

THE GLOBAL ECONOMY AND MY LITTLE CORNER

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The previous essay makes mention of the old Christian hymn¹ a piece of which is in my title. My little corner? Yet my little corner, your little corner, is a universe of loneliness longing for life more abundant. But to discover that is to follow slowly, each according to his or her talents, some form of the trail pointed to in the present volume of this Journal.

What to add to that trail in this concluding essay has been on my mind for quite some time, and even in these last few days the weave of this essay has changed considerably so that now it seems to me—and I am going to operate on that conviction here—that there is one major point to be made in conclusion, and it is to be made immediately and isolatedly and straightforwardly as possible. The other elements and topics intended for this essay, especially the economic history of India and its present place in global reaching, can be left for another day. Let us, then, get down to that major point immediately.

There is and has been solid resistance to the suggestions made by Lonergan in his work of the early 1940s published a decade ago as *For a New Political Economy*. What we may call *Establishment Economics*, **EE**,² pays no attention to it, of course, but even when its attention is forced—as, for me, in various conferences and personal discussions over the past forty years—it excuses itself from interest in it. Sometimes the excusing is regretful and very understandable. I recall one university head of economics—not North American—admitting to me that, yes, this stuff is right on, but what could he do with his department and their teaching? How much had he really taken in of, being

¹I am quoting from the old Christian Hymn, “Jesus Bids Us Shine,” words by Susan Warner (1868), music by Edwin O. Excell.

²I use **BEE** for the related critical text, Bruce Anderson and Philip McShane, *Beyond Establishment Economics: No Thank You Mankiw* (Halifax: Axial Publishing, 2000).

gripped by, the topic of this volume?³ But he had enough of a grip to see that the view shook up the basics, the foundations, of present economic analysis. And yes, his point was obvious: what can you do with a department of economics when, say, Mankiw's text is the bible of **Economics 100**?⁴

But let me leave that with you and turn to a larger question, one that could well occur to the members of that department if the chair were to express his views and make demands for change in teaching, thinking, research. The larger question lurks in the claim that could well dominate that department's discussion: "What we have is working well: this is an unnecessary refinement." No doubt there would be a variety of other issues lurking there. "I am being funded to do such-and-such research and am half-way there" or "I'm really too old for this!" but let us stick with the notion that "this is an unnecessary refinement."

What I would have you think about is a turning away from that practicality. It is the thinking about the bent towards understanding, the bent towards **making sense**. That was introduced, indeed, from the start, in this volume, but made explicitly in the essays by O'Leary and Zanardi. Further, I do not even want you to think now about **making sense** in that full sense of *making* that is to be normative in later culture. Let us just think of that sense-making that was at the heart of the living of Kepler or Madame Curie.⁵ Indeed, we may stay with Kepler

³Being gripped adequately by the topic, as we shall see, can lead some strange few to push on towards an understanding of all the businesses, big and small, an understanding of the story of humanity.

⁴Mankiw's text seems to have replaced Samuelson's as a standard global poison. See the final note, note 29, to my Introduction to *CWL 21*. There I draw attention to work needed on the dynamic of texts. In the conclusion of the text of the Introduction itself, at that footnote, I remark that "the massively innovative primers that would meet millennial needs, 500-page texts of empirically rich, locally orientated, normatively focused non-truncated writing, are distant probabilities."

⁵I think of Marie Skiodowska as having that odd bent, inventive, creative, picking up a Nobel prize in both physics and chemistry, passing on the bent to children. But I think too of the brilliant lady of mathematics, Emmy Noether (1882-1936), less well known, but

who illustrates for those familiar with the history of astronomy the mad dedicated scientist, desperately wanting to figure out something.

A larger work could make this more concrete by venturing into economic details, say, in an understanding of the economy of India, or by turning to the economic goings-on around the city of Nashik.⁶ But our common sense regarding national and local economic goings-on is sufficient for the moment for you and I to appreciate the simple parallel, say, between Kepler and Lonergan, two mad scientists.⁷ Both devote a decade to searching out movements. For Kepler it is the movements of planets and moons: for Lonergan it is the movements of products and money. Kepler's messy decade has been written up in readable fashion in Koestler's *The Sleepwalkers*, and the material is there for someone to write up the messy decade of Lonergan's lonely trail.⁸ But Lonergan's brief comment on that trail could well be taken to describe the messing of both himself and Kepler.

described by Einstein and Hilbert as the most important woman in the history of mathematics. And then there is the eccentric Joan Robinson, mentioned at the beginning of the first essay by Pat Brown: more about her below, in notes 10 and 13. But what I am imaging and stressing, and indeed stressing about, is the scientific spirit and its established absence in departments of economics.

