

# Why Ayn Rand is an Altruist

Jorijn Jacob Hubert Smit

*j.j.h.smit@students.uu.nl - 3363104*

July 9, 2013

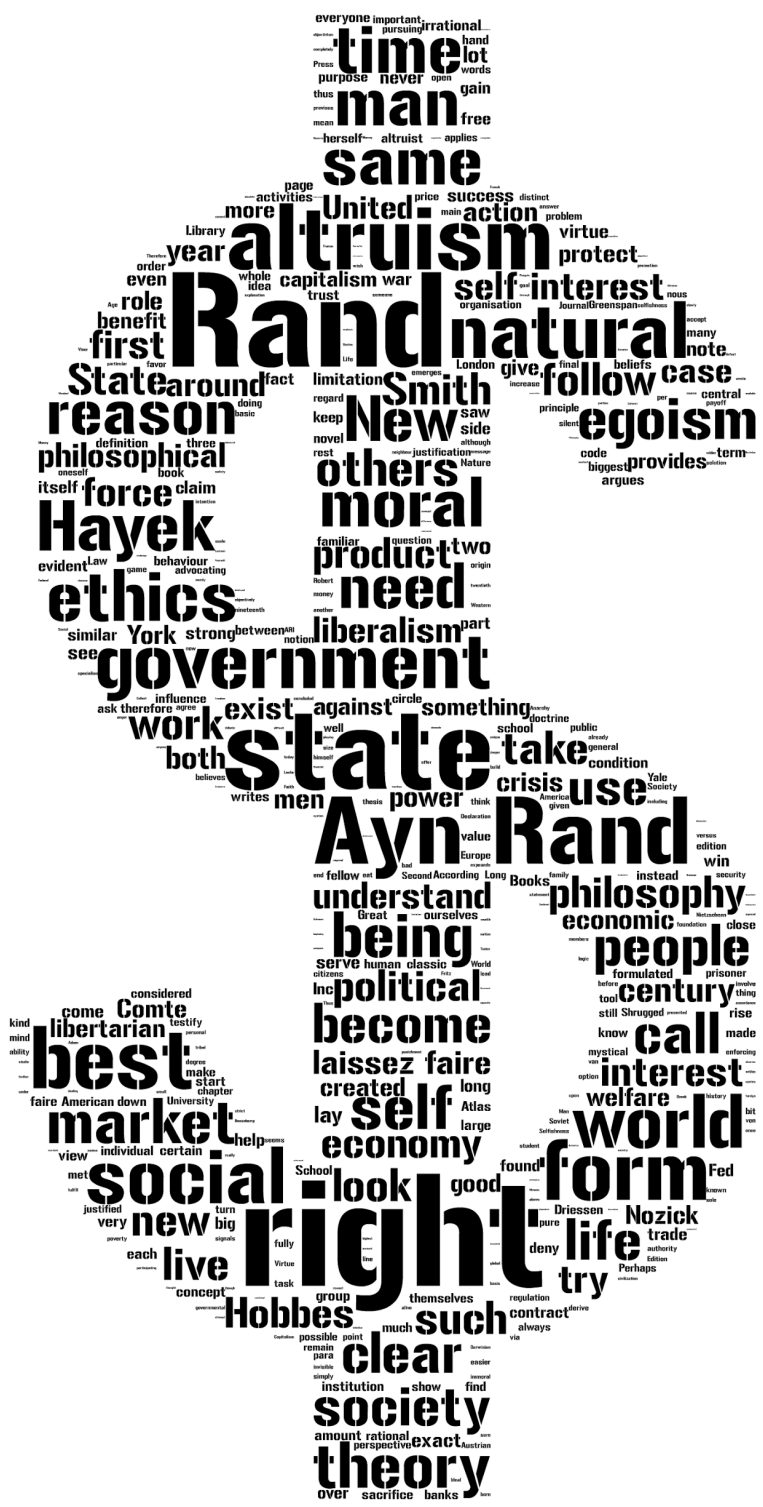


Utrecht University

Department of Philosophy

School of Liberal Arts

dr. B. Bovenkerk (Supervisor)  
dr. R.J.G. Claassen (2<sup>nd</sup> Assessor)



