

The Cure for Poverty

It's the Free Market: History's Greatest Invention



by Herbert E. Meyer

One day, scientists will discover the cure for cancer. The world will erupt in joyous celebration – and rightly so. Cancer is a horrible disease that each year destroys the lives of millions of people, and finding a cure will be recognized as one of history's greatest achievements.

There's another disease that destroys vastly more lives each year than cancer. And we've found the cure for it – but no one is celebrating. Indeed, hardly anyone seems even to have noticed that we've already figured out how to rid the world of its most destructive scourge.

This disease is poverty. And the cure for poverty is the free market. That's because the free market is the only environment in which entrepreneurs can flourish. And it's the entrepreneurs – and only the entrepreneurs -- who create the jobs that lift us all out of poverty.

Let's begin at the beginning:

The dictionary defines *entrepreneur* as "a person who organizes and manages a business undertaking, assuming the risk for the sake of the profit." When we think of entrepreneurs, we tend to think of famous people like Bill Gates of Microsoft, or Apple's Steve Jobs. But that nice man who lives down the street, and who opened a new auto repair shop last month, is also an entrepreneur. So is the woman who stopped by your house yesterday to see if you might be interested in buying some of those fancy cookies she's baked, or that couple you hired last month to paint your house. Farmers are entrepreneurs, and so are dentists. So's the kid next door who mows your lawn. In short, anyone who launches any kind of business whatsoever – who sells goods or services and who doesn't have an income until someone purchases these goods or services – is an entrepreneur.

Not everyone wants to be an entrepreneur; most of us are content to have jobs working for someone else in return for a weekly paycheck. And not everyone has the talent to start and operate a business, or the courage to try. After all, business ventures sometimes fail, and when they do the entrepreneur who started that business with such high hopes goes broke. But when you realize that most entrepreneurs are ordinary people like you and me, running ordinary businesses – as opposed to those few hard-driving geniuses who create billion-dollar global companies – you realize that there are potential entrepreneurs in every town, every city, and every country.

Why do some countries have entrepreneurs while others don't? It's for the same reason there's life here on Earth and none on the moon: Life requires a specific atmosphere to support it – nitrogen, oxygen, traces of argon and carbon dioxide with some water vapor. We have that kind of atmosphere here on Earth; the moon doesn't.

The "atmosphere" that entrepreneurs require to survive and flourish is called the free market. The free market is comprised of property rights, the rule of law, a modest level of taxation, competent regulation, and a government that protects its citizens by assuring the country's defense while doing the everyday things a government is supposed to do, such as building roads and bridges, operating schools, and delivering the mail.

Because the free-market "atmosphere" that entrepreneurs require to survive and flourish is political and economic – rather than chemical, like the Earth's atmosphere – there's no one formula that any competent technician can look up in a textbook and then follow. Maintaining this "atmosphere" – monitoring it constantly and making the adjustments needed to sustain it as political and economic conditions change -- is as much an art as a science. It takes a combination of technical knowledge, hard work, vision, and that unquantifiable "gut feel" for what to do and when to do it.

And it's the responsibility of our government's leaders to get this combination right. Simply put, maintaining an "atmosphere" that will result in more and better jobs is largely what we elect our government's leaders to do. For example, if a country's economy slows down too much, they might cut

tax rates to get things moving again. Or they might decide to raise taxes because the government needs extra revenue for reconstruction after a catastrophic hurricane or earthquake. Sometimes a bit more regulation is a good idea because of safety concerns about some new kind of product, or of the food supply – or because the levels of greed and corruption on Wall Street have spiraled out-of-sight. Other times the level of regulation needs to be cut back, because it's grown too high for businesses to cope with and still prosper. The tricky part lies in figuring out what's needed in light of current conditions, making the correct adjustments -- and in never changing anything so drastically that the resulting "atmosphere" becomes one in which entrepreneurs cannot flourish or even survive.

