

Gustavo Gutierrez: among the first of the Latin American Liberation theologians

took part in the joint meeting of the editors the multi-language, international journal, Concilium,

and of invited members of the Catholic Theological Soc of America May 29 to June 1, 1977 at the University of Notre Dame

morning and afternoon assemblies, three hours

first hour and one quarter, chairman and 4 panellists, on prescribed topics

next fifteen minutes a coffee break

next hour and one half; small discussion groups, fixed membership.

I was assigned to the same group as Fr Gutierrez, so for three days we had three hours together

I mention all this to recall one of his remarks, to wit,

"The weakness of Latin American theologians of liberation is that they do not know any economics."

If this is true, I do think it is lamentable.

I studied in England from 1926 to 1930, and had as my professor of Ethics, Fr Lewis Watt, whose book "Capitalism and Morality" was published by Cassell in London while I was in his class.

When I got back to Canada in the summer of 1930 the country was in the midst of the Great Depression. The rich had become poor and the poor were out of work. It made people think and a good deal of economic speculation ~~was~~ went on in those days. From then until 1944 I spent a notable part of my spare time gumming up on economics. Eventually I had a 120-page essay written. I submitted it to readers in Montreal, Toronto, Boston, St. Louis, but none were able to see what I could be at. I set the project aside. But two or three years ago I discovered that a Polish economist, Michal Kalecki, had published a paper in 1933 that anticipated Keynes General Theory of ~~the~~ 1936. In 1971 Cambridge U P translated and published about 17 of Kalecki's papers under the title, The Dynamics of the Capitalish Economy. I found that he would have no difficulty grasping my ideas, and so I felt I had a ~~kind~~ bridgehead of a sort at Cambridge England.

On this basis i ventured to offer a course in the spring semester last year.

During the summer I made a further discovery: Robert Gordon of Northwestern University has published a pedagogical masterpiece on Macroeconomics. Not only is his presentation excellent but also his ideas, by and large, leave clear room for my own. Just what the fit is, will be explained in due course.

But I see a great advantage in beginning with first eight chapters in Gordon's book.

They bring to light the problem I have been attempting to deal with

They gather the materials on which we later shall have to work
They constitute something of a confirmation of the proposal we shall offer.

That proposal is contained in my 1944 essay, An Essay in Circulation analysis, which was revised & multigraphed last year.

The first part of this term we shall be studying Gordon's Macroeconomics

The second part will be devoted to my Circulation Analysis

Next Thursday, 2.30-4.15, the target will be to get through the first two chapters of Gordon's book.

Success will depend in no small part on your previous efforts

- (1) in becoming familiar with the book
- (2) in grasping what you can of the first two chapters
- (3) in noting the parts in which you experienced difficulty

Familiarity

Two prefaces. 1. To the Instructor. 2. To the Student. ^{xi}

Two Tables of Contents. 1. Chapter Headings, Five Parts. ^{xxii}

2. Chapters plus subheadings of sections in each chapter. ^{xxiii}

Annual Data 1900-1977 xv

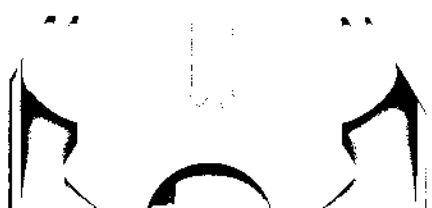
Quarterly data, 1947-77, xviii

Data sources for preceding tables, xxii

Glossary of Major Concepts, xxvii

Guide to Symbols, ~~xxviii~~ front + back inside covers

Index ~~xxix~~ xxxvii



Diagrams, p. xi: NB "... most of the ~~xxxxxx~~ theory is presented graphically, freeing the text from the clutter of algebra." Advance in understanding will largely arise from understanding the meaning of the graphically expressed relationships.

The need for the book is that the graphs cannot be satisfactorily reproduced on the blackboard

*Circulation
increasingly
complex
by nature
pp 23-40*

What is macroeconomics, p. 10 (subheading in chapter 1)

Microeconomics (micro as in microscope) deals with the relations between firms and households, wages and prices and products

Macroeconomics (as in macrocosm) deals with the major economic aggregates or totals (total production GNP, total employment and unemployment, the average price level of all goods and services, the total money supply, inflation)

Macroeconomics is neither more nor less important than microeconomics. One can begin from one or the ~~xxxxxx~~ other. Macro is not deduced from micro though some of its foundations also are foundations in micro. Eg marginal analysis.

In policy discussions the group of aggregates that society cares most about are called goals or targets (inflation, unemployment, long-term growth rate of natural output).

When target variables vary from desired values, alternative policy instruments can be used to effect needed changes.

This is the topic of chapters 12 to 18

We shall approach the matter by a different route: through the balancing of ^{economic behavior} ~~xxxxxx~~ with the cycle variations in the accelerating economy.

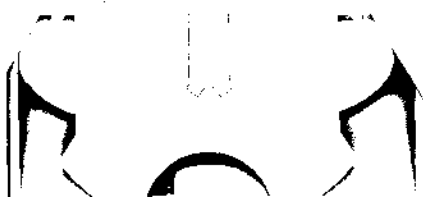
Usefulness of theory: p. 14.

1. explaining the behavior of important variables: positive economic
2. recommending changes in economic policy: normative economics

Development of macroeconomics

It has followed on the Keynesian revolution that began with the publication of his General Theory of Employment Interest and Money in 1936

Friedman's Presidential Address to AEA in 1967 led to the recognition that the attempt to reduce unemployment below the natural rate led, not to single shift in price levels, but to continuing shift, an ongoing inflation page 16



Dialectic of History

1776 not only declaration of independence but also publication of Adam Smith's Wealth of Nations which advocated freedom from gov't controls trust in the Invisible Hand that harmonizes the multiple and diverse initiatives of a free people

The truth to this is that an economy is like an ecology: an interlocking set of schemes of recurrence; firms households produ

Planetary system shown by Laplace to ~~be~~ revert to initial relative positinns because excentricity of orbits small; Newton had felt need for divine intervention periodically lest system run down.

In general our universe emerges out of great numbers and long intervals of time; under those conditions even small probabilities eventually become great; classical and statistical

~~laws combine~~ laws combine yielding schemes recur

Emergent probability; in general Insight IV; in human affairs ch VII; in ofigin of species ch VIII

Method II: The Human Good

Dialectic

Progress through authenticity in observing coming to understand reflecting evaluating loving family, community God

Decline through unauthenticity; introduces the irrational, the surd; culminates in unworkable situation

Redemption through self-sacrificing love