

## PREFACE



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In a world as imbued with the self-evidence of empirical truth as ours is, it can seem equally self-evident that theoretical activity is at best merely abstract and at worst pernicious. There is an intellectual abyss between the stories of how Thales on the one hand fell into a well while stargazing and on the other, due to such stargazing, made a fortune by cornering the market for olive oil, and the marvellous image of Dr. Johnson sacrificing his toe in seeking to refute the Rev. Berkeley by kicking a stone. It is virtually impossible for modern people, mesmerized as they are by the dogma that scientific inquiry is self-evidently the normative mode of truth, to imagine that theoretical - that is, *speculative* - philosophy could have any insight of its *own* into the nature of practical life. And, indeed, this naive certainty that it cannot, is backed up by the sad spectacle of university philosophy departments trying to gain respectability by offering courses in formal, *nee* mathematical, logic for the espoused purposes of teaching students how to “think” - the rationale being that such subject matter, being merely “instrumental” and without content of its own, will help them in business, science, and literature.

Long ago Aristotle pointed out, as clearly as can be, that the paradox of speculative philosophy, what he called “first” philosophy, is that it is the least useful but most necessary form of knowledge. In making practical life a higher priority than theoretical life, moderns have not only eschewed the life of the mind but have made the “consumer” quest of the body an end without limit. In so doing our world has become anti-theoretical in the dogmatic confidence that pragmatism - the endless process of utility - can be an adequate theoretical form. The corollaries to this view are *in theory* - the confused dogma that looks on the precision of mathematical formal structure as the “nature” of nature, and yet sees truth as statistical probability; and *in practice* - the equally confused parallel dogmas that: (i) majority opinion should prevail, even as each and every opinion, however ill-conceived, should, as a quantum, be regarded as having equal weight and validity; (ii) nature as a result of random events may nevertheless be scientifically manipulated; (iii) aggregate market forces can be the linchpin of a freely individual political life.

We are now experiencing the results of this naive empirical mentality. For all the sophistication of its numericity it is a failure in that in the end reality, the actuality of being, is not reducible to quanta and chance. The *actual* world is as qual-itative as it is quantitative and as teleological as it is processive.

The paradox of Aristotle's statement about the uselessness of philosophy is that its necessity is due to the logical dependence of practice on theory. A poor theory must have a poor practical result. But a practice that is  
5 useless is so just because it is theoretically unsound. This *inter-connection* is what must be understood. The helpfulness of speculative philosophy in making possible successful practice lies not in philosophy's usefulness as a means, but in the *paradox* that because speculative  
10 thinking is an end in itself it can be the one sure basis for successful practice, even though such practice is always *epiphenomenal* to speculative thought.

The epiphenomenal relation of praxis to speculative philosophy is due to the fact that the determinate nature  
15 of speculative thought *parallels* conceptually the universal ideality that forms the paradigmatic structure of reality *within which* being has its endless probable temporal instantiations. In religious language it is the prevailing of providence; in Aristotle's language it is the priority of  
20 actuality over potentiality; in our own time it can be understood biologically as the primacy of recursion in replication wherein possibility is contained in an ideal structure.

The following essay, "On Actuarial and Performance  
25 Measurement in Relation to the Management of Pension and Other Institutional Investment Assets", is an exam-

ple of the power of speculative philosophy in understanding praxis. Speculative philosophy has for itself no particular interest in the practical art of investing or in the laudable aim of providing workers with adequate  
5 pensions. Yet it happens to be the case that speculative philosophy can have a more accurate insight into how these goals are achieved than any amount of purely economic theory. The fact that it is just such an abstraction - known as “Modern Portfolio Theory” - that now  
10 drives the world’s financial markets should be more of a cause for concern than it is. We may reflect on the wonderful irony that the formerly communist world is now prepared to go to the trouble of democracy in seeking to embrace these very markets as a sure source  
15 of economic bliss not collectively achieved. The further irony, not so wonderful, is that by viewing democracy as a means for an economic end, rather than as an end in itself, their turn westward embraces yet another form of collectivism just when the market-driven West is unwittingly turning eastward, seeking a unity with Nature not  
20 found in the religion it has given up for economic ends. I hope readers may find that the essay which follows will shed some light on the confusion involved in believing that economic activity can be economically understood.