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**Question:** In *Insight* you speak of a discovery regarding reality that is remembered for its startling strangeness (p. xxviii). Would you please elaborate?

**Loneragan:** The passage reads, 'For the appropriation of one's own rational self-consciousness, which has been so stressed in this introduction, is not an end in itself but rather a beginning. It is a necessary beginning, for unless one breaks the duality in one's knowing, one doubts that understanding correctly is knowing. Under the pressure of that doubt, either one will sink into the bog of a knowing that is without understanding [which is the simplest solution] or else one will cling to understanding but sacrifice knowing on the altar of an immanentism, an idealism, a relativism. From the horns of that dilemma one escapes only through the discovery [and here's the cryptic parenthesis] (and one has not yet made it if one has no clear memory of its startling strangeness)' – something clear in your memory, if it has happened – 'that there are two quite different realisms, that there is an incoherent realism, half animal and half human, that poses as a halfway house between materialism and idealism' – the distinction you'll find in most Scholastic manuals – 'and on the other hand that there is an intelligent and reasonable realism between which and materialism the halfway house is idealism.' So it's shifting around the ... And where is this duality in one's knowing? Well, it arises when one learns to talk. You don't know all that you're doing when you learn to talk. You're doing the right things spontaneously, but you have no names for the right things, and no one is able to tell you about them, because they don't know either. They do them spontaneously, but they haven't got intentionality analysis normally, the normal parent. And they can't teach you the distinctions even if they do know them. So you learn to talk, and the way you're taught to talk, things are pointed out and given a name, and so on: the faucet and the water basin. You learn all the names, having things pointed out, the dogs and the cats and everything else. You learn all the names, and you can form sentences in no time to the amazement of Chomsky: children can form endless sentences that they never heard before in their lives. How on earth can they do that? Well, they can. They're intelligent. But no one's told them that they're intelligent yet or what that would mean. So one comes to speak fluently enough before going to school. And their fluency is further developed by reading, spelling, grammar, writing, and so on. But there is no indication of the fact that learning to talk involves a change in operations and in criteria. It isn't just taking a look. It's making the terrific discovery made by Helen Keller when the cold water from the pump came over her arm and her teacher Miss Sullivan made the Braille signs on the palm of her hand for the word 'water.' And for the first time it clicked. She got the point. These marks on her hand were the name for what was happening to her arm. She was discovering the use of names. Within a half-hour she had learned twenty more names, at the age of 12 – she'd been held up till then because she was born deaf and dumb, and blind too, I think – quite a handicap. This business of learning to know names is a great thing. The Greeks ... many names ... in earlier strata of human development, knowing the name is a magic acquisition. Children learn to distinguish between their imagination and their dreams, and reality. And what they're told is that what they're dreaming is not something out there, and their imagination is not something real. So the real is what's out there, and what's not out there is not real. They're realists. But it's the primitive realism. It isn't the realism that they're using when they're talking. They're using their intelligence, and at the age of seven they're supposed to have reached the age of reason. Powers, a novelist given to describing the clergy, describes himself – at least he puts it in the first person – that he was in the Holy Tombs

parish in Chicago, and when he was in second grade the parish priest came in and told them, 'Now you're all seven years old. You've reached the age of reason. You can commit a mortal sin now. You have to learn to go to confession. Sister will tell you how to go to confession, and Fr So-and-So will be in the sacristy Friday afternoon to hear your confession.' And the rough boy said, 'They might have told us sooner.'

Moreover, one can study philosophy, but unless one's teachers have drawn the distinction between what actually occurs when they know and what children think occurs when they know, they're not able to help them. The teacher may have learnt that adult knowing is not just looking – they've published a book called *Looking at Lonergan's Method* – that objectivity is not seeing what's out there and all of it and nothing that is not out there. Your notions of reality all through this, of course, and of objectivity as actually used in your use of language remain undisturbed. You don't become irrational because of this, or unintelligent. That's spontaneous. But you don't know what's happening as you pick on the most obvious thing: 'that's knowing, that's what the objectivity of knowing is.' Making that discovery is quite disturbing. You wonder whether or not you're an idealist. Isn't this an awful lot of reliance on mere words? And the screen between yourself and what's really real is words, just words. After all, studying spelling and grammar and writing compositions has nothing to do with reality. Learning arithmetic, yes: knowing how to count and make change.