# Contents

<b>1</b>	<b>Introduction</b>	<b>4</b>
1.1	Who is Ayn Rand? . . . . .	5
1.2	Outline . . . . .	5
<b>2</b>	<b>Libertarian Aspects of Laissez-Faire</b>	<b>7</b>
2.1	Liberalism . . . . .	8
2.2	Libertarianism . . . . .	9
<b>3</b>	<b>The Rationality of Self-Interest</b>	<b>12</b>
3.1	Biological and Mathematical Clues . . . . .	14
<b>4</b>	<b>Two Circles of Trust</b>	<b>16</b>
4.1	Back to Rand . . . . .	18
<b>5</b>	<b>Conclusion</b>	<b>20</b>
	<b>Bibliography</b>	<b>21</b>

# Chapter 1

## Introduction

"How do philosophers think about the crisis?" *Filosofie Magazine* asked its readers on the front page of its fourth edition of this year. An interesting question. We hear a lot of economic and statistical explanations about the financial crisis but philosophical perspectives are harder to find. We know that a lot of the problems come from the power and size of banks. By stretching over an immense amount of national borders, corporate banks have gained such proportions that government regulation has become problematic. At the same time the global economy has become so dependent on them that if they were to make a mistake and go bankrupt, they would take the whole economy down with them. This 'too big to fail' mentality has paved the way for irresponsible behaviour and products. A holistic solution has yet to be presented.

One of the organs central to this sector is the Federal Reserve in the United States, the country where many believe the crisis finds its origin. The Federal Reserve (or Fed) is the central banking system of the United States and has very close ties to the government. It therefore plays a key role in formulating monetary policies. Chairman of the Fed has been, from 1987 till 2006, economist Alan Greenspan. Reflecting on his whole career, mostly to give insights into the development of the crisis, he wrote an autobiography after his retirement. In it he mentions meeting Ayn Rand when he was still a student, a Russian-American novelist who at that time began to have success as a philosopher as well. Long before becoming chairman of the Fed he had weekly meetings with her and her circle of admirers in her apartment in New York and even contributed chapters to her book *Capitalism: The Unknown Ideal*. Dr. Greenspan writes that "Ayn Rand became a stabilizing force in my life" and that "[she] introduced me to a vast realm [of thought] from which I'd shut myself off" (Greenspan, 2007, pp. 51-53). Might this be one of the philosophical influences to our financial crisis?

## 1.1 Who is Ayn Rand?

Ayn Rand was born in Saint Petersburg in 1905. After seeing the corruption of the Soviet Union from within, she immigrated to the United States of America, a country she regarded the first and only moral society in the world (Rand, 1967, p. 321). She started writing novels about the way she saw the American Dream and had her biggest success with *Atlas Shrugged* (1957), a more than eleven hundred page novel in which individualism and reason triumph over collectivism and government coercion. She had so much success with this that in the period thereafter she found herself trying to formulate a theoretical framework of the philosophy from which she wrote her novels. *Objectivism*, as she called it, can be summed up as "the concept of man as a heroic being, with his own happiness as the moral purpose of his life, with productive achievement as his noblest activity, and reason as his only absolute" (Rand, 2007, pp. 1170-1171).

Her vision on economy and politics was that of *laissez-faire capitalism*, i.e. an economy completely free from governmental intervention. Her work however has not always been taken seriously by the academic community which, according to Robert Long, had to do with her attitude towards academia in general: "Rand was generally contemptuous of mainstream academic philosophy, which has largely returned the favor; but for the most part, neither side had a very clear understanding of what it was rejecting" (Long, 2010, para. 3).

In this ignorance lays a big disappointment. First of all because Ayn Rand has had a strong influence on public opinion and politics. A survey done for the Library of Congress in 1991 stated *Atlas Shrugged* as the most influential book in the United States after the Bible. Ayn Rand and Greenspan also remained close until her death in 1982. Surely with such influences Rand must have had some interesting thoughts. Second it is a disappointment because the philosophical discourse available to Ayn Rand at her time surely could have been of value to her. Instead she claimed her philosophy was completely hers and that philosophically she was only indebted to Aristotle. As this text will illustrate, a lot of her ideas were not new at all and could thus have been formulated with more ease and more thoroughly.

## 1.2 Outline

It is exactly this ignorance on both sides which this thesis aims to clear up in the following pages. To build a bridge between her work and that of others, this thesis will first investigate which of her concepts can be found elsewhere

in existing literature. With these connections made, a reformulation of her theory will be attempted. Will Rand's philosophy prove to be as unique and contributing as she claimed?

This thesis will start by taking a closer look at laissez-faire capitalism. It is not a concept that sprung from Rand's mind and already exists much longer. What is its history and what exactly does it entail? When this is clear, a deeper understanding is developed of the ethical foundation of Rand's philosophy. What does she mean with altruism and why is she so strongly opposed to it? For her altruism has no place in a capitalistic world and is considered irrational. Is it really? Then finally the third chapter will try to reformulate Rand's utopia of capitalism. What does it look like today?

