

Preparing to Read Economic History Functionally

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Introduction

This essay is a response to a suggestion in Philip McShane's "An Illustration of Functional Interpretation from Economics." He writes:

Let me make it [the communication from Interpretation to History] as *easy* as possible: think of this *easy* as related to my passing on the new twist to a functional historian who is up-to-date in the full contemporary standard model of the time. I make it easy by simply homing in on the single word, the first word of the title [of] chapter three of the book [*For a New Political Economy*]: 'Transition to Exchange Economy.' So, we are poised over the word *transition*, each of us in our own way.¹

Continuing, McShane draws attention to the word 'context' as it appears on page 238 of *Verbum*.

The concept emerges from understanding, not an isolated atom detached from all *context*, but precisely as part of a *context*, loaded with relations that belong to it in virtue of a source which is equally the source of other concepts.²

My intention is to home in in my own way on the word 'transition,' understood as the transition to money and the exchange economy in terms of an understanding of context. I suggest one way to prepare for doing history in a functionally collaborative way. What I do not do is satisfactorily integrate these suggestions from the specialty Interpretation into History. A competent reflective communication of such a functional narrative would be a complex and lengthy

¹ May 31, 2011 Archives Seminar at [SGEME](#). I would like to thank Bill Zanardi, Hugh Williams, Terry Quinn, Philip McShane and Bruce Anderson who read earlier versions of this paper and had many helpful suggestions.

² *Verbum: Word and Idea in Aquinas. Collected Works of Bernard Lonergan 2* [CWL 2], eds. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press, 1997), 238.

process.³ Nonetheless, you may imagine a beginning in the contexts set out below using the example of the history of economics and economy.

I preface the discussion of ‘transition’ with lengthy preliminary remarks that focus on methodological and foundational concerns. I believe this preface is necessary considering (1) the novel approach we find in the “For a New Political Economy” text and (2) the revolutionary significance of functional specialization as an approach to appropriating texts and events.

I consider three related contexts for the meaning of ‘transition.’ First, there is ‘transition’ in the context of the three stages of meaning or plateaus.⁴ Second, there is the context of the transition from the first to the second time of the temporal subject; this raises the prospect of a fourth stage of meaning or plateau.⁵

³ See *Insight: A Study of Human Understanding. Collected Works of Bernard Lonergan* 3 [CWL 3], eds. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press, 1992) section 17.3 and Philip McShane’s suggestions in “Shifting Insight 17.3 into a Functional Specialist Context” *Quodlibet* 4 at [Philip McShane](#).

⁴ On the stages of meaning, see Bernard Lonergan *Method in Theology* (London: Darton, Longman & Todd, 1972), 85-99. On the three stages conceived as three plateaus, see Bernard Lonergan, “Natural Right and Historical Mindedness,” *A Third Collection* (New York: Paulist Press, 1985), 169-183. In Lonergan’s schema, in the first stage of meaning or plateau the operator of development is spontaneous intelligence and practical exigency. In the second stage, theoretical inquiry and its systematic expression emerge as a reflective higher viewpoint. The control of meaning is logic and systematic or theoretic expression. ‘Weight’ differs from ‘mass’ such that Einstein can develop the systematic expression, $E=MC^2$: He could not have done so with a common sense notion of ‘weight.’ The overlay of second stage meaning on first stage practice leads to troubled consciousness such as expressed in Eddington two tables, one desk is solid colored and can be seen and touched, the other a “manifold of colorless ‘wavicles’ so minute that the desk is mostly empty space” (*Method in Theology*, 84). Which is real? The third stage emerges as a higher viewpoint which resolves the difficulty of integrating the first and second stages through the process of the self-appropriation of human interiority. In the third stage, it becomes possible to adequately differentiate first and second stage meaning. For example, we can affirm the reality of both of Eddington’s desks by grasping that they both result from verified insights in which the inquiry is directed towards different objects, one an object of common sense inquiry and the other the object of theoretical inquiry. It is the same mind that has the verified insights. What is different is the kind of question. See Figure 1 below for a diagram of the common dynamic structure that results in verified insights.

⁵ The notion of a fourth stage was first introduced by John Dadosky, “Is there a Fourth Stage of Meaning?” *Heythrop Journal* (2010): 768–778. This theme has been recently explored by Philip McShane in his ‘Vignette’ and ‘Tincture’ Series at [Philip McShane](#). Lonergan develops the theme of the two times of the temporal subject in his Trinitarian theology. See Question 21 ‘What is the analogy between the temporal and the eternal subject?’ in *The Triune God: Systematics. Collected Works of Bernard Lonergan* 12 [CWL 12], translated from *De Deo Trino: Pars Systematica* (1964) by Michael Shields, ed. Robert Doran and H. Daniel Monsour, (Toronto: University of Toronto Press, 2007), 399-412. To evoke an analogy, the first time may be loosely compared to a child’s spontaneous use of intelligence; questions occur and ideas flourish profusely as the occasion demands. We may imagine the second time as the achievement of a fully conscious and self-reflective performance of intelligence-in-act; the spontaneity of a

Third, we take up the context of the ‘transition’ to money and the exchange economy. In this final context, I explore the structural relationship between ‘transitions’ in biography and ‘transitions’ in economic history. I begin with a set of preliminary remarks on key methodological and foundational points. These are in turn (1) functional specialization, (2) standard models, and (3) some complexities in implementing standard models.

Preliminary Remarks: Functional Specialization

We need first to briefly consider the proper object of the work of History in the context of functional specialization.⁶

If we consider texts and events as they might be handled in the eight specialties, we find that our use of the texts and events differs in each specialty. The aim of Research is to assemble and materially order the relevant data. Much of *Loneragan’s Early Economic Research* is in this specialty.⁷ Loneragan’s original unpublished texts related to economics up until 1945 were transcribed, dated and put in a convenient order.

The object of Interpretation is an understanding of the meaning of the data. It was this task that occupied much of *Loneragan’s Discovery of the Science of Economics*. I used the texts assembled in the first work, along with other relevant texts, to propose an interpretation of the stages in the development of Loneragan economic essays.⁸

History aims for an account of what is going forward. I will have more to say about History as a functional specialty later, but for now I recall that in writing *Loneragan’s Discovery of the Science of Economics*, while I occasionally considered historical events that would shed light on what Loneragan meant, other than indicating the historical context of his discovery I was not trying to connect Loneragan’s work with a history of economics or economic theory.

Dialectic sorts out the basic positions of the different accounts that emerge in the first three specialties – Research, Interpretation, History. A reflection on the merits of the basic positions informing my assembling of texts and of the hypothesis on their developing meaning along with other similar attempts by other researchers and interpreters would be a function of Dialectic.

The object of Foundations is an expression of the core positions that inform the person working in the specialties. For instance, a position on cognitional

master at work. Thus, in the aesthetic pattern, a child’s playing with a piano is of the first time, while Beethoven’s late quartets and piano sonatas intimate the second. Each time is developmentally linked to the other and there is a long ‘transition’ between the two performances.

⁶ For a concise expression of the aim of each specialty, see *Method in Theology*, chapter 5.

⁷ Michael Shute (ed.), *Loneragan’s Early Economic Research* (Toronto: University of Toronto Press, 2010).

⁸ Michael Shute, *Loneragan’s Discovery of the Science of Economics*, (Toronto: University of Toronto Press, 2010). The hypothesis of development is set out on pages 19-23.

foundations of empirical science informs my view that Lonergan discovered significant variables for the science of economics. Foundational positions would ground reflection on ongoing and future policy, planning and communications.

Doctrines or Policy develops relevant pragmatic truths that would inform future policy questions. For example, the precept ‘thrift and enterprise’ in a surplus expansion or surge, grounded in an understanding of economic foundations, directs responsible economic policy proposals.

Systematics or Planning considers concrete strategies in the light of the results of the prior six specialties. Such planning would be complex and creative, having to consider the various kinds of results, the stages of development involved, the concrete aberrations afflicting the situation and so forth.

Finally, Communications aims for a collaborative reflection on the local level that selects creatively from the range of possibilities developed in the prior seven specialties. The results then become data for further research, interpretation, etc.

