



A psycho-analytic view of why radical uncertainty is such a challenge to politicians and the financial world

[This paper was delivered to the Political Mind seminar series on 4/5/21. I reproduce it here in the way it was written, for live delivery, not for academic reading. There is a video of this talk, without the subsequent discussion, on my website <https://philipstokoe.org.uk/> on the 'Videos' page under 'Videos of Lectures'.]

Today I would like to offer a psychoanalytic idea of how come we find it so very difficult to face reality particularly when the reality we face is radically uncertain.

Well, of course, there were people who knew; there were people who had been warning for many years, but nobody listened. I want to think about how to understand this phenomenon.

John Maynard Keynes was an economist who might be thought of as preparing the ground for the welfare state in this country; a concept which I believe is an indication of a high level of civilised thinking.

He wrote, "By 'uncertain' knowledge, let me explain, I do not mean merely to distinguish what is known for certain from what is only probable. The game of roulette is not subject, in this sense, to uncertainty; nor is the prospect of a Victory bond being drawn. Or, again, the expectation of life is only slightly uncertain. Even the weather is only moderately uncertain. The sense in which I am using the term is that in which the prospect of a European war is uncertain, or the price of copper and the rate of interest twenty years hence, or the obsolescence of a new invention, or the position of private wealth-owners in the social system in 1970. About these matters there is no scientific basis on which to form any calculable probability whatever. We simply do not know." C

In their book, *Radical Uncertainty*, John Kay & Mervyn King write...

And so, instead of recognising radical uncertainty, and adopting policies and strategies that will be robust to many alternative futures, banks and businesses are run with reliance on models which claim knowledge of the future that we do not have and never could have. Those models attempt to manage uncertainty by assuming that the analysis of commercial and financial risk is analogous to the analysis of roulette. We do not know how a particular spin will fall, but we do know the possible outcomes and the frequency of each of those outcomes if we played the game over and over. But uncertainty takes many forms, few of which can be represented in this way.

In 2007, Friedman wrote:

"In his seminal work, Frank Knight drew a sharp distinction between risk, as referring to events subject to a known or knowable probability distribution, and uncertainty, as referring to events for which it was not possible to specify numerical probabilities. I've not referred



to this distinction because I do not believe it is valid . . . We may treat people as if they assigned numerical probabilities to every conceivable event."

Just to emphasise this... it is a BELIEF... I shall come back to beliefs later... This belief was infectious and Margaret Thatcher and her friend Ronald Reagan, in pursuit of Friedman's beliefs, instituted the Free Market which led to deregulation of the financial markets and, ultimately, the 2008 crash

My aim today is to offer a psychoanalytic view of how to understand turning away from seeing reality and ending up playing with risk. I shall argue that the development of the conscious mind creates something amazing that is also a vulnerability.

My claim is the curiosity drive is the means by which human beings turn to look at reality. But the conscious mind created in this way can turn a thinking space into an omnipotent fantasy that provides comfort.

I shall suggest that this is the logical consequence of applying Bion's ideas about the development of thinking.

Drives

I need to begin by describing the change that Bion made to how we understand the creation of the conscious mind. Melanie Klein had described to emotional links the baby makes; she talked about loving the good breast and hating the bad breast. As many of you will know I prefer to talk about yummy yummy mummy and the hunger monster because I think that's closer to the baby's experience. Either way this creates an experience of the universe sharply divided between perfect love and perfect hate which she called the paranoid schizoid position but I believe that she was describing that state of mind human being share with the animals governed by the pleasure principle as described by Freud in his theory of how behaviour is organised by drives. At first sight this picture doesn't look like it makes any reference to drives but Bion who renamed Melanie Klein's good and bad as Love and Hate and then, to be consistently 'Bionesque' L and H, was talking about drives that are innate and pointing out that they make emotional links.

Of course, this links with an important piece of information that is often overlooked which is that the organisms experience of psychic activity in the brain in the form of affects or feelings. When these are raw, they are experienced as intense unpleasure, hence Freud's deduction that the animal is organised to take action to reduce unpleasure.

Bion added to the 2 drives (L and H) K which he called the urge to know but which I call curiosity.

Curiosity, is the key to building the conscious mind. From the beginning it operates as an internal instruction constantly to explain to ourselves what is happening to us. Bion called this alpha function, but I call it "what's going on here?" (and it turns out that the authors that I shall be referring to soon have a similar way of describing the key to human consciousness). Bion explained this is the transformation of raw experience (beta elements) into "symbols": it's these symbols that I'm calling "explanations".



Psychoanalytic observation has revealed that these explanations appear as images of ourselves in relationship with others or parts of another.

