

# The Undercurrent

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"It was as if an underground stream flowed through the country and broke out in sudden springs that shot to the surface at random, in unpredictable places." Ayn Rand

## IT'S NOT STEALING BECAUSE I DON'T WANT IT TO BE

*When stripped of rationalizations, file sharing is clearly an act of theft.*



because we recognize that it's wrong. We understand that the candy bar belongs to the store owner, not to *us*.

Even though stealing just one candy bar is not enough to do serious harm to the store owner, we implicitly recognize that to the extent we deny him the compensation he seeks for his work, we deprive him of the ability to live his life as he has worked hard to be able to do—such as being able to pay his mortgage and save up for his children's college tuition. This also means it will be more difficult for him to sustain his business, making it harder for him to make the products that we value available to us.

The argument that the entertainment industry makes plenty of money and can afford the loss due to illegal downloading is, therefore, only a rationalization. Most students who file share wouldn't steal Brad Pitt's latte just because he wouldn't notice the loss. In such cases, they would take the moral right of ownership seriously.

Yet such students do continue to file share. Many reject that the analogy to shoplifting applies. When you steal a candy bar, they note, the store no longer

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by Rituparna Basu

When Boston University grad student Joel Tenenbaum was recently charged for illegally downloading and distributing thirty songs, he did not express remorse. Instead, he likened the situation to underage drinking, saying, "I don't regret drinking underage in college, even though I got busted a few times." Tenenbaum is not the only one who feels this way. Despite the potential consequences of illegally downloading music

or movies, file sharing remains rampant in colleges.

When asked why they do it, some students point out that file sharing does not seem to be harming the entertainment industry. Actors and musicians are still making plenty of money, and the entertainment and recording companies can afford the slight financial loss due to illegal downloading.

But compare file sharing with a prototypical example of stealing—not paying for a candy bar in a grocery store. Most students who engage in file sharing would not steal a candy bar, even though taking one candy bar without paying for it is unlikely to cause the store any significant financial harm. Why not?

In some cases, the motive might be fear of getting caught. Most of us, however, would still not steal the candy bar, even if we knew we wouldn't get caught,

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## OBJECTIVISM

*The Undercurrent's* cultural commentary is based on Ayn Rand's philosophy, Objectivism. Objectivism, which animates Ayn Rand's fiction, is a systematic philosophy of life. It holds that the universe is orderly and comprehensible, that man survives by reason, that his life and happiness comprise his highest moral purpose, and that he flourishes only in a society that protects his individual rights. In these pages we hope to defend these values. To learn more about the ideas behind them, you can begin by reading Ayn Rand's books, such as *The Fountainhead* and *Atlas Shrugged*, or by visiting [aynrand.org](http://aynrand.org).

# THE UNDERCURRENT

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## FILE SHARING

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has it. What are you really "stealing" when you download a song from bitTorrent? The person from whom you downloaded it still has a copy of the song. Indeed, that is why the practice is identified as file *sharing*, not file *taking*.

This argument, however, ignores the fact that the recording company owns the rights to the song. After investing its money to have the artist produce the song, the company offered it to willing buyers *on the condition that it would not be copied*. In buying the product, the student agreed to abide by those terms. Should an honest buyer respect that agreement? Or should he only pretend that he will respect the terms and then violate them?

File sharers insist that the latter is not dishonest. But clearly it is. Had the buyer called the recording company and told them he intended to distribute copies of the song, they would not have sold him the file. It is only because he agreed to abide by the terms that they sold him the music. For him to then go back on his word is a clear act of dishonesty.

The student who file shares, whether he realizes it or not, is engaged in an injustice comparable to the injustice he would commit if he stole candy from a store owner. The recording company saw the value in the artist's talent, gave the artist the means to create his music, and then compiled this music for our enjoyment (on specific terms). Denying producers, artists, and distributors the value they seek, whether this is money, publicity, or recognition, in return for enjoying their products denies them the ability to enjoy the well-earned fruits of their labor. One of these fruits includes being able to produce more of the music that we love.