Now this happy state when one spontaneously is intelligent and reasonable and so on at least in lucid moments, even though one cannot say what one is doing, is naive realism. We share it with the animals. They're also naive realists. They have no questions. We overcome it when we learn an accurate intentionality analysis with its distinctions of experiencing, understanding, judging, deciding, with its criterion of objectivity in self-transcendence, and so on. And it seems all very novel and unbelievable. And to get accustomed to these new ideas takes time, as with anything that's new. And only when we yield to the evidence and grow accustomed to a fundamentally new way of judging explicitly – we always judge the right way spontaneously but until one has been through that crisis we have not yet adverted to it as actually occurring. Self-appropriation is catching on to the fact that I really do understand at times and that I want the evidence before making a judgment. I want the evidence from the other fellow when he judges. But to want it for myself, that's another thing. So that's that first question. OK? It's the key step. It's the block in the whole history of philosophy. It's where idealisms come from and where the skepticisms come from. Santayana has a book on skepticism and animal faith. You can be a skeptic, or you can have animal faith and be a naive realist. They're the only alternatives. And he chose skepticism. He wasn't just an animal. He could write very intelligent novels. OK, is it clear, at least for a start?

**Question:** To what extent is the use of physical force in defense of oneself or one's country justified?

**Lonergan:** Well, in Scholastic ethics there's always been a thesis that self-defense against an unjust aggressor is righteous, provided the self-defense is fair – maintaining the moderation of unblameable self-protection. It was a thesis that I've heard used to defend cheating in examinations. Presumably the examiner in that case was the unjust aggressor! Now, in general the idea of self-defense against an unjust aggressor is a fairly simple proposition and easily

accepted. But you get horribly complicated cases, and you mustn't expect me to solve them for you. I'm not equipped with all the technical moral distinctions and ins and outs of things. OK? There is a measure of legitimate self-defense. Where you draw the line in each concrete situation is a further question. And people who feel they know just where that line is make me a little suspicious.

**Question:** There seems to be a case for recognizing the fourth level of consciousness as, in fact, two levels, corresponding to the 'what to do?' and the 'is it to be done?' questions. Could you please explain why you do not, in fact, separate such levels as a fourth and a fifth?

**Lonergan:** Well, I suppose for the past ten years I've been tending to draw the distinction, but I haven't written it up yet. I may have alluded to it. But I do think that experience, understanding, and judgments of fact, probability, and possibility are three levels. Moral judgments are a fourth. And the complete self-transcendence of falling in love on the domestic level, the civil level, and the religious level are a fifth level, the achievement of self-transcendence. You're no longer thinking only of yourself. My illustration of people who begin to forget about themselves is when I was doing ministry at Dalkeith, which is about 20 miles outside Edinburgh. It was a church founded by a Scottish laird who was received into the Catholic Church and made a composition with the Holy See because his land was a monastery land. The composition consisted in building a church and a rectory, and it served not only Dalkeith but eight surrounding villages. I used to go to Bonnyrigg [?] At one house I visited I was to see the daughter of the lady of the house and explain to her daughter that she was out of that house and she would never see her mother again if she married the Protestant that she intended to marry. And I was to put this point across clearly. So I saw the daughter and said what I could, and everything I would say to her she would reply, 'Well, I'll ask him.' She only thought of what he thinks. It was the only answer she could give. It was complete self-transcendence. They were already two in one flesh, at least potentially, and she wasn't thinking of herself at all. She was thinking of him. It's an example of what is meant by self-transcendence. It's self-forgetting – perhaps carried a little too far.

**Question:** To what extent is your account of the human good to be found in Aquinas? Could you specify elements in your own contribution?

