
Political Entrepreneurship, Institutional Change, and American Political Development

Adam D. Sheingate, *Johns Hopkins
University*

Institutions are instruments of stability. Twenty years of research in the “new institutionalism” has produced voluminous studies into how structures constitute or constrain the behavior of actors in political, social, and economic contexts. Agenda controls order and limit the alternatives actors choose from, logics of appropriateness dictate appropriate “scripts” agents follow in structural contexts, learning effects and high initial fixed costs reinforce past choices in ways that restrict future alternatives.¹ In other words, institutions produce stability through “regulative, normative, or cognitive mechanisms” that limit, constitute, or constrain the range of alternatives actors confront.²

As a number of recent works point out, the focus on institutions as instruments of stability does not provide many tools for us to grapple with the problem of change.³ Yet casual political observation confirms that we live in a world of patterned interactions,

but one that is also dynamic and subject to periodic events such as new social movements, unexpected electoral outcomes, or dramatic policy initiatives that institutional approaches predicated on stability cannot easily account for. As Clemens and Cook put it, advances in institutional analysis constitute something of a “faustian bargain.”⁴ Our knowledge of structure-induced stability has come at the expense of understanding the very struggles and conflicts at the center of political life.

The purpose of this article is to explore the puzzle of institutional change by elaborating upon the concept of *political entrepreneurship*. For our purposes, entrepreneurs are individuals whose creative acts have transformative effects on politics, policies, or institutions. The figure of the political entrepreneur has appeared regularly in political science since at least Robert Dahl’s *Who Governs* to describe a variety of phenomena. And although associated with precisely the kind of political dynamics contemporary institutional theories preoccupied with stability are at pains to account for, in most cases little attention has been paid to exactly what constitutes entrepreneurial behavior or what structural characteristics of institutions might facilitate or frustrate entrepreneurial efforts. Following a brief review of the concept in political science, I will turn to the work of several economists who provide some insight into the nature of entrepreneurship. I argue that a more explicit treatment of entrepreneurial innovation presents three advantages for studying institutions and institutional change.

First, entrepreneurship prompts us to move beyond mainstream notions of institutions in equilibri-

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1. Kenneth A. Shepsle, “Institutional Arrangements and Equilibrium in Multidimensional Voting Models,” *American Journal of Political Science* 23 (1979): 27–59; Paul J. DiMaggio and Walter W. Powell, “Introduction” in *The New Institutionalism in Organizational Analysis*, ed. Walter W. Powell and Paul J. DiMaggio (Chicago: The University of Chicago Press, 1991); Paul Pierson, “Increasing Returns, Path Dependence, and the Study of Politics,” *American Political Science Review* 94 (2000): 251–67.

2. Elisabeth S. Clemens and James M. Cook, “Politics and Institutionalism: Explaining Durability and Change,” *Annual Review of Sociology* 25 (1999): 441–66.

3. *Ibid.*; Kathleen Thelen, “Historical Institutionalism in Comparative Politics,” *Annual Review of Political Science* 2 (1999): 369–404.

4. Clemens and Cook, “Politics and Institutionalism,” 442.

um. Instead, it is those factors that militate against equilibrium that make innovations possible. Specifically, we must pay greater attention to how political and institutional complexity shape prospects for change. As I describe, the uncertainty of outcomes (in policy or politics, for example), the multiple and heterogeneous components of complex systems, and the sometimes ambiguous relationship among actors and institutions provide the opportunities, resources, and assets for speculative acts of creativity.

Second, entrepreneurship focuses our attention on the boundaries between institutions and the complex characteristics of the American political system as a whole. In a market context, entrepreneurs seek to establish a monopoly position, or challenge an existing monopoly, through innovation. Although we must be careful when applying such concepts to politics, the notion of monopoly power is useful for understanding the consequences of entrepreneurial innovation. Often, we conceptualize institutions in terms of their effects – how rules, norms, and cognitive shortcuts constitute and constrain actors' behavior. Yet institutions also establish boundaries that delineate authority, jurisdictions within which these rules, norms, and such operate. Entrepreneurial innovation, in this view, seeks to establish or challenge jurisdictional monopolies, changing the boundaries of institutional authority. With its focus on boundaries and jurisdictions, entrepreneurship is more concerned with the points of contact between institutions than the rules that operate within them – the political system *in toto*, rather than a single institution.

