

The simultaneous geopolitical, financial and social crises rattling the modern world are not accidental; they represent widespread systemic failure, clear evidence that we've reached the end of an era. The short story is, the set of governing ideas and institutions loosely defined as neoliberalism has finally broken the world - now is the time for a normative re-set.

Neoliberalism was new and untested in the '70s when it became the governing orthodoxy of western thought. But, it became clear early on that neoliberalism was much more than a set of economic principles. Neoliberalism's ethical roots in 'extreme individualism' embedded anti-social biases into political and economic theory, limiting the role and purpose of government while imbuing 'free' markets with Solomon-like wisdom as they emerged in the '90s as the ultimate arbitrators of value, justice and morality.

Decades on, the truth has been exposed in the extraordinary inequities of modern life, a governing 'greed is good' ethic, rolling financial crises and - ironically - woke induced societal fragmentation with the breakdown of civility, moderation and tolerance.

Normative worldviews present an alternative set of principles that are both progressive - in that they accommodate change - and conservative - in that they emerged from and are consistent with historical social values and imperatives in western civilization.

What are the characteristics of normative theory and how are they different from Neoliberal approaches?

The Normative worldview starts with the centrality of the *'individual-in-society'*, which, as an ethical starting place is, we believe, more realistic than neoliberalism's *'extreme individualism'* that rejects society or socialism's *'collective primacy'* that rejects the individual.

Normative worldviews are rooted in the reality of social dynamism. Driven by deep-seated philosophical reorientation, western life has been characterized by an evolving *'sense of social justice'*, which has become increasingly 'worldly' (in the philosophical sense of the term) and democratic over the centuries.

This ethical 'engine of change' has led to a millennium of progressive social reforms - like the late medieval emancipation of serfs and more recently slaves, religious freedom, democratic political reforms, particularly the American Revolution, the Great Reform Act(s) of the 19th century, 'votes for women', a host of liberation movements for minorities and a human 'rights' revolution that has transformed society, its government and economy.

Neoliberalism, while it does not explicitly prohibit change, provides no mechanism outside the dictates of market preferences. Borrowing from neoclassical economics, neoliberalism assumes an ahistorical 'in the moment' point of view. More importantly neoliberal assume that society can be represented by a series of intersecting commercial, political and social marketplaces. In such a system, neoliberals believe we're all either producers or consumers of these societal goods and services. This logic leads to the idea that 'free' market outcomes

can (and should) determine relationships between, for example, individuals and their governing institutions, capital and labour, rich and poor.

Normative theory is closely linked to the societies, which it serves. Normative theory takes its cues from social dynamism, and so normative political and governance systems evolve along with the changing ethical sensibilities and social norms.

Normative economic principles are rooted in the private ownership of property, the foundational principle of capitalism. However, given that the 'things of value' themselves and the legal title that support the ownership of property are both social in origin, society, its changing norms, values and sensibilities are both the starting place and the strategic goal of normative economic theory. In addition, normative economics has a broader 'analytical scope' than neoclassical economics and centres its analytical focus on capital, 'what it is', 'how it changes' and 'how all this impacts value creation' rather than focusing narrowly on market exchange processes.

Following this logic it comes as no surprise that Normative accounting principles are dynamic. Accepting the obvious changes in value creation in the 21st century, normative accounting champions formal recognition of intangible assets and includes them in normative accounting protocols, leading to more realistic financial reporting standards and better more socially-aligned business decision-making.

Normative is 'normal' - (historically)

The uniqueness of the west, and what separates it from authoritarian alternative(s), is both individual ethical responsibility, but also societal control over raw executive power. How did this happen? Early normative political reforms began *in principle* in the English-speaking world (about) 800 years ago with the signing of *Magna Carta*.

Magna Carta was a hastily prepared and rather strained agreement between John, King of England and his Barons that was signed in 1215. In this pre-democratic world, *Magna Carta* set an important precedent by checking the seemingly inevitable concentration of monarchical political power. At first in theory, and then in practice, this unique document established rights and entitlements that became (eventually) inalienable; that is, they were above and beyond the authority of the monarch to override.

In effect *Magna Carta* elevated the rule of law. Although it took centuries to complete, the principle of inalienable rights and equality-before-the-law checked unrestrained executive power. In other words, in a normative worldview, society at large, through the rule of law is the ultimate authority, not the agents of sovereign power (like Chairman Xi and Putin).

So, what is progress? In the normative sense, it's quite simply the progressive elevation of the individual in society. Increasing levels of social cooperation enable ever more derivative forms of wealth creation, all supported by solid (inalienable) rights and a widening estate of individual 'ownership' in all vectors of social power. Normative progress is nothing new, it has facilitated rising living standards and a generalized improvement in the human

condition for many centuries — supported by a governing mindset that became (slowly) more generous, inclusive, and responsible.

