

Rainer Zitelmann: Capitalism is the best concept against poverty



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Rainer Zitelmann Photo: Aryan Dhimal

German historian, writer, and sociologist, **Rainer Zitelmann**, made arrived in Nepal last week. He was here for the launch of two of his books, Set Yourself Bigger Goals in English and Punjiwaad: Bhram Wastawiktaa Ra Tathya (Nepali version of "[In Defense of Capitalism: Debunking the Myths](#)"). The two books were launched in Nepal on December 12.

Rainer Zitelmann has written 27 books and has garnered international acclaim for his works, which span diverse subjects such as capitalism, self-help, and

Beyond his role as an accomplished author, Rainer Zitelmann dons a different hat as a well-known businessman and real estate investor. However, he is particularly renowned for his outspoken advocacy of capitalism, a perspective that resonates globally.

In a recent interview with *Onlinekhabar*, Rainer Zitelmann delved into the multifaceted aspects of capitalism. The discussion encompassed his unique definitions of capitalism, its relevance in underdeveloped countries, and his insights into the future trajectory of this economic system.

Excerpts:

Welcome to Nepal. Is this your first time in Nepal?

Yes. I have been to a lot of Asian countries but not Nepal. I have been to China, South Korea, Vietnam, Mongolia and Indonesia several times.

I went through your Twitter account and your bio says #ILOVECAPITALISM, this made me curious about how and when you fell in love with capitalism.

It all happened with my research. For a lot of people, capitalism is a bad word. But I think capitalism is the best concept against poverty. Given the prevalence of poverty in our country, capitalism becomes especially crucial. Allow me to share some relevant facts.

Around 200 years ago, before the advent of capitalism, about 90 per cent of the global population lived in extreme poverty. Today, that figure has significantly decreased to less than nine per cent, with half of this reduction occurring in the last few decades. As recently as 1981, 43 per cent of the worldwide population lived in extreme poverty.

Numerous Asian countries serve as clear examples of how capitalism and free market reforms can effectively combat poverty. Among these, China, Vietnam, South Korea, Singapore, and Hong Kong stand out as major success stories.

market economy. Now it is amazing to see how they have enhanced their living standard.

I don't understand why here in Nepal so many people believe in the example of Maoism, Marxism and Leninism. There's not a single example where [socialism](#) has improved living conditions for people. But there are a lot of examples where capitalism improves living conditions.

I think even your prime minister called himself a follower of Maoism. I don't understand why it is happening. Even in China, they have understood that Maoism doesn't work and socialism can't help to improve living conditions for people.

In China during 1981, 88 per cent of the people in China lived in extreme poverty then they started free-market reforms. Today it is less than one per cent who live in poverty. Similarly, South Korea and Vietnam also understand the free market economy.

I hope that one day people here in Nepal will follow these examples.



Rainer Zitelmann. Photo: Aryan Dhimal

What made you realise that capitalism is the best idea for the contemporary world?

I'm a historian. I don't believe in looking at any theories. Many theories say what is good and what is bad but I don't believe in theories. I believe in history.

Let's take South Korea as an example. In the 1960s, the country was among the poorest nations in the world. However, a decisive shift toward capitalism was made, and since then, South Korea has undergone significant development. The living standards in the country have notably improved, marking a remarkable transformation.

Taiwan is another example. It stands as a truly successful country. These nations, including South Korea and Taiwan, have achieved remarkable success by embracing economic freedom.

To gauge economic freedom globally, one can refer to the Index of Economic Freedom published annually by the Heritage Foundation. This ranking system

end of the spectrum, like North Korea and Cuba, are considered the least economically free.

Nepal, with a rank of 142 out of 175 countries, is positioned as one of the least economically free nations. When examining specific categories within the Index, economically free countries, such as Singapore and South Korea, fall under the “Free” category, while nations like North Korea and Cuba are classified as “Repressed.” This data serves as compelling evidence that economic freedom correlates with success and prosperity.

So how is capitalism relevant to an underdeveloped country like Nepal?