Third, and most important, attention to entrepreneurship makes possible an endogenous account of change, one that does not depend on the occurrence of some critical juncture or exogenous shock that disturbs an institution in equilibrium. Instead, the process of entrepreneurship focuses our attention on those characteristics of institutions themselves that make innovation and change possible. Entrepreneurship prompts us to ask questions about the sources of speculative opportunities in politics, the nature of political innovation, and the way entrepreneurs try to consolidate their innovations into lasting institutional change. This points to a more dynamic account of politics, where actors are engaged in a constant search for political advantage and whose innovations transform the boundaries of institutional authority. As I describe in the next section, these advantages of studying entrepreneurship speak directly to some of the central concerns of American political development.

INSTITUTIONAL ANALYSIS AND THE PROBLEM OF CHANGE

Contemporary efforts to address the problem of change often focus on how exogenous shocks mo-

mentarily destabilize institutionalized order, precipitate a period of adjustment, and result in a new or "changed" institution that again induces stability. Punctuated equilibrium models, for example, rest on the occurrence of political or economic crises that produce a "critical juncture" in which possibilities for change open momentarily.⁵ According to historical-institutional variants, choices made during critical junctures can initiate sequences and/or self-reinforcing mechanisms that result in the kind of path-dependent effects characteristic of institutional stability.⁶ In rationalist variants, institutional change is also the product of exogenous phenomenon: an exogenous change in the distribution of preferences can result in new institutional arrangements or equilibrium outcomes.⁷

But as Orren and Skowronek underscore, punctuated equilibrium models that contrast "normal" politics with exceptional moments precipitated by exogenous shocks obscure "a good deal of what is characteristic about politics and . . . political change."⁸ They urge us to focus on the tensions and contradictions inherent in politics. Put another way, the notion of institutions as equilibrium outcomes has limited value in accounting for change over time since a focus on equilibrium is, by definition, an examination into the sources of stability. Consequently, the only account of change consistent with this mainstream view of institutions is that of critical junctures and punctuated equilibrium: only in extreme moments (i.e., moments of instability) is it possible for institutions to change. By contrast, an *endogenous* account of institutional change would appreciate the way institutions themselves make change possible and therefore would not rely on the occurrence of some exogenous shock or event to explain when and how change takes place.

This challenge is particularly relevant for students of American political development (APD) who focus on macrohistorical changes in American politics and institutions. Ironically, the mainstream view of institutions has had perhaps the greatest influence within historical studies of American politics that purport to examine changes over time. Recently, critics have not-

5. Stephen Krasner, "Sovereignty: An Institutional Perspective" in *The Elusive State: International and Comparative Perspectives*, ed. James A. Caporaso (Newbury Park, CA: Sage, 1989); Ruth Berins Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton, NJ: Princeton University Press, 1991).

6. James M. Mahoney, "Path Dependence in Historical Sociology," *Theory and Society* 29 (2000): 507–48; Paul Pierson, "Not Just What, but When: Timing and Sequence in Political Processes," *Studies in American Political Development* 14 (2000): 72–92.

7. Kenneth A. Shepsle, "Studying Institutions: Some Lessons from the Rational Choice Approach," *Journal of Theoretical Politics* 1 (1989).

8. Karen Orren and Stephen Skowronek, "Beyond the Iconography of Order: Notes for a 'New Institutionalism'," in *Dynamics of American Politics: Approaches and Interpretations*, ed. Lawrence C. Dodd and Calvin Jillison (Boulder, CO: Westview Press, 1994), 320.

ed that APD scholarship is sometimes characterized by narrow, temporally specific case studies that do not effectively engage larger questions of political and institutional change over the *longue durée* of American political history.⁹ Indeed, if a “crisis” in APD exists, it is because the principal theoretical tool practitioners use to study institutions makes it extremely difficult to study macrohistorical change in American politics. Lacking an adequate explanation of change, much of the APD literature emphasizes how the past shapes the present (path dependence), how specific aspects of the American past account for contemporary cross-national variation in politics and policy (“American exceptionalism”), or focuses on the analysis of discrete events (policy history) where the question of change is less relevant.

