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Property as a Civil Right? —
Philosophical Perspectives for a Virtualizing World

Lecture at the Hayek Club Frankfurt, November 20, 2023[1]

(1) Property means freedom

> "Property forms the basis of all personal freedom, activity and independence."[2]

This sentence could have been written by Friedrich August von Hayek. It could also have been written by Immanuel Kant, by John Locke, even by Aristotle. But it was written by Karl Marx. – In the Manifesto of the Communist Party. Proletarians and philosophers of all countries agreed that property and freedom are connected.

At the end of the 18th century, the philosopher Johann Gottlieb Fichte, who made the concept of freedom the linchpin of his philosophy, described this connection very impressively: If I want to act freely in the world, if I want to do something in this world, if I only want to breathe or eat in it, I must be able to possess things. Ownership of a thing, however, is the "subjection of it to our ends."[3] Ownership means control. In order to realize my freedom, I have to control.

In order not to completely deprive you of your freedom and control over the next 45 minutes and thus expropriate you in a certain way, I have prepared a small paper so that you can already take possession of my intellectual property structured in 12 perspectives or 12 plots. You will also find some quotes that will accompany us in the coming minutes. For what I have just so carelessly called my intellectual property is actually the property of others. Footnotes to Plato, nothing else is the philosophy of the West, as Alfred Whitehead put it almost a hundred years ago.

(2) Property sets a boundary

When I talk about Plato's property and my footnotes, we can see that we are already talking about demarcations. This is nothing but new. Jean-Jacques Rousseau already knew this:

> "The first man who fenced off a piece of land and had the idea to say, 'This is mine,' and found simple-minded people who believed him, was the true founder of civil society."[4]

This sentence could have – perhaps less polemically – also come from Kant, Locke or many others. According to Kant, property is what the other person cannot take away from me "without damaging me."

The concept of "one's own" only makes sense if I can distinguish it from the other. Ownership of property, therefore, defines a boundary within a community. Hence,

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[1] For the written version, the lecture has been supplemented with references to sources and adapted in some places for easier readability. Most of the citations have been translated from German by the author. Further texts by the author can be found at www.carstenlotz.de.
[2] Marx, Karl. *Manifesto of the Communist Party*. Dietz Verlag, 1974, Part II.
[3] Johann Gottlieb Fichte. *Basis des Naturrecht nach Principien der Wissenschaftslehre*, in: ibid., Sämtliche Werke, ed. by Immanuel Hermann Fichte, Berlin 1971, vol. 3, § 11, p. 117.
[4] Jean-Jacques Rousseau. *Abhandlung über die Ungleichheit*. UTB 2008, 173.

property is a bourgeois term. As the natural state of paradise is long gone, we are long in the time of allotments and fences. There is broad agreement on this as well.

(3) The (fair) distribution of property remains controversial

On the other hand, there is no consensus on the question of how much property everyone should have and how differences can be legitimized. If all people have the same rights and God has given the earth to all people, how can it be that property is unequally distributed?

Philosophy essentially has two answers to this: The one answer is more appealing to natural law or “Catholic”: property is the result of my work. In the sweat of my brow. This idea has a long tradition: Plato, Aristotle, medieval theology; even John Stuart Mill based the ownership of the fruits on the labor of the peasant, which leads directly to Marx's thesis of the expropriation of the worker. It coined the idea of meritocracy among the French revolutionaries and found its way into the social encyclical of the Catholic Church *Rerum novarum* in 1891. In more recent German discussions about social aid, we also find the idea again: “Performance must be rewarded”; “He who works must have more than he who does not work.” – Or again in the original by the Apostle Paul, who is admittedly not quoted verbatim in political discourse: “He who does not want to work, should not eat.” (2 Thess 3:10). In short, property is a result of work.

The other answer is more “Protestant” or appealing to contractual law: property is a grace, a gift or pure chance. It originates from a covenant with God, which was understood very early on by biblical theologians as a contract. It is historically conditioned (from a social contract – and if that doesn't suit you, you can, according to John Locke, emigrate to America where there is still the original state of nature) or it is simply taking possession and then defending against the other “as far as the cannons reach”,[5] as Immanuel Kant says. Property is a contract that regulates relationships of power.

