks in retail. First, intertemporal substitution and consumer inventory (stockpiling) give the idea of that temporary price reductions shift demand forward, as households purchase more during sales and then draw down inventories afterward (Hendel and Nevo, 2005). Second, platform-designed "shopping festival environments", including scarcity promotion, social interaction matters, and gamified promotions, can amplify consumers' perceptions of the event and strengthen purchasing demands around important dates (Li et al., 2025).

Source: London, UK: November 25, 2022. Reuters.

Regional Analysis

In the United States, the retail center has moved to late November/early December, specifically for the period between Thanksgiving and Cyber Monday. Deloitte (2025) considers this period to be the peak period, with Cyber Monday consistently ranking as the biggest online shopping day. For example, Adobe reports $137.4 billion in online spending from November 1 to December 1, 2025, and Reuters reports $44.2 billion in online sales in the five day period from Thanksgiving to Cyber Monday (Adobe Analytics, 2025; Reuters, 2025). This change comes with the "Christmas Creep", in which retailers start promotions earlier, but the majority of spending remains concentrated at the end of November due to predictable promotions (Mastercard SpendingPulse, 2025).

In China, Singles' Day (11.11) November is where the peak month for e-commerce is seen, as it was introduced by Alibaba in 2009 (Li et al., 2025). While Lunar New Year continues to be a cultural peak for travel and eating, 11.11 functions as an "artificial" shopping holiday optimized for discounts (McKinsey & Company, 2019). Recently, this deal has expanded to a multi-week season that begins in October, although the festival atmosphere maintains 11.11 as the focal point for purchasing propensity (Reuters, 2025). In the UK and Europe, like the US, the UK has seen a shift towards November as the main discount month with the traditional "Gift Giving Day". The British Retail Consortium (2025) states that consumers actively delay their spending as they anticipate Black Friday. In India and Southeast Asia overall, peaks are culturally significant dates, such as around Diwali (usually October or November) (IBEF, 2025).

However, the season is also used by platforms' “megasales” that begin weeks in advance, which combines traditional days' demand with the intensity of modern e-commerce. Specifically in Southeast Asia, November serves as a peak because it merges global events (11.11, Black Friday) consecutively. Türkiye shows the same pattern of globalization like European markets, with the peak in "Kasım İndirimleri" (November discounts) and "Efsane Cuma" (Legendary Friday as the Turkish version of Black Friday, due to cultural and religious concerns). PwC Türkiye (2025) reports that consumers approach this period with already determined needs. It is indicating a high degree of planned purchasing rather than immediate scrolling in e-commerce platforms.

Comparative evidence suggests a global convergence towards November as the main peak for retail. While cultural and religious holidays (Diwali, Lunar New Year, Eid) remain as drivers of consumption, they are increasingly used by digital platforms into extended, promotion purposes as “sale seasons.” This supports the hypothesis that the dynamics of the digital platform and the predictability of discounts are homogenizing the seasonality of global retail.

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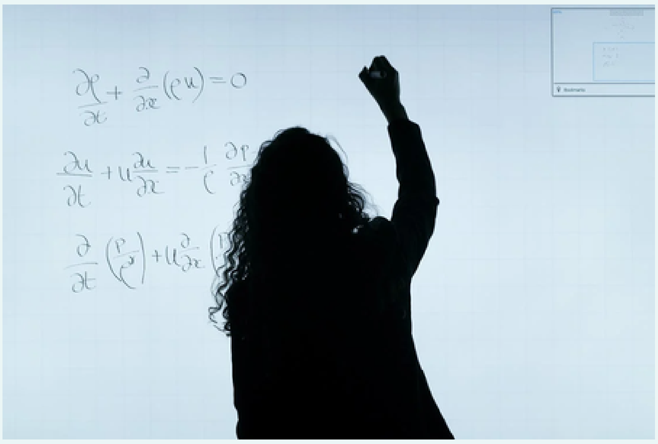
Reading the Economy Through Numbers: What Do Mathematical Models Tell Us?


Tülin KÖKSAL
E. Maths Edu. 3rd Year Student


Arif ÖZCAN
E. Maths Edu. 3rd Year Student

Economics is often described using phrases from everyday life: “The market is nervous,” “Consumers are waiting,” and “Interest rates are searching for direction.” Yet behind these expressions lies a powerful tool for understanding economics: mathematical models.
Economics speaks not only through intuition but also through equations. And these equations help us understand how individuals and institutions make decisions.