**Lonergan:** Well, I can give instances of things that are in Aquinas. In Aristotle, the good is *eph' ou pant' ephietai* (in Latin) '*quod omnia appetunt*,' what everything wants, goes after. The human good in Aquinas has a Stoic definition, I believe, *bonum hominis est secundum rationem esse*, the human good is to be according to reason, to live according to reason, to act according to reason. There are other statements: the part seeks the good of the whole; if something's going to fall on your head, you put your hands up to take the blow. And if someone else is going to fall, your intersubjectivity leads you to prevent them from falling. In *Method in Theology* I put the question of *human* good from the start, and quite simply. I distinguish the particular good, the common good, and value. Matt Lamb wants a fourth level in between the second and the third, to settle moral questions ... The common good is conceived, not as common property, like the heirs, or the village sharing a common pasture for its cows, but as an ongoing flow of particular instances of the good: not just breakfast, but breakfast every morning. (... economics). A value is what is really worthwhile. It's the moral good. It's at the top of Kohlberg's scale. Originating

value is the good man, the wise and virtuous man. Aristotle – I think it's in the tenth book of the *Ethics* – asks whether one should love oneself, and he answers, Well, not loving oneself in the way the vulgar understand it; that's just egoism; but unless a person wills himself wisdom and virtue, he can't be a friend either to himself or to anybody else. According to the witticism about Voltaire and Rousseau, it would be terrible to have Voltaire for an enemy, but it would be worse to have Rousseau for a friend. Anyway, originating value is the good man who knows what's really worthwhile, and decides on it. Terminal value is the value produced by worthwhile decisions. There are the terminal values one encourages in others by encouraging them to do the right thing; and especially one can encourage in others the originating value that one helps them to become – being helped by example: Stephen Leacock wrote about the uplift one gets underneath. Finally, the terminal values are the common good that is brought about by wise and good and virtuous decisions and the particular goods included in the common good. They all fit together.

Now, that's an idea of the good that ties in with my analysis of knowledge, my intentionality analysis, my economics. It's the human good from the start. 'What everything goes after' is a nice, very general definition. It leaves you a little too abstract to be helpful.

**Question:** Would you please comment on the importance of economics in the development of your own worldview?

**Loneragan:** Well, it's a part of it. In the 1920s I studied philosophy in a three-year course. In the second year we had five hours a week of physics. It was five hours a week fresh-air physics. We weren't expected to know coordinate geometry or calculus, and you might as well not do physics if you don't. The ideas are really simple if you know calculus, and they're very impenetrable if you don't. Newton invented the calculus, and Leibniz invented it, and then they went on. Everything that's post-Newtonian ... Further, I felt that studying physics so much would have been a good idea in the eighteenth century, but that economics would have been far more relevant in the twentieth. I suppose my interest in economics is because I'm an extremely practical person. To write and get published several big books in a milieu in which most people are convinced that the whole trouble is that there are too many books already demands extraordinary practicality. I remember I was arguing once with my Rector, who later was Provincial. I was talking about understanding, and he said 'Understanding! That's the root of all the heresies!' Well, economics is extremely practical, and in the 1920s the iron laws of economics were still a current dogma. Being against the laws of economics was like being against the multiplication tables. Of course, the multiplication table by then was not as secure as had previously been thought. And that was especially in the English-speaking world. The iron laws vanished when Keynes was accepted. But Keynes didn't write until 1936, his big book. The multinationals are bringing back the iron laws now, and they're doing so by forcing the repudiation of Keynes. Government deficit spending is based upon two theorems of Keynes, namely, that the economy can be controlled if you control the quantity of money by the Treasury and the interest rates by the central banks. Multinationals don't give a hoot what the interest rate is. They pass on the price to their customers. It doesn't worry them in the least because their customers have nowhere else to go. And they don't have to worry about the quantity of money either because they run the ... and the governments can do nothing about them. But in the 1930s there was a practical point to economics, because, well, the word then was among the clergy, they can't preach to people when they're starving. And in the 1930s the situation was that the

rich are poor and the poor had no work. I know one parish in Montreal in which none of the children went to school because they had no shoes. And a social worker got hold of some money and bought the children running shoes, and they all started going to school again. That's the way things were.

