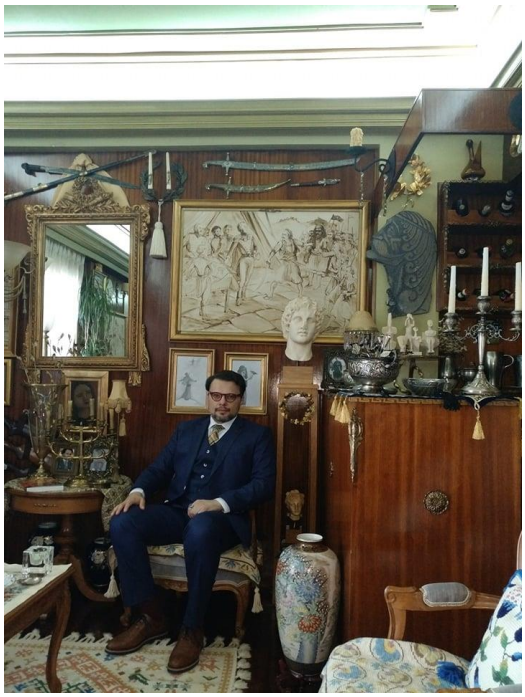
FOUNDATIONAL PROBLEMS OF POLITICAL ECONOMY
PART ONE: THE PRINCIPLE OF SUSTAINABLE CREATIVITY



By Dr. Nicolas Laos[1]

Economic analysis underpins and informs economic decision-making, even if there is a lengthy lag between economic analysis and its gradual absorption into economic debate. Once established as common sense, a text of economic analysis becomes incredibly powerful, because it delineates not only what is the object of knowledge but also what it is sensible to talk about or suggest. If one thinks and acts outside the framework of the dominant text of economic analysis, he risks more than simply the judgment that his recommendations are wrong; his entire moral attitude may be ridiculed or seen as dangerous just because his theoretical assumptions are deemed unrealistic. Therefore, defining common sense and, indeed, what is 'reality' and 'realistic' is not only the quintessence of an ontologically grounded economic theory but also the ultimate act of political power. Economic analysis does not simply explain or predict, it tells us what possibilities exist for human action and intervention; it defines both our explanatory possibilities and our moral and practical

[1] Dr. Nicolas Laos (born in Athens, Greece, in 1974) is a philosopher and noopolitics consultant, and his formal education includes social sciences and mathematics. His publications include the books *The Metaphysics of World Order* (2015) and *Methexiology: Philosophical Theology and Theological Philosophy for the Deification of Humanity* (2016), both published by Pickwick - Wipf and Stock Publishers. He is the Founder and President of the think-tank and private intelligence company F.S.C. Ltd, and he has extensive consulting experience internationally.
Email: nicolaslaos@nicolaslaos.com *and* nlaosoffice@gmail.com

horizons. Hence, ontology and epistemology matter, and the stakes are far more considerable than at first sight seem to be the case.

One of the major goals of philosophy is to identify the relations between the mind and external reality. The various relations that can be conceived regarding the mind and external reality are reducible to two general philosophical models: realism and idealism. In general, the reasoning of *philosophical* realism can be summarized as follows: since experience provides the mind with images of a reality that seems to be external to our minds, it naturally follows that this reality is the cause that generates the set of the given partial images, and, therefore, according to the principle of causality, a mind-independent reality exists necessarily. Whereas the advocates of realism emphasize the principle of causality, the representatives of idealism (according to the modern definition of 'idealism') emphasize the principle of identity. In other words, according to modern idealism, the nature of the mind and the nature of external reality are neither totally different from each other nor opposite of each other. Idealists view the world not as something reflected in the mind, but as an extension and a projection of the mind outside itself and as a part of the mind itself.

The social sciences in general and economics in particular are characterized by several debates between realists and idealists. Moreover, the antithesis between realism and idealism in economics and in the social sciences in general has taken various forms, which often complicate the debate between realist and idealist scholars. In the scientific field of economics, Uskali Mäki argues that taking a realist position is pragmatic insofar as he fears that rejecting realism "would result in the worst kind of complacency"[2]. Tony Lawson has defined the scope of his own realist project as follows:

> my strategy has just been to seek to explain (aspects of) certain human actions, to identify their conditions of possibility. Or, more precisely, my strategy has been to explain various generalised features of experience, including human actions, and so to uncover generalised insights regarding the structure or nature of reality. This of course, is precisely an exercise in ontology.[3]

Additionally, Lawson explains the significance of ontological questions in the scientific discipline of economics as follows:

> In identifying my project as realist I am first and foremost wanting to indicate a *conscious* and *sustained* orientation towards examining, and formulating *explicit* positions concerning the nature and structure of social reality, as well as investigating the nature and grounds of ontological (and other) presuppositions of prominent or otherwise significant or interesting contributions. And I am wanting to suggest that it is precisely this sort of *explicit concern* with questions of ontology that is (or has been) lacking in modern economics. This is an absence, indeed, that I believe contributes significantly to the discipline's current malaise. In this sense of the term,

[2] Uskali Mäki, "Some Non-Reasons for Non-Realism in Economics", in U. Mäki (ed.), *Fact and Fiction in Economics: Realism, Models and Social Construction*, Cambridge: Cambridge University Press, 2002, p. 102.
[3] Tony Lawson, *Reorienting Economics*, London: Routledge, 2003, p. 33.

