

Alan Shrugged —Savings Vanished

By Akiva Orr

Ayn Rand, born Alisa Rosenbaum (1905 – 1982), was a Russian-born Jewish-American novelist, philosopher, playwright, and screenwriter. She wrote two best-selling novels and developed a philosophical system she called Objectivism.

Born and educated in Russia, Rand emigrated to the United States in 1926. She worked as a screenwriter in Hollywood and had a play produced on Broadway in 1935–1936. She first achieved fame with her 1943 novel *The Fountainhead*. In 1957, she published her *magnum opus*, the philosophical novel *Atlas Shrugged*.

Rand's political views, reflected in both her fiction and nonfiction, emphasize individual rights (including property rights) and unregulated capitalism. She was a fierce opponent of all forms of social responsibility, especially socialism and the welfare state, and promoted ethical egoism rejecting the ethic of concern for the weak, sick, or poor.

She declared “Reason” to be the most important aspect of her philosophy, stating, “I am not *primarily* an advocate of capitalism, but of egoism; and I am not *primarily* an advocate of egoism, but of Reason. If one recognizes the supremacy of Reason and applies it consistently, all the rest follows.” By “the rest” she meant egoism, unregulated capitalism, survival of “the fittest” and extinction of the “socially unfit.”

In 1951 she moved from Los Angeles to New York City, where she gathered a group of admirers around her. This group (designated “The Collective”) included future Federal Reserve Chairman Alan Greenspan, a young psychology student named Nathan Blumenthal (later Nathaniel Branden), and his wife Barbara. At first the group was an informal gathering of friends who met with Rand on weekends at her apartment to discuss philosophy. Later she let them read drafts of her new novel, *Atlas Shrugged*, as it was being written. In 1954 Rand's close relationship with the much younger Nathaniel Branden turned into a romantic affair, with the consent of their spouses.

Rand described the theme of *Atlas Shrugged* as “the role of the mind in man's existence, and, as a

corollary, the demonstration of a new moral philosophy: the morality of rational self-interest.” This book advocates Rand's philosophy of Objectivism and expresses her view of human achievement. It describes a United States in which the most creative industrialists, scientists and artists retreat to



Ayn Rand and Alan Greenspan

a hideaway where they build an independent free economy. The novel's hero and leader, John Galt, “stops the motor of the world” by withdrawing the minds of the individuals contributing most to the nation's wealth. Rand intended to illustrate that without the efforts of the rational and productive, the economy would collapse and society would fall apart. The novel contains Rand's most extensive statement of “Objectivism” in her fiction, in a lengthy monologue delivered by Galt.

In an interview with Mike Wallace, Rand declared herself “the most creative thinker alive.” It marked a turning point in her life, ending her career as a novelist and beginning her role as a popular philosopher. In 1958 Nathaniel Branden established Nathaniel Branden Lectures, later incorporated as the Nathaniel Branden Institute (NBI), to promote Rand's philosophy. Rand's disciples gave lectures for NBI and wrote articles for “Objectivist” periodicals that she edited. Rand later published some of these articles in book form. Critics, including some former NBI students and Branden himself, have described the culture of NBI as one of intellectual conformity and excessive reverence for Rand, with some describing NBI and the entire “Objectivist” movement as a cult. Rand expressed opinions on a wide range of topics, including literature, music, sexuality, even facial hair, and some of her followers mimicked all her

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preferences, wearing clothes to match characters from her novels and buying furniture like hers. She was unimpressed with many NBI students and held them to strict standards, reacting angrily to those who disagreed with her.

In 1968 Rand terminated her relationship with both Brandens, which led to the closure of NBI. She published an article in *The Objectivist* repudiating Branden for dishonesty and other “irrational behavior in his private life.” Branden later apologized in an interview to “every student of Objectivism” for “perpetuating the Ayn Rand mystique” and for “contributing to that dreadful atmosphere of intellectual repressiveness that pervades the Objectivist movement.”

