THE OUTLAY PAGE: AN EXERCISE IN INTERPRETATION

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The core of the present paper is an attempt to understand what is meant by a brief fragment found within Lonergan's economic writings. The text of the 'page' in question is given on page 216 of *For a New Political Economy*.[1] For the reader's convenience I reproduce it here.

[The Outlay Page]

Outlay DO'

$$DO' = \sum_i \left[(\alpha_{io} + j - 1 = \alpha_{ij}) r_{io} + \sum_{n=1}^{n=n} (j - n + \alpha_{ij}) dr_{in} \right]$$

where α_{io} α_{ij} are constants for each "i"

α_{io} the fraction of the zero turnover left over from last turnover

α_{ij} the fraction of the last turnover found in this one

$j + 1$ is the number of turnovers counting both fractional turnovers

dr_{in} is the difference in outlay between the n th and the

$(n-1)$th counting the first complete turnover as the first

[End of Outlay Page]

We will attempt to do two quite different things. The first is to achieve a 'first-order' grasp of the meaning of this piece

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[1] *CWL 21*, 216 (with a facsimile on page 224).

and its place in and contribution to the author's wider economic understanding. In other words, what is Lonergan saying and why is he saying it?[2] The second will try to put that whole endeavour within the context of the topic of the present Journal issue: how and to what extent does this effort we are making exemplify Lonergan's position on interpretation?[3]

How then does one approach such a fragment? The most obvious question relates to the danger that it is possibly just a 'fragment', a tiny part of some larger whole, most of which is lost. If that were the case, it would appear most unlikely that we could ever make much sense of it. There is no way out of this conundrum except by developing, synthetically, a unified grasp that can reproduce the text, completely and without significant superfluity, so that one has re-generated it in its unity, identity and wholeness. We must actually do this to see that it can be done!

Obviously the next most basic necessity is to place the text in some broad context. What type of writing is it? Clearly it is a theoretical statement. It is not, for example, a piece of simple description, nor is it a literary work. On this determination hinges the choice of which of a whole panoply of tools one brings to the task at hand.

So we are in theoretic mode. There are two aspects of this. One relates to the author, and the other to the interpreter. With regard to the author: in what sense is the text a 'communication' at all? Sometimes when one formulates a matter carefully on paper one does so with a (real or imagined) audience in mind. The teacher in one writes with a view to helping some potential reader come to an understanding of the text.[4] This necessitates an awareness of the potencies and limitations of such a possible audience with its habitual set of

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[2] *CWL 3*, 585. What is in question here is only Lonergan's second category, 'simple' interpretation.

[3] I am primarily referring to the methodological analysis of the individual interpreter in *CWL 3*, Chapter XVII, not to the functional specialisation 'Interpretation' as discussed in *Method in Theology*, where the expected interpretation relates to and forms a unity with the other 'functions.'

[4] It does not matter that one knows in one's heart that 99.9% of the time there will never in fact be such a 'reader.'

insights and its relevant deficiencies.[5] It also necessitates in the author a vast range of practical, pedagogical insights into what would most likely work. One attempts to construct a central phantasm, most likely by a roundabout path through ancillary insights, often expressed with a reduced standard of adequacy, in order to expedite the main goal of increasing the likelihood of the occurrence of the central insight. In such a context the essential division of expressions is not so much into true and false as into adequate and inadequate (*CWL 3*, 580).

