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Property, Get in Line! (On the 2024 Nobel Prize in Economic Sciences)

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ABSTRACT
The article examines the problems raised in the works of the 2024 Nobel Laureates in Economic Sciences. The author focuses primarily on the role of the category of "property," highlighting the laureates' investigation into the exceptional status of property rights within economic theory. It is shown that this status is rooted in the myth of the "invisible hand of the market," which emerged after Adam Smith and was based on a misinterpretation of his writings. The article also discusses the gradual erosion of transparency around property ownership, prompting a reassessment of both the concept of property and the relationship between property owners and political power structures. Drawing on the laureates' findings, the author argues that the protection of property constitutes an independent socio-economic institution. The article concludes by examining two specific forms of property rights — those concerning the means of production and scientific-technological innovations — demonstrating their close ties to other social institutions and their inability to exist in isolation.
Keywords: Nobel Prize in Economic Sciences; terminilogical precision; property; economic institutions; political institutions; intellectual property; scientific and technological progress; means of production; property protection

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INTRODUCTION

The 2024 Nobel Prize in Economics was awarded to three American professors who are well known to Russian economists, thanks to the translation of their books and articles into Russian — a rarity rather than the rule.

The most prominent among them is Daron Acemoglu, an Armenian born in Turkey, educated in the United Kingdom, and currently teaching in the United States. While there is a touch of exoticism to his background, it is relatively minor given how seamlessly his work fits into the traditions of economic science as practiced by professors at American universities.

The second laureate, James Alan Robinson, a professor at the University of Chicago, was born in the United Kingdom and graduated from the University of Manchester. He then moved to Australia and later to the United States. He has taught at the University of Southern California (Los Angeles), the University of California, Berkeley, and Harvard University. Since 2015, he has been a professor at the Harris School of Public Policy at the University of Chicago.

The third laureate, Simon Johnson, a professor at the Massachusetts Institute of Technology, was also born in the United Kingdom, where he received his higher education.

Thus, all three laureates are immigrants born outside the United States and, as we will see, have nevertheless integrated organically into American economic science.

The Nobel Committee's memorandum notes that the scholars "provided new insights into why nations around the world differ so significantly in their levels of prosperity. One of the most important explanations lies in the great variation in social institutions".

Such a broad formulation suggests that different spheres of life hold different levels of importance for each country. The authors themselves, as well as most commentators, naturally emphasize what is most relevant to the United States.

These discussions often involve various interpretations of the concept of "social institution": "predominant or dominant types of relationships", "the currently accepted system of social life", or "customary ways of regulating the life processes of society in relation to the material environment in which it exists" [1].

We will adhere to these definitions but emphasize what is particularly significant for the Russian economy and the worldview of Russian citizens.

The laureates do not single out any one institution as dominant: at a particular point in history and under specific circumstances, one institution may be key; in other situations, an entirely different one takes precedence. For Russia, the results of their research are especially thought-provoking, raising questions such as: Are you suggesting that the antagonism between socialism and capitalism — engraved in the memory of every Soviet citizen — is merely one of many differences in institutions? Just one among many? What about the Socialist Revolution, the Soviet past, and the decades of the Cold War? Weren't these 20th-century events driven by differences in property regimes? This brings us to an analysis of how the exclusive importance of property rights is being reconsidered.

Property rights — considered fundamental in Marxism and deeply embedded in modern Russian self-perception, as well as in distinctions between different economies — cannot, according to the laureates, be viewed in isolation from other institutions.

This position represents a fundamental departure from not only traditional economic thought but also from the mindset of the average person, who believes property rights to be of paramount importance.

The laureates propose distinguishing between extractive and inclusive institutions. Extractive institutions channel economic resources into the hands of a limited group or divert them out of the national economy altogether. A good example, in the author's view, is television advertising: it takes up the time of millions of viewers for the benefit of a handful of companies.