A philosopher Rand particularly hated was Immanuel Kant, whom she referred to as “the most evil man in history.” Why? Because his book *Critique of Pure Reason* (1781) convinced most European thinkers that human minds do not record the outside world objectively, like a mirror, but subjectively, like a painter, and that many different subjective descriptions of reality can all be valid, like different portraits of the same person. This undermined Rand’s naïve belief that there exists only one “objectively correct” view of reality. Her entire philosophy of “Objectivism” is a reaction against Kant’s view that human knowledge is, and will always be, inherently subjective. Her naïve belief that there exists a single, objectively correct, view, and that she possessed it, implies intolerance towards other views. No wonder Rand’s close circle of disciples was utterly conformist. Any view, on any issue, different from hers was by (her) definition wrong.

In 1991, a survey conducted for the U.S. Library of Congress and the Book-of-the-Month Club by the Information Analysis System Corporation asked 5,000 Book-of-the-Month club members what the most influential book in their life was. Rand’s *Atlas Shrugged* was the second most popular choice, after the Bible. Her books continue to be widely sold and read, with 25 million copies sold as of 2007, and 800,000 more being sold each year according to the Ayn Rand Institute. In addition, the Institute provides 400,000 copies of Rand’s novels every year for free to high schools throughout the U.S. Rand’s influence has been greatest in the U.S., while international interest in her work has been minor.

A 1987 article in *The New York Times* referred to her as the Reagan administration’s “novelist laureate.” Republican members of Congress and conservative pundits have acknowledged her influence on their lives and recommended her novels.

The late-2000s financial crisis spurred renewed interest in her works, especially *Atlas Shrugged*,

which some saw as foreshadowing the crisis. Some articles compared real-world events with the plot of the novel. During this time, U.S. Republican posters mentioning Rand and her fictional hero John Galt appeared at Tea Party protests. There was also increased criticism of her ideas, especially from the political left, with critics blaming the economic crisis on her support of selfishness and free markets, particularly through her influence on Alan Greenspan. *Mother Jones* remarked that “Rand’s particular genius has always been her ability to turn upside down traditional hierarchies and recast the wealthy, the talented, and the powerful as the oppressed.” *The Nation* saw similarities between the “moral syntax of Randianism” and fascism.

It may surprise readers in the U.S. and Canada that European philosophers hardly mention Rand. She is not considered a serious philosopher. To understand why I shall quote a philosophical statement of hers and analyze it.

In her book *Introduction to Objectivist Epistemology* she summed up her “Objectivist philosophy” as follows: “Objectivity begins with the realization that Man (including his every attribute and faculty, including his consciousness) is an entity of a specific nature who must act accordingly” (p. 82). In other words, people’s specific physiology must determine their behavior. Otherwise they are acting in a non-rational manner contrary to their “nature” and will cause disasters. She clarifies her point thus: “Just as Man’s physical existence was liberated when he grasped the principle that ‘Nature, to be commanded, must be obeyed,’ so his consciousness will be liberated when he grasps that ‘Nature, to be apprehended must be obeyed.’” She insisted, “The rules of cognition must be derived from the nature of existence, and the nature, the identity, of his cognitive faculty” (82).

What is, according to Rand, “The nature of existence”? Since Rand was a principled atheist, her concept of “the nature of existence” cannot contain anything spiritual, so Man’s physiology prescribes the one and only correct way of thinking. If, for any reason, people think in a way that does not conform to their natural—physiological—constraints, the results will be disastrous. Sound reasonable? Consider, “Nature, to be commanded, must be obeyed.” Suppose I sit in a bus and feel an urgent natural need to defecate—or ejaculate—how exactly should I obey nature? Should I obey my pressing natural needs there and then? Or should I restrain them, due to moral, rather than natural, constraints? If I obey nature there and then, there is going to be some commotion on that bus. The obeyer of nature might even end up in prison or a mental hospital. If one does not obey “nature” one acts contrary to Rand’s “reason” and

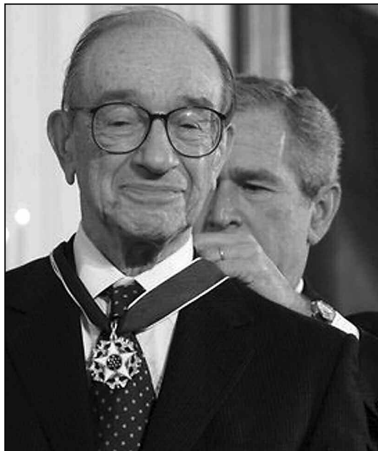
will suffer physical or mental discomfort.

