



# IF YOU HATE POVERTY, YOU SHOULD LOVE CAPITALISM

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The next time you hear someone complain about capitalism, consider this: The percentage of people living at starvation level poverty has fallen 80% since 1970. Before then, more than one in four people around the world were living on a dollar a day or less. Today, it's about one in twenty.

This is the greatest anti-poverty achievement in world history. So, how did this remarkable transformation come to pass? Was it the fabulous success of the United Nations? The generosity of U.S. foreign aid? The brilliant policies of the International Monetary Fund and World Bank? Stimulus spending? Government redistribution?

No. It was none of those things.

It was capitalism. Billions of souls around the world have been able to pull themselves out of poverty thanks to five incredible innovations: globalization, free trade, property rights, the rule of law, and entrepreneurship.

Globalization means the ever-increasing ability to move goods, people, and ideas from one distant location to another. Free trade is open access to markets and people from all over the world with few, if any, barriers. Property rights is ensuring that what belongs to you can't be taken away on a whim by the state. The rule of law safeguards contracts, assuring that they will be respected and lived up to whether the deal is made in Peru or Poland. And entrepreneurship is the creativity of free people to dream up new products that we never knew we wanted or needed.

It's worth noting that in places like East Asia, these five things were all made possible by the historic peace after World War II that resulted from America's global diplomatic and military presence.

Let me put this in a slightly different way:

The ideals of free enterprise and global leadership, central to capitalism and American conservatism, are responsible for the greatest reduction in human misery since mankind began its long climb from the swamp to the stars. This remarkable progress has been America's gift to the world.

So, if these American conservative ideals have done so much to lift up the world's poor, you would think conservative ideas would be gaining strength every single day – everywhere. And not just gaining strength among conservatives, but also among young idealists, immigrants,

minorities, and advocates for the poor—all embracing the principles of free enterprise and unleashing its power on behalf of the vulnerable.

But this hasn't happened. To the contrary, capitalism is struggling to attract new followers. Indeed, some believe it's destined to fade away – just as it has in much of Europe.

According to a Harvard Study, only 42% of young Americans 18 to 29 have a favorable view of capitalism. What explains this discrepancy between the incredible results of capitalism and its popularity? Why does capitalism get such bad rap?

One answer is simple: The defenders of free enterprise have done a terrible job of telling people how much good the system has done around the world. Capitalism has saved a couple billion people, and we have treated this miracle like a state secret.

According to a 2013 survey, 84 percent of Americans are unaware of the progress made against poverty worldwide. Indeed, more than two-thirds think global hunger has actually gotten worse.

This ignorance has consequences because there is no substitute for capitalism and the five innovations that make it work. Years of economic research tells us no other system comes close. Certainly, not communism; not even socialism.

You need a system that works while you sleep. One that creates the foundations of human prosperity without “central planning” or benevolent bureaucrats. More capitalism, more growth. The formula might seem deceptively simple – but it works.

So, how we do lift up the next billion?

The answer should be clear: If you really want to help the poor, stand up for capitalism.

I'm Arthur Brooks, president of the American Enterprise Institute, for Prager University.