Some students offer yet another argument in favor of file sharing: that file sharing is actually good for recording companies and artists because it gives their work more exposure. This, too, seems like a rationalization. The same analysis would apply to stealing a candy bar, yet these students don't steal candy bars on that basis. The fundamental issue is not whether such an action might benefit the owner in the future but whether the owner is able to determine the terms of distribution of *his* products. If we are unsatisfied with his price, we are free to look for other music elsewhere, but we do not have the right to forcibly take it from him with the unjustified consolation that this action will benefit him in the long run. Of course, if some artists offer their music for free, that is their prerogative. Indeed, there is good reason for rising artists looking for exposure to consider doing this. But if other artists seek monetary compensation for their music, that should similarly be their choice.

When stripped of rationalizations, at root, file sharing is moral  
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## FIND THE IDEAS EXPRESSED IN THIS ISSUE THOUGHT-PROVOKING?

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 you'll find much more commentary from  
*Undercurrent* authors.

# STAFF EDITORIAL

Ayn Rand called her philosophy Objectivism because of the central importance she placed on the concept of objectivity. To be objective, she held, means to consciously commit oneself to seeking the facts as one's only standard of truth. Being objective does not mean being omniscient—it does not mean one is always correct in one's understanding. Rather, the concept names the state of mind of someone who is honestly striving to logically comprehend the world around him.

Rand argued that the commitment to objectivity is the basis of morality. One can only decide what is right by reference to what is true, so the identification of truth is at the heart of the moral process. Living morally is not achieved by blindly following rules dictated by a mystical God or society, or by naively following whatever one "feels" to be right. It means consistently making the choice to think, to strive to reach true conclusions, and to guide one's life by those conclusions one judges to be true. The moral man does not do whatever others say is proper; he struggles to clearly identify for himself what is proper. He does not act on short-term impulses; he works to project foreseeable consequences and to determine what is actually the best course of action. He does not make important choices haphazardly; he strives to discriminate good from bad, true from false, and right from wrong in each issue confronting him. The moral man, in other words, endeavors for objectivity in thought and action.

Rand's conception of morality does not speak well of the moral status of the cultural trends and political debates going on around us today. Wishful thinking and blind acceptance, not objectivity, are what characterize the approach we see our peers and our leaders adopting. In politics, for instance, we see Republicans and Democrats continuing to bicker over the cost of a dramatic growth of government, while ignoring the fundamental issue such growth raises (read Noah Stahl's article, "Putting a Price on Freedom"). The debate over expanding healthcare coverage

(read Yaron Brook's "Why are We Moving Toward Socialized Medicine?") is just one example of this. In academia, we see that business schools are more interested in demonizing Wall Street than identifying the true cause of recent corporate corruption and economic failures (read Ryan Pucyzki's "Sacrifice Before Solvency"). Even amongst undergraduates, we see students engaging in rampant file sharing while ignoring the implications of their own actions (read Rituparna Basu's "It's Not Stealing Because I Don't Want it to Be"). Each of these articles investigates an issue in which the problem is deeper than whether the people involved are right or wrong about their views. In different ways, each highlights the fact that we live in a world where too many people accept moral positions without honestly putting forth the work that truth seeking requires.

*"The most selfish of all things is the independent mind that recognizes no authority higher than its own and no value higher than its judgment of truth."—Ayn Rand*

The issues of the day are complex, multi-faceted, and not easy to parse apart, yet the cultural voices around us seem to be insisting that the answers are obvious and that we should hurry up and offer our support to their position. Should we? Or should we think about it, read about it, debate it,

discuss it, argue some more, and actually identify what we judge to be the truth of the matter?