I don't know how a Rand disciple would obey nature in such a situation, but I do know that 99.9% of human beings would in such a situation refuse to obey their nature. Are they wrong? Does "reason" dictate that "nature" must overrule social and moral constraints? According to Rand—*yes*. This is the core of her philosophy and psychology. Readers should not be fooled by the philosophical façade of Rand's writings, intended to impress innocents and novices. No experienced philosopher would be fooled by it. The core of her philosophy advocates overruling social and moral constraints by obedience to "nature" alone. According to her, the "most fit" must dominate society, and not be constrained by it. No wonder all advocates of unrestrained selfishness uphold Rand's philosophy. She justifies unrestrained egoism as the one and only "rational" mode of behavior, conforming to "nature." This is false even amongst animals—in many species parents prefer to die while defending their offspring. Using impersonal excuses like "God," "nature," "history," or "reason" to justify immoral personal decisions is standard practice of all cowards. It helps them evade responsibility for their decisions. Advocacy of raw "nature" as the one and only correct guide to personal behavior always serves to evade personal responsibility for social selfishness. It makes killing the "unfit" seem rational. "Rationality" and "natural fitness" were the main Nazi justifications for their industrialized mass murder, not only of Jews but also of mentally ill Germans.

Blaming "Objective" (i.e. non-personal) reasons for immoral decisions also lures intelligent people. Consider Alan Greenspan, who served as chairman of the U.S. Federal Reserve (the U.S. government's bank) for almost twenty years, from 1987 to 2006. (He was appointed by Ronald Reagan, another Rand disciple.) In the early 1950s, Greenspan began an association with Rand. He was introduced to her by his first wife, Joan Mitchell. Greenspan was initially a logical positivist, but was converted to Rand's philosophy of "Objectivism" by her associate Nathaniel Branden. He became a member of Rand's inner circle, the "Ayn Rand Collective." During the 1950s and 1960s Greenspan was a proponent of "Objectivism", writing articles for "Objectivist" newsletters and contributing several essays to Rand's 1966 book *Capitalism: The Unknown Ideal*, including an essay supporting the gold standard. Rand stood beside him at his 1974 swearing-in as Chair of the

Council of Economic Advisers. Greenspan and Rand remained friends until her death in 1982.

It was Greenspan's Federal Reserve-engineered decline in interest rates that inflated the housing bubble. U.S. economist Joseph Stiglitz stated that Greenspan "didn't really believe in regulation; when the excesses of the financial system were noted, (he and others) called for self-regulation—an oxymoron." Greenspan, according to *The New York Times*, says he himself is blameless. On April 6, 2005, he called for a substantial increase in the (self) regulation of Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation). "Appearing before the Senate Banking Committee, the Fed chairman, Alan Greenspan, said the enormous portfolios of the companies—nearly a quarter of the home-mortgage market—posed significant risks to the nation's financial system should either company face significant problems." Despite this, he never proposed federally-



Alan Greenspan and George Bush.

imposed restraints, and has continued to be a firm believer in free markets, although in his 2007 memoir he wrote, "History has not dealt kindly with the aftermath of protracted periods of low-risk premiums" as seen before the credit crisis of 2008.

In Congressional testimony on October 23, 2008, Greenspan finally conceded error on deregulation. *The New York Times* wrote that "a humbled Mr. Greenspan admitted that he had put too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending. ... Mr. Greenspan refused to accept blame for the crisis but acknowledged that his belief in deregulation had been shaken." Although many Republican lawmakers tried to blame the housing bubble on Fannie Mae and Freddie Mac, Greenspan placed far more blame on Wall Street for bundling sub-prime mortgages into securities. His term "Self-correcting power of free markets" is a typical euphemism for bankers' greed. Don't expect him to blame the Federal Reserve for not restraining them.

It turns out that esoteric "Objectivism," which many consider obscure mumbo-jumbo, can actually spell economic ruin to millions of people. We don't know what would have happened if John Galt from *Atlas Shrugged* were to run the U.S. Federal Reserve Bank and the U.S. government's financial policy. We do know what happened when Alan Greenspan, Rand's disciple, ran both and shrugged government control of capitalism. ♦