This extractive institution can be contrasted with an inclusive one — such as foreign language lessons broadcast on television, a practice common in many countries. Such programming, by contrast, promotes the dissemination of knowledge held by a limited few among a wider circle of economic participants.

Even this example makes it clear that in today's economy, the notion of property has receded into the background. The television set belongs to the viewer but shows content that they do not need. The advertising agency uses the television system (which it does not own) to serve an advertiser who owns neither the individual TV set nor the broadcasting infrastructure. This is a vivid illustration of how property rights can be completely disregarded.

THE REASONS BEHIND THE EXCEPTIONAL STATUS OF PROPERTY RIGHTS IN ECONOMIC THEORY

One could argue that the exaggerated role of property stems from the characteristics of the scientific method that dominated for many years — specifically, its focus on statics and outcomes achieved as a result of past actions. In the laureates' work, this static approach is replaced by an emphasis on dynamics and the long-term consequences of ongoing activities.

With this dynamic perspective, the categories once considered most important in static analysis recede into the background, while those previously seen as secondary become central.

Let us begin with the concept of a "transaction". From a static standpoint, a transaction either has occurred or has not. There is nothing in between — only a fleeting moment in which no events are recognized.

Reality, however, is in constant motion, while economic theory still tends to "show slides". For instance, a country's GDP might be reported to have grown by 5% over the year. But what actually happened during that year? Was it a good harvest? Did gas prices fall or rise? Did many high school graduates take factory jobs? All of this is lumped into the single "slide" representing annual GDP growth and is typically excluded from economic analysis.

Moreover, there is still no clear distinction in economic theory between models that rely on a static picture and those that view the economy primarily through a dynamic lens [2].

Property is a concept rooted in the static approach — it represents what exists at a given moment. A dynamic view, however, requires us to consider different aspects: the institutions that preserve or grow property, the risks of its loss, and so on. Thus, property protection — which belongs to the realm of process and dynamics — exists in a different context from the concept of property as a snapshot of ownership at a single point in time.

The Civil Code of the Russian Federation[1] defines property as a set of norms, dividing it into three rights: possession, disposal, and use. Protecting property relates to all three and involves confirming or disputing the possibility of exercising them jointly or separately. In this sense, protection too belongs to a static framework, representing a set of discrete actions.

THE LAUREATES CONTINUE THE EVOLUTION OF ECONOMIC THEORY FROM STATICS TO DYNAMICS

The theoretical direction in economics developed by the laureates began in 1937, when Professor Ronald Coase of the London School of Economics explained the reasons for the emergence of firms in his groundbreaking paper [3]. He was awarded the Nobel Prize in Economics 54 years later, in 1991. In simple terms, Coase's idea was that within a firm, interactions occur naturally — without the need for formal agreements or transactions.

Initially (even in the year Coase received the Nobel Prize), researchers focused primarily on justifying the existence of firms. Only in recent years has attention shifted toward transaction

[1] URL: https://www.consultant.ru/document/cons_doc_LAW_5142/

costs as a distinctive feature of property as an institution.

It turned out that property ownership comes with limited rights that are burdened by obligations. Beyond the requirement to pay taxes, the owner must also bear transaction costs whenever the property is used.

This topic is well presented in the book Why Nations Fail by Daron Acemoglu and James A. Robinson [4]. The authors consciously move away from the notion of a "deal" — which is essentially timeless — and favor the broader concept of a "transaction", which unfolds over time and includes various events and processes.

A notable episode in the history of the Nobel Prize in Economics related to this topic occurred in 2016, when Harvard Professor Oliver Hart (originally from the UK) and Bengt Holmström, a Finnish-born Swede and professor at MIT, received the prize for their contributions to contract theory. This recognition sparked a wave of studies and publications contrasting the concepts of deals and contracts.

Unfortunately, this did not result in a fully developed system of new categories within economic theory. To this day, scholars often use terms from both static and dynamic paradigms within the same context. For instance, annual GDP growth may be interpreted as a dynamic indicator or merely as the difference between two static snapshots — at the beginning and end of the year.

