

## **Reading For New Political Economy in Light of Functional History**

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### **1 Some Preliminaries**

The task I envisage here is to pick up on suggestions from the work in Research and Interpretation related specifically to economics and exploit<sup>1</sup> them in the specialty of History. In this respect I contributed a neglected text from Lonergan's notes on Schumpeter's *Business Cycles*<sup>2</sup> in the Research seminar relevant to the present effort.<sup>3</sup> However, the key texts are Appendices A-G in *FuSe* 11 and *FuSe* 12. I want in

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<sup>1</sup> I am thinking of 'exploit' in a way analogous to Lonergan's positive use of the word in *For a New Political Economy*: a basic expansion exploits the advance of the surplus expansion.

<sup>2</sup> Joseph A. Schumpeter, *Business Cycles: A Theoretical, Historical, and Statistical Analysis of the Capitalist Process*, 2 vols. (Cambridge, MA: Harvard University Press, 1939).

<sup>3</sup> "The Selected Text" in the Blog Archives, 2011-01-24 the text is in Michael Shute, *Lonergan's Early Economic Research: Texts and Commentary* (Toronto: University of Toronto Press, 2010), 147. Related texts include *Ibid.*, 139 (also available in *CWL21*, 312) and Lonergan's notes on Toynbee's *A Study of History*, Lonergan Archive File 7131AD0E030 / A7131. The Lonergan text suggestively links elements of macrodynamic economics, in particular the pure cycle, within the *context* of Toynbee's what Lonergan calls in an other context Toynbee's ideal types for history. On ideal types, see *Method in Theology*, and *A Third Collection*.

particular to focus on Philip McShane's, "An Illustration of Functional Interpretation from Economics"<sup>4</sup> and I go immediately to his directive:

Let me make it as *easy* as possible: think of this *easy* as related to my passing on the new twist to a functional historian who is up-to-date in the full contemporary standard model of the time. I make it easy by simply homing in on the single word, the first word of the title [of] chapter three of the book [For a New Political Economy]: 'Transition to Exchange Economy.' So we are poised over the word ***transition***, each of us in our own way.

Related to this, McShane draws attention to the word 'context' as it appears on page 238 of *Verbum*. The relevant quotation is as follows: "The concept emerges from understanding, not an isolated atom detached from all *context*, but precisely as part of a *context*, loaded with relations that belong to it in virtue of a source which is equally the source of other concepts."<sup>5</sup> In elementary fashion, I hope to home in on the word 'transition,' both as the transition to money in history and in terms of understanding of 'context' as expressed in *Verbum*, page 238.

But first, I would like to make a few preliminary comments. Over the past eight months we have been struggling with implementing the functional specialties and, so far, we have moved through two, Research and Interpretation, and begun a third,

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<sup>4</sup> May 31, 2011 Blog entry SGEME Functional Specialization Seminar.

<sup>5</sup> *CWL 2*, 238.

History. We are committed to the fundamental stand: “Let there be an operative division of work in any area of human inquiry.”<sup>6</sup> Acknowledgment of the standard model as concomitant to working in each specialty – both in terms of general and special categories – has perhaps complicated things, yet, the implementation of functional specialization requires our recognition of the demand for the reach for the standard model. This is especially the case when the standard model is neither a common understanding nor even a common aspiration. The full complexity of such non-agreement invades both general contexts and special contexts. With respect to foundational positions, on knowing, objectivity, and being these complexities block progress altogether, or at least in any statistically meaningful way, barring the effect of the grace the God. For example, at the end of every week when I am in Newfoundland, I take part in a philosophy seminar called the Jockey Club. Beer is involved – Jockey Club is the name of a local brew. Every week papers are presented for discussion and every week the participants maintain their positions more or less intact and have done so for over twenty years. We may get better at negotiating the terms of disagreement, and new members offer fresh variety and occasional alliances, but no great shifts have occurred. Efforts churn away on the edges the field without being lifted into the vortex efficiencies of functional specialization. Yet it seems to me that the discussion might be more effective if even a minimal understanding of the functional division of labor were common coin among group members. Relevant here is both the *differentiation* of each specialty from the others

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<sup>6</sup> *Ibid.*, 16.