## Chapter 2

# Libertarian Aspects of Laissez-Faire

Despite the fact that Ayn Rand's philosophical school covers a wide range of aspects such as metaphysics and ethics, I think it is safe to say that she had most to say about society; its politics and economy. She is a strong supporter of laissez-faire capitalism, a term which apparently originates from seventeenth century France, where Jean-Baptiste Colbert, the minister of finance at that time, met with a group of prominent merchants. When asked what the French state could do to help their commercial activities, the leading merchant simply answered: "*Laissez-nous faire!*" (literally: "Let us do!") (Tucker, 2012, p. 287).

During this time France was at the height of its mercantilism, the dominant form of government in Europe between the sixteenth and eighteenth century. Mercantilism is mostly centered around the principle of government needing to increase its economic power in order to ensure security from and compete with foreign powers. Europe was under influence of this school of thought for at least 250 years, and although "[f]ew if any mercantilists had an indiscriminating, unmotivated, and unlimited passion for state intervention in all its conceivable forms, degrees, and applications" (Viner, 1960, p. 56), it was a time in which the society regarded government regulation as the force driving the nation forward. We might view the moment M. Le Gendre spoke the legendary words "*laissez-nous faire*" to Colbert as a historical turning point in which it became clear that the government had become too powerful.

## 2.1 Liberalism

It is therefore not too surprising that around that same time Hobbes published *Leviathan*, one of the first books of modern political philosophy. In it he expounds his theory of natural rights, which states that all humans are born with inherent rights that surpass any external authority. Hobbes derived these from a natural condition of humankind; humankind stripped to its essentials of body and mind. In this natural condition man has one fundamental natural right which is "to use his own power, as he will himselfe [*sic*], for the preservation of his own Nature; that is to say, of his own Life" (Hobbes, 1914, p. 66). An interesting parallel can be made evident with Rand's notion of rights. In her essay *Man's Rights* she writes:

There is only one fundamental right [...]: a man's right to his own life. Life is a process of self-sustaining and self-generated action [...] which means: the freedom to take all the actions required by the nature of a rational being for the support, the furtherance, the fulfillment and the enjoyment of his own life. (Rand, 1967, pp. 321-322)

It is clear that both Hobbes and Rand derive their notion of rights from the same moral grounds: every man is, first and foremost, entitled to the right to keep himself alive.

There is however a problem with this moral construction. If everyone builds their life only around their natural right to stay alive it is perfectly justified for a man to kill and eat his neighbour when he is hungry. Hobbes called this situation *bellum omnium contra omnes*; the war of all against all. The natural condition is thus one of war, and in order for us to live in peace amongst each other it logically follows that man should restrict his freedom up to the point where it interferes with that of his fellow man. This principle has become known as the *social contract*; e.g. I agree to give up my right to eat my neighbour if he does the same. Government is then ascribed the role of enforcing this so-called contract. Note that in Hobbes' time this was the world upside down; citizens were supposed to serve the government instead of the other way around.

Ayn Rand observes the same thing happening a small century later, when the United States of America declare themselves independent of the United Kingdom: "The Declaration of Independence laid down the principle that "to secure these rights, governments are instituted among men." [...] Thus the government's function was changed from the role of ruler to the role of servant" (Rand, 1967, p. 323). John Locke, often cited as one of the



inspirations for the Declaration of Independence, was a known follower of Hobbes and also a great advocate of natural rights (Schultz, 1997, p. 7).

Natural rights form the basis for what is now referred to as *classical liberalism*. It shaped the constitution of the United States of America and not long thereafter inspired the French Revolution which freed the middle class from its oppression of the king and nobles. It did not take long before the rest of Europe followed with similar uprisings.

Classical liberalism justifies the existence of government by showing the necessity of a social contract and the need for it to be enforced by an authority as neutral as possible. However from this does not follow where the limits of government lay. Foucault argues for a "self-limitation of governmental reason" (Foucault, 2008, p. 20), but can we really trust upon a government to set their own boundaries?

Over the course of the nineteenth and twentieth century, classical liberalism slowly gave way to a new doctrine: that of the welfare state. Whereas laissez-faire's understanding of poverty or other social problems was that of individual morality—i.e. immoral behaviour created poor economic conditions—the welfare state regarded economic forces themselves as immoral. It therefore is a doctrine that believes that "the state is the sole social institution capable of dealing with the economic forces which give rise to that phenomenon [poverty]; hence the chief responsibility for abolishing poverty rests on the state" (Woodard, 1962, p. 288).