The eight distinct tasks are clearly related to an ongoing collaborative process. The better we have a handle on the data, the better we can interpret the texts. Understanding relevant texts and events is vital for assembling historical narratives. Sorting out and assessing the basic positions arrived at in research, interpretation and history require them to be “assembled, completed, reduced, classified and selected”⁹ by Dialecticians. Dialectic engagement in turn helps focus the Foundational search. Foundational developments have enormous significance for the development of better policy, creative planning and strategic collaborative communications. However, a caution is in order. These tasks can be muddled in our minds and the muddle is reflected in the results. Part of the difficulty occurs because the activities of collecting data, interpreting results, reflecting, judging and deciding, on which the division of the specialties is grounded, occur in all specialties.¹⁰ Moreover, while functional collaborators aim to work in an adequately differentiated context, the prevailing contexts in the various areas in which the field and subject specialties work are not at present adequately differentiated. In fact, the shift to working collaboratively and functionally in the humanities and social sciences has yet to begin in earnest.¹¹ This applies both to those of us who have begun to make the shift and to those who resist it. Old habits die hard and it takes commitment and effort and some sacrifice to shift in a significant fashion for “the inertia coefficient of the human mind is normally rather high.”¹² So, in addition to the task at hand, functional specialists are linked with others in a collaborative framework of activities that

⁹ *Method in Theology*, 249.

¹⁰ See Figure 3 below

¹¹ There is lots of talk about interdisciplinary approaches to research and there are undergraduate and graduate programs in interdisciplinary study. However, they typically retain the old field and subject divisions which are not differentiated functionally. For Lonergan, these approaches are part of the problem to be solved. On divisions based on field and subject, see *Method in Theology*, 125-126.

¹² *For a New Political Economy. Collected Works of Bernard Lonergan* 21 [CWL 21], ed. Philip J. McShane (Toronto: University of Toronto Press, 1998), 8.

includes those who reject the method. In this regard, it is the task of Dialectic to advance positions and reverse counter-positions.

In this paper, however, I am focused on the communication between the specialties of Interpretation and History as it might help illuminate the history of the transition to money and the exchange economy.¹³ I do assume some measure of sympathy with my project and my basic position. If readers reject my core assumptions, then I ask at least for some merciful attention. We can sort out disagreements in Dialectic.¹⁴

Preliminary Remarks: Standard Models

Foundationally, then, I take a methodological stand: “Let there be an operative division of work in any area of human inquiry”¹⁵ where the division of labor is the eightfold division of functional specialization. In addition to this minimalist division of labour I add, as McShane does, an exigency for standard models relevant to general method and to the special methods of sciences. By standard model I do not necessarily mean the prevailing method or categories in a subject or field. For example, in the years prior to the publication of Mendeleev’s paper on the periodic table, the dominant theory in chemistry was phlogiston theory. Chemistry had not yet emerged as a science.¹⁶ There was no standard model in the sense I am using the term. Standard models only emerge when a field has reached an agreed upon set of significant variables that constitutes the core of the science and which satisfies the relevant canons of empirical method.¹⁷ The periodic table satisfies these criteria; current macroeconomic theory does not.¹⁸ Lonergan’s

¹³ This linkage would be identified as C₂₃ in McShane’s matrix of academic collaboration. See *Process: Introducing Themselves to Young (Christian) Minders*, (Mount St. Vincent University, 1990), 92. Available at [Philip McShane](#).

¹⁴ See *Method in Theology*, 249-253. Lonergan proposes a structure of dialectic that includes the ‘work of assembly, comparison, reduction, classification and selection ... performed by different investigators (251).’ The results are judged in terms of their compatibility with the basic positions and then recycled by the group to develop positions and reverse counter-positions in the group.

¹⁵ McShane’s *Method in Theology: Revisions and Implementations*, 16 at [Philip McShane](#).

¹⁶ See “The Postponed Scientific Revolution in Chemistry” in Herbert Butterfield, *The Origins of Modern Science, 1300-1800*, (G. Bell, 1949).

¹⁷ Relevant to the ‘natural sciences’ are the six canons of empirical method, see *CWL 3*, chapter 3. The relevant canons in the human sciences are the canons for methodical hermeneutics. See *CWL 3*, 608-616.

¹⁸ See Bruce Anderson & Philip McShane, “Snapshot Economics versus Real Analysis” in *Beyond Establishment Economics* (Halifax: Axial Press, 2002), and Michael Shute, *Lonergan Discovery of the Science of Economics*, 217-221. For a series of diagrams comparing a typical one-flow mainstream model to the two-flow macrodynamic standard model, see “From One-Flow to Two-Flow Analysis: “The Key Diagrams” in Philip McShane, *Piketty’s Plight and the Global Future* (Vancouver: Axial Publishing, 2014), 11–14.

account of the dynamics of human intentionality in terms of thirteen elements, situated in a structured series of conscious acts and operations on four levels, constitutes the standard model for the general categories relevant to any inquiry.¹⁹ This verifiable account of acts and operations provides the dynamic structure for grounding generalized empirical method and the method of functional specialization is built on these foundations.²⁰ If we double the four levels of human intentionality, as presented in *Method in Theology*, and order them on the basis of an orientation in time, we uncover the eight specialties.²¹ Figures 1 and 2 below provide integrated images of the basic terms and relations in intentionality analysis. Figure 3 below provides the eight specialties of functional specialization.

¹⁹ For diagrams of the dynamic structure, see figures 1 and 2 below. For Lonergan's own diagrams see *Phenomenology and Logic: The Boston College Lectures on Mathematical Logic and Existentialism. Collected Works of Bernard Lonergan* 18 [CWL 18], edited by Philip J. McShane (Toronto: University of Toronto Press, 2001), 322–323. Those diagrams are the editor's reconfiguration of Lonergan's blackboard presentation during lectures on *Method in Theology* by at the Milltown Institute of Philosophy and Theology, Dublin, Ireland in 1971. The number of levels may be configured differently and there has been debate on this issue, especially in terms of adding a further distinct religious level. See, for instance, Michael Vertin, "Lonergan on Consciousness: Is There a Fifth Level?" *Method: Journal of Lonergan Studies* 12:1 (1994): 1–36; Robert M. Doran, "Consciousness and Grace," *Method: Journal of Lonergan Studies* 11(1993): 51–75, and Jeremy Blackwood, "Sanctifying Grace, Elevation, and the Fifth Level of Consciousness," *Method: Journal of Lonergan Studies* n.s. 2, no. 2 (2011 [2013]): 143–161.

In shifting from the three-leveled account in *Insight* to the four-leveled account of *Method in Theology* there has been a tendency to neglect the important elements related to planning, or the what-to-do question in ethics. As is clear from his account of deliberation in chapter 18 in *Insight*, the activities of understanding and judging also occur in deliberation. So, one might argue for *five* levels of intentional consciousness: experience, understanding, judgment of fact, planning and value judgment prior to any consideration of religious consciousness. What is included in the fourth level, decision, includes both planning *and* value judgments, operations that parallel the functions of understanding and judgment in the process of knowing. Lonergan was quite clear on the difference between what follows from the what-to-do question, that is, the development of courses of action or plans, and what follows from the is-it-to-be-done question, that is, judgments of value. There is a rich interplay between plans and judgments in any decision. It is clear from his diagrams that Lonergan understood this. I would note a similarity between Aquinas' use of the five causes in *Summa Theologiae* I-Iae q 3 and the five levels as just conceived. The account of deliberation in *Summa Theologiae* I-IIae, QQ. 6–17 would add nuances with intention, consent, choice, and so on, albeit expressed in the context of faulty psychology, to Lonergan's account of the concrete interplay of plans and judgments of value in both *Insight* and *Method in Theology*. On all this, see Philip McShane, "What-To-Do?: The Heart of Lonergan's Ethics" in *Journal of Macrodynamic Analysis* 7 (2012). For a discussion of how the 'what-to-do question' integrates into the eight-levelled structure of functional specialization, see John Benton, *Shaping the Future of Language Studies* (Vancouver: Axial Press, 2008), 104–109.

²⁰ For an elaboration of general categories derived from the structure of intentional analysis, see *Method*, 286–288.

²¹ For the account of the grounds of the division, see *Method in Theology*, 133–136.