and an *integration* of each into the whole recycling scheme. It is important I believe to hold on to the division of work because recognition of the division makes the method *efficient*. Lonergan's footnote comments on Interpretation from *Method in Theology* are worth repeating here:

One of the advantages of the notion of functional specialty is precisely this possibility of separate treatment of issues that otherwise become enormously complex. See for example, such monumental works as Emilio Betti's *Theoria generale della interpretazione...* and Hans-Georg Gadamer's *Warheit und Methode.*" Or my own discussion of the truth of interpretation in *Insight...* and observe how ideas presented there recur here in quite different functional specialties. For instance what is there termed a universal viewpoint here is realized by advocating a distinct functional specialty named dialectic.<sup>7</sup>

Keeping this in mind, the core gridlock of the philosophy reading group might be more effectively handled as Dialectic. Typically, arguments are prefaced with comments such as 'Hegel say in the *Phenomenology*,' or 'Wittgenstein makes the case clearly in the *Philosophical Investigation*.' Rarely do we hear, in the spirit of Aquinas' *respondeo*, "But I say." Yet, the recognition of the link between basic positions held and your interpretation of Aristotle, Kant or Hegel would be helpful. When someone says, 'Hegel argues such and such in the *Phenomenology*' are they offering up an

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<sup>7</sup> *Method in Theology*, 153 n. 1

interpretation of Hegel or are they trying to hammer home their own position using a weighty tome writer as a weapon in battle? Are they luminously knowledgeable of the difference? Likewise, arguments often occur simply because one person is making an historical point while someone else is making an interpretational or foundational point. Even a minimal acknowledgement of a function division of labor would improve discussion - and shift the probabilities for an advance in history - even when there is an array of counter-positions at work among participants.

Shifting to economics, the lack of a contemporary standard model stalls progress. This happens through the systematic blocking of relevant questions or insights or when a decent insight has no genuinely scientific context in which to thrive. I have written on this point at some length in *Loneragan's Discovery of the Science of Economics*<sup>8</sup> and again in a short article "The Two Fundamental Notions of Economic Science and the Economic Crisis."<sup>9</sup> And we can aptly connect Loneragan's comments from "Moral Theology and the Human Sciences":

The human science is itself open to suspicion. Its representatives are divided ideologically. They advocate contrary courses of action, all of

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<sup>8</sup> Michael Shute, *Loneragan's Discovery of the Science of Economics* (Toronto: University of Toronto Press, 2010).

<sup>9</sup> *The Loneragan Review*, vol. 2 (2010), 95-106.

which have their respective good points, but none is without very serious defects. The notorious instance at the present time is economics.<sup>10</sup>

Without the common ground of a standard model, the functional division of labor is crippled from the start. The history of economic theory therefore bears heavily on any effort to carry forward Lonergan's meaning of 'transition' in *For a New Political Economy*.

Getting a grip on all this – the standard model, the science of economics, the grasp and practice functional specialization - is not *easy* at all, but if we are to move forward beneficially we might take to heart W. W. Sawyer's advice for learning calculus:

I believe the correct approach is to do one thing at a time. When you take a student into a quiet road to drive a car for the first time, he (or she) has plenty to do in learning which is the brake and which is the accelerator, how to steer, and how to park. You do not discuss with him (or her) how to deal with heavy traffic that is not there, nor what he (or she) would do if it were winter and the road were covered with ice. But you might well warn him (or her) that such conditions exist, so that he (or she) does not overestimate what he (or she) knows.<sup>11</sup>

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<sup>10</sup> *CWL 17*, 302.

<sup>11</sup> W.W. Sawyer, *What is Calculus About?* (Washington, D.C.: Mathematical Association of America, 1962),

I believe that something like Sawyer's approach is worthwhile in our efforts to play in the field functional history and to come to grips with the a universal standard model and with the standard model in economics. With this in mind, it would help, get a grip on a minimal notion of the specialty History and see what we can do with it.