> in my view, most of the projects contributing to the development of modern economics are not nearly realist enough.[4]

On the other hand, Simon Deichsel's conception of anti-realism runs as follows:

> I take anti-realism as the thesis that we should suspend judgement on the truth and truth-worthiness of our theories or avoid talking about the truth of theories altogether in order to minimize the confusions that surround this concept.[5]

Additionally, Deichsel writes:

> There are at least three reasons why I disagree with [Lawson's] position: first, we cannot know what the "real forces" are; second, [Lawson's] proposal can be turned against any form of idealisation; and third, it is doubtful whether mainstream economics is well characterised by Lawson's interpretation of the term "deductivism" at all.[6]

The Traditional Epistemological Schools

Empiricism: it is the view that the only grounds for justified belief are those that rest ultimately on observation. Based on the philosophies of David Hume and John Locke, the central empiricist premise is that science must be based on a phenomenalist nominalism, i.e. the notion that only statements that refer to observable phenomena are cognitively significant and that any statements that do not refer to independent atomized objects cannot be granted the status of justified knowledge[7]. According to empiricism, science can be founded on a bedrock of such objective sense data ('pure observation'), and from this bedrock can be established, by induction, the entire structure of science.

But empiricism has the following defects: (i) The epistemological warrant offered by empiricism is very narrow, because it is based on direct observation, and, therefore, it rules out any consideration of (unobservable) things, e.g. social structures, or even social facts (which, according to Émile Durkheim, refer to those shared social concepts and understandings such as crime, which he argued that should be treated as 'things'). Hence, strict empiricism actually offers a very restricted understanding of 'reality'. (ii) Empiricism does not allow us to talk about 'causes', since these are unobservable. In the context of empiricism, causation is reduced to mere correlation, and our inquiry is, therefore, limited to that of 'prediction' and cannot involve 'explanation'. (iii) The kind of pure unvarnished perception requested by empiricists is impossible. John Searle has pointed out that subjectivity is an essential characteristic of conscious states[8], and W.V.O. Quine has pointed out that theory is involved in all empirical observation, thus making absolute objectivism

---

[4] Ibid, p. 72.
[5] Simon Deichsel, "Against the Pragmatic Justification for realism in Economic Methodology", *Erasmus Journal for Philosophy and Economics*, Vol. 4, 2011, p. 23–41.
[6] Ibid, p. 34.
[7] Leszek Kolakowski, *Positivist Philosophy*, Harmondsworth: Penguin Books, 1972, p. 11-17.
[8] John Searle, *The Rediscovery of the Mind*, Cambridge, Mass.: MIT Press, 1992.

impossible[9] (Quine, 1961). Furthermore, both Immanuel Kant and Gestalt Psychology[10] have pointed out that the conscious mind plays a much more active role in perception than the one thought by empiricists.

Rationalism: it is based on the philosophies of René Descartes, Gottfried Wilhelm Leibniz and Baruch Spinoza, and it has been the historical counterpoint to Hume's and Locke's empiricism. Rationalism was very much influenced by the scientific revolution of Newton, Kepler and Galileo, and, thus, it has subscribed to the view that the kinds of mechanisms discovered by the previous natural scientists were quite different kinds of things to those which people can observe. In other words, rationalists stress that perception or observation is never sufficient on its own, and it requires logical processing. The central rationalist premise is that the sense cannot give us an understanding of the mechanisms that generate the observables that we perceive and that the notion of logic, which is a property of the human intellect, can work out the relationship between observables and deduce the causal mechanisms at work. We can only gain knowledge of the world by using logic in order to process-explain what we observe or experience. This notion of rationality, with mathematics as the exemplar, was based on a foundation of certain truth, which for Descartes was an intuitive truth known by all minds; thus he declared "cogito ergo sum" (I think therefore I am): reflective minds could doubt everything, except they could not doubt that they were thinking, and this provides the basis for secure knowledge about the world.

