

Economics' New Standard Model

Philip McShane

My title points proximately to an on-line seminar of this winter but remotely to a massive cultural change of this millennium. The title contains the word *new* as does Lonergan's typescript title of 1942, "For a New Political Economy", and I would have you recall Lonergan's scribbled correction there: a circle round the word *new* with initialed revision hint: "Tone that down!" Here I would note a functional circling of the word *new* in my title to which I would attach the new vision-hint: "Tone that up!" The circling is to be the collaborative circling suggested by the slogan "a rolling stone gathers *nomos*." The toning up is of all sciences into a cross-disciplinary fertilizing functional standard model.

But the seminar has a more modest objective, communicated feebly but easily by noting a gap, an existential gap, expressed by the economics' course descriptions of present universities. They are quite standard in title and content, right around the globe, and a beginning of the seminar would be the modest venture of checking that locally. You might thus, indeed, find the exception and let us in the seminar know about it. The exception would be a serious treatment of the local economy in any course. The appreciation of such an exception is to be, as we hope to see in the seminar, the seeding of the New Standard Model in economics. That appreciation, in the seminar, aims at being a positive *haute vulgarization*, somewhat like my favorite illustration of an economic surge that focuses on the invention of the plough in an island culture, but it is to be better illustrated by the sketch of my Manhattan lectures of June 2015—to be communicated later—titled "Rescuing Manhattan: Economics and Culture."

If you wish to get an existential sense both of the core of the new standard model and of the popular appreciation we aim at I would suggest that you peruse some or all of pages 113-134 of *For a New Political Economy*. These pages contain three sections of an analysis, counted triumphantly by Lonergan—as I note at the bottom of page xx of the Introduction to the volume—as 30 pages: "yes, I have it and have said it". But what does he have, what has he said, what is he writing of?

Here we have the seed of the seminar: he is writing of your town, and of your village's economist, of the 10,000 villages of Gandhi. It is as well to quote directly here from *For A New Political Economy*, page 32: "It will give new hope and vigor to local life, and it will undermine the opportunity for speculation corrupting central governments and party politics; it will retire the brain trust but it will make the practical economist as familiar a professional figure as the doctor, the lawyer, or the engineer; it will find a new basis both for finance and for foreign trade. The task will be vast, so vast that only the creative imagination of all individuals in all democracies will be able to construct at once the full conception and the full realization of the new order."

Read, then, or imagine reading, those 30 brilliant pages written about the square mile around you. The pages are staggeringly incomprehensible, pushing on to handle details of price and quantity oscillations, on two levels of production, in your village. Lonergeran comes beautifully to a justified arrogant halt in a final paragraph that claims, “the main analytic apparatus is now complete.” And even if you have only a vague sense of what he is at—and I am not much beyond that state after 45 years’ work – do you not get a glimmer of the stakes, and the oppositions? The exercise of reading B.A. programs in economics is a simple glimpse of one opposition: there are over 40 professors of economics here in our local University of British Columbia and, e.g., the same number in the State University of Seoul, all peddling what is equivalent to flawed versions of the old gas law, $PV = C$, long after established advances of molecular thermodynamics. The flawed versions vary with political and party allegiances. The correct orientation is a matter of the beginning of a heuristic understanding of local and global economies in the manner indicated in chapter 7 of my [*Piketty's Plight and the Global Future*](#).

Back now to the exercise of reading those pages of Lonergeran. You can get, even from a skimming, a nudge towards gripping the gap. It is the totally other world, quite beyond centralist gas-talk, a world introduced in the quotation above from page 32 of *For a New Political Economy*.

But I had best cut my pointing short if this is to be a brief invitation to participate in a seminar. The seminar aims at a communal popular grip on what economics should really be doing. It is of the character of an eighth specialty effort to generate, in those who believe present economics is a failure, a descriptive grip on Lonergeran’s comprehensive grip on the answer.

The need for the seminar blossomed out of reactions to my little book *Piketty's Plight and the Global Future*. Some people sense it pointing in a peculiar novel direction while many people are still stuck in the old-style comparative work of “academic disciplines” [last words, *Method*, 3], and so are seeking tinkering with present centralist single-flow tinkering, as Piketty is. *Comparison* [*Method*, 250] has quite a different meaning for Lonergeran: it points to the need to **compare** with an adequately established standard model. This identification solves Lonergeran’s problem of a treatise on the mystical body, expressed in *Insight* 763-4, a larger issue which is to emerge in the final quarter of the seminar.

What then, of the concrete procedure of the seminar?

There is to be the run-up to the seminar, from October 1st to December 17th, and there is to be the actual seminar, running from January 17th to March 28th, these dates being Saturdays, and the key dates being every second Saturday: Jan 31st, Feb 14th, 28th, March 14th, 28th. It is an e-seminar, of course, with no skyping. The biweekly business will simply be my gathering together the questions and searchings of the group so far, and pointing forward with the aid of the group. What is that aid to be? The aid, or participation, is to be a loose pattern of expressions of

discovery and illumination, meshed with questions and puzzles that we share. The discoveries and the puzzles, while focused on comprehension, are to be alive with the bent towards effective communication with economists and journalists and social media.

The run-up will be a matter of potential participants communicating with me and with each other about possibilities and problems. The communications will take place by e-mail, avoiding the complications of forums or special sites. The seminar will continue on in the same manner, except that by its beginning we will have self-selected to participate and so be on the seminar e-mail list. This closure will not exclude others, since [a] the list of participants will be made public on December 17th [Lonergan's 130th birthday!]; [b] participants can represent questions and views of others; [c] the exchanges will find a place on my website for public perusal.

The participation need not be very vigorous, but there must be enough communal energy given to the project to ground the hope that the group will have a sufficient grip on the gap between economic department offerings and the beginnings of the new science of economics to make an effective dent on a general culture opposing present undergraduate economics. The effort at effectiveness, of course, needs to continue and mount until it is actually effective. We have the discomfiting challenge of *Method*, to meet the "situation" (*Method*, 358: 3 occurrences} of decadent undergraduate economics in a manner that does not "fail to mature" (*Method*, 355, end of second paragraph).

So I would conclude by noting a serious contrast. The seminar is in fact in the eighth specialty. Way different, then, from the seminars I gave in 1977 or that Lonergan began in 1978. Does this complexify the effort on understanding needed? The bent is towards an understanding turned personally towards the persuasion of others, especially economists and journalists. But we'll talk about that in the run-up conversations.

I shall begin run-up conversations in early October. Initial conversations with me will be private, though I would like to share perspectives, so I would presume it to be legitimate to do this sharing, by using anonymity if requested. Gradually there will emerge an e-list which will be finalized in mid-December, and by then too we should have a decent grip on the direction of the effort.