The laureates have introduced a significant number of categories associated with dynamics into academic discourse — among them, the concept of an "institution", whose very essence implies "an established practice".

From this point forward, economic theory began moving toward a more accurate reflection of economic reality [5], particularly in relation to the evolving understanding of the market economy.

THE VANISHING "INVISIBLE HAND OF THE MARKET"

The very emergence of the institutional school of economic thought can be explained by the realization that an unregulated market not only promotes economic development, but also leads to numerous undesirable consequences.

The laureates argue that unfair privileges for a limited group of economic agents and income inequality are the result of inefficient functioning of market institutions [6], and that attempts to interfere with these institutions have never yielded positive results. No society, they note, has ever achieved broad prosperity simply by redistributing income from the rich to the poor. In Russia, however, this truth is still subject to debate.

Equally persistent in Russia is the myth of the "invisible hand of the market". The phrase is commonly — but unjustly — attributed to Adam Smith, though he uses it only twice in his writings: once when describing a landowner who refrains from owning all the land and instead distributes it among tenants, and once when an industrialist chooses to build a factory in England to live among people who can earn a living — although he could have built it in India, where wages were lower [7].

According to Adam Smith, any entrepreneur "intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it" [8].

In this case, Smith was referring to the "invisible hand of God" (not of the market), which likely served to restrain the market participant, to correct their behavior, and by no means to relieve them of moral principles or convictions.

This again reinforces the point that property cannot be separated from the broader system of social institutions, as all such institutions are inherently tied to the moral and ethical norms of society.

Neither the market nor the concept of property could exist if the actions of economic agents were morally flawless. This does not mean that deviations are not possible — but such deviations have never been, and are unlikely to ever be, regarded as normal or socially acceptable practice.

PROPERTY PROTECTION AS AN INDEPENDENT SOCIAL INSTITUTION

Since the time of Ancient Rome, property protection has been a matter of legal procedures. In Russia, legal norms governing property rights are, by international comparison, the most closely aligned with Roman law.

For instance, Article 301 of the Civil Code of the Russian Federation[2] states that the primary means of reclaiming property from unlawful possession is through a legal claim. Just as in Ancient Rome, the final word rests with the court. Consequently, property protection has always depended on a range of social institutions built around the judicial system — such as lawyers, juries, appeals, and so forth.

Russian legislation also provides for the protection of possession rights, even in cases where the legal title to the property has not been formally registered in the possessor's name. For example, under the law, a tenant has the right to protect their possession even against the will of the legal owner. This is yet another example of how property rights cannot exist independently of a broader system of social institutions.

As one influential formulation puts it: "Secure private property rights are central, because only those whose property rights are protected will be willing to invest and increase labor productivity" [4, p. 105].

Thus, property cannot be isolated from other institutions, since its proper functioning depends on the existence of another institution: the mechanism of protection.

For a long time, it was assumed that protection mechanisms applied only to private property (individual or familial). However, thanks to the work of 2009 Nobel Laureate Elinor Ostrom (1933–2012), we now know that collective or common property has always had its own complex systems of protection [9].

Private property itself can be seen as an extractive institution, whereas its protection constitutes an inclusive institution, as it motivates individuals to expand their assets by assuring them that those assets will be safeguarded.

The inclusion of property within systems of legal protection strips it of any claim to exclusivity or uniformity: property that is legally protected differs fundamentally from property subject to a high risk of dispossession. This is further evidence that there is no single, unified concept of "property". Rather, the category is an artificial construct made up of multiple notions and institutions — especially given how its meaning and substance have evolved over time.

In scholarly research on the fall of the Roman Empire, the primary focus is typically placed on military factors — battles, victories, and defeats. However, an equally important role was played by the fact that the so-called "barbarians" had a more coherent system of property protection institutions. For example, in Roman legal practice, it was possible to challenge the rights of a bona fide purchaser if evidence emerged that the property had been unlawfully acquired by one of its previous owners. This created opportunities for various forms of intrigue and manipulation.

