

Innovation, Sustainable Ethics and the Future of American Economic Power

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The United States became a great economic power as an outgrowth of developing a culture of innovation. Sustainability as a credible business strategy is an outgrowth of the impact the field of Business Ethics has on business practices. Systemic stagnation, an outgrowth of the current economic crisis, threatens American economic power and the leadership role America plays in innovation and sustainability. This paper explores these concomitant issues and proposes a Citizen's Examination of Entrepreneurial Will to address them and to stimulate discussion of the need for a dynamic re-enculturation that affirms innovation and sustainable ethics as core American values.

INTRODUCTION

In 2011, in the midst of a continuing economic crisis, the American political class fiddled while the nation smoldered. Or did it? Or are “we the people” responsible?

John Gordon Steele (2004, xvii) in the Introduction to his book, “An Empire of Wealth”, noted that “...because a national economy is nothing more than the collective economic accomplishments of the citizenry, the American economy has become, over the nearly four centuries of its existence, one of the greatest wonders of the modern world and, indeed, a prime creator of that modern world.” He also cautioned that “(a)t numerous points in the history of the United States, the economy was in deep, deep trouble, and that trouble could easily have spiraled out of control if the political leadership had failed...”. As the summer of 2011 ended, leaving in its wake a rancorous political climate and a recalcitrant economy, he wrote that “(t)he American Economy is unwell.” (Steele, 2011). Howard Schultz (2011), CEO of Starbucks, went further. In an interview with Scott Pelly, CBS Evening News anchor, Schultz concluded, “The system is completely broken.” New York Mayor Michael Bloomberg (2011) warned “...that public frustration over joblessness in the U.S. is in danger of boiling over and could lead to riots in the streets if the government fails to create more jobs.”

In the face of these severe economic problems, the issue of sustainability takes on new import and meaning. The United Nations Report of the World Commission on Environment and Development (United Nations, 1987, §1) defined sustainable development as “... development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” In §77 of that same report it acknowledges that “(t)he law alone cannot enforce the common interest.” However, business ethics provides the necessary foundation as evidenced by incorporation of the triple bottom line (Economic-performance, Environmental-performance, and Social-performance) into the Sustainability Reporting Guidelines of the Global Reporting Initiative (Blackburn, 2007) and as recognized by mainstream media in such headings as ‘Sustainability’ runs on ethics (Owens, 2010). The danger we face today, in trying to reduce complex problems to simple answers, is a fracturing of that ethics-based triple

bottom line approach to sustainability in a rush to profit-based expediency unfettering the dangers of what Pope John Paul II (1981 #13) termed “economism”, i.e. “considering human labor solely according to its economic purpose.”

This paper explores these concomitant issues and proposes a Citizen’s Examination of Entrepreneurial Will to address them and to stimulate discussion of the need for a dynamic re-enculturation that affirms innovation and sustainable ethics as core American values.

POLITICAL, ECONOMIC AND ETHICAL DNA: 1786 – 2011

In a CNN.com story, John Blake (2011) reminds us that the issues that drove Shay’s Rebellion of 1786 (disagreement on how to handle the huge national debt incurred during the Revolutionary War; questions of the role, size and power of government arising from a distrust of “big government”; the rise of a populist citizen movement that felt their elected officials had lost touch with their day to day life) closely parallel the issues driving our current economic crisis. He concludes that they “... remain part of America’s political DNA”. However, while such issues occasionally may lead to a systemic political stagnation, we must keep in mind that a vital part of America’s economic DNA is a spirit, indeed a culture, of innovation and sustainable ethics. James Madison, Steve Jobs, John Steele Gordon, Thomas Friedman, and Fareed Zakaria, speaking from different times and circumstances each recognize the pivotal role innovation plays in the life of a country and/or company. Madison wrote:

Is it not the glory of the people of America, that, whilst they have paid a decent regard to the opinions of former times and other nations, they have not suffered a blind veneration for antiquity, for custom, or for names, to overrule the suggestions of their own good sense, the knowledge of their own situation, and the lessons of their own experience? To this manly spirit, posterity will be indebted for the possession, and the world for the example, of the numerous innovations displayed on the American theatre, in favor of private rights and public happiness. (Wright, 1961)

At a time when Jobs faced difficult times at Apple he was quoted as saying, “The cure for Apple is not cost-cutting. The cure for Apple is to innovate its way out of its current predicament”. (Linzmayr (2004) The title of Gordon’s (2011) most recent article clearly states his position: “Growth: the only way out of this mess”. His writings recount the history of innovation in creating the growth that “...turned a wilderness into the mightiest instrument of wealth creation the world has ever known in less than half a millennium.” Friedman (2011) cites innovation as one of the country’s basic pillars of growth necessary for building sustainable businesses. However, he laments that we have let our basic pillars of growth (education, infrastructure, immigration of high I.Q. innovators and entrepreneurs, rules to incentivize risk-taking and start-ups, and government-funded research to spur science and technology) erode and cautions that as difficult and as complicated as it may be we need “... an integrated strategy for national renewal..” that will “... require the kind of collective action usually reserved for national emergencies.” Zakaria (2011) concurs,

We need innovation urgently. But if we are to get the U.S. back to work, we need perhaps even more urgently to rebuild American education, reform our training system, revive high-end manufacturing, focus on new growth industries and rebuild our infrastructure. In fact, finding new ways to do these old tasks might be the greatest and most important innovation of all.

However, aggravation rather than innovation seems to be fueling the search for remedies to the current crises. In 2011 as in 1786 the role of government in spurring such innovation is being questioned. Gallup’s most recent annual governance survey (Saad, 2011) found that “... various ratings of political leadership in Washington add up to a profoundly negative review of government – something,” the report

concludes, “that would seem unhealthy for the country to endure for an extended period”. Commentator William Bennett (2011) disagrees. “One must not confuse broken government,” he writes, “with slow government.” He admits “Washington is stalled..” and is “...being pulled in opposite directions by competing visions of government...” but he contends “...we are in the midst of a serious philosophical battle over the future of the country” that was foreseen by our Founding Fathers. He quotes James Madison, who wrote in Federalist No. 10:

The latent causes of faction are thus sown in the nature of man. ... A zeal for different opinions concerning religion, concerning government, and many other points, as well of speculation as of practice; an attachment to different leaders ambitiously contending for pre-eminence and power ... have, in turn, divided mankind into parties, inflamed them with mutual animosity, and rendered them much more disposed to vex and oppress each other than to co-operate for their common good.

“For this reason,” Bennett concludes, “the Founders constructed a democratic republic that requires national dialogue in order to form consensus on crucial issues.” But while he admits, “[t]he arena for that debate is not always pretty and the results are not always good,” he takes the position that “...the American people get it right over time.” However, to get it right, to achieve a greater common good and to sustain an ethical, triple bottom line approach to development and improve the nation’s economic health requires a confluence of distinct interests. In the final analysis then the responsibility lies with WE THE PEOPLE.

But what can we do? The conclusion of *Our Common Future* (1987), (also known as the Brundtland Report) for the United Nations World Commission on Environment and Development (1987) lists several requirements for the pursuit of sustainable development, which can apply to our discussion. They are outlined in Figure 1 below. While the UN Report refers to “national and international, political and economic institutions”, they can be taken a step further and applied to “we the people” as well. Figure 1 below outlines the systems and goals presented in the Brundtland Report, but adds an additional column outlining citizen responsibility for each system’s goal. Responsibility here is used in the sense of having the ability to respond.