There's an article by an Emanuel Wallenstein, 'Rural Economy in Modern World Society.' It's in a periodical called *Studies in Comparative International Development*, vol. 12, Spring 1977, pp. 31-40. The point he's making is that there's a need for land that is not property ... The advantage of having some land that isn't private property is that people needn't starve. They can go and cultivate that land and at least subsist. When an economy doesn't work all the time, and for some people never works, you need that outlet. You need your Robinson Crusoes that are outside the exchange economy. When I was a boy, the exchange economy didn't dominate the home the way it does today. There were all sorts of things that were done at home. During the summer there was a succession of different kinds of fruit that could be made into preserves, one after another. There weren't canned goods in those days ... The exchange economy has taken over everything, and if a person is down and out they become destitute. It's an argument that does something to meet the Marxist argument about the reserve ...

**Question:** Would you comment on emergent probability in relation to things that are intelligent and their intelligent schemes of recurrence? Could you please elaborate on your macroeconomics in this context?

**Lonergan:** Well, emergent probability is a theorem. Chapter 4 of *Insight* and chapter 8: in part, in both cases. It's an account of development in a world in which both classical and statistical laws obtain. Chapter 2 is classical and statistical heuristic structures, chapter 3 canons of empirical method, which regard both classical and statistical laws. In what kind of universe do you have both? Well, the kind of universe in which both function is the sort of universe in which schemes of recurrence are a staple. And a scheme of recurrence in general: the abstract form is that if A then B, if B then C, if C then D, if D then E, if E, and wherever you stop, if X, then A. It comes around in a circle. The rivers flow down into the sea, the water from the sea rises into the clouds, the wind brings the clouds over the land, the rain falls on the land, the water flows into the rivers, the rivers go down to the sea. And so on. Darwin spoke of chance variations and the survival of the fittest. Modern biology ... There are probabilities of emergence of a new species, or a new organism, and probabilities of survival. So you get the statistical coming in. It's first worked out in chapter 4 in terms of schemes of recurrence, and how you go from schemes of recurrence to species is treated in chapter 8. These probabilities approximate toward certainties as numbers and time intervals increase. What happens once in a million occasions happens a million times in a million million occasions. All you have to have is bigger numbers or longer times, and you get things happening pretty frequently. And our universe has enormous numbers and enormous time intervals. Moreover, it has a hierarchic structure of schemes of recurrence. More complex things consist of layers of less complex things: atoms of particles, compounds of atoms, cells of compounds, life of cells, organs in animals out of cells, sensation in organs, and so on. And such is the schematic picture. Now, where do human beings come in? Well, they just prolong the process, with ...: they have insight. They devise schemes of recurrence. And that's where the capitalist and the entrepreneur come in. They devise schemes of recurrence. And they risk their fortunes on it. They introduce new schemes of recurrence, and they perfect them, make them work better and better. And that is the developing economy. Similarly, politics is again

schemes of recurrence, common decisions, the whole technique of having people agreeing, and agreeing on the same thing. In microeconomics, it's a matter of schemes of recurrence in which households depend on firms for income, breadwinners in the household by wages, salary, dividends, what have you, support the household. And the household buys from the firms, gives the firms their sales: linking schemes of recurrence. Macroeconomics is concerned with the conditions of stability. But interdependent schemes of recurrence start accelerating, and the dependence is actuated with lags. You have one starting to accelerate, and it gets the others going. It's very complex, especially when you don't think of that, and you don't set up relationships between these schemes and rates of payment. You set up models. The real model is the actual process of production. Adolph Lowe in his more recent book *The Path of Economic Growth* has a diagram, in which there are four levels, and at the top level you have cotton gins for cleaning the cotton, and spindles for changing the cotton into thread, and looms for changing the thread into cloth, and sewing machines for changing the cloth into dresses. And here you have four more, where the final product is the machine tool. The first kind of machines they make are extracting machines, for getting coal out of the earth, or iron ore out of the earth. Then blast furnaces – for changing the ore into pig iron, now using coal in the blast furnace. And steel mills for transforming the pig iron into steel. And finally, machinery to make your machine tools, for making machines. This other process here is the possibility of the other process [the two phases]. And it can do a lot more, all sorts of other things, besides the cotton gins and spindles and looms and sewing machines. That's just a small part of what it can do. This other side here is the accelerator of the other one. And when you're building this one up, you're not improving the number of dresses being made. You're making all these other machines and doing all this preparatory work. And it takes a long time. And you're spending money paying wages to workers, and the workers are buying their clothes for their families. And selling the food and so on. To have enough to go around they have to raise their prices to absorb this extra demand. You get a beautiful price spread. And the price spread enables them to order more tools and so on. But eventually this thing reaches the maximum and it has nothing more to do, and the workers go and work on the other side, and their time is expanding over here. And then the price spread ... contracting. People feel a recession starting, and when they're convinced of that you get a depression, and when they're drawing on the banks, you get a crash.