According to many experts, the events surrounding property rights also played a significant role in the collapse of the Roman Empire — particularly when these rights are viewed as part of a broader institutional system, rather than in isolation [10].

In Ancient Rome, property was divided into several types. For instance, there was Quiritary property, which belonged to Roman citizens and foreigners who had been granted the right to trade within Roman territory, and Peregrine property, which belonged to non-citizens and was subject to weaker protections [11]. From the outset, therefore, property was not a unified institution, but rather a collection of distinct rights allocated to different categories of the population.

A somewhat similar differentiation of rights has persisted into the present day. In modern Russia, for example, more than 90% of banking

[2] URL: https://www.consultant.ru/document/cons_doc_LAW_5142/

profits are generated in just two cities — Moscow and St. Petersburg. This means that businesses in these cities have significantly greater access to financial resources than elsewhere. As a result, commercial property in these two economic centers is fundamentally different from that in other regions.

The newly awarded Nobel Laureates offer a fresh perspective on the issue of differentiated property rights. Building on the work of Douglas North (1920–2015), recipient of the 1993 Nobel Prize in Economics, they distinguish between two categories of property-related rights: property rights and contractual rights [12]. While these categories overlap, they differ in a crucial way: in cases of opportunistic or otherwise inadequate behavior by one party, contractual rights can typically be enforced privately, whereas violations of property rights require the involvement of political institutions [13].

Accordingly, the more restrictions a country imposes on elite behavior and political activity in general, the more secure property rights tend to be. In societies where the risk of expropriation is low, one also sees higher rates of economic growth, greater investment, and more active stock markets.

At the same time, such countries tend to have less developed contractual institutions, whose influence on investment and economic growth is correspondingly limited [14].

BOUNDED RATIONALITY AND THE INSTITUTIONS THAT SUPPORT IT

The concept of bounded rationality, introduced by Herbert Simon, winner of the 1978 Nobel Prize in Economics, is widely used in economic theory. Its core idea is that individuals (economic agents) make decisions under conditions of limited time and resources, incomplete information, and a limited ability to evaluate all possible options or foresee their consequences. As a result, decisions are usually not optimal but merely satisfactory [15].

If that is the case, then the emergence of institutions that extend the boundaries of rational decision-making is inevitable. What kinds of institutions are these?

First and foremost, a robust system of information provision must be in place — hence, the institution of access to information must function effectively. Citizens' rights in this regard vary significantly from country to country. In most, there is mandatory, unrestricted access to legal and regulatory documents, since ignorance of the law severely narrows the boundaries of rational decision-making.

However, some countries — including Russia — charge for such access. Likewise, for example, satellite images (crucial for making rational decisions in agriculture and other sectors) are freely available from NASA, while Roscosmos charges fees. As a result, many Russian entrepreneurs struggle when their business depends on geographic or territorial information but they are unwilling or unable to pay for it.

The same applies to reference databases of regulatory documents and similar informational resources.

OWNERSHIP OF THE MEANS OF PRODUCTION

Throughout most of the 20th century, this concept was the primary distinguishing feature between two socio-economic systems. If private ownership of the means of production predominates, the system is considered capitalist; if state ownership dominates, it is considered socialist.

However, in order for the means of production to generate profit, workers are also needed to operate them. Before the contributions of the current Nobel laureates, labor was typically regarded (and still is by many) as simply another part of the means of production. In economic theory, the worker had no agency — just like a machine or assembly line. Marxism took this approach even further, positing that a worker brings to the labor market a commodity: labor power, or the ability to perform work. One idea leads to the other: if labor power is just one of many goods on the market, its price (i.e., the wage) becomes the key factor, linked directly to its quality.

