

An Important Philosophical Dispute in Toronto: Gilson, Lonergan, and Anticipations of Critical Realism and MMT in Economics

John Smithin

*Executive Co-Director and Fellow, Aurora Philosophy Institute, Aurora ON;
Professor Emeritus and Senior Scholar, York University, Toronto ON.*

Abstract

This paper discusses the twentieth century dispute between two Catholic philosophers, both with strong connections to Toronto. These are Bernard Lonergan the author of *Insight*, late of Regius College, University of Toronto, and Etienne Gilson, late Director of the Pontifical Institute for Medieval Studies (PIMS) also at the University of Toronto. From the Canadian Studies point of view this is of interest as part of the reconstruction of the general intellectual and cultural environment in Toronto in the mid-twentieth century. The substantive philosophical issue at stake is that of ‘philosophical realism’ championed by Gilson *versus* the ‘critical realism’ of Lonergan. In economics, there has also been discussion recently about the interface between critical realism (CR) as applied to economics, and modern money theory (MMT). The Gilson/Lonergan dispute anticipated the later secular scientific discussion around CR. Similarly, both in the early stages of his career and again after retirement, Lonergan himself turned his attention to monetary macroeconomics in ways that anticipated some of the issues discussed in MMT.

1. Introduction

This paper will show that the secular debate about the relevance of critical realism (CR) to economics was anticipated in the work of two Catholic philosophers, Etienne Gilson and Bernard Lonergan, both of whom were prominent in the intellectual scene in Toronto in the mid-twentieth century. Gilson was a champion of a ‘methodical’ or ‘philosophical’ realism (that is, realism *per totam viam* as this will be defined below), and Lonergan of critical realism. At certain stages in his career Lonergan also made contributions in the areas of monetary macroeconomics and circuit theory, thus anticipating some of the current work done in that field, such as modern monetary theory (MMT).

In what follows, sections 2 and 3 will explain in more detail what is actually meant by such terms as ‘critical realism’, ‘modern monetary theory’, and ‘realism *per totam viam*’ in economics. Then, sections 4 and 5 go on to demonstrate how the various philosophical issues

that have arisen in this secular debate were anticipated in the disputes among those scholars involved in the neo-scholastic revival of the mid-twentieth century, including Gilson and Lonergan. Sections 6, 7, 8 and 9 discuss the substance of the positions of Gilson and Lonergan respectively, and section 10 looks at the implications of their work for the overall project of the construction of a ‘philosophy of society’ based on a realist social ontology. Finally, section 11 offers a conclusion and suggestions for further research, and touches (but no more than that) on the very large question of the compatibility or otherwise, ultimately, of a realist approach with theology itself. Strictly speaking this is a matter that is beyond the scope of the present paper. Nonetheless it does seem to require at least some comment and attention from the point of view of future research in the field.

2. MMT and Critical Realism

A convenient starting point for our discussion is the 2020 edited volume by Phillip Armstrong on heterodox economics, which was subtitled *Conversations with Key Thinkers*.¹ Armstrong interviewed the ‘key thinkers’ (including myself) about two subjects, namely MMT and CR as applied to economics. There are significant philosophical aspects to both.

MMT recently came into prominence in the public policy debate in the USA, after being championed by several radical politicians. It is essentially the proposition that, under flexible exchange rates (or with a fixed-but-adjustable exchange rate), a central government with its own ‘sovereign’ currency faces no binding financial constraints.² This claim clearly does have the

¹ Armstrong P., ed., (2020), *Can Heterodox Economics Make a Difference? Conversations with Key Thinkers*, Cheltenham: Edward Elgar.

² Kelton, S. (2020), *The Deficit Myth: Modern Monetary Theory and the Birth of the People’s Economy*, New York: Hachette Book Group; Mitchell, W., L. R. Wray, and M. Watts (2019), *Macroeconomics*, London: Red Globe Press; Wray L.R. (2012), *Modern Monetary Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, London: Palgrave Macmillan.

potential to promote significant change in ‘the way the world thinks about economic problems’,³ if it were ever to be widely accepted. The philosopher Graham Hubbs has recently pointed out that the debates around MMT were, and are, essentially about social ontology, specifically the ontology of money, even if the protagonists themselves may not have been fully aware of it.⁴

Critical realism, as applied to economics, has been championed by Professor Tony Lawson of the University of Cambridge⁵ drawing on the earlier work of the philosopher Roy Bhaskar. It argues for an ‘ontological turn’ in economic methodology (that is, toward a realist social ontology), and much less reliance on forms of statistical induction which seek evidence of constant event conjunctions. From the purely philosophical point of view, I would argue the most significant aspect of CR is the qualifier ‘critical’. This indicates acceptance of all, or most, of the implications of the so-called ‘critique of knowledge’, which was the ultimate end product of the ‘high modern’ period in philosophy from Descartes, and the introduction of Cartesian ‘doubt’, down to Kant. The vocabulary and presuppositions of CR tend to be Kantian in nature.