As students, we can gain a lot from Ayn Rand's discovery that moral action has an objective foundation. It means that we do have a valid means to observe, to think, and to learn and measure our own actions and those of others against a firm, knowable, fact-based standard. And it means that others should ask us for our considered judgment, not our unthinking allegiance to their own views.

We here at *The Undercurrent* are adamantly not seeking to cajole you into blind acceptance of a given conclusion. That said, we are of course seeking to rationally convince. Consider our arguments in your search for the truth, and let us know what you think!

It is easy to forego the responsibility of doing the right thing and paying for your music. Downloading a song from bitTorrent is quick and easy. Oftentimes, we can also get away with peeking over at someone else's test paper or lying on a job application. But when we look in the mirror, do we want our reflection to show pride in being an honest person? Or do we want to see a dishonest person who does the wrong thing to his own and others' detriment just because he can get away with it? That, dear reader, is for you to decide.

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## FILE SHARING

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ally equivalent to shoplifting. It is stealing from everyone who put forth their time and effort to create the music and movies we enjoy. Students who file share either don't understand these arguments, or if they do, ignore them because they want music without having to pay for it. Either way, it's stealing.

We, as consumers, should be eager to repay those who produce products and services that bring immense value to our lives. The people who make our favorite movies and our favorite music are not our slaves or servants. They work to produce those goods and, just like everyone else, they expect and deserve to be paid by those who use their products. And it is to our benefit to repay these individuals—it is, after all, this payment that motivates and enables them to keep producing those very goods for us to enjoy.

# SACRIFICE BEFORE SOLVENCY

*Business schools fail their students by emphasizing altruism rather than the virtues of wealth-creation.*

With the global economy in tatters, trillions of dollars in wealth destroyed, once mighty corporations bankrupted, and levels of unemployment unseen in decades, much public opprobrium has been leveled at the financiers and corporate chieftains who allegedly made this happen. There are some, like Ponzi-schemer Bernie Madoff, who intentionally cheated people out of their money; there are others who tried to hide results from shareholders through creative accounting; and many more who simply relied on poor assumptions or who made bad business decisions. Regardless of where they went wrong, the results were the same: jobs lost, wealth destroyed, and lives ruined.

If you ask what motivated the disgraced former CEOs of now-dead companies like Bear Stearns, Lehman Brothers, and Merrill Lynch, the standard answer is: greed. In the reckless pursuit of profits, the story goes, these people let their self-interest get the better of them—and now we are all paying the price. Rather than following ethical professional practices, these businessmen are said to have instead embraced with bacchanalian abandon what The New York Times has called an “era of immorality.”

But shouldn't these businessmen—and the hundreds working with them, investing in them, and hiring them—have known better? After all, many were graduates of some of the nation's top business schools, institutions that have for decades included courses in professional ethics in their undergraduate and MBA degree curricula. With such a heavy emphasis on ethics, why, then, did so many act so unethically?

Perhaps the problem is not the lack of ethics training, but the nature of the training. Are the ethics being taught at business schools teaching businessmen how to avoid the types of corporate failures that are so common today—and to instead achieve the type of enduring professional success that has eluded so many in this crisis? And if not, what then are they teaching?

Let's take a look. The Wharton School of Business at the University of Pennsylvania has a Legal Studies and Business Ethics Department that “examines how business entities and individuals can better serve their own and society's interests through the observance and promotion of ethical, moral and social values.” For instance, a course called “Markets, Morality & the Future of Capitalism” asks undergraduates to explore whether “markets contribute to the common good.” At Harvard Business School (HBS), students are required to take “Leadership and Corporate Accountability,” a course that aims to help students grapple with the “complex responsibilities facing business leaders today,” which include, among other things, expectations to “respect society's ethical stan-



by Ryan Puzyski

dards and contribute to the communities of which they are part.”<sup>2</sup> Meanwhile, some HBS students have even originated an “MBA oath,” each promising that, “as a manager, my purpose is to serve the greater good” and to “strive to create sustainable economic, social, and environmental prosperity worldwide.”<sup>3</sup>

These examples reveal that the ethics training offered by the business schools, far from teaching businessmen how to achieve personal and professional success, wholly emphasizes altruism, that is, the consideration of others over one's own self-interest. The implicit premise of these courses is that the businessman's primary purpose is to serve social ends, not manage profitable businesses. The lesson students absorb is that, pragmatically, profits are to be made but, morally, they must be sacrificed for the sake of allegedly noble ends.