Some governments do this better than others. And every country's politics, like every individual's personality, is unique. This is why the free-market "atmosphere" in the US is somewhat different from the free-market "atmosphere" in Canada, or in Japan -- whose own "atmospheres" aren't quite the same as those in Australia and Poland. But in all successful free-market countries, the similarities of these "atmospheres" are more striking than their differences. They all provide the necessary combination of features that, together, enable entrepreneurs to do the one thing we need them to do – namely, to create jobs for all the rest of us.

There are actually two reasons we all need jobs, and only the first of these reasons is obvious: Jobs give us the money we need to provide for housing, to buy food and clothing – and for everything else we could possibly want for ourselves and our families from a television set, to a car, a vacation or to a new home in a better neighborhood. The more money we earn from our jobs, the more we and our families can have of whatever we may want that money can buy.

It's the second reason we all need jobs that isn't so obvious, and that gets too little attention: Governments need money to do the things that governments do. Well, where does this money come from? With the exception of those few governments whose countries are sitting on vast pools of oil that the government itself owns and sells, this money comes from taxes. Without a steady flow of tax revenue, a government has no money for an army, a police force, for schools, for building and maintaining roads and bridges, for public healthcare, for programs to protect the environment, and for programs to help the poor among us and for our senior citizens. And the more of these services we want our government to provide – and the better quality of these services we want provided to us – the more tax revenue our government needs.

And who provides the tax revenue a government needs to operate and run its programs? Its own citizens, of course. We provide it by paying income taxes, payroll taxes, sales taxes, property taxes, and every other kind of tax that our government imposes on us. But if we aren't working – if we don't have jobs – we cannot possibly generate this tax revenue, let alone purchase whatever we want for ourselves such as housing, food and all the rest.

How Jobs Happen

Jobs aren't natural things; they don't sprout by themselves like wildflowers in a field. They must be created – one at a time – by someone or by some entity. Of course, a government can create some jobs for some people. For example, all governments require officials to operate their various departments and agencies. A government can hire people to build a new road, or a school. Teachers and people who deliver the mail often work for the government. And you need soldiers for an army. But no government – not even those with small populations and lots of oil – can possibly create enough jobs for all of its citizens.

This is why we need entrepreneurs, because creating jobs is what they do. And here's how they – and the companies they create -- do it:

One day, an office-worker named Ernie notices that in his neighborhood there are no decent restaurants – the sort of pleasant, cheerful, not-too-expensive place where a family might go to celebrate a birthday or some other happy event. So Ernie turns himself into Ernie the Entrepreneur by deciding to open "Ernie's Family Restaurant."

First, Ernie needs a building. With money he's saved, borrowed from friends and borrowed from his bank, Ernie buys some land and hires a construction company. As this company

starts building what will become Ernie's Family Restaurant, its executives place orders for the materials they'll need such as lumber, steel, concrete, roofing shingles, insulation and windows. Meanwhile, Ernie is placing orders for ovens, sinks, chairs, tables, dishes, silverware, and all the other equipment he'll need. As construction nears completion, Ernie turns his attention to actually operating his restaurant. He hires a cook, a cashier, and six waiters and waitresses.

Even before his restaurant has opened for business, Ernie has created work for people in more than a dozen companies, and hired several men and women for his own business. First, there was that real-estate broker who helped Ernie locate and purchase his property. Then the construction company hired a few workers, and by placing orders for building materials it created jobs in lumber mills, steel mills, and at companies that manufacture roofing, insulation, and windows. Ernie himself placed orders that created jobs for people at companies that make ovens, sinks, chairs, tables, dishes, and silverware. And then he hired eight people to work at his restaurant cooking and serving food.

With the incomes all these workers will earn, they'll make purchases of their own – food, clothing, perhaps a new television set or a new bike for one of the kids – that in turn will create work for more people in other businesses. And the income tax and sales tax that all this activity generates will enable the government to provide more and better services to everybody.

Now Ernie's Family Restaurant is open for business, and it's a huge success. Ernie hires two more waiters, one more waitress – and a high-school student named Steve to work on weekends parking cars. Local farmers are happy, because Ernie has become one of their best customers for the fruits and vegetables they grow. Ernie himself has never worked so hard. But it's fun to succeed, so he's not complaining. And with the money he's making, Ernie and his wife decide to build a new house for themselves and their three children. So they hire an architect and then a construction company – which hires some workers and starts ordering building materials, which in turn create still more jobs for people at those supplier companies.

