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The New Enlightenment

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Introduction

The Enlightenment of the eighteenth century has fashioned the modern world. Many, if not all, of our social, political, and economic institutions were shaped by Enlightenment thinking. And yet, as we move into the twenty-first century, there is a sense that these institutions are not fit for our purposes. When we come to think of how the future will unfold, a feature that will increasingly dominate our thoughts is how appropriate the Enlightenment institutions are to meet the challenges ahead.

The Enlightenment is principally a European phenomenon. While it became a global force in the twentieth century, by then the nature of Enlightenment values and institutions had taken on a European tinge. One of the great struggles developing in the twenty-first century is the clash between the heritage of European-shaped institutions on the one hand and the older Asian cultures and traditions on the other.[1] As we view the course of the Enlightenment, the conversation is naturally Eurocentric. This does not mean that we are ignoring other cultures. It simply means that the impact of other cultures comes much later in the story of the Enlightenment.

However, we are starting to get ahead of ourselves. It is worth first considering exactly what the Enlightenment is and then asking how it has shaped the modern world. This is necessarily a historical

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perspective of the Enlightenment. From that point, we can move on to consider how the Enlightenment fails us today and why that might be so. With this analysis, we can then look at possible future solutions before finally appraising the significance of those solutions. We shall start with a consideration of what the Enlightenment was.

What Was the Enlightenment?

It is customary to date the Enlightenment from the eighteenth century, but it was apparent both before and after that time. The Enlightenment essentially charts the development of human thought away from a basis of tradition and superstition towards one based upon critical reasoning. In this respect, the roots of the Enlightenment can be found in the Scientific Revolution of the seventeenth century, the Reformation of the sixteenth century, and the Renaissance of the fifteenth century. Of course, this development did not stop in the eighteenth century. It continued through the great industrialization of the nineteenth century before becoming a global force in the twentieth century. One of the points that we need to stress here is that the Enlightenment ought to be seen as part of a long-term, continuous process of human development that spans over centuries.

The Enlightenment could be seen as a generic term to describe the progress and consequences of the "Age of Reason." Prior to the Age of Reason were the "Dark Ages," a period characterized by very limited cultural development and limited advances in the material progress of humanity. Authority in the Dark Ages was based upon the force of the local king or warlord in combination with the force of religion imposed by the authority of the Church. The Medieval period represents a transition from the Dark Ages to the Age of Reason—what we might call modernity.

During this time, material growth merely scaled up existing technologies and social patterns to greater, but not higher, levels. More people were doing exactly the same thing. Land was relatively abundant in Europe, and economic growth was simply the case of coloniz-

ing a greater space within existing political boundaries through land clearance and the occupation of marginal land. Every now and then a political entity would enter into a boundary dispute with a neighboring entity, and the resulting war would move the boundary one way or another, depending upon the fortunes of the dynasties involved.

And then the Black Death struck Europe.[2] Over a very short period (1347–50), somewhere between a third and half of the population of Europe died from the bubonic plague. This loss of such a high percentage of the workforce could have led to the level of social and economic development being scaled down, but instead led to something of a technological revolution—more in the social technologies of banking, finance, and the pattern of land use—which raised the productivity of the workforce. The rising prosperity following the Black Death gave rise to the relatively vast surpluses that funded the high art of the Renaissance. It also served to weaken the authority of both the Church and the state.

As the Renaissance developed, a new cultural actor made an appearance: the citizen. Prior to the Renaissance, the individual was only accounted for as a base element in a social organization. A person might be a subject of a particular king and a member of a particular congregation. Rising prosperity allowed a greater role for individuals per se. Not unnaturally, the greatest concentration of these individuals was in the growing merchant class.

The merchant class asserted itself most forcefully during the Reformation, particularly through the stricter Protestant sect—the Calvinists, Quakers, and Puritans. This created an indelible cultural stamp of hard work, thrift, and plain living that would prove crucial to the later Enlightenment.[3] In political terms, the assertive merchant class struggled with, and eventually prevailed over, the authority of the monarch. In economic terms, the growing surpluses of the merchant class were seeking productive investment opportunities, through the development of overseas trade and colonization and through the funding of new ventures based upon the discoveries of the Scientific

Revolution. Globalization and venture capital are seen as features of the modern world, but have their roots in the early Enlightenment.

