
Ideas, Culture and Innovation

Interview with Ross Emmett and Joseph E. Gorra

How might we think about the conditions, culture, ideas and possibilities of innovation? How might our view of human persons and their culture shape the horizons for innovation, which contribute value to others? These questions and other topics are pursued in this interview with Ross Emmett. There is great need today to articulate a substantive and coherent theology and philosophy of innovation that is attentive to multidisciplinary considerations. Perhaps this interview might help to prod further work in this area.

You have a helpful web series of short videos on [“The Constitution of Innovation”](#) (with handsome allusions to Hayak’s notable work, *The Constitution of Liberty*). Let’s begin by considering what is innovation, and what is an innovative society? Why does this matter to human flourishing?

So much of our current discussion of innovation is focused on policy. My own thinking about innovation is focused instead on the features of a society that enable people to initiate and follow through on innovation. I use the word “constitution” to refer to these features, in much the same way Hayek does. In both our cases, we harken back to Tocqueville’s “constitutional” analysis of democracy in America.

What’s your basic take-away on what is innovation?

My working definition of innovation is “people having ideas about new ways to use things to create value for others.” Rather than talk about land, labor and capital, I talk about people, ideas, and things. This also enables me to emphasize the point that innovation is human action, not the product of some impersonal process or system. And finally, if you don’t create value for others, your idea just isn’t successful (most ideas about new ways to use things fail, of

course), or you're just tinkering for your own benefit (inventing, perhaps, but not innovating).

Why does innovation matter for human flourishing?

The Acton Institute often speaks of promoting a free and virtuous society, the end of which is human flourishing. Innovation is the means by which the potential for human flourishing is expanded in a free society. I say "potential" because almost every innovation could be used in a way that diminishes human flourishing. The problem is that we don't know in advance which innovations will do harm. You won't believe how many innovations that we herald today as central to improving our lives that were condemned by one group or another at the time they appeared as harmful in some way. When we allow elites to restrict our access to innovations, human flourishing is diminished.

One of the main themes in your scholarship is the role of ideas in economic history. From what I know of your work, you don't strike me as some sort of quasi 'Hegelian' who reduces cultural change to just ideas or worldviews. History and cultural change – even the 'history of ideas' – are richer and fuller than that, right?

Ideas don't act. Humans do. We are the change agents in history. But ideas matter in two ways. First, change occurs as people have new ideas about how to use the resources we have to provide value for themselves and others, and then go out and put them into action. Of course, those ideas don't appear from nowhere; they emerge out of our existing contexts. Like other economists, I've been quite interested in the role of institutions in shaping incentives, even for entrepreneurial action. So after ideas, I emphasize the role of institutions in economic change.

How do beliefs affect cultural change?

As the economic historian Joel Mokyr has said, change depends a lot upon what people believe. I often ask my classes this question: do you believe that your actions can change the future in a positive way? If one cannot answer that question positively, why would one bother trying to innovate? So our ideas about how ideas matter (got that?), matter as well.

And the role of institutions?

One of my arguments is that our institutions are embodiments of our culture's answer to questions such as that one. The institutions that limit government, free markets, and facilitate a rich associational life encourage the kind of changes that enable human flourishing. (If our "flourishing" can't be improved, then different institutions will emerge; or if only certain groups are allowed to flourish, then a different set of institutions will emerge, etc.) You can understand why I see a strong connection between ideas and institutions.

Given what you say about flourishing, is economics only about use of resources?

Economics has focused on resources, institutions and the like in analyzing change because economics is our primary means of explaining human exchange and trade. And humans have, always and everywhere, traded with each other. But humans have also, always and everywhere, talked with each other. One of the reasons why economics has had a hard time incorporating "ideas" into its explanations of change is because economics has a hard time incorporating talk and discussion into its theories.

How so?

Put bluntly, humans cooperate together both by trade and by talk. A free society, characterized by the institutions identified a moment ago, is one that enables both trade and talk.

So, it sounds like there is a ‘theory of communication’ embedded in your theory of economic and cultural change. If so, what does that look like?

I wish I could tell you! I haven’t work on my ideas about talk and trade enough yet to say more. But I’d refer you to the work of Elinor Ostrom and Deirdre McCloskey’s work, especially [Ostrom’s Nobel lecture](#), and McCloskey’s *The Rhetoric of Economics* and *Bourgeois Virtues* for some of the ways we can think about communication as a component of a theory of economic change.

What role can economic principles play in the kind of theory of economic and cultural change you’ve just articulated?

Two of the consequences of the theory I’ve expressed are: a) that we cannot predict the long-term consequences of innovation; and b) that our political attention should be focused on sustaining the institutional framework of a free and virtuous society rather than chasing short-term policy changes in pursuit of some collective “solution” to a perceived problem. World history is littered with the failed consequences, both large and small, of governments racing off in all directions after short-term solutions.

So, how can economics help here?

Economics provides us with some general principles that can help us anticipate the possible societal outcomes of the behavior of individuals under different sets of incentives (rules), and is therefore useful as long as we recognize the limitations of its (and any other social science’s) predictability. And economics also teaches us that ordinary people know (often tacitly) an awful lot about

their own situations and values/interests, and an institutional framework that allows them to sort out the benefits of changes that are introduced is probably the best means of finding out what changes “stick” and which don’t.