Our bourgeois societies regulate property by contract, despite all the assertions that work must be worthwhile. Property is what we define as such. Just look at the volume and historical development in the German *BGB*, the French *Code Civil* or the English *Law of Property Act*. Property is socially determined, and the emancipation of socially disadvantaged groups has always taken place through property rights.

In Victorian England, the wife's property passed to the man upon marriage. And it is mentally ill people, that we have long excluded from the use of their property. It is probably no coincidence that there is a (now empty) Part VIII of the English *Law of Property Act* entitled "*Married Women and Lunatics*".

And for the less crazy (or creative), we still restrict the posthumous right to ownership of their property: copyright protects texts and works of art for 70 years for heirs, sound recordings and films 50. After that, the work is free for anyone to use. On the other hand, when it comes to land, houses, movable things, even securities, we have a kind of inheritance for eternity. This has no mathematical logic but is a social agreement.

[5] Kant, Immanuel. *Foundation of the Metaphysics of Morals*. Berlin: Edition of the Prussian Academy of Sciences, "Metaphysical Foundations of Law", I §15.

(4) Moral justifications for the distribution of property are difficult – at least from a liberal perspective

One might suspect moral problems behind the unequal distribution and behind the different property rights, but from a liberal perspective there are no such problems. While Marx, in a certain sense Catholic, cites a moral argument of the justice of works in order to insist that it is labor that creates surplus value and thus property in the first place, liberals such as Friedrich von Hayek or Milton Friedman take the side of Kant or Locke and the Protestant idea of grace.

Friedman wrote in the 1930s that property rights are complex social constructs rather than self-explanatory facts. What is property and who is allowed to own property is a process of difficult social negotiations.[6]

Ethical justifications for the distribution of property do not convince the liberal founding fathers. Their arguments seem as simple as they are compelling: (1) The possession of innate talents is not dependent on personal merit. So why should it be any different with the possession of any other property? (2) In order to judge the merits of the individual, one would need knowledge that should not exist in a free society. (3) And meritocracy simply creates the wrong incentives; Hayek commented:

> “We do not wish people to earn a maximum of merit but to achieve a maximum of usefulness at a minimum of pain and sacrifice and therefore a minimum of merit.”[7]

In the overall interest, it makes more sense for people to achieve a lot without much effort. Why? – You still have time to do other things and achieve something else as well. In short, income and the resulting property have nothing to do with morality. Milton Friedman rejected all ethical perspectives, and understood property solely as a means to an end. And that end was the defense of freedom.[8]

(5) Distributed property is the guarantee of plurality

But not only the defense of my freedom. Hayek writes in The *Way to Serfdom*:

> "Our generation has [...] forgotten that the system of private property is the most important guarantee of freedom, not only for those who own property, but also almost as much for those who do not. For the simple reason that the domination of the means of production is distributed among many people who act independently of each other, we are not at the mercy of anyone, so that we as individuals can decide what we want to do and what not to do."[9]

But would you stand in front of a homeless man at the main station and say to him: *My property is the most important guarantee of your freedom?* – It is radical idea. If you don't want to read this cynically, you have to read this statement as a plea for pluralism. It is only because property – and thus power – is distributed among the many, that there is freedom for all. Hayek again:

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[6] See: Friedman, Milton, und Rose D. Friedman. *Capitalism and Freedom*. 40th Anniversary Edition. University of Chicago Press, 1982, Chapter II.

[7] Hayek, Friedrich A. von. *The constitution of liberty: the definitive edition*. The collected works of F. A. Hayek, v. 17. Chicago: University of Chicago Press, 2011, Chapter 6.7. *Eigene Übersetzung*.

[8] See: Friedman, *Capitalism and Freedom,* Chapter X.

[9] Hayek, Friedrich A. von. *The Road to Serfdom: With the Intellectuals and Socialism*. Combined edition, First published. Occasional Paper 136. London: iea, The Institute of Economic Affairs, 2005, Kapitel 8.

