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The 99 and the 1

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There will always be a 1%. The well-being of the 99% depends on who makes up the 1%: entrepreneurs or the state and its cronies. This in turn depends on the ideologies adopted by the 99%.

“We are the 99%!” This slogan of the Occupy Wall Street protesters has been called the most memorable quote of the past year. Those who rally to its cry do so in opposition to the villainous 1%.

For a handful of the protesters, being a member of the 1% means being a wealthy recipient of a government bailout, or some other form of corporate welfare. But for the economic egalitarians in their ranks, it simply means being too rich. They say the wealthiest 1% of the country is getting more than its fair share of the wealth in society, at the expense of the 99%.

Whatever one thinks of the current plight of the 99%, throughout almost all of history, things were much worse for the vast majority of the population. In pre-capitalist ages, the average member of the economic 99%, if lucky enough to survive infancy, was consigned to a life of

back-breaking work and poverty, constantly on the verge of famine, disease, and death.

The only individuals who did not have such a wretched life were the “1%” of old. This economic 1% was virtually identical with the state. It was made up of the French kings, the English lords, the Roman senators, the Egyptian viziers, and the Sumerian temple priests. The members of this elite lived in Olympian splendor: servants at their beck and call, as much food as they could possibly want, spacious homes, an abundance of jewelry, and a tremendous amount of leisure time.

And of course, this lifestyle was borne on the backs of the masses. It was the 99% who produced the bread that stuffed the mouths of the 1%, who felled the trees to erect their mansions, and who mined the precious metals and stones to adorn their bodies.

Everything the Occupy Wall Street protesters say today about the 99% and the 1% was completely accurate then. Wealth in society was a pie of a certain fixed size. The bigger the slice of pie that the 1% took for themselves, the less was left over for the 99%. Every bit of luxury the 1% enjoyed was taken from resources that could have made some member of the 99% less miserable.

Why did the 99% of old put up with the 1% lording it over them? Why did they not rise up,



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and overthrow their masters? Were they simply cowed by the mailed fists and the flashing sabers?

No; as David Hume pointed out, since “those who are ruled” always vastly outnumber “those who rule,” a regime’s power can never be about brute strength alone. The ruled many must believe that the power of the ruling few is somehow good for them.

Perhaps the temple priests have convinced the people that the gods would be angry if the rulers were disobeyed: that the rains won’t come, and the crops won’t grow. Or maybe the populace believes that the rulers are responsible for the peace and order in society.

Not only do the 99% *put up* with the ruling 1%; they *put them up* on their lofty pedestals. The 99% give the 1% their power.

As Ludwig von Mises made clear, real power, what he called “ideological might,” always lies in the support of public opinion. If public opinion were ever to turn on any regime, its days would be numbered.

Mises went even further to argue that public opinion not only determines who is in charge but the general character of the legal order, or as he put it, “whether there is freedom or bondage.” Ultimately the only kind of tyranny that can last is a tyrannical public opinion.

“The struggle for freedom is ultimately not resistance to autocrats or oligarchs but resistance to the despotism of public opinion.”¹

If the 99% are oppressed, they are also ultimately their own oppressors, by dint of oppressive public opinion.

So that explains the political situation of the old order (and all orders, for that matter). What about the economic situation? Why did the “economic pie” so rarely get bigger?

One would think that over time, people would get more efficient at producing things, and so living standards would improve. Yet, for millennia, things hardly got better at all.

The roots of this economic state of affairs are to be found in the political order described above.

¹Ludwig von Mises, *Theory and History*, chapter 3.

Again, throughout most of the history of civilization, the ruling 1% took for itself a huge portion of what the 99% produced. And if any private person ever accumulated enough wealth for it to be noticeable, some potentate would snatch that too. This is why buried treasure was all the rage wherever princes were particularly grasping.

With such rampant government confiscation, there was never enough incentive for large-scale capital accumulation. Without large-scale capital accumulation, there can be no mass production. And without mass production, there can be no great improvements in the lives of the masses.

And that is basically why the 99% had such shabby lives for almost all of history.

Then in the eighteenth and nineteenth centuries, something revolutionary happened. A group of philosophers started thinking very carefully about property, trade, prices, and production. These philosophers were called “economists.”