But there is a downside. The weakness in normative logic, and the source of much angst, is a near constant tension at the pace of change. Given the speed at which societies '*sense of social justice*' can alter, a 'normative gap' emerges between '*what ought to be*' and the '*what is*'. These gaps are commonplace and inevitable in western history and have led to both cycles of progressive reform and violent confrontation.

The Need for a Normative Political Re-set

History is not the past; it is a living fountain of sacrifice that forms the present and shapes the future. Every history is a function of the '*stories we tell ourselves, about ourselves*'. Regrettably, living history today is forcing us to confront dark narratives embedded within the cultural fabric of nations. These national stories may embody ambitions to great power, or they may be stories of national humiliation, deeply held resentments and grievances - real or imagined.

Today, history is ever present in the dark forces deconstructing *Pax Americana*, the geopolitical order that has shaped (more or less) the global system since the end of World War Two. Not long ago the western story of individual freedom and representative institutions was an antidote to this negativity. Disappointingly the western story changed and ironically, it was not external but internal forces that caused a new and darker western story to be written. For at least the last forty years false gods of negativity and greed have overtaken the western narrative.

So...when did the story begin to change?

Amazingly, at the height of American cultural supremacy in the 1960s, an existential fear of progressive change overtook conservatism. William F. Buckley, Jr., one of the most influential conservative voices of the mid-century wrote that the purpose of his magazine *National Review* was to "*stand athwart history yelling stop.*" The phrase energized conservatives - rallying them to defy the dark, incoming tide of 'liberalism'.

The rise of neoliberalism as a creed in the late '70s infused conservatism, particularly American conservatism, with an ahistorical and inflexible logic. At the centre of this new order lay the unimpeded individual - freed from societal restraint. It also introduced a new era of intolerance. In the past conservatives had polite disagreements with liberals; now the left is demonized.

Why? Well to quote Ayn Rand, the godmother of neoliberal philosophy: "*ethics is an existential battle between polar opposites: self interest or selflessness, individualism vs. collectivism, pure capitalism or communist tyranny...* As a result politics has been locked in a binary paradox, from which there is no room for compromise.

Neoliberalism's 'extreme individualism' not only informed libertarian thought, it also contributed to the rise of conservatism's worst nightmare - identity politics and the cult of

victimhood. Taken to extremes, individual absolutism has led to individuals' personal preferences overwhelming traditional social institutions - like womanhood. This has provided moral authority for such acts as pulling down statues, cancelling 'impure' ideas and generally humiliating defenders of the traditional, more socially oriented status quo.

So, given these undesirable outcomes what is the western story? The normative solution to unraveling this puzzle begins with identifying the 'root cause'. As such we will depart the present and touch down briefly in that critical period of history philosophers call the Enlightenment.

The Enlightenment

The timing of the Enlightenment is somewhat variable and controversial, but it is generally agreed that the most important ideological debates occurred in the 17th and 18th centuries. It was during this period of history that western life and culture began seriously questioning medieval doctrines and superstitions. What can be said with assurance is that rationalism and scientific inquiry advanced strongly and the doctrine of Divine Right (of Kings, the Church etc.) began to decay as democratic legitimacy slowly reestablished itself.

The Enlightenment was pivotal for liberty; it provided moral support for the burgeoning self-governance movement and various 'rights' movements, including Natural rights: individuals' property and political rights. Certainly the Declaration of Independence (1776) and Frances's Declaration of the Rights of Man and of the Citizen (1789) were both strongly motivated by Enlightenment principles and idealism.

The Normative Gap

However liberating the Enlightenment may have been in the realm of thought, it instantly created a serious moral and political crisis. From that point onward western culture has been grappling with a Normative Gap, and a (still unresolved) *critical dilemma*. It soon became obvious that the modern social vision, with its vastly more democratic sense of social justice, was seriously at odds with the established political, social and economic reality. The question of the day in the 18th century: *how is it possible to reconcile the reality of monarchical despotism with the philosophical implications of the Enlightenment?*

The State of Nature debate grew out of various attempts to deal with this normative gap. The arguments and solutions which characterized this debate sought to reconcile the distance between the 'what is', (i.e. society's imperfect present state) and 'what ought to be' (the moral ideal). The importance of this question cannot be overstated; it is the cornerstone of contemporary political animosities and societal discourse.

The three giant philosophers who engaged this debate, Thomas Hobbes, John Locke and Jean-Jacque Rousseau, essentially cast the modern world's '*frames of reference*'. And although it may seem like ancient history, these *frames of reference* and their biases and prejudices live on today; tragically present in the public debates that are plaguing the 21st century.

