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New at AdamSmith.org: The triumph of global capitalism [1]

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The rise of global capitalism since 1980 has been the central factor in the massive rise in global quality of life. In this article, Jacob Lundberg explains why more liberalized global markets have meant richer and freer people.

When she was young, Maria Vargas moved from the countryside in northern Brazil to Sacadura Cabral, a poor suburb (favela) of São Paolo. (Melo, 2002) She worked as a maid and in the textiles industry, but was injured and had to provide for herself and her seven children ? one of whom died as a four-year-old ? by sewing after the death of her husband. Maria is only one of the many faces of poverty.

But poverty is decreasing and the world is gradually becoming a better place to live in: health is improving, school enrolment is increasing and democracy is on the rise. Many people seem to be unaware of this fact. An important reason for the progress that is taking place is the fact that during the last decades of the 20th century, there was a movement towards liberalization and globalization almost everywhere.

World trade has become considerably freer over time ? the median global tariff rate has decreased from 26 percent to 9 percent since 1980. (Gwartney & Lawson, 2009) Today, 80 percent of developing countries? exports to industrialized countries do not face any tariffs, up from 54 percent in 1998. (UN, 2010, p. 68) Government intervention in agriculture has become less pervasive. An obvious case is China, where agricultural output has increased considerably since liberalization.

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