The welfare state, or socialism, also saw the rise of state power and the inevitable foreign competition that is paired with it. The first and second world wars can attest for the decline of socialism and arguments against such strong state power. It was the so-called Austrian School which, at the beginning of the twentieth century, geared with economic data and models, concluded that socialism is not a working doctrine. Rothbard von Mises demonstrated in his book *Socialism* (1936) that "socialism in a dynamic industrial economy would lack the ability to rationally calculate—or, as it is generally known, his proof that socialism is 'impossible.' [...*Socialism*] launched what came to be known as the 'socialist calculation debate'" (Doherty, 2009, p. 87). Mises, together with other members of the Austrian School such as Friedrich von Hayek, came to revive the ideas of laissez-faire and the classic liberals as what is now considered *libertarianism*.

## 2.2 Libertarianism

Still the question remains of where the limits of government lay. Yes, human beings have natural rights and it is helpful to bring into existence an

institution that protects these rights. It provides its members with a certain safety and trust in their neighbours that forms a solid basis for trading amongst each other which can increase their overall welfare. Socialists however believed they could stimulate or increase this welfare by intervening in this trading market. From a moral perspective it is difficult to say that the government is doing anything wrong; in an attempt to protect its citizens as best as it can it chooses to implement certain helpful laws that influence the market. At the same time we might say that that choice, albeit decided democratically, is not in accordance with the neutrality that is required from an enforcer of natural rights. There is a difference between merely protecting rights and taking the role of an initiator. Add to this fact the phenomenon of *state capitalism*; the participation of the state in the market by seizing control over firms once considered industry flagships (Bremmer, 2010, p. 250), and it becomes evident that Foucault's self-limitation of governmental reason should be brought back to a limitation per se—a view Rand would happily agree on.

One of the most modern approaches to libertarianism is the work of Robert Nozick, his magnum opus being *Anarchy, State, and Utopia* (1974). The first big difference with his theory compared to classic liberalism or libertarianism is that he does not see anarchism or the natural condition ("state of nature" in Nozick's terms) disappear with the use of the social contract. The social contract assumes that all parties involved are first of all fully informed and second have all agreed upon participating. According to Driessen, Nozick argues that there will always be people that will try to free-ride on society, gamble that they are better off without it or just plain simply deny any form of authority—including that of the state (Driessen, 1990, p. 70). No one can be forced into the social contract; this would be an attack on people's natural rights. Nozick therefore argues that the state is a product of the market; by trading in safety and security an organisation protecting people's rights emerges from the natural condition. Once this organisation has proven itself to be the best at what it does, it would then gain a monopoly on its market and become the state. Deploying any other activity besides protecting rights would defeat its own purpose; it would have to protect its citizens from itself. Nozick calls this *minarchism*; a society in which only a minimal state or so-called night-watchman state is active. It is remarkable how close this comes to Rand's theory on government:

If physical force is to be barred from social relationships, men need an institution charged with the task of protecting their rights under an objective code of rules. This is the task of a government—of a proper government—its basic task, its only moral justification

and the reason why men do need a government. (Rand, 1967, p. 331)

Rand clearly carries beliefs that are similar in nature—if not the same—as classic liberals and libertarians. Why then did she not join their ranks?

## Chapter 3

# The Rationality of Self-Interest

Although in the previous chapter we saw that from a political perspective Rand's ethics has similarities with liberal and/or libertarian views, she never considered—even denied—herself being a libertarian. Rand proclaimed her own philosophical school; that of objectivism (not to be confused with philosophical objectivism<sup>1</sup> in general, although it carries similarities). To understand the reasons for differentiating herself in such a way we will dig a bit deeper into her philosophy: her normative ethics. Rand constructed her own ethical foundations and this chapter will take a closer look at some of its main concepts.

A good outline of the ethics of objectivism can be found in *The Virtue of Selfishness*, Rand's best sold work of nonfiction (ARI, 2008). In it she expounds on the three cardinal values of her ethical system; namely "Reason, Purpose and Self-Esteem, with the corresponding virtues of Rationality, Productiveness, Pride" (Rand, 1964, ch. 1). According to Rand, production is the central purpose of one's life, reason its source and pride the reward. By using these three virtues, man is able to be an objectivist; to see the world as it is and to realize one's ultimate goal: one's own life.