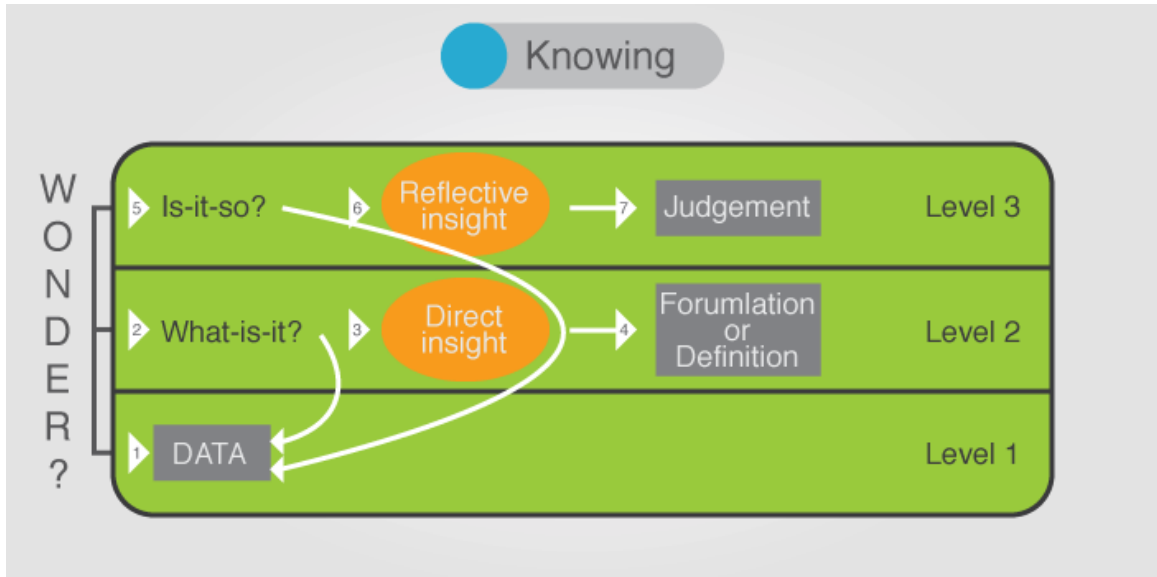


Figure 1 Levels 1-2 of Conscious Intentionality

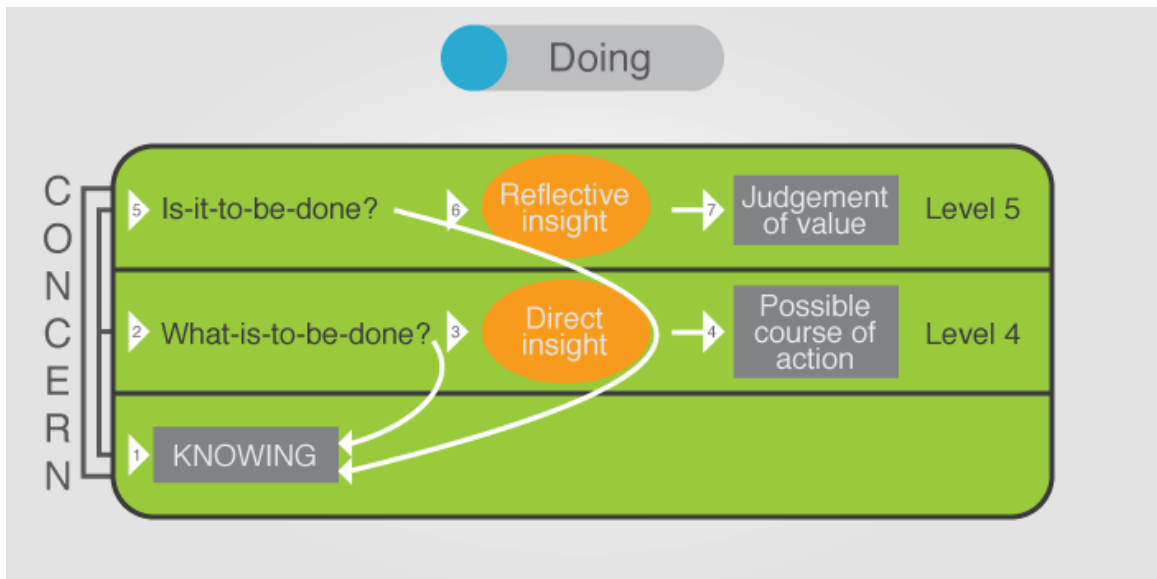


Figure 2 Level 4 of Conscious Intentionality²²

²² Figures 1 and 2 are diagrams I developed for online courses at Memorial University. They are based on the diagrams used by Philip McShane in *Wealth of Self and Wealth of Nations* (New York: Exposition Press, 1975).

<i>From Past to Present</i>	<i>Levels of Intentional Consciousness</i>	<i>From Present to Future</i>
Dialectic	<i>Decision</i>	Foundations
History	<i>Judgment</i>	Doctrines (Policy)
Interpretation	<i>Understanding</i>	Systematics (Planning)
Research	<i>Experience</i>	Communications

Figure 3 Table of Functional Specialties

Loneragan's account of economic circuits and the pure cycle are an instance of elements of a standard model generating the special categories for a standard model in economics.²³ The standard model differentiates operations of production and exchange. Production is prior to exchange; it is the process which transforms the potentialities of nature, including our human nature, into a standard of living. Exchange emerges with the invention of money or its stand in,²⁴ to account for the transfers of goods and services that emerge in exchanges. Production and exchange both operate in two distinct, yet related, circuits. A basic circuit provides the goods and services that eventually enter the standard of living; a surplus circuit provides the good and services that produce the goods and services in the basic circuit which eventually enter the standard of living. There are crossover flows to and from each circuit. Besides operative payments, there are redistributive payments such as insurance payments, taxes and the various instruments of finance such as loans, bonds and stock market exchanges which, while they do not directly involve additional production, redistribute funds and function as investment and savings vehicles. There will be a normative demand for concomitance between the two circuits whether the path is directly from one circuit to the other or indirectly channeled through redistributive exchanges. In a healthy economy, the crossover flows balance.

²³ *CWL 21*, 11-73; 231-282 and *Macroeconomic Dynamics: An Essay in Circulation Analysis. Collected Works of Bernard Lonergan 15 [CWL 15]*, eds. Frederick G. Lawrence, Patrick H. Byrne, and Charles Hefling, Jr. (Toronto: University of Toronto Press, 1999), 12-55.

²⁴ In *For a New Political Economy* 'dummy' refers to the various forms which stand in for some amount of debt owed or credit earned. We may tend to think of money as the physical bills or coin but the electronic record of your savings account or line of credit is also money as is a bill of exchange. See *CWL 21*, 37-41 and 104-106. In short, money is a system of account based on trust. See Patrick Brown, "Keeping Promises," *Divyadaan*, vol. 21, no. 2 (2010): 195-202.

In sum, there are five variables or functions in economics. Four of these are operative exchanges: basic and surplus income (I' , I''), basic and surplus expenditures (E' , E''), and the fifth is redistributive exchanges (R). These exchanges and the flows among them can be organized as follows:

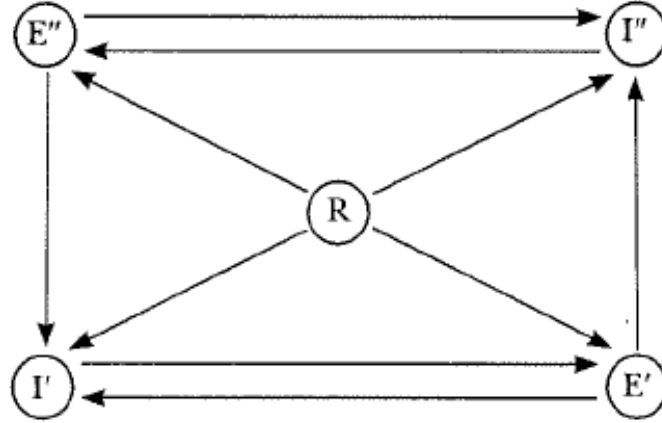


Figure 4 Simplified Diagram of Fundamental Exchange Variables for Macrodynamics²⁵

Loneragan's account of the pure cycle includes a stationary phase, a surplus expansion and a basic expansion. In the stationary phase, there is no appreciable growth. In the surplus expansion, there is a massive investment in new production for the sake of more efficient production in the future. The basic expansion gradually exploits the benefits of the surplus expansion ideally returning to a new stationary phase with a higher standard of living.²⁶

Preliminary Remarks: Complexities in Implementing Standard Models

My point in including these sketches and diagrams is strategic and draws a parallel to the use of the periodic table in chemistry. The periodic table is the standard model in chemistry. Diagrams of it can be found in the inner or back cover of any introductory chemistry text book; there are no conferences organized to discussing its merits. We can add more elements as they are discovered, but the basic structure remains.²⁷ The same validity applies to the structure of conscious intentionality, functional specialization, the two-operative flow [or five variables]

²⁵ The diagram is from *Loneragan Discovery of the Science of Economics*, 165. For a more exact diagram, see Philip McShane, *Economics for Everyone* (Halifax: Axial Press, 2007), 92. For Loneragan's original baseball diagram, see *CWL 21*, 258.

²⁶ This is a massive simplification of the dynamics of the pure cycle. For Loneragan's account See *CWL 21*, Part Three. In addition, I would recommend the following introductions: chapters 1 and 2 of *Economics for Everyone* and

²⁷ In 2016 four new elements - numbers 113, 115, 117 and 118 - were added. In Mendeleev's original table there were 65 elements.

economic structure and the pure economic cycle. That there is not a common agreement in philosophy or economics about these standard models is fundamental to the problem of implementing functional collaboration. Nonetheless, the implementation of functional specialization requires standard models even if currently the exigency for them is not yet fully acknowledged in a community of researchers and scholars. The issue is quite practical and the structure of functional collaboration is itself a set up or method for resolving these issues. What follow are two personal examples to illustrate these complexities.