There is a second possibility. There are other times when one is just working something out for one's own sake in order to clarify one's thinking, without even an implicit eventual audience. One is then, in a sense, just making phantasms as stepping stones in 'thinking the matter out.' In this case, the 'scribbles' would be incomplete and not necessarily even fully consistent. It is likely that parts of the author's total phantasm would have no external counterpart (as marks on paper) but would be 'only imagined' by being held to the fore in the thinker's efforts to reach the sought-after insight. Much of this 'evidence,' the missing written counterpart of the phantasm, would, therefore, be unavailable. It would be extremely unlikely that the reader would in fact be able to move from the little he has understood to that same central insight.[6]

Finally, among one's collected papers, even those that are clearly 'theoretical' ones, a researcher would perhaps find mere 'doodles.' Obviously it would be a waste of time to treat these as 'insight-intending expressions.'[7]

We need a working assumption. We will, therefore, treat this fragment as an 'expression,' in the sense intended by Lonergan.[8] A good grasp of the author's very purposive style, something that the editor of *For a New Political Economy*,

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[5] *CWL 3*, 579. A convenient term here would be *Vygotsky*'s 'zone of proximal development', but without the conceptual baggage that this usage generally carries.

[6] Or that, having done so, he would be able to justify the judgement as to its correctness or centrality.

[7] Their only interest, if any, would be in some kind of biographical psycho-archaeology.

[8] *CWL 3*, 585. This is his first category of 'interpretation.' It presupposes an intention to *communicate*.

Philip McShane, undoubtedly has, grounds this assumption. He knows from long experience with Lonergan and his writings that he seldom leaves behind interim and partial phantasms,[9] and even less so, doodles!

All this necessary prior positioning and research has already been done by the editor. He has established the true text (which in this case was probably fairly easy because, as the facsimile shows, the handwriting was clear and unambiguous). He has claimed that it is indeed part of the Lonergan corpus.[10] The *content*, however, is quite unlike anything in most of that author's other (philosophical or theological) papers. The researcher has therefore plausibly proposed that the fragment forms part of his *economic* analysis.[11] This means that it is correctly included in *For a New Political Economy*, one of the economics texts.[12]

We have discussed the broad context as it applies to the author. What of the reader, the present author? As he[13] approaches the fragment he must first accept as a working

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[9] The word 'phantasms' here is intended to refer to what was earlier described as 'insight-intending expressions.' In the present example, they are the structured marks on the paper (the kind of thing that Lonergan's circulation 'diagram' purports to be). Perhaps we need a new term here. I might suggest a *generalised* use of the word 'diagram' itself in that an adequate understanding of the term 'phantasm' as used in *Insight* means its occurrence *in the questioning subject*. It is the 'diagram' as 'illuminated.'

[10] This judgement must presumably have involved consideration of its physical location, at the back of another text that was already recognised as Lonergan's. But despite this it still remained at least possible that the latter had merely used a piece of paper on which *someone* else, before or after, had scribbled some jottings? The handwriting, the mathematical 'style,' terminology used, and the similarity of these with other texts ascribed to this author would be a good indicator.

[11] The appearance of somewhat similar looking summations in the economic papers is corroboration. The use of such words as 'outlays' and 'turnover' constitutes internal evidence.

[12] And not, for instance, with the papers on Logic (published in *CWL* 18), which, on the basis of a quick form-analytic 'glance' alone, might *a priori* have been a possible, if unlikely, candidate.

[13] The use of the masculine form here reflects in part the fact that the present author is indeed a male. But I would prefer if all such usages could be read instead in (to use Garret Barden's felicitous word in *JMDA* 3) an epicene manner.

hypothesis the correctness of that prior effort of research.[14] Having established the likely basic context, he must try to achieve the best grasp he can of the relevant horizon which is Lonergan's understanding of the dynamics of an exchange economy. If he arrives already well 'informed' by such a viewpoint this will be perhaps relatively easy. If not, then there is need for a whole prior period of study. Only on that basis can he hope to reach an understanding of the new text. This raises a question of value. Is such a long apprenticeship likely to be worthwhile? It even appears that most 'Lonerganites' do not think it so, if one is to judge by the amount of interest they display! But how does one make these decisions?[15]

Having decided to proceed, he constitutes the given 'marks on paper' as a 'questioned', illumined by the economic context and by the more general background context of his own prior skills and viewpoints. And then, having achieved the necessary insight(s) into that 'phantasm' he will proceed, now as a communicator rather than just an 'understander', to try to communicate that grasp to *his* readers. It is only in this third moment that he is truly, in Lonergan's sense, an interpreter.[16]

In the present context my interpretation will be by way of a synthetic re-statement and a 'proof' for his readers of the

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[14] While remaining open to the possibility that his eventual 'clarification' of the material could lead to a complete re-assessment of such an assumption.

