

“Why Lonergan’s Economics?”  
Response to Fr. Robert Doran, S.J.,<sup>1</sup> “Why Lonergan?”

Inaugural Celebration of Seton Hall University Lonergan Institute

November 16, 2006

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Since Prof. Doran mentioned my background and interest in Lonergan’s economics, I would first like to speak briefly on an autobiographical level then delve just a little into Lonergan’s contributions to economic understanding, subsumed under Prof. Doran’s comments on “Why Lonergan?”

Unlike most people drawn to Lonergan’s thought, his “Essay in Circulation Analysis” was one of the first works of his I read. Written from 1930-1944 to help lessen the suffering caused by misunderstanding of economic process that Lonergan led to the Great Depression, it ended up being the last of his writings to make a significant impact on me, but enough of an impact to totally reorientate my theological interests and academic pursuits.

A professor and student of Lonergan’s thought at the diocesan seminary where I was getting my masters in theology knew that my bachelors degree was in economics and so lent me his copy of a version of Lonergan’s then-as-yet unpublished economic manuscript. It had been circulating in Lonergan circles but receiving only a small amount of attention even among Lonergan scholars. It was finally published in 1999 in the University of Toronto’s *Collected Works of Bernard Lonergan*, as *Macroeconomic Dynamics: An Essay in Circulation Analysis* along with another volume written in the same period, *For a New Political Economy*.<sup>2</sup>

Although I had thought I had completely left economics for systematic theology, I read the photocopied manuscript out of intrigue and growing respect for Lonergan and my professor, but returned it without even copying it for future use. What slowly dawned on me though as I worked through my masters and doctoral theological studies, including Lonergan’s more famous *Insight* and *Method in Theology*, was the explanatory power of his economic thought, compared to my previous economic education. For the first time after four years of undergraduate and one year of graduate work in economics I felt that I had finally begun to understand macroeconomics.

Eventually, as Fr. Doran kindly mentioned, I joined the growing handful of people convinced that Lonergan’s macroeconomics is not only at the theoretical sophistication of Adam Smith, Karl Marx, John Maynard Keynes, and Milton Friedman but superior in

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<sup>1</sup> Emmitt Doerr Professor of Systematic Theology, Marquette University.

<sup>2</sup> *The Collected Works of Bernard Lonergan*, ed. Frederick E. Crowe and Robert M. Doran, vol. 21, *For a New Political Economy*, ed. Philip McShane (Toronto: University of Toronto Press, 1998) and vol. 15, *Macroeconomic Dynamics: An Essay in Circulation Analysis*, ed. Frederick Lawrence, Charles Hefling and Patrick Byrne (Toronto: University of Toronto Press, 1999).

many ways. I continue to study and write on Lonergan's economics because I believe that his contributions are sorely needed, especially when economic downturns are always on the horizon; where recent economic "booms" of the last 15 years have barely raised the standard of living of most of the population; and the gap between upper and lower income classes continues to grow whether we are in economic growth or decline.

Without getting too involved in the technical and ethical aspects, to give you a small flavor of both the sophistication and common good approach of Lonergan's economics, I quote from his *Macroeconomic Dynamics: An Essay in Circulation Analysis*:

In equity [pure surplus income] should be directed to raising the standard of living of the whole society. The reason why it does not is not the simple-minded moralists reason: greed, but the prime cause is ignorance. Dynamics of surplus and basic production, surplus and basic expansions, surplus and basic incomes are not understood, not formulated, not taught. When people do not understand what is happening and why, they cannot be expected to act intelligently. When intelligence is a blank, the first law of nature takes over: self-preservation. It is not primarily greed but frantic efforts at self-preservation that turns recession into depression, and depression into crash.<sup>3</sup>

I would like to add a few comments and further quotes regarding his general approach to economics to help answer Bob Doran's question "Why Lonergan?" plus a further one: "Why a Lonergan Institute at Seton Hall?"

#### Why Lonergan's Economics

First, Lonergan questions those who wish to maintain traditional boundaries between "objective" and "scientific" disciplines such as economics and "subjective" or "fuzzy" disciplines like ethics and theology. Even Catholic colleges and universities experience a tension between what is taught in the business school and in religious studies, theology and ethics. Against those who maintain economics' hegemony over economic understanding, Lonergan takes the directly opposite tack:

[W]e should get rid of the distinction between theorists in morality and theorists in economics. The moral theorists about economics are also economists; they see what's necessary for the machine to run properly. And if they don't? Well, we have to get better economists. The lesson has been drummed in for about two centuries now.<sup>4</sup>

Or in the words of the Cambridge economist Joan Robinson, "economics is too important to be left to economists."

Lonergan addressed also those who question interdisciplinarity from the other side of the academy who suppose, "What does economic theory have to do with ethics?" In his essay "Healing and Creating in History," he writes,

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<sup>3</sup> Lonergan, *Macroeconomic Dynamics*, 82.

<sup>4</sup> Cathleen Going, ed, *Dialogues in Celebration*, Thomas More Institute Papers/80 (Montreal: Thomas More Institute, 1980), 299.