Recently I presented the standard model of intentionality analysis (Figures 1 and 2 above) at a philosophy conference. In the presentation, I focused on the crucial importance of acts of understanding and judgment in assessing progress in a field. One of the professors in the audience, who teaches ethics and epistemology, wondered why I was so concerned about reaching judgments of fact and value. Wasn't it enough to just have a good lively discussion? There is the oddity from my viewpoint of conceding that advance is not possible or even desirable, that the point of philosophy is simply a lively exchange, like a good game of chess. As Pilate said, "What is truth?" Such non-agreement on the basic fact of the occurrence of acts of understanding and judgment effectively blocks agreement on the general and special categories needed for standard models.

I turn now to a second example. For many years, I took part in a weekly philosophy seminar at my university. Every week papers were presented for discussion and participants maintained for all intents and purposes the same basic positions. Over time the group became marginally better at negotiating the terms of disagreement. New members offered some variety and new alliances, but as far I can tell no significant foundational shifts occurred in the history of the group. The idealists remained idealists and the positivists remained positivists. (For the record, I was neither). The group convention was 'We agreed to disagree.' Debates churned away on the edges without a lift upwards into the promising vortex efficiencies of functional collaboration. Lonergan's comments on Interpretation in *Method in Theology* are worth repeating here:

One of the advantages of the notion of functional specialty is precisely this possibility of separate treatment of issues that otherwise become enormously complex. See for example, such monumental works as Emilio Betti's *Theoria generale della interpretazione...* and Hans-Georg Gadamer's *Warheit und Methode.*" Or my own discussion of the truth of interpretation in *Insight...* and observe how ideas presented there recur here in quite different functional specialties. For instance, what is there termed a universal viewpoint here is realized by advocating a distinct functional specialty named dialectic.²⁸

The gridlock of a reading group could have been loosened up with the use of Dialectic.²⁹ Typically, arguments are prefaced with comments such as 'Hegel says in the *Phenomenology*,' or 'Wittgenstein makes the case clearly in the

²⁸ *Method in Theology*, 153 n. 1

²⁹ Lonergan discusses the structure of this dynamic in *Method in Theology*, 249-253.

Philosophical Investigations. Rarely do we hear, in the spirit of Aquinas' *respondeo*, "But I say." Yet, the recognition of the link between basic positions held and an interpretation of Aristotle, Kant or Hegel would be helpful. When someone says, 'Hegel argues such and such in the *Phenomenology*' are they offering up an interpretation of Hegel on 'X' or are they trying to hammer home their own position, to recall the subtitle of Nietzsche's *Twilight of the Idols*.³⁰ Are they luminously knowledgeable of the similarities and differences between themselves and Hegel or Wittgenstein?

Likewise, arguments often occur simply because one person is making an historical point while someone else is making an interpretational or foundational point. Even a minimal acknowledgement of a functional division of labor should improve things even when there is an array of counter-positions and a lack of functional differentiation at work among participants. The history of the lively discussion would aim beyond mere liveliness.

Shifting to economics, the lack of a contemporary standard model results in the systematic blocking of relevant questions or insights.³¹ The dysfunction of our current global economic setup and its destructive results in the environment and in cultures, and in the grossly unjust distribution of wealth and power is the clear evidence of the need of a standard model. Apt here are Lonergan's comments on economics from "Moral Theology and the Human Sciences." "The human science is itself open to suspicion. Its representatives are divided ideologically. They advocate contrary courses of action, all of which have their respective good points, but none is without very serious defects. The notorious instance at the present time is economics."³² Without the common ground of a standard model, the prospects for the successful implementation of good ideas are hobbled.³³ Thus, how we organize a history of economic theory would bear heavily on the success or failure of the effort to bring Lonergan's meaning of 'transition' in *For a New Political Economy* into the specialty History. We can muddle about or we can shift to thinking systematically.³⁴

The Transition to Money and Exchange in History

My preliminary remarks, which bear on the most general of contexts, have been lengthy. Getting a grip on all this – the standard model, the science of economics,

³⁰ Friedrich Nietzsche, *Twilight of the Idols: or How to Philosophize with a Hammer* (Oxford: Oxford University Press, 1998 [1787]).

³¹ See Lonergan's *Discovery of the Science of Economics*, *passim* and Michael Shute, "The Two Fundamental Notions of Economic Science and the Economic Crisis," *The Lonergan Review*, vol. 2 (2010): 95-106.

³² *CWL* 17, 302.

³³ If we mean by 'standard' simply normal practice, then what we mean by the standard model may be evidence of incompetence or immaturity. What I mean here is an communally established and effective scientific model supported by an ethos of competence in empirical method.

³⁴ See 'Understand Systematically' in "Method in Catholic Theology" in *Philosophical and Theological Papers 1958-1964*, *CWL* 6 (Toronto: University of Toronto Press, 1996), 35-36.

the practice of functional specialization - is not easy at all. If we are to move forward we might, however, take to heart W.W. Sawyer's advice for learning calculus:

I believe the correct approach is to do one thing at a time. When you take a student into a quiet road to drive a car for the first time, he (or she) has plenty to do in learning which is the brake and which is the accelerator, how to steer, and how to park. You do not discuss with him (or her) how to deal with heavy traffic that is not there, nor what he (or she) would do if it were winter and the road were covered with ice. But you might well warn him (or her) that such conditions exist, so that he (or she) does not overestimate what he (or she) knows.³⁵

Something like Sawyer's approach might be worth trying in order to appreciate the work of functional history and in coming to grips with the standard model in economics.³⁶ It would help to get a grip on a minimal notion of the specialty History and see what we can do with it. I have minimal ease in Research and Interpretation.³⁷ I have worked in these specialties though my ease may be compared to the member of a slow pitch softball team. I know the order of the bases, the structure of the innings and where the bases and positions are. If you ask me to play shortstop, I don't head out to left field. I am capable of good plays and have a notion of the strategy and tactics required in the field. This degree of familiarity is characteristic of my acceptance of a minimal notion of a functional division of labor. I am not yet fully at home on these fields.³⁸ When I shift to functional history this minimal ease is gone. I am trying to work it out. This is not to say I have not thought about 'history' or have not thought about 'Lonergan on history.' I have given both a fair bit of thought over the years and have carefully read chapters 8 and 9 of *Method in Theology* more than once. Still, what is the functional specialty of history and what is the contemporary standard model in which it would operate? What is the proper field of action? Intermeshed with our struggles with standard models and foundational positions there is what seems to be a set of related questions: What is functional history and how does it relate to Lonergan's complex meaning and use of the word 'history'? What is the job of History in the integral dynamic of the functional specialties? How do we do it? What's involved in the performance of the functional historian?

³⁵ W.W. Sawyer, *What is Calculus About?* (Washington, D.C.: Mathematical Association of America, 1962).

³⁶ I take this approach in "Finance in the Stationary Phase: An Introductory Note on the Financial Problem in Lonergan's Economics" to appear in *Method: Journal of Lonergan Studies*. Also, see the various articles in "Do You Want a Sane Global Economy?" *Divyadaan: Journal of Philosophy & Education*, vol. 2, no. 2 (2010).

³⁷ For a further context, see William J. Zanardi, "Preconceptual Apprehension and Evaluation of Objects" in this volume, *Journal of Macrodynamic Analysis* 10 (2018): 46-79.

³⁸ See Philip McShane, *The Shaping of Foundations: Being at Home in Transcendental Method* available at [Philip McShane](#).

A caution is in order. A question like ‘what did Lonergan mean by ‘history?’ is for Interpretation and I wish to avoid a natural temptation to tackle an interpretation of Lonergan on history. Such an interpretive effort is certainly part of my biography, and my struggle is a microcosmic showing of the struggle of human beings to come to grips with the fact of evolution and historical development, both ontogenetic and phylogenetic.³⁹ But we are not in Interpretation now; we want to take a small step forward into History. Already we are hanging quite loose in the methodological structure of functional specialization. I can assume my own development in research and interpretation and you as the reader can follow up on that by reading work I have written. But we are not yet of an ethos in which the moves I am making are current in the same way the 1972 Spasky vs. Fischer chess match in Reykjavík was to those who followed those matches.

How can we follow McShane’s suggestion and make this step forward as *easy* as possible? We are struggling roughly to identify Lonergan’s standard methodological model and incorporating those elements into the standard model in economics. We know that the operative contemporary model, the *acquis*, is deficient; we are aware that there are complexities in Lonergan’s own history of the meaning of ‘history.’ We know we are dealing with gaps in current economic theory and that such gaps are a major issue for situating *For a New Political Economy* in the history of economic theory.⁴⁰ We are interested in the transition to money and the exchange economy, which is related to a meaning of ‘transition’ not currently operative.