From all of the three values noted above follows a form of selfishness or egoism, but *The Virtue of Selfishness* and the rest of her work may just as much be a manifesto in favor of egoism as it is against altruism. "[Altruism] is the poison of death in the blood of Western civilization" Rand said in a lecture delivered at Yale University in 1960. She goes on to compare the altruist morality with Soviet Russia and Nazi Germany. Where does this strong opposition to altruism come from?

Altruism can be defined in various ways but it looks as if Rand is only familiar with the definition of Auguste Comte, the philosopher which coined

---

<sup>1</sup>Objectivism, more commonly referred to as *realism*, is the belief that reality exists independent of one's mind, of one's subjective experience (Miller, 2012).

the term altruism in the beginning of the nineteenth century. In his view, altruism is the morality of living one's life for others (Comte, 1858, p. 313). Rand seems very dependent on Comte's explanation of altruism when she states that "[t]he basic principle of altruism is that man has no right to exist for his own sake, that service to others is the only justification of his existence, and that self-sacrifice is his highest moral duty, virtue and value" (Rand, 1984, p. 83). It is not weird that Rand concludes from this definition that altruists are "sacrificial animals".

According to Rand, the reason humanity has been following this path of self-destruction for so long is that we have always justified it with mysticism. Faith in divinity however is not something we can confirm with reason and should therefore not be a factor in our reasoning; i.e. it is not rational to take mystical arguments into account. Therefore objectivists deny a mystical world because it would then "be a sin to use one's mind" or "a virtue to denounce this earth" (Rand, 1964, para. 25). Thus Rand is opposed to Comte's claim of self-sacrifice and comes to the conclusion that this "is the basic contradiction of Western civilization: reason versus altruism" (Rand, 1984, p. 84).

The solution she provides is to do the exact opposite of living for others: to live for oneself; to be egoistic. Rand recognizes two forms of egoism: "Nietzschean egoism" (Rand, 1964, para. 24) and her own form, which she prefers to call selfishness. She warns against Nietzschean egoism because it would approve of any action as long as it is intended for one's own benefit. This individualistic form of egoism can hardly be called ethical because, as Tom Beauchamp wittingly notes, it never applies to anyone but oneself. Declaring to other people that they should live their lives in the same way would be self-defeating, "because to instruct others in its wisdom could lead them to accept it for themselves, and this acceptance would in turn undermine the promotion of one's interests above theirs" (Beauchamp, 1991, p. 75).

Rand also denounces this first form of egoism, in her case because she recognizes that in doing so one might be able to try to satisfy irrational desires or whims, something which is not in line with her virtue of rationality. Her own form of egoism distinguishes itself from this 'unconditional' egoism by strictly acting out of beliefs that have been justified by reason in advance.

It is odd that a similar distinction is never made by Rand for altruism. She keeps insisting on the previously discussed definition of Comte: to live one's life for others. This definition however is missing the exact same dimension that Rand applies to egoism—the dimension of justification. Just as it is irrational to say that *all* actions should benefit oneself in the case of Nietzschean egoism, it is also irrational to say that all actions should benefit someone else, as in the case of Comte's altruism. Therefore a more reason-

able way of looking at altruism is the sacrifice of *some* personal gain for the benefit of others.

### 3.1 Biological and Mathematical Clues

Besides the political and ethical sphere, the issue of egoism versus altruism has been a topic of debate in many other fields of study as well. With the publication of Charles Darwin's *On the Origin of Species* in the nineteenth century, it seemed as if biological evidence was presented in favor of self-interest. Indeed, the world consisted of a large group of individuals which were all fighting for a limited amount of resources and could only win by the rules of 'survival of the fittest'. From this evolutionary point of view there was no room for altruism; altruism by definition decreases the individual's fitness in exchange for that of someone else's. Ayn Rand's thesis for selfishness lays exactly in this Darwinian line.

The widespread popularity in the twentieth century of using mathematics and game theory in particular to explain and predict social behaviour started to question these Darwinian claims however. The *Prisoner's Dilemma* in particular was able to show that strict individual behaviour is not always the best option. In this relatively simple game two prisoners are being held, each in his own cell. The evidence available against them is not so strong and their punishment could only amount to one year each. Each prisoner has been given the option to testify against his fellow prisoner, in which case they will get a reduction of one year and the fellow a punishment of five years. Should however both prisoners testify against each other, then they will both get four years. The payoff matrix for this game would then look like this:

	You keep silent	You testify
I keep silent	(2 , 2)	(5 , 1)
I testify	(1 , 5)	(4 , 4)

