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## BOOK REVIEW: How Nations Escape Poverty, By Rainer Zitelmann

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A few weeks ago, when I took part in a [web-based discussion](#) about the language of wealth – run in association with the US-based – it got me thinking about how capitalism, broadly defined, is seen today.

In a nutshell, the response is, “not well.” Terms such as “the one per cent” are positively mild in terms of how contemporary capitalism (a shorthand term for a system based broadly on private property rights, freedom of contract, entrepreneurial risk taking, etc) is viewed. While some of the attacks on the levels of inequality of wealth, and lack of certain opportunities, are well-founded (particularly those gaps caused by government policies, ironically, such as quantitative easing) some of the attacks are misconceived. And the supposed remedies of more state planning, steeply progressive taxes, intervention and the like, have a spotty history.

Well, this is the sort of view that comes from Rainer Zitelmann (pictured), a German entrepreneur, sociologist, and commentator who has delved into the attitudes people have about business and wealth. For example, he produced what in some ways was a cutting-edge piece of research in his book, *The Wealth Elite* (2018). And in another book, *The Rich In Public Opinion* (2020), he’s teased out how people’s views can often be grounded in envy and resentment and explains why these thoughts aren’t justified by the facts. In other words, Dr Zitelmann (he has a PhD in philosophy), “holds up a mirror.” Unsurprisingly, his analyses can make people feel uncomfortable. No “social justice warrior” wants to be told that their views are unpleasant and ill-founded. (See articles [here](#) and [here](#) about his books.)

Less controversially, perhaps, Dr Zitelmann takes the course of looking at real-world examples of countries that have moved down a broadly free market path since WW2: Poland after the fall of the Soviet Union, Vietnam since the 1980s, West Germany after 1945, the US under Reagan in the early 1980s, and the UK under Thatcher.

While he does not gloss over problems or shortcomings (Vietnam remains a Communist country, and Poland has fallen off some of its reforms of late, as has the UK), Dr Zitelmann argues that the direction of travel is pretty clear. If one wants to raise the overall standard of living of the poorest, then this means capitalism, broadly understood. While he does not mention him by name, Dr Zitelmann’s argument reminds me of the point made by the late, left-leaning Harvard professor, John Rawls. Rawls, in his book, *A Theory of Justice* (1971) said that one can justify inequality to some extent if one can show that people are still, in net terms, better off than they would otherwise be under a completely egalitarian, all-must-have-prizes, system. To some extent, this argument about preferring unequal prosperity to equal penury is one of those political debates that never fades, although the vocabulary changes. (There is always the caveat that even under systems of capitalism that exist in the real world, a safety net of welfare, both at the state and private level, is important.)

Why should busy wealth managers read this book? Because, I would argue, they need to have arguments at their disposal when that moment comes when they are challenged to justify their jobs from those outside. This sector does not operate in a bubble, and it is important to understand how it is seen in the wider political conversation. It is not, arguably, enough to say how much entrepreneurs or inheritors give to charity, but how much they “give back.”

It is even more important to drive home the point that properly run, free enterprise is not a zero-sum game, and that all people benefit from an expanding economic pie. Dr Zitelmann, with reams of data and engaging personal stories, achieves that objective.