

### INTERPRETING WAGES ACCOUNTINGS III

I have been doing a scattering of pedagogical weavings round a single page, indeed a single display of numbers, in these last two essays. I paused us in the turn from that page to Lonergan's claim on the next page: "we found it."<sup>1</sup> In that half-page conclusion to the 4<sup>th</sup> chapter of his book, he notes, in this short section 30 of his work, that he is dealing with something "painfully obvious"<sup>2</sup> "but only in its simplest solution."<sup>3</sup> The next section, 31, the beginning of his fifth chapter "Equilibria of the Mechanic Structure," he titles "*Idea of the Equilibrium.*" He thus launches his reader into a version of his work of two years later that is both simpler and more complex than that later work. The simple spread of numbers on page 55 seeds magnificently the massive climb described by Schumpeter and pattered over semi-creatively by Joan Robinson standing on the shoulders of Michael Kalecki.<sup>4</sup> From the simple start Lonergan climbs to the conception of "an organic whole,"<sup>5</sup> a global organically-connected dynamic.<sup>6</sup>

To violate this organic interconnection is simply to smash the organism, to create the paradoxical situation of starvation in the midst of plenty, of workers eager for work and capable of finding none, of investors looking for opportunities to invest and being given no outlet, and of everyone's inability to do what he wishes to do

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<sup>1</sup> *For a New Political Economy*, 56, line 7.

<sup>2</sup> *Ibid.*, line 11.

<sup>3</sup> *Ibid.*, lines 17–18.

<sup>4</sup> There seems little point in cluttering this little essay with references to Walras, Marshall, Schumpeter, Hicks, etc. My little book, *Economics for Everyone: Das Jus Kapital*, republished (2017) and available on Amazon with a new Preface, has a few pointers on these sources. You will notice that *Kalecki* appears in my index to Lonergan's early works in economics, referenced in note 1, although Kalecki was unknown to Lonergan at the time of writing. Joan Robinson's enlightening book, *Economic Heresies*, with its light on illusions regarding dynamic equilibrium, is introduced at the beginning of chapter 1 of *Economics for Everyone*.

<sup>5</sup> *For a New Political Economy*, CWL 21, 74.

<sup>6</sup> Here you have the possibility of stretching your imaging, first towards the general Markov sphere imagery needed to hold a geohistorical heuristic together, then towards a two-layered image of global money-flowing that was the key inventive aim of the essay, "Imaging International Credit," which is chapter 7 of *Profit: The Stupid View of President Donald Trump* (Axial Publishing, 2016) and chapter 3 of my *Sane Economics and Fusionism* (Axial Publishing, 2010).

being the cause of everyone's inability to remedy the situation. Such is disorganization.<sup>7</sup> ... a general breakdown.<sup>8</sup>

All this is an identifying of the context of *E*, the deficiencies in my classroom audience, and perhaps in you, "the deficiencies in insight *E* that must have to be overcome if the insight *A* is to be communicated." But the defective context is, perhaps, only there as an ethos, a mood slightly akin to the mood of the laboring slaves building the pyramids. Only slightly akin: for the slaves had no doubt about their slavery, whereas we are glossily adjusted to the subtle abuse of our entire humanity, the "general breakdown." But is all this an identifying of "everyone's inability to remedy the situation"? "Obviously"<sup>9</sup> not: that is the whole tragedy of my efforts of decades, staggering after Lonergan, to generate self-identification.<sup>10</sup>

Back, then, to our task. I had better go to the simpler self-identification that is tied in with page 55 of *For a New Political Economy*, and indeed do so in helpful brevity.

Let us pause once more over the page with the key point in boldfaced mind:

**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.** The "has to be" points to a norm given meaning by the defined "surrounds" of determinable correlations. If the economy is performing properly, these are the permissible situations regarding both maintenance and wages in definite flows.

What, then, might you think of this dense and strange paragraph? Might you share Lonergan's "we found it," as I did after struggling through his 1944 version, dazed with the idea that Lonergan went, equivalently, from Brahe to Laplace in his leap of economic insight?

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<sup>7</sup> *For a New Political Economy*, CWL 21, 74.

<sup>8</sup> *For a New Political Economy*, CWL 21, 75.

<sup>9</sup> The Gulf of Ob is the climb of the Ob River, in Western Siberia, to the cold Kara Sea. It brings to mind reading, in the late 1950s, Cajetan's commentary on Thomas' *Summa Theologiae*, with his repeated remark, "*et omnia clara*." Then there is the Irish for friend, Cara. The obvious in the matter at hand is regularly obvious only after a via, a journey, into a cool see of being. See the next note.