[15] As a personal example, the present author has given a preliminary reading to some of the works of Derrida. They are labyrinthine. To reach up to his mind would necessitate a long apprenticeship. Would it be a waste, a study of a dead end, or might it liberate one into a fuller grasp of even the Lonergan corpus? One has only a single life, and can but bet on the probabilities, basing one's choices on reports from trustworthy others, and reliance on of all things, feelings, spontaneous responses to what grabs one's interest. How sad it would seem to have to admit on one's deathbed that one had wandered up a useless dead end, and have to fall back on the hope that even the judgement of history is not a 'final' judgement!

[16] *CWL 3*, 585. What is in question here is Lonergan's second category, 'simple' interpretation. The third category, 'reflective' interpretation, is our second topic in this essay and is a step in the direction of bringing into focus the author's own and his audience's "habitual grasp of its own intellectual development", the divergences between the two, and the incomplete status of each in comparison with a potential 'universal viewpoint.'

central equation in the given text. When they have grasped what he has done they will thereby have understood *as well* the initial Lonergan text. This particular methodology of 'interpretation' is really only applicable in a formal theoretic context such as applies here. One does not, for instance, 'prove' an interpretation of a literary text by some kind of regeneration of the work in question. What is offered here is only a particular kind of example and it can only illustrate what it is suitable for.

First of all there is the matter of the fragment's particular context. The first and most obvious need here is that of a shared 'language.' If, for example, one does not understand the mathematical notation of summation one will have no chance of understanding the fragment.[17] As already remarked, one is also very unlikely to understand it at all if one has an insufficiently nuanced grasp of Lonergan's economic theory. This does not mean, of course, that one needs complete mastery (though it would obviously help). If such mastery were in fact required most of us would never begin! It is more likely that one will be involved in a hermeneutic circle where a partially adequate context (one's current level of understanding) will lead to a grasp of this new detail. This will in turn feed back into one's enrichment to become a more adequate context.[18] But we need a way *into* that circle. Ultimately, that first step will have to be a descriptive understanding of the processes under discussion.

Clearly the fragment, on its own, is insufficient. We need the help of external evidence. On the formal side, we must of course be aware of the general mathematical notation where a lower-case d is commonly used to indicate a change in the value of the immediately following variable. We must also know that DO', for example, is already defined within the

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[17] Despite how things might appear to the non-mathematician, for whom the symbolism might be 'scary', there is very little true 'mathematics' in what is presented. It really only involves arithmetic and some simple algebra. (Apart perhaps from the use of **DO**', where the **D** prefix evokes some clarity about rates of change.)

[18] For *we* are the context. It is never some idealist matter of concepts understanding concepts.

writer's economic corpus.[19] In addition, Lonergan has elsewhere[20] made use of the variable r'_{ij} to indicate the aggregate of initial Basic payments by individual enterprise i in turnover j.

Now we can turn to the text itself. Since it is mathematical in form we must pay close attention to such matters as the positioning and prioritising of the brackets (since these in turn establish the extent of the summations). Other rather similar summations in the 'fragments' and in the main *CWL 21* text show that the outer summation (over the variable i) relates to adding together the contributions of all the enterprises involved, *N*, say, (from $i = 1$ to $i = N$). Notice that the subsidiary[21] summation is from $n = 1$ to $n = n$.[22] This establishes that, as well as being a variable, n is being used to refer to the total number of turnovers for enterprise i.

Let us now proceed to some limited *analysis*.

