

The God of the Machine

by Isabel Paterson

Introduction by Stephen Cox

Transaction Publishers, Rutgers—the State University, New Brunswick, NJ 08903, 1993 • 308+ lvii pages • \$21.95 paperback

Reviewed by John Attarian

First published in 1943, when voices raised in defense of freedom were few, *The God of the Machine*, “a study of the flow of energy and the nature of government as mechanism,” is both an ambitious and original interpretation of history and a brilliant defense of individual liberty.

For Paterson, “Energy is the medium of life.” It cannot be created, but it can be converted into useful forms, by the creative, acting individual. “In the social organization, man is the dynamo, in his productive capacity. . . . He has a faculty for which no equivalent is found in the processes of inanimate nature. He is self-starting, and *he can inhibit himself*” (her italics). Man is “self-starting and self-acting.” Paterson’s conception resembles the “acting person” at the core of Pope John Paul’s endorsement of the free economy.

With individuals as dynamos, economic life is an energy flow; Paterson uses an electrical circuit as a metaphor for the circular flow of production and exchange. For energy to flow, certain institutions are appropriate. “Personal liberty is the precondition of the release of energy. Private property is the inductor which initiates the flow.” Paterson contrasts the “Society of Contract” with the “Society of Status.” Grounded in awareness of the individual’s God-given, inalienable right to life, the former society leaves people free to act, bargain freely, and produce, hence is a prerequisite for prosperity. In the latter, people have no rights, and exist on sufferance, making the Society of Status at odds with reality. “The vital functions of a living creature do not wait on permission; and unless a person is already able to act of his own motion, he cannot obey a command.”

Hence the Society of Status is “geared to a lower potential of energy than the Society of Contract,” resulting in lower economic performance.

Some government is necessary. “Initiative is life itself. Complete inhibition is death. Yet a living creature incapable of inhibiting itself would speedily destroy itself.” Limited government, enforcing rights, protecting producers from predators so energy may circulate, acts as the inhibitor—analogue to brakes and governors, which “are set to operate only if the motor and transmission goes wrong. . . .these are not *preventive* controls, but corrective; they are not primary but secondary,” e.g., contract laws. Excessive government drains too much energy from the circuit, so not enough gets through to resume the flow, resulting in economic decline; it may even short-circuit the economy altogether.

Three great ideas brought humanity to the Society of Contract: science, law, and Christianity’s stress on the individual. They came together in our Constitution, which Paterson interprets brilliantly as a great energy-liberator, albeit flawed by the compromise allowing slavery. But the 14th-18th Amendments disastrously concentrated power in the national government.

Paterson explains money and credit with enviable clarity, and brilliantly explodes the fiat money fallacy. “If it is said that anything will do for money, as long as people accept it, let it be asked, why will not people accept ‘anything?’ Offer the man who says ‘anything will do for money,’ a handful of pebbles in payment of a debt.” As for inflating bad debt away: “If twenty million bushels of wheat were contracted for, and only ten million bushels existed, there really would not be enough wheat to fulfill the contract; but in that case, nobody would argue that there must be something wrong with wheat as a commodity; much less that the situation could be remedied by calling half a bushel of wheat a bushel. . . . But that is what is done with money in a crisis.”

Indeed, one of Paterson’s many strengths is her demolition of so much collectivist nonsense: “the greatest good for the great-

est number," majority rule, "production for use and not for profit" ("as if there could be any profit if the product were not used"), public ownership, "all property is theft" ("Theft presupposes rightful ownership. An object must be property *before* [her italics] it can be stolen."), and so on.

Her chapter "The Humanitarian With the Guillotine" tackles one of the worst fallacies: coercive compassion. While suffering is part of existence, successful life is the norm. "Therefore it cannot be supposed that the producer exists only for the sake of the nonproducer, the well for the sake of the ill, the competent for the sake of the incompetent; nor any person merely for the sake of another." Paterson upholds voluntary charity by religions, which "have always recognized the conditions of the natural order," and calls for meeting the moral obligation of charity "out of the producer's surplus. That is, they make it *secondary to production*," (her italics) since nothing can be given unless produced. And, recognizing the rights of producers, they obtain money by asking, not commanding.

Humanitarians, however, wish to *command* producers, so as to take credit for production. Moreover:

If the primary objective of the philanthropist, his justification for living, is to help others, his ultimate good *requires that others shall be in want* [her italics]. His happiness is the obverse of their misery. . . . The humanitarian wishes to be a prime mover in the lives of others. He cannot admit either the divine or the natural order, by which men have the power to help themselves. The humanitarian puts himself in the place of God.

This courageous chapter alone is worth the price of the book. It should be read by everyone, especially welfare statist.

Paterson's electrical metaphors are brilliant, but exasperating in their inadequate articulation. The latter flows from the book's major flaw: deficient organization, a forgivable failing in a pioneering work but well-nigh crippling. Since her metaphors are novel and demanding, she should have

opened by presenting and explaining her frame of reference, instead of scattering it throughout the text. As it is, the reader must divine her framework in dribs and drabs by piecemeal epiphanies.

Nonetheless, *The God of the Machine* is magnificent. It deserves and richly repays the careful reading it requires. □

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Russian Currency and Finance: A Currency Board Approach to Reform

by Steve H. Hanke, Lars Jonung, and
Kurt Schuler

Routledge, 1993 • 238 pages • \$49.95 cloth
(also available from Laissez Faire Books at
\$21.95)

Reviewed by William H. Peterson

Once upon a time—in 1959—I compounded, in both *Challenge* and *National Review*, Peterson's Law on inflation, as follows:

History shows that money will multiply in volume and divide in value over the long run. Or expressed differently, the purchasing power of currency will vary inversely with the magnitude of the public debt.

In the intervening 35 years, depending on the country, inflation has forged ahead relentlessly, sometimes quickly, sometimes slowly but always ahead—a 5,000-year-old story of multiplication of monetary volume and division in currency value. So currencies rot and governments rat on their citizens. That was my message.

Today virtually all currencies are unhealthy, but the sickest by far is the Russian ruble. Notwithstanding considerable financial help from Western governments and the International Monetary Fund, Russia suffers rapid inflation—some 15 percent a month since 1991 and recently 20 percent a month. Further acceleration is expected as the Yeltsin government, pressured by its