The picture changes significantly when we introduce the concept of the employment institution into the theory. Daron Acemoglu, treating employment as a socio-economic institution, proposes analyzing the concept of "good jobs" — positions that not only offer wages appropriate for a middle-class standard of living, but also attract candidates through decent working conditions, job stability, and protection from employer interference.

The successful development of a national economy depends on the availability of sufficient "good jobs" [16]; a shortage of such jobs contributes to inequality.

According to Acemoglu, markets tend to produce a deficit of "good jobs", since offering them typically requires companies to make more significant investments and incur higher operating costs. Employers often prefer to offset the unattractiveness of a job by offering a higher wage — which, in many cases, is the cheaper option.

A "good job" generates benefits for the employee that are irrelevant to the employer, who is primarily interested in lowering labor costs and minimizing initial expenditures. Countering this are labor market institutions, supported by technological progress, which help increase the share of "good jobs" in the economy.

Here, the market actually slows this process — it cannot guarantee the direction or scope of technological innovation, and thus cannot ensure the expansion of "good jobs". This is yet another sign of the absence of the "invisible hand of the market" mentioned earlier.

At the same time another issue arises: ownership of the means of production is constrained by the need to coordinate its use with those who are not direct owners. The owner enters the labor market as a seller of job vacancies, but whether those jobs are in demand is out of their hands. What they can do is ensure in advance that the jobs offered are of high quality (in terms of working conditions, pay, and schedules).

In general, for many entrepreneurs, short-term considerations outweigh long-term goals, and the pursuit of personal enrichment dominates over the objective of productive development [17].

HIDDEN OWNERS AND POWER

In an interview with a Russian journalist, one of the 2024 Nobel Prize laureates, James Robinson, said: "According to our theory, when political institutions become less inclusive, the same usually happens to economic institutions. And of course, we're seeing that now — for example, the growing role of monopolies, which is well documented. You know, when billionaires with completely insane ideas about the economy and how everything should be run have enormous influence over government, it inevitably affects economic institutions too[3]".

This close connection between political and economic institutions helps explain why ownership — especially large-scale ownership — is increasingly anonymous. For most of its history, private property was based on openness. Today, however, it is often difficult to determine who actually owns the world's largest assets. It's not uncommon for one legal entity to hold a controlling stake in another, which itself owns a subsidiary with other shareholders — some of whom, in turn, are connected to the first entity. And so the chain continues.

The motivation to obscure true ownership stems largely from the fact that large-scale property is often tied to power structures. The more corruption prevails in a society, the more opaque and convoluted the ownership structure tends to become — particularly in countries that only recently transitioned to market economies.

Even smaller-scale property is well protected only when the authorities view its owner favorably. A case from Russian legal practice illustrates this point. Articles 235 and 239 of the Russian Civil Code,[4] along with Article 32 of the Housing

[3] URL: https://econs.online/articles/video/instituty-pod-ugrozoy-kak-rastushchee-neravenstvo-mozhet-izmenit-mir/

[4] URL: https://www.consultant.ru/document/cons_doc_LAW_5142/

Code,[5] allow for the expropriation of residential land plots for state or municipal needs. While owners are entitled to compensation, the law does not define the amount or set clear criteria for what constitutes a pressing public necessity. These decisions are made on a case-by-case basis by public officials.

Public disclosure of ownership is not the only condition for legitimizing property. In its absence, suspicions persist that the property may in fact belong to someone else. The most common method of concealing ownership is through a chain of rights: a business is owned by one legal entity, which is in turn owned by another, and so on — until the true owner emerges at the end of the chain.

Alongside this trend, three related developments can be observed: increased state control over those who lack political connections, more complex mechanisms for exercising this control, a shift in how property rights are perceived by the owners themselves [18].

INTELLECTUAL PROPERTY RIGHTS

Originally, the right to an invention was not considered property as such: in Russian, the term used was "privilege", meaning a monopoly right to use a particular innovation. Similar terms existed in other languages as well [19].