But rationalism has the following defects: (i) There is more than one kind of rationality, if, in Cartesian spirit, we take it to mean a deductive system based on intuitive axioms. Different individuals might claim that their intuitions were different from those of others. For instance, Descartes claimed that Euclidean geometry was absolute, being based on definitive axioms, but Riemann, Lobachevsky and other mathematicians have created non-Euclidean geometries, based on different intuitive axioms. Moreover, N.A. Vasiliev, Jan Łukasiewicz, Hans Reichenbach, A.H.S. Korzybski, Lotfi Zadeh, R.A. Wilson and other logicians have created various non-Aristotelian logics, based on different intuitive axioms. (ii) Humans relate to beings and things in the world through significances and meanings that they assign to them[11], and, therefore, the fundamental significations (namely, the values) that underpin human action must explicitly find their position in every meaningful discussion about social systems.

---

[9] W.V.O. Quine, "Two Dogmas of Empiricism", in W.V.O. Quine (ed.), *From a Logical Point of View*, 2nd edition, Cambridge, MA: Harvard University Press, 1961, p. 20-46.

[10] Gestalt Psychology was founded by Max Wertheimer (1880-1943). Wertheimer noted that we perceive motion where there is nothing more than a rapid sequence of individual sensory events. This argument is based on observations that he made with his stroboscope at the Frankfurt train station and on additional observations he made in his laboratory when he experimented with lights flashing in rapid succession (like the Christmas lights that appear to course around the tree, or the fancy neon signs in Las Vegas that seem to move). Wertheimer called this effect "apparent motion", and it is actually the basic principle of motion pictures. According to Wertheimer, apparent motion proves that people don't respond to isolated segments of sensation but to the whole (*Gestalt*) of the situation. See: Wolfgang Köhler, *Gestalt Psychology*, New York: Liveright, 1992.

[11] Ernst Cassirer, *The Philosophy of Symbolic Forms*, Volume One: Language, Volume Two: Mythical Thought, trans. R. Manheim, New Haven: Yale University Press, 1955.

Pragmatism: it is based on the philosophies of William James, Charles Pierce and John Dewey, and it attempts to combine the rationalist thesis that the mind is always active in interpreting experience and observation with the empiricist thesis that revisions in our beliefs are to be made as a result of experience[12]. According to pragmatism, theories are underdetermined by the evidence, and, therefore, scientists have to choose between a number of theories that may all be compatible with the available evidence. Hence, as William James has argued, truth is "only the expedient in the way of belief", meaning that we need to adjust our ideas as to what is true as experience unfolds. Pragmatism, then, defines what is true as what is most useful in the way of belief (a utilitarian epistemology).

However, pragmatism is ultimately self-defeating. Even though pragmatism appears to reflect a dynamic attitude toward reality and epistemology and to be a progressive epistemological stance, it is overly conservative and assigns a deeply passive role to the human mind. By stressing the adaptation of our ideas to an unfolding experience, pragmatists ignore the dynamic continuity between the reality of the societal world and the reality of the mind, a dynamic continuity that allows conscious beings to impose their intentionality on the societal reality and to change their existential conditions, instead of merely adapting to a reality that is external to their minds. Conscious beings are not merely obliged to look for methods of adaptation to societal reality, but they can utilize and restructure societal reality according to their intentionality.

Contemporary Epistemological Debates

Scientific realism: it is based on the philosophies of Roy Bhaskar[13] and Rom Harré[14]. The central premise of scientific realism is that it makes sense to talk of a world outside experience. Thus, scientific realism is primarily concerned with the uncovering of the structures and things of an objective scientific cosmos. Scientific realism treats theoretical concepts such as electrons or sets in the same way as so-called 'facts', and, therefore, it argues that the empiricist conception of the role of theories (as heuristic) is wrong. Bhaskar distinguishes among the real, the actual and the empirical: the first refers to what entities and mechanisms make up the world, the second to events, and the third to that which we experience. According to Bhaskar, empiricism makes the mistake of looking at the third of these as a way of explaining the other two so that it reduces ontological questions to epistemological questions. Furthermore, Bhaskar rejects rationalism, too, by arguing that it too reduces ontology to epistemology by its reliance on theoretically necessary conceptual truths to explain the world. In contrast to empiricism and rationalism, realist science is an attempt to describe and explain structures and processes of the world that exist independently of human consciousness.

But the validity of many of the arguments of scientific realism has been reduced due to recent advances in science, especially in the context of quantum theory and cybernetics. Niels Bohr, who made foundational contributions to understanding atomic structure and quantum mechanics, is reported to have said to Werner

[12] For a general introduction to pragmatism, see for instance: C.J. Misak (ed.), *Pragmatism*, Calgary: University of Calgary Press, 1999.
[13] Roy Bhaskar, *A Realist Theory of Science*, Brighton: Harvester, 1978.
[14] Rom Harré, *Varieties of Realism*, Oxford: Blackwell, 1986.