This is all extremely schematic. I'm answering questions to meet your curiosity. But I don't think it would be profitable for you to try and teach anyone, unless you know an awful lot of economics. It's complex. I take 120 pages and a whole term to communicate it.

**Question:** Please elaborate on your view of the end of economics as a standard of living rather than maximization of profit. To what extent is maximization of profit legitimate (1) microeconomically, (2) macroeconomically, at certain phases? *Method in Theology* seems to specify a necessary massive shift in theological education (e.g., 317, 260). Could you comment on this, with some indications towards new curricula?

**Lonergan:** The end of economics is a standard of living because many firms, directly or indirectly, serve only the standard of living. That's all they do. Further, other firms serve the maintenance of the plant and the equipment, of their own plant and equipment, and all other firms, including those serving the standard of living. Ultimately they all serve the standard of living. And over and above these two classes of firms, there are redistributive activities in which money changes hands for money. And these yield in futures to the standard of living, their

own or other futures. What it all turns on is the standard of living. What's profit for? Well, it's because of your hardness of heart! As the Lord said about the teaching on divorce from Moses. Profit may mean that the entrepreneur is making a living. And that's all it can be when the economy is in the stationary state, in other words, when it's simply reproducing itself, when the GNP is not increasing – and not just the nominal GNP but the real GNP, gross national product.

Profit can mean a lot more than merely making a living. When the economy moves out of the stationary phase and a surplus expansion begins, it only ultimately but not immediately enlarges the standard of living. In the long run, there will be all the clean cotton and good thread and well-woven cloth and well-sewn dresses that people can imagine to be able to clothe all ... and so on. But not right away! You have to do all this other stuff first. And during all that time you're spending money, paying your workers; and they're spending for their food and their clothing and their transportation, and so on. Much more is being spent than is being paid out in wages that are meeting immediately the standard of living. Consequently, to absorb all the money backing up the demand, making prices rise, you get a beautiful price spread, which is profit immediately for the people ... And that's when the gravy train is enormous. And as long as you're in business, you make money hand over fist. All you have to do is just be there. That's the great time of the boom. Then that surplus income, that profit, can't be spent on consumer goods without inducing inflation, without causing a still bigger price range. So that's profit. When it's small, it's just making a living. Or it can make people terrifically rich, provided you're not in a colonial economy. In Canada we really have no rich people, least of all ... But other people ... they go elsewhere.

Maximizing profit is legitimate when competition is approximately perfect. That's the only time that maximizing profit is a good thing. It means you're doing the very best you can. You're doing better than anyone else you know anything about. That's increasing efficiency and improving the economy. But excluding competition by every conceivable means is one of the main concerns of small and especially big business. The multinational corporations own the patents. And the only patents they'll sell to the third world are those that are out of date: not particularly good. And so on and so forth. It is a terrific advantage. And there are all sorts of other devices, and they know all about them. So maximizing profit in a surplus expansion by efficiency as distinct from other simpler means encourages the expansion of ... But maximizing profit in a basic expansion, the expansion of consumer goods, is changing a basic expansion into a recession, because the only way the sheltered firms can have their normal profit is by other firms having a loss. And when those firms go bankrupt, the squeeze goes ... creeping recession. When it goes far enough, it becomes a depression. When people get scared, you get a crash. The run on the banks is a crash.