Fortunately, we can keep clearly attuned to the minimalist approach. To this we may helpfully add Lonergan’s minimal description of the specialty history as concerned with ‘what is going forward.’⁴¹ Thus, despite all the interpretive and

³⁹ I first tackled the issue in *The Origins of Lonergan’s Notion of the Dialectic of History* (Lanham, MD: University Press of America, 1993). Available online at [Lonergan Resource](#).

⁴⁰ On the reception of Lonergan’s economics, see *Lonergan’s Discovery of the Science of Economics*, 14-19. See also, Michael Shute, “Functional Collaboration in Economics: A Short History” presented at the Halifax Lonergan Conference: Project Global Collaboration in July 2009. Paper available on request.

⁴¹ An interpretation of Lonergan’s expressed meaning of ‘history’ is complex. The issue involves a trajectory that begins in 1934 with “An Essay in Fundamental Sociology,” culminates in his discovery of functional specialization in 1965 and included the later refinements of his essays in the 1970s. I explore this trajectory in “Let Us Be Practical!”: The Beginnings of the Long Process to Functional Specialization in the ‘Essay in Fundamental Sociology’” in *Meaning and History in Systematic Theology: Essays in Honor of Robert M. Doran, S.J.*, ed. by John Dadosky, (Milwaukee: Marquette University Press), 2009. Helpfully, Lonergan distinguished two meanings of the word history. He writes: “The word, history, is employed in two senses. There is the history (1) that is written about and there is history (2) that is written. History (2) aims at expressing knowledge of history (1) [*Method in Theology*, 175]. The course and meaning of history (1), certainly insofar as it involves progress, is a collaborative venture that is practically orientated. To be effective in the practical world is to get things done. In the 1930s Lonergan put the point this way: “Now, considering that all that takes place outside the

foundational complexities swirling around the meaning of the word and reality that is ‘history,’ we have a foothold in our own wonder-filled experience of What we are and What is going forward in us and with us. The What we are *is* historically situated. If we allow ourselves to personally embrace historically-mindedness we can work analogously with our own biographies to flesh out the meaning of ‘transition’ connecting this tissue of meaning, however tentatively, to the bone structure of Lonergan’s meaning of ‘transition’ in chapter 3 of *For a New Political Economy* as it concerns collective responsibility.⁴²

The actual transition to money and the exchange economy involved the emergence of the original idea, its communication, its consolidation as an accepted understanding and practice and the continuing maintenance of its meaning and practice. It becomes part of our collective responsibility. Achievements are, however, not always permanent for meanings and skills can dissipate. Systems can be poorly understood or and conceived. Exchanges can be functional or dysfunctional. Lonergan was deeply concerned with how to effectively and responsibly direct human efforts toward a positive contribution to this ongoing genesis of human beings collaborating in the making of the world. This involves the maintenance of healthy cultural traditions, the cultivation of innovative advances of cultural meanings, and the recovery and restoration of relevant lost meanings and skills. Our larger aim, then, is to contribute to an advance of meaning in the history of economics, but our focus is on the prior task of getting a grip on how to enter a functional reading of the beginning of chapter 3 of *For a New Political Economy*.

Lonergan was aiming for a scientific notion of history and he suggests as a first step in the process of objectification that we begin from “the simpler

human order in this world is pre-determined, considering that all of human action follows the pre-motions of the material world and previous human action according to a statistical law, we arrive at the conception of history as the flow of human acts proceeding from one human nature, materially individuated in space-time, and all united according to the principle of pre-motion [“Essay in Fundamental Sociology” in *Lonergan’s Early Economic Research*, 19].” History (1) then is a collaboration conditioned by flexible range of series of physical, chemical, botanical and zoological schemes of recurrence, which we might unite loosely in a notion of evolution. History (1) adds to the ongoing genesis of the universe a vast and complex collaboration in meaning, which in Lonergan’s full personal horizon was a collaboration among human beings and with a divine initiative. Lonergan’s discovery of functional specialization emerges as the possibility of a higher collaboration in meaning which, while it is not primarily practical in orientation, nonetheless has practical implications. It is the dynamic structure of an emerging, effective guidance for history (1) which includes a methodologically recontextualized history (2): It is the structure of an effective guidance for history (1). It might, then, seem on the face of it that the functional specialty History is History (2) and that its effective operation becomes both an operator and integrator in the movement of history (1). Functional specialization emerges as the organizing principle (the method) of the third stage or plateau of history. As Terry Quinn put it, “Lonergan’s discussion of types of history, (1) and (2) are amazingly subtle: (2) is also part of (1) “history growing about itself, about ourselves.” Lonergan’s full meaning is I think remote to us (email to author August 4, 2018).

⁴² See “Natural Right and Historical Mindedness,” 169.

instances of autobiography and biography.”⁴³ Is there, then, a biographical analog for lifting our focus on ‘Transition to the Exchange Economy from the title of Chapter 3 of *For a New Political Economy*? In the spirit of the remarks of W.W. Sawyer, then, I suggest we consider Lonergan’s comments on diary, biography, and autobiography found on pages 182-184 of *Method in Theology* and explore an instance or two of our experiences of ‘transitions’ in our own autobiography.

These pages are well worth pausing on in leisure, but for now there are a few hooks on which I would like to hang this cursory exploration of biography and autobiography as a first step into the field of functional history. In notes Lonergan wrote on Education in 1949 we find: "structure of dialectic is identical with the structure of individual free choice."⁴⁴ It follows that, just as we can ask ‘what is going forward?’ in the history of a region, a nation or a specialized science, we can ask ourselves: what is going forward in our life? Our autobiography or any biography shares a structure with the structure of the dialectic of history, and indeed we are enmeshed in it. The exploration of ‘what is going forward’ need not be immediately directed towards ultimate ends. It can be quite specific and practical.⁴⁵ For example, you might wonder what is going forward in your own understanding of money. Do you remember when you made the transition to money? When did you realize that coin meant the possibility of candy or, as I recall, that pop bottles could be traded for coin and the coin traded for potato chips? I was fortunate that my father’s best friend owned a pawnshop where I would often spend my Saturdays with my father who himself worked as a bank messenger. I developed an appreciation of the meaning of the redistributive zone at a relatively early age. But what experiences, insights, judgments have you had, what plans have you cooked up, what choices have you made? How did they turn out? Besides memory there can be documentary evidence; do you keep a diary? Save your bankbooks, receipts and tax files? The activity here is shifting through our memories and comments to move towards an account or narrative of what is going forward in our personal biography about money.

Now, how do you structure the narrative? On this I find Lonergan’s discussion of a diary ‘as a first step toward a scientific history’ quite helpful.⁴⁶ How do we move from a collection of data to an intelligent, and truthful account that we can shape into a lively responsible narrative? There will always be relevant both an upper and a lower blade.⁴⁷ The upper blade informs the selection

⁴³ See *Method in Theology*, 182.

⁴⁴ Lonergan Archives. Item 31700DTE040 “Education, Definition of. Febr. 9. 1949.”

⁴⁵ With respect to ultimate ends, I recall the first three questions of the Baltimore Catechism: 1. Who made us? God made us? 2. Who is God? God is the Supreme Being, infinitely perfect, who made all things and keeps them in existence. 3. Why did God make us? God made us to show forth His goodness and to share with us His everlasting happiness in heaven. This position on the ultimate end informed my childhood and has led to a lifelong struggle with its meaning. The question of the transition to money can be related to these questions, but it can also be asked independently of them.

⁴⁶ *Method in Theology*, 183-183.

⁴⁷ *Ibid.* “It is to be stressed that this use of the special categories occurs in interaction with data. They receive further specifications from the data. At the same time, the data set up an exigency for further clarification of the categories and for their correction and

process; without this upper blade the data are simply a collection of yet-to-be-related data: The standard model is relevant here. It heuristically structures our attention to, and inquiry about, the data. But certainly, in the spirit of Sawyer - and keeping in mind that I am heading towards a lift of Lonergan's meaning of 'transition,' - we might begin by simply taking note of the possibility of stages in a life and of transitions that occur as we climb or 'grow into' the stages. We might bear down on meaningful instances of transition in our lives, including transitions in our biographies of money and make note of the shift, its properties and character. It is here that we might fruitfully bring to bear Lonergan's notion of the stages of meaning as a relevant context. How can we relate our initial transition to money-meaning in the context of stages of meaning? Have we transitioned to the second stage of meaning on money? Can we fantasize about a third stage? What about a fourth stage?