During the Renaissance and Reformation, populations continued to grow, first to replace the losses of the Black Death (this occurred around 1500) and then beyond that level. As European populations continued to grow, they started to hit the natural agricultural capacity of the land mass. While this problem was partly solved through colonization and emigration to other continents—principally the Americas—it was solved to the greater extent through increases in agricultural productivity.

The weakening of the authority of the Church and the rediscovery of the ancients (mainly the ancient Greek texts) had led to a greater curiosity about the world in the sixteenth and seventeenth centuries. Naturally, one discovery led to another, and the pace of technological innovation had increased greatly (in relative terms) by the end of the seventeenth century. The fruits of this Scientific Revolution were applied practically to the question of agricultural productivity to provide the knowledge base of the Agrarian Revolution.

By the middle of the eighteenth century, in the advanced countries in Europe (Great Britain, Holland, France, and parts of what would later become Germany), populations were growing, sustained by the practical application of Agrarian Revolution. The moral authority of the Church had been challenged by the rise of science. The rule of monarchs had been challenged and circumscribed by assertive citizens. And vast accumulations of wealth seeking productive investment opportunities had arisen. The scene was set for the Industrial Revolution and its love child, the Enlightenment, to come to dominate humanity.

How Did the Enlightenment Shape the Modern World?

At the heart of the Enlightenment is the belief that each person is a rational and autonomous being. From this, it follows that author-

ity needs to be based upon the informed consent of the individual rather than the will of God (possibly as interpreted by the Church) or the orders of the king. This has a number of implications that have come to dominate how we arrange our affairs today.

The issues of authority and sovereignty were at the heart of the Enlightenment. The twin threads of the rational autonomous being and the informed consent of the individual formed the basis of the view that society is essentially a social contract between willing parties and that democracy is the best form of these willing parties to organize their collective affairs.

Late Enlightenment thinking gave birth to the modern representative democracies that we see today. It is possible to view the course of the nineteenth century as one in which representative democracy was spread within nations through the extension of the franchise. We have to remember that the quintessential child of the Enlightenment—the United States of America—originally followed the Athenian Republic by largely denying the vote to both women and slaves. This position was reversed over the course of the nineteenth and early twentieth centuries.

The institutions of representative democracy were spread over a larger number of nations as the developed world industrialized. Across Europe, monarchies were either reformed into constitutional monarchies, as was the case in Great Britain, or disappeared completely, as was the case for the Hapsburg and Romanov dynasties. The flowering of the Industrial Age, with rising prosperity and increasing bodies of knowledge, was a rich bed in which the seeds of modern democratic institutions could germinate.

At the heart of these democratic institutions was the idea of the rule of law. It was no longer acceptable for the will of the king, backed by the might of the state, to determine the affairs of the citizen. As autonomous rational individuals, citizens were seen as having the capacity to determine their own affairs. Naturally, there needed to be a system of regulating the conflicting interests of a growing number of

citizens. This was the stimulus for the growth of the great legal institutions of the nineteenth century. This was an era when the procedural law and the case law of our modern legal system were laid down.

Within the rule of law lies the view that the citizen deserves respect as an individual, from which the concept of personal liberty derives. Democracy and the rule of law without the respect of personal liberties are rather open to quite a tyrannical arrangement. Over the course of the nineteenth and twentieth centuries, progress was made in defining exactly what these personal liberties are and where the balance should fall between personal liberty and democratic action. That balance has not fully stabilized today, and it is an issue to which we shall return later.

If citizens are autonomous rational actors, if they are governed by democratic institutions as an expression of choice, then it follows that the choice expressed ought to be an informed choice. This line of reasoning gave birth to the development of universal education and the creating of the modern educational institutions. Throughout the nineteenth and twentieth centuries, the great universities, learned societies, and libraries were developed. Some of these institutions were devoted to making education more universal in its incidence. Some were more concerned with the advancement of knowledge. Either way, the twin objectives of providing education to a greater number of people and at a greater depth of knowledge were pursued. The institutional framework was attuned to promoting the cause of education.

Higher levels of education were demanded by the worlds of commerce and finance, which saw the practical application of Enlightenment principles. The key aspect of the Industrial Revolution was the commercial application of the new knowledge base. This also had an institutional dimension. The growth in scale of industrial operations required levels of capital accumulation that led to the development of new forms of industrial organization. The early Enlightenment had witnessed the growth of joint-stock companies, but this corporate form suffered from the unlimited liability of the members of the company. In the nineteenth century, the concept of the limited liability company was developed.