**FIGURE 1
UN REQUIREMENTS FOR SUSTAINABLE DEVELOPMENT AS FOUND IN THE
CONCLUSION OF THE BRUNDTLAND REPORT AND APPLIED
TO CITIZEN RESPONSIBILITY**

Systems	Goals	Citizen Responsibility
Political	To secure effective citizen participation in decision making	1. Be informed 2. Vote
Economic	To generate surpluses and technical knowledge on a self-reliant and sustained basis	1. Entrepreneurial mindset 2. Consent of the people
Social	To provide for solutions for the tensions arising from disharmonious development	1. Openness 2. Flexibility
Production	To respect the obligation to preserve the ecological base for development	1. Awareness 2. Respect
Technological	To search continuously for new solutions	Lifelong learning
International	To foster sustainable patterns of trade and finance	To be an informed discriminating buyer
Administrative	To provide flexibility and the capacity for self-correction	Tolerance

Perhaps, given the citizen responsibilities outlined above and the current crisis, it is time that “we the people” took stock of ourselves and made a Citizen’s Examination of Entrepreneurial Will, reflecting on our own role in creating, maintaining and solving the problems we face.

A CITIZEN’S EXAMINATION OF ENTREPRENEURIAL WILL

President-elect John F. Kennedy (1961), in an address to the Massachusetts legislature prior to assuming the Presidency, provides us a basis for just such an Examination. “For of those to whom much is given, much is required,” he said, adding that our success or failure in fulfilling our responsibilities to the state will be measured by the answers to four questions. His reflections can be applied not only to those holding elected office, but to citizenship in general, as well as to the entrepreneurial will that has fueled the innovation responsible for growing our economy and that provides the promise for our future as a nation. Kennedy’s reflections on the four questions found in his address (inset with italics and bold type) are then followed by another set of reflections, provided by this author, for a Citizen’s Examination of Entrepreneurial Will.

First, were we truly men of courage—with the courage to stand up to one’s enemies—and the courage to stand up, when necessary, to one’s associates—the courage to resist public pressure, as well as private greed?

Am I truly a citizen of courage? Do I have an informed opinion on issues that I am willing to share with others, - those who agree with me and those who do not or may not agree with me? Do I challenge those who are expressing ill-informed opinions or making false or cruel statements or taunts? Do I have the courage to resist the type of greed that doesn’t allow me to balance the common good against my own wants? Do I have the courage to be open to new possibilities?

Secondly, were we truly men of judgment—with perceptive judgment of the future as well as the past—of our mistakes as well as the mistakes of others—with enough wisdom to know what we did not know and enough candor to admit it.

As a citizen do I exercise good judgment? Do I have the vision to take a long-term view rather than a short-term view, conscious of various ramifications of my decisions and actions? Do I have the vision to be open to opportunities, possibilities? Have I made an effort to learn from the past in planning for the future while living the present? Do I have the wisdom to recognize that no one is perfect and to learn from my mistakes and to allow others to learn from their mistakes?

Third, were we truly men of integrity—men who never ran out on either the principles in which we believed or the men who believed in us—men whom neither financial gain nor political ambition could ever divert from the fulfillment of our sacred trust?

As a citizen do I accept that the integrity of our system of government depends on consensus and the consent of the people? Do I maintain my integrity by being true to my principles while being tolerant and flexible enough to coexist with and to allow others in a pluralistic society to maintain their own integrity by being true their own principles?

Finally, were we truly men of dedication—with an honor mortgaged to no single individual or group, and comprised of no private obligation or aim, but devoted solely to serving the public good and the national interest?

Am I dedicated to the responsibilities of citizenship? Am I informed as to the issues facing us as a community? Do I vote regularly, consistent with my principles, but also recognizing the need to find

common ground for the common good on many issues? Is my dedication expressed in a willingness to share in building the common good by being aware of and participating in sustainable trade decisions and respecting all stakeholders?

Finally, Figure 2 below summarizes these reflections as they apply to Figure 1 that outlines the systems found in the UN Requirements for Sustainable Development and Citizen Responsibility.