⁶My interest in Nashik, Maharashtra, relates to the Conference of 9-11 September 2010 at the Salesian Institute of Philosophy there: see www.divyadaan.org.

⁷Lonergan's strangeness and his scientific bent is a central topic of the recent biography, Pierrot Lambert and Philip McShane, *Bernard Lonergan: His Life and Leading Ideas* (Halifax: Axial Publications, 2010) [available from info@axialpublishing.com]. Chapter 10 deals with his drive through physics to an adequate and unique view of the paradoxical dynamics of energy.

⁸One can make a start with the two volumes of Michael Shute: *Lonergan's Discovery of the Science of Economics* and *Lonergan's Early Economic Writings* (Toronto: University of Toronto Press, 2010).

He writes of reaching for the terms that would express in a right-on fashion the functional relations involved.⁹ He writes of ‘it,’ meaning in fact the madness of scientific searching and discovery.

Out of the endless classificatory possibilities it selects¹⁰ not the one sanctioned by ordinary speech nor again the one sanctioned by facility of measurement but the one that most rapidly yields terms which can be defined by the functional interrelations in which they stand. To discover such terms is a lengthy and painful process of trial and error. *Experto crede*. To justify them, one cannot reproduce the tedious blind efforts that led to them, one can appeal only to the success, be it great or small, with which they serve to account systematically for the phenomena under investigation.¹¹

We need to pause—might I suggest, madly, for ten years?—over these last eight words.

⁹A context here is Joseph Schumpeter’s monumental *History of Economic Analysis* (New York: Oxford University Press, 1954). He was quite aware, as was Joan Robinson after him, of economic theory being stuck in static analysis, even when that analysis was disguised as dynamics, as in Keynes. Schumpeter’s effort to escape was a work of the beginning of the twentieth century, *Theory of Economic Development*. Joan Robinson’s story is a complex one: see my *Economics for Everyone: Das Jus Kapital* (Halifax: Axial Publishing, 1998) 15, 28-31, 34-35, 44, 90-92. A key point is that her brilliant follow-up on Kalecki was frustrated by a modelling bent.

¹⁰This note, within the quotation, is mine. It seems important to ask you to pause over the dynamic creativity of Lonergan’s selection. The central point of this essay, and indeed of this volume, is that he selected the relevant variables missed by economists up to now, especially as considered in the full scientific context of concrete possibility of detection, classification, and measurement. Further, his considerations yield quite clear principles of indeterminacy that include not just the usual quantal or statistical indeterminacies but indeterminacies that go with the vulnerability of products, of circuit velocities, of accelerations. See *CWL 21*, the index, under *Measurement, Classes of payments, Indeterminacy*. See especially the short fragment on Economic Control, *CWL 21*:211-222. See also note 14 below.

¹¹*CWL 21*:112.

“To account systematically for the phenomena under investigation.” What phenomena might we pause over? Why not the economic phenomena of Nashik, or the surrounding zone of Maharashtra? And yes, I mean this in the concrete sense of the exchanges of, say, Nashik’s million adults—or of those over five years old perhaps, like the little girl on the street yesterday who sold me lemonade. Suppose someone as crazy as Kepler or as the musical Nadia Boulanger wanted to make sense of those Nashik transactions?¹² Aaron Copeland remarked of Nadia Boulanger “she knew all of music, and she knew it cold.”¹³ Now there are tricky questions here that we cannot go into: for instance, a full account of the exchanges in Nashik would not be systematic, but massively unsystematic. But there is a sense in which a hugely satisfying accounting occurs when you arrive at some systematic key to the non-systematic accounting. You might even run through the streets naked.¹⁴ And the excitement spreads as your

¹²Haunting this entire essay is my conviction that Lonergan is a solitary somebody. He lived in and with his own canons of complete explanation. This is a different world entirely from the commonsense muddling of Keynes’ *General Theory* and the dodgings of Samuelson and Mankiw. Certainly, Joseph Schumpeter made a great effort, as did Michael Kalecki and, following him, Joan Robinson. But mainstream economics is just not an honest reach for comprehension. Amartya Sen (1933-), who did his doctorate under Joan Robinson (1959) on *The Choice of Technique*, is no exception. Undoubtedly his work is powerfully directed towards understanding personal capacities and positive freedom, but the deeper issue is *The Choice of Variables*. What I am on about in these notes (6, 11, 13—where I add another brilliant eccentric woman) and later in the text is the possession of, and possession by, the spirit of inquiry as a missing factor in establishment economics.

