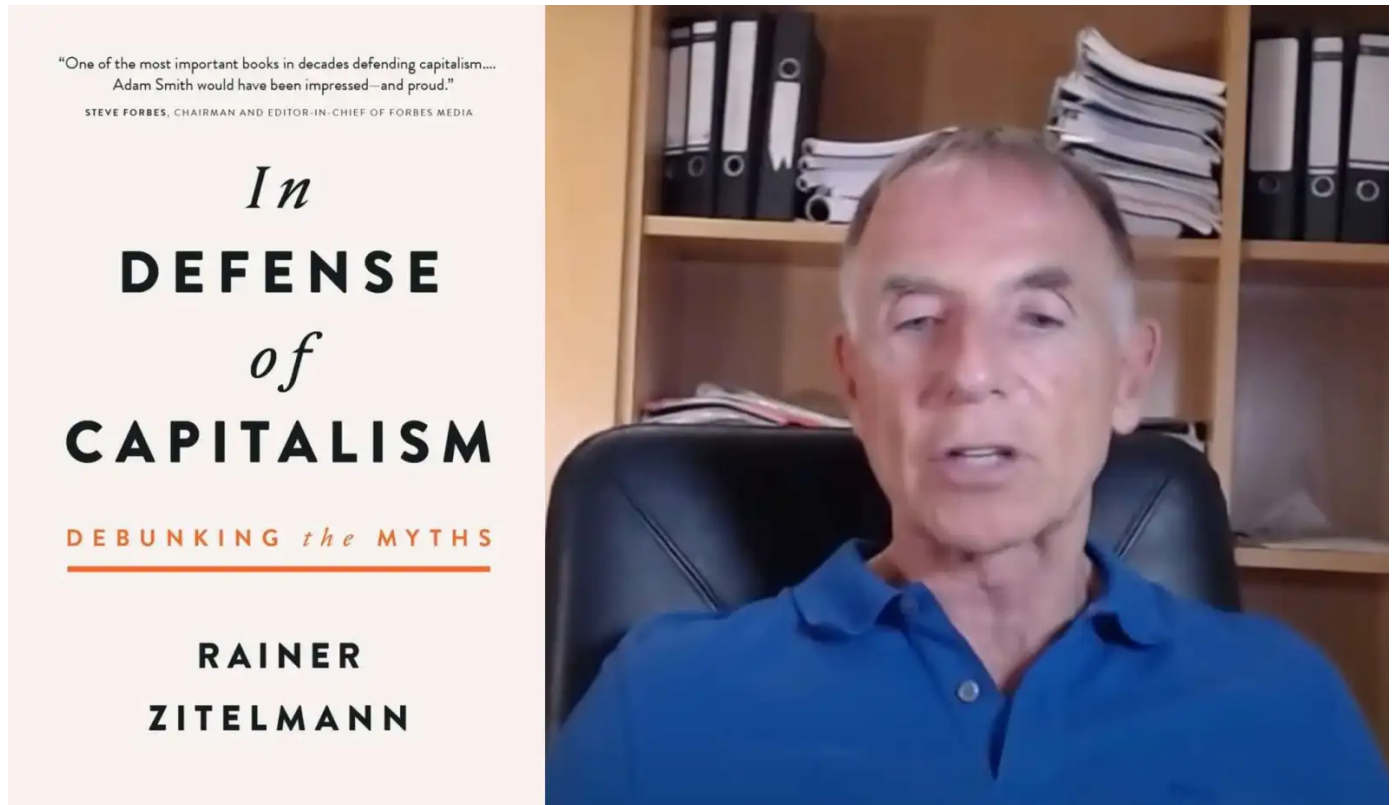


Rainer Zitelmann Debunks Anti-Capitalist Myths

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By **DOMINIC PINO**

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A Capital Writing interview with the author of *In Defense of Capitalism*.

*As part of a project for Capital Matters, called Capital Writing, I'll be interviewing authors of economics books for the National Review Institute's YouTube channel. This time, I talked to author and historian Rainer Zitelmann about his book *In Defense of Capitalism: Debunking the Myths*. Below you will find an edited transcript of a few key parts of our conversation as well as the full video of our interview.*

Dominic Pino: Your background is as a historian, but it's also as a public-relations professional. You ran your own company for many years doing that. And so what you do is in the first part of the book, you look at the historical case for capitalism and the historical results of socialism. And then you also do some research on people's opinions and views of capitalism. And one of the things that you found in that second part is that when you use the word "capitalism," people have a less favorable association with it than when you use other words, like describing what capitalism does or talking about economic freedom. So can you talk a little bit about the importance of which words we use when we're describing what it is that we're talking about?