3. Realism *per totam viam*

D’Ansi Mendoza coined the above phrase as part of the subtitle of a PhD thesis completed in 2012, *Three Essays on Money, Credit and Philosophy*,⁶ which also dealt with some core issues

³ Smithin, J. (2021) *Beyond Barter: Lectures on Monetary Macroeconomics after ‘Rethinking’*, Singapore: World Scientific Publishing. The quote is from a letter from Keynes to George Bernard Shaw in 1935, talking about his own (then forthcoming) *General Theory*.

⁴ Hubbs, G. (2020), ‘Philosophical explanations of the nature of money’, paper presented to the *Aurora Philosophy Institute*, November.

⁵ Lawson, T. (2019), *The Nature of Social Reality: Issues in Social Ontology*, London: Routledge; Lawson, T. (2003), *Reorienting Economics*, London: Routledge; Lawson, T. (1997), *Economics and Reality*, London: Routledge.

⁶ Mendoza Espana, D’A. (2012), *Three Essays on Money, Credit, and Philosophy: a Realist Approach per totam viam to Monetary Science*, PhD Thesis in Economics, York University, Toronto.

in monetary macroeconomics. This work also canvassed a realist social ontology but, unlike CR, a realism which goes ‘all the way’. What is meant by this is a version of realism which does *not* necessarily accept the implicitly idealist starting point of the critique of knowledge. Mendoza’s work drew on sources such as Aristotle, Aquinas, Etienne Gilson himself, and Searle.⁷

Realism *per totam viam* should not be classified as a ‘naïve’ or ‘direct’ realism. Rather, and as already mentions it would be more accurate to call it a ‘methodical’ or ‘philosophical’ realism. (Some writers have simply used the term ‘non-critical’ realism).⁸ The issues that separate it from CR are essentially those of the philosophy of mind in the sense in which that term is widely used today.⁹ (The reader should note, however, that this would have been an anachronistic usage in the days of the ancients, scholastics, or moderns). The essential point to be made in this regard, and the key question that needs to be asked, is: what is it that we are conscious of, when we are indeed conscious? The moderns supposed that what we are directly conscious of, and all that we can be directly conscious of, is the contents of our own minds. Also, as in the case of John Locke, for example,¹⁰ they frequently used the term ‘idea’ in a blanket sense to cover all the contents of the mind (which means, ultimately, that they did not always properly distinguish between the intellect and the senses). The opposite view is that in the case of

⁷ Searle, J. (2010), *Making the Social World: The Structure of Human Civilization*, Oxford: Oxford University Press; Gilson, E. (1990), *Methodical Realism: A Handbook for Beginning Realists*, San Francisco: Ignatius Press; Gilson, E. (1986), *Thomist Realism and the Critique of Knowledge*, San Francisco: Ignatius Press.

⁸ Wilhelmsen, F.D. (1986), ‘Foreword’ to *Thomist Realism and the Critique of Knowledge* by Etienne Gilson, San Francisco: Ignatius Press.

⁹ Searle, J. (2015), *Seeing Things as They Are: A Theory of Perception*, Oxford: Oxford University Press; Robinson, D. (2007), *Consciousness and its Implications*, Chantilly, VA: The Teaching Company; Searle, J. (2004), *Mind: A Brief Introduction*, Oxford: Oxford University Press; Adler, M. (1985), *Ten Philosophical Mistakes: Basic Errors in Modern Thought – How They Came About, Their Consequences and How to Avoid Them*, New York: Macmillan Publishing Company.

¹⁰ Adler, *Mistakes*.

ideas, properly so-called, it is always the idea's object of which we are directly conscious, not the idea itself. The ideas are not 'that which we apprehend', but the 'means by which' we apprehend the object.¹¹

I would argue that the statement in the previous paragraph does present the nub of the issue, but it will likely need a lot of unpacking, probably much more than there is actually 'space or time'¹² for in a short article. Nonetheless, to give at least some idea of the sort of issues that may arise I would imagine that many twentieth and twenty-first century philosophers might well respond to the above by saying (something along the lines) of;¹³

But ... but ... no-one now believes in naive 'what-you-see-is-what-you-get' realism, everybody accepts that the senses are limited, everyone accepts that evidence is theory-laden. So, where is the dispute?

Perhaps we can most efficiently answer this (admittedly hypothetical) question simply by posing some further questions. For example, who is actually meant by everyone, or everybody, in the above statement? Does this mean only the set of all analytical philosophers? No doubt it is true that no-one in this group actually believes in naive realism, but that *is* exactly what critical realists accuse their opponents of. Also, what does it mean to say that we 'accept the limitations of the senses'? Is this supposed to be something like the argument in Kant, that we can never actually grasp reality precisely *because* we can only see it from a particular point of view? The realist might well respond to this by saying that the senses do, in fact, do their specific job perfectly well - in their particular human context - but cannot be expected do the job of the

¹¹ Adler, *Mistakes*.