We could write $DO' = \sum\limits_{i-1}^{N} O_i$

with $O_i = (\alpha_{io} + j - 1 + \alpha_{ij})r_{io} + \sum\limits_{n=1}^{n=n}(j - n + \alpha_{ij})dr_{in}$

Immediately this sets a problem for a mathematician. The variable i is summed over, and so is what is referred to as 'dummy.'[23] The same goes for the variable n.[24]

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[19] In Lonergan's older notation (retained in *CWL 21*) it represents the aggregate *rate* of *Basic* level outlays in the period in question. (The '*D*' recalls the mathematical notion of differentiation, and flags that it means a rate and not just an amount. The (single) dash indicates that it relates to the operative monetary circuit that Lonergan refers to as *Basic*.) Hereafter in this paper I have changed to Lonergan's less cluttered notation, as used in *CWL 15*, which omits the prefix *D* (by *stipulating* that upper case variables will automatically be taken to represent rates).

[20] In other 'fragments', as in *CWL 21*, 166-171 and 210.

[21] Inside the square brackets.

[22] This use of the same letter for the running variable, and for its final value, is quite common in mathematics. If one were a purist such a notation would not be tolerated. In practice, however, it should not (at least for mathematicians) cause any confusion. In my later synthetic 'moment' I will, however, make some changes in the notation to make things a bit clearer.

[23] And so it will not appear on the left-hand-side of the total equation.

But what about the j? j cannot be a variable (for where is it summed, or alternately, where did it go?) and so must be a constant for any given enterprise i.[25] I do not believe that merely internal analysis of the fragment can successfully elucidate its precise role any further. It is only when we switch below to a *synthetic* approach (by building up a similar equation for ourselves) that its precise meaning will become clear.

Before we can attempt such a synthetic effort we must, of course, try to establish Lonergan's 'thematic' in this fragment. The clue, of course, is in his use of terms such as 'the fraction … left over', or 'the fraction of the last turnover found in this one'. It seems clear to me that he is thinking of what I have come to call 'edge problems.'

Edge Problems

At the beginning of a calendar year[26] it is entirely possible that a firm may be holding a great deal of partially completed stock.[27] Some of the outlays (in the form of factor payments) for this will have been made in the previous year and totalled in that year's aggregate outlays. Some will remain to be made and so will be included in the present year's figures. For the goods sold within the present year (for only those are included as turnover) the small 'edge' portion will give rise to a consequent excess of final receipts over outlays. In a similar manner, the final turnover of the interval may run over partially into the next year, so that outlays will have been made for which no final receipts will occur (in this year). The mismatch in this case will in the other direction.

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[24] Strictly speaking it might be preferable to use n_i for the total number of turnovers for enterprise i, a value possibly different for each enterprise. It will, however, be notationally less cluttered if we stay with the above simpler form, while remembering that there is no necessity that the total number of turnovers in any given interval be the same for every enterprise.

[25] This finds confirmation in Lonergan's statement that $j + 1$ turnovers are involved (for some particular enterprise).

[26] It is most convenient, though not at all essential, to speak in terms of calendar years.

[27] Recall that for Lonergan a turnover is only complete when goods are actually *sold*.

How should such 'edge' problems be handled?

One method, what we might call an accountant's solution, is by suitable strategic *redefinition*. Imagine examining the books of the enterprise that is holding stock at the beginning of a new interval. In the previous interval it cleared all its earlier costs (transitional payments and outlays). Now consider the enterprise making new payments which occur in our present accounting year. The books of that enterprise show that it made payments ('last year') and in return 'owns' the half-finished goods represented by that payment. It now goes on to pay out some additional outlays to its factors of production and, then, in the present interval, *receives* payments (whether transitional or final) which are sufficient to clear both payments.[28] We could now opt to make this new present receipt truly the exact sum of all the outlays in the present interval if we *re-defined* the 'hanging' transitional payment as an 'outlay' from the perspective of the present interval. And in the same way we should have to re-define 'unfinished receipts' (which will not in fact actually occur until 'next year') as a final payment to be added into total aggregate receipts R' from the perspective of this present interval. With these conventions we could then, in a merely theoretical accounting sense, carry a kind of 'timeless' equality of R' and total aggregate outlays O' [29] over into an exact equality for each actual interval.