> "If all the means of production were in a single hand – whether it be 'society' as a whole or a dictator – then the one who exercises this very rule would have us completely under his control."[10]

Marx could probably have signed this sentence. For he, too, feared that the concentration of property in the hands of a few would lead to a "monopolizable social power".[11]

Liberals and leftists agree that questions of ownership are questions of power. The distribution of property must satisfy the condition that it sufficiently distributes power. Of course, there is a dispute about how. And yet, I would hope, three consensual criteria can be derived from our considerations so far, which property must meet as a means to an end, as an instrument for a free society: (1) It allows me to act freely in society without coercion. (2) It is distributed among many individuals. (3) And that is why it ensures a plurality of objective functions and a plural society.

6) Property has a dual character

But not all property is the same. Even in Fichte's work there is a memorable double character. For him, property was the condition for working freely and earning my livelihood. But Fichte also knows another side: property is the possibility of no longer having to work:

> "We have found that property actually means freedom; Leisure, acquired through work."[12]

And if we look around, then Fichte was right. We see the bourgeois salon, where literature is recited and music is performed. Civil property guarantees the elevation of man. Bourgeois humanity sits in a panelled hall with a glass of wine and perfects itself in subtle activities such as listening to philosophical lectures on the question of property. Property is both freedom to work and freedom from work.

Milton Friedman, too, in his argument against the claims to equality and the defense of freedom, puts forward various property facts that connect with the dual character of property: an innate (inherited) talent such as a beautiful voice; an acquired ability such as vocational training; and an invested sum of money.[13] He does not mention the simplest and clearest case of property: a piece of land or a tool.

But all those issues that not only Friedman, but all of us, carelessly call one's "property" are very different. Three cases can be distinguished and must be distinguished because they entail different rights:

(1) Only I can relate to the innate talent or education. I can't sell them as such. I can only generate income from them by using them and getting paid for them; but I may, can and must work with it. I own it, but I don't have to defend it to anyone. I don't need a fence. They are peculiar to me in a way that does not need a right of ownership.

(2) I can use the ground and the tools to work with them as with my voice and skills; but I can also sell them and turn them directly into money. My right to property is a right of defence. The other is denied access to it. This is what the majority of philosophers have

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[10] Ibidem.

[11] Marx. *Manifesto of the Communist Party*, Part II.

[12] Fichte, Johann Gottlieb, and Richard Schottky. *Rechtslehre*. Hamburg: Felix Meiner Verlag, 2017, Part Two, chap. 3.1.

[13] See z.B.: Friedman, *Capitalism and Freedom,* Chapter X.

in mind when they deduce from the right to liberty one to property and defend it for the sake of freedom.

(3) Finally, I can't work with the amount of money I've invested. I can spend it to buy a tool, a piece of ground, or just something nice. Or I invest it and have it work. My right to property is not a right of defence, but a right of entitlement. A claim on an anonymous “it” that works for me.

(7) As a contract, property can be virtualized

Since when can you actually make your money work for you? And most importantly, what does money do when it works? – Financing and interest transactions have been around for a long time, as the biblical prohibition of interest shows. Throughout the history of mankind, however, these transactions have always been closely linked to what English law calls *real property*: land, tools, equipment, labor, and real economic entrepreneurship and its success.

What has not been around for so long is the possibility of exchanging real ownership of means of production just like as money or promissory notes. This began on a large scale with the flourishing East India trade at the beginning of the 17th century. Merchants got together to finance a ship and a crew and were initially paid by a share of the goods brought to Europe. The reward and the risk were shared – because quite a few ships did not return.

However, the revolution happened exactly 400 years ago, when these shares could be traded on the Amsterdam Stock Exchange for the first time. The *Dutch East India Company* is considered to be the first publicly traded corporation. Merchants no longer had to wait for the ships to return to receive the material return on their investment. They were able to sell their shares and realize the return in advance.

With the promissory note, you knew exactly what the debtor had to pay. Now it was no longer known exactly what the repayment would look like. An entrepreneurial risk from production and sales had been poured into a contract, transferred to the financial system, and made manageable therein. Two key factors contributed to the success of this model: (1) Ownership was suddenly liquid. And (2) my liability was limited. In the event of bankruptcy, my remaining assets were protected.

