

# 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

## IN DEFENSE OF LIBERTY

*To be impactful, the tea party protests must advocate a moral revolution, not just political change.*



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### ASK AND YOU SHALL RECEIVE... A TAX BILL

*If you want lower taxes, demand smaller government*



by Noah Stahl

It's a favorite refrain that the only things one can be certain of in life are death and taxes. But while death is a singular, usually distant occurrence, taxes are ever-present. We find ourselves handing Uncle Sam a share nearly every time we touch our wallets. Local, state, and federal governments demand a kickback for most anything one does in life—eating lunch, buying a magazine, flying to spend time with family, going to work, living in a house, even feeding the pets. And the number and magnitude of taxes is rapidly increasing, as any reading of the Sunday paper reveals. After massive government spending increases and trillions of dollars in bailouts, the tea party movement has arisen from countless Americans who've thrown up their hands in a common cry of frustration: "Taxed Enough Already!"

Critics and much of the public have looked on in amusement or apathetic curiosity. After all, taxes are just part of life, a necessary evil—what's the point of complaining?

While such a response may seem empty or defeatist, it signifies an important lesson for those of us who value our wealth and our freedom to spend it as we see fit. There is a deeper problem at work that tea party protesters must recognize and address, a widespread and largely unchallenged idea in our culture of which ram-

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by Zev Barnett

The date is December 16, 1773. A ship has just entered Boston harbor. In its hold it carries the chains of a foreign government. American colonists, increasingly rebellious under the weight of British oppression, board this ship and as a symbol of defiance seize these chains and throw them overboard. This event has come to be known as The Boston Tea Party.

More than 200 years have passed since the sons and daughters of liberty fought to cast off the yoke of British oppression. In those 200 years America has become powerful and prosperous—but also, her memory has grown dim. Whether one considers the bailouts and regulations which began under Republican office, or the massive, debt-ridden state programs now being pursued by the Democrats, the same fact is evident: America has lost her way.

Consider—if the men who signed the Declaration of Independence were present today, what kind of reaction would they have to seeing the fate of their noble experiment? They would stand amazed to find that individualism is no longer the watchword of America; that the pioneer, the producer, the achiever are no longer glorified; that industry and self-reliance are no longer seen as the gold standard of virtue. They would cringe to discover that government and society seem to be embracing that old world, paternalistic impulse that they had pledged their lives, their fortunes and their sacred

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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

*The Undercurrent* is a campus newspaper. It is written for and distributed by college students at campuses across North America. All inquiries regarding contributing, distributing, and advertising should be directed to [mail@the-undercurrent.com](mailto:mail@the-undercurrent.com). For more information on *The Undercurrent*, back issues, additional resources, and further commentary, visit our website at [www.the-undercurrent.com](http://www.the-undercurrent.com).

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## IN DEFENSE OF LIBERTY

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honor to forever banish from the land of the free.

Something is changing in America—something that manifests itself in the political ideals animating government, but is itself deeper than politics. The modern-day Tea Party movement is driven, at least partly, as a response to this change. People are indignant at the Obama administration—not simply frustrated by misguided political and economic policies. There is a very real sense among the protesters that what the government is doing is wrong—morally wrong.

It is for this reason that when bewildered reporters enter tea parties and remind protesters—but, you are entitled to some of the stimulus money—the protesters defiantly respond: We don't want government money! We want our freedom!

To much of the popular media, such a statement is incomprehensible. Just as historians dismiss the original Boston Tea Party on the basis that the demands for freedom were only a guise to oppose taxes, so the modern day Tea Party movement is dismissed on the basis that it's just "rich people are trying to stay rich."

As much as one might like to scoff at the ridiculousness of such an accusation, nothing productive can be achieved without a well-reasoned response. Feelings are not an argument—a sense of outrage is not persuasive—indignation alone is ineffectual. To defend ourselves from the charges laid at our door, we must take the challenge head on by identifying and declaring the moral justification for the rightness of liberty.