Lonergan rejects this kind of accountants' balance. He prefers an approach which accepts the discrepancies and estimates of their values. He does not see the point in so re-defining matters that one has *forced* R' to equal O'. Better to take actual values and recognise that the difference is not only *not* a problem but is, in fact, part of the wealth of sought-for economic understanding. For, of course, R' and O' as actually calculated (without redefinitions) will in all probability be different anyway and for two real reasons. One will relate to the fact that there will almost always be waste, arising either

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[28] But, of course, they have the effect of passing the ownership along the line to some new intermediary dealer or to the final purchaser.

[29] Hereafter in the text I use *O'* for aggregate Outlays, in accordance with Lonergan's later notation, rather than the *DO'* form given in the reproduction of the fragment shown earlier.

from breakages of the goods themselves or of the production processes itself, or from misconceived notions of what might sell. But more importantly, all of the above was predicated on a static situation, where there is, for example, no growth in O' as a result of speculative anticipation of rising sales. But because it is precisely such changes that Lonergan wishes to study, it makes no sense at all to begin by defining them away.

So for Lonergan R' will be the sum of all the receipts r_i that actually occur within the present interval. It will not include any component for unfinished (= made but not sold) goods. But the outlays for such an unfinished good may still lie within the interval and so will be included in the corresponding Outlay aggregates.

Let us now proceed to the promised synthetic moment, which, *in its conception*, constitutes a kind of 'first interpretation' moment for this text, that is, the moment of simple understanding, and *in its presentation* (as to a reader) constitutes the moment of 'simple interpretation.'

Firstly let us clarify some minor, but perhaps confusing, notational changes.[30]

As Lonergan himself does in other places, let us replace the above r_{ij} with o_{ij}. So o_{ij} is the total of initial payments by enterprise i in the jth turnover. To avoid clutter we do the analysis without making any distinction between *Basic* and *Surplus* production (so that variables need not be accented).[31]

n_i turnovers of enterprise i overlap wholly or in part the interval under consideration. (We shall see below how this relates to the variables n and j in the fragment.)

Lonergan's first simplifying assumption was that all the enterprises started their first turnovers *together* and that for any enterprise i its own n_i^{th} turnover ended simultaneously with the corresponding n_i^{th} turnover for every other j^{th} enterprise (so that there are no 'edge' problems). On this basis he was able to write the formula: -

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[30] These are made, believe it or not, in the interest of greater transparency and consistency.

[31] The analysis will therefore apply equally well to both stages.

$$O = \sum_{i=1}^{N} \sum_{j=1}^{n_i} o_{ij} \qquad [1]^{32}$$

As before, N is the total number of enterprises and under this over-simplified assumption n_i is the number of *complete* turnovers for enterprise i.

To reduce the visual complexity of the argument let us introduce a composite variable for the total outlay for an individual enterprise i by defining

$$O_i = \sum_{j=1}^{n_i} o_{ij} \qquad [2]$$

(And then, of course $O = \sum_{i=1}^{N} O_i \qquad [3]$)

The above simplifying assumptions meant that for each enterprise i an *exact* number, n_i, of turnovers, exactly matched the interval under consideration. But, as we have seen, this will generally not be the case.

To refine Lonergan's analysis let us change to a different way of writing equation [2]. This will restate each o_{ij} value in terms of a single initial value at the start of the interval and all the *increments* between that and the present value.[33]

Consider the following diagram.

Turnover 0	Turnover 1	Turnover 2	Turnover 3		Turnover (*n*-1)	
o_{i0}	o_{i1}	o_{i2}	o_{i3}	...	$o_{i(n\text{-}1)}$	
o_{i0}	$o_{io} + do_{i1}$	$o_{io} + do_{i1} + do_{i2}$	$o_{io} + do_{i1} + do_{i2} + do_{i3}$	...		