These hypotheses or explanations for what is happening to us can only derive from what we already know. In the light of further experience we adapt our hypotheses (i.e. change the internal images). Sometimes the hypotheses do not change in the light of experience; they become fixed as "unconscious beliefs" and they appear as facts in the conscious mind. Ron Britton understood this when, as a child, an older boy told him that Santa Claus did not exist. He realised that he had assumed that Santa Claus was a fact but now he could see it was only a belief; his unconscious belief was now conscious and could be tested.

Unconscious beliefs, because they are "certain", protect us from the need to think and, therefore, reduce anxiety. These explanations, firstly described as unconscious phantasy by Klein, gradually accumulate and it is this accumulation that creates the conscious mind.

Thinking.

This is the point at which things become important in our attempt to understand the difficulty with facing radical uncertainty. I shall try to give an albeit simplistic version of Bion's theory of thinking. He said that there is always a preconception for something that we are about to encounter. The baby lamb doesn't lie on the ground once it is born wondering what on earth to do now, it immediately struggles to its feet and goes off in search of something; it is clear that it has something in mind. This is what Bion means by a preconception.

He says that when the preconception meets with the realisation of it, the baby, we, form a conception. That is to say we create an internal knowledge of something.

It is important to note that a conception becomes the preconception for the next level of cognitive understanding. Thus, the conception of a breast allows us the preconception of all things breast-like which, when it meets with a realisation of the class of all breasts, becomes concept. In this way we achieve more and more complex levels of thinking. What is more relevant to us at the moment however is what happens when a preconception meets something different to the realisation.

What happens when a preconception meets not with a realisation but with an absence? Bion says that this provokes I thought. It is the existence of this thought that generates the need for an apparatus for thinking thoughts.

The way that I conceive of this apparatus which, later on we will just call thinking, is that it is the capacity to play with thoughts. Freud knew about this and talked about the baby hallucinating the breast. The thing about this is that in my view the only way to account for what happens next, in Freud's terms when the hallucination fades or, in my terms, when playing with the thought no longer works as a means to keep the unpleasure at bay, Freud said that the baby has to turn to face reality. He does not say how this happens. I am saying that the only explanation for anybody turning to face reality is the curiosity urge. I shall come back to this development but we need to pause just for a moment to think about what happens when a thought does not produce an apparatus for thinking.



This is when the baby finds the thought, overwhelming unbearable impossible to manage. At this point all he can do is to do what the pleasure principle tells them to do which is to take action. In this case, violently to reject the thought.

I said that I wanted to go back to where things begin to go wrong. This requires us to stay a little longer in thinking about that playing with a thought that I have just spoken about. The capacity to do this becomes, in itself, containing. The baby creates a space in which later, as the capacity for more complexity develops, there will be a possibility of thinking about the thinking that is going on. (This is the three-dimensional space that Ron Britton talks about). For the moment the positive development of this apparatus for thinking is that it provides a safe space in which it is possible to take time, that is free from the urge to take action. In this space the baby will be able as a result of playing with the thought to come to a conclusion instead of an action. In this case that mummy will arrive soon; and lo and behold she does.

Because the baby feels safe he is able to raise himself up and gaze at reality. It is the urge to know which makes this happen. However, things can go wrong particularly when anxiety strikes.

To put this back into this schematic idea about L H and K. This balance between the 3 of them changes in the face of anxiety. When anxiety attacks, the baby collapses into the paranoid schizoid position, curiosity retreats to its simple state of what's going on here and L and H become super L and super H.

In the paranoid schizoid position the tension lies between the L side of the world and the H side of the world and there is a constant pressure between them with the urge to be in the L side and identified with the omnipotent ideal that resides there. As we know, the child and the adult are rescued from the paranoid schizoid state of mind by the activity of K which allows us to turn to face reality and break away from the black-and-white world of the pleasure principle. This means that we can demonstrate that both the tension but also the movement of life is a flow between the dominance of L/H on the one hand and K on the other. The former pulls us into the fundamentalist state of mind but the latter can help us to achieve the capacity to face reality.

Another way to put this, and I believe this is fundamental to what follows, is that the real source of psychological and emotional problems occurs when the conscious mind becomes in conflict with the animal part of us. I am suggesting that the very thing that allows us to develop a place to play with thoughts can also become imbued with an omnipotent belief that this activity can continue independently of external reality and even the reality that we need, for example, to feed our bodies.