Two years later, Ernie decides to open a second restaurant in another part of town – and the whole job-creating process starts all over again.

Meanwhile, in another city a software engineer named Emily is riding the bus home from work and listening to music on her iPod. She isn't happy, because the sound quality on her inexpensive headphones isn't very good. And she cannot afford to buy one of those very expensive sets of headphones that provide better sound quality. Looking around the bus at other people who are also listening to music or to audio books through their headphones, Emily thinks that all these headphones are ugly. She begins to wonder why someone doesn't design a moderately priced set of headphones that provide good sound quality and look nice.

The more Emily thinks about headphones – remember, she's a software engineer so she's technically competent -- the more interested she gets. Before long, she's spending her evenings and weekends researching the fields of acoustical engineering and industrial design. Months later, she knows just about everything there is to know about headphones – and she thinks she's found a way to manufacture a set of headphones unlike any other set on the market. Hers would be moderately priced, attractive to wear, and with terrific sound quality.

Emily becomes Emily the Entrepreneur. Against the advice of her parents, her friends -- and just about everyone else she talks with about her idea – Emily quits her job. And with the money she's saved (and with a bit extra borrowed from her reluctant but loving and supportive parents) she launches the Headphones by Emily Company and sets to work turning her idea into a product she can sell.

Emily rents space in an industrial warehouse in a part of town she'd never even been to before, and she hires two people: a young woman who just got her degree in mechanical engineering, and a man with 20 years' experience in electronics manufacturing. They spend nearly three months turning Emily's rough sketches into a finished set of designs. As they gear up to begin production, Emily places orders for the manufacturing machinery she'll need and for the materials such as plastic, foam rubber and wiring. Her little company is buzzing with activity.

Even before manufacturing a single set of headphones, Emily has created two jobs for people at her company. And by placing orders for the machinery and materials she'll need, Emily has helped create jobs at companies that six months earlier she hadn't even known existed.

As Emily watches technicians installing the machinery she's purchased, she turns her attention to – boxes. After all, each set of headphones rolling off the assembly line will need to be packaged in an attractive box, or perhaps in some kind of hard plastic casing. So Emily hires a firm that specializes in designing packaging for electronic equipment. This firm gets to work and provides Emily with two alternatives – a cardboard box, and a hard, clear-plastic case. After thinking about it for a week, and after showing both designs to all her friends and asking their opinions – Emily chooses the box and then signs a contract with a packaging manufacturing company to provide them.

Meanwhile, Emily decides that her company should have a website to describe her product, and where customers who like to purchase products online can place their orders. So she hires Mike, who has just launched a web design company and, thanks to Headphones by Emily, now has his first client. And since Emily wants her headphones on sale in electronics-equipment stores, she hires a five-person sales force to travel around the country to visit buyers at the country's big electronics-equipment chains. Finally, as orders begin to come in, Emily starts shipping her products to stores across the country and to customers who've purchased headphones through the company's website.

Emily has created jobs at a packaging manufacturer, and helped a website designer to get his new business off the ground. She's created jobs for five sales people, and as orders ship out she's created work for people at companies like UPS and FEDEX to deliver her products to customers. And with the income these people earn, they'll start buying products for themselves and for their families – and the income taxes they'll pay will help the government to expand its programs and services for all of us.

Headphones by Emily is a smash hit product, and you can see commuters wearing them on every bus and train. But you won't see Emily on the bus, because now she commutes to work in her very spiffy – and very expensive – new sports car.