The unnoticed paradox is that as a result of this incessant focus on altruism, business schools actually communicate that business and ethics have nothing to do with each other. If only “giving back” and “building communities” is seen as requiring a definite commitment to virtue, then ethics logically has nothing to say about creating the profits that make such charity possible. Resultantly, businessmen are left reams of guidance on how to sacrifice profits, but no ethical training or guidance regarding how to create them.

Without any ethical principles to guide their actual profit making, is it any surprise that businessmen have acted disastrously? Bernie Madoff thought he could

cheat reality by cheating clients of their wealth, hoping to maintain the illusion of wealth creation for the numerous charitable organizations invested in his funds. How many people in a position to grasp the fraud that Madoff was perpetrating hesitated because, according to the standard they had been taught, his behavior was a model of virtue? One does not look for fraud in saints—and by the conventional measure, Madoff appeared to be a saint.

Angelo Mozilo did not investigate whether his loans made good sense; he merely pawned them off on the taxpayers through Fannie Mae while making sure Countrywide was celebrated for its altruistic practice of making loans to people who could not afford them. Did any business ethics professor give his students the tools to recognize that an executive who does not evaluate the worthiness of his own products is ethically suspect, even if he goes out of his way to hire minorities or serve the poor?

Former Lehman Brothers CEO Dick Fuld thought he could leverage borrowed money indefinitely by taking greater and greater risks, expecting to be bailed out by taxpayers if his gamble failed. Did any of the managers under him conduct case studies in their

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# PUTTING A PRICE ON FREEDOM

*The debate about today's increasing push for government expansion focuses exclusively on cost, without evaluating whether such expansion is morally proper.*

Imagine a negotiation like one commonly seen at an auto dealership. The seller pitches a price; the buyer complains it's too high. They fiercely consult and haggle, and eventually strike a deal. Now imagine a similar scene, but where the object of contention is not a car, but a human being. Are these two scenarios essentially the same? We would say not: Whereas there was a legitimate and genuine disagreement over price in the former case, we can't say the same about the latter. Though still arguing over price, the two parties have implicitly agreed upon and pushed aside the deeper issue of whether it is proper to sell a man's freedom.

The same situation—a superficial dispute that masks underlying agreement on a flawed premise—is true of recent political debate on the economy. The Bush and Obama administrations have pitched an expansion of government far-reaching in scope and breathtaking in cost. They have taken ownership of America's banks, seized control of the nation's largest carmaker, proposed legislation to drastically change the way energy is produced and sold, and set out to dramatically “reform” the nation's healthcare system (to name just a few). The price tag has already run into the trillions, and promises to grow larger.

It hasn't been an easy sell. The strongest and most common objection—heard from many on the right, some on the left, and various others—has been that this is all too expensive. They have (rightly) warned that the new spending is “reckless and unsustainable” and will create a government “that our children won't be able to afford.” Advocates of the new programs have reluctantly yielded to this concern and agreed to negotiate.

But this too is an ultimately superficial disagreement because there is a largely unquestioned deeper agreement that the government ought to do things like “fix” failing companies or the healthcare industry. Both Democrats and Republicans have come together after initial conflict to create vast new government programs—they have merely disagreed on price tags. John McCain has said “it's the cost that's the problem” creating the “fundamental contradiction” between the parties. On this view, money is the only thing left to iron out before Washington creates new far-reaching programs and policies.