The politicians and regulators of the time didn't really like that. Adam Smith was also rather reserved. In England, for example, the establishment of a limited liability company was possible as early as 1553, but the costs were so prohibitively high that only high-risk ventures such as the East India trade or those with high capital requirements such as the expansion of the railways chose this legal form. It was not until the middle of the 19th century that the dams broke in the competition for investment, and the legal form of the *limited company was* first introduced in England in 1855, then in France in 1863 with the *Société à responsabilité limitée* and finally in the German Empire in 1892 with the GmbH, the *Gesellschaft mit beschränkter Haftung*.

(8) Virtualization alienates the owner from his owned property

The enterprise was separated from the entrepreneur. Ownership and control of the production processes diverged in modern large enterprises, which became a much-discussed topic in economics of the 1930s and 40s.[14] The new kind of property

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[14] See: Berle, Adolf A., und Gardiner C. Means. *The modern corporation and private property*. New Brunswick, N.J., U.S.A: Transaction Publishers, 1991.

provoked new philosophical, economic, but also legal discussions about what property actually is. Economics developed modern corporate governance and separated ownership from control over it, both conceptually and legally. The invisible hand of the market, which guided the many small entrepreneurs in competition, is being replaced by management structures in large companies that have little interest in a free market. The era of the big monopolies is dawning.

For the American philosopher James Burnham, this rise of management even had a revolutionary character. He is writing a book entitled: *The managerial revolution,* which was one of the sources of inspiration for George Orwell's 1984.

According to him, management completes the failed revolution of the proletariat. Just as the capitalists or the bourgeoisie fought against the nobility for supremacy in the state, so a struggle of managers for precisely this supremacy in post-capitalist society is emerging. Burnham has little sympathy for the idea that ownership and control can be separated:

> "Ownership means control; if there is no control, then there is no ownership."[15]

We remember. The main argument of philosophers up to that point had been: Without control over the world around me, I cannot live or be free. Therefore, there must be ownership and property.

This is why Burnham mocks owners without control:

> "They spend their time, not in industry or even in finance, but on yachts and beaches, in casinos and travelling among their many estates; [...] To rule society, let it be remembered, is a full-time job."[16]

Burnham opposes the manager-led economy because he saw the emergence of a state-led planned economy in which the state provides the money, managers ally themselves with workers, and the end of free enterprise and free society looms.

But he had underestimated the power of ownership and property, even when the owners were loitering on yachts and in casinos. The story is far more complex, but we'll cut it short: Alfred Rappaport invented the *shareholder value added* and kept management on course with the owners. With incentive structures and share programs, the interests of managers and owners are intrinsically interwoven into the lowest common denominator: increasing the value of owned property. The consequence is a phrase by Milton Friedman that we all know well: "The business of business is business."[17] Where ownership and control diverge, there can no longer be the freedom of the entrepreneur.

The alienated entrepreneur becomes an investor who is no longer the owner of his only and own company, but who distributes his property among many different companies in order to spread his risk. And today, each of us has a variety of investment vehicles at our disposal, managed by what we call the financial industry. Anyone can become an investor, anyone can spread their risk.

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[15] Burnham, James. *The managerial revolution: what is happening in the world*. London: Putnam and Company, 1942, Chapter 7.

[16] Burnham. *The managerial revolution,* Chapter 8.

[17] See Friedman, Milton. „A Friedman doctrine-- The Social Responsibility Of Business Is to Increase Its Profits". *New York Times*, 13. September 1970.

If you own a synthetic DAX ETF, you have been promised the return of the German stock index, but the fund's collateral assets can consist of securities from all over the world. You have a contract for the payment of a return. Your counterparty, the fund, also only has a contract for the payment of a return. Even a share is ultimately nothing else: just a contract for the payment of a return.