But is cultural change only about economics?

We can’t simply depend upon economics to do all the work for us. After all, people talk as well as trade. One of my interests is in how encouraging “free talk” (which may well go beyond what we often talk about when we say “free speech”) make parallel the benefits of encouraging “free trade.” Thus, for example, I am not frightened by the prospect of a society in which people have multitudinous “weak ties” to others via social media, especially if that society encourages associational life of all types.

So technology – perhaps, especially communication technology – has a role to play not only in offering a potentially rich associational life but also in helping to bring about economic and cultural change? If so, then this is suggestive to me that, perhaps, not all ‘talk’ needs to be of a purposive trade sort in order to count toward economic change.

I’ll give you an example, first from face-to-face communication. Two farmers share an irrigation ditch. They encounter each other from time to time as they work their fields, and often exchange pleasantries. The usual, you know: weather, farm equipment, and whether LeBron James will finally win an NBA crown. “Cheap talk,” for sure. But let’s say one day there is a problem with their irrigation ditch which could pitch them against each other. That history of “cheap talk” could well prevent a heated argument. They know each other well enough, without really engaging in purposive, “serious talk,” to be able to solve the problem quickly and move on.

What do you think about social media in this context?

Social media can perform the same function. My Facebook and Twitter streams are full of cheap talk, of course. But some interchanges—liking a story or picture, or retweeting something—can lead to a helpful series of Facebook messages, or even a face-to-face meeting. Even an hour spent learning to post a cat video can turn into something that has a positive value later (that’s a stretch, but it is learning to share things of value with others!). It’s the serendipity of the expanded range of communication that creates the potential for something new to appear. Clay Shirky, author of *Here Comes Everybody: The Power of Organizing without Organization*, does a great job explaining all this.

Historically, what do you see as the basic institutions in a society that are essential for a society to function well? Previously, you mentioned “institutions that limit government, free markets, and facilitate a rich associational life.” Anything further?

Let me add three items to the list provided in my earlier answers.

First, the family is not only the institution that enables humanity to reproduce itself, but also the primary setting in which we learn to cooperate and associate with others. Ironically, much of family life is composed of simple exchanges (“I’ll get supper ready while you clean up downstairs?” “Sure.”) and cheap talk (“Did you see the video that M. posted about the girls’ soccer game last night?” “Yea, that was great!”). Yet it forms the tightest bonds of our lives, and schools us, not only in associational life, but also in virtues that enable our political and economic life to flourish.

If I could inject here, how about membership in religious communities? For example, a group of Christians may not live at the church and see each other

no less than once a week, but that ‘ecclesial identity’ (and even weekday communication) is life-shaping for their work in the world.

You’re absolutely right. And their interaction (as well as their “ecclesial identity”—I like that term!) definitely is part of their associational life, and will shape how they flourish as a human being.

Other institutions?

Yes, *secondly*, a common law system of jurisprudence is important. (For the sake of clarification: Anglo-American common law jurisprudence stands in contrast to the civil law of Francophone nations (and others who are the inheritors of civil codes). For some, this is simply part of what we mean by limited government, but the growth of the regulatory state today confuses our understanding of what the legal system in a free society could be. I’m not an expert in this issue, so will leave details to others.

Thirdly, I would add a word about education. I started to simply add “educational institutions,” but realized that what I wanted to say was not a defense of the specific set of educational institutions we have today. In fact, at least at the university level, I’m sure that online education is bringing about a major change that may well lead to real improvements in some aspects of education. Unfortunately, most universities have conflated the smorgasbord of modern education with “liberal education” and now treat it all alike. Unlike many others, I’m actually hopeful that the market pressures will create product differentiation in higher education, and liberal education will have an opportunity to flourish in a way that it cannot today, at least not at the modern publicly funded research university.

Development of intellectual virtues are important, but maybe not as effectually cultivated in the modern university?

With Cardinal Newman I would argue that the cultivation of the virtues of the intellectual are a worthy goal, and that individuals and foundations will support institutions (whether they be schools or educational organizations) that cultivate the intellectual virtues. But I no longer argue that normal educational programming in the modern university is where those virtues are best cultivated.

Can you elaborate a little more on this?

One of the things that the coming transformation of higher education opens as a possibility is one's constant engagement in cultivating your own intellectual virtues throughout your ordinary life through weekend or week-long programs that give you an intensive opportunity to think seriously. In that regard, you may be doing more here at Acton University this week in this regard than you have in an entire year at any of our leading universities! But giving up on education in response to its fragmentation today is not the answer either, just as giving up on the family is not the answer to its fragmentation today.

Economics (whether as an area of knowledge and practice), and economic institutions, are often viewed in isolation from other areas of knowledge and relevant institutions. How do you see economic institutions functioning in a broader ecology of legal, cultural, political and moral contexts?