Heisenberg, who was another great pioneer of quantum physics: in the field of atomic and sub-atomic physics, "language can be used only as in poetry", since, like poets, physicists are not concerned so much with the description of facts as with the creation of images[15]. Moreover, in the same spirit, Alfred Whitehead, who co-authored the epochal *Principia Mathematica* with Bertrand Russell, has argued that nature is always in a state of becoming and that the reality of the natural world is the natural becoming itself[16].

Within the framework of cybernetics, epistemologists focus on the observer in addition to what is observed. Lynn Segal[17] and Ernst von Glasersfeld[18] have explained that, according to modern cybernetics, scientific laws should not be considered as discoveries, as one, for instance, might discover an island in an ocean, but they should be considered as inventions by which scientists explain regularities in their experiences. Persons interact with societal/physical reality, and, hence, the mind constructs and reconstructs societal/physical reality.

Finally, even though many people prefer linear causal explanations, one should think that, if the structure of the world were totally distinct from the structure of consciousness, then the latter could not gain even partial knowledge of the first.

Phenomenology, Structuralism and Hermeneutics: For Edmund Husserl[19], phenomenology is a method according to which the researcher focuses on the essential structures that allow the objects that are taken for granted in the "natural attitude" (which is characteristic of both our everyday life and ordinary science) to "constitute themselves" in consciousness. Phenomenology is characterized by subjectivism in the sense that phenomenological inquiries are initially directed, in Cartesian fashion, toward consciousness and its presentations. On the other hand, phenomenology is not characterized by any psychological or mentalistic forms of subjectivism, since the subject-matter of phenomenology is not the realm of psychological ideas affirmed by empiricism but rather the ideal meanings and universal relations with which consciousness is confronted in its experience.

The phenomenological method comes from a position prior to reflexive thought, called pre-reflexive thought, which consists of a turn to the very things. At that moment, the phenomenologist holds a phenomenological stance that enables him to keep himself open enough to live that experience in its wholeness, preventing any judgment from interfering with his openness to the description. The phenomenologist is not concerned with the particular elements of the object under investigation, but with the given object's ideal essence which is hidden by and shines through the particulars. Husserl used the term "epoché" (suspension of judgment) to refer to the purification of experience of its factuality.

In his preface to *Ideas Pertaining to a Pure Phenomenology – First Book: General Introduction to a Pure Phenomenology*, Husserl argues that phenomenology, like mathematics, is "the science of pure possibilities" which "must everywhere precede the science of real facts". By bracketing factuality, phenomenology exerted important

---

[15] Quoted in Jacob Bronowski, *The Ascent of Man*, Boston: Little, 1974, p. 340.
[16] Alfred Whitehead, *Science and the Modern World*, New York: Macmillan, 1944, p. 106.
[17] Lynn Segal, *The Dream of Reality*, New York: Norton, 1986.
[18] Ernst von Glasersfeld, *The Construction of Knowledge*, Salinas, CA: Intersystems, 1987.
[19] See: Herbert Spiegelberg, *The Phenomenological Movement*, 3rd revised and enlarged edition, The Hague: Nijhoff, 1982; Elisabeth Ströker, *Husserl's Transcendental Phenomenology*, Stanford: Stanford University Press, 1993.

influence on existentialism, and, in fact, it became the method of existentialism[20], which is based on the thesis that the conscious mind attributes meaning to the reality of the world. In contrast to Aristotle's philosophy—which assigns primary significance to the essence of things (namely, to the attribute or set of attributes that make an object what it fundamentally is, and which it has by necessity, and without which it loses its identity)—the philosophers of existence, such as S.A. Kierkegaard, Martin Heidegger and J.-P. Sartre, argue that what is ontologically significant is not the essence of being but the presence of being, that is, its existence.

The next major step in the development of the phenomenological method took place when it was applied in the investigation of those elements of reality whose knowledge is prior to the knowledge of the essence of reality, that is, when it was applied in the investigation of the elements that constitute the structure of reality. By the term 'structure', we mean an intimate reality that is organized and re-organized by itself and that is determined by its own order, which also constitutes the core of the given structure. The structure of a being is the bond between the being's essence and its form. The method of structuralism is the final stage of phenomenology's attempt to cope with the problems that emerge from the philosophical investigation of the intimate meaning of reality. Additionally, structuralism corroborates Gaston Bachelard's argument that there is a dynamic continuity between knowing consciousness and known object[21].

Closely related to the project of investigating the intimate meaning of reality is Gadamer's method of hermeneutics. Its central premise is anti-naturalist in that it does not see the social world as in any sense amenable to the empiricist and especially the positivist epistemology. Hermeneutics, having developed out of textual analysis, emphasizes the difference between the analysis of nature ('explanation') and the analysis of the mind ('understanding'). Karl Jaspers[22] defines the scientific analysis of "objective causal connections" as "explaining" ("Erklären"), whereas he designates the "understanding of psychic events 'from within'" as "understanding" ("Verstehen"). In this way, Jaspers's thought opened the philosophical path to Gadamer's hermeneutics.

