

## FIRST PLACE



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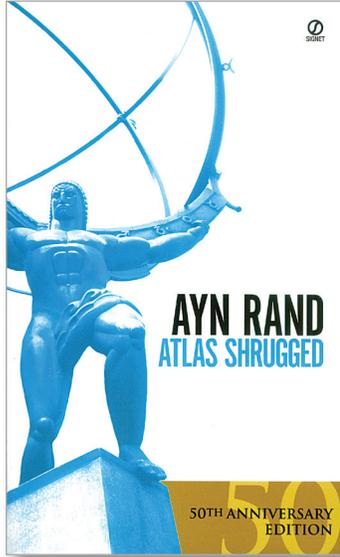
***Atlas Shrugged* contains both businessmen who are heroes, such as Hank Rearden and Dagny Taggart, and businessmen who are villains, such as Orren Boyle and James Taggart. What are the differences between these types of businessmen? Is the story a celebration of business? How does this issue relate to the wider themes in the novel?**

“I expect to skin the public to the tune of a profit of twenty-five percent in the next few years.” “What do you mean, skin the public, Mr. Rearden?” asked the boy. “If it’s true, as I’ve read in your ads, that your Metal will last three times as long as any other and at half the price, wouldn’t the public be getting a bargain?” “Oh, have you noticed that?” (220)

This profound exchange embodies *Atlas Shrugged*’s philosophy on business and morality, exemplifying the code Dagny Taggart, Hank Rearden, and the other producers live by: the idea that earned profit isn’t a motive for a well-run business; it’s the only motive. This credo may be misinterpreted by unthinking readers as a Gekkoistic “greed is good”, but that view incorrectly conflates the novel’s heroes with its villains. Moral executives like Hank and Dagny want to earn money; in contrast, corrupt businessmen like James Taggart and Orren Boyle simply want to have it—their countercredo is “from each according to his ability, to each according to his need”. They view profits as a thing to be looted—but not to be earned. They falsely believe their altruistic motives are a higher cause than the pursuit of profits, and the aristocracy of pull a more accurate barometer than the invisible hand. Yet as Galt’s strike demonstrates, a legion of altruistic looters cannot possibly advance humanity in a year as much as a single productive corporation can in a day.

To be clear, *Atlas Shrugged* is not a celebration of business in the strictest sense. *Atlas Shrugged* is a celebration of capitalism. Our society is conditioned to inextricably associate the two, but in reality, they are quite different. Many businesses in the real world exist in the same fashion as Orren Boyle’s Associated Steel, providing substandard products at inflated prices, continuing to exist only thanks to artificial, anticompetitive regulatory environments and smooth-talking Washington lobbyists. The leaders of these businesses feel this is fair, progressive, and modern.

It’s not just Associated Steel that exemplifies the practices of bad businesses: James Taggart allies with the looters too. When he finds himself backed into a corner by the Phoenix-Durango and others, he runs to his political connections like a second-grade tattletale; it’s not fair, he whines, that his competitors aren’t sharing their toys. He wants what the productive have without doing what they do. He believes his mere existence is his claim on their productivity. His philosophy on business is embodied by his philosophy on life and love. In a dramatic argument, he desperately pleads with his wife Cheryl for her love. She asks, “Jim, what do you want to be loved for?” (809) He responds as if it was a great affront: he doesn’t believe he needs a reason to be loved; in fact, he rejects the concept of reason entirely. All that matters to him is his need.

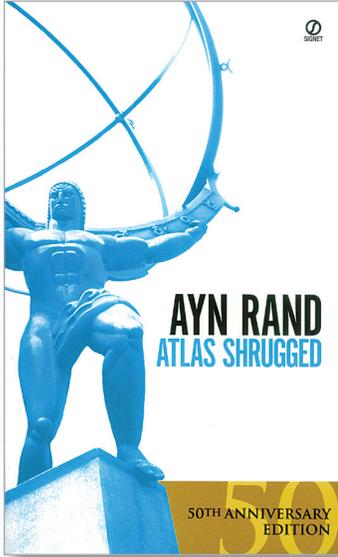


The manner in which Hank and Dagny operate their businesses and lives couldn't provide a starker contrast. When Washington men (and Jim Taggart) neutralize Dan Conway's Phoenix-Durango with the Anti-Dog-Eat-Dog-Rule, Dagny's reaction is not one of glee. It's one of disgust. She doesn't want Taggart Transcontinental to win the race because the sheriff shot and killed the only other horse in town. She responds to Ellis Wyatt's ultimatum just as she should: she builds a line with the capacity Colorado's economic potential demands. At every turn, when the looters take more, she and Hank find ways to make do with less. When Ken Danagger offers Hank ore from his formerly-owned mines at-cost, he is astonished—he did not expect that favor (210). He expected to earn his profits as any other steel producer would. This demonstrates a key distinction: unlike the looters, who want to have money, the producers want to make money. They want to maximize profits, but only through purely voluntary transactions with customers. At the end of the novel, Hank quips that the freight rates Dagny will charge on her rebuilt lines will take the shirt off his back—but her profits will be deserved, as will his.