The idea behind the limited liability company was quite simple—that the liability of the members (what we would call shareholders today) ought to be limited to the amount of capital that they had contributed. In effect, it capped the potential losses of the shareholders. There then arose the question of how the profits of the company ought to be divided and how great the voice of the various members ought to be.

The Enlightenment principles of democratic choice were applied to this question. The profits would be applied per share, so the more shares that individuals owned, the more profits they would receive. This was also applied to having a voice in the company. Each share would have one vote attached to it at meetings of the shareholders, so the more shares that individuals owned, the greater the say they would have in the running of the company.

Of course, it would be possible for a majority of shareholders to act contrary to the interests of a minority of shareholders. Again, Enlightenment principles provided a solution to this problem. There was developed a body of statutory and case law surrounding the protection of minority interests. Drawing upon the concepts of personal liberty, there would be a base level of shareholder rights that a majority of shareholders could not vote away.

Towards the end of the nineteenth century, the institutions derived from the Enlightenment had reached something of a high point. Europe had enjoyed a general peace for about a century, its institutions were spreading across the globe, prosperity had risen for decades, and the arts were flourishing. And yet, such progress contained the seeds of its own destruction. As war erupted in 1914, with globalization crashing to a halt, the weaknesses of the Enlightenment started to become apparent. As the twentieth century progressed, they would become more apparent still.

Why Does the Enlightenment Fail Us Today?

It was in the course of the twentieth century that the flaws in the Enlightenment became apparent. During this time, the Enlight-

enment expanded by becoming global in scope and by extending its reach into the whole of society rather than to a privileged and sophisticated elite. Just as the twentieth century was the era of mass culture, so the Enlightenment provided the institutions for the masses. However, this development of those institutions has distorted them so much that they are in need of considerable reform today.

The principal instrument of the Enlightenment is the use of democratic institutions as a means of governance. At the beginning of the twentieth century, the franchise of most democratic nations was fairly well circumscribed, both at law and in practice. Over the course of the century, the franchise was extended to include most of the adult population. At the same time, the trend to greater self-determination was extended to those parts of the earth which were subject to colonial rule. By the end of the twentieth century, most nations on earth were "democratic," and most had extended the franchise to all adult citizens. However, this result had thrown up a series of strange bedfellows.

It was in the twentieth century that the limits to democratic rule became evident. These limits fall along three lines. First, there is the weakness that an electoral system may bring to power a monstrous regime. For example, Hitler came to power in Germany through an electoral coalition. This limitation continues to apply today. President Mugabe came to power in Zimbabwe through the electoral route, and Kim Jong Il claims a form of democratic legitimacy in North Korea. One of the curiosities of the twentieth century is the concept of the President for Life. This highlights the use of an Enlightenment institution for ends that run against the grain of Enlightenment principles.

This is not government of the people for the people. It is government of the people for the benefit of a small elite. While we can point to extreme examples, such as Soviet rule in Russia, we also have to be aware of more subtle examples closer to home. The growth of lobbyists in the more mature democracies seriously calls into question the democratic credentials of those governments. A jaundiced

view of modern democracy is that periodically citizens are called upon to decide which branch of the ruling elite will make laws and enrich themselves, which defines the second limit to democratic rule.

The key objection to the election of tyrants and plutocracies is that they tend to disrespect the individual rights of the citizens whose lives they govern. If a government is concerned more with self-advancement than improving the lives of its citizens, then it starts to erode its own legitimacy. There comes a time when it is easy for a government to disregard the wishes of the citizenry in the pursuit of its own objectives. The recent economic crisis has highlighted this point. Across Europe and North America, the general citizenry are being asked to endure major hardship in the name of financial rectitude. And yet, the bankers, whom many see as the cause of the economic crisis, are reverting back to their winner-take-all plutocracy.[4] To many, this constitutes a major breach of trust in democracy, which is giving rise to large-scale grassroots movements such as the Tea Party in the United States.

This leads us on to the third limit to democratic rule. For democracy to thrive, it needs a motivated and informed electorate. In the main, the plutocratic compromise that we see today relies upon ignorant and disinterested voters. By and large, voters are disinterested—it is rare to have a turnout of more than 90% in an election.