Certainly, the transition to the second stage requires a shift to theory and a commitment to a standard model in economics. I leave it at that for now, but you can perhaps get a glimpse at the difficulties by identifying your own development in the meaning of money and exchange. Most of us I suspect are in a troubled adolescent stage. We can negotiate the common sense and nonsense of daily transactions but have little footing in serious science. Not to worry, you have lots of company.

Which brings me to a further point relating the 'transition' to money and the exchange to ultimate ends.⁴⁸ Sandy Gillis has written an excellent article, relevant here, with respect to an ultimate *context* for autobiography and for history.⁵⁹ She devotes a section of her paper to Question 21 of *The Triune God: Systematics*, where Lonergan introduces the notion of 'two times of the temporal subject.'

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

development. In this fashion, there is set up a scissors movement with an upper blade in the categories and a lower blade in the data. Just as the principles and laws of physics are neither mathematics nor data but the fruit of an interaction between mathematics and data, so too a theology can be neither purely a priori nor purely a posteriori but only the fruit of an ongoing process that has one foot in a transcultural base and the other on increasingly organized data" (293).

⁴⁸ See footnote 45.

⁵⁹ Alessandria Gillis-Drage, "Philip McShane's Axial Period: An Interpretation," *Journal of Macrodynamic Analysis* 4 (2004): 128-179.

intellectual light which in us is a created participation in uncreated light.⁵⁰

For Lonergan there are two phases of an integrated temporal subject: the first is a prior phase, when, by one's natural spontaneity, one is the subject of one's actuated intellectual nature; the second is a subsequent phase, when, as knowing and willing, one is by one's own intention the subject of one's intellectual nature both as actuated and to be actuated further.

The conditions of a temporal subject are such that one can hardly make the transition from the first phase to the second apart from a long journey and the influence of other temporal subjects. We are in an intersubjective, social and interpersonal context, that is, we are in history and so we are a part of 'the going forward.'⁵¹ The notion of the two times of the temporal subject constitutes a horizon, that is, a *context* for considering the progress of our biography. It moves from an initial spontaneity, through the stages of the development and integration, and anticipates a second time of spontaneous conscious self-direction when, 'as knowing and willing, one is by one's own intention the subject of one's intellectual nature both as actuated and as to be actuated further.' Taken this way, we can locate ourselves as somehow perched between a first and a second spontaneity. We are in time, and in transition; we cannot negotiate this 'transition from the first phase to the second apart from the influence of other temporal subjects.' As Lonergan said, "intellectual achievement is not the achievement of individual men for individual men are unintelligibly different; intellectual achievement is the achievement of the race, of the unity of human action; the individual genius is but the instrument of the race in its expansion."⁵² Thus, our biography is in the flow of history. Our history is part of the flow of time – say 16 billion years from start to finish – and we, our biographies and collective history and responsibilities,⁵³ are set within the context of W1, succinctly expressed in the metagram HS (f (p_i; c_u; b_k; z_i; u_m; r_n), "where the H refers to history and the S refers vaguely to sequences or schemes or structures or systems."⁵⁴ The advance

⁵⁰ *CWL 12, 405.*

⁵¹ Relevant here is the structure of the human good. See *Method in Theology*, 48. As Patrick Brown has stressed in several articles, Lonergan's work is both rooted in Catholic social philosophy and is a systematic transformation of it. See Patrick Brown, "Aiming Excessively High and Far": The Early Lonergan And the Challenge of Theory in Catholic Social Thought" in *Theological Studies* 72 (2011): 620-644 and "Overcoming 'Inhumanly Inept' Structures: Catholic Social Thought on 'Subsidiarity' and the Critique of Bureaucracy, Law, and Culture." *Journal of Catholic Social Thought* 2 (2005): 413-430.

⁵² "Essay in Fundamental Sociology" in *Lonergan's Early Economic Research*, 20.

⁵³ See footnote 42 above. Also relevant is the structure of the human good. See *Method in Theology*, 47-52.

⁵⁴ Philip McShane, *Prehumous 2* at [Philip McShane Website Series Prehumous](#) Helpful is the following: "A beginner should think of W1 mainly as a help to remember that the human, oneself, is a layered reality of physical, chemical, botanical, zoological, rational and supernatural actualities. As one advances the meaning of the symbols complexifies in a manner that parallels the student advancing in, say chemistry: the periodic table means massively more to a graduate chemist."

of u_m is a movement whose initial spontaneity is conditioned by the aggregate of schemes of p_i ; c_j ; b_k ; z_l ; and whose ultimate spontaneity integrates into the higher unity of r_n and the two times of the temporal subject. The movement of the two times of the temporal subject is enriched with Lonergan's account of genetic method, in particular his notions of emergence, survival, integration, correspondence and genuineness of chapters 4, 8 and 15⁵⁵ of *Insight* and his various accounts of the dialectic complexities of history.⁵⁶ I would also note a loose but helpful correspondence between Lonergan's account of the two times of the temporal subject and Eric Voegelin's notion of the movement from compact to differentiated consciousness that informs his massive five-volume *Order in History*.⁵⁷ Lonergan, for his part, adopts the language of differentiation in his later works.⁵⁸ Consider how he ends the chapter on meaning in *Method*: "In its third stage, meaning not only differentiates into realms of common sense, theory, and interiority, but also acquires the universal immediacy of the mass media and the molding power of education. Never has the need to speak effectively to undifferentiated consciousness been greater."⁵⁹

In the context of the two times of the temporal subject we can locate our current situation in history as axial. While the transition stretches out through the full reach of our lived biography and collectively in the space-time of our global history, we can add the subtleties of an account of the stages of meaning and possible future accounts of stages of aesthetic, intellectual, moral and religious development. In this light, it is not hard to locate our current transition biographically in adolescence and some reflection on our adolescent experiences would not be a bad place to identify with the meaning of 'transition.' What is going forward in our spirits, intellectually, morally, and religiously? How are the tensions between habit and inquiry negotiated? And so forth. Shifting to history, the analogy to adolescent development as an in-between time of axial transition might be fruitful.

Finally, what is the long transition in the history of molecules that is part of the *Pantôn anakephalaiôsis* (the restoration of all things) of Ephesians 1:10 that so interested Lonergan in 1935 and that is, I suspect, the thematic core of his

⁵⁵ Keeping in mind that *Insight* was written as a developing viewpoint, the genetic method of chapter 15 can be read back into the full sweep of the worldview of emergent probability. Recall that the "concrete intelligibility of Time is that it grounds the possibility of successive realizations in accord with probability." In other words, "concrete extensions and concrete durations are the field of matter or potency in which emergent probability is the immanent form or intelligibility" (CWL 3, 195).

⁵⁶ For a short introduction to the dialectic of history, see Michael Shute, *The Origins of Lonergan's Notion of the Dialectic of History* (University Press of America, 1993), chapters 1 & 2.

⁵⁷ The key moment in the five-volume work is to be found the introduction to *The Ecumenic Age* where Voegelin shifts to the view that the crucial shifts in history are developments in consciousness. See Eric Voegelin, *The Ecumenic Age. The Collected Works of Eric Voegelin 17: The University of Louisiana Press, 2000*.

⁵⁸ See *Method in Theology*, *passim* and *A Third Collection*, especially pages 239-243.

⁵⁹ *Method in Theology*, 99.

intellectual quest?⁶⁰ So with all this as background I turn to the task of lifting the meaning of ‘transition’ noticed in interpretation into a biographical-laced vortex field of history.

‘Transition’ in *For a New Political Economy*

So, finally, what of the word ‘transition’ as we find it in *For a New Political Economy*? In the title of Chapter 3 of the text Lonergan is referring to the transition to money and the exchange economy, which we can now expand to incorporate both a transition in our biography and in history. There is already a literature on the history of the meaning of money and exchange.⁶¹ What is it, then, about Lonergan’s reference to the transition to money that is worth noting or noticing? What does it add to the field of the history of money? We find a key passage in chapter 1 of *For a New Political Economy*. I quote it at length.

A third objection may take the form that we arrive at an historical synthesis without attempting any historical research. The answer is that no additional research is needed to justify such general conclusions as we present. To put the point differently, all historical study rapidly reaches the point where interpretation of the data can no longer be determined solely by the data. Thus, it is that each nation tends to write its own history of the past and that each philosophy constructs its own theory of history. Similarly, in economic history, general conclusions depend much more on the validity of general

⁶⁰ See Bernard Lonergan, “*Pantôn Anakephalaiôsis: (The Restoration of All Things)*,” edited with an introduction by Frederick E. Crowe. *Method: Journal of Lonergan Studies* 9:2 (1991): 139–72.

