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Rainer Zitelmann holds doctorates in history and sociology and is the author of 21 books. His latest book *The Power of Capitalism* argues the case that capitalism matters more than ever – and that it's under threat.

WHY DOES THIS SUBJECT MATTER TO YOU?

Following the collapse of socialist systems around the world at the end of the 1980s, the superiority of the market economy was clear to many. Nevertheless, latent and overt anti-capitalist animosities have persisted, and, since the outbreak of the financial crisis in 2008, have even gained considerable support. In particular among intellectuals, anti-capitalism is once again popular – as demonstrated, for example, by the widespread approval of Piketty's *Capital in the Twenty-First Century*. It therefore seemed important to me to counter this by writing a book on economic history that demonstrates the superiority of capitalism.

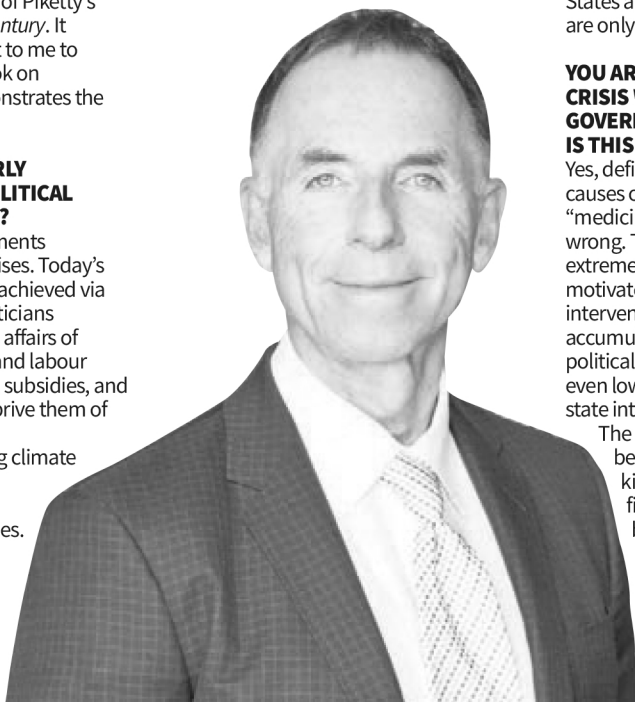
IS THE TOPIC PARTICULARLY RELEVANT IN TODAY'S POLITICAL CLIMATE, AND IF SO, WHY?

In the past, socialist governments nationalised private enterprises. Today's planned economies are not achieved via nationalisations, but by politicians increasingly meddling in the affairs of businesses and using fiscal and labour market policies, regulations, subsidies, and prohibitive legislation to deprive them of their freedom of action.

Under the guise of "fighting climate change", politicians in many countries are increasingly intervening in their economies. In this, Germany leads the way as it gradually transforms its energy industry into a planned economy. In the medium term, the costs of Angela

Q&A

Jess Clark questions Rainer Zitelmann about his latest pro-capitalism tome



Merkel's "energy transition" are estimated at one trillion euros. Having targeted the energy industry, the automotive industry is now in the crosshairs of Germany's politicians. Here, the political debate now revolves around when to ban all combustion engines, with serious consequences for the automotive industry.

Free markets and free trade are currently under threat around the world, as demonstrated by Donald Trump's protectionist policies.

Instead of recognising that capitalism and globalisation have reduced poverty, Western countries are engaged in emotionally charged debates about the "gap between the rich and the poor". Demands for state-led redistribution are intensifying. Bernie Sanders in the United States and Jeremy Corbyn in Great Britain are only two examples.

YOU ARGUE THAT THE FINANCIAL CRISIS WAS A RESULT OF GOVERNMENT INTERVENTION, IS THIS A RISK TODAY?

Yes, definitely. Having misdiagnosed the causes of the financial crisis, the "medicines" prescribed to treat it are also wrong. The financial crisis was caused by extremely low interest rates, politically motivated government market intervention and excessive debt accumulation. And yet, all over the world, political leaders are fighting back with even lower interest rates, even greater state intervention and even more debt.

The underlying problems have not been solved, they have simply been kicked into the long grass. If the financial crisis flares up again, the blame will no doubt, erroneously, be laid at the door of capitalism.

HOW DID THE FINANCIAL CRISIS IMPACT CAPITALISM'S REPUTATION?

From the point of view of anti-capitalists, the financial crisis is

evidence of the inherent failings of the capitalist system. In fact, the financial crisis was not, as is often claimed, the result of deregulation and market failure, but of government intervention.

YOUR OWN BELIEFS MOVED FROM ANTI-CAPITALIST TO CAPITALIST – WHAT CAUSED THE SHIFT?

It is actually not all that unusual for someone to start out as a socialist or communist in their youth before embracing capitalism as they get older!

A WEALTH GAP BETWEEN THE RICHEST AND POOREST PEOPLE DOES EXIST – CAN CAPITALISM CLOSE THE GAP, AND HOW?

The decisive question from my point of view is not whether the gap between rich and poor is widening, but whether the fate of the poor is improving. That is what truly matters. Over the last few decades, roughly one billion people worldwide have risen from extreme poverty to the middle class, especially in China and India. In my book, I take the example of China and show that hundreds of millions of people have risen out of extreme poverty. In 1988, extreme poverty in China stood at an incredible 88 per cent, today it is just one per cent. At the same time, the number of millionaires and billionaires in China has grown faster than anywhere else. The reason for both developments was that the influence of the state was reduced (although it is still strong in China), private property rights were reintroduced and market forces were given more freedom.

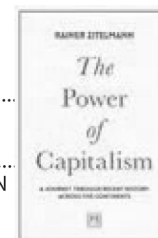
WHAT ARE YOUR PLANS FOR FUTURE BOOKS?

My latest book is the first major scholarly study on the subject of prejudices and stereotypes against rich people. Academic prejudice research has focused on prejudices against minorities but, so far, there hasn't been a single major work on the topic of prejudices against the rich.

BOOK REVIEW

THE POWER OF CAPITALISM

BY RAINER ZITELMANN



Tackling a potentially controversial subject, Dr Rainer Zitelmann, a former anti-capitalist himself, outlines arguments in favour of capitalism across the world. For many people, he argues, "capitalism is a dirty word", dragged even further through the mud by the 2008 financial crisis.

Zitelmann argues that the financial crash 10 years ago was triggered by a series of political interventions and US Federal Reserve policies at the time, rather than a market failure and "unbridled capitalism" challenging a popularly held viewpoint on the crisis.

It is "food for thought", he writes that the most unstable areas of the economy are those that are the most heavily regulated by governments.

In the chapter *Why intellectuals don't like capitalism*, the author accuses anti-capitalist intellectuals of a tendency to "design ideal social systems that they then compare to the current reality", a tactic he eschews in the book.

He reasons that both sides of the debate actually represent the elite, an argument that may be particularly pertinent as we see the rise of populism in today's political environment but potentially doing little to bring critics onside.

This wide ranging tome, which covers economic systems across China, Africa, Germany, the US and UK exploring the power of capitalism, may not persuade staunch anti-capitalists of the author's alternative viewpoint. However, it certainly offers a robust challenge to anti-capitalist views and provides a series of well defined and researched arguments in favour of a capitalist society.