In fact, just as with the farce of a buyer and seller haggling over the price of a human slave, the cost is not the actual problem. The problem is the nature of the programs and policies themselves. While those fighting for fiscal responsibility deserve praise for their efforts, they are committing a dangerous mistake by focusing on cost as the most important problem with government expansion.



by Noah Stahl

To see why, we can start by asking the question: If a government program is free, is it therefore legitimate or desirable? There are many ways government could “reform” how we live without any cost at all. Suppose Washington passed sweeping changes intended to improve your daily life, imposing on you these rules: no laying in the sun for more than 15 minutes without sunscreen, no drinking coffee, no dropping out of college early, and no staying up past midnight. None of this would have any impact to

your financial bottom line.

This proposal would clearly be outrageous. But why? It has no cost; our children could easily afford such a government.

We would consider it outrageous because it goes beyond any legitimate scope of government authority, and would represent a blatant, unjustified assault on our personal freedom. We would rightly demand: what business is it of the government whether I have coffee or when I sleep? I should be free to decide such things for myself.

Freedom is a fundamental requirement of human life: It is the precondition for creating and enjoying all values in life, including wealth. Our ability to determine our goals, where to live, what career to pursue, which hobbies to enjoy, how to spend our money—in effect, our very ability to direct and enjoy our lives—requires that we be free to think for ourselves and act on our individual judgment. The moment others forcibly interfere, that ability is diminished or destroyed. It was this recognition that drove the Founding Fathers in their fight against tyranny, and it's what motivates most Americans today to defend their freedom when they perceive it to be threatened.

Yet we continue to surrender our freedom (and focus instead on cost) precisely because the threat is difficult to perceive. Politicians and pundits are careful to use words for their proposals that mask their coercive nature. They offer to “fix” the financial industry and “reform” energy production. President Obama does not say he wants to control American healthcare; he merely wants to “change” how it works. As the title of a recent politically-influential best-seller by Richard Thaler and Cass Sunstein suggests, the government needn't force anyone to do anything—it just needs to “nudge” them.

All of these are euphemisms for the restriction of freedom. The actual way the government has acted to “assist” the troubled financial industry is by force: forcing taxpayers to hand their money to failing banks, forcing banks to operate according to government terms, forcing investors and lenders to suffer losses without

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# THE VALUE OF ATLAS SHRUGGED

By The Editors

Originally published in 1957, *Atlas Shrugged*, one of the most controversial novels in American fiction, has made a remarkable return to bestseller lists since the start of the economic crisis. It was recently ranked the best-selling classic on Amazon.com, has been in the top 100 of several Amazon bestseller lists for months now, and is routinely included on 'favorite books' surveys. It is not uncommon to hear a businessman, a teacher, a truck driver, or a musician say, "Atlas changed my life." How is it that a fifty-year-old, 1200-page novel about industrialists and inventors can have such an effect on so many people?

Written by Ayn Rand, the Russian-born philosopher who escaped communism early in the 20th century, *Atlas* is a compelling novel about a cast of business executives struggling to achieve their interests in an inimical world. Set in New York City, it tells the story of Dagny Taggart, an underappreciated railroad VP, who fights to save her company from the incompetence and envy of her brother, the company's President; of Henry Rearden, creator of a new metal alloy, who defends his invention against government bureaucrats who first mistrust then covet the valuable metal; of Francisco D'Anconia, heir to a lucrative copper mining firm, who pursues his own mysterious agenda while seemingly wasting away his wealth on frivolities; and of several other protagonists, each struggling in their own way to achieve and articulate their personal values.

What makes *Atlas* different is its philosophic depth. Underneath the suspenseful action, the story is fundamentally an intellectual

mystery. Why do characters make the choices they do? What ideas animate them? The answers penetrate to the very core of Western Civilization's traditions and values: Is man his brother's keeper? Is the love of money the root of all evil? Is sexual pleasure base? Is happiness possible? What does it mean to be moral?