⁶¹ Perhaps the most well-known history of money is John Kenneth Galbraith’s breezy *Money: Whence It Came, Where It Went* (New York: Penguin Books Ltd, 1977). More recently there is Niall Ferguson’s darker *Ascent of Money: Financial History of the World* (Penguin, 2009). For a detailed history see, Glyn Davies, *A History of Money: From Ancient Times to the Present Day*, 2nd edition (Name of the City, University of Wales Press, 2005); A classic study of monetary theory is Charles Risk, *A History of Monetary and Credit Theory from John Law to the Present Day*. (New York: A.M. Kelly, 1966). More generally, Joseph Schumpeter’s *History of Economic Analysis* (New York; Oxford University Press, 1954) has much of interest as does Heinrich Pesch, *Teaching Guide to Economics*. 5 vols. Translated by Rupert J. Ederer of *Lehrbuch der Nationalökonomie* (Lewiston, NY: Mellen, 2002). The Schumpeter and Pesch volumes were Lonergan’s main sources on the history of economic theory. His notes from the 1940s on Pesch and Schumpeter are transcribed in chapters 3 and 6 respectively of Michael Shute, *Lonergan’s Early Economic Research*. For Lonergan’s later use of Schumpeter, see *Macroeconomic Dynamics: An Essay in Circulation Analysis*. CWL 15, eds. Frederick G. Lawrence, Patrick H. Byrne, and Charles Hefling, Jr. (Toronto: University of Toronto Press, 1999). More fully, see the various transcriptions of his lectures in Macroeconomics and the Dialectic of History from 1979-1982 available in the Lonergan Archives, Regis College Toronto and online at Bernard Lonergan Archives.

principles of interpretation than on accuracy of factual detail. In an appendix to his General Theory Mr. Keynes presents as a corollary a new interpretation of mercantilist thought: for the facts of the mercantilist period, he is content to go to a standard work of research; for the interpretation of those facts, he pays no attention to the laborious research workers who, as interpreters, merely reechoed classical views; on the contrary, he brings his own General Theory into play to show that, after all, the mercantilists might not have been the fools that classical theory makes them. The legitimacy of the procedure is evident, for, if research is necessary to determine in detail what the mercantilists thought and did, it cannot claim any competence in judging whether the mercantilists were wise or foolish. That question is answered only by economic theory, and each theory will give its own answer: the classicists have theirs, the Marxists no doubt offer another, and Mr. Keynes has given us a third; nor is the cause of the divergence a difference in the factual data but a difference in the principles accepted by the judging mind. Accordingly, *if we succeed in working out a generalization of economic science, we cannot fail to create simultaneously a new approach to economic history. Such an approach in itself is already a historical synthesis.*⁶²

Loneragan was successful in working out such ‘a generalization of economic science’ and so his macrodynamic economics provides the seed and structure for a standard model informing our approach to economic history. Keeping all this in mind, I would now home in on several relevant transitions.

There is the germinal moment that generated the first transition to money and exchange in human history, the origins as it were. We can imagine a time when production did not involve money. Lonergan presents just such a scenario in *Insight*.

In the drama of human living, human intelligence is not only artistic but also practical, at first, there appears little to differentiate man from the beasts, for in primitive fruit-gathering cultures, hunger is linked to eating by a simple sequence of bodily movements. But primitive hunters take time out from hunting to make spears, and primitive fishers take time out to make nets. Neither spears nor nets in themselves are objects of desire. Still, with notable ingenuity and effort, they are fashioned, because for practical intelligence desires are recurrent, labor is recurrent, and the comparatively brief time spent making spears or nets is amply compensated by the greater ease with which more game or fish is taken on an indefinite series of occasions.⁶³

⁶² *CWL 21*, 9-10. Italics added.

⁶³ *CWL 3*, 232-33.

In this account we have two productive circuits of work and these circuits can operate without money, even as its invention is seed waiting to germinate on the horizon.⁶⁴ Did the entrance of money occur in Stone Age, Iron Age, or Bronze Age cultures?⁶⁵ Did it evolve within community notions of fairness, as barter between tribes or as gift economy, as in the pre-Westernized Trobriand Islands or the potlatch of the Kwakiutl cultures of Western Canada?⁶⁶ Or is it, as David Graeber argues, a matter of acknowledging debt.⁶⁷ Extrapolating imaginatively, we can consider how ‘money’ emerged in history and how human communities made the transition to money and exchange. In the most general way, we are revisiting the course of any human invention and re-enacting the original event, even as our re-enacting includes our present context. We can sketch some general features in light of what we understand about any development. We can safely say for instance that the idea of money occurs to someone and that the idea is communicated to others in the community. The idea catches on but there is likely resistance to new ways. Eventually group and cultures adapt to the new way of doing things and a notion of money becomes commonplace. New institutions emerge and their regular maintenance becomes required for their survival. This pattern of emergence, adaptation, adjustment and survival can occur in many communities independently, but the idea can also be transferred from region to region and from culture to culture.⁶⁸ More specifically we are trying to capture a moment when human beings began to ‘take note of’ promises, both as credit and debt, counted it and counting on it.⁶⁹ I imagine, I could be wrong, that it was such a counting of credits and debits that led human beings to count beyond the sequence “one, two, many.”⁷⁰ In the context of the two times of the temporal subject, however, we are still in the transition to money; we are still learning to count properly: most people could not easily and accurately identify the kinds of

⁶⁴ For an account of economic circuits without money, see Michael Shute, “Real Economics Variables.” *Divyadaan: Journal of Philosophy and Education*, vol. 21 (2010): 183-194.

⁶⁵ Relevant here, especially in terms of Lonergan’s own intellectual biography, is Christopher Dawson’s account of human prehistory in *The Age of the Gods* (New York: Sheed and Ward, 1928). Lonergan read *The Age of the Gods* in the early 1930s. Dawson was an influential source in his discovery of two circuits. See Michael Shute, *Lonergan’s Discovery of the Science of Economics*, 149-50.

⁶⁶ On gift economies, see Lewis Hyde, *The Gift: Imagination and the Erotic Life of Property* (City: Publisher, 1983). The relevant anthropological argument is made in Lewis Hyde “The Gift Must Always Move” in *Co-Evolution Quarterly* No. 35, (Fall 1982).

⁶⁷ David Graeber, *Debt: The First 5000 Years* (City, Melville House, 2014).

⁶⁸ On the general structure of human development, see *CWL 3*, 495-507. See also “Analytic Concept of History,” edited with an introduction by Frederick E. Crowe, *Method: Journal of Lonergan Studies* 11:1 (1993): 1–36, especially Lonergan’s reference to cultural transfer in section 8.4 of the essay.

⁶⁹ See Brown, “Keeping Promises.”

⁷⁰ The current archeological evidence suggests that human beings have been counting for over 50,000 years. On this Howard Eves, *An Introduction to the History of Mathematics*, 6th Edition, (1990). 9. See also, chapters 1 (‘Counting Sheep’) and 2 (Counting Goats) of Brian Clegg, *Are Numbers Real?* (London: St. Martin’s Press, 2016).

circuit transfers that occur in any transaction. What kind of transaction is the barber's purchase of a new barber's chair? Is it the same as a payment for a haircut? And what about the tax for each? What about insurance?

Perched between the *two* times of the temporal subject Lonergan identifies *three* stages. The first stage of the transition to money – as current malpractice shows us - demands a shift to a second transition, that would provide a sound theory of money. In *Method in Theology* Lonergan talks of troubled consciousness and Eddington's two tables,⁷¹ and we can likewise identify two money tables. There was the table Jesus knocked over in the temple and there is the theoretical table of basic and surplus operative exchanges, crossover payments, redistributional exchanges, initial, transitional and final payments, superposed circuits etc. Jesus could knock over the temple moneychangers table, but would he knock over this table?

$$\begin{aligned} k_2 [f_2'(t - a) - B_2] &= f_1''(t) - A_1 \\ k_3 [f_3'(t - b) - B_3] &= f_2''(t - a) - A_2 \\ k_4 [f'(t - c) - B] &= f''(t - b) - A^{72} \end{aligned}$$

Lonergan's contribution to a standard model in economics invites us to work with this series of accelerations personally and identify the differences interiorly though an exercise of self-appropriation. This luminously held division of the flow of circuits is not currently acknowledged in the community of economists. Thus, the emergence of Lonergan's solution to the problem of understanding economic breakdown, while it first emerged in 1942, has yet to be a factor in the transition to a genuine scientific community in economics. The idea has yet to be effectively communicated to the community and there is as yet no operative standard model.

