

The Gnoseological Crisis

“We may find ourselves in a system-crisis exactly because the founding vision of the modern context, the structuring of civilization is being affected.”

It is not hard to realize the fact that today's crisis flows from economic relevance towards other territories, including the one of knowledge. The most peculiar aspect of contagion is related to the model of knowledge, its very intellectual fundamentals, time and causality. This is the sign that we may face a system-crisis exactly because the founding vision of the modern context, the structuring of civilization is being affected.

The most novel implications arrive with the sublimation of the artificial – represented by the virtualization of space and by its dislocation of the empirical. Previous crises have been focused on configuring – with a propensity for the extreme – only the empirical space, such as its exclusively hierarchical arrangement or the violent centrifugation of the periphery. Today the virtual space, invented purely for reasons of efficiency and yield, minimizes the empirical space as a source of added value. Ideally, added value follows the principle of the maximum gain in the short term, being a consequence of combining some virtual factors into the essence.

Fictitious money, for instance, constitutes the preferred instrument of the speculative path, specific to the postindustrial economy. Banking leverage, together with the practices of fictitiously increasing the value of assets, short selling and other instruments sustain the framework of the casino-economy where – as it is well known – success demands the playing of bluffs. Rules in the virtual economic space are invisible or voluntary. The dual banking market, or the frenetic derivative market are the instrumental breakthroughs of the virtualization of value. They are successes of the transformation of the economy into a goal. Winning at any price, including the price of emptying the social finality of the economy, no longer demands the economy's natural condition of being the vehicle of welfare.

The expansion of the virtual-value economy drives the monopolistic configuration of financial markets to paroxysm. The structure of the world economy is arranged antithetically between the reduced center and the ever-growing periphery, the real economy is turned dysfunctional through financial polarization and the elevator of emergence is being blocked. The periphery's chronic dependence on the center accumulates social tensions and exhibits the risk of violent resolution in the positioning regarding the sources for development. The empirical dimension of the postindustrial economic space is the recessive result of the allocative principle after the minimization of the costs of labor. The real fundamentals of the economy are diminished by the expanding virtualization of the means of profit.

The crisis which was started at the heart of the postindustrial economy, following the crisis-waves born almost two decades ago with the bursting of the dotcom bubble, has become a double crisis, of markets and of sovereign states in equal measure. Out of a contagious failure of the markets, which was possible to correct by appealing to the state's fund of historical experience, the world experiences the shock of the state's failure as a rational instrument for managing development. The unusual situation is twice debilitating to the rational attitude: firstly because through the rule of "too big to fail" the markets have trapped the power of the state in the grinding mechanisms of the short-term gain and secondly because the state has retreated by itself in the defensive position of being left to pay the bill.

This is how, through this crisis, time has become a vehicle of inter-generational transfer of costs, in practice being the riskiest of alternatives: passing the cost of the welfare of present generations into the responsibility of the future ones.

Finally, the implications of the crisis on the fundamentals of thought and knowledge can be found in the form of the multiplication of de-correlations between processes or trends, and even in the form of the obscuring of causal links. The financial boom turned speculative bubble is the result of the reversal of relationships between various sectors of the economy. The economic function of the state has been subordinated by the financial market and public sector economy has been subjugated by the private sector economy. This environment made possible the emergence of puzzling trends such as the over-performing financial markets while sovereign debt booms, the rise of inflation while the monetary policy interest rate tends to – or is – zero, after decades of coexisting high unemployment and economic growth.

The causal relationships are strongly perverted by the speculation phenomenon, leading to tears in the evolutionary directions – including the one between productivity and revenue, touching on the dissolution of the rule of social security.

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