The Mathematics of Strategic Decisions: Game Theory

Game theory examines situations where individuals or institutions consider not only their own preferences but also the possible behaviors of others when making decisions. This approach is used in a wide range of areas, from competitive markets to public policy.
Consider, for example, the price-setting process of two companies. The decision made by one company is not independent of the other's decision. Game theory provides a mathematical framework for this mutual interaction.
One of the most well-known concepts in this field is equilibrium, which refers to the point at which changing the parties' current strategies would not provide them with any additional benefit. In economics, such equilibria provide important clues for understanding market behavior.

What Does the Data Say? Regression Models

Another way to understand economic relationships is through data. Regression analysis attempts to measure the relationship between one variable and others.
The links between income and consumption, interest rates and investment, or education level and unemployment are examined using such models. However, there is an important distinction here:
Measuring a relationship does not automatically make it causal.
Therefore, mathematical models do not merely produce results; they also question under which conditions these results are valid. When the model's assumptions are not met, the results can be misleading.

Do Models Accurately Reflect Real Life?

Mathematical models are not exact replicas of real life. However, they make complex economic structures more understandable. They clearly state assumptions, make uncertainties manageable, and provide systematic answers to the question, “What if this happens?”
In this respect, models serve to understand the economy rather than predict it.

The Silent Language of Understanding Economics

It is as important to see the structures on which these interpretations are based as it is to interpret economic developments. Mathematical models are the silent but powerful language of economics.
Game theory teaches strategic thinking, while regression models teach critical thinking about data. And perhaps most importantly, mathematics does not produce definitive answers for economics; it enables us to ask more accurate questions.

As the TEDU Economics Research Union, we’d like to thank the TEDU Maths-Up Society for their contribution to the ERUMAG.

Game Theory with Dr. Günnur Ege Bilgin

Arda AKGÜL
Economics/BA 3rd Year Student

Assisted by Google's NotebookLM to script the podcast.

The "FieldTalks" podcast series, prepared in collaboration with the TED University Economics Research Union and broadcast on RadioTEDU, presented a podcast with Dr. Günnur Ege Bilgin in which the theoretical foundations and practical applications of Game Theory were discussed. It was hosted by Arda Akgül and Ezgi Eylem Erdoğan. This episode welcomed Dr. Bilgin back to the studio, accompanied by a special guest, Dr. Bilgin's dog Neşe, following her previous session on Matching Theory and Market Design.

Dr. Bilgin defines Game Theory not only as the study of games but also as the mathematical analysis of strategic interaction among decision-makers. In economic terminology, these decision-makers are referred to as "agents," which can represent individuals, corporations, political parties, or nations. Dr. Bilgin states that whenever an agent's objective function, let it be profitability, satisfaction, or utility, is directly affected by the choices of another agent, Game Theory becomes the essential part of analysis.

youtube.com/@TEDUERU
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The Ubiquity of Strategic Interaction

Dr. Bilgin emphasizes that Game Theory is shown everyday life, often occurs in situations where individuals may not realize they are engaging in strategic calculation. She illustrates this with the example of bargaining at a bazaar. The seller places a high price tag not as a final offer but as a strategic anchor, as it is anticipated that the buyer's counter offer. Similarly, in traffic, a driver’s decision to yield or proceed is often based on an current assessment of the other driver's aggressiveness or intent. Even in academic settings, students engage in game-theoretic behavior. A student’s decision on how much to study for a midterm is often a strategic response to the perceived preparation levels of their peers and the grading curve set by the instructor. These interactions mirror the biological competition seen in nature, where animals compete for area or food, they also further validate the theory’s application across disciplines from biology to sociology.

Historical Evolution: From Oligopolies to Nash

Dr. Bilgin outlines the historical trajectory of the field, as Dr. Bilgin notes that while formal Game Theory is often associated with the 20th century, its roots lie in the 1700s and 1800s. Early economic models by Cournot and Bertrand examined oligopolies, markets with few sellers, where firms had to consider competitors' prices or quantities. However, the major turning point occurred in the 1950s with John Nash. Prior to Nash, pioneers like von Neumann and Morgenstern focused largely on "zero-sum games," where one party’s gain is strictly the other’s loss. Nash revolutionized the field by generalizing the theory to apply to all types of interactions, as it is proving that an equilibrium exists even in complex, non-zero-sum scenarios. The "Nash Equilibrium" describes a state of mutual consistency where no player has an incentive to deviate from their strategy, provided others do not change theirs. This concept remains the initial part of modern microeconomic theory.

