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COLLECTIVE UNCONSCIOUS

The Global Financial Crisis has given people interested in crowd behaviour incredibly rich material to apply and explore some of the more famous psychological and philosophical theories advanced by the giant “thinkers” of bygone eras. My passion lies in the epistemology that drives the crowd to herd in a seemingly irrational manner when factual information seems to require such contrasting behaviour.

My journey for this article began with the reading of a very different type of autobiography whereby Carl Jung writing in his 80’s recounts vivid memories and observations from age 3 all the way through his adult life, “*Memories, Dreams, Reflections* by C.G. Jung”; a fascinating article by Pulitzer Prize winner Anne Crittenden, entitled “*The Stock Market Scene Today: A Jungian Perspective*” providing the central theme to my article, and finally an excellently crafted critique on the comparisons of two famous thinkers “*Nietzsche and Jung: The Whole Self in the Union of Opposites*, by Lucy Huskinson”. This literary journey coupled with my personal experience sparked a metaphysical phenomenon in me that both Nietzsche and Jung would describe as the process of uniting opposing forces resulting in personal growth leading to *The Ubermensch* (to quote Nietzsche) or *Individuation* (to use a Jungian expression).

Before I reveal my observations let me briefly introduce you to Jung, so to speak. Jung was born in Switzerland in 1875 and started his career as a medical doctor. He was closely associated with Freud in his early years but eventually split from Freud and developed his own branch of psychology called, “Analytical Psychology”. Whilst he believed in the personal unconscious like Freud he fundamentally differed with him as to the source of the unconscious. Freud believed it was entirely derived from within, via sexual repression whereas Jung believed it was derived from an external source or factor.

Jung essentially saw the structure of the human mind as comprising 3 parts. The first part being the rational mind or self. The second part the personal unconscious, while playing an important part in the individuals personal progress it plays only a minor role in developing herd behaviour at the collective level. The third and most famous part and the source of most of my interest is his concept of the “Collective Unconscious” which is rooted in the primordial collection of psychic energy across multiple generations housing, instinctive energies and effectively influencing the way we tend to feel about and interpret things. According to Jung these Collective Unconscious thoughts can be seen in the form of mythical characters or religious motifs which he calls – “Archetypes”. This metaphysical psychic energy – Archetype, is so powerful in energy charging that in many instances when an individual is able to identify with a particular archetype it has the ability to overpower ones



rational thinking selves. In cases where a society as represented by collective social mood identifies with an archetype(s) then the result is often – Mania.

At the centre of Jung's beliefs is a process he calls "Individuation" in which individuals are pushed to achieve personal growth by balancing the opposing forces that become evident at a conscious rational level with those unconscious (archetype) forces pulling us in opposing directions. Failure to control the rational conscious man with the unconscious mind leads to what Jung calls an "inflated ego". Jung believed the psyche would "constellate" the conscious mind in an effort to balance the opposing forces within, and where an opposing force develops sufficient dominance over the other, the result is usually a neurosis or an explosion of emotional behaviour.

What we are going to analyse is how an imbalance is created when a collective society so embraces an archetype that the rational conscious mind is dominated to a level that results in a Mania. Jung explained in detail how unhealthy it is for a society to be too attached to its collective unconscious. At these times society is prone to stray from its rational barometer and develop extreme behaviour with a catastrophic reversal being the end result, he called this reversal "enantiodromia" after Heraclitus an ancient Greek philosopher, who believed the world existed in flux and therefore needed a constant rebalancing. I call it simply reversion to the mean.

Allow me to set the scene during the 1st quarter of 2009 for a representative look at how world stock markets "constellated" social mood as represented by our "collective unconscious". The financial system throughout the world was crumbling at its very core, the world seemed doomed to a depression the likes we had not seen in 75 years, and panic was the order of the day. In short the world was in need of a super hero - a saviour. The saviour archetype was well documented by Jung in 1936 as he witnessed the rise of Nazi power in Germany. Officially on 20th January 2009 Barack Hussein Obama II became the 44th President of the United States of America and to a large extent became the financial worlds hero tasked with saving the world; this worship extended so far that he became the first recipient of a Nobel Peace prize in advance of the supposed work he would do in war-torn countries (how ironic that he now endorses President Bush's war in Afghanistan by sending more troops to the battle line) . There are other notable saviour archetypes on the world stage at present some of which are already seeing the dimming of their proverbial stars, e.g. Ben Bernanke, Tim Geithner, Gordon Brown, Jean Claude-Trichet, Warren Buffet (star still intact), etc. Most notably the leader of the "saviour" pack is not actually a living body as such but more like a representative deity in the form of the world's Central Banks with the US Federal Reserve dominium occupying centre stage. There is almost universal belief in the power of these central banks ability to avert the current crisis by applying a serum (debt) which was in fact the very cause of the underlying financial crisis. This seeming "alchemy" (a subject which fascinated Jung) which I will call "financial engineering" at the Central Bank level, has introduced yet another archetype on our collective unconscious which



together with the saviour has driven our current stock market to manic proportions, with our conscious rational minds completely in awe of the seeming magic and unearthly power these bodies currently wield. There is more. Crittenden refers to Mircea Eliade a leading scholar of comparative religions and his book *Myths, Dreams and Mysteries* where he describes the archetype of ascension and she parallels the ascension archetype to the ever upward incline of the stock market during the late nineties. I wish to extend her stock market ascension archetype to the current ascension the stock market has enjoyed from March 2009 until now, where there has been so little pause in the amazing climb that it no doubt conjures up majestic imagery.

We now have a collective unconscious that has been so enraptured with awe at the cosmic majesty of one amazing archetype after another that the embracing collective psyche of our society has effectively abandoned clear rational thought in favour of fantasy. As an intuitive contrarian and a believer in the reversionary powers of the market and the broader Universe, we are likely to feel the dramatic “enantiodromia” effects of a reversal in the markets fortune in the months and possibly years to come. To end with a quote from Crittenden, **“Jung never tired of pointing out that only highly developed consciousness of the power of the unconscious can enable an individual to withstand the power of the psychic flood sweeping everybody along. There is nothing more isolating than maintaining one’s individuality in a mass mania”**.

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