¹² I have put these two words in quotes because of the reference to the critique of knowledge, Kant, *etc.*, *etc.*, in the previous section. In his popular 'coffee-table' book, *The Story of Philosophy: A Concise Introduction to the World's Greatest Thinkers and Their Ideas* (London: Dorling Kindersley, 1998), Bryan Magee attributes the following argument to Kant, 'Space and time are forms of our *sensibility* without which we would not be able to perceive or apprehend anything in the world (emphasis added). As will be argued below, this sort of statement in itself seems to vividly illustrate the difference in the outlooks of critical realism and realism *per totam viam*, respectively.

¹³ I most grateful to Graham Hubbs for suggesting this particular choice of words.

intellect. And, similarly, it might be agreed that some or most ‘evidence’ is theory-laden (such as economic statistics, to take an obvious example) but the realist would nevertheless assume that the intellect is able eventually sort all of this out *via* concept formation (which, for example, is also an issue which will come up the discussion of Lonergan below).

What Gilson might have said of his opponents in the Louvain school and elsewhere in the mid-twentieth century, was these self-identified ‘thomists’ spent too much time looking over their shoulders at the contemporary scene in academic philosophy, and perhaps even seeking acceptance, or acknowledgement, from that quarter. But what *was* the contemporary academic philosophy scene at the time? On the one hand, it might be said, there was existentialism and, on the other, linguistic analysis. But both of these, at least to some extent, accepted the premises of the critique of knowledge. This is clearly so in the case of existentialism, but it was also true of analysis in ways that were somewhat more subtle. Even though analytic philosophy saw itself as the antidote to Hegel and German idealism, it still concerned itself mainly with epistemological questions, rather than actually going back to metaphysics *per se*.

Hubbs, for example, has made the point that in the case of the two analytical philosophers, Ludwig Wittgenstein and his associate Elizabeth Anscombe, one of their reactions to the ‘British Hegelianism’ of the late nineteenth and early twentieth centuries was a profound mistrust of metaphysics as such.¹⁴ This is fair enough, perhaps, in the case of Hegel, but this surely does not mean, or should not mean, that it is legitimate to conclude (to quote Hubbs) that ‘*all* metaphysics is garbage’ (emphasis added)? The realist argument, to the contrary, would be that a correct metaphysics, that is to start with the correct metaphysics, is indispensable.

¹⁴ Hubbs, G. (2021), Elizabeth Anscombe: *Intention*, paper presented to the *Aurora Philosophy Institute*, May.

However, as it turned out, linguistic analysis in the twentieth century also eschewed metaphysics, given the primary concern with purely epistemological issues around the relationships of the signifiers (the words) to reality. The end result of such a focus was the general conclusion of linguistic analysis that the ‘reality’ we are talking about is, in fact, partially constituted by the very language games that are used to describe or label it.¹⁵ This then lead on to the argument that ordinary language philosophy is a means to the end of ‘practical reason’ as opposed to the (presumably unattainable) ‘pure reason’. In the twentieth century, therefore, the philosophy of language itself was in many ways regarded as the ‘first philosophy’. The other branches of philosophy were seen as necessarily deriving from, and as being dependent on, linguistic analysis. It was seen almost as a replacement for the lost metaphysics. Into the twenty-first century, however, there has been something of change in the main focus and interests of academic philosophers. In the words of John Searle, for example, ‘the center (sic) of attention has moved from language to mind.’¹⁶ We thereby return full circle to the argument of the opening paragraphs of this section.

Perhaps one of the best ways of understanding the underlying nature of the ‘dispute’ between the different conceptions of realism, is to say that for Aquinas, for example, and for Gilson in the twentieth century, realism was a methodological principle, not a postulate.¹⁷ Hence the title of Gilson’s first book on the subject which was, precisely, *Methodical Realism*. There was, and is, no point in questioning it. It would never have occurred to Aquinas, for example, to do that, nor probably to anyone else before Descartes. Moreover, as already discussed it is not

¹⁵ Adler, *Mistakes*.

¹⁶ Searle, *Mind*.

