

Peer Review

Review of: "A Philosophical Paradox of Economic Theory"

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1. On the Non-Zero-Sum Nature of Equity Markets

While futures markets operate on a zero-sum basis, the equity market does not follow the same dynamic. If I purchase a stock at €1 and sell at €2, I realize a gain; the next buyer may also profit by selling at €4. The additional upside beyond my exit is not a loss to me, but a missed opportunity; one that may be offset by redeploying capital into another asset that appreciates similarly. Therefore, the assertion that one agent's infinite gains necessarily imply infinite losses for others misrepresents the structure of equity markets, where value creation can be mutual and non-exclusionary.

2. On Strategy Diversity in Investing

Investment strategies are not universally transferable; what works for one investor or institution may be wholly unsuited for another. This mirrors professional sports: each football club operates with distinct tactics tailored to its own strengths. The playbook of a Champions League winner cannot be imposed on every team. Similarly, portfolio construction and risk tolerance vary widely across investors, making it inappropriate to extrapolate a single "winning" strategy across all contexts.

3. On the Limits of Economic Theory and Long-Term Market Trends

Equity markets, over the long term, exhibit a structurally bullish trend, fueled by monetary expansion and underlying economic growth. While this directional bias holds historically, it does not guarantee short-term consistency. The analogy with physics is apt: quantum mechanics and relativity each apply within specific domains and may break down under extreme conditions. Likewise, economic theories must be understood as models with boundary conditions, not absolute laws. Expecting perfect predictive power may conflate economic modeling with deterministic science.

4. On AI, Algorithmic Trading, and the Opaqueness of Emerging Market Logic

Algorithmic systems already account for the majority of trading activity on global exchanges, a trend likely to intensify as artificial intelligence matures. The shift from rule-based automation to adaptive machine learning suggests a future where most transactions may occur within opaque, self-optimizing systems. Even if AI eventually uncovers latent structures or “laws” governing market behavior, there is no guarantee it will, or can, translate these insights into human-understandable frameworks.

Declarations

Potential competing interests: No potential competing interests to declare.