According to hermeneutics, we can only understand the world by our being caught up in a system of significance. Persons analyze and act within what Gadamer[23] refers to as an "horizon", by which he means their beliefs, preconceptions and, in general, their embeddedness in the particular history and culture that shaped them. Thus, from the viewpoint of hermeneutics, the notions of truth and reason are consequences of man's embeddedness in systems of significance (value systems). Epistemology, hence, can never be something prior to or independent of culture and has to be seen as secondary to ontology.

The 'school' of hermeneutics is right when it tries to save and protect the otherness (individuality-uniqueness-difference) of the human person, whether that person is the natural individual sample of the human species or a collective historical subject (a cultural community). Additionally, the 'school' of hermeneutics is right when it tries

---

[20] See: Haim Gordon, *Dictionary of Existentialism*, New York: Greenwood Press, 1999; Thomas Flynn, *Existentialism: A Very Short Introduction*, Oxford: Oxford University Press, 2006.

[21] See: Mary Tiles, *Bachelard: Science and Objectivity*, Cambridge: Cambridge University Press, 1984.

[22] See: P.A. Schilpp (ed.), *The Philosophy of Karl Jaspers*, New York: Tudor Publishing Company, 1957.

[23] H.-G. Gadamer, *Truth and Method*, London: Sheed and Ward, 1975.

to intensify the awareness of one's existential otherness. But the otherness of a historical subject may consist in a spiritual condition that corresponds to the Platonic 'Cave', which is described by Plato in his *Republic*, Book VII, 514a–520a. Plato's myth of the cave is a parable presented by Plato in his *Republic* (Book 7, section 7) in order to illustrate "our nature in its education and want of education" (514a). Imagine, says Plato, a cave in which prisoners are chained since their birth in such a way that all they can see are shadows thrown on a wall in front of them. They would have the illusion that these shadows were reality. If, however, one of them were freed, and he managed to emerge into the sunlight, he would acquire a new kind of knowledge and he would realise how limited his vision was in the cave.

In his presentation of the myth of the cave, Plato identifies the following four different levels of knowledge and mental development:

(i) Illusion, or conjecture (in Greek, *eikasia*): it provides only the most primitive and unreliable opinions. Illusion is the level of knowledge at which one establishes arbitrary correspondences between reality and the things that are present in one's consciousness. At this level of cognitive development, a person cannot discriminate reality from that which he himself would wish to be real. Such a person cannot accurately discriminate things from their images.

(ii) Belief (in Greek, *pistis*): it is an experiential form of knowledge that allows one to distinguish between objects and their images ("shadows"), but it lacks epistemological and methodological rigour. As mentioned by Plato in the seventh book of the *Republic*, 515d, at the level of belief, man can discriminate the images of things from the prototypes, but he has not developed a scientific consciousness, yet.

(iii) Rule-based reasoning, or logic (in Greek, *dianoia*): it leads to systematic knowledge of the objects of consciousness through a disciplined application of the understanding. By the term' science', we mean an intentional and methodical enterprise whose purpose is to identify the reason-principles (*logoi*) of beings and things, and logic is an expression of a human subject's need to explain the course of the previous enterprise (science) to other human subjects by using formal language. However, Plato maintains, logic is not a cognitively self-sufficient system, and, therefore, it is not the *ne plus ultra* degree of mental development. Plato's argument about logic was mathematically confirmed in 1931 by the great mathematician and logician Kurt Gödel, who published his seminal article "On Formally Undecidable Propositions of Principia Mathematica and Related Systems"[24]; in the previous article, Gödel proved that, for any computable axiomatic system that contains the finitary arithmetic, the following theorems hold: (i) if the system is consistent, it cannot be complete, and (ii) the consistency of the axioms cannot be proven within the system.

(iv) Intelligence (in Greek, *noeisis*): it is the supreme (*ne plus ultra*) level of knowledge, and it corresponds to the knowledge of the Good (the good-in-itself). Plato calls the method that leads to the knowledge of the Good "dialectic". This is simultaneously a logical and supra-logical method of knowledge: it is logical in the sense that the knowledge of the Good presupposes that one's consciousness has progressed from the first level of knowledge to the third level of knowledge; it is supra-logical in the sense that a conscious being that has assimilated logic is aware of

[24] See: J.W. Dawson Jr., "Gödel and the Limits of Logic", *Scientific American*, Vol. 280, No. 6, 1999, p. 76–81; J.W. Dawson Jr., *Logical Dilemmas: The Life and Work of Kurt Gödel*, Wellesley Mass.: A.K. Peters, 1997. The Italian mathematician Piergiorgio Odifreddi, commenting on Gödel's theorems, has pointed out that the axioms of proof cannot be demonstrated by appealing to themselves. Thus, Gödel has proved that the truth of mathematics transcends every possible formal system of mathematics.