The directions of scientific and technological progress, as demonstrated by the laureates through many examples, are determined not by the free market but by the priorities of large companies that have already succeeded in a given technological field.

However, for Russian readers, the laureates' findings regarding technical innovations and inventions may be difficult to grasp. In their perception, the patent system exists to protect the inventor's rights and thereby encourage technical creativity and progress.

But the patents were never part of the inventor's personal rights; rather, they serve as protection for those who implement inventions, granting them a temporary monopoly — not to reward inventors but to foster the development of innovative production.

During the early development of the patent system in Europe, inventors never approached government authorities to request recognition of monopoly rights on their inventions; the inventor's name was not always disclosed. In the case of foreign (imported) inventions, the inventor was often completely uninvolved in patenting.

According to R.I. Kapelyushnikov, the patent system is an "explicitly exclusive institution" [20], but this observation is valid only if two claims are accepted without question: "property has exclusive importance" and "the market will settle everything". Both claims, however, are highly questionable.

As for modern Russia, matters would be simpler if the myth of patenting as protection of the inventor's rights existed only in the minds of the misguided. But Article 1345 of the Russian Civil Code[6] states that the exclusive right (as well as the right to obtain a patent and compensation) belongs to the inventor, not to the one who implements the invention.

Thus, the myth of protecting the inventor's rights transforms from a widespread individual misconception into a major obstacle to scientific and technological progress: the inventor typically lacks the resources — especially financial — to bring their invention to market.

Furthermore, the invention in this case is considered the property of a natural person (a concept effectively borrowed from copyright law), which makes the prospects of implementation even more uncertain. For a long time, only two countries in the world granted invention rights solely to individuals: the USSR and the USA. However, in 2012, the USA revised its legislation to include patent ownership rights for legal entities. In Russia, the situation remains unchanged [21].

[5] URL: https://www.consultant.ru/document/cons_doc_LAW_51057/

[6] URL: https://www.consultant.ru/document/cons_doc_LAW_5142/

The rationale behind this approach rests on the unstated assumption that an inventor can convert their invention rights into money by selling them for subsequent use. But at least two factors hinder this: 1) patent application and maintenance require money, which is not always available; 2) enterprises or organizations that could act as investors are usually unwilling to invest in acquiring rights to an invention from an individual inventor, especially if it is untested and unknown in the market [22].

According to European Union innovation statistics, out of five groups of indicators, only one concerns intellectual property; the other four are "innovation drivers" (number of technical university graduates, youth education levels, degree of informatization, etc.), "knowledge generation" (public and private spending on science and innovation), "innovation entrepreneurship" (share of small companies involved in innovation, venture capital volumes, etc.), and "implementation" (sales volumes of innovative products, etc.) [23].

Thus, even according to European statistics, ownership of inventions and other types of scientific and technological innovations is intertwined with other social institutions and means little on its own.

If the transfer of invention rights to those incapable of implementing them will harm the future development of the Russian economy, then the transfer of state property (land and enterprises) to people unable to use it effectively has already dealt a blow to the Russian economy, the consequences of which are still being felt today.

The belief in the exclusive role of property proved notably mistaken, and those who adhered to this belief and actively participated in privatization were met with disappointment: it turned out that making acquired property profitable required struggle and labor efforts, for which the new owners were completely unprepared.

Reflecting on why some countries experience stagnation while others demonstrate scientific and technological progress, the laureates conclude that the latter requires protection of property rights for broad segments of the population, as well as equal opportunities to earn income from their businesses and patent-protected innovations [24].

This conclusion provoked the strongest criticism, including among Russian economists, some of whom even forgot that the laureates' fundamental position is that the category of "property" is not the basic one but only one of many that determine economic development (according to the theory).

The harshest criticism of the current laureates appeared in a preprint from the National Research University Higher School of Economics five years before they were awarded the Nobel Prize [20]. Terms such as "methodological narrowness", "conceptual inconsistency", and "historical inadequacy" recall the years of implacable ideological struggle against bourgeois falsifiers.