Because I do not know what my fellow prisoner will choose, I can only take into account my own payoff. If I testify, in both cases my punishment will be lower ( $1 < 2$  and  $4 < 5$ ). Testifying would therefore be the *rational* choice. Assuming my fellow prisoner is rational as well<sup>2</sup>, he will do the same; we will both testify and get four years in prison. Would we however both have kept silent then we would both only get two years! Herein lays the

---

<sup>2</sup>Note that we cannot take the rationality of our fellow prisoner for granted: he might just as well be upset or otherwise not thinking clearly.

central issue of the irrational side of altruism: there are situations in which cooperating gives better results even though that cannot be made evident from the individual's perspective. More advancements into this area were made in 1971 when Robert Trivers, an American sociobiologist, came up with the idea to iterate the Prisoner's Dilemma, meaning that the choice the prisoners have to make is repeated over and over and is no longer an "isolated event" (Trivers, 1971, p. 36). It will become clear that cooperation is the best choice for both parties. Robert Axelrod demonstrated this concept a decade later by running computer simulations in which different strategies for the Prisoner's Dilemma were run over and over against each other. The winning strategy was the simple "tit-for-tat"; starting with cooperation and then repeating its opponent's move (Axelrod, 1984, p. 31).

What these experiments with this theoretical game shows us is that there are situations in which we do not have the ability to rationalize from an individual perspective what is in our self-interest. At the same time it does not deny the importance of self-interest; it might even be possible that altruistic actions evolved because in the long run they promote self-interest.

What does this mean for Ayn Rand's theory? Was she right in putting self-interest before anything else? What implications does this have for the political and economical notion of man as a rational being?

## Chapter 4

# Two Circles of Trust

The conclusions from the previous chapter leave us with a paradox. On the one hand the Prisoner's Dilemma shows us that it is impossible to meet our self-interest from a strictly egoistic perspective and that it is therefore better to act in the interest of the collective. By doing this, on the other hand, we are making sure that our self-interest is best fulfilled. In other words, in order to maximize our personal benefit we have to refrain from maximizing it. Axelrod similarly concluded that most winning strategies in his simulations do not try to be, what he calls 'envious', i.e. do not strive for a payoff greater than that of the other player (Axelrod, 1984, pp. 110-113).

A comparable paradox can be found in the work of the economist Adam Smith, in his famous *An Enquiry into the Nature and Causes of the Wealth of Nations* (1776). Contrary to the previous *oikos*-centered<sup>1</sup> economic models, meaning modelled around the concept of a household managed by a central figure, Smith's work was one of the first applications of the principle of *catalaxy*, which comes from the Greek word 'katallasso'; meaning to exchange or to reconcile (Thayer and Smith, 1999). It was made popular by Friedrich Hayek which defined it as "the order brought about by the mutual adjustment of many individual economies in a market" (Hayek, 1982, pp. 108-109). Instead of using the analogy of the household—and with it its inevitable hierarchical structure—as the basis of economic theory, catalaxy argues that diverse—but equally important—individual goals are the main ingredients of our economy.

Because these goals are changing all the time they cannot be foreseen by any central organ nor be planned or governed in any way. The only way to properly 'guide' these processes is to make sure they have all the freedom they need to interact, grow and adjust. An equally important reason for

---

<sup>1</sup>Oikos is the ancient Greek word for household and was used by Aristotle to define the word 'economy'.



Smith to advocate the unobstructed movement of goods and currencies on the market is the division of labor (Driessen, 1990, p. 43). The freer the market, the easier it becomes for people to acquire what they need and, with that, the easier it becomes for them to specialise. Only by being confident in the ability to obtain certain goods via the market instead of producing them themselves will people decide to focus on the production of something very specific. This specialisation, this division of labour, then adds a new kind of good to the market which in its turn helps someone else to fulfill his needs and specialise in yet another good. This catallaxy, this mutual exchange between an indefinite amount of people each with their own goals and skills, is what Adam Smith considers the source of all wealth. This mechanism of the open market, Smith's renowned invisible hand, creates the best possible outcome for everyone when they pursue their self-interest.

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. (Smith, 1976, pp. 26-27)

But if pursuing our self-interest is all we have to do in order for us to create wealth for ourselves and the people around us, then where does this leave altruism? For Hayek altruism is nothing but a remnant of what he calls the 'tribal society', a society which we have slowly been emerging from since the rise of the industrial revolution (Hayek, 1982, pp. 133-135). This society is of such a scale that we can be aware of the needs, abilities and possible assistance of its members. What emerges after this however is, in his words, the "Great Society", which differentiates itself from the tribal one by being of such a size that it is impossible for anyone to know all the particular facts of its organisation (p. 8). It is important to note that this does not mean that the small group is completely extinct; altruism still serves an important and wonderful purpose in circles familiar to us. Should we however apply these ethics "to the macro-cosmos (our wider civilisation), as our instincts and sentimental yearnings often make us wish to do, *we would destroy it*. [...] So we must learn to live in two sorts of world at once" (Hayek, 1988, p. 18).