*Atlas Shrugged*, like all classics of literature, dramatizes a particular worldview, a way of approaching life that readers can judge, learn from, and incorporate into their own perspective. Unlike other classics, however, *Atlas* dramatizes values that are normally opposed in our culture—the justice of unfettered capitalism, the morality of principled egoism, the absolute efficacy of human reason. The heroes of *Atlas* are idealized expressions of values normally attacked in America's college classrooms, churches, and political platforms: commercialism, selfishness, and rational certainty.

The financial crisis—and the government's rights-trampling response to it—has left many wondering how America got to this point, and how we can return to our founding ideals of liberty and individual rights. But understanding the political problems we face requires understanding the more basic moral ideals that gave rise to them. *Atlas* is a novel about what it means to be moral—and the answer, presented in an intense, page-turning, emotionally moving, intellectually challenging form, is one that will otherwise not be given a fair hearing. And it will be unlike anything you've ever encountered before.

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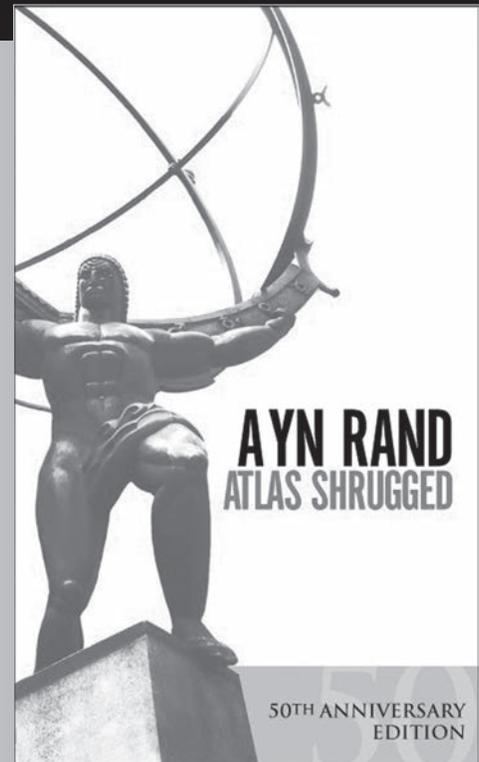
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## BUSINESS SCHOOLS

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business ethics classes of executives who did not practice the virtue of foresight? Did any class teach that risk-profit analysis requires tremendous honesty, and that such honesty is justified by its ability to secure long-term profitable results?

Madoff, Mozilo, and Fuld all lost their jobs, destroyed their firms, and wiped out billions of dollars in wealth. Trying to cheat the facts of reality, adhering not to rational business practices but to a yearning for the esteem of other men, and replacing the creation of values with wishful thinking—does not build wealth in the long term and more regularly leads to business failure in the short term. These men were taught that business and ethics had nothing to do with one another; is it any surprise that they are now the icons of the failure that type of teaching brings?

What none of them learned at their business schools is that actual, enduring profitability requires a deep commitment to and habituation of a definite ethics—in other words, that true wealth creation is the result of tremendous dedication to rational principles that have to be learned and practiced. They never learned the practical necessity of practicing integrity and justice in dealing with others. They never learned the power of intellectual honesty—the ability to recognize wishful thinking and emotional bias in oneself. They never learned that making money is an exercise in focusing steadfastly on the facts of reality, of actively engaging the rational mind, of possessing a dedicated, virtuous drive to produce.

Business students never learn the ethics of moneymaking because business schools have never invested in identifying and developing such ethics. There are no courses, for instance, explaining the meaning of integrity and showing students precisely how practicing such integrity is a necessity for wealth creation. There are no courses teaching students why morally unjust compensation schemes undercut business growth and how, as managers, they should go about practicing the virtue of justice. There are no courses teaching students how honesty manifests itself in decisions regarding long-term versus short-term considerations.

