

**Forum on Faith and a Sustainable Economy
Theology Panel**

**Economies as Ecologies:
Lessons from Bernard Lonergan's Macroeconomic Analysis**
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Introduction

Thanks to Peter Noteboom for the invitation to participate on this panel. This forum is very timely, and is a great opportunity for a new unified and collaborative response by people of faith to our current economic downturn, as well as the more significant matter of the climate crisis.

The Jesuit theologian Bernard Lonergan once stated that if you want to help the poor, learn economics. After the devastation of the Great Depression and witnessing the emergence of totalitarian states heading toward the Second World War, Lonergan set about not only developing a theological reflection on the state of political economies. He developed a macroeconomic analysis to rival the mainstream market analysis and the Marxist socialist alternative.

This was a time when parallel movements were emerging in Catholic circles, and elsewhere. Catholic Social Teaching was raising a critical voice about political economies, in considering a "third way", and in considering the theological principles of the dignity of the person, the common good, and (later) the option for the poor. In Canada's East Coast, Moses Coady and Jimmy Tompkins, among others, were engaged in the Antigonish Movement, an adult education movement that led to the emergence of producer and consumer cooperatives ~ a theological response to the economic context that they held was stripping people of their dignity and freedom.

At present, we have entered a new millennium and are searching again for theological responses to economic troubles. This time the problem is closely tied to ecological destruction at a level which may in fact already be irreversible and whose effects we have only begun to feel. Of course, those most vulnerable have been and will continue to be the hardest hit, even though it is the lifestyles, the industries, and the policies of western countries that are at the root of the crisis.

Because we are speaking to a systemic problem, speaking to core flaws in our economic and financial systems themselves, it seems advisable to accompany our theological and ethical reflection with some kind of systemic response. So, I will point briefly to the macroeconomic analysis of Bernard Lonergan as an exceptional effort that is worth further consideration.

Current Context and Lonergan's Analysis

We are considering faith and sustainable economies. If our starting point is our faith, it must be a faith seeking understanding., seeking sound judgement and responsible and compassionate decision-making. If, as so-called westerners, we are participants in systems that are leading the world and its species, including humans, to increasing devastation, then we must be in need of a systemic response.

Theological principles, such as the dignity of the person, the option for the poor, the common good, and the integrity of creation, reflect our deepest values and faith commitments. They are faith-filled values that speak to our relationships of interconnection, our situation in the vast universe story, our recognition of the sacredness of creation and all being made in the image of God and imbued with dignity. It is understandable, then, that we gather out of concern that our economic and other systems are functioning in a way that destroys dignity and creation.

It seems clear, however, that these deeply felt principles and our faith, on their own, will not sufficiently address the challenges of our time. It is essential that we do the work of understanding our economies and their function, to move toward an ethical response.

For Lonergan, Economies Are Ecologies. They are vast, or simple, systems of recurrent relationships involving innovation and collaboration, conditioned by the patterns of nature, that involve cycles, rhythms and phases. This is an understanding that was shared by the wonderful Jane Jacobs, a woman who Lonergan referred to as "Mrs. Insight." An understanding of economies as ecologies is a good way to begin talking about sustainability and what that means in the present context.

In his macroeconomic analysis, Lonergan identifies recurring economic rhythms. Simply put, these include the basic rhythm of the exchange of goods and services for payments to allow for the emergence of an adequate standard of living for a community. An additional, or surplus rhythm involves the exchange of goods and services for payments that function to accelerate the basic rhythm, hence allowing for the further improvement of the standard of living.

The key link with sustainability in this analysis involves both the phases of these rhythms and the meaning of "adequate". Understanding how economic phases function and interrelate, allows for intelligent and responsible management to ensure that the core function of an adequate standard of living is achieved. Adequate means that the material conditions of life are met to allow for cultural and social expression to emerge and flourish. What is adequate is what allows for the communal well being of all in harmony with the rhythms of creation.

So, an understanding of economies as ecologies in a systemic analysis takes us beyond the mainstream assumptions about what economies are and how they work. For instance, it is an absurd myth to claim that the primary motivator of economic life is or should be self-interest. It is a myth because economies do not and cannot function without recurrent

relationships of innovation and collaboration on multiple levels. They do not work better when self-interest is claimed to be the motivator, they fall apart. Even so-called enlightened self-interest profoundly misses the point that the collaborative and creative operations, relationships, and phases of economies are not about recognising the competing interests of all “stakeholders”. Economies must be profoundly about the common good. They are common systems functioning for common well-being. If they have become something different, it is because of our misunderstanding and mismanagement.

The myth of the self-interest motivator has tended to be used to legitimize narrowly viewed, supply-side economics that consider economic rhythms in a narrowly conceived version of Smith’s invisible hand of the automatic market mechanism. There is nothing automatic about market structures; they involve vast amounts of creative and collaborative decision making.