So let's think about what can go wrong with the capacity to face reality and to think. Let us go back to the baby playing with the thought. This is the point at which the baby can develop fantasies (I don't mean unconscious phantasies, spelt with a 'ph' but conscious fantasies) and the problem with fantasies is that they allow for a particular kind of fantasy.



In order to show you what I mean we need to go back to an earlier experience that the baby had; the experience of container/contained, another of Bion's concepts.

There is the baby and the mother and the baby has a horrible feeling which we know as hunger that he projects into mother who transforms in front of him into a bad mummy but if she is able to transform the impact of those feelings by using her alpha function she restores herself to being ordinary mummy and can then think about the experience that she is having and understand that her baby needs her intervention. It is the baby's experience of mother struggling, as argued by both Irma Brenman Pick and Dennis Carpy, that makes the baby feel contained which provides him with a new image for explaining things; an image of container contained.

The experience of a safe, containing space becomes crucial for the development of thinking, in this container, the baby is safe, it is the first experience of alpha function in another and this reinforces baby's use of his own alpha function. In this safe space, baby feels safe to take a look... at reality. My suggestion is that this early experience of containment provides a conception of a safe place and allows the baby the psychic space to be able to play with thoughts. (Which is one of the reasons why I consider play to be another expression of curiosity.)

To go back to the baby playing with the fantasy. I am suggesting that a development of this is the self-induced experience of being back in the container with the containing mother. This is the mother who is ideal and can do anything. The baby is able to create an illusion that this world is happening again. This illusion of being contained is a very powerful illusion because it links to a sense of omnipotence. The place where thinking had been possible has now become something that John Steiner might describe as a psychic retreat.

If something occurs in the external world it will be unexpected because the fantasy has created an illusion of being in control and everything not only being pleasant but actually rather exciting. Thus, something from outside, might cause the baby to look up and out but also makes him very quickly decide, not to see, but to return to the retreat.

Just to summarise what I'm saying. The positive part is that because of the K drive, we *can* face reality through alpha function (and, subsequently the development of an apparatus for thinking) which provides us with some space to be able to process what we perceive.

The space is crucial because it provides a safe environment to avoid having to act to reduce tension or unpleasure and gives us time, through the management of thoughts, which I believe to be an aspect of play, to develop a new understanding about dealing with the reality that we have seen.

The *problem* arises where we are able to use this space to extend the play in a way that allows us to form the *illusion* that we are back in the original safe place which is to be contained with the object that we see as ideal.

It follows from this that our fantasies are an expression of a *dependent* state in which all that matters is ourselves. It carries the unconscious illusion that we have formed a merger



with the ideal and therefore become omnipotent. For instance, we find ourselves believing that we can be one of those who will make a lot of money. This is the fantasy in which risk becomes excitement. In other words, the question of how to understand risk is a matter of the place from which you are viewing it. If you look at it from the position of being able to face reality, it is understanding the 'relative' unpredictability of any event. However, viewed from the perspective of this sort of narcissistic retreat, it is exciting because you are SURE you can make an accurate prediction... it becomes an addiction.

I believe this is the state of mind that Sally Weintrobe describes when she talks about features that include disavowal and entitlement. She notes that this is the same state of mind in which grievance can become dominant. Grievance is not an attitude that seeks restitution or resolution, it is an expression of the language of blame. We know that the language of blame belongs to the paranoid schizoid state of mind which, as I have said earlier, is also the place run by the pleasure principle. In this state of mind, excitement derives from an idea that shows how, unconsciously, we are merged with the ideal object; the idea is that we will always win.

This is a place where we retreat from knowledge of the real state of the world (radical uncertainty) and believe that we are special and have a particular entitlement that others don't have. As Weintrobe points out, this arises from the real source of our grievance, namely that our actual relationships are not perfect. Remember, I'm suggesting that the unconscious belief is that we have become merged with the perfect one, therefore all relationships should have the same quality and, when they don't, this allows us to express our grievance.

Just a point in parenthesis, many people come for help who are stuck in this kind of retreat; I believe they come because of an internal discomfort arising out of the conflict between the narcissistic desires and our design as a social species in which we are most successful when we are helping each other.

When Milton Friedman said that he rejected the concept of radical uncertainty because he believed that all human behaviour is the result of managing probabilities, this seems to me to be an expression of an avoidance of a particular kind of reality; very explicitly, because this is what he was rejecting, radical uncertainty. The reason that I mention this is because Friedman stands for a change in the way that we have been encouraged to think about ourselves; the post-war approach was one in which concern for others was held as a central concept socially and economically. Friedman represented the idea that concern for the self, individual freedoms trump duty to others, would eventually result in a caring environment. This would be achieved, as Thatcher described it, through a trickle-down effect; those who became wealthy would provide for those who needed help.