It shows a standard interval (shaded) and the set of full and partial turnovers of a particular enterprise i that intersect it. (For the sake of notational simplicity and clarity the diagram and accompanying text uses n for the number of turnovers. This should really be n_i, since the number will change from

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[32] *CWL 15*, 69.

[33] Recall once more that Lonergan's r_{ij} variable has been changed to o_{ij} for consistency with other parts of his works. An *increment* is the change that a value undergoes from any one period to any other. This will become clearer later.

enterprise to enterprise.)

o_{i0} is the outlay in the zeroth turnover, which is only partially within the interval. Turnovers that are completely within it are then counted from $j = 1$ to $j = n - 1$.[34] This means that if we include the two partial turnovers as separate there are $n + 1$ turnovers in all.[35]

o_{in} is the outlay in the nth turnover, which again is only partially within the interval. Let do_{ij} be the *increment* (increase) in the outlays as one moves from turnover $j - 1$ to turnover j.

So, for example,

$$o_{i1} = \quad o_{io} + do_{i1} \qquad [= \qquad o_{io} + do_{i1}\,]$$
$$o_{i2} = \quad o_{i1} + do_{i2} \qquad = \qquad o_{io} + do_{i1} + do_{i2}$$
$$o_{i3} = \quad o_{i2} + do_{i3} \qquad = \qquad o_{io} + do_{i1} + do_{i2} + do_{i3}$$

When we add up all these o_{ij} we must include a fraction of the outlay in turnover 0. Let us call this fraction α_{i0}, so that what we must add is $\alpha_{i0}o_{i0}$. Similarly, we must add a fraction of the *n*th outlay, which we shall call α_{in}, since it is only partly within the interval. This means that we will add $\alpha_{in}o_{in}$. But this latter is just

$$\alpha_{in}(o_{i(n-1)} + do_{in}) = \alpha_{in}(o_{i0} + do_{i1} + do_{i2} + \ldots + do_{i(n-1)} + do_{in}$$

Notice now what happens when we add, say, the first three complete outlays, to get $o_{i1} + o_{i2} + o_{i3}$ (as these were expanded above).

The sum will include o_{i0} and do_{i1} three times, do_{i2} twice and do_{i3} just once. Generalising this, if we add all the completed turnovers, we get:

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[34] This means that I have interchanged the roles of *j* and *n* as they were used in Lonergan's fragment. As a result *j* is now the 'running' variable, and *n* (which should really be n_i) relates to the constant (for each *i*) number of turnovers in the interval. In fact, of course, there are actually $(n - 1)$ complete turnovers, and in general two incomplete ones at the edges.

[35] If there is *no* edge part at either end this can be handled by making the corresponding α value zero.

$$o_{i1} + o_{i2} + \ldots + o_{i(n-1)} = (n-1)o_{i0} + (n-1)do_{i1} + (n-2)do_{i2} + \ldots + do_{i(n-1)}$$

To get the full value of O_i we must add to this the two partial turnover contributions. We get:

$$\alpha_{i0}o_{i0} + (n-1)o_{i0} + \alpha_{in}o_{i0}$$
$$+ [(n-1) + \alpha_{in}]do_{i1} + [(n-2) + \alpha_{in}]do_{i2} + \ldots + [1 + \alpha_{in}]do_{i(n-1)} + \alpha_{in}o_{in}$$

The terms shown on the second line can be combined into a convenient summation:

$$\sum_{j=1}^{n}[(n-j) + a_{in}]do_{ij} \text{ or, more simply, just } \sum_{j=1}^{n}(n-j+a_{in})do_{ij}.$$

This means that we can write:

$$O_i = (\alpha_{i0} + n - 1 = \alpha_{in})o_{i0} + \sum_{j=1}^{n}(n-j+a_{in})do_{ij}$$

Finally, combining all these O_i in accordance with equation [3] above gives the formula for O as listed in Lonergan's fragment.[36]