## **2 A Minimal Notion of the Field of History**

I have minimal ease<sup>12</sup> in Research and Interpretation. I have played on these fields and my ease is like a member of an adult slow pitch softball team. I know the order of the bases, the structure of the innings and where the bases and positions are. If you ask me to play shortstop, I don't head out to left field. I am capable of good plays and have a notion of the strategy and tactics of the game. This degree of familiarity is characteristic of my acceptance of a minimal notion of a functional division of labor. But I am not at home<sup>13</sup> in on these fields of the functional division of labor in the way Pedro Martinez or José Bautista is at home on the professional field of dreams (If I understand McShane correctly, there are presently no professional players for the team sport of functional specialization – it is like we are all playing

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<sup>12</sup> For a further context' see William J Zanardi, "Preconceptual Apprehension and Evaluation of Objects.'

<sup>13</sup> See Philip McShane, *The Shaping of Foundations: Being at Home in Transcendental Method* available online at <http://www.philipmcshane.com>.

fantasy baseball). When I shift to functional history even this minimal ease is gone. This is not to say I have not thought about 'history' or have not thought about Lonergan on history. I have given 'history' a fair bit of thought over the years and I have read, as I expect everyone paying attention to this seminar has, Chapters 8 and 9 of *Method in Theology*. Still, what is the functional specialty of history and what is the contemporary standard model in which it would operate? What is the field of play? Intermeshed with our struggles with the standard model, both as *acquis* and as concrete reach, there is what seems to be a set of related questions: What is functional history and how does it relate to Lonergan's complex meaning and use of the word 'history'? What is the job of History in the relay race of the functional specialties? How do we do it?

But, a caution is in order. The question like 'what did Lonergan mean by 'history?'' is for the specialty of Interpretation and I must avoid the temptation to 'take a big step back' in the manner of children's game Mother May I?, to puzzle out, to make room for, some of the richness of the history of Lonergan's meaning of 'history.' How else are you and I are to make progress lifting the results of *FuSe* 11-12 into Functional History? The effort is certainly part of my biography, and my struggle is a microcosmic showing of the struggle of the human race to come to grips with the fact of evolution and development, both ontogenetic and phylogenetic. But we are not in 'Interpretation' and perhaps we can 'take a small step forward' notwithstanding to the next stone in the river. How can we make this step forward as *easy* as possible? We are struggling roughly to identify Lonergan's Standard

Model and incorporating those elements into the standard model in *economics*. We know that the operative contemporary standard model, the *acquis*, is deficient; we are each of us aware that there are complexities in Lonergan's own history of the meaning of 'history.' We know we are dealing with gaps in current economic and such gaps are a major issue for situating *For a New Political Economy* in the history of economic theory.<sup>14</sup> We are interested in the transition to money which is related to a meaning of "transition' not currently operative in the cultural *acquis*.

Fortunately, we can keep clearly attuned to the minimalist approach recommended in McShane's *Method in Theology: Revisions And Implementations*<sup>15</sup> which I repeat here with a slight parenthetical addition: "[It is summed up in *a single categorial stand* (10)]: "let there be an operative division of work in any area of human inquiry."<sup>16</sup> More specifically we can turn to the four pages of chapter 13 of that work on History, where we find the pointed application of the Childout

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<sup>14</sup> I wrote about the history of the reception of Lonergan's economics in *Lonergan's Discovery of the Science of Economics*, 14-19. In 2009 I presented a survey of efforts within the Lonergan community in "Functional Collaboration in Economics: A Short History" for *Halifax Lonergan Conference: Project Global Collaboration*, July 2009. The results were not hopeless, but not all that encouraging either; my practical suggestion was patience and such patience can include a Bastille Day.

<sup>15</sup> Philip McShane, *Method in Theology: Revisions And Implementations*. *Method in Theology: Revisions And Implementations* see especially Part 1, Chapter 3 "Minimalist Functional Antifoundationism."

<sup>16</sup> *Ibid.*, 16.

Principle: “when teaching children history one is teaching children children.”<sup>17</sup> To this we may helpfully add Lonergan’s minimal account of the specialty history as ‘what is going forward.’ Thus, despite all the interpretive and foundational complexities swirling around the meaning of the word and reality that is history, we have a foothold in our own wonder-filled experience of *What We Are* and *What is Going Forward* in us and with us. The *What We Are* is ‘historically-minded’ and, so, we can work analogously with our own biographies to flesh out the meaning of ‘transition’ connecting this tissue of meaning, however tentatively, to the bone structure of Lonergan’s meaning of ‘transition’ in chapter 3 of *For a New Political Economy* and in the context of page 238 in *Verbum*.

