

## What Most People Do Not Know About Capitalism



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In the world's [largest survey](#) on the image of capitalism, respondents in 34 countries were presented with 18 different statements on capitalism. It should give pause for thought that the indisputable statement that “Capitalism has improved the situation of ordinary people in many countries” made it into the Top Five in just two out of 34 countries: In Vietnam, where the statement received the second-highest approval rating of 74 percent and in Nigeria, where people associate capitalism with the hope of eradicating poverty and living a better life, this statement elicited the fifth most support.

In Germany, the statement “Capitalism has improved the situation of ordinary people in many countries” elicited agreement from fewer respondents than any of the other 18 statements on capitalism, while the statement “Capitalism is responsible for hunger and poverty” received three times more support. An interesting contrast: In Uganda, the statement “Capitalism is responsible for hunger and poverty” received the least support of all 18 statements.

In the USA, too, the statement, “Capitalism has improved the situation of ordinary people in many countries” was only selected by 27 percent of respondents. There were eight other statements that received more support in the USA.

It is no mere coincidence that so many people agree with this statement in Vietnam and Nigeria, or that in a country like Uganda, so few people believe

that capitalism is to blame for hunger and poverty. Our survey reveals that for the people of Nigeria and Uganda, the word “capitalism” is a beacon of hope for a better future. They understand, based on their own experiences, that capitalism is not the root cause of hunger and poverty.

The strong support in Vietnam for the thesis that “Capitalism has improved the situation of ordinary people in many countries” shows that the Vietnamese have had very good experiences with market economy reforms. Poverty in Vietnam has gone from being a majority problem to a minority problem. With a per capita GDP of \$98, Vietnam was the poorest country in the world in 1990, behind Somalia (\$130) and Sierra Leone (\$163). Before the economic reforms began, every bad harvest led to hunger, and Vietnam relied on support from the UN’s World Food Program and financial assistance from the Soviet Union and other Eastern Bloc countries. As late as 1993, 79.7 percent of the Vietnamese population was living in poverty. By 2006, the rate had fallen to 50.6 percent. In 2020, it was only 5 percent.

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From a country that, before the market reforms began, was unable to produce enough rice to feed its own population, it has become one of the world’s largest rice exporters – and a major electronics exporter. As the *Index of Economic Freedom* shows, hardly any other country in the world

has seen economic freedom increase as much as in Vietnam in recent decades. In 2024, Vietnam is the top climber in the *Index of Economic Freedom*, which the Heritage Foundation has been publishing every year since 1995.

The current ranking covers 176 countries and is based on assessments of twelve specific criteria. While the state of economic freedom in the world has, according to the Heritage Foundation, fallen to the lowest level since 2001 and the United States has its worst rating since the index was first compiled in 1995, Vietnam has bucked the global trend and improved greatly.

Vietnam might only rank 59th out of 176 countries, but it is catching up in leaps and bounds: Vietnam climbed 13 (!) places compared to the previous year, where it was 72nd. In a long-term comparison since 1995, Vietnam has gained 21 scores, more than any other country of comparable size in the world (the United States has lost more than 6 points over the same period). Of the 40 countries in the Asia-Pacific region assessed in the index, Vietnam now ranks eleventh.

Uganda, in contrast, is still one of the poorest countries in the world. The country is home to approximately 46 million people, with around 42 percent of the population living in extreme poverty (measured at the \$2.15/day international poverty line). According to the World Bank, real GDP per capita grew by only 1.0 percent each year between 2011 and 2022.

Hardly any other country has lost as many points in the Index of Economic Freedom in recent years as Uganda. When the index was first calculated in 1995, Uganda was awarded a score of 62.9 points. Between 1995 and 2018 it continued to hover around 60 – sometimes slightly above, sometimes slightly below. But since 2018, when it scored 62, Uganda has lost more than 11 points. In the 2024 index, it scored just 50.7.<sup>[1]</sup> For “Property Rights,” Uganda scored 70 out of 100 points in 1996; in 2024, that score had plummeted to just 47.3.

There have been so many examples in recent decades – such as China, Vietnam, South Korea and India, as well as [Poland](#), the Czech Republic, and the [former GDR](#) – that confirm what many people do not know about capitalism: it has improved the situation of ordinary people in many countries around the world. If one considers that since the emergence of capitalism the percentage of people around the world that live in extreme poverty has fallen from 90 percent to less than less than 9 percent today, the degree of misinformation about capitalism becomes clear.

*Rainer Zitelmann is the author of the just-published book [How Nations Escape Poverty](#) and [The Power of Capitalism](#).*