Therefore, let us be unabashedly explicit. We who claim the right to keep for ourselves the product of our labor are characterized as selfish—as unwilling to sacrifice in a time of great need. The proper response to such an accusation is not to sidestep the moral issue and focus on empty pro-freedom rhetoric. To do so is to concede the moral high-ground at the outset. No—the proper response is to proudly declare—indeed, I am self-interested, and I do not apologize for my desire to spend my time and money pursuing my own values. We must, like our forefathers, embrace the pursuit of happiness, not as a political excuse, but as a moral virtue.

The argument that has to be made if the modern day Tea Party movement is to succeed—the only argument that offers a moral defense of freedom—is the propriety of self-interest. We must understand and defend the idea that pursuing one's own life for one's own sake is not something for which one should apologize. Rather, the fulfillment of personal happiness should be proudly upheld as good.

The opposite view, which was temporarily thrown aside by the American Revolutionaries, is the moral ideal of self-sacrifice, i.e. altruism. For centuries people have been told that the good consists of sacrifice—of giving up personal ambitions, of serving those in need, of putting others first and yourself last. This view, rejected implicitly by our Founders, is today at the root of every argument justifying trillion-dollar budget deficits and the nationalization of industry. It is the sine qua non of every government program and policy that seeks to restrict, to redistribute, to dictate, to tax—in essence, to subvert the freedom enshrined by the constitution.

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# STAFF EDITORIAL

The purpose of *The Undercurrent's* summer issue is to provide those attending Tea Parties with a deeper moral perspective on the government's increasing attack on individual freedom. It is our belief that the nascent Tea Party movement, if it is to achieve enduring change, must advocate change in terms of *fundamentals*. You will see our focus on fundamentals throughout the articles contained herein. In his piece, "In Defense of Liberty", Zev Barnett argues that the fundamental ethical premise that must be advocated is the propriety of rational self-interest (as against altruism); in "Ask, and You Shall Receive...a Tax Bill", Noah Stahl argues that a fundamental polemic against taxation must attack the increase of government spending, not merely the increase in taxes. In her piece, "No Bonuses = No Contract Law", Rebecca Knapp argues that the fundamental issue in the controversy over AIG bonuses is that it represented a governmental attack on contract law, the basis of all economics.

Our hope is that these articles—and above all the philosophy that inspires them—will help you the reader take a more fundamental perspective on the events of the day. We hope, for example, that you will see that the financial crisis is not an issue of Republican vs. Democrat, but that the Democrat Obama is simply extending logically what the Republi-

can George W. Bush started with his stimulus package, Sarbanes Oxley, and his "compassionate conservative" agenda. We hope that you will see that the financial crisis is not an issue of "greed" on Wall Street or of regulatory failures, but of a decades-long growth of the welfare state premised on a false view of the proper role of government (See Alex Moya's "High Cost of a Free Lunch"). And we hope that you will be inspired to investigate the philosophy that we believe provides the only chance of affecting fundamental change in our culture (see "The Value of Atlas Shrugged").

A second American Revolution, like the first, must occur fundamentally in the hearts and minds of the people. America is still the greatest and freest nation on the globe—if we argue peacefully, articulately, and honestly for true ideas, that Revolution will occur in the universities, courtrooms, and houses of Congress. Join us in making it happen.

Samual Adams once said, "It does not require a majority to prevail, but rather an irate, tireless minority keen to set brush fires in the minds of men." Let us arm ourselves with the penetrating and profound ideas of Ayn Rand, and prove Mr. Adams correct.

## IN DEFENSE OF LIBERTY

*continued from page 2*

When the government requires you to pay for your neighbor's mortgage it is acting on the premise of altruism—that we are morally each our brother's keeper. Every liberty-violating policy enacted by our leaders is premised on the idea that altruism is good, and that it is morally proper for the government to impose self-sacrifice on the American people.

But far from being a noble, progressive idea, the sacrificial code of altruism is actually a perverse, destructive, anti-life philosophy that has plagued mankind for millennia. The Boston Tea Party represented, symbolically, the first time in history that man awakened and realized that this moral servitude had to be rejected if a life of freedom were to be possible. The American Constitution was, finally at last for mankind, that awakening realized as a system of government.