When the system that is needed for our collective survival does not exist, then it is futile to excoriate what does exist while blissfully ignoring the task of constructing a viable economic system that can be put in its place.”<sup>5</sup>

Second, a main reason Lonergan stressed the need for interdisciplinary collaboration is that orthodox economic methodology, instead of viewing the economic agent as an “empirically, intelligently, rationally conscious subject that develops in intelligence and reasonableness, an entity that even from viewpoint of scientific method, has to be approached in a manner essentially different from the study of atoms or plants or animals . . .,” considers “economic activity as predictable events in the same manner as the 19<sup>th</sup> century physicists did, or as statistically probable events.” The inevitable result is that “[t]he link between the human science and its application will not be human; it will be subhuman.”<sup>6</sup>

Urging upon mainstream economics, the corrective that is incorporated into his macroeconomics (viewing economic agents in their full capacity intentionality as observant, intelligent, reasonable and responsible) Lonergan maintains that “when [even] physicists can think on the basis of indeterminacy, economists can think on the basis of freedom, and acknowledge the relevance of morality.”<sup>7</sup>

Summing up Lonergan’s unique paradigm of interdisciplinary collaboration among economists, ethicists and theologians he wrote,

[W]e must demand that two requirements are met. The first regards economic theorists, the second regards moral theorists. From economic theorists we have to demand, along with as many other types of analysis as they please, a new and specific type that reveals how moral precepts have both a basis in economic process and so an effective application to it. From moral theorists we have to demand, along with their other various forms of wisdom and prudence, specifically economic precepts that arise out of economic process itself and promote its proper functioning.<sup>8</sup>

Third, on a more existential level, “[t]o deny the possibility of a new science and new precepts,” Lonergan was convinced, “is to deny the possibility of the survival of democracy.”<sup>9</sup>

### Why a Lonergan Institute at Seton Hall

Although this approach may seem abstract, it has direct implications for the educational task at Seton Hall which explicitly undertakes the task of integrating

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<sup>5</sup> Bernard Lonergan, “Healing and Creating,” in *A Third Collection*, ed. Frederick E. Crowe (New York: Paulist Press, 1985), 108.

<sup>6</sup> Bernard Lonergan, *Understanding and Being: An Introduction and Companion to “Insight,”* ed. Elizabeth A. Morelli and Mark D. Morelli, vol. 5 of *Collected Works of Bernard Lonergan* (Toronto: University of Toronto, 1990; 1st ed. 1980), 363-4.

<sup>7</sup> Lonergan, “Healing and Creating,” 108.

<sup>8</sup> Lonergan, “Healing and Creating,” 108.

<sup>9</sup> Bernard Lonergan, “An Outline of Circulation Analysis,” [3] (an unpublished manuscript of an earlier version of ECA, available at the Lonergan Research Centre, Toronto).

scientific understanding and moral values, even that subjective, Afuzzy@ thing called love. The problem if science and values aren't integrated:

The better educated become a class closed in upon themselves with no task proportionate to their training. . . the meaning and values of human living are impoverished. The will to achieve both slackens and narrow. Where once there were joys and sorrows, now there are just pleasures and pains. The culture has become a slum.<sup>10</sup>

The alternative, Lonergan maintained, is to recognize that "there are discernable criteria in the productive process." The importance of a Lonergan Institute at Seton Hall is that whether these criteria are "understood or not, affirmed or denied, observed responsibly or disregarded" depends on whether this project is undertaken by a "community of love or a community of egoists,"<sup>11</sup> as Monsignor Liddy and Fr. Haughey have underlined the need for tonight. As Lonergan wrote,

For human development is of two different kinds. There is development from below upwards, from experience to growing understanding to balanced judgment, from balanced judgment to fruitful courses of action, and from fruitful courses of action to the new situations that call forth further understanding, profounder judgment, richer courses of action.

But there is also development from above downwards. There is the transformation of falling in love: the domestic love of the family; the human love of one's tribe, one's city, one's country, mankind; the divine love that orientates man in his cosmos and expresses itself in his worship. Where hatred sees only evil, love reveals values.<sup>12</sup>

Lonergan once remarked, as a possible surprise to those who dismiss his thought as "intellectualist," that the whole of his project that Prof. Doran has described tonight was undertaken so that ">the widows and the orphans won't starve."<sup>13</sup>

This is a religious, biblical, Christian, Catholic and pastoral mission, but one that takes a sustained, interdisciplinary, academic and communal effort to reach up to. And one that will be greatly enhanced by the Seton Hall Lonergan Institute initiated by Msgr. Liddy and by Fr. Doran's call to link in cyberspace the various Lonergan Institutes throughout the world.

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<sup>10</sup> Bernard Lonergan, *Method in Theology* (New York: Herder and Herder, 1972), 99.

<sup>11</sup> Lonergan, *Macroeconomic Dynamics*, 5

<sup>12</sup> Lonergan, "Healing and Creating in History," 106.

<sup>13</sup> Patrick H. Byrne, "Ressentiment and the Preferential Option for the Poor," *Theological Studies* 54 (1993): 241.