<sup>10</sup> "The problem of identification" is raised in the second section of *Insight* (p. 582) in the sub-section on "The Appropriation of Truth" (581–5) which leads into the crisis section of the book, dealing with Interpretation. My [Cantover 3](#), "Round One Willing Gathering," lifts that problem of identification into the context of the round-about of functional collaboration (pp.12–16). See, further, note 15 below.

Well, at least you could have the lesser thrill and shock of sensing the gap between that paragraph and the long story of equilibrium analysis that has haunted economics since Leon Walras, and taken the plunge into stale sedateness with John Hicks. I think of Joan Robinson's various musings on the tight-rope walking of equilibrium and its analyses and her view of 1973 that "it is time to go back to the beginning and start again."<sup>11</sup>

How might I help you, as a beginner, unfamiliar with the story of the mess surrounding the actuality of reaching for economic equilibrium or the theories of that reaching? Perhaps by us homing in on the simple fact that the reaching and the theories of it are based on a sick comedy faulty towers? As contrasted with the bold-faced Lonergan, with wages and maintenance as determinants, equilibrium juggling is a matter of interest rates and money supply: two facets of economic activity that are not central to the reality of an equilibrium but are rather features supposedly conducive to? : well, to an absent equilibrium. Real economic variables are singularly absent.

Now you may say that, see, the equilibrium hunters are at least thinking of GDP and its divisions. The sad fact is that there is missing from the hunters for theory or for future facts any semblance of serious science. The flows of apples and oranges are idiotically meshed so that no one seizes the woulds or would nots in the trees of economic activity. No need to get your knickers in a knot about that fun sentence. The truth is a matter of settled idiocy. We are back at the settledness that we started with: the one-flow diagram, marvelously complexifiable within that settled idiocy, grounding thus a foggy malice of banking, stock market, government. The settledness excludes any shaking of these faulty towers: might there emerge a shake-up from some first-Cleese comedics? To that possibility I shall return in the conclusion.

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<sup>11</sup> Joan Robinson and John Eatwell, *An Introduction to Modern Economics*, McGraw-Hill, 1973, 51. In this little article you shall find in the final sentence's sentencing of Economics 101 that I am thinking of another beginning, a classroom beginning. It brings to mind Joan Robinson's comment on the misdirection of first-year university economics quoted at note 8 of chapter in *Economics for Everyone*, and Alfred Eichner's remark at the beginning of his book on *Post-Keynesian Economics* about economists admitting, under the influence of an evening drink, that they have nothing to teach. Then, of course, there is our NO to Mankiw's classic first-year text: Bruce Anderson and Philip McShane *Beyond Establishment Economics: No Thank You, Mankiw* (Axial Publishing, 2002).

But do you now, even you as a beginner, see the contrast between the clear variable-based position of Lonergan's boldfaced claim, and the text-book muddles of controlling an undefined equilibrium by reaching for some mythic point of intersection of IS and LM curves?<sup>12</sup>

The contrast is there, but subtly, on our page 55. There is the defined equilibrium possibilities of the spread. There is the obvious point that shifts of maintenance budget are more disruptive of the pattern of equilibrium than shifts of consumer-share of surplus activity. But next you have a neat numbering of possible idiot behavior of theoreticians and practitioners of economics.

When  $G''$  is 90% and  $G'$  is really 10% but estimated to be 20% by over-zealous depreciation charges and by depressing wages, then a normative proportion of 9 is given a monetary distribution corresponding to a proportion of 4.5. The result is an overproduction or an insufficient purchasing power or a maldistribution (or whatever it is safe to call it, for superficial economists fancy the thing cannot exist) that generously slices off about half of existing economic activity.<sup>13</sup>

Even superficial economists know that ups and downs exist, but with only a voodoo mythology, meshed in statistics, at their disposal, they go their two-handed way.

But see, seize, where Lonergan is going, stated as he ends this chapter. He has “merely outlined our line of thought. The fundamental theorem of continuity has not been considered fully but only in its simplest solution. Accordingly, we proceed to a more detailed examination of the general mechanical structure of the exchange process.” “We”? : rather “he, alone” : and two years later he will have battled his way to a more refined version of chapter five, but never get to the refinements hinted at in the end of his final chapter 6.

It is a vast task. It means thinking out afresh our ideas of markets, prices, international trade, investment, return on capital. Above all it means thinking out afresh our ideas on economic directives and control . . . . There will be a need not merely for sober and balanced speculation but also for all the concrete inventiveness, all the capacity for discovery and for adaptation, that we can command.<sup>14</sup>

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<sup>12</sup> For pointers regarding the IS/LM stuff, Hicks and Modigliani, etc., see my *Pastkeynes Pastmodern Economics: A Fresh Pragmatism* (Axial Publishing, 2002), 66–71.