The important point is that this provides support to those of us who become caught in the kind of retreats that I've been describing because those retreats are idealised by the leaders of the neoliberal capitalism. Boris is entitled to live in perfect luxury – even greater than that provided by John Lewis – and looks intensely aggrieved when anybody suggests that he isn't so entitled.



And this is where I want to interject something about games theory. What I am about to say is referred to by Kay and King but originates with descriptions about finite and infinite games given by Simon Sinek. There is a significant and really important difference between finite games and infinite games. In the finite game, pawns are sacrificed for the ambition of winning. Winning is the only thing that matters and the whole point of involvement in such a game is to get certain, predictable needs met.

We know a great deal about finite games from people like sports psychologists and coaches. One thing that everyone knows is that feelings are a potential threat to winning. Sports people are coached to 'channel their aggression', to rise about their doubts and fears and so on. Those at the top of their sport make choices to focus almost their entire life on their sport and to limit any feelings that would challenge that focus. In other words, the best way to win is to have total control over your feelings or to limit them in some other way. The worlds of business and finance have convinced themselves that the principles of the finite game are all they need for success. But the social world, which includes the worlds of business and finance, are not defined by the rules of the finite game.

Not even the retail industry is a finite game; ambitious and ruthless entrepreneurs come into the 'market place' prepared to reduce their prices so much that their competitors can't compete; they create a mass of destruction and then, when the smoke clears, amongst all the debris, John Lewis continues to function! How, our ruthless entrepreneur might ask, how is this possible? The answer is that John Lewis a long time ago decided that its USP should be human values and it enshrined that in the name, which is not, as I have said, John Lewis, but John Lewis Partnership.

Our most inspiring myths are in this form; the form of a human value, continually expressed in the face of an attack seeking short-term wins. A long attack on human values, enshrined in the Beveridge Welfare State, has encourage all of us to allow those values to be set aside, overlooked. Some would argue that this is a matter of a war between the wealthy establishment and the exploited workforce and that people like me are even worse than the capitalists because I do not engage in the struggle. But it isn't a war; that analysis belongs to the world of the fundamentalist state of mind, the sharp divisions of black and white in which only certainty is required. Wars are expressions of the finite game in which human values are replaced by 'rights' and controls.

In group psychology and the analysis of the ego, Freud studied groups with leaders. What he said fits magnificently with the dependent basic assumption mode described by Bion in experiences in groups. He went on to say that the role of the leader can be taken by an idea. I believe that the idea that all risks can be managed by an understanding of probability theory supported an excited, really masturbatory state that is a retreat from facing reality such as I have been describing.

My suggestion today is that the political commitment to a social state that makes individual success the most important outcome has reinforced this psychological collapse that stops the development of more complex thinking.



Bion's idea of how a conception transforms into a concept which itself transforms into an algebraic formula and then into scientific analysis, is blocked by the opportunity to remain in a state of fantasy. In other words, the capacity for complex thinking is undermined by social support for entitlement.

You may ask how to resolve this state? My answer is to kickstart the capacity for developing more complexity in our thinking. The kickstart arises from the reactivation of curiosity. Curiosity leads to a narrative based upon answering questions about what's going on here. The sad thing is that those who seek only certainty missed the point of life which is to embrace not only radical uncertainty but each other.

John Kay and Mervyn King addressed these issues in their book which they called radical uncertainty. they concluded that human success is consequent upon our ability to create narratives that address the question what's going on here. This links to that human predilection for narratives which I have been claiming is the consequence of the activity of the K drive in the form of alpha function.

The retreat into a safe place where we can maintain an illusion of being merged with omnipotence is very tempting. It is not difficult to see how we to can become caught up in this sort of retreat in which dependency can become addiction.

When I talk about kickstarting curiosity, one of the ways in which that happens in organisations depends upon leadership. The best leaders make the best decisions (another of the points made by Kay and King). My observation over many years working with organisations is that best decisions depend upon best information. Best information will come from the people working for you as well as those observing you from the outside. The good leader provides a space that Bion would describe as a working group state of mind; a space in which it is possible to feel safe to contribute your thoughts and ideas. Thus, a good leader provides a three-dimensional space and encourages participation. This kickstarts curiosity because it prizes creative engagement.

We know that this works in organisations; we also know that it works in society but not in the society in which politicians share the delusion that social enterprise and endeavour is a finite game in which you seek instant gratification and a quick win. Our current media easily applauds activities that belong to the small world without commenting on how inappropriate this is in the context of the large world which is radically uncertain.

Thank you.

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