At least three differences distinguish a focus on entrepreneurship from the mainstream view of institutions as equilibrium outcomes. First, whereas the mainstream view sees institutions as devices to reduce or eliminate uncertainty, attention to entrepreneurship not only questions actors’ capacity to reduce uncertainty, but also highlights the way entrepreneurs exploit uncertainty to engage in speculative acts of creativity. Second, whereas the mainstream view sees institutions as devices that reduce complexity, for example by narrowing a multidimensional issue space into a single dimension, attention to entrepreneurship examines how the heterogeneity of complex systems makes possible entrepreneurial acts of creativity. Finally, whereas the mainstream view often reduces actors’ interests to a single goal or purpose, entrepreneurship highlights the way that multiple goals and the resultant ambiguity of actors’ intentions can be used to forge the requisite coalitions in support of innovation and change. Moving beyond a view of institutions in equilibrium makes it possible to develop an endogenous account of change.

My argument proceeds as follows. First, I examine the concept of entrepreneurial innovation and how it contributes to the process of institutional change. Second, I examine how institutions themselves – in particular, the characteristics of institutional complexity – provide a source of dynamism and change. Next, I offer a few illustrative examples. For instance, I describe how presidents are well placed to exploit the complexities of the separated system in order to further political and policy goals; the most successful do so in ways that transform the boundaries of executive authority. More precisely, periodic uncertainty, the multiplicity of presidential roles and functions, and the ambiguities of executive authority provide opportunities, resources, and assets for presidential acts of political entrepreneurship. However, atten-

tion to entrepreneurship as a source of institutional change begs the question, what separates success from failure? In addressing this question, I consider how entrepreneurship may offer new insights into the structure of institutions, sharpen our understanding of the mechanisms of institutional change, and even help us trace macrohistorical trends in American politics.

THE ENTREPRENEUR IN POLITICAL SCIENCE

Although the term “political entrepreneur” originates with Schumpeter, the entrepreneur in political science can be traced to Robert Dahl.¹⁰ In *Who Governs*, Dahl used the term “political entrepreneur” to describe cunning and resourceful political leadership. “A leader who knows how to use his resources to the maximum,” the political entrepreneur, “is not so much the agent of others as others are his agents.”¹¹ According to Dahl, entrepreneurial leadership was an instrument of political change in New Haven: the shift from rule by patrician families to Irish immigrants required innovative leaders whose efforts created new electoral coalitions and social bases of political power. Since Dahl, the figure of the political entrepreneur has appeared in a variety of contexts and has been used to explain a myriad of phenomenon. A partial list of works in political science would include studies of Congress and the executive, state and local politics, policy innovation, and collective action.¹² Together, these works portray entrepreneurs

10. Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper, 1942); Robert Dahl, *Who Governs? Democracy and Power in an American City* (New Haven, CT: Yale University Press, 1961).

11. Dahl, *Who Governs?*, 6.

12. For studies of Congress, see David C. King, *Turf Wars: How Congressional Committees Claim Jurisdiction* (Chicago: University of Chicago Press, 1997); David E. Price, “Professionals and ‘Entrepreneurs’: Staff Orientations and Policy Making on Three Senate Committees,” *Journal of Politics* 33 (1971): 316–36; Robert H. Salisbury and Kenneth Shepsle, “U.S. Congressman as Enterprise,” *Legislative Studies Quarterly* 6 (1981): 559–76; Eric Schickler, *Dis-jointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, NJ: Princeton University Press, 2001); Gregory Wawro, *Legislative Entrepreneurship in the U.S. House of Representatives* (Ann Arbor: University of Michigan Press, 2001); Wendy J. Scheller, “Senators as Political Entrepreneurs: Using Bill Sponsorship to Shape Legislative Agendas,” *American Journal of Political Science* 39 (1995): 186–203. For studies of collective action, see Norman Frohlich, Joe A. Oppenheimer, and Oran R. Young, *Political Leadership and Collective Goods* (Princeton, NJ: Princeton University Press, 1971); Andrew Polsky, “When Business Speaks: Political Entrepreneurship, Discourse and Mobilization in American Partisan Regimes,” *Journal of Theoretical Politics* 12 (2000): 455–76; Robert H. Salisbury, “An Exchange Theory of Interest Groups,” *Midwest Journal of Political Science* 13 (1969): 1–32. For studies of state and local politics, see Dahl, *Who Governs?*; Michael Mintrom, “Policy Entrepreneurs and the Diffusion of Innovation,” *American Journal of Political Science* 41 (1997): 738–70; Thomas R. Oliver and Pamela Paul-Shaheen, “Translating Ideas Into Action: Entrepreneurial Leadership in State Health Care Reforms,” *Journal of Health Politics, Policy and Law* 22 (1997): 721–88; Mark Schneider and