Dr. Günnur Ege Bilgin, Neşe the Dog, Arda Akgül and Ezgi Eylem Erdoğan after the recording of the podcast in RadioTEDU studio.

Game Theory in the Turkish Academic Landscape

Türkiye also has a strong position in the field of microeconomic theory. Dr. Bilgin notes that because Game Theory acts as a foundational "language" or toolset for various economics disciplines, many Turkish academics are, by definition, game theorists. She highlights that scholars across major institutions like Boğaziçi, Koç, Bilkent, METU, and TED University utilize these tools to study Industrial Organization, Mechanism Design, and Social Choice Theory. Dr. Bilgin points out that political elections are a prime example of these theories in action. The interaction between voters, who may vote strategically rather than sincerely, and candidates, who adjust agendas to gain the median voter, is a complex game analyzed by mechanism designers and social choice theorists within the Turkish academy.

		Prisoner 2	
		C	NC
Prisoner 1	C	(-1,-1)	(1,-2)
	NC	(-2,1)	(0,0)

An example of Prisoner’s dilemma game.
Both Prisoner 1 and Prisoner 2 have a dominant strategy to play Confess, as it has a higher payoff than Not Confess, regardless of what the other player chooses.

Solving Global Crises as The Collective Action Problem

When addressing whether Game Theory can solve major global issues like climate change or the refugee crisis, Dr. Bilgin argues that the theory explains exactly why these problems are so difficult to resolve. These are classic "collective action" problems where individual incentives conflict with the collective good:

- Climate Change: While all nations benefit from a stable climate, the individual incentive for a country is often to continue polluting to maximize industrial growth while hoping other nations bear the cost of reduction.

- Refugee Crisis: Countries may agree on the humanitarian need to host refugees, but each individual nation often prefers that neighbors shoulder the burden. Dr. Bilgin suggests that recognizing these structures allows for "Mechanism Design", the reverse-engineering of a game. By altering incentives and regulations, policymakers can make the socially cooperative choice (reducing emissions or hosting refugees) the rational "best response" for individual agents.

Artificial Intelligence and the Perfection of Rationality

The integration of artificial intelligence into the economy offers a promising frontier for Game Theory. Dr. Bilgin notes that human players often exhibit a "trembling hand", making errors or acting irrationally due to emotion. AI agents, however, can be programmed to strictly apply rational strategies. Dr. Bilgin uses the example of autonomous vehicles to illustrate this benefit. In a traffic system that consists of AI drivers, every car knows the optimal rules and knows that every other car follows them. This eliminates the uncertainty of human error, and it would allow the system to settle into a more efficient and safe equilibrium. Unlike humans, who might act unpredictably, AI agents can sustain stable cooperation in complex environments.

Forward Induction and the Stag Hunt

To move beyond standard examples like the Prisoner's Dilemma, Dr. Bilgin introduces "Forward Induction" through the "Stag Hunt" game. In this scenario, two hunters must choose between hunting a stag (high reward, requires cooperation) or a hare (low reward, can be done alone). Without communication, the fear that the other might choose the Hare often drives both to the low-reward equilibrium. Dr. Bilgin explains how adding a past option, such as a "Tea Garden", can solve this. If an agent had the option to go to a tea garden for a medium reward but chose to hunt instead, the other player can deduce a specific intent. They infer that the agent would not have skipped the tea just to hunt a hare (which offers low reward). Therefore, the agent must be targeting the Stag. This "Forward Induction", analyzing past actions to predict future rational behavior, allows players to coordinate on the optimal outcome.

Pop Culture and Resources

For enthusiasts looking to explore the field, Dr. Bilgin recommends the film A Beautiful Mind for a dramatized but inspiring look at John Nash's life. For a more practical understanding, she suggests observing the "power struggles" in daily relationships or politics. Academically, she recommends the handbooks and textbooks by Osborne and Rubinstein, which present Game Theory as an engaging form of puzzle-solving accessible to those willing to think strategically.

We'd like to thank Dr. Bilgin for her contribution and support to our works.