Rainer Zitelmann: Yes, this is true. First of all, this is the biggest survey ever done all around the world about the image of capitalism. There were some others before, but they asked only one sentence like, “Do you like capitalism or not?” What we did, we presented to our respondents 34 different statements or questions to find out what they think about capitalism. And first there were six questions, as you mentioned, where we did not use the word “capitalism,” but we described what it means. And of course it was not a surprise — I think almost everyone would have expected it — that in most of the countries the support for capitalism is bigger when you don’t use the word because for a lot of people it’s a dirty word, it has negative connotations.

But another message is much more important. In addition to these six questions, we asked a lot of other questions where we did use the word “capitalism.” For example, an association test where we asked people, “What do you think when you hear the word ‘capitalism’?” Do you think about greed or prosperity or freedom or environmental destruction? And then we added 18 positive statements, like for example, “capitalism means prosperity,” or negative statements, like for example “capitalism promotes selfishness and greed.” And then we could analyze the effect of using or not using the word “capitalism.” The result was, unfortunately, that if we did not use the word, in seven out of 34 countries, people were pro-capitalism. And when we did use the word, it was in six countries. So it is a difference, but my message is now there are some libertarians who think, “Don’t use the word, let’s use another word, and then people will agree with us or everyone will be on our page.” I would be happy if this would be true, but unfortunately it’s not so. It’s not only about the word, it’s what the word stands for. Even if we don’t use the word, in most of the countries, people support anti-capitalist worldviews.

DP: You mentioned that this is a survey you’ve done in 34 different countries. One of the interesting findings from an American perspective is that in our country, it’s basically a straight upward line from left to right on the political spectrum for support for free markets. But you point out that in a lot of countries, that’s not really the case. In a lot of other countries, the moderate right will support free markets more than the far right will. Why do you think that is in most of the world, but not in the U.S.?

RZ: Yes, that is true. But before I come to this point, let me point out something else. If you look at which countries have the biggest support for capitalism, the United States is number two. Only in Poland are there more people who support capitalism. And then there are some other countries like South Korea and Japan, even Sweden. But the United States is number two.

But if you go look in the data more in detail in the United States, you see a huge difference between older and young Americans. Older Americans, I mean my age, older than 60 years, they’re extremely pro-capitalist. That’s nowhere in the world. But if you look for the younger people, they are not all against capitalism, but more neutral or a little bit negative on average. But there is a huge difference. There is no country in the world where we did the research where there’s such a big difference with age groups. Even in Europe, there were some countries where the support for capitalism was a little bit stronger with young people than with older people, in other countries as well as the other way around. But these were in most cases only small differences. But in the United States, there’s a huge difference.

And now let me come to this left, right. We asked everyone to position themselves on a scale from zero, far left, to ten, far right, and five is the center. And then we’ve looked at whether there’s a correlation between the positioning on the left–right scale and the attitude towards capitalism. And of course, it is no surprise, in almost all countries, the people who position themselves on the political left are more against capitalism. There was only one exception, Poland. In Poland, the moderate left were the most pro-capitalist. But in all other countries, the left people are more anti-capitalist, or at least neutral in the countries that are pro-capitalist.

Then you mentioned this difference. There were some countries, as for example, the United States or Switzerland or Chile or Sweden, where it was true that the more right people were, the more pro-capitalist they were. But there were other countries, for example, my country, Germany, where it was different. The moderate right, I mean, on the scale, people positioned themselves, for example, with seven, they were the most pro-capitalist. And then the extreme right, they were also in most cases pro-capitalist, but less so. I think “left” and “right” mean different things in different countries. In a country like the United States, it’s linked more with the attitude towards the economic system.

And then there was another interesting result, also for the United States. We wanted to find out whether pro- or anti-capitalists tend more to support conspiracy theories because during the pandemic, there was a lot of talk about conspiracy theories, especially in the United States. And in addition to these questions about capitalism, we asked two questions where we presented statements to our respondents that are typical for conspiracy theorists. For example, statements like: Politicians decide almost nothing, they are only puppets from other forces in the background, or you can only understand politics if you know that everything goes according to a secret plan that most people do not know. And the interesting result was in 33 out of 34 countries, anti-capitalists were more supportive of conspiracy theories than pro-capitalists. This is also true for the United States, but in the United States, the difference between anti-capitalist and pro-capitalist was very small. And I think these are maybe some, you know, like Trump supporters maybe, or QAnon people who on the one hand, they believe in a conspiracy theory, on the other hand, they say they’re pro-capitalist.