9. Keith Whittington, “What is the Point of APD?” *Clio* 9 (1999): 43–45; Ira Katznelson, “The Doleful Dance of Politics and Policy: Can Historical Institutionalism Make a Difference,” *American Political Science Review* 92 (1998): 191–97.

as creative, resourceful, and opportunistic leaders whose skillful manipulation of politics somehow results in the creation of a new policy or a new bureaucratic agency, creates a new institution, or transforms an existing one. Yet despite the range of studies that invoke the concept, with few exceptions most works do not delineate the character of entrepreneurial innovation or its relationship to the process of institutional change.¹³ In reviewing the literature on entrepreneurship, I have identified three general attributes that direct one toward a more precise definition of the concept.

First, entrepreneurs shape the terms of political debate: they frame issues, define problems, and influence agendas. According to Bryan D. Jones, “the function of the policy entrepreneur is to frame an issue so as to move it over the threshold of attention of policymaking institutions.”¹⁴ For example, entrepreneurs might redefine an issue in a way that engages a new or latent dimension of conflict, broadens the scope of actors involved in a given policy domain, and destabilizes a policy subsystem.¹⁵ An oft-cited example is Ted Kennedy’s promotion of airline deregulation in the 1970s: by holding hearings on the price-fixing operations of the Civil Aeronautics Board, Kennedy highlighted the anticompetitive effects of airline regulation, and energized consumer groups and economists in favor of deregulation.¹⁶

Second, entrepreneurs are a source of innovation: they invest resources in the creation of a new policy,

a new agency, or new forms of collective action.¹⁷ For example, the policy innovation literature uses the term “entrepreneur” to describe those individuals who put forward new ideas and, through the skills of brokering and coalition building, succeed in building the requisite support to get new policies adopted. Polsby describes the critical interface between the invention of policy alternatives and their adoption by policymakers as “the province of policy entrepreneurs and of would-be sponsors of innovation.”¹⁸ For Kingdon, policy entrepreneurs also occupy a critical interface in the process of innovation by “joining problems, policies, and politics.”¹⁹ In the collective action literature, Salisbury’s “exchange theory of interest groups” centered on the entrepreneurial leader who, by providing a particular package of benefits, can attract and keep members.²⁰ Frohlich and others defined political entrepreneurship as the provision of collective goods that, in the absence of the entrepreneur, make collective action unlikely due to the free-rider problem.²¹ Similarly, Wawro examines legislative entrepreneurs who bear the cost of gathering information, drafting legislation, and building legislative coalitions so that the House may fulfill its policy-making role.²²

Third, entrepreneurs somehow consolidate innovations into lasting change: entrepreneurs have transformative effects on politics, policies, and institutions. For example, Doig and Hargrove’s work on “entrepreneurial executives” in the American bureaucracy examined how entrepreneurs identified “new missions and programs for their organizations” in ways that transformed or extended agency responsibilities.²³ More recently, Daniel Carpenter described his work in *Forging Bureaucratic Autonomy* as “a narrative of organizational evolution and bureaucratic entrepreneurship.”²⁴ In locating the pockets of bureaucratic autonomy within the patronage networks of the nineteenth-century party state, Carpenter argues that, “the primary marker of bureaucratic autonomy is entrepreneurial innovation.”²⁵

In each of these examples, political scientists have identified entrepreneurs as a source of innovation and institutional change. Upon closer examination, the literature tends to emphasize the entrepreneurial

Paul Teske, “Toward a Theory of the Political Entrepreneur: Evidence from Local Government,” *American Political Science Review* 86 (1992): 737–46; Mark Schneider and Paul Teske, with Michael Mintrom, *Public Entrepreneurs: Agents for Change in American Government* (Princeton, NJ: Princeton University Press, 1995). For studies of the executive and bureaucracy, see Daniel P. Carpenter, *Forging Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862–1928* (Princeton, NJ: Princeton University Press, 2001); Jameson W. Doig and Erwin C. Hargrove, “Leadership’ and Political Analysis,” in *Leadership and Innovation: A Biographical Perspective on Entrepreneurs in Government*, ed. Jameson W. Doig and Erwin C. Hargrove (Baltimore, MD: Johns Hopkins University Press, 1987); Eugene Lewis, *Public Entrepreneurship: Toward a Theory of Bureaucratic Political Power* (Bloomington: Indiana University Press, 1980). For studies of policy innovation, see Frank R. Baumgartner and Bryan D. Jones, *Agendas and Instability in American Politics* (Chicago: University of Chicago Press, 1993); Martha Derthick and Paul J. Quirk, *The Politics of Deregulation* (Washington, DC: The Brookings Institution, 1985); John W. Kingdon, *Agendas, Alternatives, and Public Policies*, 2d ed. (1984; New York: Harper-Collins College Publishers, 1995); Nelson W. Polsby, *Political Innovation in America: The Politics of Policy Initiation* (New Haven, CT: Yale University Press, 1984).