¹³More fully, “Nadia Boulanger knew everything there was to know about music; she knew the oldest and the latest music, pre-Bach and post-Stravinski, and knew it cold” (quoted in Alan Kendall, *The Tender Tyrant: Nadia Boulanger: A Life Devoted to Music*, with an Introduction by Yehudi Menuhin [London: Macdonald and James, 1976] 14.)

¹⁴I am thinking here more of being naked in the corridors of academe, as Lonergan suggests on the powerful central page of his *Method in Theology*, page 250. Lines 14-18 read “A further objectification of

seed of an impossibly full accounting makes it possible for you to climb to a massive comprehending control of larger and larger aggregates within the phenomena.¹⁵

The point can be illustrated from every area of arts and science, and one can reach beyond the making sense of the scientist to the large making sense that is the artistic depth, the technical wonder. One moves from a cherishing of steam to envisaging steam engines, or from the noted pulse of a 5/4 rhythm to Dave Brubeck's *Take Five*. But there is the prior satisfaction on which I wish you to focus here, for a minute or a month. So, I have fantasized about Lonergan's excitement when he climbed from his terms and relations of two clearly-distinguishable circuits of money to an account of three types of cycle that had been identified by Crum, Kitchen, Juglar, and Kondratieff.¹⁶

But Lonergan's interest was more like that of Beethoven than that of Kepler. He was driven by the desire to rescue humanity from immature stupidities and cupidities. His heart

horizon is obtained when each investigator operates on the materials by indicating the view that would result from developing what he has regarded as positions and by reversing what he has regarded as counter-positions." One picks up here on his nudge to historians, "at pains not to conceal his [or her] tracks" (*ibid.* 193). Such pains are painful in their naked self-exposure.

¹⁵A word here on a contemporary illusion. Physics is no more in control of its phenomena than economics. Nor am I thinking here of quantum theory. Einstein's marvellous general equations are valid at a space-time point: try figuring out the goings-on of more than three bodies. Lonergan's basic variables are in the same league as Einstein's, although Einstein's effort was only a partial identification of what emerged later as a much more complex Gauge Theory. Control, whether in physics or in economics, involves the development of a full integral heuristic that inflames classical, statistical, genetic and dialectic interests. That inflammation is the goal of the book *Insight*.

¹⁶This brilliant piece of work by Lonergan is presented in *CWL 21*: chapter 18. Another piece of brilliant work, his solution to the 'quantity theory of money problem,' is less readily detected. See "Trade Turnover and the Quantity Theory of Money," the appendix to my *Pastkeynes Pastmodern Economics*.

reached out to the poor, but with a stand that reached humbly for a glimpse and imitation of divine control. So, he hoped to change the symphony of history, the ragas of reality, in all its local instantiations.

“There exist two distinct circuits, each with its own final market. The equilibrium of the economic process is conditioned by the balance of the two circuits: each must be allowed the possibility of continuity, of basic outlay yielding an equal basic income and surplus outlay yielding an equal surplus income, of basic and surplus income yielding equal basic and surplus expenditure, and of these grounding equivalent basic and surplus outlay. But what cannot be tolerated, much less sustained, is for one circuit to be brained by the other. That is the essence of dynamic disequilibrium.”¹⁷ He had found what I have called “the pulse of the machine,”¹⁸ and what I have identified as the wondrous concomitance that can be envisaged, “not without labour”¹⁹ in the totality of exchanges.

I write of a possibility of envisaging and the word again has the richer meaning of a creative envisaging. But stay with what might be called *mere envisaging*: like the almost helpless envisaging of global weather, with its rains and snows, its winds and twisters, its hurricanes and tsunamis. Nor is the mention of weather here casual, for its hydrodynamic background gives us a great analogy of patience in our reachings. Let us follow this analogy, but only in a sketchy fashion that inspires us to patience and fantasy.

In 1897 Horace Lamb published a large volume *Hydrodynamics* which became a classic.²⁰ In 1997 there appeared a magnificent four-volume work, the life work of Sir

¹⁷*CWL* 15:175.

¹⁸See below, at note 35.