Talk with entrepreneurs, and they'll all tell you that starting their businesses was hard work. Along the way they made mistakes, all sorts of things went wrong, and people they'd counted on for help didn't follow through on their promises. Every successful entrepreneur has had moments of doubt, frustration – and of sheer financial terror as plans went awry, bills piled up, and bankruptcy loomed. Smart entrepreneurs will admit that in business – as in everything else – success takes luck, as well as talent and courage. In fact, most successful entrepreneurs have failed once or twice along the road to success:

Luke and Linda are a young, professional couple with two children and good jobs. Luke works at a local insurance agency, and Linda teaches history at a nearby high school. Their home is modest but comfortable, and most people would be perfectly satisfied to have their lifestyle. But Luke and Linda want more. They want a bigger house, a condo near the ski slopes – and most of all they want to be their own bosses. For years they've dreamed of starting a business, and now they think they've found a way to do it.

Students at Linda's high school – like college-bound high school students everywhere else – are signing up for private tutoring classes in hopes of boosting their scores on college entrance exams. But the big national tutoring services haven't made classes available in Luke and Linda's hometown. So students must travel 150 miles on Saturdays to take classes. Luke and Linda decide to launch a new business called the College Pro Testing Service, which will offer Saturday classes and also private, weeknight tutoring sessions to local students.

College Pro rents space in an office building, then hires an interior-design firm to turn that space into a classroom. It launches an advertising campaign on radio, television, and in the local newspaper so that students – and, perhaps more importantly, their parents – become aware of College Pro and its services. Then the new company hires three people to teach the weeknight tutoring sessions and the big Saturday class.

Everything goes wrong. Very few students sign up because they're all familiar with the other

companies and are afraid to try this new one. Then one of the big national tutoring companies decides to open an office in Luke and Linda's own town – and launches a huge advertising campaign that features big discounts for students who sign up within the first month. Given the national reputation of this company – and its discount price – many of the students that College Pro was counting on for business decide to sign up instead with the new company's more-famous competitor.

Within three months College Pro is on the ropes. There isn't enough revenue flowing in to pay the rent, pay the tutors, or even to continue its ad campaign. Luke and Linda have been piling up debt on their personal credit cards to keep their business going – and now the credit-card companies tell them they've reached their borrowing limits. They're out of money, out of time – and out of business. It will take them years to pay off their debts, and they'll be lucky if they don't lose their house.

The company failed, and that's too bad for Luke and Linda, because they're nice people and they really tried hard to make it work. But even this failure created jobs – for the local interior-design firm, for the people who wrote their radio, television and newspaper ads, and even – at least for a while – for the tutors that they hired and paid. In fact, there's no way to start a business – even one that fails – without creating jobs.

These little stories about entrepreneurs aren't just a writer's clever trick to make a point. In the last 25 years here in the United States, more than *30 million* businesses have been started – every one of them by someone like Ernie, Emily, Luke and Linda. Many of these businesses are still operating, some have gone out of business – and a few have grown so large and successful that the entrepreneurs who started them are famous and their companies are household names. And in the last 25 years these companies, together with all the older businesses in our country that started in precisely the same way as these companies started, have created more than *95 million* new jobs for all of us. And remember, it's the tax revenue that all these jobs have generated that's enabled our government to provide all the public programs and services we want and need.

What's Gone Wrong

Given this extraordinary record of success, you'd expect everyone – regardless of his or her political leanings – to support the idea of maintaining the kind of free market "atmosphere" that enables entrepreneurs to flourish. But this isn't the case at all. Hardly a week goes by without a new book published that denounces the free market and blames "business" for our problems. On television news shows every night we watch university professors and people described as "public interest advocates" suggesting that the free market -- or "capitalism", or "Big Business" -- keeps us poor. And public opinion surveys show that a large and rising percentage of us believes that the free market does more harm than good; that its primary output is pollution rather than prosperity.

No wonder that during the last two decades we've elected to Congress so many candidates who campaigned *against* the kind of free market "atmosphere" that entrepreneurs require. At the same time, too many of the candidates we elected who'd said they supported the free market turned out to lack the technical know-how to monitor and sustain a free market "atmosphere" – and, worse, had no idea that this is what they were supposed to do. Instead, they spent their time in Washington posturing, preening, raising money for their next campaigns and sometimes running for even more exalted jobs – in short, doing everything *except* monitoring and regulating the free market "atmosphere" we all depend upon for our own welfare.