13. A notable exception in this regard is the work by Schneider and Teske. See “Political Entrepreneur” and Schneider and Teske, with Mintrom, *Public Entrepreneurs*.

14. Bryan D. Jones, *Reconceiving Decision-Making in Democratic Politics: Attention, Choice, and Public Policy* (Chicago: University of Chicago Press, 1994).

15. Baumgartner and Jones, *Agendas and Instability*

16. Jones, *Reconceiving Decision-Making*, 197–99; Derthick and Quirk, *The Politics of Deregulation*.

17. Mintrom, “Policy Entrepreneurs”; Doig and Hargrove, “Leadership”; Salisbury, “An Exchange Theory.”

18. Polsby, *Political Innovation*, 167.

19. Kingdon, *Agendas*, 182.

20. Salisbury, “An Exchange Theory.”

21. Frohlich et al., *Political Leadership*. Recently, Polsky applied a similar concept of entrepreneurship, arguing that collective action on the part of business requires political leaders who bear the costs of interest mobilization in the pursuit of electoral gain (“When Business Speaks”).

22. Wawro, *Legislative Entrepreneurship*, 21.

23. Doig and Hargrove, “Leadership.”

24. Carpenter, *Forging Bureaucratic Autonomy*, 6.

25. *Ibid.*, 33.

definition of new alternatives, the promotion of innovation, and the consolidation of institutional change. Yet despite the commonalities, most studies do not differentiate between these three important functions. Put differently, a more precise understanding of entrepreneurship should answer three basic questions: When is entrepreneurship possible? What is the nature of entrepreneurial innovation? And how do entrepreneurs consolidate their innovations into lasting institutional change? As Schneider and Teske put it, “an overarching theoretical perspective on the political entrepreneur is needed . . . that will increase our understanding of how entrepreneurship is embedded in the systemic process of political change.”²⁶

THE ENTREPRENEUR AS A SOURCE OF ENDOGENOUS CHANGE

In their study of political entrepreneurship, Schneider and Teske look at the work of those economists who have considered the role of entrepreneurs in market settings and as a source of endogenous economic growth.²⁷ Mainstream economics, with its emphasis on rational maximizing agents and equilibrium models, has not devoted a great deal of attention to entrepreneurs.²⁸ Instead, it is among the Austrian school of economists that we find discussion of the components and consequences of entrepreneurial innovation. Challenging the mainstream focus on the analysis of equilibrium states, Austrian economists emphasize the propensity for disequilibria in market processes, which they argue is a more accurate representation of the real world.²⁹ It is precisely this propensity for disequilibrium that provides the basis for arguments about the role of entrepreneurship in the market.

Schneider and Teske divide these arguments into two varieties.³⁰ The first, associated with the work of Israel Kirzner, focuses on the opportunities that arise from market disequilibria. For Kirzner, entrepreneurship is a process of discovery of and alertness to overlooked opportunities in the market, such as the unfulfilled demand for new products.³¹ The second is associated with Schumpeter’s work. Entrepreneurs introduce new products, discover new markets, or invent new production techniques that disrupt a mar-

ket near equilibrium.³² These innovations, moreover, are very often *creative recombinations* of known elements. Economic change takes place through a process of creative destruction whereby entrepreneurs discover new combinations of existing resources that replace older ones. Whereas Kirzner’s entrepreneur exploits disequilibria, Schumpeter’s entrepreneur creates disequilibria.