And so you see this for the first time, and I’m a little bit proud about this result, that I proved scientifically that anti-capitalism is a version, in a way, of a conspiracy theory. Because they don’t call it a conspiracy theory, but this is exactly what you can also hear if you watch CNN or something. They think the lobbyists and the super-rich control everything. And this is also a chapter in my book. I don’t believe that it is as easy as anti-capitalists think to buy political power. Donald Trump would have never become president of the United States because in 2016, not a single Fortune 100 CEO donated to Trump’s campaign. And of course, in the end, he raised a lot of money, \$600 million, but Hillary raised twice as much, \$1.2 billion. And another example, Joe Biden would have never become president of the United States, but Michael Bloomberg would have. At the time of the elections, Bloomberg was the eighth-richest man in the world with a net worth of \$62 billion at the time. And he spent \$1 billion in only three months, but without any effect. So you see, of course, money plays a role, but I quoted in my book another survey from Larry M. Bartels, who’s a more left-leaning political scientist in the United States. He did research for 16 election campaigns that only in two out of 16, the unequal campaign spending was the reason for the outcome of the election.

DP: One of your chapters is about the environment. And I want to get into that because I really enjoyed the way that you approached that question. We hear it all the time from anti-free-market people. They talk about how capitalism destroys the environment. It encourages excess consumption. And as a result of industrialization and factories and production, we have all this pollution, and that’s a problem. So the answer to fix that is to undo capitalism, to scale back capitalism — depending on who you talk to and how extreme they are — to save the environment.

But you do a really good comparison, I think, between West Germany and East Germany. You’re from Germany, and I think that was a really good use of the history there. And you say, look, East Germany, obviously they did abolish capitalism, and they put it in their constitution. They said this is going to be a priority of our state, we are going to protect the environment. And all the environmentalists around the world said, hey, East Germany might have some problems, but at least they’re protecting the environment. And then the Berlin Wall comes down. We look at their actual documentation and are able to study freely exactly what

the impacts were. And East Germany is so much worse off environmentally than West Germany was. So can you talk about that?

RZ: Yes, absolutely. This is correct. For example, today, I know a lot of people in the United States that don't believe that climate change is a problem or they don't think that it's man-made. But let's assume it is a problem, let's assume it is man-made. It never will be solved with a planned economy because the CO₂ emissions were three times higher in East Germany than in West Germany adjusted to GDP per capita. And this is also true for other airborne pollutants. For example, sulfur-dioxide emissions were ten times higher in socialist East Germany than in capitalist West Germany.

There was no country in the world with such an extreme destruction of the environment as the Soviet Union and other socialist countries. Why is this important? Because for anti-capitalists, their argument is that private profit-seeking companies are the reason for environmental destruction. And by the way, what a lot of people don't know, a lot of environmental standards in capitalist countries, as in the United States, are much better today than 50 years ago.

But of course, there are some problems with the environment. And of course, there's this issue of climate change, even if it is maybe overestimated or exaggerated by some so-called climate activists. But I'm sure you will never solve it with a planned economy, because a planned economy solved no problem in the world in the last 100 years. And why should this be the first case when they solve a problem? No, it will make things worse.

There are some other arguments I deal with in this chapter, for example, what you hear very often is the resources of our planet are limited and so unlimited growth is not possible. This sounds logical of course on first glance, but it's not true. For example, the iPhone. Before the iPhone was invented, there were 34 different devices, like a telephone, a camcorder, and a calculator, and whatever. Today you need only one, so you need less resources, not more resources. Another example, when I was young, I was very proud to have a lot of LPs, these old, you know, disks, very huge disks, and I was very proud to have a big collection. Later on, there were the smaller CDs. And today my girlfriend who is much younger than me, she laughs at me and she says, you're the only one I know who buys these CDs because other people download it from the internet. You need less resources. Or books. My father, he died at 94, but in his last years, he stopped buying books. He had a lot of books. Yes, he bought books, but read it on the Kindle. More resources, not less resources.

In the last two months, I had maybe some 50 interviews, especially in the United States, about this book with TV or with radio. One journalist asked me some weeks ago, Do you believe you can convince anti-capitalists with this book? And my answer was no. And he asked, why do you write a book when you don't believe you can convince them? And my reply was because I'm sure they will not read the book. They will not buy the book. They prefer to buy book No. 25 about why capitalism is evil than to read only one book with a different view. I know it.

No, I wrote the book for people like you and maybe in the audience, a lot of people who hear us or see this video, who maybe are pro-free market, but they don't have all the facts and all the arguments. And for my book, I used 360 scientific books and papers. You can see it in the bibliography. There are 900 footnotes. In spite of this, it's easier to understand than most other scientific books. And if someone is able to understand this interview, in spite of my German accent, it will be even easier for him to understand the book. And you even don't have to read the whole book. For example, if you have a discussion about poverty, read chapter one, why capitalism is not responsible for hunger and poverty. Or if you have a discussion about selfishness and greed, there's a chapter about monopolies. So this is why I wrote the book to give you all the facts if you discuss with anti-capitalists.