

Economics' New Standard Model

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The advantage of these preliminary chats about the seminar is that they can help us, in popularizing fashion, to sniff out the character of the much-later culture when luminous effective talk is to be a norm, especially—obviously—in the collaborative dynamics of the Leaning Tower. I think back to my efforts—two sets of lectures—on the present topic in 1977 and the efforts Lonergan and I made in that autumn towards his venture, in 1978, into lecturing on the 1944 version of the economics. We were, simply, not in this ballpark, nor did Lonergan's own lectures of the years following seriously turn in the direction I am encouraging.¹

Here I wish to comment on the e-flow so far regarding the direction and the content of the seminar. What I wish to do briefly is to focus that direction without discouraging other directions. The direction I am advocating is towards each of us being more competent to talk, C₉ style, regarding the content of *CWL 21*, to people that we can reach. I am, myself, engaging in the eighth functional specialty: seeking to find ways of communicating that content. So, for example, while I will focus on the third part of *For a New Political Economy*, I will pull in relevant bits of the other parts—as I did in my initial invitation in pointing to pages 113-134—that can nudge us towards a better control of the meaning of the 1944 achievement.

That better control of meaning can be intimated popularly by us pausing over the 1944 meaning in terms of the emergent probability of promising as a human activity, though I won't pause here over that sophistication other than to note that

¹ We will venture into the content of *Macroeconomic Dynamics: An Essay in Circulation Analysis*, *CWL 15* in so far as it helps the push forward. Our own push forward is symbolized by the identification of *For a New Political Economy*, *CWL 21*, part 3, as parallel to the swimming pool hydrostatic exercise that I keep mentioning. More light on that below, and in future contributions from others. I suspect that this parallel was not on Lonergan's mind: sufficient for him to give a brilliant account of the 9-year Juglar surge and its inner rhythms. We are more concerned with what parallels Fourier analyses of meso- and micro- waves, and the manner in which it would ground an unimaginable shift to democracy. Think now freshly of my remark ([Lonergan's Challenge to the University and the Economy](#), 119, top): "should we not make sense of elementary rhythms, momenta, etc., acknowledging that we are only paving the way for the developments of Fourier analysis?" [I note that my Website reproduction of this book is a photocopy of Lonergan's own copy, with interesting markings]. On the shift to democracy see, further, the final note 12 of this text.

it—reduplicatively, triplically²—promises a massively different view of both the 1944 effort and of the promise that is money and of the promised land. But, there is the simpler broader insight worth pausing over before we begin: that we are putting, popularly, *CWL* 21 part 3 into the context of functional collaboration simply by tuning into my emphasis on the turn to FS₈.

But my turn to FS₈ should not discourage the outreach of others. People have e-mailed me about quite a range of different things. Most recently, my attention was drawn to a volume regarding Picketty's book, *Capitalism in the Twenty-First Century*.³ Yes, there is stuff to be tackled in that volume, but note that it leads into other specialties. I myself can get sidetracked by **promising**—note the word's reach now in your psyche, larger in so far as you continue to become⁴ more luminous about the dynamics of history diagramed in *W*₃—moves in the culture of economic analysis.⁵ The key thing is to identify what functional specialty you are hovering over and, further, see whether there are aspects of your interest that can be swung into the task of communicating the lift of economic science suggested by Lonergan.

Our task is to come to grips, at the level of our energy, time and competence, with that suggestion, as made in the third part of *FNPE*, in order to bring it to the notice of economics teachers and journalists. Conventional economists have a solid high wall built around them and themselves and indeed around us. It is a huge molecular task of fantasy to begin to sniff out what Lonergan means by democracy and its opponent bureaucracy. The climb there involves getting to grips with his “swimming pool” analysis in the context of the need for a massive shift towards what might be called *mesoeconomic pragmatism*.

I had considered halting here, but now it seems best to conclude with a very neat suggestion made about a possible strategy that connects with the project Frank Braio

² I recall the triplicity involved in bracketing *discernment* thus: (discernment)³, in the concluding pages of “The Value of Lonergan's Economics for Lonergan Students,” chapter 1 of [The Redress of Poise](#).

³ *Real World Economic Review*, 2014, no. 69: *Special Issue on Picketty's Capital*. I can forward the issue to anyone who wishes to putter around with this stuff. None of the contributors, of course, breaks forward to the scientific economics of two-circuit analysis.

⁴ See my closing statement below. This is the personal and cultural crisis: a becoming of the imagination that requires lifting its molecules out of the patterns relentlessly laid down by the superego of axial descriptive centralism.

⁵ One illustration seems worthwhile. It is the 2012 book from Cambridge University Press, *Doing Capitalism in the Innovative Economy*, by William H. Janeway. The “Coda” (pp. 273-283) is worth brooding over. He is familiar with Schumpeter but shows no glimmer of circuit dynamics, even though he is sensitive to surge-possibilities and their financial groundings, a feature of the general ecological crises.

concocted for next June in Manhattan, a project titled by me, “Rescuing Manhattan: Culture and Economics.” Our idea was to add to considerations of circulation analysis some pointers regarding the neglect of that borough’s economic reality by the departments of economics and business that are on that territory, the county of New York. The suggestion is that the team in the seminar might do better if it focused on those colleges rather than their own local universities. Might we think about that? It puts me in mind of my first *Cantower* of 2002 when I wrote of the Easter Monday revolt in Dublin, strategically occupying the General Post Office. Might we not do something similar here? Of course, it would not prevent us investigating the shabbiness of academic offerings in economics in our own local schools and colleges. But would it not be a great exposure, gathering up the un-wisdom of the Manhattan economic and business schools? Think about it, and its publication and exposure possibilities. It might just be the dodge to shake the Empire!