¹⁹Loneragan, *Verbum: Word and Idea in Aquinas* (Toronto: University of Toronto Press, 1997) *CWL* 2:38. What I am insisting on here, with my colleagues, is the labour of making one’s own, intussuscepting psychically, the dynamics of production and exchange.

²⁰I used it myself, in the mid-1950s: probably the sixth edition.

James Lighthill.²¹ Those volumes carry forward, from 1944 to 1996, Lamb's powerful work into an amazing variety of contexts and situations: motions of fish in water and fowl in air; global climate change and tropical cyclones; streaming in relation to skin-friction and to hearing responses. There are, of course, other works of Lighthill and of a world of colleagues: I mention, as relevant to our musings, Lighthill's work, *Introduction to Fourier Analysis and Generalized Functions*.²² In the 1970s I viewed such work as relevant²³ because I anticipated the need for analyses of more complex economic oscillations as the science of economics developed.

But I must come back to the simple analogy tied in with dates. In 1997 I was putting together for economics the equivalent of Lamb's *Hydrodynamics*: it is Lonergan's *For a New Political Economy*. Might one not consider plausible that some dedicated Indian scientist like Lighthill in the West would bring forth a four-volume economic work in 2097 that would bring Lonergan's work effectively, and indeed literally, into the slopes of the Ghats and onto the banks of the Godavari?

And I am thinking here of work that goes beyond Fourier analyses, backed by all the power of computerization.²⁴ Indeed, my imagination reaches out to a future when the dominant image of economic understanding and control is that developed in *Sane*

²¹*Collected Papers of Sir James Lighthill*, four volumes, edited by M. Yousuff Hussaini (New York: Oxford University Press, 1997) 2

²²London: Cambridge University Press, 1958.

²³P. McShane, *Lonergan's Challenge to the University and the Economy* (Lanham, MD: University Press of America, 1980) 119, in chapter 7, "The Revolutions in Economic Dynamics: Points of Comparison." The book was first published in 1980 and is now available free on www.philipmcshane.ca. The copy photocopied there happens to be the one Lonergan had, and his scribbles there are of interest. Lonergan's copy is in the Toronto Archives.

²⁴Computerization needs the backing of mathematical developments and well as that of quantal technologies. I repeat Lonergan's appeal "to mathematicians to explore the possibility of setting up the series of deductive expansions that would do as much for other empirical sciences as has been done in physics." (*Insight, CWL 3:339*).

*Economics and Fusionism.*²⁵ “It is an image that fits beautifully with the drive of *The International Organization of Credit*²⁶ through history, but first envisage it ahistorically. It is an image of two surface spheres of micro-oscillations covering the globe. In its most elementary form it is a two-dimensional drawing of three closed circles, the two outermost being variably slightly irregular. Think of the inner circle as the surface of the earth, taken as uniform and watery. Then the next circle can be imagined as the ups and downs of the ocean flows. But why the second such image of ocean flows? Because we are imaging the actualities of any economy that we know of: two layers of flow, production goods and consumer goods. And that imaging, in its simplicity, is to be placed in the context of the global village’s challenge to meet the promise of money: a concomitance of two flows,²⁷ within the dynamics of our feeble human creativities, that would gently lift our standard of pilgrim living to new unimaginable levels of love and leisure.²⁸ “Nor is it impossible that further developments in science should make small units self-sufficient on an ultra-modern 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

²⁵See P. Brown, “Starting Economics: Again” above, note 5.

²⁶Randall D. Germain, *The International Organization of Credit: States and Global Finance in the World-Economy* (Cambridge: Cambridge University Press, 1997). I would note that my image fits into this context, but it is presented in simplicity that does not venture into an imaging of the geohistorical distribution of dominant centres of credit in their layerings and interplayings.

²⁷This and the following note are left as in the **SEAF**. The word *concomitance* symbolizes the full challenge, a point I make in the introduction to the index of **CWL 21**. Its incarnation in the global community of business is to give a strange salvific meaning to success, massively different from profit-seeking.

²⁸Lurking in Lonergan’s view is an orientation to leisure within human history, and a theory of dis-employment. See **CWL 21**:18-20, 22, 25, 189.

difference between high civilization and primitive gardening. But we are not there yet.”²⁹

But how are we to get there, and how are we to “gently lift?”³⁰

That is the question of this volume, a question laced with long-term hope.