The nature of the decisions that face modern government tend to be very involved and highly complex. A normal voter may not have the knowledge to understand the issues behind complex policy decisions. For example, in the case of climate change, voters are asked to appraise evidence that is ambiguous and capable of different interpretations, to be able to finesse their stance on risk-based solutions, and to decide upon policies whose costs are immediate and whose benefits are distant and uncertain. In light of this, we can readily see why voters tend towards emotion-based responses rather than reason-based responses, and why public opinion vacillates and can be led one way or another.

As we stand today, our democratic institutions are in the process of failing us. They have been captured by plutocratic elites who use them to perpetuate themselves. This is done by constraining the rights of the individual citizen, and the individual citizen feels powerless to do anything about it. The feeling of impotence stands as an indictment of the educational institutions of the Enlightenment.

A cornerstone of Enlightenment thought is that we are all autonomous rational beings. The key to rationality is education. Throughout the nineteenth century, basic education was extended to all throughout Europe and North America. By the twentieth century, this had largely been achieved. However, the process of spreading basic education stopped as the process of decolonization took hold. Even as late as the turn of the twenty-first century, as much as 20% of the global population remained illiterate. It is also the case that the spread of education from the basic to a more advanced level has stalled. Today, the education that is necessary to impart the knowledge to understand the issues upon which policy is based has become a privilege open only to a minority of the human race.

In this respect, the Enlightenment has failed. We may have the capacity to be autonomous rational beings, but if the knowledge to do so is denied us, then that potential will remain unfulfilled. As the economy moves from being one of goods to being one of knowledge, this will be a natural disadvantage for those who lack a sound educational base.

In Europe and North America, the salary differences between those with high levels of educational attainment and those with lower levels is already apparent and pronounced. As the education system has become more dominated by those with the ability to buy an education, so the better-paid jobs have become more dominated by this class of persons. It is no surprise that social mobility in Europe and North America has declined over the past three decades.

This process is likely to continue into the immediate future. A good school means a good university. A good university means a good job, which enables you to send your children to a good school. And

so the cycle perpetuates itself. The commercial and financial institutions, in conjunction with the educational institutions—underwritten by the political institutions of the Enlightenment—have developed into vehicles of rent-seeking and privilege.[5] These vehicles are populated by a relatively closed, self-perpetuating elite. In many respects, the Enlightenment has gone full circle. It first arose in response to the rent-seeking and privilege of the aristocratic elites of the *ancien régime*. In an ironic quirk of fate, the Enlightenment has now given rise to the rent-seeking and privilege of the bourgeois elites who first challenged the old aristocratic elites.

What Options Do We Have for the Future?

The easier part of our task is to identify where we are now and how we arrived here. A more difficult task is to identify where we might go from here. As many of the Enlightenment institutions have started to show their limitations in recent years, the case for change has gathered pace. The current global economic crisis has highlighted the weaknesses in our commercial and financial institutions and has led many to call for their reform.

The reform of the commercial and financial institutions is unlikely to take place without the reform of the educational institutions that feed them and the political institutions that sustain them. Of the two, the case for political reform has become the most pressing in recent years. Across Europe and North America, the disenchantment of the citizenry with their political leaders has become quite acute.

There is, however, a disagreement about what ought to happen next. The range of views can be distilled into two broad camps. On the one hand, there are those who take the view that the basic structure of the Enlightenment institutions is sound and that all is needed is the reform of how these institutions operate.[6] On the other hand, there are those who take the view that the basic structure is not sound, and that a more revolutionary approach is necessary.[7] We shall consider these views in turn.

The case for reform starts with the premise that the Enlightenment institutions represent an important part of our cultural heritage. They have managed to deliver rising prosperity, individual security, and personal comfort for more than 300 years. The institutional framework that we have today is very different from the framework of the early Enlightenment. The capacity to adapt as the world changes has been one of the great strengths of this framework. It has demonstrated the enduring nature of the Enlightenment. There is no reason to suggest that the ability to adapt is in any way diminished at present, and if the institutional framework is not working properly, then it stands in need of further reform. In this respect, the twenty-first-century Enlightenment (21CE, for convenience) simply continues the work undertaken in the past and would modernize and update the institutional framework.