¹⁷ Gilson, *Thomist Realism*.

reasonable to suggest that this methodological principle can be dismissed as a naive or immediate realism. All that the senses actually have to do is to grasp that there *is* something real and observer independent out there, and not just a xerox copy (as we used to say) or photocopy of it somewhere in the brain of the subject. At the same time, however, to grasp that there is a reality - that 'existence exists' as the familiar locution would have it - does not mean that the subject immediately understands precisely *what* that reality is, there and then. Gilson, in fact, has explicitly argued that in the scholastic tradition one of the primary topics of interest was the issue of concept formation (the use of the intellect) to understand and interpret the reality.¹⁸

Just as the neo-scholastic realists of the mid-twentieth century were apparently reacting to Hegelianism, phenomenology, existentialism, *etc.*, *etc.*, the secular critical realists of the latter part twentieth century were reacting to postmodernism. Some of Bhaskar's work, for example, can be seen in part as a response to Rorty.¹⁹ Post modernism seemed to rule out a 'scientific' approach as applied to the social sciences, whereas critical realism would affirm that science in some sense is indeed possible. Admittedly this would not resemble the pseudo-science (as they would see it) of such putatively positivist disciplines as mainstream/neoclassical economics or finance, but nonetheless a 'scientific method' of some kind would be possible, one that is appropriate to the particular subject matter of the social sciences. From the point of view of the methodical realist this would all be well and good. However, it would once again be argued that too much is conceded to the modernists regarding the critique of knowledge. Evidently the seeds of *post*-modernism had already been planted right there at the very beginning of the modernist project itself.

¹⁸ Gilson, *Methodical Realism*.

¹⁹ Vandenberghe, F. (2014), 'In memoriam Roy Bhaskar (1944 - 2014)', *European Journal of Social Theory*, 1-3.

4. Anticipations

The underlying premise of the present paper is that both of these secular debates (CR and MMT) of the late twentieth and early twenty-first centuries were anticipated by Catholic scholars in the mid-twentieth century, including Gilson and Lonergan. All of the relevant philosophical issues around the differences between a methodical realism and CR were fully discussed (if not agreed upon) in the debate around twentieth century neo-scholasticism. Sherman Balogh, an Associate of the *Aurora Philosophy Institute (API)*, recently gave a presentation to the *Institute* which specifically covered the topic of Lonergan's self-proclaimed 'critical realism'. This is now available on the *API* YouTube channel.²⁰

The main focus of the present paper is on CR rather than MMT (which in many ways is the opposite, or complementary, focus to that of Armstrong's book cited above) but the work of Lonergan, in particular, also reveals striking parallels with MMT. As a young man in the 1920s and 1930s Lonergan spent a significant amount of time in Europe as a graduate student, and then in Rome. This gave him first-hand knowledge of the dire political and economic situation of the time. This, in turn, led to a life-long interest in such things as macroeconomics, endogenous money, and circuit theory. He made at least two attempts to contribute to the field, both at the beginning of his career and towards its end, after retirement. There are two volumes which appear in the *Collected Works* summarizing his contributions, namely *For a New Political Economy*²¹ and *Macroeconomic Dynamics: An Essay in Circulation Analysis*.²²

²⁰ Balogh, S. (2021), 'The critical realism of Bernard Lonergan', paper presented to the *Aurora Philosophy Institute*, April.

²¹ Lonergan, B. (1998), *For a New Political Economy* vol. 21, Toronto: University of Toronto Press.

²² Lonergan, B. (1988), *Macroeconomic Dynamics: An Essay in Circulation Analysis* (as reprinted in the *Collected Works of Bernard Lonergan*, vol. 15, Toronto: University of Toronto Press

5. Canadian Studies?

One of the significant interests of the *Aurora Philosophy Institute* is in Canadian philosophy. Given our location, there is interest particularly in the intellectual scene in Toronto in the 1950s and 1960s, exemplified by such figures as the famous Marshall McLuhan ('the medium is the message'). Gilson and Lonergan were both part of that scene.

Etienne Gilson, originally from France, was one of the Founders and later the Director, of the Pontifical Institute of Mediaeval Studies (PIMS) at St. Michael's College, University of Toronto. He continued to have an affiliation with the College until 1968. (McLuhan was also on the faculty of St. Michael's). Bernard Lonergan was a Canadian from Buckingham, PQ, and was eventually Professor at Regius College, another Catholic (Jesuit) constituent college of the University of Toronto, in two spells 1947-1953 and 1965-1975. The *magna opera* of the two scholars were both apparently largely 'composed' and written in Toronto.²³

6. 'Get Your Retaliation in First'

This is a long-standing, if somewhat cynical, maxim of professional footballers. *Cf.* the members of my favourite team Southampton FC (whose nickname, strange to relate - the Saints! – turns out to be at least somewhat appropriate in the present context) in the late 1960s. Those were the days of the 'Alehouse Boys', as they were dubbed by a famous manager of Liverpool FC, after his skillful side came up against the more 'robust' play of SFC.