As Schneider and Teske point out, elements drawn from Austrian economics resonate with a number of political science works that invoke the entrepreneur.³³ For example, Kirzner’s view of the economic entrepreneur is similar to the concept of the policy entrepreneur who takes advantage of windows of opportunity to promote policy innovation. Entrepreneurs must be alert to speculative opportunities; success requires an opportunistic sense of timing. Polsby, for example, explored how policy entrepreneurs take advantage of opportunities for innovation when they arise, or manufacture opportunities themselves by transforming “events” into “crises” that require the very policy response the entrepreneur is promoting.³⁴ In Kingdon’s words, “any crisis is seized as an opportunity.”³⁵ Price, in his study of entrepreneurial staff members in the Senate, described the policy entrepreneur as “committed to a continual search for policy gaps and opportunities.”³⁶

Second, Schumpeter’s focus on creative recombination is echoed by Kingdon, who describes the entrepreneur as someone who brings together novel combinations of problems, policies, and politics – to join “solutions to problems, proposals to political momentum, and political events to policy problems.”³⁷ As Kingdon remarks, innovation “usually involves recombination of old elements more than fresh invention of new ones . . . change turns out to be recombination more than mutation.”³⁸ Further building on Schumpeter, political innovation can resemble a process of creative destruction. For example, Beckert describes the process of institutional change as “innovation brought about by the entrepreneurial act of creative destruction.”³⁹ Indeed, there is a clear affinity between Schumpeter’s view of the entrepreneur as a source of creative destruction and Riker’s heresthetic leader who, through the in-

26. Schneider and Teske, “Political Entrepreneur.”

27. *Ibid.*; Schneider and Teske, with Mintrom, *Public Entrepreneurs*.

28. Mirjam C. Van Praag, “Some Classic Views on Entrepreneurship,” *De Economist* 147 (1999): 317; Israel M. Kirzner, “Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach,” *Journal of Economic Literature* 35 (1997): 63.

29. Kirzner, “Entrepreneurial Discovery,” 64–66.

30. Schneider and Teske, “Political Entrepreneur,” 738.

31. Kirzner, “Entrepreneurial Discovery,” 71.

32. Joseph A. Schumpeter, *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle* (1934; Oxford: Oxford University Press, 1969).

33. Schneider and Teske, “Political Entrepreneur,” 738–39.

34. Polsby, *Political Innovation*, 168–70.

35. Kingdon, *Agendas*, 182.

36. Price, “Professionals and ‘Entrepreneurs,’” 335.

37. Kingdon, *Agendas*, 182.

38. *Ibid.*, 124. Similarly, Price remarked how “innovation is a matter of combining already available bits of information in a new way” (“Professionals and ‘Entrepreneurs,’” 311).

39. Jens Beckert, “Agency, Entrepreneurs, and Institutional Change. The Role of Strategic Choice and Institutionalized Practices in Organizations,” *Organization Studies* 20 (1999): 787.

roduction of a new issue dimension, exploits the inherent instability of majority rule to “break up institutionally induced and maintained equilibria to create new and more profitable outcomes.”⁴⁰ Schneider and Teske’s own work builds directly on this similarity between Schumpeter’s entrepreneur and the Rikerian leader, both of whom “engage in creative destruction, tearing apart existing political-economic arrangements in order to create new ones.”⁴¹

Finally, in a market context, entrepreneurs seek monopoly profits: “By being the first to introduce a ‘new combination,’ the entrepreneur obtains temporary monopoly power.”⁴² Moreover, the search for monopoly profits through entrepreneurial innovation provides a source of endogenous economic change. Successful innovation breeds imitation, and the diffusion of innovation competes away monopoly profits until a new innovation begins the process again. In this way, “innovations are endogenous developments in a dynamic economic system.”⁴³

However, drawing comparisons between economic and political entrepreneurship must be done with care. In particular, this entrepreneurial search for monopoly profits might be inappropriate to political contexts: what we mean by political “profits” is not clear, nor is it accurate to ascribe purely maximizing behavior to entrepreneurs, economic or otherwise.⁴⁴ Even Schumpeter suggests that other motives may drive entrepreneurs such as “the dream and will to found a private kingdom . . . the will to conquer . . . [and] the joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity.”⁴⁵

Nevertheless, the concept of monopoly power does shed light on the process of entrepreneurship, especially the way successful innovation can produce lasting institutional change. As mentioned above, institutions provide stability through regulative, normative, and cognitive constraints on actors. But institutions also have boundaries that delineate where and when these regulative, normative, and cognitive constraints operate. For example, political jurisdictions delineate boundaries of authority over geographic territories. Committee jurisdictions in Congress or agency jurisdictions in the executive mark out boundaries of authority over particular policy domains. Moreover, we can describe certain institutional boundaries as creating monopoly jurisdictions, such as the Weberian definition of the state as the monopoly use of force (within a given national

boundary) or a committee’s jurisdictional monopoly over a particular policy domain in Congress.⁴⁶

