

The
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*Forging a New Economic Paradigm:
Perspectives from Bernard Lonergan*



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The Lonergan Review is the journal of the Bernard J. Lonergan Institute at Seton Hall University. Its mission is to link explicit self-knowledge—Lonergan’s “self-appropriation”—with the various academic disciplines and professions. By doing this it seeks to foster authentic human cultures of high ideals, open to religion, the Catholic intellectual tradition, and service of the poor.

Submissions:

Electronic submissions, word document, double-spaced, including endnotes. Articles are approximately 3,000 to 8,000 words and follow *The Manual of Style* (University of Chicago Press). References to Lonergan’s writings that have appeared in the *Collected Works of Bernard Lonergan* must cite that edition, but may also cite older editions.

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RICHARD M. LIDDY

Introduction

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. (Lord Keynes)

BERNARD JOSEPH FRANCIS LONERGAN was born December 18, 1904 in Buckingham, Quebec. He joined the Jesuits in 1922 and in subsequent years he studied in Canada, England and Rome. He had an early interest in economics, an interest magnified by the Great Depression and the totalitarian responses in Europe. His *Collected Works*, presently being published by the University of Toronto Press, include two volumes on economics: *For a New Political Economy*—written in the 1940s and published in 1998—and *Macroeconomic Dynamics: an Essay on Circulation Analysis*—written in the late 1970s and early '80s and published in 1999.

When Lonergan showed his early 1940 manuscript to some friends, no one understood it and he put it away. By the time he returned to economics in the 1970s, many had come to realize that they were dealing here with a first-rate mind and his writings might well prove to be seminal. Since then Lonergan's economics has attracted more and more attention, not least in the present climate of international economic instability.

It is for this reason that the Micah Institute for Business and Economics, in conjunction with the Bernard Lonergan J. Institute at Seton Hall University, sponsored an international conference on Lonergan's economics on June 19 and 20, 2009. The conference was attended by

162 participants including business persons, economists, philosophers, political scientists and theologians.

Loneragan's analysis of economic dynamics is a functional one, that is, it is an analysis in terms of basic terms and relationships: "Let us say, then, that for every basic insight there is a circle of terms and relations, such that the terms fix the relations, the relations fix the terms, and the insight fixes both." Thus, the precise meaning of such terms as supply, demand, profit and redistribution are set within a theoretical construct of the "pure cycle" of economic activity. Such a theoretical construct—as the papers in this volume will illustrate—includes a basic consumer cycle of economic activity in addition to a surplus productive cycle inaugurated by new ideas that spark entrepreneurial activity and the creation of "pure surplus income." This surplus income, often called "profit," can only play a socially beneficial role if it is oriented towards expanding the basic consumer cycle and thus raising the standard of living. The circulation of money within this construct is made possible by a redistributive function exercised by banks and other instruments for balancing the productive and consumer cycles.

In his economic writings Lonergan held that the fundamental issue in avoiding economic booms and slumps was the wide-spread teaching of a correct understanding of this pure cycle of economic activity. Only in this way can we avoid "putting our foot on the accelerator and the brake at the same time." An inadequate understanding of the cycle of economic activity—or no understanding at all—can be responsible for economic instability and sometimes massive human suffering. He himself had witnessed such suffering in his hometown in Buckingham in the early part of the twentieth century.

In other words, ideas count: explanatory understanding and the communication of such understanding through widespread education is central to human flourishing. What follows in this volume of *The Lonergan Review* are the papers from the Seton Hall conference. They present a broad overview of Lonergan's economic thought together with applications to contemporary concerns. The papers represent a marvelous array of "angles" on Lonergan's fundamental theory: angles from busi-

ness, society, culture, philosophy and theology. Like colors emanating from a shining crystal, these papers illustrate Lonergan's fundamental thesis that theoretical clarity is the basis of genuine education and genuine education is the basis of a free society. As Lonergan wrote in his magisterial *Insight: A Study of Human Understanding*,