Objectors to this view would remind us that the Enlightenment is based upon the premise of the individual as a rational autonomous being. Experience suggests that people are far from rational; they are emotional as well, and they can demonstrate an absence of autonomy at times by acting in a herdlike fashion. The Enlightenment institutions have been captured by rent-seeking elites who use the emotion-based dependency of their fellow citizens to perpetuate themselves and their rent-seeking behavior.

For example, in the United States, there is currently a dichotomy between Wall Street (the self-perpetuating rent-seeking elite) and Main Street (the majority of U.S. citizens who are paying for the follies of Wall Street). If we are to achieve a fair society, then the institutions that gave rise to the rent-seeking need to be reformed to the point that they are an unrecognizable reflection of their former selves. That there is a demand for this type of civic engagement is suggested by the rise of the Tea Party in the United States and by the rise of populist parties in Europe. From the perspective of the grassroots movements, a New Enlightenment (E2.0, for convenience) is needed that will represent a break with the past and that will sweep away the vested

interests which are preventing the citizenry from attaining a fair society. This is the case for a revolutionary approach.

At present, the case for both reform and revolution are quite strong. Changes are being made to the institutional framework that has a flavor of both. For example, across Europe and North America, the banking system, in response to the credit crunch of 2007–09, is being reviewed. On the one hand, the reform movement is attempting to make the banking sector safer by altering the capital adequacy rules through the Basel III initiative. On the other hand, bank regulators are also looking at the possibility of the revolutionary policy of breaking up the big banks so that they are no longer "too big to fail" and to have a much sharper division between retail banking and investment banking. Both policies are likely to prevail, but the importance is that both the reform agenda and the revolutionary agenda have traction at this moment in time.

There is a danger in the revolutionary movement that we could well do away with both the useful and the redundant. This is the inherent risk in E2.0. Equally, the Enlightenment institutions have given rise to a number of deeply entrenched and very powerful vested interests, which may prove to be very difficult to displace. The chance that nothing of significance changes is the risk that is inherent to the reforms of 21CE. We have yet to find a middle way that allows us to retain the beneficial aspects of the Enlightenment institutions while also allowing us to do away with the redundant parts and their attendant vested interests. This is likely to be the key struggle of the twenty-first century at the macro level, and is likely to be affected by the two forces that we shall outline in the next section.

Our Future Prospects

The Enlightenment institutions are currently under pressure both internally and externally. Internally, there is a question as to whether or not they are an adequate vehicle to meet the problems of the twenty-first century. Externally, many of the institutions are es-

sentially Eurocentric, reflecting the mores and worldview of this Eurocentric view. At a time when Asia and Asian values are becoming more important in our worldview, there is pressure to address the Eurocentricity of the institutions. We shall deal with each of these issues in turn.

As the struggle between the forces of reform and revolution gathers pace, we are likely to see a number of areas in which that struggle manifests itself over the next decade or two. The commitment to democratic governance may be called into question if citizens prefer a more technocratic solution to their problems. In many respects, it is easier for people to "leave it to the experts" rather than to take on the knowledge necessary to fully understand a wide range of subtle and complex policy issues that confronts them. Politics based upon the emotion of trust are becoming more important than politics based upon the reasoned debate of the issues.

In Europe, this process has quietly taken hold over the past thirty years, as the technocracy of the European Commission (which is unelected and not "democratically accountable") has surpassed the democracy of the European Parliament (whose "democratic mandate" is wafer thin, owing to voter disinterest) in running the European Union. In the United States, we are currently seeing a pronounced loss of trust in the traditional political elite and the rise of movements such as the Tea Party, whose appeal is more emotion based than policy based. This suggests that the reform movement is losing ground in the area of our democratic institutions.

Circumstances are calling into question our commitment to individual personal liberty. There has always been a balance to be struck between the interests of the community and the liberty of the individual.[8] This balance has been placed in sharp relief over the past decade. The enormous destructive power that can be placed into the hands of a determined individual or a small group of non-state actors is such that the needs of the community to provide a safe environment have diminished the degree of personal liberty that is experi-

enced across Europe and North America. This reorientation of the balance away from the individual and towards the community has taken place not only in the area of security, but also in other areas where the individual interacts with the community (in the form of the government). We have seen the freedom of association, the freedom of speech, and the right to enjoy one's property all circumscribed in the cause of protecting the community.