One mark of successful entrepreneurship, therefore, may be the creation of monopoly control over some jurisdiction through an innovation that transforms the institutional boundary of authority. Schumpeter, for example, suggested that “the creation of a monopoly position . . . or the breaking up of a monopoly” is one type of entrepreneurial innovation.⁴⁷ This is also consistent with several treatments of entrepreneurs in the political science literature, such as congressional entrepreneurs engaged in competition over committee jurisdictions and issue monopolies in Congress, interest group entrepreneurs in search of a representational monopoly, and bureaucratic entrepreneurs who seek “undisputed domination over their respective organizations.”⁴⁸

In sum, the work by economists on the nature of entrepreneurial innovation helps answer three basic questions concerning the *when*, *what*, and *how* of entrepreneurship. First, entrepreneurs exploit moments of instability, or speculative opportunities for innovation. Second, these innovations are the creative recombination of known elements. Third, entrepreneurs consolidate their innovations by creating new jurisdictions or boundaries that delineate the scope of regulative, normative, and cognitive constraints on action. Together, this suggests a generalized definition of political entrepreneurship: *entrepreneurial innovation is a speculative act of creative recombination that, when successful, transforms the institutional boundaries of authority.*

However, the key insight to take away from the work of Kirzner, Schumpeter, and others concerns the relationship between entrepreneurial innovation and disequilibria.⁴⁹ Rational choice models, with their emphasis on comparative statics, examine how rules and procedures produce equilibrium outcomes, (structure-induced equilibrium). Similarly, historical-institutionalist accounts that contrast periods of institutional stability with periods of change precipitated by exogenous shocks also conceive of institutions as equilibrium outcomes (punctuated equilibrium models of change). Yet a focus on equilibrium leaves little room for any notion of entrepreneurship. And although some politicians do act like Downsian seekers of the exogenously given median voter preference – or institutionally induced “pivotal” member – others operate like Schumpeterian entrepreneurs creating their own demand for innovative combinations of issues and positions that produce novel and previ-

40. Schneider and Teske, “Political Entrepreneur,” 739.

41. Ibid. Other works building on Rikerian entrepreneurship include Schneider and Teske with Mintrom, *Public Entrepreneurs*; Baumgartner and Jones, *Agendas and Instability*; and Iain McLean, *Rational Choice and British Politics: An Analysis of Rhetoric and Manipulation from Peel to Blair* (Oxford: Oxford University Press, 2001).

42. William J. Baumol, *Entrepreneurship, Management and the Structure of Payoffs* (Cambridge, MA: MIT Press, 1993).

43. Van Praag, “Classic Views on Entrepreneurship,” 322.

44. Schneider and Teske, “Political Entrepreneur,” 745.

45. Schumpeter *Theory of Economic Development*, 93.

46. Baumgartner and Jones, *Agendas and Instability*; King, *Turf Wars*.

47. Schumpeter *Theory of Economic Development*, 66.

48. King, *Turf Wars*; Bryan D. Jones, Frank R. Baumgartner, and John C. Talbert, “The Destruction of Issue Monopolies in Congress,” *American Political Science Review* 87 (1993): 657–71; Salisbury, “An Exchange Theory;” Lewis, *Public Entrepreneurship*, 9.

49. Schneider and Teske, “Political Entrepreneur,” 738.

ously unforeseen winning coalitions.⁵⁰ Following the Austrian critique of mainstream economics, therefore, to understand innovation and change in a political context one must incorporate the role of the entrepreneur. But to do so requires that one reconsider the notion of institutions as equilibrium outcomes.

In other words, one must pay particular attention to those factors in political life that militate against equilibrium. Specifically, one must understand how institutional complexity creates the conditions that make entrepreneurship possible. More important, a focus on complexity points to the characteristics of institutions themselves that provide the *opportunities* for speculation, the *resources* for creative recombination, and the *assets* entrepreneurs use to consolidate innovation into institutional change.