There remains the question, What practical good can come of this book? The answer is more forthright than might be expected, for insight is the source not only of theoretical knowledge but also of all its practical applications, and indeed of all intelligent activity. Insight into insight, then, will reveal what activity is intelligent, and insight into oversights will reveal what activity is unintelligent. But to be practical is to do the intelligent thing, and to be unpractical is to keep blundering about. It follows that insight into both insight and oversight is the very key to practicality.³

In this volume a broad overview on Lonergan's economic theory is accompanied by a deepening and a widening view of its implications. An international perspective is given and the volume finds completion in theological perspectives and ideas on the implementation of Lonergan's economics. Ultimately, Lonergan's analysis was rooted in his religious commitments.

Cardinal Danielou speaks of the poor. It is a worthy topic, but I feel that the basic step in aiding them in a notable manner is a matter of spending one's nights and days in a deep and prolonged study of economic analysis.⁴

One of the critiques of Lonergan's economics is that those who have immersed themselves in it—economists, philosophers, cognitional theorists—have not yet made the effort to bring Lonergan's thought into an encounter with the thought of other contemporary economists. That, I would say, is a very long-term proposition. I once spoke with

Father Lonergan about this at a meeting of the Catholic Theological Society of America in Montreal. It was the late 1970s and economic issues were in the air. Impatient, I said to him, “With all this economic turmoil out there, why don’t you immediately publish your economics manuscript? Why don’t you get your views out there?” My implicit assumption was: “That will clear things up right away!” Lonergan looked at me, smiled, and simply said, “These things take a long time.”

I took Lonergan’s remark to mean that the whole process of economic analysis, collaboration and education would take a long time. It was ultimately a question of conversion—intellectual conversion—and the consolidation of that conversion in clear manuscripts, and the sharing of that conversion through education. Philip McShane in this volume points to the long-range need for adequately informed high-school economics textbooks; otherwise, students will not have clear ideas about the pattern of economic activity and the moral implications of those ideas. The task is immense; but each of us has to do what we can: to understand the world as clearly as we can, and to do what we can to collaborate with others in the long range project of a genuine education contributing to making the world a better place.

I am grateful to all who have collaborated in any way to bring about this summit at Seton Hall and this volume. In a special way I want to pay special tribute to Deacon William Toth, the founder of the Micah Institute for Business and Economics, for his long-range vision about the importance of work and economics in human life. I am also grateful to our Lonergan Economic Summit Committee for their support: John Swift (convener), Anthony Brenninkmeyer, Donald J. DeCastro, Adrian Foley, Esq., Frank Geraci, Samuel Giuliano, Stephanie Hauge, Irene and Ken Hickman, Joe Hughes, Kenneth Kunzman, Esq., Deacon Francis P. and Mrs. Theresa N. McQuade. In a special way I want to thank Danute Nourse, Director of Programs for the Center for Catholic Studies at Seton Hall University; my sister, Terry Liddy, current director of the Micah Institute for Business and Economics; also Stephen Kass, Sandra Leskauskas, Grace Leskauskas, George Mihalik and Gabrielle Francesco, all of whom helped us in organizing the conference. Also, I am

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Notes

- 1 Quoted in Robert L. Heilbroner, *The Worldly Philosophers* (NY: Simon and Schuster, 1953), 4-5. Keynes continues: “Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.”
- 2 Bernard Lonergan, *Insight: A Study of Human Understanding*, Vol. 3 of the *Collected Works of Bernard Lonergan*, ed. Frederick Crowe and Robert Doran (Toronto: University of Toronto Press, 1993), 14.
- 3 Bernard Lonergan, *Insight*, 9.
- 4 Bernard Lonergan, “Sacralization and Secularization,” *Philosophical and Theological Papers 1965-1980*, Vol. 17 of the *Collected Works of Bernard Lonergan* (Toronto: University of Toronto Press, 2004), 280.