With the completion of this synthetic moment we can contend that we have successfully understood the fragment. We are also claiming that if the reader understands our 'interpretation' then he understands what Lonergan was saying. It is, therefore, a *true 'simple interpretation'* of the given text. That text itself also claims, of course, since Lonergan is never frivolous, to offer a scientifically *true explanation*[37] of a minor part of the operation of productive exchanges.[38]

As already indicated, this analysis is, in many ways, of limited value in itself. One of its microeconomic values is that it confirms Lonergan's awareness of the 'edge' problem and that the solution he chose involved fractional estimations of the carry over or anticipatory outlays from the two partial

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[36] With the notational changes discussed. Recall again in particular our interchanging of the roles of *j* and *n*.

[37] In the absence of *complete* explanation, of course, all scientific truths are subject to later revision. We can only do our best.

[38] In this case the goal is more humble. We are merely clarifying what is required if we are to measure the variables that are involved.

'turnovers.'

A more significant macroeconomic value is that it reflects a general option by him to mean by such words as 'costs' only and precisely what one gets by adding up the relevant set of *actual* payments. He explicitly does not include notional 'allocations to costs' by accountants of, for example, depreciation charges for capital renewal, etc.

Its most general usefulness in his economic theory lies in its (relatively minor) contribution to precision in regard to the exact meaning and role of money transfers from what he calls the Redistributive Function to the *Basic*[39] operative circuit, the net value of which is indicated in his diagram by the variable S'.[40] For it is these transfers that in the aggregate meet the differences that the fragment reveals between R' and O'. It shows the real meaning of the transfers as meeting actual differences in payments and receipts, that is, actual money amounts and reduces any tendency to treat them instead as inexplicable or arbitrary 'flows', or to view the changes in the circuits from interval to interval as being based on some kind of 'mystical' multiplier plucked from goodness knows where. Ultimately, therefore, it is a step towards the discussion (for the most part missing in his economic writings) of Financing as a need and a consequence of actual payments in real exchanges. These matters are given a much fuller treatment in other parts of his economics writings.[41]

In addition to its economic content, there is a second level of discourse to this paper. I have presented an example of a particular kind of interpretation in action. In passing, without slavishly following the *Insight* discussion of 'the Sketch,' the paper has made many of the points found in that difficult

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[39] The same analysis, as the synthetic 'interpretation' shows, applies equally well to the *Surplus* circuit.

[40] This is achieved by way of what would traditionally be called a microeconomic argument, but for Lonergan the distinction between micro and macro seems ultimately unnecessary.

[41] In relation to the present context, particularly *CWL 15*, 65-69, and in many of the 'fragments' in *CWL 21*, most notably 134-148; 158-162 and 163-174. On this see the Appendix, "Trade Turnover & the Quantity Theory of Money," in Philip McShane, *Pastkeynes Pastmodern Economics* (Halifax: Axial P, 2002).

section. When I first wrote the central portion of this paper my immediate intention was to write what might later have been one small subsection in a simple first order discussion such as could appear in something like the primer on economics that Lonergan himself desired. Soon, however, there occurred that kind of 'double-take' which also revealed the essay to be a small exemplification of his position on interpretation as outlined in *Insight*. This added a second layer. There remains something to be said, as I promised on the first page, regarding the topic of the present volume.[42]

How, then does this effort relate to the refinements that occur when interpretation is placed in the functional context? The dependence of interpretation on research does not seem to call for much modification. However, what about functional interpretation as addressed to historians?