At the present time, of course, the problem of maximization of profit is old hat. What the multinational firms want is maximization of assets. And you maximize assets by taking over, by merger or other means, as many other firms as you possibly can. Between 1954 and 1968, there were 14,000 mergers in the United States. And the largest proportion of them were in the last four years. It became really a fad. And that's what built up ... the top banks. They had two ways of dealing with firms. Either the firms are government supported, like Con Ed, Lockheed, Chrysler, and so on, defense industry ... they just milk them – throw them all the money they want, and then ... This is the pair that wrote *Global Reach*, Barnett and Müller. And the other firms, like Gulf and Western, oh, they back them up, take over all sorts of other firms. And these other firms come crying to the bank about the takeover ... So the problem is not the maximization of profit but the maximization of assets by mergers, and the thing to do is to

become so rich and in that sense powerful that neither other citizens nor government can touch you. In fact, in view of the shuttle between big business and government, there's no effort on government's part to touch them. According to Barnet and Müller, a really big multinational firm ... but an ordinary firm will take 44 or 54% ... Accounting has become a fine art ... The accounting departments are way ahead of the IRS! As the head of one firm said, A good accountant is worth a thousand excellent salesmen. A good accountant can give you five sets of books, all of them perfectly consistent, telling different stories to the foreign countries where you have businesses and firms, and the IRS at home, and your own costs department, your cash flow, and something else, I forget what ... And of course this has made the IRS so eager to get hold of some money somewhere.

**Question repeated:** *Method in Theology* seems to specify a necessary massive shift in theological education. Could you comment on this, with some indications and directions towards new curricula?

**Lonergan:** Well, the need for a renewal in theology is that the meaning of science underwent two changes, and on neither of them is there much ... In the seventeenth century, the notion of modern science began to be developed. And in the twentieth, fundamental changes have been effected. The laws of physics were the model for the iron economic laws until Einstein wiped them out, and they took another dive when Heisenberg established the statistical component in the micro-particles. The reflections on geometry, Euclidean geometry – it was discovered that Euclidean geometry was not *the* geometry, there are all sorts of geometries all the way up to infinite dimensions, any curvature; the introduction of statistical science just cuts away the whole idea of eternal truth being illustrated in any of these fields. What we have is the possibility of ongoing development. The thing to know is how to ride that horse, not how to stand firm.

Again, in the nineteenth century the notion of hermeneutics and of history began to be developed, and in this century they are being perfected. But it's very difficult to get Catholics to think of history as something different from scissors and paste. In other words, it's a matter of listening to witnesses as if they were speaking in a law court, and criticizing them. But you never go beyond what the witnesses say. You never discover anything at all. And that's just the opposite of what the modern historian does. He is out to understand. There's a certain element in history where you have a hard time, but after you get on a bit the historian is like a detective in a detective story. He's working on clues, and he's trying to make sense of things. And there are different ways you can make sense of things. And the sort of sense he makes of things will depend on his horizon. And if he has no notion of what a horizon is and how it influences your thinking, well, he won't know what the development of dogma is, because what forces the development of dogma is changes in horizon. And such changes may be good, or good for the learned. The new fourth canon in the new missal – it may be that certain horizons are a little too difficult for the masses, and so on. Whether they're too difficult for scripture scholars is another question. And so on. That's where the problems lie. In general, the Catholic attitude ... we stay where we are, we've got the eternal truths. Philosophy in the 1920s: cosmology was a rear-guard action in favor of Aristotelian physics, not under that name. And epistemology was a defense of naive realism. And the metaphysics was the sort of metaphysics you could know if you're a naive realist. And so on. The historical development crept into the church by degrees – the development of the notion of history. First of all, with the church historians. And some had their knuckles rapped. Then it got into patristic studies. After all, the German non-Catholics were



doing patristics ... And then medieval studies, the same thing. Finally, in 1943 after the historical method was fully established in the other three departments, it was admitted into scripture studies by *Divino afflante spiritu*. And of course during the century, especially after modernism, biblical scholars were hounded up to *Divino afflante spiritu* and even afterwards. And it rather soured them. Going from scripture to later church pronouncements is a matter not simply of doing a deduction. The old doctrine of *implicite revelatum* ... certainly doesn't work. There are no possible dogmas on that basis. What are they? There's been a change of horizon. How do you account for the new horizon? How do you transpose from an original horizon? That's the question, the question of transposition. It's a point that hasn't been worked out yet. I tried my hand at it a bit.