How is this slogan relevant to the philosophies of both Gilson and Lonergan? In the title of this presentation, I was careful to use the term 'dispute' rather than 'debate'. In fact, there was

²³ Lonergan, B. (1957), *Insight: A Study of Human Understanding*, (As reprinted in the *Collected Works of Bernard Lonergan*, vol. 3, Toronto: University of Toronto Press); Gilson, E. (1952), *Being and Some Philosophers*, Second Edition Corrected and Enlarged, Toronto: Pontifical Institute of Mediaeval Studies.

no direct debate. Gilson wrote *before* Lonergan and, significantly, had also claimed that in principle, any and all versions of critical realism are untenable, regardless of any novel future form they might take. He ‘got his retaliation in first’. According to a later commentator on Gilson, the most that could be said was that,²⁴

A mark of the continuing importance of *Realisme thomiste* is that philosophers of this school²⁵ (Coreth,²⁶ Lonergan, and many more), feel compelled to write, whether implicitly or explicitly, with Gilson’s critique in mind’.

There is explicit commentary by Lonergan, with sub-sections on ‘Kant, Gilson, Coreth’, ‘Kant and Gilson’, and ‘Gilson and Coreth’, in a paper entitled ‘Metaphysics as horizon’ first published in 1967.²⁷ This treatment, however, is brief and does not appear to be decisive. Also there is a largely positive review by Lonergan of the first edition of Gilson’s *Being and Some Philosophers*.²⁸ On the other hand, there is no evidence that Gilson even mentioned the name of Lonergan anywhere in his writings.²⁹ Therefore, the best course of action will be to separately evaluate the general arguments of both authors on the merits.

7. Gilson: ‘A Handbook for Beginning Realists’

This was the subtitle used in the English translation of *Le realisme methodique*, and also the title of the final chapter.³⁰

²⁴ Wilhelmssen, ‘Foreword’.

²⁵ *I.e.*, ‘Transcendental thomism’.

²⁶ Emerich Coreth, 1919-2006, was an Austrian Catholic philosopher and the author of *Metaphysik: Eine methodisch-systematische Grundlegung* (Innsbruck, Vienna, Munich: Tyrolia, 1961).

²⁷ Lonergan B. (1967), ‘Metaphysics as horizon’, (as reprinted in *The Collected Writings of Bernard Lonergan*, vol. 4, Toronto: University of Toronto Press).

²⁸ Lonergan, B. (1948), ‘Review of Etienne Gilson, *Being and Some Philosophers*’, (as reprinted in *The Collected Writings of Bernard Lonergan*, vol. 20, Toronto: University of Toronto Press).

²⁹ Personal correspondence with Sherman Balogh, 29.06.2021.

³⁰ Gilson, *Methodical Realism*.

In that book, Gilson attacked the views of two critical realists of the Louvain school, Cardinal Mercier and Monsignor Noel, who were well-known in their own day. (This was part of a vigorous debate among the neo-scholastics of the early 20th century). Gilson argued that realism was incompatible with the critical method, and that realism *per se* (which is the same thing as Mendoza's realism *per totam viam*) is, in effect, its own method. To the extent, therefore, that Mercier and Noel had accommodated the critique of knowledge in their own thought it could not be considered realism, still less '*realisme thomiste*'.

The problem once again as Gilson saw it was that the critique of knowledge is idealist in method, and therefore *starts* with thought. Moreover this *tendenz* goes all the way back to Descartes who, according to Gilson, 'was in intention a realist' but 'an idealist in method'.³¹ This way of proceeding, however, does not work. We cannot, as Gilson himself says, 'proceed from thought to things'.³² There is no 'bridge' between them. (This is precisely the 'problem of the bridge', as it is actually so-called). Fundamentally, the underlying metaphysical issue is that idealism postulates the primacy of consciousness rather the primacy of existence (or 'Being'). To a realist, on the other hand, and putting the matter in Cartesian terms, it would be not so much a question of 'I think therefore I am' but rather 'I am therefore I think'. Hence the essential incompatibility between realism and idealism.

Among the many criticisms made of *Methodical Realism* was that the views of only a few of Gilson's critical realist opponents were discussed. So, in his second book on the topic, *Thomist Realism and the Critique of Knowledge*³³ (*Realisme thomiste et critique de la*

³¹ Gilson, *Methodical Realism*.

³² Gilson, *Methodical Realism*.

³³ Gilson, *Thomist Realism*.

connaissance) Gilson returned to charge and discussed the work of some more of his contemporaries. He also went on to argue, however, that because what is at stake are fundamental philosophical principles, not the formulations of particular authors, there was no further need to repeat the exercise each and every time a new version of critical realism is proposed. This logic would obviously apply equally both to Lonergan and to the various secular CRs discussed above.