And what of imagining a potential transition to the second time of the economic subject? Certainly, it will not happen without the shift to economic science effectively operational in local, national and global transactions. This shift to science in economics will be concomitant with the transition to functional specialization as the generalized method of the universal standard model. So, we are now clearly in fantasyland. Nonetheless, such science fantasy is worthwhile if we are to ever move on from the tyranny of quarterly reports to sustainable long-term thriving. It is in this context that we can appreciate Lonergan's own fantasy in *For a New Political Economy*. "Nor is it impossible that developments in science should make small units self-sufficient on an ultramodern standard of living to eliminate commerce and industry, to transform agriculture into superchemistry, to clear away finance and even money, to make economic solidarity a memory, and power over nature the only difference between high civilization and primitive gardening."⁷³ It follows from this dream of a future

⁷¹ *Method in Theology*, 84.

⁷² CWL 21, 244. This is Lonergan systematic statement of the cycles of the productive process.

⁷³ CWL 21, 21. I suspect that considering the contemporary shift in sensitivities to the environment that we might change the expression 'power over nature' to something

sustainable ecology and economy that the existence of money itself might be the evidence that we are presently in a long period of transition both in human economy and in human history.

Concluding Remarks

To write of Lonergan's achievement as a significant advance or transition in the history of economic theory would I believe strike professional economists as at least odd. After all, who is Lonergan? If you were to seek out a summary of his work in an encyclopedia of economics you would not find his name. This does not surprise me. However, if you were to look his name up in the Online Sanford Encyclopedia of Philosophy your search would also come up empty. Frederick Copleston's multivolume *History of Philosophy*, which was originally conceived as a presentation of the development of philosophy for Catholic seminarians, has one mention of Lonergan in a footnote on Heidegger's influence on Coreth.⁷⁴

There is a complexity, then, to the non-reception of macrodynamic economics (and his philosophy, for that matter) that brings to a head the pressures of the transition from one stage to another as they collide and intermingle with the pressures the four biases and the shorter and longer cycles of decline on the topic.⁷⁵ In 2010, in the conclusion to *Lonergan's Discovery of the Science of Economics*, I noted the different pace of acceptance for Lonergan's Macrodynamic economics, Mendel's genetics and Einstein's General Relativity Theory.

Just because an idea is the right one does not mean it will be a successful one. There are both probabilities of emergence and probabilities of survival. While macroeconomic dynamics emerged in 1944, its survival is not assured. At the moment, learning Lonergan's economics requires personal commitment of considerable time and energy. Not everyone has the right circumstances or the requisite skill

like "the responsible direction of the potentialities of nature" without altering Lonergan's meaning.

⁷⁴ Frederick Copleston, *History of Philosophy: Volume IX: Modern Philosophy from the French Revolution to Sartre, Camus, and Levi-Strauss* (City: Image Books Edition, 1994). The footnote in full: "The writings of B. Lonergan, the Canadian Thomist, seem to be free of Heideggerian influence. As for Coreth, the influence of Heidegger is clear enough. But so is that of Fichte, by whom Maréchal himself was influenced (fn. 1, 269)." It is worth noting that Copleston was one of the publishers' readers at Longmans for *Insight*. Initially I thought that given his Christian European roots (there is no treatment of Indian philosophy, for example) Copleston might be ignoring New World philosophers but Volume VIII includes a section on Idealism in America, including Josiah Royce, and a section on the Pragmatist Movement, including Charles Sanders Peirce, William James, and John Dewey.

⁷⁵ See *CWL* 3, 214-220, 244-263. Relevant are Patrick Brown, "Starting Economics: Again," *Divyadaan: Indian Journal of Philosophy and Education*, vol. 21. no 2. (2010):155-162 and Philip McShane, "The Meaning of Credit," *Divyadaan: Indian Journal of Philosophy and Education*, vol. 21. no 2. (2010): 163-182.

level or, to be frank, the inclination. Furthermore, there are special problems in fermenting a revolution in economic theory in our current global climate. In 1905 Albert Einstein, while working in a patent office in Switzerland, published his paper on the special theory of relativity. In 1916, he published his paper on the general theory of relativity. In the interim he had gained support among many leading physicists. In 1919, *The Times* of London's headline proclaimed a 'Revolution in Science' and later a *New York Times* editorial on relativity theory declared that 'the foundations of all human thought have been undermined.' Einstein began as an outlier in the world of physics, but his ideas took hold with relative speed. Part of this is surely an accident of time and place, but part of it speaks to the difficulty of effecting a revolution in the human sciences. Mendel's gene theory, the product of an obscure monk, lay dormant for forty years, but once his work reached the right ears the revolution in genetics happened quickly. Lonergan is an outlier in world of economics, but unlike Einstein's or Mendel's, his work has failed after more than sixty years to make any dent in the world of economics.⁷⁶

So, it might be said that the rate of progress so far on this front is not zero but it is almost zero.⁷⁷ What are we to say about this lack of progress, this lack of going forward? What is the disease that is running through history that fails to pick up on significant, timely ideas? Lonergan had much to say throughout his life about the problem of the longer cycle of decline and much to say about how to reverse it.⁷⁸ By providing a set of significant variables for establishing a proper science of economics, his work in economics was a contribution to the reversal of the longer cycle in the economic zone. Functional specialization emerged in him in 1965 as the higher, and more general, method for collaborating on implementing an effective solution to the problem of the longer cycle of decline in history and shift together to revitalizing the longer cycle of incline.⁷⁹ It is now left to some

⁷⁶ *Lonergan's Discovery of the Science of Economics*, 246.

⁷⁷ Philip McShane reports this: "I recall applying for support in this work [Lonergan's economics] from Canada Council in 1977. My request was turned down, and rejected graciously accompanied by the comment of one referee... 'what we have here is a case of two idiosyncratic theologians trying to do idiosyncratic economics. The probability of this being fruitful is not zero, but it is not much higher' [Philip McShane, *Economics for Everyone* (Axial Press, 1998), 164]." Much later in the early 2000s I submitted a collaborative grant to develop workshops for introducing two-circuit economics with Philip McShane, Bruce Anderson, and the Coady Institute at St. Francis Xavier University in Antigonish Nova Scotia to SSHRC, the successor to the Canada Council. The response from one economist was not so gracious. He questioned our credentials (Oxford, University of Edinburgh and University of Toronto) and stated bluntly that we had misunderstood the first page of any first-year macroeconomics text. Perhaps the real problem is that page?

⁷⁸ See *CWL 3*, chapters 7, 18-20, and the Epilogue.

⁷⁹ For an overview, see Michael Shute "Functional Collaboration as the Implementation of 'Lonergan's Method' Part 1: For What Problem is Functional

percentage of the 7.6 billion or so human beings currently alive to shift the probabilities of survival of those two great ideas that came together for Lonergan in 1944 and 1965.⁸⁰

I leave the last word to Lonergan. This is from an address to the Thomas More Institute for Adult Education in 1976:

Is my proposal Utopian? It asks merely for creativity, for an interdisciplinary theory that at first will be denounced as absurd, then will be admitted to be true but obvious and insignificant, and perhaps finally be regarded as so important that its adversaries will claim that they themselves discovered it.”⁸¹

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Collaboration the Solution? *Divyadaan: Indian Journal of Philosophy and Education*, vol. 24, no. 1 (2013), 1-34. [Re-printed and slightly revised in *Journal of Macrodynamical Analysis*, vol. 8 (2015)] and “Functional Collaboration as the Implementation of Lonergan’s Method, Part 2: How Might We Implement Functional Collaboration?” *Divyadaan: Journal of Philosophy and Education*, vol. 24, No. 2 (2013), 159-190. [Re-printed and slightly revised in *Journal of Macrodynamical Analysis*, Vol. 8 (2015)]. On the cycle of incline, see Philip McShane, “A Problem of Interpretation Arises,” Cantower XII. He writes: So, we are thinking of a shift in culture that would make something like a genetic educational viewpoint a cultural ethos, a tone of the treatment of tiny tots and teens, a viewpoint on growing viewpoints and the pitfalls to growth” (12-13).

⁸⁰ We do not have a date for when Lonergan first integrated production, exchange and financial flows in the two-circuit ‘baseball diagram.’ That he had the notion of two circuits by 1941 is clear from his article ‘Savings Certificates and Catholic Action’ which appeared in the Montreal Beacon, 7 February 1941 and the best evidence we have suggests Lonergan stopped work on “The Essay in Circulation Analysis” in early 1944. See CWL 21, xxiii. On the genesis of Lonergan’s economics see Michael Shute, *Lonergan's Discovery of the Science of Economics*. We can date Lonergan’s discovery of functional specialization to 1965 from the archival evidence. See Lonergan archives file 47200D0E060/A472 V71. Lonergan first published his discovery in ‘Functional Specialties in Theology,’ *Gregorianum* 50 (1969): 485–504.

⁸¹ Bernard Lonergan, “Healing and Creating in History” in *A Third Collection*, 107.