Capitalism is especially important for underdeveloped countries. There is no other solution for them. You should compare Africa with Asia.

Africa has received billions of dollars in development aid, yet it remains the poorest continent. In contrast, many Asian countries, despite receiving less aid, have managed to leverage their resources effectively.

For underdeveloped nations like Nepal, capitalism holds crucial importance. Attracting investors is key to development, and to engage with international investors, a country must minimize regulations, reduce government intervention, and address issues of corruption. Excessive government regulations deter investment, making it essential for countries like Nepal to create a conducive environment that fosters economic growth through capitalist principles.

A few days back I heard that here in Nepal, possibly in Kathmandu, it can take up to a year to obtain a driving license, which seems quite excessive. In other countries, the process is simpler—you take a test, and upon completion, you receive your license.

Moreover, companies in Nepal face significant bureaucratic hurdles. They are burdened with numerous permissions and unnecessary regulations, adding to the challenges they encounter. Additionally, there are instances where individuals seek bribes to expedite processes for these companies. Such issues



Rainer Zitelmann. Photo: Aryan Dhimal

What's your definition of capitalism?

Capitalism means democracy within the economy. Every day consumers decide what is produced, what is not, who is successful, who is not, who will become rich and who will not.

There is no pure capitalism. All across the world, it's all a mixture of capitalism and a little bit of socialism.

While you are talking about the good sides of capitalism, some people strongly criticise the concept of capitalism. What do you think? Why are they doing so?

One primary challenge lies in the lack of understanding of the economy, coupled with a limited grasp of history. To illustrate, let's consider an example highlighted in my book where I [debunk ten points against capitalism](#). One common critique is

A case in point is the social media platform Myspace, which was a dominant force in 2007, as [reported by The Guardian](#). The newspaper even questioned whether Myspace would ever lose its monopoly. However, due to the forces of competition and innovation, Myspace, along with powerful entities like Nokia in the mobile industry, lost their dominance. This demonstrates that monopolies, except for state monopolies, are susceptible to being dismantled through market competition and innovation.

Another claim by anti-capitalists argues that capitalism leads to environmental destruction and climate change. However, drawing from the German experience, where East Germany adhered to socialism and West Germany to capitalism, a stark contrast emerges. Despite being the same country with the same history, language, and people, the two regions implemented different economic systems.

A notable revelation is that carbon dioxide (Co2) emissions contributing to climate change were three times higher in East Germany compared to West Germany. This historical comparison challenges the notion that capitalism alone is responsible for environmental degradation. It highlights the importance of examining historical evidence, including the environmental impact of socialist systems in the Soviet Union and other countries.

This is precisely why my books are devoid of theoretical arguments; instead, they focus on presenting historical facts that often go overlooked in conventional education settings, both in schools and universities.

So lastly, how do you see the future of capitalism?

Capitalists have a lot of enemies all over the world.

The 1990s marked a favourable period for capitalism, with countries like the United States, Britain, and China undergoing significant economic reforms. However, three decades after the collapse of socialism, a concerning trend is observed among many young people who lack knowledge about socialism.

were familiar with Mao Zedong, the leader of the Great Leap Forward, the largest socialist experiment from 1958 to 1962, resulting in the deaths of 45 million people. Astonishingly, audiences across Asia, Latin America, the United States, and Europe often indicated that they hadn't heard about this historical event during their education. This knowledge gap presents a significant challenge and underscores the need for a more comprehensive understanding of historical events.

One of the contributing factors to the resurgence of socialist ideas in many countries is the lack of awareness and education about historical events. This knowledge gap poses a challenge, and it is not guaranteed that capitalism will endure due to the effective advocacy of its adversaries. The enemies of capitalism excel in marketing and public relations, skillfully promoting their ideas.

The future of capitalism remains uncertain, as it is unpredictable whether the proponents of capitalism, like myself, will be stronger or if the adversaries of capitalism will continue to gain influence. The outcome depends on various factors, including the effectiveness of communication and education about the benefits of capitalism.