There is thus a distinction between our familiar circle of trust and that of the society at large. According to Hayek, the best way to behave in our wider civilisation is by reacting solely to price signals. They are the most effective way for us to communicate with everybody else about whether our needs are being met or not. Where the scale of the Great Society does not allow us to understand fully the consequences of our actions, price signals can at least

give us a notion. It is the only rational way for us to know what is needed in the world and how to benefit mankind. So looking after our self-interest is the best way to serve society as a whole. As Adam Smith writes: "[every individual] intends only his own gain, and he is in this, as in so many other cases, led by an invisible hand to promote an end which was in no way part of his intention" (Smith, 1976, p. 456). And even though he might not be aware of his intention of what products he provides for whom, he can justify his commercial activities with the fact that they provide the right kind of products to the right kind of people.

## 4.1 Back to Rand

From Smith's perspective of an invisible hand regulating a free market it is understandable why Ayn Rand discards altruism and instead advocates pure self-interest. In a laissez-faire economy self-interest is the only rational way by which we can guide our actions. The justification for this behaviour, however, is not rooted in survival or self-preservation—as Rand claims—but because by doing so we are benefiting our fellow man in the best way possible. Our interest and that of our trading partner become the same thing. By shifting our attention to the needs of others and serving them, we are—via the use of price signals—also creating the best possible world for ourselves.

And we are back to the paradox which we observed in the previous chapter: by putting the interest of the collective before our own, we are making sure that our self-interest is met in the most beneficial way. Within the context of the market, Rand was right in advocating self-interest. A grave misinterpretation however is the idea of it being the only way in dealing with the people around us. Luckily Hayek reminds us of the role of altruism in our own familiar environment. Where socialism tries to apply the ethics of the family to the world at large, Rand tries to involve the ethics of the Great Society to everyone around her—including her beloved ones. Neither extremes are in balance; there simply is no easy answer as to when to use which moral code. Hayek does provide a clue into the tool we can use to distinct these two worlds: money. Money provides a way to extend our trust to the strangers around us and, in the competition that surrounds it, create the best possible world for everyone. This much Rand got right, as becomes evident from the following statement made by Francisco d'Anconia, one of the main characters in *Atlas Shrugged*:

Money demands that you sell, not your weakness to men's stupidity, but your talent to their reason; it demands that you buy, not

the shoddiest they offer, but the best that your money can find. And when men live by trade—with reason, not force, as their final arbiter—it is the best product that wins, the best performance, the man of best judgment and highest ability—and the degree of a man's productiveness is the degree of his reward. This is the code of existence whose tool and symbol is money. (Rand, 2007, p. 411)

# Chapter 5

## Conclusion

It is difficult to judge the value of Rand's philosophy. Obviously a lot of her concepts have been borrowed or at least existed somewhere else already. She clearly fits within the libertarian universe of thinkers but at the same time lacks any form of cooperation with them. Perhaps this is because she found herself so unique by refusing all forms of altruism. Where that deep anger for altruism comes from does not become clear from her work. Why she never fully researched it is an even bigger mystery and something we can resent her for as a philosopher.

At the same time she clearly did something right and stroke a chord with the public, at least in the United States. Perhaps the crisis we are experiencing today is partly a result of that. Her message needs to be rephrased a bit however; not necessarily all forms of altruism are bad, but thoughtless self-sacrifice is evidently not a healthy ethics. Can it be that even though not formulated this way, this is the message that resonated so strongly with American society? Or is it just the "glory of human achievement" (Murray, 2010, p. 31) she knew to capture so well in her novels that created her success?

We have seen that a part of Rand's theories can be found elsewhere. Her political ideal of laissez-faire capitalism is absolutely not new and libertarian schools everywhere uphold similar beliefs. Her ethical foundation for it however is at least shaky; her understanding of altruism is so narrow that we can ask ourselves whether we can truly call Rand a philosopher<sup>1</sup>. After all, it is such a central concept to her theory and yet she barely reflects on it. Looking at Rand's theory with a new understanding of altruism we see that Hayek offers a more realistic understanding of capitalism and the new global

---

<sup>1</sup>Or as Lewis Black once humorously noted on the tv series *The Green Room with Paul Provenza*: "[h]ow do you read fiction and come up with a political philosophy? It's fiction!"

society we live in today. His theory shows us not only that self-interest is worth pursuing (albeit in certain contexts) but more importantly that this is because it is the most altruistic thing to do!