The Modern Frames of Reference

THOMAS HOBBS: and the **Conservative** *Frame of Reference*

Thomas Hobbes (1588 - 1679) lived his life in the shadow of the English Civil War. He made a reasoned attempt to resolve the *critical dilemma*, but began his quest with a strong bias toward preserving the status quo (i.e. English monarchy). The *state of nature* (the essential uncorrupted human condition) in Hobbes is incredibly violent, a war of all against all, within which life is “*nasty, brutish and short*”. Hobbes presented a *state of nature*, so violent and disturbing that (so he hoped) even rational individuals would willingly concede their perilous liberty in nature, for the security of the despotic Leviathan.

In Hobbes, the *critical dilemma* is not really resolved; political legitimacy and all human progress are simply trumped by existential fear.

JOHN LOCKE and the **Liberal** *Frame of Reference*

In John Locke (1632 - 1704) we have a more pragmatic perspective on the *critical dilemma*, quite different from Hobbes. Locke agreed with Hobbes that the *state of nature* was undesirable; he accepted that it was characterized by fear, poverty and despotism. In the natural state, liberty was reserved for the privileged few, powerful warlords and monarchs. Locke believed that this ‘natural’ condition could be improved if individuals pursued their self-interest in consort with the unique human capacity for reason.

Locke has been called the Father of Liberalism; his pragmatic *state of nature* laid the foundations for the progressive improvements of the 18th and 19th centuries. Locke’s ideas on the separation of powers, private property rights and scientific reason helped facilitate the advance of self governing democratic institutions, capitalism and social leveling through the *timely* advancement of ‘rights’. In Locke we see a *state of nature* that is variable and uniquely human: society, governed by reason is able to rise above the “Iron Laws” of nature, and in so doing to establish unique laws of “human nature”.

JEAN JACQUE ROUSSEAU and the **Romantic** *Frame of Reference*

In Jean Jacques Rousseau (1712 - 1778) we had a more radical intellect grappling with this *critical dilemma*. Rousseau was a tormented soul, crushed by the hard reality of social inequality. In many ways his pain and resentment led him in the entirely opposite direction to Hobbes and Locke. In Rousseau, humanity’s *state of nature* is all perfection; freed from societal restraint, humans live in a condition of natural goodness.¹

Rousseau is the father of Romanticism. And although Romanticism is most commonly associated with arts and culture, it is in the realm of politics that its *framing* has been most significant. “*Man is born free, but everywhere he is in chains*” was Rousseau’s battle cry of freedom.

¹ Rousseau strongly implied but never actually used the phrase ‘the Noble Savage’ it was surely what he meant.

Unfortunately, Rousseau's idealized *state of nature* implies a dark certainty. If the natural state is perfection then society must, by definition, be the destroyer of humanity's 'natural' liberty. True romantics, driven by the perception of systemic oppression, demonize the establishment. They do this principally by reinventing history, shifting the focus of philosophical virtue from traditional institutions to the 'oppressed'.

In Rousseau there are no reasoned debates, for him life became a violent struggle between the oppressive establishment and perfection on earth. Furthermore, if society is oppressive, a moral imperative impels the Vanguard, (those who see the truth) to employ any means possible to destroy that cruel structure and liberate humanity. By giving civil violence moral authority Rousseau and his romantic followers unleashed France's brutal Reign of Terror and - spring forward - unleashed enormously violent forces in European life.

Normative Lessons of History

Ironically - and to the surprise of many - both conservative and Woke narratives are half right. Although modern conservatives deplore the chaos of change, their dedication to the autonomous individual is admirable, if somewhat overstated and incomplete. Conservatism's woke adversaries are also half right; there is considerable room for improvement in regards to gender and racial equality, and in reforming social norms in favour of identifiable minorities.

But, of course, both of these competing western narratives are half wrong as well, and it is in their failings that discord brews, distorting the true story of the west.

Lesson #1: Hobbes was Wrong; the first lesson of history is western society is inherently dynamic.

The tragic flaw in modern conservative thought is an irrational aversion to change. Ironically, most conservatives would agree that certain kinds of change are 'progressive'. For instance advancing individual freedom and liberty are progressive achievements of western civilization. Over many centuries there have been a generalized advance in individual empowerment, a widening of political enfranchisement, a parallel strengthening of individual autonomy through social levelling, as well as greater personal choice in religious matters and, of course, economic empowerment through a widening estate of property ownership and open access to markets.

The reality is progressive change is hard-wired into western life, as the 'rights' revolution of the 20th century illustrates only too well. Needless to say, achieving it has not been an easy process. But, Lockean economic, political and social reforms remain vital for the advancement of society and the preservation of social stability.

Lesson #2: Rousseau was Wrong; society is not the agency of oppression.

The second lesson of history is that Rousseau was also wrong; the natural state of humanity is not a perfect liberty, but is characterized by fear of the unknown and insecurity. While admitting that society does - by definition - limit the absolute freedom of individuals in

various ways, it is also the source of liberty. What is lost in the romantic framework is any real understanding of the social sources of individual freedom.

