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Capitalism's critics need to be told about its 200 years of success

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Sometimes, there's nothing more controversial than a self-evident truth, especially on Twitter.

Want to trigger a swarm of angry Corbynistas? Mention how capitalism has greatly reduced material misery in the past 200 years. "If you honestly believe that, I actually feel bad for you," one replied. Others mused that capitalism was responsible for slavery, war, poverty, hunger, and inequality. All of which would be news to anyone who has studied pre-19th century history.

Whether through ignorance or utopianism, lots of people forget we live in unprecedented prosperity. Poverty is not a product of capitalism, but has been with mankind for all time. The facts speak for themselves. Prior to the Industrial Revolution, most people lived on about £2.20 per day, or £800 per year in today's money, according to economic historian Deirdre McCloskey. In 2015, average earnings for a full-time UK employee were £27,600.

But it's not just income. Capitalism has liberated us from back-breaking agricultural and domestic toil, reducing average hours worked considerably. Crop yields have risen. Undernourishment has collapsed. Access to electricity has dramatically increased. Global average life expectancy rose from 52.5 years in 1960 to 71.6 in 2015 alone.

Yes, there are costs to development, including on the environment (though these days wealthy countries are far more environmentally friendly than poor). But the idea capitalism itself makes us sicker, more exploited and poorer is a historical nonsense. The Corbynistas implicitly admit as much when they pivot to extolling how rich we are to justify ramping up government spending.

As the American conservative commentator Jonah Goldberg explains in his new book, *Suicide of the West*, the past 200-plus years have been a "miracle" in the truest sense of the word. The take-off in human flourishing is largely unexplained by conventional economics, because lots of the components we take as partial explanations – trade, property rights, and technological advances – were found in previous societies, without the dramatic results. Both Goldberg and McCloskey conclude that a combination of ideology and rhetoric, including the elevation of individual liberty and innovation, were critical factors that birthed the golden egg-laying goose.

The major problem is capitalism is unnatural. Human nature is instinctively tribalistic, even socialistic. We've got rich not because we are now free to act on our instincts, but because we

developed a system restraining them. But our innate, romantic tribal desires live on. In an era in which civil society is weak, we put more demands on politics to fulfil it, in turn blaming alien capitalistic institutions for all ills. The result is fomenting across developed countries. On the Left, through increasing identity politics, and resurgent socialism; on the Right, burgeoning anti-immigrant feeling and nationalism; on both, rabid partisanship and politics as a “team sport”.

At best capitalism’s critics are complacent that growth and material prosperity will go on forever, irrespective of how much institutions and norms are corrupted. At worst, they do not care. But when shadow chancellor John McDonnell states his desire to “overthrow capitalism” or substantially erode property rights, or when Donald Trump singles out individual companies or orders businesses to purchase energy from struggling suppliers, we should worry about the longer-term consequences. For just as we talked ourselves into the miracle, logic suggests we can talk ourselves out of it.

That’s not to say that all politics risks our economic inheritance. There has and will always be a legitimate debate about how to assist the poor, from classical liberalism to aggressively redistributive social democracy. The former elevates freedom from government restraint as an end, and the latter the so-called “positive” freedom that comes about from state security. Importantly though, both champion the concept of liberty, just in different manifestations.

But right now this settlement and these ideas are under attack, and conservatives are failing to defend institutions worth actually conserving. In the US, plenty of erstwhile conservatives embrace nationalistic interest-group politics purporting to elevate “the people” against elites. Former Trump adviser Steve Bannon even believes there is a “dominant political force coming in American politics” with “elements of Bernie Sanders coupled with the Trump movement”. And this is logical. A tribal politics based on “the nation” will inevitably lead to socialism, because the only institution that can claim to act on behalf of the whole nation is the national government.

Here, Priti Patel was right this week too to say the Conservative Party is lazy in the battle of ideas. With the notable exception of the redoubtable Liz Truss, few Conservatives extol the economic liberties that underpin our prosperity. Even fewer express support for strong families, civil society institutions and charities. Instead, faced with resurgent socialism, the Conservatives sound apologetic about market economics, and increasingly jettison personal responsibility in favour of government curing “burning injustices”.

Vacating the field in these debates though is a dangerous game. Failure to express the miracle, why it happened and why it must be defended gives capitalism’s critics a free run. It may well be that right now, the public’s taste for high living standards, fading memory of the Seventies decline, and appreciation of failing regimes around the world checks the rise of British socialism. But if the story we tell ourselves is that everything is disastrous, then the overturning of existing institutions will follow.

Former US president Ronald Reagan once said: “Freedom is a fragile thing and is never more than one generation away from extinction.” He may have been exaggerating. But history suggests our prosperity is dependent on ideas. And at the moment, a politics appealing to our base instincts risks turning allowing bad ideas to fruition.

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