From considering the economic laws they discovered, the economists concluded that society is much more productive if private property is more consistently respected. “*Laissez faire et laissez passer*,” the economists said. Let people control as much of their property as completely as possible, and everybody will be more prosperous.

These economic philosophers, people like Richard Cantillon, Adam Smith, and J.B. Say, were *theorists*. They wrote brilliant, if sometimes turgid, books that changed the minds of *communicators*: individuals whom F.A. Hayek called “second-hand dealers of ideas.”

These included *professional communicators*: writers, like Richard Cobden, and speakers, like John Bright. These writers and speakers wrote pamphlets and gave speeches that changed the minds of many thoughtful, if less eloquent, individuals, who might be called *amateur communicators*. And this thoughtful stratum, in turn, led their non-thoughtful fellows (who, in modern parlance might be called “sheeple”) to change their positions on public affairs.

Through this process, public opinion shifted toward the belief that government should be as limited as possible, and property rights as sacrosanct as possible: toward a doctrine called “liberalism.”

Again, the way society is organized ultimately depends on public opinion. So, since public opinion changed, policy changed too. Private capital became more secure. Trade restrictions were lifted. Business barriers were abolished. Private property reigned supreme as never before.

And the results were miraculous. As never before in history, the productive energies of humanity were unleashed. Items that were once reserved for the elite 1% were soon mass-produced for the 99%. Amenities that did not even exist before were developed, first for small markets, but ultimately for the mass market.

The production of bare necessities soared. The population in the parts of the world touched by liberalism exploded. Marginal people who otherwise would have died found subsistence. People who otherwise would have lived on the edge of disaster found security. And those who otherwise would have been mired all their days in prosaic drudgery were able to lead lives of comfort and refinement.

In the new order there was still a 99% and a 1%. But the 99% of this period lived better than the 1% of times past. And the chief way to ascend to the 1% was to become a successful capitalist-entrepreneur: to strive to *serve* the 99% (the masses of consumers) better than one’s competitors.

In the old order, most would-be one-percenters, in order to get ahead in life, would have had to apply their smarts and ambition to become conquerors, rulers, and government administrators, and in those roles to *exploit* the masses. In the new order, under what Mises called the “consumer sovereignty” of the market, their capabilities were turned toward *providing for* the masses of sovereign consumers.

The masters became servants: wealthy servants, but servants nonetheless.

The liberal *ideological* revolution had engendered an *industrial* revolution. And what Mises called the “Age of Liberalism” lasted from 1815 to 1914: a golden century in which mankind first got an inkling of what it was really capable of.

Tragically, the Age of Liberalism was ended by an ideological counter-revolution: a wave of statist thinking that is responsible for all the woes of the twentieth century, as well as our present economic and geo-political crises.

Now, the 99%, under the thrall of unsound ideas, are once again oppressing themselves. Thanks to the calamitous state of public opinion, the ranks of the 1% are once again increasingly being filled, not by capitalist-entrepreneurs serving the 99%, but by the state and its cronies exploiting and impoverishing the 99%. And the redistributionist remedies that the self-styled 99% clamor for would only accelerate this trend.

If our civilization is to be rescued—if the tide of public opinion is ever to turn again—it will be thanks to the sound ideas formulated by theorists like Mises and the scholars who work in his tradition. But that can only happen if those ideas are effectively disseminated by a new generation of communicators.

This is why the Mises Institute and Mises.org are so vital. It is also why this generation’s amateur communicators—who spread the message of liberty through Facebook posts, YouTube videos, and the like—are also hugely important.

As Mises wrote,

“The flowering of human society depends on two factors: the intellectual power of outstanding men to conceive sound social and economic theories, and the ability of these or other men to make these ideologies palatable to the majority.”²

May sound ideas win the day, and may human society flower again. ■

²Mises, *Human Action*, chapter 37.

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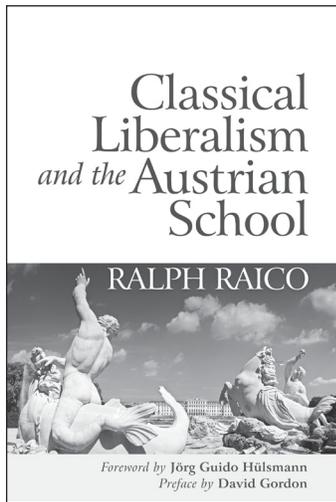
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