We have become accustomed to thinking about society as bi-polar: either markets do everything, or politics does everything. I try, as do many others, to help us realize that family, civil society, and the common law are integral parts of the institutional structure supporting markets and responsible freedom. In

my own work, you see then when I begin talking about “the constitution of innovation.” To understand innovation, we have to function in a broader context than just economic policy.

What do you see as some of the more influential ideas in economic history that have helped shape institutions of liberty, innovation and entrepreneurship?

In my talks at Acton University, I emphasize four ideas. First, the respect a society gives to the “ordinary business of life.” When it is dishonorable to engage in any exchange (even something as simple as purchasing your own dinner) or to talk with someone of a lower class/caste, how can entrepreneurial activity expand?

This is, indeed, crucial, especially for learning from the wisdom of failure and success.

Yes, so secondly, the appreciation a society that shows the link between failure and progress is an important factor. Many societies punish any failure severely, and yet hold to a very lofty vision of human perfectibility. Innovation, however, happens via trial and error, and most new businesses fail. Society has to allow failure, allow people to experience the consequences of failure, and also provide them with the opportunities that give them the chance to get up and go at it again.

Other ideas related to innovation?

Yes, thirdly, the recognition of innovation as the creation of new value for others. We have lost any sense that the return to the innovator of successful innovation is a mere fraction of the total value the innovator has created for society. And, I might add, that the value created is not entirely captured in the monetary values that individuals gain from the innovation.

How about something about vocation or stewardship of roles in a society?

Well, the fourth theme I often return to is Abraham Kuyper's concept of "sphere sovereignty." That is, there is an appropriate sphere of responsibility for private individuals and associations (including businesses) which does not require authorization and governance by the sphere of politics. Kuyper's notion is not anarchistic, because he claims the sphere of political life has its own legitimate sovereignty. But, like the Catholic doctrine of subsidiarity, Kuyper's notion implies that the sphere of civil life does not depend for its legitimacy upon political sovereignty.

Anthropology, I suspect, plays an important role in understanding the above.

Yes, we should recognize the influence of the Christian anthropological juxtaposition of man as *imago Dei* and as fallen. There is a lot of room to articulate a theology of innovation that could be a powerful addition to our dialogue about political economy today.

Speaking of Christian contribution to ideas in this area, is the idea of a "Protestant work ethic" losing social capital today?

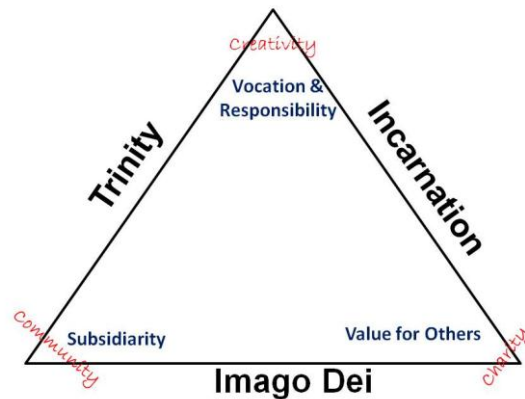
The short answer to this question is that Weber's argument, as interpreted by sociologists, has been neither a complete recognition of Weber's insights about capitalism nor an adequate historical explanation of economic change. Economists have always had problems with it; you can find the newest versions of their arguments about innovation and economic growth today by comparing Daron Acemoglu and James Robinson's *Why Nations Fail* (2012) with Greg Clark's *A Farewell to Alms* (2008). But for an argument that challenges both the economists and Weber, read Deirdre McCloskey's *Bourgeois Dignity* (2010).

What are you seeing as examples of scholars who are doing fruitful theology of innovation work?

Is there anyone doing work on the theology of innovation? Work on creativity, yes. Vocation, yes. But those are only part of innovation. I would also distinguish the theological work on entrepreneurship from theological reflection on innovation, because the former is only part of the latter. I'd love to learn about work being done on innovation in terms similar to what I'm thinking about. So most of my reading about innovation is in the business and economics literature. I read anything by Deirdre McCloskey, Joel Mokyr, William Baumol, Steve Johnson, Amar Bhidé, Elinor Ostrom, Peter Boettke, Matt Ridley, and Peter Klein.

Maybe some of our readers can take up the call to help fulfill a need for a theology of innovation in their respective areas of expertise. In fact, for multi-disciplinary minded Christian ethicists and theologians, I am wondering if you might have some further suggestions for future projects to develop in the area of how to conceptualize innovation and entrepreneurship?

I said it already, but we need a theologically sound articulation of a Christian understanding of innovation (we have quite a few conceptualizations of Christian approaches to entrepreneurship, but few efforts to link them to the broader political economic notion of innovation). My talk on innovation at Acton University articulates what I see as some of the parameters of such an articulation, but other possible approaches are sure to exist! Please consider the below diagram.



Prof. Ross B. Emmett, IMBA, Ph.D., is a professor in James Madison College at Michigan State University and co-director of the College's Michigan Center for Innovation & Economic Prosperity. His teaching deals with the central question of comparative economic governance: what is the relationship between basic economic institutions and their legal, cultural, political and moral contexts? His research concerns both the history of how modern societies have answered that question, and how today's answers affect liberty, innovation and entrepreneurship.