8. Lonergan: Cognitive Theory, Epistemology, Metaphysics

Lonergan's *Insight* is a massive volume of 875 pages and is not easy to read. All Lonergan scholars should therefore be grateful to Peter Beer, who published a very readable introduction to Lonergan's work in 2009, with a second edition in 2020.³⁴

What is particularly interesting is how Beer characterizes Lonergan's achievements. On Beer's account Lonergan is said to have made contributions in three main areas, in the following order, (1) cognitive theory, (2) epistemology, (3) metaphysics. This listing in itself seems to me to provide the key to the impasse between Gilson and Lonergan. Whatever the value of Lonergan's contribution to the 'special science' of cognitive theory (and the consensus here seems to be highly positive), from the philosophical point of view this sequence is the wrong way round. It violates what Gilson would call the 'philosophical order'.³⁵ The metaphysics should come first, then the epistemology, then the special science, whatever that happens to be.

³⁴ Beer, P. (2020), *An Introduction to Bernard Lonergan: Exploring Lonergan's Approach to the Great Philosophical Questions*, Glenn Waverley, Victoria, Australia: Sid Harta Publishers.

³⁵ Gilson, *Methodical Realism*.

I have earlier commented on the same issue myself, when discussing the ‘requirements for a philosophy of money and finance’ (the special science, in that case, being monetary theory).³⁶ There are also analogies here, in my opinion, with both Hicks’s last book on money and Searle’s first book on social ontology. Hicks called his book *A Market Theory of Money*.³⁷ It really should have been *A Monetary Theory of the Market*. In my view, Hicks did make a substantial contribution to social ontology in that work (as I have explained elsewhere, for example, in both of my recent books *Beyond Barter*³⁸ and *Rethinking*³⁹). However, disappointingly, he did not actually start discussing the ontology of money, which should logically have been first in the order of importance, until about one third of the way through the book - in chapter 5 entitled ‘The Nature of Money’. The earlier chapters were devoted to the typical sort of discussion of market behaviour that we see in *soi-disant* microeconomics, without any particular reference to the key institution (of money) that makes it all possible. Searle, for his part, got it right. His volume was called *The Construction of Social Reality* and not *The Social Construction of Reality*.⁴⁰

The metaphysics must come first, specifically the fundamental choice between realism and idealism. The appropriate epistemology follows from that. Then, the epistemology may be

³⁶ Smithin J. (2013), ‘Requirements for a philosophy of money and finance’, in G.C. Harcourt and J. Pixely, eds., *Financial Crises and the Nature of Capitalist Money: Mutual Developments from the Work of Geoffrey Ingham*, London: Palgrave Macmillan.

³⁷ Hicks, J. (1989), *A Market Theory of Money*, Oxford: Oxford University Press.

³⁸ Smithin, J. (2021), *Beyond Barter: Lectures on Monetary Macroeconomics after ‘Rethinking’*, Singapore: World Scientific Publishing.

³⁹ Smithin, J. (2018), *Rethinking the Theory of Money Credit and Macroeconomics: A New Statement for the Twenty-First Century*, Lanham MD: Lexington Books.

⁴⁰ Searle, J. (1995), *The Construction of Social Reality*, New York: The Free Press.

applied to a particular special science, whatever it is. I have previously called this iterative process a ‘rigid hierarchy’.⁴¹ The ‘philosophical order’ in the context of monetary and macroeconomic theory would be the specific sequence (1) Metaphysics - social ontology, (2) Epistemology - comprising in particular, economic sociology and monetary macroeconomics, (3) Ethics, (4) Politics - in the sense of political economy.

9. Watching the Detectives’?

An interesting device used by Beer in his explanation of Lonergan’s cognitional theory was to refer to the murder mystery, ‘Dial M for Murder’, in a film directed by Alfred Hitchcock. Chief Inspector Hubbard of Scotland Yard is called in to investigate the case of a woman who has killed an intruder to her apartment, apparently in self-defence. Then it seems that the intruder was actually a blackmailer, with information about the woman’s activities, and that she murdered him to cover this up. Finally, it is revealed that the whole thing was planned by the woman’s husband who has planted the evidence in the expectation that she would eventually be convicted of murder and executed. (A charming tale!). DCI Hubbard has to sort all this out, and ultimately (which, for Lonergan, is the most important point) *himself* be convinced that he has finally discovered the truth. Even though this is very far from being an accurate depiction of real-world police procedures, constraints, and motivations, it is a good illustration of Lonergan’s theory.

Lonergan himself mentions detective stories in the very first sentence of the preface to his long book. He says that ‘in the ideal detective story the reader is given all the clues but fails to spot the criminal’. (Presumably the readership of detective novels is taken not to consist primarily of critical realist philosophers). The fictional detective, however, does solve the

⁴¹ Smithin, ‘Requirements’.

mystery by what Lonergan calls a ‘supervening act of understanding’.⁴² This is what Lonergan means by insight, and this is what his book sets out to explain. The key question, though, is exactly how does this insight come about? Is there any role for what Gilson calls the ‘transcendentals’?⁴³ Lonergan thinks, ‘yes’. But, if the philosophical order is maintained, presumably there would not need to be? The metaphysics would already be established. It would therefore not be necessary to attempt to derive the metaphysics from the praxis.