For every society whether monarchy, oligarchy or democracy creates a (broader or narrower) liberty, for some elements of society. An absolute monarch or dictator, for example, has liberty, indeed an almost unlimited freedom of action, purchased at the expense of the public.

But, our evolving sense of social justice assumes a broader, more generalized state of liberty in which the power, privilege and responsibilities, which embody liberty are much more widely shared. Advanced liberal democratic societies, supported by high levels of human cooperation, sustain a broad (certainly not perfect) condition of social liberty. From this unique collective support system, individuals draw historic degrees of personal freedom.

In other words, the fatal flaw in Woke-ism is... the glass of social equity is not half empty, sustained by oppression, as modern progressives would have us believe, but after centuries of struggle, is (remarkably) half full, a product of steady, if discontinuous, advancements in human progress.

Western society, in other words, is not systemically oppressive, but is both the foundation stone and irreplaceable means of human progress.

Normative Character of Western Civilization

Fortunately, even after much violence and internal strife, Locke's principles have given western civilization its unique social mobility, established the normative means of progress and clarified its historical mission.

The practical consequences of progress in the west are remarkable. Over the past two or three centuries the western world has risen to assume a position of global leadership based on western nations' combined economic strength, military prowess and broadly based progressive agenda. Moral leadership has perhaps been the most significant factor; its evolving sense of social justice has allowed the west to build a modern success story.

Although it originated from European experiences, the west is now a worldwide phenomenon. Experts like Stephen Kotkin, remind us *"the west is not geographically constrained, nor is it confined to 'whites': it's a multi-ethnic, institutionally defined, civilization"*. He goes on to point out that Russia is European, but not western. On the other hand Japan is not European but is part of the free world, *"all those who share our values, but above all our institutions are western. Ironically, far from declining, the west has become the most powerful voluntary sphere of influence that's ever existed in world history. It just needed to be reminded of that fact"*

Re-setting the Western Story:

Where to begin? As usual the *'stories we tell ourselves, about ourselves'* in the west is in dire need of refreshment. Contrary to conservative pundits the west is not an embattled set of fixed institutions struggling to sustain an ancient perfection. The west is a dynamic continuum that evolves organically in ways that set it apart from many of the world's cultures.

Conservatives will not find, as many 'Originalist' justices on the U.S. Supreme Court believe, the answers to today's ethical problems in the musing of 18th century jurists. Time has moved on and while the principles of liberty remain unchanged, the ethical reality has evolved and must be judged from the present actuality.

But, neo-romanticism is also wrong and exceptionally dangerous. Woke's Romantic framing of historical oppression, coupled with the intolerance of Identity politics, have unleashed disintegrative forces that weaken social solidarity at the very moment it is needed to deal with big problems. While identity associations may accurately describe problems that need attention, they cannot - by definition - provide solutions as they intentionally erode any sense of social unity and trust.

The story of western history is emancipative; it starts with an evolving sense of social justice which sets society in motion, but this ethical dynamo was underpinned and stabilized by society evolving to successively higher orders of human cooperation. It was the ability to more fully cooperate that stabilized various new political realities as society transitioned from the tyranny of absolute monarchy, through the bourgeois oligarchies of the industrial age to today's more representative democracy, with ever-greater numbers of participants in the governing class. In addition, increased levels of cooperation provided the social support that eroded rigid social hierarchies, supplanting them with a growing tolerance that helped ease (first) the underprivileged working classes and then others, including women, racial and sexual minorities of various kinds, into the mainstream.

Economically, western societies have expanded their economic capacity by recognizing new capital forms and asset institutions. The western economic story is of an expanding matrix of productive assets, which increased the wealth capacity in society. A parallel trend involved (somewhat after the fact) a widening in the estate of individual ownership in those productive assets. This has given the west - until very recently - a dynamic and socially acceptable form of capitalism.

Now, in the third decade of the 21st century there is an opportunity to continue this historical process, by widening the estate of 'ownership' further and formalizing the realm of intangibles. This could unleash vast economic potential, value already present (if undocumented) in our economy.

Orchestrated properly, a new more just and sustainable capitalism will emerge. If history is any guide, lockean type reforms will trigger a flowering of culture and launch a 21st century renaissance that will inspire the world, once again.

Western history has certainly not been easy nor has it been without violence, prejudice and injustice. But underlying all the pain has been an evolving ethical infrastructure that is progressively more egalitarian, humanistic and inclusive. The west will survive and grow because the interplay of these forces has progressively elevated the 'individual-in-society', releasing enormous amounts of social energy and creativity that vastly increased the productive power of Western societies, extending the scope and reach of social liberty, individual freedom and economic prosperity.