This, pure and simply, is what lies behind the horrific economic crash of 2008. Experts will tell you that the 2008 crash was triggered by "the bursting of the housing bubble" and by a bunch of stupid, greedy, crooked CEOs on Wall Street. And that's true. But it was the failure of our elected officials to keep that housing bubble from forming in the first place, and to catch those Wall Street crooks before they wrecked our country's banking system – in other words, the failure of our elected officials to monitor our country's free market "atmosphere" and to make the necessary adjustments in time – that drove us into the ditch.

The key to pulling ourselves out of this ditch and back onto the road to prosperity isn't to abandon the free market, but rather to restore the free market "atmosphere" as quickly as possible. This is largely a

“technical” job, but it requires political support. And this support won’t be there until we close this gap that’s opened up between our perception of the free market and its reality. If we don’t, we’ll adopt policies that won’t work and will delay our recovery. Even worse, we could alter the free market “atmosphere” so drastically that we’ll never get it right again. And that would make it impossible for those among us who are out of work now ever to find jobs, or to generate the tax revenues our government will need to fund the programs and provide the services we want.

As always, the first step to solving any problem is to understand it: What’s created this gap between our perception of the free market and its reality is one of the most remarkable features of the natural world, and of human nature itself: *For every good thing there are unpleasant side effects – and these unpleasant side effects often are more visible to us than the good thing that causes them.*

To illustrate this with a very personal example, like a lot of men my age I’ve got high blood pressure. This is called “the silent killer” because there are no visible symptoms. You feel fine and go about your business. Then, one day, while you’re sitting at your desk or walking toward the refrigerator for a cold drink – you drop dead. But thanks to the miracles of modern medicine, I’ve got a supply of inexpensive pills that keep this from happening, so long as I remember to take one of these pills each evening. Unfortunately, while these pills lower my blood pressure to a safe level, they also give me occasional bouts of insomnia. And by slowing down my blood circulation, they make my feet feel cold. Some mornings I crawl out of bed grouchy after a bad night’s sleep, and some evenings I sit in my chair reading, or watching television, feeling miserable with icy toes. I often complain about these pills, but I cannot ever recall tossing and turning in bed, or squirming in my chair, and thinking: *I’m alive and healthy, and aren’t these pills wonderful!*

As I say, for every good thing there are unpleasant side effects, and these side effects are often more visible to us than the good thing itself. It takes an act of conscious willpower to keep in mind that the “good thing” is so good it’s worth enduring the unpleasant side effects.

Well, the side effects of the free market “atmosphere” that enables entrepreneurs to flourish and thus create jobs for all the rest of us are just as visible – and even more unpleasant:

When Prosperity Comes, it Comes Unevenly:

If you’re old enough to read this essay, you’re old enough to have noticed that life is unfair. Some people are healthier than others, some are more physically attractive than others, some are smarter than others – and some are just luckier than others. And when entrepreneurs create businesses that in turn create jobs, the income differences among us start to widen. For example, five equally qualified and deserving people may apply for a job at some new company, but only one will get it. It may take a while for those other four to find work. Or, ten of us may be working hard for the various companies that employ us, but through no fault of our own two of these companies go out of business; those two of us these bankrupt companies employed will lose our jobs while the other eight may get raises.

When new companies succeed, the entrepreneurs who started them wind up with more money than the rest of us. That’s the reward they get for the risk they took. And sometimes, rich entrepreneurs spend their money in ways that drive the rest of us crazy. They buy fancy cars, they build houses that are not only bigger than ours, but bigger than any house we’d build even if we had their money. And we’re only human, so even if these newly-rich entrepreneurs live modestly – and many of them do, by the way – just thinking about how much money they’ve got makes us jealous.