FIGURE 2
SUMMARY: A CITIZEN’S EXAMINATION OF ENTREPRENEURIAL WILL AS RELATED TO CITIZEN RESPONSIBILITY AND THE UN REQUIREMENTS FOR SUSTAINABLE DEVELOPMENT

Systems	Institutional Goals	Citizen Responsibility	A Citizen’s Examination of Entrepreneurial Will
Political	To secure effective citizen participation in decision making	1. Be informed 2. Vote 3. Consent of the people	*Do I have informed opinions I’m willing to share? *Do I challenge others? *Do I work for consensus * Do I vote
Economic	To generate surpluses and technical knowledge on a self-reliant and sustained basis	Entrepreneurial mindset	*Do I have a long-term rather than short-term vision * Am I open to opportunities & possibilities? *Do I resist greed & seek balance?
Social	To provide for solutions for the tensions arising from disharmonious development	1. Openness 2. Flexibility	*Do I maintain my integrity by being true to my principles while being tolerant & flexible enough to respect other viewpoints as expressed in a pluralistic society?
Production	To respect the obligation to preserve the ecological base for development	1. Awareness 2. Respect	*Am I conscious of various ramifications of my decision & actions? *Do I respect all stakeholders in the production chain?
Technological	To search continuously for new solutions	Lifelong learning	*Have I made an effort to learn from the past in planning for the future while living in the present?
International	To foster sustainable patterns of trade and finance	To be an informed discriminating buyer	*Am I willing to share in building the common good by being aware of and participating in sustainable trade decisions?
Administrative	To provide flexibility and the capacity for self-correction	Tolerance	*Do I have the wisdom to recognize that no one is perfect and to learn from my mistakes and to allow others to learn from their mistakes?

CONCLUSION

The future of American Economic power needs a dynamic re-enculturation that affirms innovation and sustainable ethics as core American values. Reflection on our role as citizens and active participants in the innovation that has grown the economy is one step in that direction. But who are the citizens that will make a difference. Senator Robert F. Kennedy (1966) provides one answer. He once said:

Our answer is the world's hope; it is to rely on youth. The cruelties and obstacles of this swiftly changing planet will not yield to obsolete dogmas and outworn slogans. It cannot be moved by those who cling to a present that is already dying, who prefer the illusion of security to the excitement of danger. It demands the qualities of youth...

As was his style, Kennedy's speeches were laced with quotations from other writers. The comments cited above were from a speech he gave at the University of South Africa and referred to Samuel Ullman's (1934) poetic essay on Youth, which inspired vision and confidence in the nation after World war II. Rather than Kennedy's paraphrase of the qualities of youth, Ullman's poem is cited here in its original because it applies to our discussion of difficult times and the need for reflection on the possibilities of will.

Youth is not a time of life – it is a state of mind. It is not a matter of red cheeks, red lips and supple knees. It is a temper of the will; a quality of the imagination; a vigor of the emotions; it is a freshness of the deep springs of life. Youth means a temperamental predominance of courage over timidity, of an appetite for adventure over a life of ease. This often exists in a man of fifty, more than a boy of twenty. Nobody grows old by merely living a number of years; people grow old by deserting their ideals.

Years may wrinkle the skin, but to give up enthusiasm wrinkles the soul. Worry, doubt, self-distrust, fear and despair – these are the long, long years that bow the head and turn the growing spirit back to dust.

Whether seventy or sixteen, there is in every being's heart a love of wonder; the sweet amazement at the stars and starlike things and thoughts; the undaunted challenge of events, the unfailing childlike appetite for what comes next, and the joy in the game of life.

You are as young as your faith, as old as your doubt; as young as your self-confidence; as old as your fear; as young as your hope, as old as your despair.

In the central place of your heart there is a wireless station. So long as it receives messages of beauty, hope, cheer, grandeur, courage, and power from the earth, from men and from the Infinite – so long are you young. When the wires are all down and the central places of your heart are covered with the snows of pessimism and the ice of cynicism, then are you grown old indeed!

While others may fiddle, youth provides the future.

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