<sup>13</sup> *For a New Political Economy*, CWL 21, 55.

<sup>14</sup> *For a New Political Economy*, CWL 21, 105–106. At this half way stage it is best to be clear that I am leaving the vast task of wage-analysis to the “obvious” (see note 9 above) work of later economists, conversant with the challenge of dealing with local micro- and macro-innovations within the full global imaging of chapter 7, “Imaging International Credit,” of my *Profit: The Stupid View of President Donald Trump* (Axial Publishing, 2016). Such analyses has to deal with cultural differences of life-style

He ends thus a section 49, on “The Financial Problem”, and leaps the blank gap of 50, 51, 52, to a section “53. Mechanism of the Cultural Expansion.”<sup>15</sup>

To that leap I shall return at the end. But first we should face the question of the title of these three essays and its meaning. This brings us to face, in a particular case, the entire series of essays on “Interpretation” again, for another first time. We are back, in the first essay of that humorous first demand made of the interpreter: to know the object. The object is the mess of any human group that has found its way to using a dummy to cover exchanges. There is, of course, humor here in our reading of *dummy*, for if Lonergan is right—“economists fancy the thing cannot exist,” where in *thing* I am reading “an intelligent progressive order of exchange”—then we are faced with the story of a lot of dummies. Did the people who followed these dummies’ and idiots’ advice get anything right? We are hovering again round the issue of an organic genetic sifting<sup>16</sup> account of the messed-up object that is the geohistory of both thinking of monetary exchanges and guiding those exchanges in global dailyness. I have focused on the single page 55 that points to a massive discontinuity in the seeding of the core of that heuristic. The seeding bubbled forward in Lonergan’s minding of history to “a scientific generalization that makes a new beginning,”<sup>17</sup> capable of identifying the bright side of stupid or right-on, malicious or kindly, stumblings in a pre-science that cannot be taken to have been a decent scientific generalization at all. Robinson remark loses its validity: it is not true that “it is time to go back to the beginning and start over,” yet, yes, there is to be “a

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between conventional workers and entrepreneurs etc. There are aspects of salaried cultural idiocy that are to require the long winding road touched on in footnote 31. In note 13 of *Interpretation* 18 I pointed to a Marxist perspective on wages in capitalism that adds a further context.

<sup>15</sup> See note 10 above. The needed “mechanism of cultural expansion” eluded Lonergan for another twenty years, till, in 1965, he found its core in a cyclic science of collaboration. He presented that core in a tired and popular fashion, unsuccessfully, to theologians in 1972. In chapter 5 of the book is his crisper *Gregorianum* presentation of 1969. I presented a secular version of the dynamics in *Futurology Express* (Axial Publishing, 2008) and a Christian version of it in *The Allure of the Compelling Genius of History* (Axial Publishing, 2015). In the preface to the latter I noted a needed version for world religions. The version would pivot on the pointers of *Interpretation* 17, “The Interior Lighthouse V: Interpreting God.”

<sup>16</sup> There is the context of notes 10 and 15 to be introduced as a culture not just of the academy but of common sense, a *Selbstvollzug* (*Method in Theology*, 363) of human molecularity, “a process of self-constitution occurring within worldwide human society.” *Ibid.*, 363.

<sup>17</sup> *For a New Political Economy*, CWL 21, 7.

readaptation of the whole existing structure.”<sup>18</sup> How deep must that readaptation go? On a light level, the historical follies of the central “redistribution area . . . . a gambling casino” have to be recognized scientifically, especially in the accelerating idiot and malicious global expansion of commodity money. I write “light side,” for it does not take brain surgery to catch on that the folks involved, psychically tuned to “the strong drink of expansion”<sup>19</sup> of their own pouches and power, “have to be fitted out with a mentality that will aim to be content with a going concern and a standard of living.”<sup>20</sup> But that cultural sickness points us towards the deep need that would bring forth the “fitting out” as an obvious set of recurrence-schemes that weave healthy patterns of global neurodynamics.

