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**From:** Stephen Miller

**Sent:** Tuesday, April 22, 2008 5:13 PM

**To:** Accounting, Finance, and Economics; Business Computer Information Systems; BusinessLawHospitalityandSportManagenment; Center for Entrepreneurship and Innovation; COB Help; Debasish Banerjee; Dianne Cochran; Doris Crowe; Leroy Kauffman; Norma Medford; Ronald A. Johnson; Department Admin Assistants - BS; Entreprenpreneurship; IEF; Management and International Business; Marketing and Business Law; Masters in Business Administration; Masters of Project Management; Pat Hays; Sales and Marketing; Small Business and Technology Development Center

**Cc:** Daryl Hale

**Subject:** The moral foundations of capitalism

Dear COB Colleagues:

Daryl Hale of WCU's philosophy department has written a comprehensive and powerful response to the Provost's explanation of the BB&T endowment recently received by the COB.

I am no philosopher, and further I do not consider myself a proponent of Ayn Rand's philosophy of Objectivism. But I think it is worthwhile to point out some of the problems with Hale's criticisms (his email to the faculty was sent at 11:24 AM on Monday).

First, I want to point out how important this debate is. Economists and other business professors have a tendency to ignore philosophy and its importance. This has allowed us to do well in understanding our respective fields of Finance, Management, Accounting, Economics, etc., but it puts us at a disadvantage when dealing with questions of ethics, morality and even academic integrity. The debate so far has been over nothing less than the moral foundations of society, self-interest versus self-sacrifice. The consequences of this debate literally led to many millions of deaths in the 20<sup>th</sup> Century. Ayn Rand stands as a reaction, perhaps an over-reaction, to the failures and injustices of communism. It is for that reason that her ideas as they relate to the ethics of the marketplace are so important.

I also wish to give some background on where I am coming from. My doctorate is from George Mason University, which is well-known for its free market economics department. Many of the issues Hale brings up were discussed in my classes, including a graduate course that contrasted Nozick and Rawls. George Mason actually offers courses on economic philosophy, taught by economists who specialize in that area. The reason those courses are not usually taught by philosophers is because generally philosophers have a poor understanding of market interaction. They have a deep understanding of logic, ethics, etc. but most believe things about markets that successful introductory econ students would be able to refute, e.g. monopoly power guarantees profits, a higher minimum wage makes all low-skilled workers better off, competition is wasteful, etc. All of these are false, but in my experience (backed by my public opinion research, including my dissertation) most

people believe these things, and even highly-educated philosophers are no strangers to what Frederic Bastiat called "economic sophisms."

One of my most memorable economics classes as an undergraduate at Towson University was entitled "Government and Economic Life," taught by Professor John Egger. The readings included *Atlas Shrugged*, among other books, and the course was essentially a discussion of the moral and ethical foundations of capitalism. Rand's philosophy stood as a direct challenge to the conventional view that altruism is inherently good. Rand was deeply affected by her life under a totalitarian socialist regime before she fled the USSR, and she believed at the root of that "evil empire" (and she did view it as evil) was the philosophy of self-sacrifice and service to the greater good. It is not hard to argue that she carried her ideas too far, but it is hard to argue that she was wrong about the dangers of basing social organization on the principles of altruism and self-sacrifice. In any case, because of the monumental failure of Soviet-type economies and because of the massive, needless death and suffering experienced under those regimes it is worth exploring Rand's ideas in some detail. It is a fundamentally interesting question: "If altruism can lead to horrible consequences, is it such a good thing?" The beauty of *Atlas Shrugged* (and it is not my favorite book, by any means) is that it explores how the principle of self-sacrifice/altruism is destructive even in a so-called mixed economy like we have in the U.S., and exists in most of Europe.

I heard a very intelligent colleague say yesterday that "Daryl Hale is smarter than I am" and thus conclude that it isn't worthwhile or even possible to deal with his criticisms of Rand and capitalism. Hale is indeed very smart, and he is right about many things in his email, but he is also wrong about many things. In spite of his status as a professional philosopher, he even manages to engage in (and seems to encourage) the use of a couple of basic logical fallacies.

The most basic problem with Hale's critique of Rand is that it is circular. As I read it, he essentially argues that Rand's definition of morality is wrong because it is immoral. But if Rand's definition of morality is, as Hale says, "quite opposite to the moral concern for the stranger or the 'other' person, that is stressed in most moral and religious ideals," then of course people who disagree, who have a different view of morality, will say her philosophy is immoral. The whole point of Rand's ethical egoism is to argue *against* the standard altruistic version of morality most people are raised with in the Western world, whether through their religious upbringing, philosophy courses, or Saturday morning cartoons. When someone is arguing against your beliefs, it makes no logical sense to reject the argument simply *because* it challenges your beliefs.

All this argument does is point out that Hale disagrees with Rand, and he leans heavily on the fact that most philosophers also disagree. This is an argument from authority, a logical fallacy. He also says she is generally considered an "intellectual lightweight," which as far as I can tell is another way of saying she isn't smart enough to play ball with **real** philosophers. This is a purely *ad hominem* argument; by using

the term "lightweight," Hale is saying Rand can and should be ignored not just for reasons X, Y, and Z, but also because she is stupid and holds no clout among philosophers.

The fact is that whether Ayn Rand has had much impact on academic philosophy, she has had a major impact on successful business executives like John Allison. Is the CEO of one of the largest banks in the nation also a "lightweight"? Hale's argument from authority would say that he is, because he is not a highly regarded philosopher. Implicit in Hale's argument is the moral premise that businesspeople like John Allison have no right to deliberately fund academics who believe that capitalism has legitimate moral foundations. Those foundations, which include rational self-interest, voluntary exchange, and private property, are fundamentally moral institutions. Hale does not seem to recognize that consistent believers in those principles do have a moral basis for disagreeing with him. They can consistently believe that Allison does in fact have a right to fund who he wants, and those who wish to teach the ideas that he values have the right to accept his support. I believe Hale is completely correct to say that an academic has an obligation to present alternative points of view to students, i.e. not to just "preach" the gospel of Ayn Rand. My impression is that John Allison agrees, but that he emphatically wishes Rand's arguments, especially those found in *Atlas Shrugged*, get the fair consideration he believes they generally would not get in Ethics courses like Hale's.

One final note: In his email, Hale repeatedly talks about how the instructor of the course on the moral foundations of capitalism will be "screened" by the Ayn Rand Institute, or that the course itself will be "screened." I see no indication of that in the agreement. All I see is the wording about how the instructor will "work closely" with the ARI. I find that phrase troubling, personally, but it is **not** the same as saying the ARI has the power to reject a proposed course, instructor, etc. I don't see how it necessarily implies that they have any final authority at all, really.

Sincerely,

Steve

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