

# Governing Energy

## Institutional Imprint

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This last Fourth of July, I watched the televised concert and celebration from Washington, D.C. It seemed that for that brief moment political and other differences were cast aside as Americans and non-Americans gathered to say happy birthday USA.

Many believe that Americans have lost faith in their institutions whether religious, corporate or government. Sometimes it appears that these pundits may have a point. However, perhaps we need to redefine what we mean by the word, institution.

In his 1942 book, *Capitalism, Socialism, and Democracy* (a time when democracies and by extension capitalism were on the defense) the Austrian economist Joseph Schumpeter wrote, “The opening up of new markets, foreign or domestic, and the organizational development from the craft shop to such concerns as U.S. Steel illustrate the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.”<sup>i</sup>

The term, Creative Destruction, suggests that the new is built from the old and while the destructive process is difficult, even traumatic ever-stronger societies are the result. Moreover, this process is continuous so each generation experiences it.

Perhaps what many Americans are seeing are existing establishments in the midst of Creative Destruction. Churches are founded, disappear or evolve.

Corporations can have exceptionally short lives. For example, the stock listings on the Dow Jones Industrial Average have change 53 times since its inception in 1885.<sup>ii</sup> This is an average of less than 2.5 years per group listing for this most prestigious index.

Government agencies are not immune to transformation as well. Recent events with the Veteran’s Administration will most likely result in changes to that entity. Post 9/11, the creation of the Department of Homeland Security reorganized and integrated all or part of 22 different departments and agencies of the U.S. Federal government.<sup>iii</sup>

Animals and human have a critical period of learning early in life. Whether children effortlessly learning a language or ducklings bonding (imprinting) with humans. This neural mechanism is fundamental to the survivability of the young.<sup>iv</sup>

In the midst of strife, turmoil and seemingly even decay, Americans celebrated not the establishments that govern them but their core American Institution—the Declaration of Independence. “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness,” is the imprint on this still young country.

## **What organizational edifices hinder your core Institution?**

### **About the Author**

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### **End Notes**

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<sup>i</sup> <http://www.econlib.org/library/Enc/CreativeDestruction.html>

<sup>ii</sup> [http://en.wikipedia.org/wiki/Historical\\_components\\_of\\_the\\_Dow\\_Jones\\_Industrial\\_Average](http://en.wikipedia.org/wiki/Historical_components_of_the_Dow_Jones_Industrial_Average)

<sup>iii</sup> <http://www.dhs.gov/creation-department-homeland-security>

<sup>iv</sup> <http://www.sparknotes.com/biology/animalbehavior/learning/section3.rhtml>