Who is included in the index and what you call your ownership accordingly is decided by analysts and management boards of banks, investment funds and stock exchanges. The implementation in continuous trading lies with the computer. The structure of your property changes every millisecond. And ownership structures are changing at the same rate. Property has dissolved into countless individual transactions, you can't build fences that quickly.

If you own a cryptocurrency, you don't even have a counterparty. They only have a blockchain, and a trading venue – if it still exists.

And through various employee share programs, life insurance policies and funded pension programs, the capital market is at least theoretically open to everyone – including workers. – So, have we created freedom for everyone through the virtualization of property? A classless society? Should we really have reconciled communism and capitalism through the financial markets?

(9) Virtualization allows for a merciful increase in ownership

Well... – To understand this, we need to understand how financial ownership actually works, and why there is such a thing as interest. For Marx, the interest was part of the workers' value creation that was expropriated. For Schumpeter, it was part of the entrepreneur's wage, which was spun off for the bank. But what they missed – if they missed anything at all – was that the financing creates value that haven't existed before: my property becomes liquid in time and space. That means I can time it and I can split it up to diversify my risk. I gain a control that I haven't had before. And control means ownership.

Investors make their money by mediating between different time horizons and different investment spaces. No one has to work for it. If a financial investor buys the wheat from you today that you will harvest next summer, then he assumes the price risk. If he even pays you today, then he advances a payment that you can only expect in the future. He charges interest on both.

Irving Fisher, the founding father of modern interest rate theory, described that you need to be able to afford both, time and risk.[18] If you already have a lot of assets, you can forego income in the short term. If you only own 1,000 euros, then you will not invest in a tech startup, but put the money in a savings account so that you can pay for the repair of the car or a new washing machine if the worst comes to the worst.

It's only when you own enough to be able to put a piece aside without needing it tomorrow that you can take risks. The more you have, the greater the risk you can take. It is no coincidence that wealthy families, who do not have to worry about everyday life or the extraordinary, invest through their family offices in high-risk businesses such as lithium mines, artificial intelligence or the journey to Mars.

And what is more, if you combine a lot of high risk, your overall risk goes down, but the average return doesn't. This is not a conspiracy theory, it has nothing to do with

[18] Fisher, Irving. *The Theory of Interest: As Determined by Impatience to Spend Income and Opportunity to Invest It*. New York, NY : Macmillan, 1930, Chapter IX, §3.

individual preferences, nor with grace or achievement, this is pure mathematics. And this mathematics is actively used by financial investors. There are studies that show that around a third of the value gains generated by private equity firms come from so-called *financial leverage* .[19] Investors are shifting the ratio from expensive equity to cheap debt. This leaves more profit for every euro invested. They increase their specific risk in one company because, as equity investors, they now cushion the full range of entrepreneurial fluctuations with less capital, but compensate for it through their portfolio across many companies.

But every single company now has less of a buffer if something goes wrong. In this case, lenders, suppliers, customers and employees are left behind, but also the general public via credit insurances from the banks, insolvency money from the employment agencies or even the loss of taxes. Since in the end everyone is connected to each other via various contractual constructs, this leverage only works up to a certain time-risk threshold of the overall system. Before it can lift the world, it breaks. As soon as doubts arise as to whether the real world can still afford the payments that are reflected in financial assets, and as soon as we no longer know who to turn to, a crisis occurs. Hayek:

> "As everybody's property in effect is nobody's property, so everybody's responsibility is nobody's responsibility."[20]

Financial crises are crises of responsibility. We no longer see anyone taking responsibility for the promised values.

(10) Virtual property finds its limit in reality

Now, financial ownership serves a specific purpose in the economy: risk distribution and time distribution. The problem is that we no longer use it as a means to an end, but that it has taken control.

The McKinsey Global Institute (MGI) regularly calculates a balance sheet of the global economy. [21] It compares the ratio of real investments and real economic activity to stocks and other securities: For the US, as the largest economy, it can be shown that the value of stocks has grown three times as fast as the overall economy since 1995. The value of money and savings twice as fast, and the value of loans and real estate by 1.5 times. – So you could say that we have inflated the balance sheet.