Rand did read Hayek. In her personal notes ("material certainly not meant for publication") on Hayek's *The Road to Serfdom*, she calls him a lot of bad words for giving in to altruism and some forms of collectivism (Sciabarra and Sechrest, 2005, p. 243). A thorough explanation from Rand's side could have resulted in a good philosophical debate which could have gotten both parties further, but alas. Rand's personal anger—no matter how sophisticatedly expressed—will remain unexplained forever, although her addiction to amphetamines could provide a clue into her wild and vitriolic style of thinking (Fritz, 2012)<sup>2</sup>. Perhaps the biggest irony is that using Hayek's theory we see that Rand was advocating a very altruistic way of participating in our new global society. It is a shame Rand could not or would not open her eyes to the—equally important—other side of society: one's family.

---

<sup>2</sup>At least it provides an explanation as to why *Atlas Shrugged* counts more than 1100 pages!

# Bibliography

- ARI (2008). Sales of ayn rand books reach 25 million copies.
- Axelrod, R. M. (1984). *The Evolution of Cooperation*. Basic Books, Inc., New York.
- Beauchamp, T. L. (1991). *Philosophical Ethics: An Introduction to Moral Philosophy*. McGraw-Hill Inc, New York, second edition edition.
- Bremmer, I. (2010). The end of the free market: Who wins the war between states and corporations? *European View*, 9(2):249–252.
- Comte, A. (1858). *The Catechism of Positive Religion*. J. Chapman.
- Doherty, B. (2009). *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement*. PublicAffairs, New York.
- Driessen, B. E. (1990). *Van Utopie naar Anarchie: Een Kritische Studie van de Politieke Theorie van Robert Nozick*. B. Driessen, Voorschoten.
- Foucault, M. (2008). *The Birth of Biopolitics*. Palgrave Macmillan, New York.
- Fritz, J. (2012). *Ayn Rand Universe*. BookCaps Study Guides.
- Greenspan, A. (2007). *The Age of Turbulence: Adventures in a New World*. The Penguin Press.
- Hayek, F. A. (1982). *The Mirage of Social Justice*. Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy. Routledge & Kegan Paul Ltd, London, paperback edition edition.
- Hayek, F. A. (1988). *The Fatal Conceit: The Errors of Socialism*. Routledge, London.

- Hobbes, T. (1914). *Of Man*, pages 3–86. Leviathan. Everyman’s Library, London.
- Long, R. T. (2010). The winnowing of ayn rand. *Cato Unbound*, January(What’s Living & Dead in Ayn Rand’s Moral & Political Thought).
- Miller, A. (2012). *Realism*. The Stanford Encyclopedia of Philosophy. Spring 2012 edition.
- Murray, C. (2010). Who is ayn rand? *Claremont Review of Books*, X(2):29–31.
- Rand, A. (1964). *The Virtue of Selfishness*. New American Library, New York.
- Rand, A. (1967). *Capitalism: The Unknown Ideal*. The New American Library, Inc., New York, sixth printing edition.
- Rand, A. (1984). *Faith and Force: The Destroyers of the Modern World*, pages 79–103. Philosophy: Who Needs It. New American Library, New York, centennial edition edition.
- Rand, A. (2007). *Atlas Shrugged*. Penguin Books, London.
- Schultz, L. P. (1997). *Governing America*. University Press of America, Lanham.
- Sciabarra, C. M. and Sechrest, L. J. (2005). Introduction: Ayn rand among the austrians. *The Journal of Ayn Rand Studies*, 6:241–250.
- Smith, A. (1976). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Clarendon Press, Oxford.
- Thayer, J. H. and Smith, W. (1999). *Greek Lexicon entry for Katallasso*. The NAS New Testament Greek Lexicon.
- Trivers, R. L. (1971). The evolution of reciprocal altruism. *Quarterly review of biology*, pages 35–57.
- Tucker, J. A. (2012). *A Beautiful Anarchy: How to Create Your Own Civilization in the Digital Age*. Laissez Faire Books.
- Viner, J. (1960). The intellectual history of laissez-faire. *Journal of Law and Economics*, 3:45–69.
- Woodard, G. (1962). Reality and social reform: The transition from laissez-faire to the welfare state. *Yale Law Journal*, 72(2):286–328.