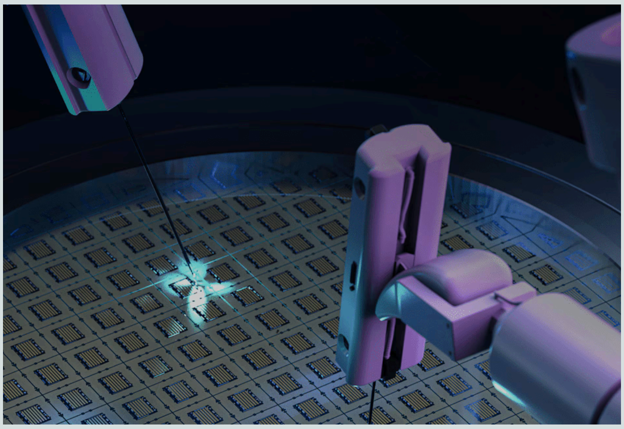
ERU NEWS

Pelin PAYALI
Business Administration
2nd Year Student

Yusuf Arda ARSLANOĞLU
Economics 2nd Year Student

The AI Tax: How AI Just Broke the Consumer Electronics Market

OpenAI's purchase of nearly 40% of global DRAM capacity on October 1 has triggered a severe supply shock. Exacerbated by panic buying and a manufacturing shift to HBM, memory prices have skyrocketed. The crisis is already impacting DIY PCs and is projected to spread to phones, TVs, and cars after Christmas, with no relief expected until late 2027.



Source: Samsung

James, L. (2025, October 3). AI data centers are swallowing the world's memory and storage supply, setting the stage for a pricing apocalypse... Tom's Hardware. https://www.tomshardware.com/pc-components/storage/perfect-storm-of-demand-and-supply-driving-up-storage-costs

Central Bank Cuts Interest Rates

The Central Bank of Türkiye cut its policy rate by 150 basis points to 38 percent. The aggressive move follows a drop in annual inflation to 31 percent. The central bank warned that future cuts will depend on the outcome of the 2026 minimum wage negotiations.

Source: AA

TCMB - press release on interest rates (2025-61). (n.d.). https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Announcements/Press+Releases/2025/ANO2025-61

ERU NEWS

Unused Credit Limits in Türkiye Hit Record 16.7% of GDP

A new report by QNB economists reveals a massive buildup in potential spending power within the Turkish economy. While credit card spending has grown, the limit of these cards has grown much faster, creating a large overhang of “ready to use” credit.

Ekonomim. (2025, December 19). Kullanılmaya hazır limit GSYH’nin %16,7’sine ulaştı. Ekonomim. https://www-ekonomim-com.cdn.ampproject.org/c/s/www.ekonomim.com/amp/ekonomi/kullanilmaya-hazir-limit-gsyhnin-167sine-ulasti-haberi-862954

US Federal Reserve Cuts Rates

The Federal Reserve lowered interest rates by 25 basis points to a target range of 3.5 to 3.75 percent. This is the third cut of the year, signaling confidence that inflation is under control. The focus has shifted to supporting the labor market and reinforcing the “soft landing” narrative as the US economy heads into 2026.

Source: AA

TRADING ECONOMICS. (n.d.). United States Fed funds interest rate. https://tradingeconomics.com/united-states/interest-rate

ERU NEWS

The Death of the Impulse Buy: Why 2025's Shoppers Are Playing the Long Game

Global shoppers are enacting a "pragmatic reset" this 2025 holiday season. Euromonitor identifies a "Wiser Wallet" strategy, prioritizing longevity over impulse buys. In the US, McKinsey notes falling optimism, while PwC predicts a 5-10% spending decline as families trade down. Globally, trends diverge: Bain sees "deflationary growth" in China, whereas J.P. Morgan finds Gen Z taking risks, using credit to fund experiences despite economic headwinds.

Source: Mehmet Eser / AA

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ERU Recommends

Ezgi Eylem ERDOĞAN
Economics 3rd Year Student

The Polar Express (2004)

On Christmas Eve, a young boy embarks on a magical adventure to the North Pole on the Polar Express, while learning about friendship, bravery, and the spirit of Christmas. (IMDb)

Director:

- Robert Zemeckis

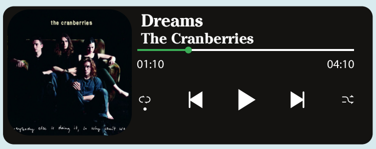
How the Grinch Stole Christmas (2000)

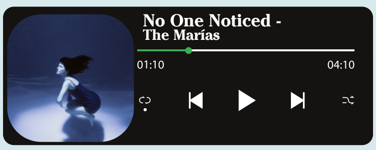
On the outskirts of Whoville lives a green, revenge-seeking Grinch who plans to ruin Christmas for all of the citizens of the town. (IMDb)

Director:

- Ron Howard

Music & Podcast

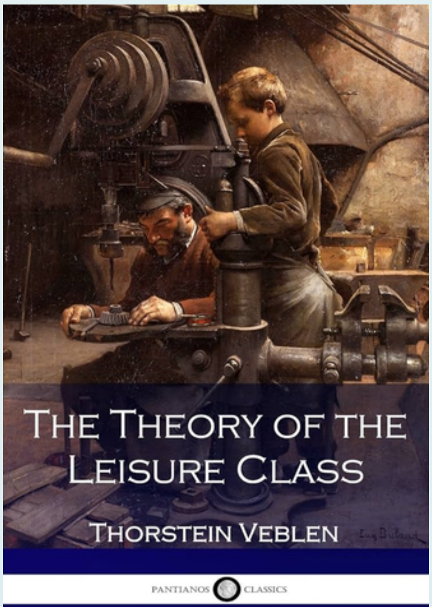




ERU Recommends

Ezgi Eylem ERDOĞAN
Economics 3rd Year Student

The Theory of The Leisure Class - Thorstein Veblen



Thorstein Veblen’s "The Theory of the Leisure Class" is a seminal critique of affluent society that exposes how "conspicuous consumption" and waste are used to signal social status and power. By analyzing the exploitation of unessential goods, Veblen reveals the underlying greed and "barbaric" social behaviors that drive modern economic institutions. His study remains a powerful and enlightening tool for understanding the human cost of status-seeking in a consumerist world.

Veblen, Thorstein, 1857-1929. (1994). The theory of the leisure class. New York, N.Y., U.S.A. :Penguin Books

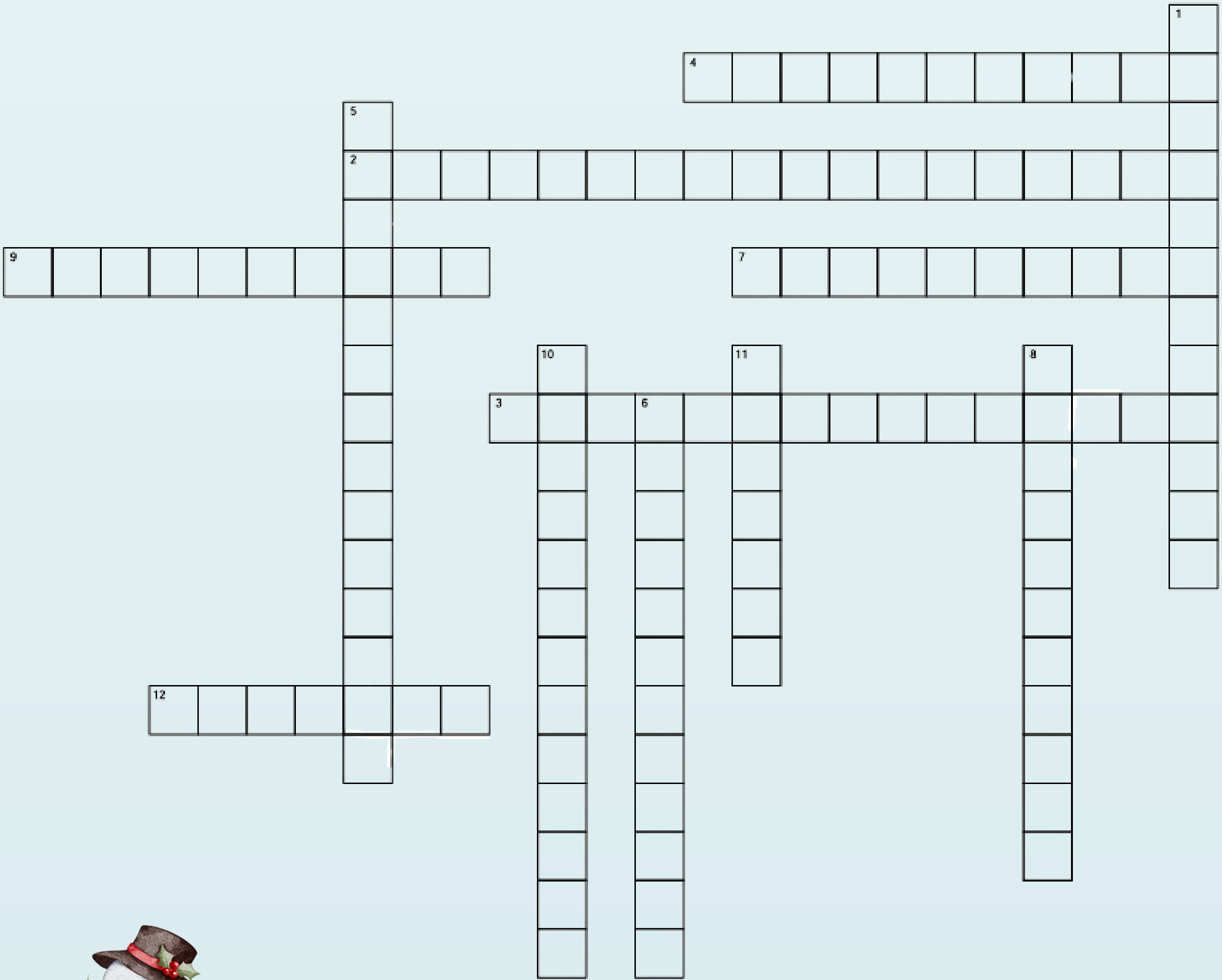
The School of Life - History: Consumerism