Lonergan was aiming for a *scientific* notion of history and he suggests, as a first step in the process of objectification, to begin from “the simpler instances of autobiography and biography.”<sup>18</sup> Is there, then, a biographical analog for lifting up our focus on “Transition to the Exchange Economy” from the title of Chapter 3 of *For a New Political Economy*? There is a wealth of directions that might be explored here. For instance, we could enter into phenomenology of our experience of time in the manner of Augustine, Merleau-Ponty or Proust. But, in the spirit of the Sawyer remarks above, I suggest we consider Lonergan’s comments on diary, biography, and autobiography on pages 182-184 of *Method in Theology* and explore an instance or two of our experience of transitions in our autobiography.

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<sup>17</sup> Ibid., 61.

<sup>18</sup> See *Method in Theology*, 182.

These pages are well worth pausing on in leisure but for now there are a few points on which I would like to hang this cursory exploration of biography and autobiography as a step into the field of functional history. In notes Lonergan wrote on Education in 1949 we find the following: "structure of dialectic is identical with the structure of individual free choice."<sup>19</sup> It follows that, just as we can ask 'what is going forward?' in the history of a region, a nation or a specialized science, we can ask ourselves: what is going forward in our life? Our autobiography or any biography is isomorphic with the structure of history. The exploration of *What is Going Forward* need not be immediately directed towards ultimate ends – though eventually it might be.<sup>20</sup> The issue can be quite specific and practical. For example, you might wonder what is going forward in your own money biography? Do you remember when you made the transition to money? When did you realize that coin meant the possibility of candy or, as I recall, that pop bottles could be traded for coin and the coin traded for chips? I was myself fortunate that my father's best friend owned a pawnshop where I would often spend my Saturdays with my father, who was, during the week, a bank messenger. As a result I developed a concrete appreciation of the meaning of the redistributive zone at a relatively early age. But what experiences, insights, judgments have you had, what plans have you cooked

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<sup>19</sup>See "Education, Definition of," Lonergan Archives. Item 31700DTE040 / A317 - Education, Definition of.

<sup>20</sup> On this, Lonergan's account of the two times of the temporal subject is quite relevant. See page 9 n 25 below.

up, what choices have you made? How did they the turn out? Besides memory there can be documentary evidence; do you keep a diary? Save your bankbooks, receipts and tax files? The activity here is shifting through our memories and comments to move towards an account or narrative of what is going forward in our personal biography about money.

Secondly, how do you structure the narrative? On this I find Lonergan's discussion of a diary *as a first step toward a scientific history* quite helpful.<sup>21</sup> How do we move from a collection of data to an intelligent, truthful, responsible narrative? There will always be relevant both an upper and a lower blade.<sup>22</sup> The upper blade informs the selection process, without this upper blade the data are simply a collection of yet to be related data: The standard model is relevant here as the reach of the upper blade is towards the standard model. But certainly the 'nature' of the specific question is a factor and, in the spirit of Sawyer - and keeping in mind that I

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<sup>21</sup> *Method in Theology* 183-183.

<sup>22</sup> *Ibid.* "It is to be stressed that this use of the special categories occurs in interaction with data. They receive further specifications from the data. At the same time, the data set up an exigency for further clarification of the categories and for their correction and development. In this fashion there is set up a scissors movement with an upper blade in the categories and a lower blade in the data. Just as the principles and laws of physics are neither mathematics nor data but the fruit of an interaction between mathematics and data, so too a theology can be neither purely a priori nor purely a posteriori but only the fruit of an ongoing process that has one foot in a transcultural base and the other on increasingly organized data (293).

am heading towards a lift of Lonergan's meaning of 'transition,' - we might simple take note of the possibility of stages in a life. We might bear down on meaningful instances of transition in our lives, including transitions in our biographies of money and make note of the shift, its properties and character. It is here that we might fruitfully bring in Lonergan's notion of the stages of meaning *as a context*. What does our initial transition to money-meaning mean in terms of meaning stages? Have we transitioned to the second stage of meaning on money? Can we fantasize about a third stage? Certainly a firm and sound transition to the second stage would require the shift to theory and a commitment to a standard model in economics. I leave it at that for now, but you can perhaps get a glimpse at the difficulties by identifying where in your own development is the meaning of money. Most of us I would suspect are in a troubled adolescent stage. We can negotiate the common sense and nonsense of daily transactions but have little footing in the serious science. Not to worry, you have lots of company.