the limits of logic and has acquired an intuitive form of knowledge. Hence, as we read in Plato's *Republic*, 476b, as well as in the entire Platonic dialogue *Phaedro*, the relationship between the philosopher and the Good is not only a cognitive one but also an erotic one (for more details, see: Nicolas Laos, *The Metaphysics of World Order*, Eugene, OR: Pickwick/Wipf and Stock, 2015, and Nicolas Laos, *Methexiology*, Eugene, OR: Pickwick/Wipf and Stock, 2016). Plato's notion of 'intelligence' (*noesis*) is a kind of spiritual intuition about which we read in the Bible, specifically, in Luke 11:33–36, in Mark 9:3ff, and in Matthew 6:22 and 17:1ff, as well as in the writings of the medieval Greek hesychasts (ibid).

Plato emphasises that the knowledge of the good-in-itself (and, hence, of the real truth) presupposes not only the ability to give an account but also a psychic cleansing or cure. The metaphysical type of knowledge that corresponds to intelligence is what Plato has in his mind in *Phaedro*, 247c–e, where he describes the soul journeying in "that place beyond the heavens"; "it is there that true being dwells, without colour or shape, that cannot be touched". Additionally, in his *Republic*, 443d–e, Plato argues that one has cured his soul if he has "attained to self-mastery and beautiful order within himself, and…harmonised these three principles [the three parts of the soul: reason, the emotions, and the appetites] . . . linked and bound all three together and made himself a unit, one man instead of many, self-controlled and in unison". Sine, as we read in Plato's *Republic*, 585b, the purpose of our existence is our participation in the pure being (the Good) and our unification with the Good, psychic cleansing is a necessary presupposition for our transformation into the corresponding absolute principle; for, as Plato argues in *Phaedo*, 67b, "it cannot be that the impure attain the pure".

According to Plato, 'ideas' are not 'concepts', namely, abstractions of genera, because ideas are the reason-principles (*logoi*) and the archetypal models or patterns of all things. Plato's theory of ideas seeks to combine philosophical realism (in the sense that Platonic ideas are eternal and exist independently of our mind) with the pursuits and arguments of modern idealism (in the sense that Platonic ideas are accessible to our mind and can be participated by our mind if we follow Plato's theory of knowledge, which is also a theory of psychic therapy).[25]

Critical Theory: it has developed out the work of the Frankfurt School in the inter-war years[26], and its most influential thinker has been Jürgen Habermas. Habermas has put forward the thesis that there are three types of knowledge[27]: empirical-analytical (the natural sciences), historical-hermeneutic (concerned with meaning and understanding), and critical sciences (concerned with emancipation). According to Habermas, each of these types of knowledge has its own set of "cognitive interests", respectively: those of a technical interest in control and prediction, a practical interest in understanding, and an emancipatory interest in enhancing freedom. From the viewpoint of the Critical School, there can be so such thing as true (interest-free) empirical statements (e.g. in the realm of the natural sciences independent of the knowledge-constitutive interest in control and prediction).

---

[25] Nicolas Laos, *The Metaphysics of World Order*, Eugene, OR: Pickwick/Wipf and Stock, 2015, and Nicolas Laos, *Methexiology*, Eugene, OR: Pickwick/Wipf and Stock, 2016.

[26] David Held, *Introduction to Critical Theory*, Berkeley, CA: University of California Press, 1980.

[27] Jürgen Habermas, *Knowledge and Human Interests*, Cambridge: Polity, 1987 (first published 1968).

However, in the late 1960s, Habermas moved away from the above-mentioned rather restricted notion of knowledge-constitutive interests toward the development of what he calls a theory of communicative action[28]. Thus, his epistemology is based on the notion of discourse ethics or universal pragmatics, according to which knowledge emerges out of a consensus theory of truth. Central to his epistemology is his idea of an 'ideal speech situation', which he sees as implicit in the act of communication and as rationally entailing moral and normative commitments. The 'ideal speech situation'[29] is based on the notion that acts of communication necessarily presuppose that statements are: (i) comprehensible, (ii) true, (iii) right and (iv) sincere. Habermas is aware that the ideal speech situation is something that is not commonly found in communicative actions, but he believes that we could in principle reach a consensus on the validity of the previous four claims, and that this consensus would be achieved if we envisaged a situation in which coercive power and distortion were removed from communication so that the "force of the better argument prevails"[30]. Hence, Habermas, following Kantianism, seeks to avoid the simple objectivism of positivism whilst at the same time refusing to endorse the kind of relativism implicit in traditional hermeneutics.

Post-modernism: it seeks the overthrow of virtually all preceding positions of epistemology, and it is strongly influenced by the philosophy of Friedrich Nietzsche. Michel Foucault, one of the most influential post-modern scholars, argues that "nothing in man—not even his body—is sufficiently stable to serve as the basis for self-recognition or for understanding other men"[31]; therefore, there is no escape from the functioning of power and contingency, and struggle is always necessary to avoid domination.