However, let us turn to the essence of the results obtained by the laureates through research on economic history using their proposed categories of "extractive" and "inclusive" institutions.

They argue that the 1688 Revolution in England was the world's first to establish the predominance of inclusive political institutions, which stimulated investment, innovation, and trade. The state "firmly protected property rights. By clearly defining property rights to all assets, the government facilitated rapid infrastructure development. These innovations set the engine of economic growth in motion, paving the way for the Industrial Revolution" [4, p. 143].

The Industrial Revolution in 18th-century England is explained by scholars as follows: the great geographical discoveries and, consequently, the rise of global trade, led to very different outcomes in England and three other trading states (Spain, Portugal, and France).

In England, private business was allowed into global trade and grew domestically following the Glorious Revolution of 1688 over more than seventy years.

For this reason, wealth gained from trade and plunder was acquired by private business, while in the three rival countries it was concentrated in the hands of monarchs and a limited circle close to power. In one case, these resources were integrated into economic circulation; in the other, they lay dormant and did not contribute to national economic development.

"Since many members of Parliament were engaged in trade and manufacturing, it was in their interest to ensure enforcement of property rights" [4, p. 262]. Other consequences of this divergence are noted: having grown wealthy, English merchants and landowners were able to form a broad coalition that successfully opposed the king and ultimately prevailed. In the laureates' interpretation, "inclusive economic institutions support corresponding political institutions and, in turn, rely on them" [4, p. 567].

For the elite, innovations increase the risk of losing income (rents). In response, their representatives close to state power begin to consolidate their ranks [4, p. 568], provoking military conflicts and wars, which contribute to scientific and technological progress, the functions of which in the civil sphere were curtailed due to the dominance of extractive institutions.

Consolidation can also occur in other ways, such as through shared ideology, party affiliation, family ties, etc. — all of which the laureates were the first to highlight [4, p. 183], largely explained by their interpretation of the state as an agent represented by the ruling elite.

In their latest book, Daron Acemoglu and James Robinson extend this interpretation to the driving forces of scientific and technological progress [25]. Without denying that it is the main driver of prosperity in the economy, they show with specific examples that advanced technologies are formed according to what only influential people in business or government want (and believe). It is not scientific and technological progress per se that changes the world, but the choices of these decision-makers regarding innovation. According to the authors, this is the "illusion of progress".

For instance, remarkable cathedral-building technologies of the Middle Ages were implemented amid mass peasant famine, and modern digital solutions develop while millions live in poverty.

In this context, intellectual property rights matter only if they "intersect" with the chosen direction of scientific and technological progress. New technologies should ideally create jobs with better working conditions, rather than simultaneously producing robots and unemployed people. But this has yet to happen.

CONCLUSION

Daron Acemoglu, James Alan Robinson, and Simon Johnson have raised issues that are critically important for the development of every national economy and the global economy as a whole. Opinions may vary regarding their explanations of why some countries are rich while others remain poor — the debate on this subject has been ongoing for a long time and will continue. However, it seems that everyone agrees on the importance of recognizing the problems they analyze in their works.

The evidence they present that property is not the exclusive social institution determining economic development compels us to reconsider the history of our own country. In the 1990s, it was widely believed that the emergence of private owners interested in economic outcomes would provide a powerful impetus for economic growth. Yet it turned out that this was insufficient, and the introduction of other institutions related to property rights was necessary — similar to those established in the Napoleonic Code regarding agricultural land: if the land is left uncultivated for four years, the owner loses the right to it. In a similar vein, privatized enterprises should have transferred to private ownership with a condition: if you cannot develop production, you lose the right to it.

However, the prevailing notion at the time — that the key was merely a change of ownership — prevented this from happening.

Through their work, Daron Acemoglu, Alan Robinson, and Simon Johnson have shown this approach to be flawed. Unfortunately, it is already too late for the economy of our Motherland.

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