Create a free market “atmosphere” in which entrepreneurs flourish, and you’ll have a country in which a few people become incredibly rich, some people become wealthy, and everyone else does okay or perhaps a bit better than just okay. It’s uneven, and this often seems unfair because the hard work these rich and wealthy people did to earn their money – and the terrifying personal financial risks they took along the way -- aren’t visible to us. Watching the gap grow between their incomes and ours is infuriating, it’s outrageous – and the temptation to close this gap can be overwhelming. Of course, we can easily prevent these people from becoming rich or wealthy: We just keep modifying the free market “atmosphere” – for instance by loading it up with anti-business regulations or with high taxes for the wealthy -- until it becomes impossible for entrepreneurs to survive and flourish. Except that if we do this, there won’t be any jobs for all the rest of us. And our government won’t have the tax revenues it needs to fund its programs and services.

The Free Market “Atmosphere” is Volatile

When we're enjoying a bout of good weather, or of good luck, we always remind ourselves that it won't last. Alas, that's how the world works. But when our country's economy is growing at a robust rate, and we've all got jobs and we're buying more and more of what we want -- we tend to assume that the good times will last forever. But they won't. Just as with good weather and good luck, no matter how long the good economic times last they always end, at least for a while. That's because it's much harder to sustain a robust level of economic growth than it is, say, to drive your car down the highway at a constant speed. After all, a modern economy is a vastly more complicated piece of machinery than a car -- or even a 747 jetliner.

Besides, we humans are imperfect. From time to time even the smartest among us make mistakes and act foolishly, for instance by eating too much and getting indigestion, or by staying out in the sun too long and coming home with a bad burn. So even when we elect people who are honest, and who have the combination of technical knowledge, vision, and "gut feel" to monitor and sustain a free market "atmosphere" that will enable entrepreneurs to flourish and create jobs -- every so often there's going to be a nasty downturn that's going to hurt a lot of honest, decent, hard-working people.

One day, some genius may come along who can figure out how to eliminate these unpleasant side effects of the free market. (Personally, I doubt it -- but you never know.) Meanwhile, there are three things we can do to lessen the impact of these side effects:

First, we can stop trying to smooth out the unequal incomes that a free market economy causes to happen. It cannot be done, and trying to equalize incomes only makes things worse by lowering everyone's income. Besides, if we're doing okay, or perhaps a bit better than okay, it doesn't matter if someone else is doing even better. For example, during the last few years I've worked hard, got lucky, and now I earn enough money to live comfortably. But over at Apple Computer Company its genius CEO, Steve Jobs, also has worked hard -- and he earns a great deal more money than I earn. (And some of that money he earns comes from me, because I keep buying Apple's marvelous products.) As the anti-free-market politicians and intellectuals would put it, the income gap between Steve Jobs and me has actually widened. Well, so what! Why should I waste my time and energy whining about his good fortune rather than celebrating and being grateful for my own? Let's stop fussing over the issue of income inequality, and focus instead on whether all of us, or at least most of us, are doing okay or a bit better than okay.

Second, we can accept reality by recognizing that the good times never last. The future will always have in store for us a nasty economic jolt that's going to send a shockwave of misery through the country. So let's learn to live prudently, for instance by saving some of the money we earn rather than spending all of it. And by not borrowing more money than we can ever afford to pay back for such things as cars and houses. There's reason these values of thrift and moderation have been around long enough to be called "old-fashioned" -- it's because they're good values and they work well. So let's return to them.

Finally, we need to seriously re-think the business of politics. For a very long time now, candidates for public office have campaigned for our votes on specific policy issues. They are conservatives or liberals, Democrats or Republicans, left-wingers or right-wingers. They tell us what policies they will pursue -- on the war, border control, the environment, health care, education and all the rest -- and we decide which candidates to support with our money and our votes. Well, fair enough. These issues are important, we all hold strong views about them, and arguing about politics is the essence of democracy.

Putting Competence Above Ideology

But as we move forward through the 21st century, it's increasingly obvious that a huge chunk of our elected officials' time and energy must -- must -- be devoted to monitoring and sustaining the free market "atmosphere" that will enable entrepreneurs to flourish and by doing so to create jobs for us and revenue for our government. If they don't monitor and sustain the free market "atmosphere" because they don't know how, or because they'd rather spend their time and energy doing something else -- or because they despise the free market and want to replace it with an economy controlled by the government -- after a while our economy will crash too hard ever to be put back together again. And then there won't be any policies to argue about, because we'll all be out of work and there won't be any tax revenue available for our government to do anything.