Which brings me to Lonergan and McShane's discussions of the two times of the temporal subject as an ultimate *context* for autobiography and for history.

Alexandra Gillis has written an excellent article, "Philip McShane's Axial Period: An Interpretation" that is relevant as background and I highly recommend it to you here.<sup>23</sup> She devotes a section of her paper to the text on *The Triune God: Systematics* where Lonergan introduces the notion of the two times of the temporal subject,

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<sup>23</sup> Alessandria Gillis-Drage, "Philip McShane's Axial Period: An Interpretation" JMDA (4) 2004), 128-179.

Question 21: What is the analogy between the temporal and the eternal subject?<sup>24</sup>

The whole section is worth close study, but I draw your attention to the place where Lonergan introduces the notion of *two times*.

Just as temporal subjects become actually inquiring, understanding, judging, and willing not by their own intention but by a natural spontaneity, so also the same temporal subjects conduct their intellectual operations spontaneously before they learn how to direct them in accordance with their own understood and approved and chosen intention. For this fully conscious and deliberate self-direction presupposes an exact and very difficult knowledge of their own intellectual nature in all its intrinsic norms and exigencies, and this exact and difficult knowledge can be had only through their intellectual operations. Consequently, until this knowledge is acquired, the intellectual operations of temporal subjects must necessarily be conducted in accord with the spontaneity of that intellectual light which in us is a created participation in uncreated light.

From this it is clear that *there are two phases of a temporal subject*: the first is a prior phase, when by one's natural spontaneity one is the subject of one's actuated intellectual nature; the second is a subsequent phase, when, as knowing and willing, one is by one's own intention the

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<sup>24</sup> *CWL 12*, 399-413.

subject of one's intellectual nature both as actuated and as to be actuated further.

Fourthly, the condition of a temporal subject is such that one can hardly make the *transition* from the first phase to the second apart from the influence of other temporal subjects.<sup>25</sup> [Emphasis added]

The notion of the two times of the temporal subject constitute an horizon, a *context*, for considering the progress of our biography. It moves from an initial natural spontaneity, through the stages of the development and integration, and anticipates a second time of conscious self-direction when, 'as knowing and willing, one is by one's own intention the subject of one's intellectual nature both as actuated and as to be actuated further.' Taken this way we can locate our current biographical situation as somehow perched between the first and second spontaneity. We are in time and *in transition*. But further, we cannot negotiate this 'transition from the first phase to the second apart from the influence of other temporal subjects'. Our biography is in history – "the flow of human acts proceeding from one human nature, materially individuated in space-time, and all united according to the principle of pre-motion."<sup>26</sup> Our history is part of the complete flow of time – say 16

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<sup>25</sup> *Ibid.*, 405.

<sup>26</sup> Bernard Lonergan "Essay in Fundamental Sociology" in Michael Shute, *Lonergan's Early Economic Research: Texts and Commentary* (Toronto: University of Toronto Press, 2010) 19. The essay was written in 1934.

billion years from start to finish - and we, our biographies and collective history and responsibilities<sup>27</sup> are set within – the context of W1, neatly formalized as the metagram, HS (f (p<sub>i</sub>; c<sub>j</sub>; b<sub>k</sub>; z<sub>l</sub>; u<sub>m</sub>; r<sub>n</sub>), “where the H refers to history and the S refers vaguely to sequences or schemes or structures or systems.”<sup>28</sup> The advance of u<sub>m</sub> is a movement whose initial spontaneity is conditioned by the aggregate of schemes of p<sub>i</sub>; c<sub>j</sub>; b<sub>k</sub>; z<sub>l</sub>; and whose ultimate spontaneity integrates into the higher unity of r<sub>n</sub>. The movement of the two times of the temporal subject is enriched with Lonergan’s account of genetic method, in particular his notions of emergence, survival, integration, correspondence and genuineness of Chapters 4, 8 and 15<sup>29</sup> of *Insight* and his various accounts of the dialectic complexities of history.<sup>30</sup> I would also note a loose but helpful correspondence between Lonergan’s account of the two times of the temporal subject and Eric Voegelin’s notion of the movement from compact to

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<sup>27</sup> See Lonergan on the problem of collective responsibility in “Natural Right and Historical Mindedness” *A Third Collection*, (New York Paulist Press, 1985), 169-183, but especially 169.

