

Rainer Zitelmann is that rare thing, an unabashed champion of capitalism, says Daniel Johnson

NOT MANY PEOPLE LIKE THE WORD “capitalism” — not even capitalists. “Capital,” meaning assets or funds, is a medieval concept; “capitalist” evolved in the eighteenth century to denote those who own capital. When the idea of “the capitalist mode of production,” or “capitalism,” emerged in the mid-nineteenth century, it was promoted by socialists: Louis Blanc, Pierre-Joseph Proudhon and, of course, Karl Marx.

They and their successors elaborated the concept of capitalism in order to destroy it. Despite failing in this objective, anti-capitalists have done a good job tarnishing its reputation. Defenders of capitalism have usually preferred to use more neutral terms, such as “market economy.” Ludwig von Mises preferred “liberalism” — but that word has been hijacked by the Left.

An exception is Rainer Zitelmann, the German historian, sociologist and journalist. He is not only an unabashed champion of capitalism, but is not afraid to use the word. Yet even he acknowledges a deep-seated resistance, especially among educated elites, to the notion that capitalism is superior, both at a practical and an ethical level, to any of the alternatives. Many of his 26 books address aspects of anti-capitalism. Zitelmann’s latest volume, however, tackles it head-on.

In Defence of Capitalism: Debunking the Myths is a systematic attempt to refute ten of the most common misconceptions about capitalism. It also dissects the claims still made for socialism, while analysing popular perceptions of capitalism in the United States, Britain and elsewhere. In his final chapter, the author discusses anti-capitalism as a political religion.

SO WHAT IS THE SOURCE OF THE anti-capitalist mythology? Zitelmann argues that for many, “the word itself is synonymous with evil”. Such a demonology is only plausible when capitalism is compared, not to actually existing alternatives, such as feudalism or communism, but to utopian ones.

Demystified and shorn of its sinister connotations, capitalism is defined by Zitelmann as “an economic system based on private ownership and competition, in which companies themselves are free to determine what and how much they produce, aided in their decisions by the prices set by the market”. The key players are entrepreneurs, the most successful of whom are thus the villains of anti-capitalist myths. Critiques of capitalism stem from the resentment of intellectuals, most of



whom are academics paid by the taxpayer. The tap-root of anti-capitalist ideology is the politics of envy.

The contrast between rich and poor is as old as humanity. The poor are always with us, but so, too, are the rich — and they are richer than ever. It is no surprise, therefore, that capitalism is blamed for hunger and poverty. Yet until the rise of capitalism, more than 90 per cent of humanity lived in abject poverty. Today, that figure is nearer 10 per cent. And although poverty has risen slightly due to the pandemic and Ukraine war, there is astonishing consistency in the rise of global prosperity.

That basic fact, however, is invariably absent from anti-capitalist rhetoric. Its stock-in-trade is marketing doomsday: crises and catastrophes occur more than 3,000 times in Marx’s works. His intellectual heirs, such as Slavoj Žižek or Thomas Piketty, are still doing good business with such prophecies.

Let us focus, therefore, on the most popular form of catastrophism today: environmentalism. Capitalism must be — and is — blamed by most green activists for climate change and its consequences. An egregious example is Naomi Klein, whose book *This Changes Everything* appeared in 2014 with the unsubtle subtitle *Capitalism vs The Climate*.

As Zitelmann points out, anti-capitalists like Klein are not interested in measures to mitigate climate change that are compatible with capitalism because their purpose is to overthrow it: environmentalism is only a means to that end. This anti-capitalist agenda is also espoused by the activists of movements such as Extinction Rebellion and Just Stop Oil.

Yet as Zitelmann observes, there is a direct correlation

between economic freedom and environmental performance. No capitalism, no green revolution. Nor is it true that free capitalist countries export their polluting industries to the unfree Third World. The economist Daniel Fernández Méndez sums up the evidence bluntly: “Capitalism suits the environment.”

BUT ISN'T CAPITALISM RESPONSIBLE FOR the reckless and unsustainable consumption of the world's limited resources? No, explains Zitelmann. Until around the 1970s, there was a correlation between growth and consumption of energy and raw materials. But this has become decoupled from capitalism in its latest phase, that of “dematerialisation”. The smartphone, for instance, has replaced dozens of other resource-hungry devices. Under capitalism, “technology liberates the environment”.

