

### I SOME GENERAL REMARKS

The general ideas expounded in Ch. 3 of the book and illustrated by their application in the analysis of critical situations in the financial field (Ch. 4 and sequel) provide crucial insights into the nature of the mind-reality relationship and into its implications for all domains of human existence. (The financial sector is the area where those ideas are tested for their explanatory and predictive power, but one can widen the range of applicability to include real economy, ethics, social issues, political agendas, theory of motivation, the principles of strategic planning and tactical handling, etc.).

The ideas constitute thoroughly philosophical answers to typically philosophical problems (of standing importance, interest and relevance throughout the history of human self-awareness). Their abstract exposition first, and subsequent application to the chosen field of study, also conform to the characteristically philosophical methodology. (The personal history of their discovery facilitates their understanding without compromising the validative philosophical paradigm). In fact, the book comes closest to the classical conception of philosophical inquiry as against recent 20th century intellectual trends, and thus paves the way for the coming rehabilitation of full-blown philosophical theorizing, cutting new ground away from both modernism and post-modernism.

Furthermore. The fertility, i.e. the explanatory and predictive faculty of the philosophical ideas in the book, fits best the classical paradigm of interpretative applicability of general theories and abstract conceptions to concrete reality. They neither need, nor are susceptible (without violence to their core significance) to fashionable model-construction. The true science of deeper, essential knowledge can only be adequately applied to reality by an art of harmonization that is belied by the simplifications of models. (The correlation of theoretical knowledge and practical prudence, of theoretical and practical wisdom, is of paramount importance in ancient Greek thinking). Any philosophical theory worth its name has to cover not only standard phenomena and everyday processes, but also and principally foci of anomaly in the field considered--- turning points, critical situations, extraordinary events, transfigurations and every abnormality that is crucial for establishing and correctly understanding the really operative, and ordinarily hidden, norms of existence. Such anomalies are by definition not amenable to statistical models and stochastic reasoning.

## **II WHAT MORE CAN BE DONE**

The powerful and fertile ideas of the book can be articulated into a comprehensive philosophical theory of human reality, much like the pioneering insights at the birth of rational reasoning in the case of Presocratic Philosophy, or the integration of Newtonian physics and the special theory of relativity into the generalized theory of relativity. The theoretical integral that I am proposing must explain both the commonly well organized and standardized areas of the field of existence and its anomalous power foci – both everyday and (the much more revelatory) extraordinary (and no less real) reality. It is a superadded and welcome advantage to the proposed scheme that it is in tune and substantive convergence with ancient classical philosophical thinking – to which man turns as a matter of fact for enhanced, constructive interface at each major period of radical transition in his history (Christian, Jewish, Islamic Medieval Philosophy – Theology / Renaissance / Enlightenment / the new birth--- renovatio mundi).

Here follows in rough outline an abstract of such a comprehensive integral. It can be systematically and succinctly presented in a succession of logical steps.

## **III AN ABSTRACT OF THE GENERAL THEORY OF HUMAN CONDITION (REFLEXIVITY)**

1) Thinking is part of being, mind a part of reality. (The modern polarity of thinking and being is false). In fact, the Parmenidean insight (thinking is being) can be elaborated into an objective theory of thinking: thinking is the transparency of being, its inherent intelligibility. Mind is just the light of the world, not an alien principle to an otherwise dark and intrinsically unintelligible existence (matter).

2) Mind as part of reality is constituted from the same principles and elements that underlie and sustain all the wondrously varied configurations in the kaleidoscope of existence. Thus it can

inherently comprehend reality. (Cf. the Empedoclean revelation: “with earth we perceive earth, with water water, with air divine air, with fire destructive fire, with love love, and strife with baneful strife”).

3) Being is inherently stable: it requires power in order to be instead of not be, and this is the power of being (Plato). “Being cannot come out of nothing, nor be dissolved into nothing” (Parmenides). Moreover, this stability is of a certain cosmic order. The world as “kosmos” (= beautiful arrangement, an ornament to behold, in ancient Greek) is inherently stable. Being, and the cosmic order that it enables, is self-sustainable. Under certain very general conditions of existence [chiefly, the oppositional character of reality (Heracleitus) and the dualism of its principles (Pythagoras)], it can be shown that the stability of being is manifested in the world of change as cyclicity (the Pendulum factor). The theory of General Equilibrium represents therefore already a dynamic situation in the first degree. The cyclicity of being can be taken to apply to the sum total of existence as well (to the World in its entirety) as with the Empedoclean or Stoic ideas of cosmic evolution and devolution; or be restricted to apply to subpatterns within the universal cosmic order.

4) There is a further relevant refinement to the theory. The order of a natural system is also dynamic in a second degree, since it represents the equilibrium between opposing disorders. Each participant to a natural system, by the sheer necessity of its maximal self-realization, acts in a way antagonistic to every other (Heracleitus). But the actions in excess of their respective jurisdictions of power (capacity) cause opposite reactions and thus on the whole (taking sufficiently large participatory aggregates each time) cancel out each other. Therefore cosmic justice emerges as the automatic balancing of contrary injustices (Anaximander). A natural system intrinsically tends towards equilibrium. Its order is self-adjustable. The natural mechanisms employed for that adaptation are first the law of action and reaction; and second cyclicity, which itself is the balancing of want and excess at large.

5) Man is by nature a rational animal. Mind consists essentially and primarily in the double function of theoretical and practical reasoning. The former enables man to know reality (to the extent possible for a part, but in principle with a progression ad libitum exactly as befits a part), while the later to organize rationally his actions according to ends and means (as Aristotle analyses, speaking even of practical syllogisms).

