INTERPRETING WAGES ACCOUNTINGS II

We are, in these three essays, in the process of getting a better grip on the full task of interpretation, which I regularly symbolize as a decent controlling meaning for the paragraph of *Insight* that I name 60910. Indeed, you may already have fermented in yourself elements of that grip as you struggled with page 55 of *For a New Political Economy*. This is true even if you did not go to the book itself for clues, for you already had a context from my essay, including the Appendix, "The Key Diagram." Either of those dependencies pushed you to lean on what we can tag as a "later meaning" than the meaning of that page 55 as it emerged in, likely, 1942. The later meaning in both cases can be taken to be the meaning reached by Lonergan by "March 23, 1944". That last sentence has tricky layers of meaning, but let us just assume for practical purposes that I am not going to ask you to venture into the content or context of the later volume on Lonergan's economics.

But I have nudged you to get into a fuller context than that of this page, written about two years earlier. I presume that you found it tough work, getting through the page once or even ten times? Certainly I did, on my first venture through it, and I had the advantage of getting into the context of the 1944 stuff during the previous thirty years. "Getting into": I am still trying to get into that context.

Here I could well wander into the large topic of being honest about trying to get into the context of brilliance, whether in be the brilliance of Mozart or Maxwell, Lavoisier or Lonergan. But it is best to leave a few comments to the footnotes and move on in the simple fashion I have been carrying forward in these essays: the parallel between our conversations and the conversations I had with my first-year students in mathematical physics 58—wow!—years ago. Then that page 55 has a parallel in the page I have previously referred to in my notes of that year. You may follow up that lead at your leisure, trying to figure the parallel I am making with Newton's work and Lonergan, but I prefer here to skip along and away from details by quoting the way Lonergan nudged his readers towards interest 45 pages earlier. It is the beginning of his second chapter, the first being focus on broader context to which we shall return, "Why? What? How?" Off we go, then, trailing along in the finger-steps of Lonergan as he settles one morning to get his show on the road.

> As Newton, according to the tale, forgot the distinction between planets swinging through the sky and apples falling in autumnal orchards, as he reached beyond Kepler's and Galilei's laws to a profounder unity of the theory of motion, so too we must forget the distinctions between production, distribution, and consumption, and reach behind the psychology of property and the laws of exchange to form a more basic concept and develop a more general theory.[1]

You see that Lonergan had made my suggested parallel way back then, but now I place the parallel in the classroom, or two classrooms: one in physics, and one in the much more difficult science of economics.

Our trouble is that my class in physics had a "historical sense"[2] about where they were at: our ambient culture does not have that in relation to economics. We are pre-Galileo and pre-Lavoisier in our destructive putterings in the sociology and politics of economics. Page 19 of my notes of 1960 gives a dense version of my presentation to the class of Newton's great shift from Kepler.[3] The group was tuned to our effort and to the climb beyond that effort. Unless you are exceptional, you are not. My class of 1960 would battle on with me for the following weeks to get some initial grip on swinging planets and skidding wheels and falling apples, knowing that they were beginning the journey to meet Hamilton and Einstein and Schrödinger and Feynman over the next four years or more. You, on the other hand, are at the beginning of something that does not exist. The communal effort to "form a more basic concept" has not occurred.

Lucky you: I am not going to push this parallel much further. Imagine if I took up the problem of your deficiency in thinking seriously about rates like DI'? My class in physics had no trouble with calculus: it was prerequired. So, let's just stay with arithmetic and patience,

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[1] *For a New Political Economy*, *CWL* 21, 11.

[2] The central challenge of these essays on interpretation is to find that historical sense is no more reliable than common sense, and to motivate its replacement.