Might you share that image and hope, that question, with me, with us? But the first effective step is to share, to your best extent, our grip on the operations of a small business. The grip requires that one intussuscept, be gripped psychically by, the reality of the necessary flows in such operations. Then one must push to ask about the accounting—in all senses—of a plurality of small businesses, be they consumer or machine tool, giant or minuscule. At what stage, in satisfying analyses, do the two necessary flows cloud into some Ptolemaic or even Phlogiston perspective on transactions?

The correct scientific answer is that they never do, if your grip is thorough, excited and serene, and scientific.³¹ This ending of an article and a volume is no place to try to share that serenity and scientific enthusiasm. It increases for me even now as I view the map of Maharashtra and grip the twining of flows around Nashik. I can cut off any area around Nashik and view the border-crossing flows as that of a small nation. And the character of the flows needs to be cherished if one is to view well the well-being of those in that area around Nashik.

That excitement was there when I edited the 21st volume of Lonergan’s *Collected Works*, and, as I struggled through the massive task of indexing, the word *Concomitance*³² became the key word: the problem of the sweet balance of flows of bank-promises and business-promises in a world where the focus of 7 billion human I-s is on the creative genesis of a billion gardens.³³

²⁹*CWL 21:20.*

³⁰*SEAF 36-37.*

³¹See notes 11 and 13 above.

³²The largest entry in the index of *CWL 21* is under that word, and the conclusion of the Introduction to the index focuses on it.

³³This is an image that I have used over the past decade: a useful fantasy that is nonetheless realistic. A billion gardens of a quarter of an

So, I ended the Introduction to the Index quoting the English poet Wordsworth. “And now I see with eye serene / The very pulse of the machine.”³⁴ It leads me to suggest that you pause in wonder, as you soak in the pulsating of this or that little business, over the words “one finds” in what, for me, is the most magnificent sentence of Lonergan’s economic writings. Who finds? Might you find, “embracing the universe”³⁵?

In any stage of human history from prehistoric caves to the utopias which our prophets describe with such vivid detail, among primitive fruit gatherers, among hunters and fishers, in the first dawn of agricultural civilization, along Egypt’s Nile and Babylon’s Euphrates, under India’s mysticism, China’s polish, Greek thought, Roman law, through the turmoil of the dark age and the ferment of the medieval period, in the European expansion and the modern world, everywhere **one finds** the pulsating flow, the rhythmic series, of the economic activities of man.³⁶

That embracing is an embracing of a universe already embraced by what a Western namer can name *Plotinus’ One*, or in oriental terms, by what is “the equation of *ātman* and *Brahman*.”³⁷ The embrace is *buddhi* (intellect) with the mind (*manas*) as reins.³⁸ Western economics has so far rejected that

acre—the average size of a Chinese farm at present—would occupy only one sixteenth of the earth’s arable land. Ocean farming is another topic.

³⁴Quoted from “She was a phantom of delight” on *CWL* 21:326.

³⁵“Theoretic understanding, then, seeks to solve problems, to erect syntheses, to embrace the universe in a single view” (*Insight*, *CWL* 3:442). This is a massive challenge to future thinkers in any and all domains. It is almost unimaginable in our fragmented times, a distant Tower of Able.

³⁶*CWL* 21:11.

³⁷George Thadathil, SDB, “The Person: An Eastern Confluence with the West,” *Divyadaan* 17 (2006) 308.

³⁸Thadathil 308. A fuller context for considering our strange reality of finite and infinite persons is given in *Brahman and Person: Essays by Richard De Smet*, edited by Ivo Coelho (Delhi: Motilal Banarsidass, 2010). Page 219 cites the Vedic reflection on Thought or the Mind (*manas*): “That which masterfully drives the humans, / Like a good

intimacy and that equation and that embrace and that minding.
But India has a larger view of time.

* * *

ABSTRACT

This final essay returns to the basic issue raised in the first essay and places it in the fuller context of the dynamics of the untrammelled spirit of inquiry. That spirit of inquiry, the heart of serious science, is just not present either in contemporary establishment economics or in the range of views opposed to it. So, neither group takes seriously the quest for real basic variables. Such seriousness has to emerge from a creative minority, towards which this volume reaches. The creativity demanded is the coming to grips with the dynamics of any business and the drawing of attention to it.

charioteer drives his steed with his reins, / The swift, the quickest of all,
which is based in the heart, / My Thought—may it conceive happy
things!” Professor Coelho’s Introduction surveys the progress of the
debate regarding the divine as personal/impersonal.