None of this implies that the state is no longer needed to regulate the market. Like past defenders of capitalism, such as Hayek and Friedman, Zitelmann is no anarchist. But he offers a telling example to illustrate how politically-inspired government meddling can damage the environment.

Angela Merkel's decision to close down the German nuclear industry has left her compatriots exposed to Putin's blackmail, forcing them to burn toxic brown coal instead. Not only has Berlin squandered its environmental leadership role, but it has ended up with (as the *Wall Street Journal* put it) “the world's dumbest energy policy”.

The environment is a prime example of the moral case for capitalism. Not only does the market create the wealth and technological progress needed to solve global problems, it also fosters ethical societies that take responsibility for humanity. The philosopher Hans Jonas called for “the imperative of responsibility”. But it is only the free world that recognises such an imperative. Capitalism turns out to be a necessary, though not sufficient, prerequisite for any kind of humanitarian action. The coalition of the willing that is now helping Ukraine to defend itself against brutal assault consists solely of democracies with capitalist economies.

BUT ISN'T PUTIN'S RUSSIA ALSO CAPITALIST? Zitelmann does not address this problem directly in this book. But he has an excellent chapter, which draws on his magnum opus on Nazi Germany, *Hitler's National Socialism*, to explain why the claim that capitalism always carries a risk of fascism is a myth. The Nazis began as — and in many ways remained — an anti-capitalist movement, which tolerated private ownership of capital only in the service of the state.

Putin's Russia bears many similarities, with oligarchs permitted to make vast fortunes only as tools of the regime. In conversation, Zitelmann explains that in 2003 Putin arrested and expropriated Mikhail Khodorkovsky, the richest but least compliant of the oligarchs, in order to intimidate the rest.

Under Putin, Russia's crony capitalism morphed into a kleptocracy. A kleptocracy is not only more brutal and corrupt but far less efficient than a free market system. As Khodork-

ovsky (now leading an anti-war committee of Russians in exile) puts it: “Putin is incapable of winning this war simply because Russia under his leadership fell below 10 per cent of the European economy.”

ANOTHER MYTH ZITELMANN DEBUNKS is that capitalism causes wars. If anything, the opposite is true: capitalism abhors conflict and peace facilitates capitalism. Yes, markets have cyclical fluctuations, but most economic crises are triggered by state intervention, usually driven by political imperatives. Similarly, Zitelmann disposes of the myth that capitalism allows the rich to dominate politics. The antidote to tycoons who try to buy influence is less government, not more.

Having refuted many other anti-capitalist myths, including such *idées fixes* as the notion that capitalism promotes greed and selfishness, or inequality and monopolies, Zitelmann briefly examines socialism. He focuses particularly on Cambodia under the Khmer Rouge, which in four years wiped out up to a quarter of the country's population amid unimaginable suffering. Yet its planned economy was the work of Paris-educated intellectuals. The Venezuela of Hugo Chavez provides a more recent cautionary tale.

However, it is capitalism, not socialism, that gets a bad press. Zitelmann has commissioned public opinion surveys on attitudes to capitalism in many countries, at his own (considerable) expense. Here he focuses mainly on the USA and Britain. Americans see capitalism positively, but even they regard it as a rich man's game. Women are slightly more sceptical than men and the young are especially critical.

THE BRITISH, UNSURPRISINGLY, ARE SOMEWHAT less comfortable with the free market. Compared to Americans, their ambivalence is less influenced by age, education or income than by politics. While 86 per cent of far-Left Britons associate capitalism with environmental degradation, even on the moderate Right 56 per cent do so too.

Nearly three-quarters of Britons associate capitalism with greed; 69 per cent with corruption. Almost half of British anti-capitalists on both Left and Right see politicians as powerless puppets. They are thus much more likely to believe in conspiracy theories than pro-capitalists.

Compared to most other Europeans, the British are remarkably free of resentment towards the rich. Yet we are just as suspicious of capitalism as the French or Germans. Of 21 nations surveyed, just five — Poland, the United States, the Czech Republic, Japan and South Korea — see capitalism positively.

The author asked me: “Who is the British Rainer Zitelmann?” I fear there is no good answer. Three decades after Margaret Thatcher, the British not only lack politicians capable of making the case for capitalism, but intellectuals too. The land that gave birth to modern capitalism still needs a historian from Berlin to teach us why we need it. ●

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