This rebalancing could cause something of a backlash, depending upon how we view it. For those steeped in the philosophy of the Enlightenment, these intrusions upon the personal sphere by the state are an outrageous infringement of the liberty of the individual. Those who adopt this line tend to call for the repositioning of the boundary between the citizen and the state back to where it once was. These are the reformers. However, the reformers are challenged by the revolutionaries, who take the view that the progress of technology—with the prospect of dirty bombs, bioterror, and so on—has actually changed the nature of the game. To these people, the old nostrums of the Enlightenment institutions rather tilt the balance of advantage towards the forces of disorder.

One issue that does bring this matter to a sharp focus is the detention center at Guantanamo Bay. To the reformers, the camp is a monstrous act that denies the personal liberties and human rights of those incarcerated there. By applying Enlightenment principles, they take the view that, if the inmates have done something wrong, they ought to be brought to a fair trial under due process of the law. If they can't be brought to trial—because of insufficient evidence, for example—they ought to be released. Opposed to this view are the revolutionaries, who take the view that those incarcerated are too dangerous to release. They have become associated with a dangerous movement whose aim is to bring terror to Europe and North America by any means possible. To the revolutionaries, the security environment has changed, and the detention of the inmates should be accepted as the price that we have to pay in order to deliver the safety

of the community. It is important to note that both points of view have their merits and both have their weaknesses.

We are now seeing this struggle between the needs of the community and the needs of the individual play out. To date, the needs of the individual have played a subsidiary role to the needs of the community. This has been the case for more than ten years now, and can be seen as part of a larger trend in defining a "new normal." Originating in the world of security, it is now starting to have an impact upon the world of commerce.

The commercial history of Europe and North America is one of relatively unfettered commerce since the early 1980s. This era came to an abrupt end with the credit crunch of 2007 and the ensuing recession. The near collapse of the banking system in Europe and North America led to an unprecedented expansion of the public sector in order to prevent the recession turning into a much longer depression, but at the cost of a collateral expansion of public debt. Our immediate future is one likely to be dominated by the reduction of public deficits in Europe and North America. This will change the nature of the world of commerce.

As we have noted above, there are those who would like to reform the commercial and financial institutions that caused the recession in the first place, and there are those who would like a more radical approach to the matter. However, we should also note that this is also an area where the redefinition of our democratic institutions and the rebalancing of the relationship between the individual and the state are also having an impact.

For example, across Europe and North America, there is a crackdown on tax evasion (which is illegal) and tax avoidance (which is legal, but seen as immoral). The primary motive for these actions is increasing the tax take. Governments are so desperate for revenue that they have an incentive to make sure that everybody—corporations included—pays their fair share of tax. The revolutionaries are using this issue as a way of undermining the vested interests of the pluto-

cratic elite. Judging by the howls of protests heard from bankers over their bonuses, this policy is not only popular, but also quite effective. A consequence of the targeting of bankers' bonuses for special tax treatment is further circumscribing the right of individuals to enjoy their own property. However, we accept this reduction in the personal liberties of the bankers as a fair price to be paid for the interests of the community.

There are those who suggest that this is the start of a much larger trend that will play out in the decade beyond this one. The triple issues of regulating global finance and commerce, eradicating global poverty, and resolving potential climate change are likely to need a change in mind-set if we are to achieve a desirable outcome. All of these issues are begging for a technocratic (as opposed to a democratic) decision framework, will involve the interests of the global community superseding personal and national interests, and all will involve the reframing of the commercial environment. Within Europe and North America, it is likely that the revolutionary agenda of E2.0 will prove to be more accommodating than the reform agenda of 21CE.

The next two decades will see even greater pressure on the Enlightenment institutions from external forces. As they currently stand, the institutional framework of the Enlightenment represents a Eurocentric perspective on the world. This is quite natural. The institutional framework evolved at a time when Europe and North America dominated the globe, both politically and economically. In recent decades, this Eurocentric dominance has started to weaken. We focus on the rise of China and India, while forgetting the postwar rise of Japan, South Korea, Taiwan, Indonesia, Malaysia, Dubai, Bahrain, and a whole host of other Asian nations. There is a strong argument that the institutional framework of the future will have a decidedly Asian tinge.

