



BY EDWARD H. CRANE

“The question is not, What causes poverty? Poverty is man’s natural state. The question is, How is wealth created? And here we know the answer.”

Message from the President On Trees, Wind, and *American Idol*

There was a time long ago when human beings believed that trees caused the wind. They weren’t stupid, just ignorant. Today, human beings believe that money is the answer to poverty. They’re still not stupid, but they’re still ignorant. Recently I was reminded of this fact when the pop culture phenomenon *American Idol* held its annual “Idol Gives Back” fundraiser to help alleviate poverty around the world, particularly in Africa.

The fundraiser takes place over two nights and features dozens of Hollywood celebrities, politicians, and random wealthy folks. Each pleads with viewers to send in money, which then is divided among six charitable organizations, ranging from the Children’s Defense Fund to Malaria No More. All are worthy organizations and the motives of the many celebrities and politicians are no doubt noble. Among the many notables trying to drum up cash were Billy Crystal, Robin Williams, Kiefer Sutherland, Celine Dion, Forest Whitaker, Bono, Brad Pitt, Snoop Dogg, Peyton Manning, Gloria Estefan, and, of course, Hillary Clinton, John McCain, and Barack Obama. There were many, many more, but my point is, this is a list of people who are bound to get the nation’s—indeed, the world’s—attention.

What a platform! Here is Whitaker talking to a boy who helps his blind father beg in Angola. There is Victoria Beckham saying, “Just one dollar can make a world of difference when you have no world.” And Bono with a report from Africa on how orphan children are keeping their parents’ memories alive. Fergie sums it up, “If you think about the little piece of money that people need to live in these countries and how happy it will make them . . . it’s just a phenomenon.” The tales of tragedy—the AIDS, the malaria, the hunger, the genocide—are endless. And that’s the point. There will be no end to it until we look at the problem from a fundamentally different perspective.

“Idol Gives Back” raised more than \$65 million from caring Americans. But there are some 2.5 billion people in the world living in abject poverty. *Money is not the answer.* There’s not enough of it. The question is not, What causes poverty? Poverty is man’s natural state. The question is, How is wealth

created? And here we know the answer. It is created by entrepreneurs who live in societies that are governed by the rule of law and that protect private property. Societies that have honest court systems that respect the sanctity of contracts.

It’s no secret. Every year the Fraser Institute in Vancouver, British Columbia, in conjunction with dozens of think tanks around the world, including the Cato Institute, publishes its *Economic Freedom of the World Annual Report*. The positive correlation between economic freedom and prosperity, direct investment, clean water, low infant mortality, sanitation, and low levels of corruption are there for anyone who cares about the world’s poor to see.

Since 1990 no countries have eliminated more poverty than China and India. Both countries opened their economies to trade after decades of protectionism. They deregulated large portions of industry, and in China they essentially privatized agriculture. India, which had long stagnated while being the world’s largest recipient of aid, is now on the cutting edge of internet technology. According to *Economic Freedom of the World*, since 1990 China has increased its economic freedom score by 31 percent; India by an impressive 35 percent. In the past 18 years an estimated 400 million people have risen out of poverty in those two nations. There is no reason the same couldn’t happen in Africa. It is lack of proper institutions, not lack of money that accounts for the plight of most Africans.

Of the 141 nations studied, the top 10 in terms of economic freedom include Hong Kong, New Zealand, Switzerland, the United States, Ireland, and Estonia. The bottom 10 include nations like Rwanda, Niger, Venezuela, Democratic Republic of Congo, and Zimbabwe. As I said, it’s no secret.

So next year when Ryan Seacrest introduces Brad Pitt, I want Brad to address this enormous audience with a plea that Zimbabwe stop the inflation, stop the corruption, and start protecting private property. Okay, none of us should hold our breath, but you get the idea.