[3] See *Interpretation* 2, "Some Contexts of the Interpretation Series," note 7, regarding my preparatory notes (1959–60) of lectures mathematical physics that year. They are under Website Articles 7 and 8. You'll find the relevant notes regarding the move from Kepler to Newton on page 19 of number 8. See further here, note 6.

where patience is perhaps the real problem. The first sentence of the page simply tells of his intention: to cook up a display that would show definite values for DI'/DI". Did you pause over the cook-up? If you did it seriously then you would have—ho ho—found the mistype or mistake in the array.[4]

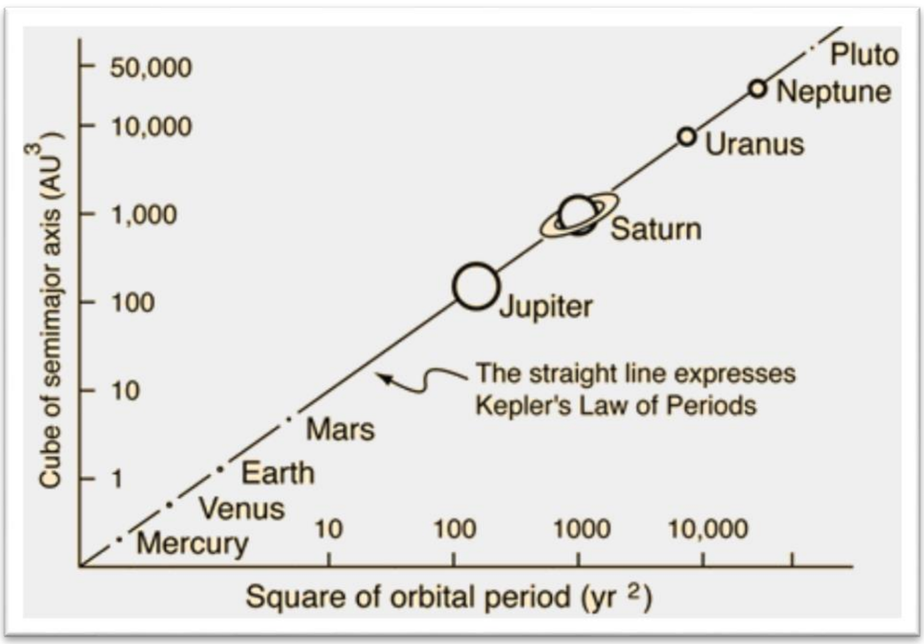
Am I being trivial? There is something very serious about Lonergan's details here. He is grappling with a profound problem at the heart of a future economics. Might I parallel his grappling with the way Kepler grappled for ten years with the various numerical displays of Tycho Brahe? But there is a sense in which Lonergan meshes the two chaps' work together, jumps Galileo, and lands beyond Newton with Laplace. How now, how then, goes the reading of "As the table makes clear"?[5]

Back we go to our working context. We are trying to envisage the norms of a working non-system in the goings-on of global economics in a way that parallels the effort to get to grips with the working non-system of the stars, planets, comets, meteors, and apples. We have got as far, in our sort-of abstractive struggling, as this very curious relationship: G"DI" = G'DI', which I put in words in bold-faced typing, but now written differently—to suit our drive here—from the presentation in the previous essay: **The fraction of money-flow going to consuming-used wages in and from the surplus circuit has to be equal to the fraction of basic money-flow going to maintenance from and in the basic circuit**.

