

A Look Into How Nations Escape Poverty

By [Grover Norquist](#) April 19, 2024

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Throughout the world and throughout history Free markets have brought growth, prosperity and individual liberty. Socialism of the Soviet or national variety has brought impoverishment and tyranny. Whenever they stand side by side: East and West Germany, North and South Korea. Mao's China and Hong Kong the difference is stark. Clear. Overwhelming.

Why then does socialism get better press? Why do self-described public intellectuals paint a different picture. The opposite picture?

[Rainer Zielmann](#) has written several books on this subject. The most recent is the powerful "How Nations Escape Poverty: [Vietnam, Poland and the Origins of Prosperity](#)."

Capitalism's supporters are too often theoretical and abstract. Rainer focuses instead on practical examples that demonstrate the superiority of the market economy. He does not waste time searching for "idealistic" economic and social concepts, because as a historian he is understandably skeptical of utopias.

And yet Zitelmann makes a significant and decisive contribution to economic theory. His key insight is that if you want to understand a country's past, present, and future, you need to analyze the *relative* changes in economic freedom within that country. What does that mean in practical terms?

Every year, the Heritage Foundation's [Index of Economic Freedom](#) evaluates the level of economic freedom in around 180 countries. At the top of the list are countries such as Singapore and Switzerland, with Cuba, Venezuela, and North Korea at the bottom. Zitelmann builds on this useful comparison by directing one's focus not to today's static list but rather to the *change over the years*.

The United States continues to rank higher than Poland and Vietnam even though the U.S. has lost points since 1995, and Poland and Vietnam have made great gains. Among countries of similar size, Poland and Vietnam stand out for their remarkable advancements in economic freedom between 1995 and the present day. In the 2024 ranking, Vietnam is one of the few countries that has bucked the global trend and delivered an increase in economic freedom. This is news.

In the 1980s, Poland was one of the poorest countries in Europe, (even poorer than Ukraine, for example), while Vietnam was the poorest country in the world in 1990 (surpassing all African nations in terms of poverty). In his new book [How Nations Escape Poverty](#), Zitelmann describes this poverty simply with powerful facts and figures, and with firsthand accounts from people's daily lives. Zitelmann spoke to many people in Poland and Vietnam who, for example, reported how they had to stand in line for hours and often even days on end to get food and other basic necessities. They waited in line with their ration cards, not knowing if their patience would ultimately pay off. More often than not, the goods they actually wanted to buy were out of stock. So, they bought something else – a pair of ill-fitting shoes, for example – in the hope of being able to exchange it for something else later.

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in both Poland and Vietnam, the introduction of private property and market economy reforms in the 1990s resulted in a massive rise in living standards. Today, people in both countries no longer have to worry about starvation, and new opportunities are emerging for aspiring entrepreneurs.

Officially, **Vietnam may call itself socialist**, but the people there exhibit a strong capitalist mindset, as Zitelmann shows. And they admire the rich. Zitelmann has conducted opinion polls in both countries, revealing that individuals in both countries associate wealth and capitalism with positive attributes.

The book shows how incredibly effective capitalism is: Poland and Vietnam are far from being model capitalist countries. The beauty of capitalism is that just a few drops of it can help to make an economy begin to spring to life.

The central question asked and largely answered in this book is how nations can move away from the stasis of poverty. Zitelmann draws on serious but under-appreciated studies that demonstrate how development aid does not help poor countries and can even cause massive damage. What does help is more economic freedom. Zitelmann sees this as a great confirmation of the **teachings of Adam Smith**: “According to Smith, improving the situation of ordinary people would not come about through redistribution and excessive state intervention, it would be the natural result of economic growth, which in turn needed one thing above all: economic freedom. To the extent that economic freedom prevails and markets expand, people’s standard of living will also rise. Three hundred years after Smith’s birth and some 250 years after the publication of his magnum opus, we know that the moral philosopher and economist was right: Private property and the market economy are the foundations of growth, and if the state does not interfere too much in the economy, everybody’s lives will improve, especially those of the poor.

Proponents of capitalism have failed to place precisely these correlations at the heart of their defense of the market economy: It is not primarily the strong who need the market economy, because they will somehow manage in any system, it is the weak and the poor, whose only chance to improve their living conditions is in a free market economy.”

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