These stylized detective procedures seem closely to parallel what Lawson, in the works cited earlier, has called the ‘abductive’ or ‘retroductive’ method as opposed to pure deduction or (statistical) induction. (It appears after all that Conan Doyle, the author of the *Sherlock Holmes* mysteries, did not use the correct terminology in describing the activities of his own fictional detective hero). It is important at this stage in the argument to make the point that under realism *per totam viam* much of this orientation, or praxis, will remain. A methodical or philosophical realism would also canvass abduction or retroduction as the correct empirical method.

10. A Philosophy of Society?

We return now to the field of monetary theory, or monetary macroeconomics, including MMT. In this ‘special science’ (and, I would imagine, in many of the other social sciences also) as crucial implication of realism is that the ultimate goal of research must *explanation* rather than *prediction* or forecasting (as these terms are usually understood in economics, that is as an extrapolation of past statistical correlations). At this point I would like to refer to Reed Collis’s recent PhD thesis, which in my view provides a good exemplar of the correct method.⁴⁴ However

⁴² Lonergan, *Insight*.

⁴³ Gilson, *Methodical Realism*.

⁴⁴ Collis R, (2018), *Three Essays on Monetary Macroeconomics: An Empirical Examination of the Soundness of the*

this should by no means be taken as suggesting that there cannot be sensible policy advice in economics. (Advice, that is, which is based on genuine knowledge, which must mean precisely the knowledge that can be acquired by the abductive method and a realist approach). It is well past time for the notorious ‘two-handed economist’ to be retired.⁴⁵ Yet another quote from Gilson is apposite at this point. According to Gilson, ‘the greatest difference between the idealist and the realist is that the idealist *thinks*, whereas a realist *knows*’ (emphasis added).⁴⁶ Would the *critical* realist, if placed in the position of having to give policy advice, claim to ‘know’ about the particular issue under discussion, or merely to ‘think’?

Discussion of the particular special science (social science) of monetary macroeconomics inevitably leads on the important general question of whether the ontology of the social world (money clearly being an integral part of that realm) is in any way different from that of the natural world,⁴⁷ the world of the ‘brute facts’.⁴⁸ In what sense can the term realism be said to apply to the former?⁴⁹ John Searle, in his project of developing a ‘philosophy of society’⁵⁰ as opposed to a ‘social philosophy’ (which is not the same kind of thing at all), argues for a realist

Alternative Monetary Model and Monetary Policy in Canada, PhD thesis in Economics, York University, Toronto.

⁴⁵ Harry Truman, President of the United States from 1945–1953, is credited with having once exclaimed ‘Give me a one-handed economist! All my economists say, on the one hand ... [and then] ... on the other’. Truman clearly was looking for someone to claim actual knowledge of the specific topic being discussed, rather mere ‘expertise’ in the academic field.

⁴⁶ Gilson, *Methodical Realism*.

⁴⁷ Searle, *The Construction*.

⁴⁸ Anscombe, G.E.M. (1958), ‘On brute facts’, *Analysis*, 18.

⁴⁹ Note, from the above discussion, that the debate between Gilson and the Louvain School seemed to focus mainly on the natural world (‘things’) whereas when we come to criminology, monetary macroeconomics, *etc.* as in Lonergan, the emphasis has shifted to society.

⁵⁰ Searle, *Making the Social World*.

social ontology based on the ideas of collective intentionality and the performance of speech acts. The resulting social institutions and ‘social facts’ are immaterial, but are nonetheless ‘real’ and binding on the participants. They ultimately can and do have causal effects in the material world. Money is an obvious case in point, and is actually used as example in much of Searle’s work. In my own view, the main point that needs to be understood in this context is that realism (including realism *per totam viam*) is not co-extensive with materialism. Nor is it the case, in spite of what is often stated in such sources as philosophical dictionaries,⁵¹ that idealism and materialism are the only possible opposites or alternatives. As we have already seen in this paper, the true polar opposites, are realism and *idealism*, which observation in turn speaks directly to Gilson’s reservations about the putative ‘half-way house’ of critical realism. Both the brute facts of the physical/material world and the immaterial social facts are real. It is easier to grasp this notion in the case of the natural world as the brute facts are both ontologically objective and epistemologically objective.⁵² But the idea of being able to have ‘a grasp of reality’ is equally applicable to the social world. The immaterial social facts may well be *ontologically* subjective. However, just like the brute facts, they are epistemologically objective and just as real in their impact on human being and their environment. Therefore, there can be a genuine social science which studies both the nature of the immaterial social facts and their causal effects on the material world. It is entirely possible, that is to say, to aspire to ‘knowledge’ in each of these special fields (including monetary macroeconomics) rather than mere ‘opinion’.

⁵¹ See, for example, Blackburn, S. (1994), *The Oxford Dictionary of Philosophy*, Oxford: Oxford University Press.