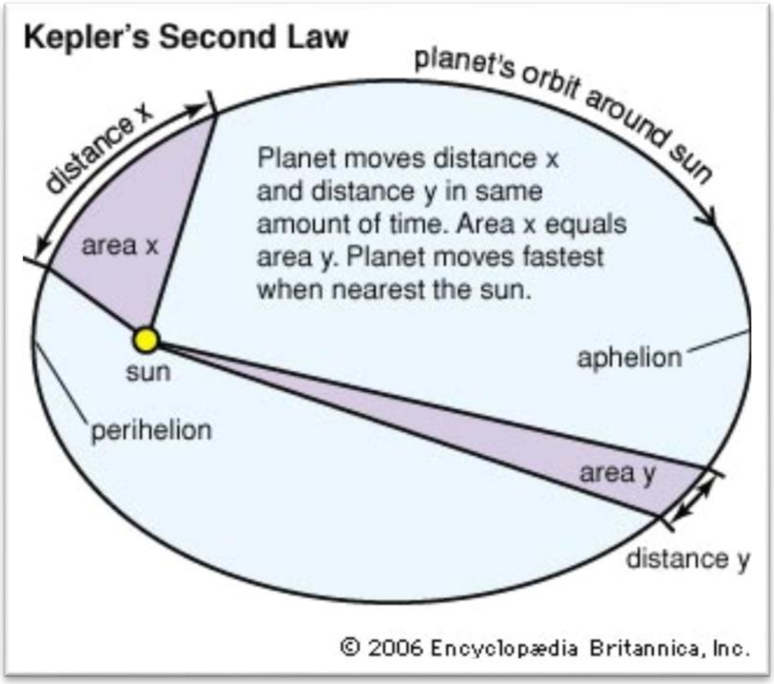
Were we working the parallel between page 55 and my page on Newton, we could quite fruitfully spend an hours-class equivalent—5000 words—on the fact that this seems as odd an equating as the equatings that Kepler arrived at after ten years. But let you pause for an hour or ten over the laws and related diagrams. There is his second law of planetary motion that describes the speed of a planet traveling in an elliptical orbit around the sun. It states that a line between the sun and the planet sweeps equal areas in equal times. Thus, the speed of the planet increases as it nears the sun and decreases as it recedes from the sun. Then there is the third law: the square of the orbital period of a planet is directly proportional to the cube of the

[4] I do not have the original Lonergan typescript to hand now. The mistake or mistype could have been introduced in the process of editing and publishing. There is another similar spread on page 208, and, as I recall, a third spread in the archives.
[5] *For a New Political Economy*, *CWL* 21, 55, line 12.

semi-major axis of its orbit. This captures the relationship between the distance of planets from the sun, and their orbital periods. I add diagrams to parallel the diagramming and scribblings of Lonergan in relations to his economic effort. Note especially, and I hope with some delight and awe, the easier imaging of the second law: how in heavens name did he get there? And then, how in heaven's name did Newton get to that second law, as illustrated by my "Newton Page"?[6]



[6] In the notes mentioned above, note 3, I move on, in the pages after 19, to consider the moves beyond determination of the law of gravity to other features of planetary orbits. The stuff is discouragingly enlightening. I recall paralleling the dense presentation of "The Mechanics of a Single Particle" (Joos, *Theoretical Physics*: a graduate text) with Lonergan's same-length paper trail, in *Insight* chapter 17, on the mechanics of a single interpreter. You need the details if proper intussusception is to occur.



A basic piece of the answer to our question regarding Kepler's journey is the leap he made from a deep reverence for circularity[7] to his first law: the orbits of the planets are ellipses! And thus we find ourselves in Newton's context. But on that I do not wish to elaborate further. I simply nudge you to muse over a parallel between present economic fixity and the parallel problem in pre-Keplerian astronomy.

A circle has only one center, whereas the ellipse has, so to speak, two. The diagram above should help you: there is the sun at one center and the other center is at the end of the little aphelion line.[8] Parallel to pre-Keplerian astronomy there is present economic thinking, mindlessly presented in economics departments and destructively foisted on the world by ignorant politicians. The sacred truth is that there is only one central flow to be analyzed in economics: it is a flow that is called the Gross Domestic Product. The Kepler leap in Lonergan is the elliptic leap to the fact that there is, not one, but two domestic products. There is the

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[7] Arthur Koestler brings this out in his study of the venture of Kepler, *The Sleepwalkers*. At present we are in the caging circle of establishment economics which has its parallel to the old Epicyclical astronomy.

[8] You might find it useful to venture into the problem, "What is an ellipse?" as it is posed in *Wealth of Self and Wealth of Nations*, 22–23.

flow of consumer goods and there is the flow of capital goods. So, you can now muse over such relations as DI' = GDP' and DI" = GDP". The relationships allow us to modify our equations from Lonergan. Instead of G"DI" = G'DI' as the lead into the boldfaced claim that is at the heart of future economics, we have now G"[GDP]" = G'[GDP]'.