Thus man thinks *sub specie aeternitatis* and acts not only in the present but in extended time, with a longer or shorter interval of duration in view. By the very reason of his rationality, man through his actions affects reality not merely by introducing a new initial condition in the present, but by instituting a whole chain of effects aiming at a certain end in the future. His planned actions can therefore be persistent in the same direction even in the face of considerable misalignment to reality. It is man's very rationality that it can make the final effects of his errors tremendous. For the results of his rationally planned activity are cumulative, for better or worse, depending first on the conformity or nonconformity of his practical syllogism to its theoretical presuppositions and secondly to the correspondence or noncorrespondence of the theoretical knowledge implicated in the practical reasoning at hand to the real state of affairs itself.

Man's cumulative effect on reality constitutes an interference of the second degree with it. And it

is this feature that defines the manipulative function in its potent character as potential distorter of the natural order.

6) Just as the accumulation of capital is the fuel of historical progress but can also cause a distortion in the rational distribution of roles and means, either by its sheer size or in conjunction with other institutional societal structures such as family, religion or political power. So the accumulation of effects in the same direction over a longer period of time characteristic of rational planning is the necessary condition for achieving major ends and satisfying profound needs of human nature (such as high culture), but can similarly also cause severe distortions to the natural equilibrium of the cosmic system in its application to the human part of it.

7) Man, being rational, is intrinsically capable of error. Theoretical error, by guiding wrong action, creates “non-being”. Human interference of the second degree (due to rational planning) can effect, when wrong, an accumulation of non-being. Of course no action is possible if there obtains a total misalignment between mental perception of reality and reality itself. And a fortiori no persistent sequence of coordinated actions aiming at the same end is possible under that imaginary and impossible condition. But the pursuance of ends can blind a mind already weakened through lack of sufficient amounts of true knowledge and especially through a slackened commitment to truthfulness. And this can trigger a vicious circle between intellectual obfuscation and valuational insensitivity or even perversion. Such rationality-trap becomes then self-feeding through a mutual, double, negative feedback between the cognitive (theoretical) and manipulative (practical) faculties of the human mind.

8) Mind, through cognitive error and persistent wrongdoing, can import vast amounts of non-being into the reality of being. A totally new condition is thereby created, completely different from the conditions obtaining in a natural system in general equilibrium under the law of cyclicity. To the random character of deviations from such natural equilibrium, and to the mutual canceling off of opposite deflections from the cyclical process, there comes now into play a systematic bias in a single direction that causes a trend determining actions of all agents involved in the carrying out of the erroneous plan. The ensuing accumulation of non-being cannot be corrected by the usual natural processes of self-correction that establish the stability and cyclicity of the cosmic order of existence. We have now a bubble, an accumulation of non-being, a vacuum of non-being infused into the fullness of being. And reality handles it through a new device, the boom-and-bust process.

9) Given some general conditions we can also in this case deduce the general form of this boom-and-bust process, as we have done for the cyclical character of the equilibrated, stable world-order. It is asymmetrical in shape – with a gradually rising boom period (accelerating or decelerating at different stages in ways that can be explained), and a steeply descending bust phase. The accumulation over a long period of theoretical error, practical wrong-doing and resulting non-being leads (when the amount of unreality created cannot be anymore sustained by other connected parts of healthier reality in the human situation) to a precipitous collapse – the bursting of the bubble. (Typical pattern of a classical tragedy). Also the debris that the boom and bust process leaves in the end is toxic, as against the elements of reality that the end of a natural cycle provides as a starting point for the commencement of a new cycle.

10) Theoretical error and practical wrongdoing are organically interconnected in negative feedback, just as truthfulness and good (= beneficial) work are in a positive one. Herein lies the core meaning of the Idea of Reflexivity. Ancient Greek philosophical thought had emphatically insisted on that interconnection in ways that are only partly understood by the modern mentality, but which come closest to the ideas of the book. The Sophistic-Socratic-Platonic tenet that “virtue is knowledge” reveals strikingly the nature of that interconnection: both error and wrongdoing are forms of intellectual failure. They fundamentally involve a misjudgment as to the real state of affairs (Stoicism). Even attitudes, feelings, sentiments and emotions, when excessive or wanting, when that is become passions and fixations or insensitivities and flippancies, are nothing but erroneous judgments ( Chrysippus).

The cognitive factor emerges as the basic determinant of the human condition – as it should be expected given the essentially rational nature of man (and the classical objectification of thought, comprehending in effect mind as being’s self-awareness). Truthfulness must be necessarily involved in the defining attributes of a truly Open Society.

## IV CONCLUDING NOTE

The above represent the salient features and the broadest outlines of a general philosophical theory of the human condition, which will do justice to the innovative ideas of the book by providing the abstract conceptual apparatus and the historical framework required for their philosophical validation. The skeletal edifice sketched extemporaneously above will be filled up and mould with much muscle and nerve so as to yield a living spiritual body. Such an enterprise may provide the foundation for the not yet arrived culture of the future, after the pains of travail in this grand period of transition and transformation have yielded the new birth of the forthcoming Era. Will that be a golden age as Virgil predicted in his oracular predication of the coming of the Roman Empire amidst the worse pangs of childbirth? Are we experiencing the creative destruction that is to usher the Empire of Open Society sustained by Might? This would be the profound issue at stake for the next generation. The challenge is formidable. Theoretical insight and practical wisdom must again think and act, act and think, in unison.

Ultima Cumaei venit iam carminis aetas;  
magnus ab integro saeculorum nascitur ordo.  
Iam redit et Virgo, redeunt Saturnia regna;  
iam nova progenies caelo demittitur alto.

Tu modo nascenti puero, quo ferrea primum  
desinet ac toto surget gens aurea modo,  
casta fave Lucina: tuus iam regnat Apollo.  
Virgil, Ecloga IV, vv. 4-10, (c. 40 B.C.)

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