Therein lies the core of *Atlas Shrugged's* treatise on business: profits earned without the assistance of “special favors” or destructive regulations from Washington are wholly deserved. Moreover, they're moral—the highest form of morality, in fact. The corollary to this: intentionally losing money is unspeakably heinous. Indeed, in her hunt for the maker of the motor, Dagny encounters failed banker Eugene Lawson, who proudly proclaims he's never made a profit in his life. Dagny's response? “. . . of all the statements a man can make, that is the one I consider the most despicable.” (292) Why is this bad? Shouldn't mankind sacrifice some of his profits to help out those in need? The real question: is there truly a difference between a looter's “business” and a self-supported, self-interested enterprise like Rearden Steel?

The answer: absolutely. One might falsely think Associated Steel's machinations aren't so evil—Rearden makes strong profits anyway, so who cares if five percent of his gross margin is lopped off because of an anti-dog-eat-dog rule here, a Directive 10-289 there? Rearden can take the pain, but it's not really he who suffers the most. Society suffers the greatest deadweight loss at the hands of the looter businesses' sheer inefficiency and appalling incompetence when the economy grinds to a halt.

The looter's credo assumes profits are antithetical to helping those in need. Reality is the opposite. Andy Kessler had it right in *Eat People* when he mused that for all the wealth amassed by the tech tycoons of the '90s, it was the common man who grew truly rich, as the computing revolution democratized information, calculation, and communication to a degree previously unthinkable. It's a commonly understood business precept that voluntary purchases are only made when the value to the consumer matches or exceeds the purchase price. Reductively, then, the difference between the value of the product to the customer and the cost of the raw materials is wealth that has been created for the producer, the consumer, and the broader economy. Profits enable and incentivize businesses to invest in processes and technologies that increase quality and lower costs; this constant progress manifests itself as higher standards of living for all. This is why a “poor” American family with only one car and one HDTV is infinitely wealthier than the richest nobility in the Dark Ages; the standards of living are laughably incomparable.



*Atlas Shrugged* elucidates this point with the business ecosystem created by the John Galt Line. Rearden Metal's strength and light weight allow Hank to "skin the public" by charging a substantial premium for the Metal. Yet the alloy's technological superiority enables the John Galt Line to run at higher speeds and carry more freight at lower costs; this supports profits for Ellis Wyatt and his fellow Colorado industrialists. In turn, this leads to more jobs for engineers and technicians and day laborers, whose newfound productivity benefits their peers across the country. Thus, profits that are earned—not looted—represent increasing wealth. When a moral businessman profits from the fruit of his own efforts, he increases the world's wealth; when a looter redistributes, he shrinks it. Higher profits proportionately correlate with higher value created for the world. By pursuing self-interest, man is in fact doing the rest of humanity the greatest service he can.

Being in business doesn't make a man a hero, nor does obtaining Washington-backed profits looted from hamstrung competitors and captive customers. What makes a man a hero is utilizing his mind to offer the best product at the lowest price possible, on his own merits; that's what truly adds value to the world. *Atlas Shrugged*, then, is not a celebration of business, because not all business is worth celebrating. In fact, businessmen like James Taggart, Orren Boyle, and their real-world counterparts are often worse than the government looters, who at least don't put on a façade of running a self-sustaining enterprise. Businesses surviving on subsidies or regulations don't create value for the world; they destroy it. Conversely, businesses earning profits on their own merits add tremendous value to the world—and in their absence, when the producers go on strike, when the looters have nobody left to bleed dry, the gears of the world stop turning, and the common man bears the brunt of it.

You either produce or you loot, and business magnates like Dagny Taggart and Hank Rearden are firmly in the former category. They don't expect a handout; they expect competition. They unapologetically leverage their ability for their own personal gain. They, and their businesses, embody the principles of free-market capitalism, and they save the world doing it. Thus, *Atlas Shrugged* is a celebration of the incredible progress and wealth enabled for all humanity by capitalism's ruthless profit-seeking. It's a celebration, in other words, of morality.