In the years to come, as our political parties choose their candidates, and as these candidates campaign for our votes, we've got to be sure that these candidates are economically competent and willing to devote their time in office to monitoring and sustaining the free market "atmosphere" before we start arguing over their policies about everything else.

There's a lot more at stake here than just our own futures.

During the last 25 years or so, government officials around the world have come to recognize that jobs are created by entrepreneurs, and that it's the government's responsibility to create and monitor the free market "atmosphere" these entrepreneurs require. As a result, more and more governments have been creating these "atmospheres" comprised of property rights, the rule of law, modest levels of taxation, and competent regulation. Of course, some governments have done this better than others. And human nature being so imperfect, there have been stumbles and setbacks along the way.

But it's working, and today more human beings are emerging from poverty than at any time in history. By 1990 or thereabouts, more than two billion people were living above the poverty line. In the past twenty years or so an additional half-billion people have emerged from poverty just in India and China, and their growing demands for goods and services have helped pull people out of poverty in countries most of us couldn't find on a map. While much of Latin America remains politically volatile, in recent years the continent's economy has been growing an annual rate of more than 4 percent. That's terrific. Africa continues to be plagued by turmoil and even ghastly genocides – Rwanda a few years back, and now Darfur – but in the last few years there have been 17 countries on the African continent whose economies have been growing at annual rates of more than 4 percent. That's fabulous.

Put all the numbers together, and here's what you get: Each year now, throughout the world between 50 million and 100 million people are emerging from poverty. If we can just sustain this pace, within our lifetimes – or certainly within our children's lifetimes – the majority of human beings will have emerged from poverty. This is the most stunning, overwhelming, and heartening fact in the entire world. And it's the world's most under-reported news story. Despite what you may believe, or what you've read in the newspapers or seen on television news shows, during the past few decades the world has been growing less poor – richer – every single year. And it's the establishment of free market "atmospheres" in so many countries that's made this possible.

As the impact of the current economic downturn spreads its misery around the world, the leaders of virtually every government are struggling to chart courses that will put their citizens back on the road to prosperity. Many of these governments are looking to the United States for guidance, because our success at creating and sustaining a free market "atmosphere" for more than two centuries has created the world's most prosperous society. Whatever course we set, they will follow.

Restoring our free market "atmosphere" to health is a complicated business, and honorable people will disagree about precisely how to do it. As the debate heats up over just what steps to take next, let's keep in mind that "change" isn't the same thing as improvement; that no matter how bad things are, it's always possible to make them worse. If we implement policies that are compatible with the free market "atmosphere", we will not only rescue ourselves but we will set the world on a course to virtually eliminate the scourge of poverty from the Earth. But if we implement policies that alter the free market "atmosphere" to the point where entrepreneurs cannot flourish or even survive, we will trigger a global epidemic of poverty.

We have got to get this right, not only for our own future but for all humanity. The free market is history's greatest invention, and destroying it now would be history's biggest mistake – perhaps even its greatest crime.

About the Author

Herbert E. Meyer is a popular speaker on the lecture circuit. He has delivered his overview of global trends and developments, **What in the World is Going On: An Intelligence Briefing for CEOs**, to corporations, business associations, student organizations and public affairs groups throughout the world.

During the Reagan Administration, Mr. Meyer served as Special Assistant to the Director of Central Intelligence and Vice Chairman of the CIA's National Intelligence Council. In these positions, he

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Formerly an associate editor of *FORTUNE*, he has authored several books including "*The War Against Progress*," *Real-World Intelligence*, and *Hard Thinking*. Mr. Meyer and his wife, Jill, are co-authors of *How to Write*, which is a widely used writing handbook and is now available as a downloadable ebook.

Mr. Meyer is host and producer of *The Siege of Western Civilization*, a DVD that outlines the threats to America's security, economy, and culture.

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Mr. Meyer's essays on Intelligence and Politics have been published in **The Wall Street Journal**, **National Review Online**, **Policy Review**, **IMPRIMIS**, and **American Thinker**.

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