The effect in the US is due to two elements: lower interest rates, which simply increase the valuation of future earnings. And a relative distribution of economic output away from wages and towards corporate profits. In Germany, the effect is solely due to lower interest rates, but equity values have also grown just twice as fast as the gross domestic product.

However, if you can grow faster through financial investments than through real ones, then you will no longer buy machines, but your competitors. Between 1990 and 2008, investment in what Marx would have called the means of production in Europe and the United States was almost always between just under 6% and just over 8% of gross

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[19] See: Achleitner, Ann-Kristin, Reiner Braun, Nico Engel, Christian Figge, und Florian Tappeiner. „Value Creation Drivers in Private Equity Buyouts: Empirical Evidence from Europe". *The Journal of Private Equity* 13, Nr. 2 (2010): 17–27.

[20] Hayek. *The constitution of liberty*, Chapter 5.7.

[21] See: McKinsey Global Institute. „Global Balance Sheet: The future of wealth and growth hangs in the balance", Mai 2023. https://www.mckinsey.com/mgi/overview/the-future-of-wealth-and-growth-hangs-in-the-balance#at-a-glance.

domestic product. In 2010/11 it fell dramatically to 2% and has never risen above 5% since.

Conversely, in 1990 there were still about 10,000 takeovers of companies worldwide, in 2021 there were almost six times as many.[22] And when interest rates are low, you take debt for your investments. For every dollar invested, there was an increase of debt by $1.90.

Financial leverage. At the end of 2021, total debt-to-GDP ratios in the United States, Japan, China, and all major European economies except Germany were not only higher than in 2000, but even increased from the peak after the 2008 global financial crisis.

Effortless prosperity? Pure grace? An expression of freedom and leisure? – Well, only to a limited extent. This prosperity for some results in demands on others. Demands on those who will work and do business in the future.

(11) Virtual property requires its realisation

It is not only the loans of companies and private households that will have to be repaid in the future, for which companies will have to make profits and pay their employees properly. Also that your shares are worth as much as they are worth, and that the pension you want to draw from your pension fund meets the expected return, that your life insurance has a decent performance – the economy has to create more value for all of this. And it does so in a Catholic way: work and do business.

To come close to preserving assets, we would need twice as much economic growth over the next 10 years as we have had over the past 10. So 4% instead of 2%. Since this seems to be unrealistic even to McKinsey, the MGI shows a compromise as the preferred scenario: 3% growth and an inflation that is 1% higher than the central bank's target. The workers have to fix it so that the assets of the non-workers are preserved. You could easily become a Marxist.

Or a Hayekian. For Hayek, freedom consisted in the absence of external coercion. And coercion was for him

> “such control of the environment or circumstances of a person by another that, in order to avoid greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another."[23]

That describes our current situation quite well. And if you don't feel exposed to this compulsion, take a look at your KPI tableau tomorrow. We all follow a uniform logic, Rappaport sends his regards: the increase in the return on equity, which, however, has long since ceased to be your own property, but has become, like debt, a form of financing, which, however, participates in the company's risk in a special way.

As such a form of financing, however, it no longer meets the three criteria that we identified earlier with Hayek for the role of property in a liberal society. Let's recall them briefly: (1) Property allows me to act freely in society without coercion. (2) It is distributed among many individuals. And that is why (3) it ensures a plurality of target functions.

In the virtual world, however, someone else acts on my behalf: institutional investors, rating agencies, managers, computers. Ownership is concentrated in a few actors. Only 15 percent of the shares of DAX companies belong to individual shareholders; more

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[22] https://imaa-institute.org/mergers-and-acquisitions-statistics/

[23] Hayek. *The constitution of liberty*, Chapter 1.7.

than 60 percent are held by institutional investors. And it follows the unified logic of constant self-propagation. There is no plurality of goals.