I’ll make a brash assumption that most of us present would identify as something along the lines of social democrats, if not outright socialists, lefties, progressives, etc. We too must be careful not to be too set in our assumptions about markets, what they are, and how they function. There are two main flaws that can be highlighted as plaguing the supply-side gang and the demand-side gang. It sort of goes like this: The supply-siders think that the engine of the economy is the producer side, and it is most helpful if they are supported by injections of funds in order to get the economy moving. Wealth then trickles down to the rest of society and the high tide raises all the boats, or whatever. The demand-siders think that the engine of the economy is the consumer/labour side, and they should be supported by injections of funds to allow for a strong economy. Consumer demand then spurs on the economy. Then there are variations on these themes.

One does not have to propose an alternative macroeconomic analysis to sense that this is a false opposition. In economies, producers, consumers, labourers, financiers, and even (although peripherally, one would hope) governments, all have roles to play that are important to the functioning of the whole system. The key problem is that we don’t have an understanding of how the whole system operates in its general relationships and rhythms. So, a key mistake of supply-siders is that they think that the expansion of productive capacity should involve continual growth, and so they don’t allow for the slow down (or steady production) that allows for a basic expansion and for an improved standard of living. The a mistake of demand-siders is that they can derail productive expansion that would allow for an acceleration of the means to an improved standard of living by cutting short the productive growth process.

Beyond this false opposition is the basic flaw that we’ve accepted an inadequate macroeconomic analysis that does not correctly identify the key relationships and operations. So, what are we to do in the face of the challenges at hand?

Much of the talk in recent months regarding the current recession has involved the mass injection of funds or credit, putting many governments in debt, if they were not already. Some are even admitting that the “bail-out” is a situation where the privatization of

profits has led us to the socialization of debt. The current missed opportunity is massive, and not surprising. Instead of taking the opportunity to re-think macro-economics, we have returned to Keynesianism. I'm not condemning the need for improved government regulations, but what kind of analysis is informing those regulations? The same analysis that led us through the previous century. How did that work out? It went quite well for a few, and not so great for the majority of the world, nor for the world itself.

The economy to our south is now the biggest debtor in history and is highly dependent on the military industry as a growth sector. There is fairly consistent agreement that the climate crisis is real and its impact will be devastating, but Canada's government has regressed in its commitment to setting targets and policies for improvements. We are still feeding our addiction to fossil fuels with the most polluting extraction system on the planet in Alberta's tar sands. We are still pitting the economy against the environment, which is absurd. We are regressing on human rights issues in the name of the terrorism threat. We are allowing Canadian industries to damage communities and eco-systems, domestically and in the global south in the name of prosperity, when there are environmental and labour standards that could allow for better and more sustainable management.

So, we return to the term "sustainable economy" and ask what it means in relation to faith. The ongoing offer of God's love in and through creation calls forth a cooperative grace, our own orientation to and participation in meaning, whereby our commitment to sustaining life in all of its forms is fostered. The theological principles that we hold and promote as fundamental to our living together meaningfully require strategies of discovery and response. We cannot simply apply theological and ethical principles to economies, we must understand how economies work and draw our ethical response from that understanding. We cannot simply leave the management of economies to corporate leaders, governments, or financial experts; economies must be managed democratically. For Lonergan, a macroeconomic analysis must be a "tool for democracy" that would ground moral principles and call forth broad participation by everyone in economic decision making.

How the heck to we do this? Much of the task ahead is broadly educational. I think that faith communities could do a great deal of good in following the lead of people like Moses Coady, Jane Jacobs, Tommy Douglas and others who had an empirical sense of what was happening in and to their communities. But this must be situated in a broader historical and ecological context. We must very concretely participate in the work of broad, public education, with a sense of the context of the universe, the earth's systems, and a macroeconomic analysis that at least provides an understanding of systems and strategies for response.

I'm sure we all can think of examples where this might be easily initiated. We work with and in organizations already doing work in community economic development, in public education, in community development, in policy development, and so on. I know of an unlikely partnering in the east coast between members of my father's inshore fishing association, researchers at St. Francis Xavier University, environmentalists, and levels of

government to find ways of managing inshore fisheries sustainably, so that there will be a future for fishing communities and families, along with prevention of the depletion of fish stocks and profound disruption of ecosystems. This is remarkable. There are wonderful, creative partnerships happening all over the world, rooted in a deep commitment to the flourishing of the earth and human communities. This grassroots work must be met with an empirically based macroeconomic theory in order for this change to grow. The hard work and commitment of the people on the ground must be supported and complemented by the hard work and commitment of sound economists and policy makers. We all need to part of the educational process.

Conclusion

Loneragan has stated that faith places human efforts in a friendly universe. If our starting point is faith, it must be a faith that places us in the context of the emerging universe, and in the Earth's living systems. It must be a faith that speaks to the integrity of creation, human dignity, the option for the poor, and the common good with a sense of how these principles are concretely lived in our social, economic, and political orders. Our obligation, then, is to learn and to educate, to seek public engagement and public justice. I hope that today's conversations will contribute to this endeavour.

Thank you.