<sup>28</sup> Philip McShane, *Prehumous 2*. <http://www.philipmcshane.com>.

<sup>29</sup> Keeping in mind that *Insight* was written as a developing viewpoint, the genetic method of Chapter 15 can be read back into the full sweep of the worldview of emergent probability. Recall that the “concrete intelligibility of Time is that it grounds the possibility of successive realizations in accord with probability. In other words, concrete extensions and concrete durations are the field of matter or potency in which emergent probability is the immanent form or intelligibility (CWL 3, 195).

<sup>30</sup> On the dialectic of history a relatively short introduction may be found in Michael Shute, *The Origins of Lonergan’s Notion of the Dialectic of History* University Press of America, 1993, chapters 1 and 2.

differentiated consciousness that informs his massive *Order in History*.<sup>31</sup> Lonergan, for his part, adopts the language of differentiation in his later works.<sup>32</sup>

In the context of the two times of the temporal subject we can locate our current situation in history as axial. While the transition stretches out into the full reach of our lives biographical and collectively in history, we can add the subtleties of an account of the stages of meaning and possible future accounts of stages of aesthetic, intellectual, moral and religious development. In this light, or *context*, it is not hard to locate our current transition biographically in adolescence and a reflection on our adolescent experiences would not be a bad place to identify with the meaning of 'transition.' What is going forward intellectually, morally, and religiously? How are the tensions between habit and inquiry negotiated, and so forth? Shifting to history, the analogy to adolescent development as an in-between time of axial transition might be fruitful. Finally, what is the long transition in the history of molecules that is part of the *pantôn anakephalaiôsis* (the integration of all things) of Ephesians 1:10 that so interested Lonergan in 1935 and that is, in my view, the thematic core of his intellectual quest.<sup>33</sup> So with all this as background I turn to the task of lifting the

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<sup>31</sup> The key moment in the five-volume work is to be found the introduction to *The Ecumenic Age*. See Eric Voegelin, *The Ecumenic Age*, Volume 17 of *The Collected Works of Eric Voegelin*: The University of Missouri Press, 2000).

<sup>32</sup> See *Method in Theology*, *passim* and *A Third Collection*, *passim*, but especially pages 239-243.

<sup>33</sup> See *Pantôn Anakephalaiôsis*: (The Restoration of All Things),' edited with an introduction by Frederick E. Crowe. *Method: Journal of Lonergan Studies* 9:2 (1991) 139-72.

meaning of 'transition' noticed in interpretation into the biographical-laced vortex field of history.

### 3 'Transition' in *For a New Political Economy*

So far I have not integrated the suggestions from the McShane blog on Interpretation in functional history, and I really don't intend to do so. A competent reflective communication of such a functional narrative would be a difficult and lengthy process.<sup>34</sup> Nonetheless, you may imagine a beginning in the contexts set out so far and I can perhaps suggest some lines of approach that might be fruitful.

So what of the word **transition** as we find it in *For a New Political Economy*? In the title of Chapter 3 Lonergan is referring to the transition to money, which can be understood as both a transition in biography and in history. There is already a literature on the history of money.<sup>35</sup> What is it, then, about Lonergan's reference to

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<sup>34</sup> See *CWL* 3, section 17.3

<sup>35</sup> The most well-known history on money is John Kenneth Galbraith's breezy *Money: Whence It Came, Where It Went* (Penguin Books Ltd, 1977), More recently there is Niall Ferguson's darker *Ascent of Money: Financial History of the World* (Penguin, 2009). For a more detailed scholarly history of money see, Glyn Davies, *A History of Money: From Ancient Times to the Present Day*, 2<sup>nd</sup> edition (University Of Wales Press, 2005); A classic study of monetary theory is Charles Risk, *A History of Monetary and Credit Theory from John Law to the Present Day*. (New York: A.M. Kelly, 1966). More generally, Joseph Schumpeter, *History of Economic Analysis* (New York; Oxford University Press 1954) has much of interest as does Heinrich Pesch, *Teaching Guide to Economics*. 5 vols. Trans. By Rupert J. Ederer of *Lehrbuch der Nationalökonomie* (Lewiston, NY: Mellen, 2002). The Schumpeter and Pesch volumes were Lonergan's main source on the history of economic theory. His notes on

the transition to money that is worth noting or noticing? What does it add to the field of the history of money? We find a key passage in chapter 1 of *For a New Political Economy*. I quote it at length.