We shall be musing our way forward towards a complex accounting of the genetic accounting of accountings of wages in the third of these three essays and we shall putter around toward that effort in these few final pages of this second essay. But the first piece of musing I invite from you is a musing about a gap, indeed "an existential gap" in the deepest of Lonergan's sensings.

The existential gap is that there is no openness to thinking of or estimating GDP' or GDP". Bring your musings to bear, then, on the boldfaced claim, **the fraction of basic money-flow going to maintenance from and in the basic circuit has to be equal to the fraction of money-flow going to consuming-used wages in and from the surplus circuit.** Since there is no estimate of these two money flows that constitute the GDP—and here surely there is warranted bold-facing—**we are blocked from a normatively scientific view of consumer-goods wage-flow**.

The shock value of this musing or its concomitant intussusception of discovery depends on how much years-long psychic energy you have vibed into the topic of, e.g., wages. What was the psychic shock for Lonergan, after his decade of work? Was it like the shock of February 1965? Was it like the shock of Kepler after his ten years of messing, or that of Wiles after a decade of tunneling around Fermat's Last Theorem? Your smaller shock is a mark of the fact that you don't really **get it**. Getting it has many facets: so, there is getting the horror of the long negative Anthropocene obscenity of mean, stupid and haughty rewarding of the slave, the worker, the serf, "the masses" as described by Saul Bellow. No harm in recalling—it has symbolic significance through its pointing to a book length effort—one of my own introductory pointings.

> How might I help you to identify the stupidity, the haughtiness, the abuse? Think, perhaps, of election or government promises regarding minimum wages or women's wages, or general increasing of purchasing power. A quiet but serious pause over the non-stupid view of profit exposes the silliness, the abusiveness, the immorality:

one does not need the ponderous research of Piketty.[9] Perhaps, indeed, it would be best to begin with a comment on that problem of wages: with a quiet pause, a slow pleasant climb, a dummy dalliance.[10] So: do I not encourage your serious dalliance by making the claim that, with the implementation of a non-stupid view of profit, you would find your wages doubling within six years? So much, then, for the haughty suggestion of, say, a guaranteed annual increase of 3%.[11]

Here, in this little essay, I have the hope of giving a better interpretation in a normal classroom introductory sense: the parallel with my teaching physics is needed as a crutch for you. I could well have taken chemistry in 1800 as a help, and Lavoisier's simple identification of oxygenation as the leap. But I prefer to stick with my own teaching in both zones, and you have the notes of my introductory efforts in both.

Your problem is to self-regard in this context: have I lifted your effort, in between these two first essays, to read *For a New Political Economy*, page 55; to read its three-word third line, "The normative proportion"? Home in now freshly on the very middle of the display of numbers where you have 9 with 9.5 underneath it. Had you already reached the meaning of these? But pause now, again, in your central shocking musing: the display has no meaning for

[9] Thomas Piketty, *Capital in the Twenty-First Century*, translated by Arthur Goldhammer (Cambridge: Harvard University Press, 2014). Popular media, and indeed some economists, exaggerated the innovative quality of Piketty's work. In fact such work had been ongoing in the U.S. Further, Piketty's main point, that the rich are getting richer, has been common knowledge for some time.
[10] "dummy," of course, is ambiguous. There is a deep sense in which money is a dummy. This, of course, is not my first shot at this stuff, but my promise here is to dodge side-issues, to bring you to the point step by step. It does require a serious imaginative effort. If you find this too seemingly easy or incomplete, you can venture into my *Piketty's Plight and the Global Future: Economics for Dummies* (Axial Publishing, 2014) or, my more comprehensive book, *Economics for Everyone: Das Just Kapital*, (Axial Publishing, 2017).
[11] *Profit: The Stupid View of President Donald Trump* (Axial Publishing, 2016), at the beginning of the Preface. The note here in the text points ahead to a note (*Profit*, p. 35, note. 13) on the promise of getting beyond the horror. Best include it here, weaving in, as it does, with my appeal here and in the next essay. "Promise? I would note that there is nothing fuzzy, foolish, or fanciful about the promise pointed to in this paragraph or in this little book. I am pointing a science of economics that promises a deep shift of income distribution, leaping beyond Marx's gallant muddles, beyond the ungallant voodoo of present political economics, beyond the gallivanting of Piketty through history. It is quite beyond the comprehension of those who con-descend to talk of little lifts in minimum wages. But the shift demands an initial revolution in economic departments, especially in the elementary courses trapped in silly non-empirical pseudo-science. The possibility of President Trump starting the revolution is touched on here and there in my little book but it is surely clear enough now that the challenge involves the public and its journalists becoming effectively articulate: starting, of course, with you. We really have had enough of highly-paid economic and political witch-doctors, have we not?"