A proper curriculum in business ethics would teach that successful production of wealth presupposes a tremendous moral commitment, and that the profits a businessman reaps as a result of his productive activities are not a guilt requiring atonement, but his reward for virtuous activity. Such a curriculum would teach

## FREEDOM

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legal recourse. The actual way that Washington seeks to “reform” healthcare is by exerting control over the decisions of countless individuals: dictating to doctors and hospital administrators which tests and procedures will be allowed in the future, dictating to insurance companies how they do business, dictating to individuals that they purchase health insurance whether they want to or not, and dictating to others that they help pay for it all. Certainly, as many have pointed out, this all carries a destructive economic impact. But the violation of freedom is the fundamental danger—control must come first before cost can follow.

In addition, there is a difference in visibility between the costs that government imposes and the freedoms it takes away. While spending is quickly reflected in higher debt and taxes, decreased freedom is harder to see. We experience the loss of freedom not chiefly in the form of “Prohibited” signs, but as absence: absence

that the rational, moral businessman is he who reinvests in himself and his business, pursuing long-term growth; it would teach that the irrational, immoral businessman is he who pursues short-term profits to spend on pleasure yachts or Perma-Tan, impervious to the long-term effects such behavior has on himself and his business. It would teach that the more virtuous the businessman, the greater his enduring profits—and that the more immoral, the greater his downfall, however high any illusory, transient moment of unearned success he happens to achieve.

In response to the demise of these former business leaders, the business schools have been calling on students and professionals to become even more altruistic, hoping to further curb the allegedly immoral pursuit of profits they regard as the cause of the crisis. Lost in the analysis is the fact that these businessmen were not primarily interested in profits, and therefore failed to truly earn them. The manner in which these fallen businessmen ran their companies provides clear evidence that the honest desire to make money was not their motive. Their pursuit of short-term gains to be doled out in the name of altruistic ends (along with the adoration, popularity, and limelight that invariably accompany such altruistic practices) not only failed to generate profits, but indeed destroyed their companies and brought them personal ruin.

In advocating for increased altruism, the universities are creating more men like Madoff and Mozilo, and more pragmatic drones to follow and enable them. Clearly, this is not the solution to the ongoing crisis. Instead, business schools must rediscover (or discover) and impart the complex application of virtue that is profit seeking—and the honest, rational productivity it entails. Only then will they help produce truly ethical businessmen who can build and sustain viable, long-term wealth in America’s companies.

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1. <http://lgst.wharton.upenn.edu/About.htm>
2. [http://www.hbs.edu/news/releases/062104\\_ethics.html](http://www.hbs.edu/news/releases/062104_ethics.html)
3. <http://mbaoath.org>

of choices and options that would have existed except for their displacement or prevention by government decree. That is, we do not perceive a loss of freedom because there is, in a sense, nothing to perceive. Many financial products, for example, that would have existed under a free market simply cease to exist under a regulatory regime. The possibility of having, say, a \$30 electricity bill or \$1 gasoline vanishes under government-managed energy production. A doctor under government-controlled healthcare does not show you a list of options with some crossed off—he just hands you a shorter list than he otherwise could have.

America was founded on the premise that the achievement of happiness and financial security requires the freedom to pursue them. This is the basis of the idea of limited government, i.e., a government limited in its ability to wield force only for a specific purpose: to protect individual freedom. Within this bound, government is an indispensable value; beyond it, it is an unparalleled threat. By haggling over cost and not insisting on freedom, the opponents of government expansion have rendered themselves im-

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## FREEDOM

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potent in resisting it. We ought to demand, first and foremost, an answer to the questions: what business is it of the government what health care decisions we make and how we choose to pay for them or whether or not we want to lend our money to bankrupt companies? We should be free to decide such things for ourselves.