Is the will for truth a truth, or is it simply another name for the will for power (and authority)? "What in us really wants 'truth'?" Nietzsche's answer is the will for power. This is Foucault's epistemological thesis, too. Moreover, following this Nietzschean epistemological argument, Jacques Derrida, one of most influential post-modernists, developed the theory of deconstruction, according to which texts collapse under their own weight once it is demonstrated that their 'truth content' is merely the "mobile army of metaphors" identified by Nietzsche[32].

From the viewpoint of Nietzsche's approach to the will for power, a false judgment can be seen as an expression of creativity, and, hence, it can be interpreted as a consequence of a dynamic attitude to life. But, when philosophy recognizes untruth as a condition of life and, therefore, it moves beyond every distinction between good and evil, identifying will as such with truth, then it is necessarily indifferent as to whether an untrue judgment underpins injustice and violence. In other words, Nietzsche respects creativity as such, without any further qualifications. But, in this way,

---

[28] Jürgen Habermas, *The Theory of Communicative Action, Vol. 2: The Critique of Functionalist Reason*, Cambridge: Polity, 1987.

[29] See: William Outhwaite, *Habermas: A Critical Introduction*, Cambridge: Polity, 1994, p. 40.

[30] Ibid, p. 40.

[31] Michel Foucault, *Language, Counter-Memory, Practice*, ed. D.F. Bouchard, Ithaca, NY: Cornell University Press, 1977, p. 153.

[32] See: Christopher Norris, *Derrida*, London: Fontana, 1987

contrary to the classical Greek philosophers' approach to creativity, Nietzsche's approach to creativity is unable to provide a solid foundation of life[33].

Nietzsche argues that philosophers are dishonest because they pretend that their thoughts echo objective reality, whereas, for Nietzsche, what they really do is to reduce their prejudices, their ideas (*qua* concepts), to "the truth". In reality, Nietzsche contends, philosophers defend judgments that are equivalent to advocates' tricks or their own hearts' desires but they present them in abstract forms and by means of arguments which they have articulated after (not before) the original conception of their ideas. It is useful to mention that the aforementioned Nietzschean thesis underpins Richard Rorty's post-modern approach to epistemology, according to which philosophers should give up on the idea that our knowledge 'mirrors' nature and instead adopt a pragmatic theory of truth, which is compatible with Rorty's self-description as a "postmodern bourgeois liberal"[34]. However, Nietzsche makes a mistake: the validity of truth does not depend on its genealogy but on its logic, its consistency, and the logic of truth depends on the fact that it can harmoniously unite a multitude of data toward a specific perspective. Therefore, philosophers (at least when they do not have the arrogance of Hegel to declare that their philosophies signal the end of the history of philosophy) are not as dishonest as Nietzsche contends.

Humanistic Economics: A Theme in Need of a Focus

If the structure of the world in which humanity exists were totally distinct from the structure of human consciousness, then the latter would be unable to gain even partial knowledge of the reality of the world (it could only know itself). If the reality of the world were merely a projection of human consciousness, namely, if the reality of the world were identified with the contents of human consciousness, then consciousness would not try so hard to know the world, and the knowledge of the world would be identified with the knowledge of the self, specifically, of the thinking mind. Thus, neither philosophical realism nor modern idealism can stand as a general, unqualified theory of reality. The creative character of the historical activity of the human being and humanity's spiritual liberty from the logic of historical and physical necessities and constrains imply that there is a dynamic continuity between the reality of the world in which humanity exists and the reality of human consciousness. Therefore, economic analysis should be focused on the analysis of the relationship between the reality of the world as a tank of opportunities and the reality of consciousness as a tank of intentions. This is the essence of what I call humanistic economics.

Even though the reality of the world is not a projection of human consciousness, it can, nevertheless, under certain conditions, be utilized and restructured by the intentionality of human consciousness. A really creative and, hence, spiritually free mind is aware that the reality of the world in which humanity exists and the reality of human consciousness are not one, but they are united with each other through common reason-principles (*logoi*) that are accessible to the human mind and through the intentionality of human consciousness. Moreover, a really creative and, hence, spiritually free mind is aware that, even though it cannot create new species *ex nihilo*

---

[33] See: Nicolas Laos, *The Metaphysics of World Order*, Eugene, OR: Pickwick/Wipf and Stock, 2015, and Nicolas Laos, *Methexiology*, Eugene, OR: Pickwick/Wipf and Stock, 2016.

[34] Richard Rorty, *Objectivity, Relativism and Truth: Philosophical Papers*, Vol. I, Cambridge: Cambridge University Press, 1991, p. 197–202.