We now once again face the question: Do we stand for the idea that the government has no business taxing us because

it is morally proper for an individual to act in his own self-interest—or are we merely protesting out of a financial frustration we know not how to morally justify? Are these tea parties, like the glorious Tea Party of December 16, 1773, a symbol of a coming moral revolution, or are they the rhetoric of a to-be-dismissed minority?

Before our Founders pledged their lives, fortunes, and sacred honor against an oppressive power, they won their fellow Americans' hearts and minds. Let us today do the latter actively, so that we never again have to take the step of doing the former.

*Zev received an honours B.A. from the University of Toronto. He is currently finishing his M.A. in literature at George Mason University.*

*"No politico-economic system in history has ever proved its value so eloquently or has benefited mankind so greatly as capitalism—and none has ever been attacked so savagely, viciously, and blindly. The flood of misinformation, misrepresentation, distortion, and outright falsehood about capitalism is such that the young people of today have no idea (and virtually no way of discovering any idea) of its actual nature...."*

—Ayn Rand, from the Introduction to *Capitalism: The Unknown Ideal*

# 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, and has been in the top 100 of several Amazon bestseller lists for months now. And *Atlas Shrugged* 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

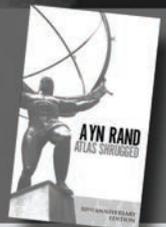
“There is a fundamental conviction which some people never acquire, some hold only in their youth, and a few hold to the end of their days—the conviction that ideas matter... That ideas matter means that knowledge matters, that truth matters, that one’s mind matters. And the radiance of that certainty, in the process of growing up, is the best aspect of youth.”—Ayn Rand

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.



In *Atlas Shrugged*, Ayn Rand offered the world a revolutionary new philosophy. She named her philosophy Objectivism. To learn more about it, visit [www.objectivistacademiccenter.org/tuc](http://www.objectivistacademiccenter.org/tuc)



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# THE HIGH COST OF A FREE LUNCH



by Alex Moya

Congress recently approved a new budget of staggering proportions. Weighing in at \$3.6 trillion, the plan provides billions in allocations towards a national health plan, green energy, foreign aid, education, and countless other programs. The president has declared that his budget is “an economic blueprint for the

future—a vision of America... that will lead to a real and lasting prosperity.”

Before breaking out in celebration, however, it would be prudent to consider: what’s the catch? Will this flood of spending truly usher in a new era of prosperity, or will there perhaps be an even higher price to pay down the road?

For example, wouldn’t it be great if, as Obama promises, “... every single American has health care when they need it, that every senior has prescription drugs they can afford, and that no parents are going to bed at night worrying about how they’ll afford medicine for a sick child”? But what if, in exchange for providing the nation with health care, the government required you to submit your waistline measurement on a regular basis, screened your menu for unhealthy items, and shut down your favorite restaurant for serving unapproved meals?

Such a scenario might sound Orwellian, but it is already becoming a reality, both in the US and elsewhere. In Japan, government health officials force anyone whose waistline is bigger than the government-ordained size to undergo diet counseling. In Los Angeles, the City Council recently banned the establishment of fast food restaurants for the upcoming year. California has restricted restaurants from using oils, butters or other ingredients that the government deems too unhealthy. What about my freedom, you ask? You gave up your freedom when you asked the state to pay for your hospital bill – the government is in charge of your health now.

The Senate Republican Minority Leader, Mitch McConnell has declared that he is “...recommitted to putting [his] state and our nation on the road to clean energy independence.” Doesn’t this sound like a noble vision for our envi-

ronment and economy? But what if, in exchange for providing you with new “clean” energy, the government began to tell you how much you are allowed to drive per month, or how many lights you have on in your home?

This is already being tried around the world. Brazil rationed energy in 2001, for example, and is expected to do so again. The government forced companies to cut their power by 25% and residents by 20%. Those who used more than the government-ordained limit faced fines and had their power turned off for up to six days as punishment. The California Energy Commission has proposed requiring thermostats in private homes that would allow government officials to remotely adjust household temperatures. What about my freedom, you ask? You gave up your freedom when you asked the state to fund your power grid – the government is now in charge of “blueprinting” your energy future.