(12) Property is not an end in itself, and neither is freedom

For Hayek, *distributed* property was the guarantor of a free society, not least because the owners would use it for other things than increasing their wealth:

> “The man of independent means is an even more important figure in a free society when he is not occupied with using his capital in the pursuit of material gain but uses it in the service of aims which bring no material return.”[24]

Hayek even sees the possibility of helping others as rooted in the freedom that property gives:

> “Who can seriously doubt that a member of a small ethnic or denominational minority, even without property, would be freer if the other members of their community owned property and were therefore able to employ him, than if private property were abolished and he were the owner of a nominal share of total property?”[25]

For Hayek, therefore, property was tied back to responsibility in the human community, to responsibility for the other. Because:

> “It is part of the ordinary nature of men (and perhaps still more of women) and one of the main conditions of their happiness that they make the welfare of other people their chief aim.”[26]

The fact that the welfare of others concerns us more than our own freedom is something you learn when you have employees yourself, customers, and suppliers; and if you are responsible for their well-being, too. You don't learn it behind the screens the virtual financial markets use to communicate with reality. But as more and more people have to take care of virtual property, our real freedom is in danger. Above all, the freedom of the other, of the one who has nothing, because he cannot make money work for him, but must work for the money.

Virtual property on the scale we are talking about today endangers a free and plural society because it dilutes responsibility and yet exercises power. We remember Hayek:

> “If all the means of production were in a single hand – whether it was 'society' as a whole or a dictator” – *and I [C.L.] would like to add: “or the capital market”* – “then the one who exercises this very rule would have us completely under his control'.”[27]

The problem with freedom, from a liberal perspective, is not that some are poor and some are rich. The problem for freedom arises from the concentration of property in the hands of a few.

There are studies that one thousandth of the world's population owns 80% of the wealth. That would mean that every thousandth person would have 4000 times as much as the 999 others.[28] These studies assume that a large proportion of undeclared

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[24] Hayek. *The constitution of liberty*, Chapter 8.6.
[25] Hayek, Friedrich A. von. *The Road to Serfdom,* Chapter 8.
[26] Hayek. *The constitution of liberty*, Chapter 5.5.
[27] Hayek, Friedrich A. von. *The Road to Serfdom,* Chapter 8.
[28] See: https://www.taxjustice.net/cms/upload/pdf/The_Price_of_Offshore_Revisited_Presser_120722.pdf

assets are stored in offshore accounts. If you follow the report of the Swiss bank UBS[29], which only assumes declared assets, you still get about 13% of the wealth in the hands of the 0.1%, but even that is still almost a factor of 4000 compared to the 50% of the world's population, which owns just 2% of the world's wealth.

There was a time when such conditions were called feudalism.

One Final Thought

Allow me to conclude with one last thought. Outside the 12 plots that we measured together in the last few minutes. The image you see on the cover of your handout is Rembrandt's Parable of the Rich Grain Farmer. He painted it in 1627, four years after the introduction of stock trading on the Amsterdam Stock Exchange. It is not large, about A3 size, and depicts a person from a parable from the Gospel of Luke:

> "The ground of a certain rich man yielded plentifully. And he thought within himself, saying, 'What shall I do, since I have no room to store my crops?'
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> So he said, 'I will do this: I will pull down my barns and build greater, and there I will store all my crops and my goods. And I will say to my soul, "Soul, you have many goods laid up for many years; take your ease; eat, drink, and be merry."'
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> But God said to him, 'Fool! This night your soul will be required of you; then whose will those things be which you have provided?'"(Luke 12:16-20)

Christian spirituality drew the conclusion that poverty means freedom, not property. The medieval theologian Meister Eckhart asks in his sermon *Beati sunt pauperi spiritu – Blessed are the poor in spirit*, how to become truly poor and free. And he comes to the conclusion that only he is free for God who truly has nothing, knows nothing, and wants nothing.

For Eckhart, knowledge and will were, in a certain sense, the cannons of the intellect with which it grasps for possession, and the fences that organize intellectual possession into parcels in order to keep the other out. Only when I have nothing, know nothing, and want nothing, are there no more fences around my possessions that could hold God back from entering.

Rousseau's fence has an importance in bourgeois society. But there is a perspective on freedom and happiness that is not bourgeois and that is not determined by property. But that was not our topic tonight. – Thank you.

[29] See: Credit Suisse Research Institute, Hrsg. *Global Wealth Report 2022*.