The Empire, the economic establishment, is, in the main, like a clique endlessly revising “Van der Waals’s formula,”⁶ $(P + n^2b/V^2)(V - nb) = nR$, while the science of molecular thermodynamics goes abegging. However, I do not wish us to venture into that parallel in the seminar: the parallel I have pointed to in the past decade—see chapter 7 of *Piketty’s Plight and the Global Future*—is the parallel with global hydrodynamics.

The difficulty is—my view may seem extreme—that economists are not trained into scientific thinking. As Lonergan notes in the first chapter of *For a New Political Economy*—or indeed Piketty notes⁷—they add the flavor of science by throwing in mathematics and sprinklings of psychology. So, raising the question of what departments have to say about local economies is, or is to be, a telling question. You may be helped to think analogically of the problem by moving from my nudges about swimming pool hydrodynamics to local hydrodynamics. I have to hand a heavy volume, *Lecture Notes on Coastal and Estuarine Studies*.⁸ It came from the local

⁶ I am taking the opportunity of recalling *Insight*, CWL 3, 99, and the canon of operations. The new science of economics, in its full functional reality, is to mesh the two sets of canons, and leave way behind the present culture in which economics is an “academic discipline” (*Method in Theology*, last words on page 3, in a worse state than the academic discipline of e.g., literary studies, in that the practitioners there at least seem to attend to the data.

⁷ “To put it bluntly, the discipline of economics has yet to get over its childish passion for mathematics and for purely theoretical and often highly ideological speculation.” *Capital in the Twenty-First Century*, Harvard University Press, 2014, 32.

⁸ The authors are P.B. Crean, T.S. Murty and J.A. Stronach. It is the first of 24 volumes with this general title. This volume (Springer-Verlag, 1978) is subtitled *Mathematical Modelling of Tides and Estuarine Circulation: The Coastal Seas of Southern British Columbia and Washington State*. Patrick Crean will be remembered from Halifax and Vancouver Conferences as a Lonergan

University of British Columbia and is focused on local waters. The Preface begins: “Of the few major ports on the western seaboard of North America, two are located on the extensive complex of waters contained between Vancouver Island and the mainland coasts of British Columbia and the State of Washington. Prolific in marine life and supporting major fisheries, the importance of these waters is presently being enhanced by extensive developments in aquaculture.”

The future needs local econocultures, and the need is symbolized by an emergent interest in “Growing Local Economies with Local Currencies.”⁹ What is to be seeded by such interest? A massive shift from the full mad range of centralisms, a shift that haunts Lonergan’s work of 1942, where he is pushing for a wildly different view of democracy, perhaps nicely symbolized by my ravings about ten billion half-acre gardens in a distant future. What is this distant sanity of a democracy of the promise that is money? “It means thinking out afresh our ideas on economic directives and economic controls,”¹⁰ “a vast task.”¹¹

This is all a massive strain on the present locked molecules of our imaginations, sweetly dulled by the conventional output of economic departments that support the pompous G-whiz-circuit axial antics of *The Ecumenic Age*.¹²

scholar, (see his *Science, Self-knowledge and Spirituality*, 2012) but this shows a rich zone of his control of meaning. I have to hand a bundle of his particular papers. These bodies of work stand as a challenging analogue to future detailed economics. In our seminar we will distinguish and relate heuristics and modeling, and also come to grips with the factual bent of good economics—no expectational measures of capital, then, or propensities—in its contextualizing of normative democratic decisions.

⁹ Gwendolyn Hallsmith and Bernard Lietaer, *Creating Wealth: Growing Local Economies with Local Currencies*, New Society Publishers, Canada, 2011.

¹⁰ *For a New Political Economy*, CWL 21, 105.

¹¹ *Ibid.*

¹² The shift from the ecumenic age and its axial sicknesses was the topic of the Preface and first chapter of my (editor) *Searching for Cultural Foundations* (University Press of America, 1980) and obviously remains a context of our efforts. A further recommended context is Lonergan’s “Essay in Fundamental Sociology,” available in Michael Shute’s *Lonergan’s Early Economic Research* (University of Toronto Press, 2010, 15-43). Here I am drawing attention to a realistic zone of reference for Alexandra Kollontai’s quip, quoted by Lonergan: “immorality is progressing favorably in the schools.” *Ibid.*, 28. “The economic problem will remain, and a socialist empire is not the solution” (*ibid.*, 32), whatever its Western disguises foisted on us by school and parliament voices speaking of economics, “a pall of gibbering ghosts to dim the luster of the decaying empire.” *Ibid.*, 27.