The pattern we see emerging is clear. Every time a new welfare program is created or more money is spent on a public service, the government is necessarily given more authority over our lives. This is no coincidence: the government possesses one thing that private industry does not – the ability to enact its policies not through the consent of the customer, but by force. The government is thereby fundamentally different from a private health care provider or power company. Whereas the latter can only attempt to win your purchase through creative marketing and persuasion, the government uses force to make you behave as it deems best. Thus, when you vote for more government spending on services formerly provided by private companies and individuals, what you’re really asking for is more of the government’s coercive intrusion and paternalism.

As the Obama administration embarks upon an unprecedented expansion of the welfare state, we must realize that we are paying not only with our tax dollars, but with our very freedom.

*Alex received his B.A. in political science from UCLA in 2007 and will begin a Master of Arts in Social Science at the University of Chicago this fall. Currently, he works as a legislative analyst at Los Angeles City Hall.*



## TAXES AND GOVERNMENT

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pant taxation is merely an effect: the belief that government exists not simply to protect our freedom, but to provide for our welfare.

Many tax protesters complain that increased government spending is the result of greedy politicians scheming to give handouts to “special interests”. But as any politician can attest, these special interests include...nearly everyone. For every tea party attendee frustrated by the government’s growing take of his or her income, there are 20 other people across the country clamoring for more government aid and services. Who will pay for our hospital bills? The government should, they say. Who should pay for college, mortgages, retirement accounts, prescription drugs, solar panels, farms, scientific research, housing, pesticides for third world villages, habitats for spotted owls, and high-speed internet service to rural areas? People from every corner of America, of every background, of every economic status—poor, middle class, millionaire—all answer, by and large, that the government should do something to assist, stimulate, provide. At whose expense? Well, somebody else’s.

That we now face ever-higher taxes is simply the result of having to fund the kind of government for which Americans have increasingly asked. Objecting to a growing tax burden without objecting to government programs and handouts is like protesting the bill after ordering an extravagant meal.

If we are to effectively (and honestly) advocate for lower taxes, it must be by advocating first and fundamentally for smaller government. Rather than simply decrying taxes, we must reject—on principle—the government spending that brought them about.

On what principle? The central premise behind America’s founding: individual rights. We must recognize that big

government is but a symptom of a moral disease, a credo that demands self-sacrifice for the benefit of the “greater good” (see Zev Barnett’s article “In Defense of Liberty”). We must remember that the founding of America and the original tea party were based on a diametrically opposite view: that the individual has the right to keep what he earns and use it to pursue his own happiness, that we should not be bound to one another in mutual servitude, that the government exists to protect individual freedom from encroachment by the majority.

If the tea parties are to have any lasting value, they must primarily serve to rekindle a respect for the inalienable right of the individual to pursue his own happiness, and for the only model of government that defends such a right: laissez-faire capitalism. In contrast to our current mixture of freedom and control, true capitalism means a government that exists not to provide for some at the expense of others, but solely to protect the freedom of all. Such was the vision in Boston Harbor in 1773, and such should be the vision of today.

*Noah received his B.S. in Computer Engineering and M.S. in Information Assurance from Iowa State University. He currently works in the defense industry as a software engineer in St. Petersburg, Florida. As a weekly opinion columnist for the Iowa State Daily campus newspaper, Noah wrote more than 70 articles from an Objectivist viewpoint on a wide variety of cultural and political topics.*

*Is our economy subject to any firm rules, or is it a complicated mystery only bound by the creativity of the government?*

*Read Noah Stahl's*

### **"BROKEN WINDOWS, BROKEN PRINCIPLES"**

*at The Undercurrent online to learn how our economic fortunes are being threatened by the short-term pragmatism of modern politicians.*

"While Bastiat offers an important and true lesson in his broken window parable, he offers something even more valuable in the method by which he reaches it: he carefully studies all the relevant facts in a case, their causes, and all their inevitable effects—in a word he approaches economics as a science, as a study of principles. Just as the chemist needs to carefully study and understand all of the principles governing the elements in a substance to successfully predict how they will behave when combined with others, the economist must study and understand all the aspects of a given policy to determine what its actual effects will be. Conversely, just as the chemist who fails to consider all the factors in a reaction will fail to achieve his desired outcome (and potentially suffer grave consequences), so too does the shortsighted and unprincipled economist.