a culture where DI's division is of seemingly little consequence. With the division one has arrived at the bridge to economic science with its invitation to leave behind the fuck-up phlogiston of present voodoo economics.

Now we view, model-wise, an efficient economy, where, let us say, the maintenance of basic-circuit capital stuff requires—or required[12]—10% of the total basic income. So, if total basic income over the determinate period is 900 billion euros, then maintenance costs are 90 billion euros. This means that the "consumer bill," over the period, of those involved in the surplus circuit, is also 90 billion euros. What is the total surplus income or outlay? It is 10/9 of 90 billion, that is, 100 billion euros. No problem, then, in finding that the total GDP is 1,000,000,000 euros.

You already did, perhaps, such calculating as you pondered over the spread of numbers? Yet, the approach of that previous paragraph of mine is, in fact, misleading, however correct. I am showing there, perhaps discomfortingly, how you can assiduously miss, or distract yourself from, the point, the thrill. What comes to mind now is my experience in helping a few school-kids with Pythagoras's Theorem: I was dismayed to find in their texts, not a hint-climb to the thrill of the correlation, but a "proof" through simply putting in numbers like, 3, 4, 5. I very deliberately postpone rambling round the thrill and its bubbling context till the next essay. It leaves you time to mess patiently with page 55, even with the whole of that chapter 4 in *For*

[12] We need to remind ourselves, in these twisted times, of the factuality Lonergan envisages, quite different from the frothy economic suds written of in the final footnote. The whole paragraph spells it out, but the concluding sentence makes the point: "the exchange value that concerns us is *actual* exchange value, and it emerges only subsequent to actual exchanges." *For a New Political Economy*, *CWL* 21, 32.

a New Political Economy. Did you really get to the bottom of the page,[13] grounding the thrill of the three words on the seventh line of the next page: "we found it"?!![14]

[13] My sentence here obviously brings to mind getting to the bottom of the first page of *Insight* and your "cryptic cry 'Eureka'!" but my effort in these three essays is, not just to lift you to a central economic insight but to lead you to realize that you, perhaps, did not get to the bottom of the first page of *Method in Theology*, thus sliding past the fuller version of our problem of accounting for wages. Wages has been a topic of "academic disciplines" (*Method in Theology*, 3, final words) style discourse long before E.P. Thompson's classic *The Making of the English Working Class* of 1963, and it will remain trapped there ineffectively long after Siddharth Kara's 2012 book points to the "bonded labor vicious cycle" (*Bonded Labor. Tackling the System of Slavery in South Asia*, Columbia University Press, New York, 5) and the fact that "1.2 billion people in South Asia live on incomes of less than $2 per day." (*Op. cit.*, 6). It will remain trapped unless? Unless we start getting to the bottom of these pages of Bernard Lonergan. Otherwise we remain "standing in a tub and trying to lift it" (see the conclusion to the next note), and in that tub we bubble along enslaved by the vicious cycling of the suds provided by economics professors earning perhaps $2 per minute.

[14] Best give the beginning of *For a New Political Economy*, p. 56: "We set out in this chapter to indicate the existence of an objective mechanical structure of economic activity, of something independent of human psychology, of something to which human psychology must adapt itself if economic activity is not to become a matter of standing in a tub and trying to lift it."