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## Ayn Rand on the Economic Crisis

*The Objectivist philosopher forecasted today's government "stimulus."*

By ADAM SUMMERS

*From the Reason Foundation*

Since we at Reason have been celebrating the ideas of Ayn Rand lately (see [here](#) and the related articles and videos posted at [reason.org](http://reason.org) and [reason.tv](http://reason.tv)), I thought I would share with you some of her thoughts on the economic crisis—in 1962. Unfortunately, it seems our national economic IQ has not improved much since then.

*Since "economic growth" is today's great problem, and our present Administration is promising to "stimulate" it—to achieve general prosperity by ever wider government controls, while spending an unproduced wealth—I wonder how many people know the origin of the term laissez-faire?*

*France, in the seventeenth century, was an absolute monarchy. Her system has been described as "absolutism limited by chaos." The king held total power over everyone's life, work, and property—and only the corruption of government officials gave people an unofficial margin of freedom.*

*Louis XIV was an archetypical despot: a pretentious mediocrity with grandiose ambitions. His reign is regarded as one of the brilliant periods of French history: he provided the country with a "national goal," in the form of long and successful wars; he established France as the leading power and the cultural center of Europe. But "national goals" cost money. The fiscal policies of his government led to a chronic state of crisis, solved by the immemorial expedient of draining the country through ever-increasing taxation.*

*Colbert, chief adviser of Louis XIV, was one of the early modern statist. He believed that government regulations can create national prosperity and that higher tax revenues can be obtained only from the country's "economic growth"; so he devoted himself to seeking "a general increase in wealth by the encouragement of industry." The encouragement consisted of imposing countless government controls and minute regulations that choked business activity; the result was dismal failure.*

*Colbert was not an enemy of business; no more than is our present Administration. Colbert was eager to help fatten the sacrificial victims—and on one historic occasion, he asked a group of manufacturers what he could do for industry. A manufacturer named Legendre answered: "Laissez-nous faire!" ("Let us alone!")*

*Apparently, the French businessmen of the seventeenth century had more courage than their American counterparts of the twentieth, and a better understanding of economics. They knew that government "help" to business is just as disastrous as government persecution, and that the only way a government can be of service to national prosperity is by keeping its hands off.*

We should remember this when we hear claims that a "public option" for health insurance will somehow improve private-sector competition, improve services, or lower costs. Rand continues:

*Regardless of the purpose for which one intends to use it, wealth must first be produced. As far as economics is concerned, there is no difference between the motives of Colbert and of President Johnson. Both wanted to achieve national prosperity. Whether the wealth extorted by taxation is drained for the unearned benefit of Louis XIV or for the unearned benefit of the "underprivileged" makes no difference to the economic productivity of a nation. Whether one is chained for a "noble" purpose or an ignoble one, for the benefit of the poor or the rich, for the sake of somebody's "need" or somebody's "greed"—when one is chained, one cannot produce.*

*There is no difference in the ultimate fate of all chained economies, regardless of any alleged justifications for the chains.*

(The above excerpts are taken from Rand's essay "Let Us Alone!" based on a column in the Los Angeles Times, August 1962, and included in her book "Capitalism: The Unknown Ideal.")

Sadly, nearly 50 years since Rand wrote this, the United States is still pursuing the failed policies of "economic stimulus," bailouts, and ever-increasing government control of numerous industries. The sooner we learn the economic lessons of Rand, the sooner we may return to a state of greater prosperity and freedom for ourselves and future generations.

P.S. For those interested in learning a bit more about Ayn Rand, the Cato Institute recently held an interesting book forum with the authors of two new books about the life and impact of Rand. The participants included Jennifer Burns, author of "Goddess of the Market: Ayn Rand and the American Right," and Anne C. Heller, author of "Ayn Rand and the World She Made." The video and podcast of the event are available [here](#). See also the interview Ms. Burns did with Reason magazine Senior Editor Katherine Mangu-Ward [here](#).

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