Immediately my perspective on what was going underwent a strange shift. The tonal change involved reminded me of the added sensitivity that occurred in all civil servants writing opinions for their political masters when it became clear that 'freedom of information' legislation would soon bring their missives into public scrutiny. Scary indeed to think that historians may perhaps someday gather this little effort, and others perhaps that offer alternative interpretations, and assemble them, together if necessary with helpful information about their authors and the contexts in which they wrote. These would then be data for potential later study by Dialectic. One's work may now be grist for a larger mill. Or two such mills, in that there is discussion both of first order economics and of 'interpretation' itself.[43]

The topic is new and complex. Perhaps it is best handled by appealing to a diagram from McShane[44] which is included in this volume by John Benton (82-110). The diagram indicates that there are a range of possible 'tracks' around the functional

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[42] I am grateful to Phil McShane for his guidance here in keeping me informed about what was happening in other parts of this present volume and in helping me to integrate what I have said with its central thrust.

[43] Or indeed, three, in that the present comments on hodics may also be assembled for study of *that* topic.

[44] *Cantower* XL <www.philipmcshane.ca>.

specialist Way. The outside track is the one that McShane and Benton designate as the track fully committed to an up-to-date effort at luminous working. McShane's key point is that, if the luminous working is to be efficient, then the communication of the interpreter to the historian has, so to speak, to stay on track. It seems to me that this is a powerfully important point and the athletic metaphor can help us forward, although I do not wish to delay on its suggestiveness.

To what historian am I attempting to communicate? - indeed succeeding rather than attempting, since we are envisaging a unified efficient metaphysics (*CWL 10*, 160, line 16). I am communicating with the historian that is on track with me in understanding the new economics. Yet, unless the historian has been working very seriously on this particular topic and is up with my effort here, then the historian picks up on some important features of serious economic care: e.g., the concreteness of the endeavour. Even if the historian has already glimpsed how Lonergan's analytic approach cuts through the obscurities of the ancient debate about *The Quantity Theory of Money*,[45] attention to this particular passage gives an added glimpse of the relentless meshing of normative and empirical work that is necessary to economic analysis. Indeed, the present interpretation would nudge the "on track" historian to take note of further elements in history, leading thus to a richer history.[46]

But what, you may ask, about communicating with historians on "other tracks"? Here, I think, is where McShane's notion of tracking pays off, and dove-tails with Lonergan's pointers regarding both Dialectic and Communications. Communicating with other types of discourse, other disciplines, cultures, sciences: that is a precise function within the eighth specialty. That function needs to be carefully specified in its efficient operation. It is a mediating function, promoting progress by mediating changes in patterns of

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[45] There is an enriching discussion of this in the Appendix to *Pastkeynes Pastmodern Economics*.

[46] I do not wish to enter here into the intertwining of the factual and contrafactual in historical analysis. It is a topic that requires discussion in the broader view of functional specialization.

communications in the worlds of common sense, arts, sciences, technologies. There is a sense, then, in which the eighth functional specialty's dealings with these areas is quite indirect: but that is a difficult area of specification. Let me turn now to Dialectic: here, too, the relating to other views is indirect. It becomes direct only if people with other views are sufficiently in sympathy with the enterprise of dialectic and are willing to participate in the experiment outlined in section 5 of Lonergan's chapter on Dialectic. There must be a willingness to risk the self-exposure described there, a self-exposure unavoidable in answering the questions; What do you think is progress? and What is your basic stand on its grounds?

But these are large questions going beyond the topic of the present volume. Still, it all relates to my present effort of interpretation. Who might read it? To whom is it addressed? *Per se* it is addressed to historians conversant with Lonergan's transposition of economic theory and economic history. *Per accidens*, of course, anyone might latch on to it and shift their own tracking in history or economics or whatever.

Finally, the question occurs: How successful has the main part of my article been as a functional interpretation? We are here in the context of the "first principle of criticism" that Lonergan suggested in the 1950s. I can re-read my own effort and see where it falls short. There are distractions and deviations from the strict requirements of a functional interpretation. At a later stage, such an interpretation will be under a control of meaning that will keep the flow of sentences and phrases within the track-section that holds clearly to the function. Both you and I can find it profitable to detect my deviations. However, if we do, we are not in the field of interpretation but rather rambling into a poor doing of the task of dialectic.

Tom McCallion responds to Eileen DeNeeve in this issue.

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