By focusing on the immediate and visible, while evading the long term, as yet unseen effects of their actions, our leaders are committing exactly the error that Bastiat warns us about. They are treating economics not as a science of principles, but as a day-by-day experiment where the rules are subject to change and cost is no object. We have already seen the damaging effects of the resulting climate of uncertainty in our markets, and we will continue to experience the fallout as the true costs emerge."

To continue reading, visit <http://the-undercurrent.com/blog/broken-windows-broken-principles/>



# NO BONUSES = NO CONTRACT LAW

By Rebecca Knapp

There was an uproar in Washington when AIG paid out retention bonuses to employees in its financial-products division—the same division responsible for much of the company’s recent losses.

Relegated to the background is the fact that the bonuses are a lawful contractual obligation. While bonuses are normally discretionary, in this case, presumably to retain key personnel at an uncertain time, AIG chose to make binding commitments. Now that AIG is failing, President Obama argues it’s unfair that AIG should have to fulfill its obligations under those contracts.

But what is it exactly that Obama is claiming is unfair? Since AIG is contractually obligated to pay the bonuses, the object of Obama’s criticism can only be contract law itself. To say the bonuses shouldn’t be paid is to say that contracts as such should be ignored. This, of course, is exactly what Obama is arguing—he holds the government needs the power “to allow us proactively to get out in front, to separate bad assets from good in dealing with contracts that may be inappropriate.”—in as explicit terms as you’ll ever hear from Washington.

One little problem: contracts are the medium of production and trade. Contracts are the crucial moving part by which the economy functions. But contracts do not function unless they are inviolable. If they don’t operate in principle, then they don’t operate—and neither does the economy. The moment companies or the government arbitrarily choose which liabilities they will honor, contract “law” becomes a lie, and production and trade become a game played at the whim of government bureaucrats.

If AIG is a bellwether, then America is about to take another big step down this road. The wind in Washington is blowing us toward the death of contract. From multi-million dollar mergers, to your supermarket purchase of a loaf of bread, to supplier contracts, employment contracts, loan agreements, home purchases, bank accounts, insurance—soon all of it will function, not by right, but by the permis-

sion of government.

Of course, it was inevitable in a failed company propped up by 80% government equity and a government appointed CEO that this kind of controversy would arise. The government can’t have it both ways. Either AIG is a failed company, in which case it goes into bankruptcy and accesses the opportunity to renegotiate with all of its creditors, or it continues the pretense that it is a viable, functioning business, in which case law and justice require that it honor its contractual agreements. This is true regardless of whether Obama or the American taxpayers think that the creditor in question morally deserves the benefit of his contract. At least, if this is still America.



AIG’s reincarnation as the half-breed bastard child of freedom and statism paves the way for all kinds of through-the-looking-glass absurdities. It is only because we, the tax-paying public, have been forced against our will by the government to bear the burden of AIG’s failures that we assume the quasi-moral-power to object to AIG’s binding contractual decisions.

Even so, were we true shareholders, we would have no legal right to retroactively invalidate them. It is only because Washington has fully committed itself to a pragmatic, anything-goes policy that it even pretends to the legal ability to toss AIG’s contracts out the window.

This direct attack on contract rights is highly significant as a signal of things to come. Let Obama protest all he likes that he is pursuing “legal” means of snuffing the contracts. There can be no legal means of annihilating freedom of contract as such, the sine qua non of all other economic freedoms. This is the subordination of law to populist politics.

Open your eyes America: this is another slow, sad step to the gallows. But we are beginning to pick up the pace.

*Rebecca received her B.A. in Classics at the University of Chicago in 2006 and her J.D. from the UCLA School of Law in 2009.*

## Do you wonder whether...

... the **government** is exercising far too much **control over private industry**?

... **personal responsibility** is being rejected in favor of paternalism?

... the **stimulus** and bailout plans are making the **economy worse**, not better?

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*Liberty, Reason, Individualism*