(out of nothing), it can create new forms in the image of transcendent ideas-values. Species *qua* truth is a divine creation *ex nihilo*, as it is argued by Plato in his *Republic* (597b–c), where we read that a carpenter's task is to create an empirical bed, which is an imitation of the idea of a bed, a painter's task is to create an image of an empirical bed, and God's task is the creation of the real bed-in-itself, i.e. the idea of a bed. When man's creative activity imitates God (i.e. the source of the significance of the beings and things in the world), it is *poiesis*, and, in this sense, it can be understood as the transition from non-being into being, since it produces a meaningful world from formless matter. From the previous perspective, 'creation' does not consist in a new form that replaces a previous one, but it consists in the awareness of the continuity of purpose, or telos, which guides each and every act, and telos is man's ontological perfection. Without the previous awareness of the creativity of continuity in the context of *poiesis*, man would be confined to the biological cycle of life. Therefore, a creative and, hence, spiritually free mind recognizes and respects the 'otherness' of the reality of the world, but simultaneously it acts, according to its values, in order to impose its intentionality on the reality of the world.

The philosophical method that invokes the creativity of the human mind is derived from Platonism and from a synthesis between structuralism and hermeneutics. As a criterion of the reality of the world and of action, the creativity of the human mind stems from consciousness, but, since it is not intended to offer philosophical 'legitimacy' to arbitrary idealistic action, it is manifested only when it is actually possible to be applied on external reality in a sustainable and rational way. Additionally, the method of sustainable creativity is based on the ontological position that external reality is manifest for the conscious mind when the latter assigns meaning and significance to the first. Even though reality is multidimensional, it becomes significant for the conscious mind only when it is updated with regard to the intentionality of consciousness. Therefore, the knowledge of reality that is based on the method of sustainable creativity agrees with both the nature of consciousness and the nature of the reality of the world in which humans exist.

The *method of sustainable creativity* consists in the following four-fold dialectic, which I shall henceforth call the *dialectic of sustainable creativity*:

(i) First, the conscious mind imagines an ideal state of the world and intends to intervene in the reality of the world in order to transcend the established state of the world and improve the conditions under which existence is confirmed.

(ii) Second, the conscious mind endorses the Aristotelian doctrine of the mean[35] and intends to act in the reality of the world in such a manner that it will not cause uncontrolled turbulence, which could ultimately put the continuity of existence in danger.

(iii) Third, when the turbulence that is caused by the action of the conscious mind in the world tends to become chaotic, the conscious mind tries to reduce the negative consequences of its action by acting in a new way that balances its previous action, that is, it follows a policy of risk management that averts both the total elimination of the previous state of the world and the emergence of a totally unknown new order of things.

(iv) Fourth, during its action in the reality of the world, the conscious mind intends to create the necessary conditions that will allow the conscious mind to continue acting in the reality of the world in the future.

[35] Aristotle, *Great Ethics*, 1200a 17–30.

Whenever a conscious being follows the previous four-fold dialectic, we say that it is characterized by sustainable creativity, or that it acts according to the principle of sustainable creativity.

A Humanistic Approach to Policy Analysis

These are ten cognitively equivalent definitions of humanistic (specifically, of human-mind-centred) policy analysis, which stem from what I have called the dialectic of sustainable creativity:

1. A process for organizing information about the reality of the world as a tank of opportunities and about the reality of the actor's mind as a tank of intentions, in order to help decision-making according to the method of sustainable creativity.
2. The examination of questions related to the policy-making process, conducted with the intention to achieve a dialectical transcendence of the antithesis between realism and idealism in the field of political economy and, hence, to affect the policy-making process.
3. Analysis that generates information in such a way as to improve the basis for policy-makers to exercise the method of sustainable creativity.
4. Analysis that assists policy-makers in understanding complex problems of policy choice in an environment characterized by a dialectical relationship between necessity and freedom.
5. Analysis that assists policy-makers to develop, understand, select and implement what should be done in an environment characterized by a dialectical relationship between necessity and freedom in order to change people's existential conditions according to their intentionality—and what consequences to evaluate.
6. The systematic examination and comparison of alternative future policies by applying the method of sustainable creativity.
7. The application of the method of sustainable creativity in order to solve problems an organization is called upon to do something about.
8. Analysis that assists policy-makers to ameliorate the problems and manage the policy issues they face by applying the method of sustainable creativity, utilizing scientific and technological advances and considering the larger contexts and uncertainties that inevitably attend such problems.
9. Keeping policy-makers' minds constantly alert, warning them of the risks of leaving policy issues to the hands of any kind of 'automatic pilot' and preventing them from confusing momentum with purpose.
10. Smashing the illusion that policy-makers can avoid recourse to personal judgment and responsibility as the final detriment of policy, and attempting to bring about an environment that constantly produces new and not yet imagined types of performance (instead of simply performing the familiar).