If we want to preserve our wealth and our freedom to live life to its full potential, we must recognize and reject the encroachment of Washington. We must consistently refuse to use the fluff

euphemisms of “reform” and “change” and identify them for what they are: force. We must insist that our representatives oppose big-government not merely on the grounds of its high cost, but on the grounds of its unacceptable control over our lives and property. In sum, we must not forget that one cannot put a price tag on freedom.

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## WHY ARE WE MOVING TOWARD SOCIALIZED MEDICINE?

*By Yaron Brook*

Government intervention in medicine is wrecking American health care. Nearly half of all spending on health care in America is already government spending. Yet President Obama’s “reforms” will only expand that intervention.

Prior to the government’s entrance into medicine, health care was regarded as a product to be traded voluntarily on a free market—no different from food, clothing, or any other important good or service. Medical providers competed to provide the best quality services at the lowest possible prices. Virtually all Americans could afford basic health care, while those few who could not were able to rely on abundant private charity.

Had this freedom been allowed to endure, Americans’ rising productivity would have afforded them better and better health care, just as, today, we buy better and more varied food and clothing than people did a century ago. There would be no crisis of affordability, as there isn’t for food or clothing.

But by the time Medicare and Medicaid were enacted in 1965, this view of health care as an economic product—for which each individual must assume responsibility—had given way to a view of health care as a “right,” an unearned “entitlement,” to be provided at others’ expense.

This entitlement mentality fueled the rise of our current third-party-payer system, a blend of government programs, such as Medicare and Medicaid, together with government-controlled employer-based health insurance (itself spawned by perverse tax incentives during the wage and price controls of World War II).

The resulting system aimed to relieve the individual of the “burden” of paying for his own health care by coercively imposing its costs on his neighbors. Today, for every dollar’s worth of hospital care a patient consumes, that patient pays only about 3 cents out of pocket; the rest is paid by third-party coverage. And for the health care system as a whole, patients pay only about 14 percent.

Shifting the responsibility for health care costs away from the individuals who accrue them led to an explosion in spending. In a system in which someone else is footing the bill, consumers, encouraged to regard health care as a “right,” demand medical services without having to consider their real price. When, through the 1970s and 1980s, this artificially inflated consumer demand sent expenditures soaring out of control, the government cracked down by enacting further coercive measures: price controls on medical services, cuts to medical benefits, and a crushing burden of regulations on every aspect of the health care system.

As each new intervention further distorted the health care market, driving up costs and lowering quality, belligerent voices demanded

still further interventions to preserve the “right” to health care: from regulations mandating various forms of insurance coverage to Bush’s massive prescription drug bill.

The solution to this ongoing crisis is to recognize that the very idea of a “right” to health care is a perversion. There can be no such thing as a “right” to products or services created by the effort of others, and this most definitely includes medical products and services. Rights, as the Founders conceived them, are not claims to economic goods, but to freedoms of action.

You are free to see a doctor and pay him for his services—no one may forcibly prevent you from doing so. But you do not have a “right” to force the doctor to treat you without charge or to force others to pay for your treatment. The rights of some cannot require the coercion and sacrifice of others.

Real and lasting solutions to our health care problems require a rejection of the entitlement mentality in favor of a proper conception of rights. This would provide the moral basis for breaking the regulatory chains stifling the medical industry; for lifting the tax and regulatory incentives fueling our dysfunctional, employer-based insurance system; for inaugurating a gradual phase-out of all government health care programs, especially Medicare and Medicaid; and for restoring a true free market in medical care.

Such sweeping reforms would unleash the power of capitalism in the medical industry. They would provide the freedom for entrepreneurs motivated by profit to compete with each other to offer the best quality medical services at the lowest prices, driving innovation and bringing affordable medical care, once again, into the reach of all Americans.

*Yaron Brook is the executive director of the Ayn Rand Center for Individual Rights in Washington, D.C. ARC is a division of the Ayn Rand Institute and promotes Objectivism, the philosophy of Ayn Rand.*

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