

## Capitalist Manifesto

**A specter is haunting Europe. It's the gospel of free markets, loosed from chains.**

**By Stefan Theil**

Newsweek International

**Aug. 14, 2006 issue** - Europe could use more people like Ehssan Dariani. The 26-year-old entrepreneur runs a hot Internet start-up called studiVZ—Europe's fastest-growing social network for university students. Since setting up in a cheap Berlin loft only last fall, he's already hired 25 people. Yet when Dariani looks back at his high-school days, a decade ago in the west German city of Kassel, he remembers his teachers warning against exactly what he's doing. "They taught us the market economy was a dangerous wilderness full of risk and bankruptcy," Dariani says. "We never learned how prices affect supply and demand, only about evil managers and unjust wages." If he'd listened to his teachers, he'd be among the vast majority of German students who dream of becoming civil servants or fitting into the comfortable hierarchy of a traditional corporation. Instead he set out and created some desperately needed jobs.

Ask any European what he learned at school about how the economy works, and you'll likely hear a similar story. A recent study of German high-school textbooks by the Institute for the German Economy, in Cologne, found entrepreneurs—instead of getting credit for creating jobs—taking the blame for everything from unemployment to alcoholism to Internet fraud and cell-phone addiction. Some high-school social-studies textbooks teach globalization as an unmitigated catastrophe; students are advised to consult the radical anti-globalization protest group Attac for further information. In France, books approved by the Education Ministry promote statist policies and voodoo economics. "Economic growth imposes a way of life that fosters stress, nervous depression, circulatory disease and even cancer," reports "20th-Century History," a popular high-school text published by Hatier. Another suggests Margaret Thatcher and Ronald Reagan were dangerous free-market extremists whose reforms plunged their countries into chaos and despair.

Such blatant disinformation sheds new light on the debate over why it is that Europeans lag so far behind Americans in rates of entrepreneurship and job creation. It also helps explain widespread resistance among Europeans to accepting even the smallest reforms of their highly regulated economies. But recently there appears to be a small but growing backlash against the popular vilification of capitalism. Unthinkable only a decade ago, business associations, think tanks and a whole slew of capitalist and libertarian activists, many only in their 20s and 30s, are leading a tiny but noisy counterattack. Their common goal: making sure the next generation of Europeans is less in tune with Karl Marx and more with Adam Smith.

Fighting windmills? Maybe not. In Germany, the Banking Association is helping change attitudes by supplying instructional materials explaining markets to more than 20,000 teachers. "A few years ago the Education Ministry would have kicked us out," says the association's Wilhelm Bürklin. One participating social-studies teacher, Christel Stoldt at Winkelmann High School in the town of Stendal, reports rising interest among students about how the market economy works. "I have to overcome a lot of prejudice against companies and entrepreneurs," she says. In France, the Centre de l'Entreprise has sent several hundred teachers on internships to companies. Director Jean-Pierre Boisivon says they often return astonished that the corporate world isn't the Darwinian struggle between bosses and workers they'd been taught it was. Junior Achievement, a U.S. organization promoting student entrepreneurship, now has three dozen European chapters and plans to reach 5 million students by 2010. JA Europe chief Caroline Jenner says that 30 percent of the kids who participate in its programs later start their own companies, compared with just 7 percent in the general population. "How else are we going to get jobs for 19 million unemployed Europeans if we don't teach kids that entrepreneurship is OK?" she asks.

It's been harder to create a space for openly pro-capitalist views in the public debate, but even that is starting to change. A good place to judge is Europe's bookstores. While anti-capitalist and anti-globalization screeds—plus the usual Third Way literature—still dominate, there is now a small but growing pro-capitalist shelf. Virtually nonexistent just a few years ago, it already has its own cult classics, such as "In Defense of Global Capitalism" by the young Swedish ex-anarchist Johan Norberg,

translated into a dozen languages from Spanish to Albanian since it appeared in 2001. In France last year, two new books claiming widespread indoctrination at public schools hope to set off a new discussion over what children are taught. At Vienna University, the works of the great Austrian school of capitalist thinkers were all but ignored for more than half a century. In 2005, thanks to fund-raising by a local free-markets group, there is now a new professorship teaching such key theorists as Joseph Schumpeter (think "creative destruction") and Friedrich Hayek (famed for his impassioned critique of socialism).

If Europe was once a hotbed for capitalist thought, people like Helen Disney think it can be so again. When she founded the Stockholm Network in 1997 as a loose organization of pro-market and libertarian activists, she says, many members were at first surprised that like-minded people even existed in Europe. Now the network includes more than 130 groups, from Poland's Adam Smith Foundation to Belgium's Centre for the New Europe. "The pro-market movement has definitely reached critical mass," Disney says. Every February since 2003, they head to the Capitalist Ball in Brussels—not a gala for cigar-wielding plutocrats, but a networking confab for Europe's growing number of free-market think-tankers and activists.

Some of the new groups are taking the fight into the streets. In France, Liberté Chérie is leading the pro-capitalist fringe, organizing the country's first pro-reform demonstrations and counter protests to recent union strikes. Its biggest demo drew only 80,000 people, but it was the first time many French learned that there were ordinary citizens supporting pro-market reforms. Bigger changes will likely come in a decade or two, says Disney, when the twenty- and thirty-somethings who dominate the new pro-market groups today become editors, politicians and business leaders. Indeed, a recent poll by the IPOS Institute finds the market economy's approval rating rising to 59 percent among Germans under 30, with only 32 percent saying the state needs to play a bigger role. Ten years ago, the figures were reversed. "The values shift is already underway," says Bürklin. It's about time.