Do we have to wait till, perhaps, the tenth millennium to find as a group that it is obvious and obviously working?<sup>21</sup>

So I come abruptly to my promised comic ending here. Is not mention of the tenth millennium a comic factor? Read that central paragraph of Bernard Lonergan’s reflections on the “Possible Functions of Satire and Humor”<sup>22</sup> and find that I am putting you and “Tom and Dick and Mary in the unfamiliar roles”<sup>23</sup> of people trying to effectively embrace history. As I write Tomas and Ricardo and Maria are in familiar ineffective roles of protesting the G 20 in Hamburg. As I write Seattle and Toronto are floundering over ungrounded reachings for a better minimum wage.<sup>24</sup> Might you take another tack? The role of shifting from some hot historical sense to the ice-warm effective reach of an explanatorily sensed heave of hope, “a further reality than meets the eye”<sup>25</sup> is a crazy role to contemplate, yet it sits there—and here—in the dark. “It tends to be shouldered out of the busy day, to make its force felt in the

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<sup>18</sup> *Ibid.*

<sup>19</sup> *For a New Political Economy*, CWL 21, 98.

<sup>20</sup> *Ibid.*

<sup>21</sup> Start again, freshly, with note 9 above, and find your obvious way through notes 10, 15, 16, to the round-up of note 31.

<sup>22</sup> *Insight*, 647–9. It is the fifth of eight paragraphs: at the bottom of page 684.

<sup>23</sup> *Ibid.*, 649.

<sup>24</sup> I am recalling a report in the *Globe and Mail*, July 4<sup>th</sup>, 2017: “Is Seattle Minimum-Wage Debacle Coming to Toronto?”

<sup>25</sup> *Insight*, 648: the middle of that fifth paragraph.

tranquility of darkness, in the solitude of loneliness, in the shattering upheavals of personal and social disaster.”<sup>26</sup>

Demonstrating against a future of arms-racing in the unbreathable air of 1% owning us all in a future global slum certainly is expressive, and yes, more positive than the brutal bombing of Hamburg in July of 74 years ago. But now I am asking you pause and consider a crazy comic role that could disturb the many little hitlers of our times and seed a course—indeed a 101 course—beyond a central negative Anthropocene horror. Central? Well, the G 20 is not major in our times: it is a G minor *danse macabre* that fits nicely into the midnight mood of Camille Saint-Saens *Danse Macabre* of the same key. And what of Hitler and his present imitators? “One Israel, one Volk, one leader Moses, Joshua, the anointed king who has slain thousands, no his ten-thousands, and dances before the ark. It was in Compiègne, wasn’t it? They say I danced there. Only a small dance.”<sup>27</sup>

We pause, therefore, to sense with horrified humor the Big Dance, the G major discord that guts our daily doings. The sick hitler-pipers that are playing that Big global Drone-Dance at present are the “superficial economists” mentioned on our page 55 of *For a New Political Economy*. These dummy A.H.s have turned the promise of money into a global dirge. Yes, there is the “vast task”<sup>28</sup> of “thinking out afresh our ideas on economic directives and control”<sup>29</sup>: but now I would wish you—one, six, six million—to consider a smaller task, a comic role, a demonstrating to and against the destructive droning of departments of economics the world over.

You could be one of “Eight Characters in search of an Author”<sup>30</sup> but this is not a Pirandello play: it is a drama of humanity’s total history, and what is to be authored is a “Mechanism of the Cultural Expansion”<sup>31</sup> that would replace the dummies of secular and

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<sup>26</sup> *Insight*, 648.

<sup>27</sup> Georg Steiner, *The Portage to San Cristobel of A.H.*, Faber and Faber, London, 1981, 121.

<sup>28</sup> *For a New Political Economy*, CWL 21, 105. It is to reach into the distant future. See note 32.

<sup>29</sup> *Ibid.*

<sup>30</sup> The obvious reference is to Luigi Pirandello’s 1921 play “Six Characters in Search of an Author,” but now I am nudging towards characters capable of eightfold self-identification in collaboration with the searched-for Authors of humanity.

<sup>31</sup> See notes 10, 15 and 16 above, and the following note 32.

religious leadership, of economics teachings and practices, even eventually of money.<sup>32</sup> But it seems to me that the first hitler-piping that we must silence is the pipe-lining of people through present Economics 101.

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<sup>32</sup> *For a New Political Economy*, CWL 21, 20: “Nor is it impossible that further developments in science should make small units self-sufficient on an ultramodern standard of living to eliminate commerce and industry, to transform agriculture into a 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.” The page-long paragraph that follows begins, “But we are not there yet,” and ends with the powerful claim: “Nor will it suffice to have some highest common factor of culture, to accept the physical sciences but not bother about their further integration on the plea that that is too difficult, too obscure, too unsettled, too remote. That was titanothore’s attitude towards brain, and titanothore is extinct” (*Ibid.*, 21). When, then, for instance, will Economics 101 begin to teach “that the profit motive is subject to decreasing returns,” (*ibid.*, 54), that global well-being is to walk quite different streets.