One area where we have started to see the impact of this trend is international finance. Since the collapse of the Bretton Woods sys-

tem in the 1970s, the U.S. dollar has been the de facto reserve currency of global transactions. Key currency transactions are denominated in U.S. dollars, as are the prices of a host of key commodities. This international currency arrangement is now starting to cause a problem. The growth of currency surpluses in the Far Eastern economies and the Petro-economies, along with the corresponding currency deficits in the United States and Europe, has given rise to major currency imbalances within the global economy.[9]

The resolution of these imbalances is more than any one nation can undertake on its own. However, the emerging nations have stated that, if they are to be part of an initiative to resolve the matter, then they would like a greater say in how decisions are made. At present, the plan is to reform the International Monetary Fund (IMF) and the World Bank, to give the emerging nations—especially those of the Far East—a greater say in decision making. However, the question of the effective U.S. veto at the IMF is likely to become a stumbling block for some time to come. In response to this, some of the emerging nations—led by China—are thinking aloud about establishing a global currency that does reflect their commercial might. This is a case of an Enlightenment institution (the IMF and World Bank) with an entrenched vested interest (the effective U.S. veto at the IMF) that is unsuccessfully attempting to reform itself, but that may be rendered obsolete by a revolutionary change (the establishment of an alternative global currency). It is fair to say that the rise of "the rest" is certainly changing the game.

Conclusions

In this piece, we have charted the rise of the Enlightenment and have explained how it has shaped the institutional framework in which we live. We have also demonstrated that this institutional framework may not be as effective as it once was and that in a number of instances it has broken down almost completely.

As we gaze into the future, while acknowledging the case that

the institutions could be reformed, it would seem that a more radical approach is needed if we are to solve the great problems that we currently face. These internal pressures upon the Enlightenment institutions are exacerbated by the external pressures caused by the desire of the emerging nations to have a greater say in the institutional framework.

We currently stand at one of the great crossroads in human development. If the institutional framework cannot be reformed or replaced, then we stand in danger of climate change overwhelming us. We run the risk of global poverty leading to political and social instability all over the world. And it is by no means certain that rising prosperity and the continued improvement of the human condition can be maintained. And yet, one recurring feature of human history is the enduring nature of the human spirit. There is scope for a dark future. It is up to us to act in the present to prevent it from happening.

Notes

1. This point is greatly amplified by Will Hutton in his book, *The Writing On the Wall: China and the West in the 21st Century* (Little Brown, 2007).
2. For a more comprehensive discussion of this point, see *A Splendid Exchange: How Trade Shaped The World* by William Bernstein (Atlantic Books, 2008).
3. The great authority on this subject is Richard Tawney in *Religion and the Rise of Capitalism* (Pelican, 1975).
4. For example, in January 2011, Robert Diamond, CEO of Barclays Group PLC, told an enquiry into bank bonuses by a UK Treasury Parliamentary Select Committee, "There was a period of remorse and apology for banks, that period needs to be over." In response, Bob Crowe, the general secretary of the RMT trade union, is quoted to have said, "My advice to any worker told they should take a pay freeze or a pay cut this year is to point to the bankers, stand firm and demand a fair deal. That is exactly what RMT will be doing. Our members didn't create this crisis and those that did are laughing all the way to the bank." (As reported in the UK edition of *Business Week,* January 11, 2011.)

5. The concept of rent-seeking is the situation where one party gains an unduly favorable commercial position over another through the manipulation and exploitation of that advantage. It is closely allied to the notion of fairness. Generally speaking, the higher the level of "rent," the more unfairly it is perceived to have been earned. This concept underlies the whole discussion on executive pay, particularly when departing CEOs are seen to receive relatively high payoffs for commercial failure. This view was prevalent in the UK after the departure of Sir Fred Goodwin following the collapse of The Royal Bank of Scotland in 2008.
6. This is a position that is argued by Matthew Taylor in "21st Century Enlightenment" (RSA, 2010).
7. Anatole Kaletsky leans towards this view in his work *Capitalism 4.0: The Birth of a New Economy* (Bloomsbury, 2010).
8. A fascinating insight into the thought processes of those who hold this view is provided by former U.S. President George W. Bush in *Decision Points* (Virgin Books, 2010).
9. A good introduction to this issue is provided by Charles Dumas in *China and America: A Time of Reckoning* (Profile Books, 2008).