The School of Life is a world-renowned educational platform that utilizes philosophy and psychology to provide insightful, visually engaging perspectives on the complexities of modern existence.

Their "History of Ideas Consumerism" video masterfully traces the evolution of our spending habits, exploring how the pursuit of material goods transitioned from a survival necessity to a primary means of defining identity and social status.

ECON CROSSWORD

Defne TOKDEMİR
Economics 2nd Year Student



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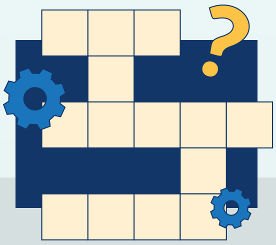

ECON CROSSWORD

Down

1. The cost of borrowing money, expressed as a percentage.
5. An increase in the production of goods and services over time.
6. The amount of money needed to cover basic expenses.
8. The use of goods and services by households.
10. When government spending exceeds government revenue.
11. Income that is not spent and is set aside for future use.

Across

2. How optimistic consumers feel about the economy.
3. The amount of goods and services money can buy.
4. The network involved in producing and delivering goods to consumers.
7. The total number of people who are employed or actively seeking employment.
9. Producing the maximum output with the minimum input.
12. Man-made resources used in the production of goods and services.

ANSWERS

ACROSS

2. CONSUMER CONFIDENCE
3. PURCHASING POWER
4. SUPPLY CHAIN
7. LABORFORCE
9. EFFICIENCY
12. CAPITAL

DOWN

1. INTEREST RATE
5. ECONOMIC GROWTH
6. COST OF LIVING
8. CONSUMPTION
10. BUDGET DEFICIT
11. SAVINGS

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CONSUMERISM


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ERUMAG
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(ECONOMY IS STILL BAD!)


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Best Christmas Buys!
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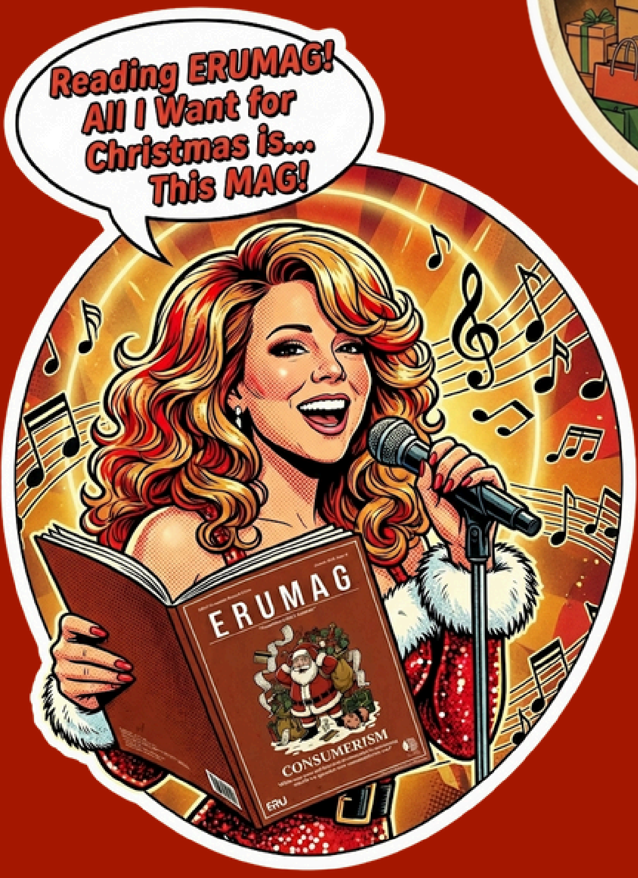
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ERUMAG

"Economics is life's business."

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