⁵² Searle, *The Construction*.

11. Conclusion

At first sight it might seem tempting to suggest that the most fitting conclusion to this paper would be along the lines of the old adage that there is ‘nothing new under the sun’. Many of the issues that have been discussed in the secular debates about CR and MMT were indeed anticipated in the work of Gilson, Lonergan, and other religious scholars in the mid-twentieth century. However, in my view Such a conclusion, however, would be misleading given the current state of economics, and some of the other social sciences, at the present time.

What *would* be a new departure at this particular juncture of history would be an attempt to re-construct all such disciplines as cognitional theory, monetary macroeconomics, economics in general and the other social sciences, on the basis of a realist social ontology derived from a methodical or philosophical realism (realism *per totam viam*). According to Searle, writing about a decade ago;⁵³

This investigation is historically situated. It is not the sort of thing that could have been undertaken a hundred years ago or even fifty years ago. In earlier eras, from the seventeenth century until the late twentieth century most philosophers in the western tradition were preoccupied with epistemic questions. Even questions of language and society were construed as largely epistemic: How do we know what other people mean when they talk? How do we know that the statements we make about social reality are true? ... These are interesting questions but I regard them as largely peripheral ... In the present era ... we have in large part overcome our three-hundred-year obsession with epistemology and skepticism.⁵⁴

Searle describes his project as the creation of ‘a new branch of philosophy that might be called the *Philosophy of Society* (emphasis added),⁵⁵ and a philosophy of society based on realism *per totam viam* would be clearly be a much different endeavour than attempting to perform the same task on incorrigibly shaky foundations that ultimately can be traced back either to idealism *per*

⁵³ Searle, *Making the Social World*.

⁵⁴ A dozen years on this statement may perhaps seem to have been a little over-optimistic?

⁵⁵ Searle, *Making the Social World*.

se, or to the modernist project of the critique of knowledge. In some sense also, given Gilson's depiction of the project of Aquinas in the *thirteenth* century, it also appears to be very much a case of 'back to the future' in some important respects.

In closing, however, I think it necessary to (at least briefly) mention another very important issue which really is beyond the scope of the present paper, but is an unavoidably large and obvious 'elephant in the room'. It is evidently, many or most of the realists, or would-be realists, mentioned in this paper were devout Catholics such as Gilson, Noel, Mercier, Lonergan, Coreth, Adler (who converted to Catholicism towards the end of his life), and Anscombe. This must inevitably bring in at least some irreducible element of the supernatural, mysticism, divine revelation, *etc.* On the face of it, therefore, this appears to be yet another basic contradiction. As is very well known, the essence of Aquinas's project in the thirteenth century was precisely to bring to about a satisfactory reconciliation between faith and reason, and this was also the objective of Gilson in the twentieth century. However, absent such pre-existing religious, and in some cases also professional, commitments the question is bound to arise as to why such a reconciliation is necessary? From this point of view, the ultimate task might be seen eventually to derive a realism without the theological overtones, and to retain only the purely philosophical element in such writers as Aquinas and Gilson.

Ayn Rand the controversial novelist/philosopher, and very much a figure to be reckoned with in the popular culture of the USA in the mid-twentieth century, made just such an attempt to do away with religion *via* her philosophy of 'Objectivism',⁵⁶ the very name of which indicates its basic philosophical orientation. As a result she earned the enmity (which in the circumstances is

⁵⁶ Peikoff, L. (1991), *Objectivism: The Philosophy of Ayn Rand*, New York, Dutton.

by no means too strong a word) of many who might otherwise have largely agreed with her political opinions and views on economics.⁵⁷

Searle himself, who also ended his career as a controversial figure (for different reasons),⁵⁸ was somewhat more circumspect on this issue. He did not directly address the question of the existence or non-existence of a deity, but rather argued that modern science has so thoroughly ‘de-mystified’ traditional notions of the supernatural and religion that these are no longer relevant or interesting questions to the modern secular mind.⁵⁹ I would say that this point of view is by no means inconsistent with the parallel observation that, on a global scale, religiosity, various form of mysticism, cultural relativism, and so on and so forth, are probably very much in the ascendancy at the current time. The point is simply that if one is willing to take a thoroughgoing idealist, or primacy of consciousness, approach there is no need to reconcile this with any form of realist metaphysics. However, there clearly *is* an issue to be faced for any religious or theological champion of realism, including many of the scholars discussed above.

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⁵⁷ Chambers, W. (1957), ‘Big sister is watching you’, *National Review*, December.

⁵⁸ In 2019, Searle was deprived of his status as Professor Emeritus at the University of California at Berkeley for having violated the University’s policies against sexual harassment.

⁵⁹ Searle, J. (1999), *Mind, Language and Society: Philosophy in the Real World*, London: Weidenfeld and Nicholson.