A third objection may take the form that we arrive at an historical synthesis without attempting any historical research. The answer is that no additional research is needed to justify such general conclusions as we present. To put the point differently, all historical study rapidly reaches the point where interpretation of the data can no longer be determined solely by the data. Thus it is that each nation tends to write its own history of the past and that each philosophy constructs its own theory of history. Similarly, in economic history, general conclusions depend much more on the validity of general principles of interpretation than on accuracy of factual detail. In an appendix to his *General Theory* Mr. Keynes presents as a corollary a new interpretation of mercantilist thought: for the facts of the mercantilist period, he is content to go to a standard work of research; for the interpretation of those facts, he pays no attention to the laborious research workers who, as interpreters, merely reechoed classical views; on the contrary, he brings his own *General Theory* into play to show that, after all, the mercantilists might

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Pesch and Schumpeter are transcribed in full in chapters 3 and 6 respectively of Michael Shute. *Lonergan's Early Economic Research: Texts and Commentary* (Toronto: University of Toronto Press, 2010).

not have been the fools that classical theory makes them. The legitimacy of the procedure is evident, for, if research is necessary to determine in detail what the mercantilists thought and did, it cannot claim any competence in judging whether the mercantilists were wise or foolish. That question is answered only by economic theory, and each theory will give its own answer: the classicists have theirs, the Marxists no doubt offer another, and Mr. Keynes has given us a third; nor is the cause of the divergence a difference in the factual data but a difference in the principles accepted by the judging mind. Accordingly, *if we succeed in working out a generalization of economic science, we cannot fail to create simultaneously a new approach to economic history. Such an approach in itself is already a historical synthesis.*<sup>36</sup>

And in my view, Lonergan was successful and so his macrodynamic economics provides the standard model for our approach to economic history. Keeping all this in mind, I would now hone in on three relevant transitions.

First. There is the germinal moment that induced the first transition to money in human history, the origins as it were. Last year I wrote a simple introduction to Lonergan's economics called "Real Economics Variables" that excluded money.<sup>37</sup> As

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<sup>36</sup> *CWL 21*, 9-10.

<sup>37</sup> Michael Shute, "Real Economics Variables." *Divyadaan: Journal of Philosophy and Education*, vol. 21 (2010), 183-194.

money is an intervention of intelligence in the practical affairs of human living, then there was a time when money was not. Just as in our autobiographies there was a time when we had no idea of money, though the conditions might be ripe for its emergence, there must have been a long period of human 'economy' before the invention of money, if we mean by economy something like what Lonergan meant when he wrote:

In the drama of human living, human intelligence is not only artistic but also practical, At first, there appears little to differentiate man from the beasts, for in primitive fruit-gathering cultures, hunger is linked to eating by a simple sequence of bodily movements. But primitive hunters take time out from hunting to make spears, and primitive fishers take time out to make nets. Neither spears nor nets in themselves are objects of desire. Still, with notable ingenuity and effort, they are fashioned, because for practical intelligence desires are recurrent, labor is recurrent, and the comparatively brief time spent making spears or nets is amply compensated by the greater *ease* with which more game or fish is taken on an indefinite series of occasions.<sup>38</sup>

We have here an illustration of Lonergan's two economic circuits of work and these circuits can operate without money. Did the entrance of money occur in Stone Age,

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<sup>38</sup> *CWL* 3, 232-33.

Iron Age, or Bronze Age cultures?<sup>39</sup> Did it evolve within community notions of fairness, as barter between tribes or as gift economy, as in the pre-Westernized Trobriand Islands or the potlatch of the Kwakiutl cultures of Western Canada?<sup>40</sup> Extrapolating imaginatively, we can consider how ‘money’ emerged in history and how human communities make the transition to money. In the most general way, we are revisiting the course of any human invention. The idea occurs to a person and that person communicates the idea others in the community. The idea catches on but there is perhaps resistance to new ways. Eventually group and cultures adapt to the new way of doing things. This pattern so emergence, adaptation, adjustment and survival likely occurs in many communities independently but the idea can be transferred from region to region and from culture to culture. <sup>41</sup>

Second. More specifically we are trying to capture a moment when human beings began taking ‘take note of’ promises, both as credit and debt, counting it and

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<sup>39</sup> Relevant here, especially in terms of Lonergan’s own intellectual biography, is Christopher Dawson’s account of human ‘prehistory’ *The Age of the Gods* (New York: Sheed and Ward, 1928). Lonergan read *The Age of the Gods* in the early 1930s. I argue that Dawson was the most influence source in his discovery of the two circuits. See *Lonergan’s Discovery of the Science of Economics*, 149-50.

<sup>40</sup> On gift economy, see the very interesting Lewis Hyde, *The Gift: Imagination and the Erotic Life of Property* (1983). The relevant anthropological argument is made in Lewis Hyde "The Gift Must Always Move" in *Co-Evolution Quarterly* No. 35, (Fall 1982).

<sup>41</sup> See “Analytic Concept of History’ Edited with an introduction by Frederick E. Crowe. *Method: Journal of Lonergan Studies* 11:1 (1993) 1–36 and especially Lonergan’s reference to cultural transfer in section 8.4 of the essay.

counting on it. I imagine sometimes that it was such a counting of credits and debits that lead human beings count beyond the sequence “one, two, many.”<sup>42</sup> In the context of the two times of the temporal subject however we are still in the transition to money; we are still learning to count. Perched between the *two* times of the temporal subject Lonergan identifies *three* stages. The first stage of the transition to money – as current malpractice show us - demands a shift to a second transition that is to a theory of money. In *Method* Lonergan talks of troubled consciousness and Eddington’s two tables, and we can likewise identify two money tables. There was the table Jesus knocked over in the temple and there is the theoretical table of credits and debts, taxes and tariffs. Lonergan’s contribution to the standard model in economics invites us to grasps two kinds of credit, debt, taxes and tariffs. But this division of circuits and firms is not current coin in the real and the emergence of Lonergan’s solution to the problem of understanding economic breakdown emerged in 1942 but has yet to be a factor in the transition to science in economics.

Third. And what of imagining a potential transition to the second time of the economic subject? Certainly it will not happen without the shift to economic science as effectively operative in global human transactions. This shift to science in economics will be concomitant with the effective transition to the functional

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<sup>42</sup> According to the archeology evidence, human beings have been counting for over 50, 000 years. On this Howard Eves, *An Introduction to the History of Mathematics*. 6th Edition, (1990). 9  
Source Wikipedia article ‘Counting.’

specialization as the generalized method of the universal standard model. So we are now clearly in fantasyland. Nonetheless, such science fantasy is a worthwhile daydream if we are to move from the time of quarterly reports to a sustainable long-term survival. It is in this context that we can appreciate Lonergan's own fantasy.

Nor is it impossible that developments in science should make small units self-sufficient on an ultramodern standard of living to eliminate commerce and industry, to transform agriculture into superchemistry, *to clear away finance and even money*, to make economic solidarity a memory, and power over nature the only difference between high civilization and primitive gardening.<sup>43</sup>

It follows from this dream of a future sustainable ecology and economy that existence of money itself might be the evidence that we are presently in a long period of transition in human history.

When I took on this assignment I suggested two alternatives: one choice was to write about transition in terms of the two times of the temporal subject and the other was to write functionally about the emergence and reception of Lonergan's economics. I did not opt for the second plan, but it is certainly worth pondering. There is a complexity to the non-reception of macrodynamic economics that brings

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<sup>43</sup> *CWL 21, 21*. I suspect that in light of the contemporary shift in sensitivities to the environment that we might change the expression 'power over nature' to something like "the intelligent direction of the potentialities of nature" without altering Lonergan's meaning.

to bear all the pressures of the four biases and the longer cycle of decline. In the conclusion to *Lonergan's Discovery of the Science of Economics* I noted the different pace of acceptance for Lonergan's macrodynamic economics. Mendel's genetics and Einstein's General Relativity Theory. Reflection on that pace of acceptance might be a worthwhile project for a future functional historian. What is going forward in history or not, with respect that?