COMPLEXITY AND INNOVATION

Complexity describes a system of multiple, overlapping, and heterogeneous components connected together in a dense network of interrelated links. March and Olson define complexity as a “complicated intertwining of institutions, individuals, and events . . . nested within others, with multiple, overlapping connections.”⁵¹ For example, the common observation regarding the fragmentation of the American political system can be described in terms of complexity. Separated powers, federalism, bicameralism, congressional committees, and executive agencies together constitute a complex system of multiple and overlapping sources of authority. Policy issues might simultaneously involve executive, legislative, and judicial functions; raise matters of federal, state, and local concern; and touch upon jurisdictions of various chambers, committees, or departments. One can also use complexity to describe the multiple and overlapping goals or incentives of politicians, such as members of Congress. Given the sometimes contradictory imperatives of reelection, partisan advantage, and chamber prestige, members’ voting decisions partake of a complex mixture of district concerns, party reputation, and institutional position.⁵² Finally, political allegiances and identities themselves are complex insofar as they are composed of multiple and overlapping components: race, gen-

der, religion, class, and region, in addition to retrospective and prospective judgments of candidate (or party) performance. Political campaigns search for that mix of electoral appeals (issues, candidate images, etc.) that can produce a winning coalition out of these various bases of political attachment. As these examples of political and institutional complexity illustrate, matters of policy, representation, or elections routinely engage multiple and overlapping institutions, interests, and allegiances.

The consequences of this complexity for the process of entrepreneurial innovation are threefold. First, complex systems are characterized by a kind of uncertainty that presents *opportunities* for speculative acts of innovation. By uncertainty, I am referring to the sense articulated by economist Frank Knight.⁵³ Unlike risk, Knightian uncertainty describes a condition in which the probabilities of alternative outcomes cannot be generated. This kind of uncertainty is characteristic of complex systems.⁵⁴ Because of ripple and feedback effects – changes in one component ripple through the system, producing feedback effects that result in further change and so on – complex systems are often in flux, system components are related through reciprocal causation, and single events can have large aggregate effects.⁵⁵ As a result, it is impossible to predict *ex ante* how change in one component will impact other parts of the system. Yet it is precisely this uncertainty that presents entrepreneurs with speculative opportunities. According to Kirzner, “the scope for entrepreneurship is provided by the uncertainty of the future.”⁵⁶ This uncertainty flows from the “richly complex reality” that contributes to the “open-ended framework within which all decisions made must necessarily partake of the speculative character essential to the notion of entrepreneurship.”⁵⁷

In politics, for example, despite augmented staffing capacities or advances in polling techniques, political initiatives still elicit unforeseen reactions from other institutional actors, voters respond to election-year overtures in unexpected ways, and opposition to policy proposals emerge along previously unforeseen issue dimensions. Sometimes these conditions of uncertainty produce bold departures in policymaking as the emergence of a new agenda item prompts office holders to address public concerns even though the consequences of their actions are

50. Keith Krehbiel, *Pivotal Politics: A Theory of U.S. Lawmaking* (Chicago: University of Chicago Press, 1998); Michael Wohlge-muth, “Political Entrepreneurship and Bidding for Political Monopoly,” *Journal of Evolutionary Economics* 10 (2000): 273–95.

51. James G. March and Johan P. Olson, “The New Institutionalism: Organizational Factors in Political Life,” *American Political Science Review* 78 (1984): 734–49.

52. Richard F. Fenno, *Congressmen in Committees* (Boston: Little, Brown, 1973). Congressional scholars also identify a number of other incentives, such as the desire to fulfill various policy goals. For a review of the congressional literature on member interests, see Schickler, *Disjointed Pluralism*, 4–12.

53. Frank H. Knight, *Risk, Uncertainty, and Profit* (New York: Houghton Mifflin Company, 1921).

54. See, for example, the discussion of complexity and uncertainty in David Lane and Robert Maxfield, “Foresight, Complexity, and Strategy,” in *The Economy as an Evolving Complex System II*, ed. W. Brian Arthur, et al. (Reading, MA: Addison-Wesley, 1997).

55. Robert Jervis, *System Effects: Complexity in Political and Social Life* (Princeton, NJ: Princeton University Press, 1997).

56. Israel M. Kirzner, *Discovery and the Capitalist Process* (Chicago: University of Chicago Press, 1985).

57. *Ibid.*, 65, 69.

unknown or poorly understood – a process Charles O. Jones calls “speculative augmentation.”⁵⁸ Indeed, as Jones informs us, “lawmaking and execution are speculative activities. . . . A separated-powers system is characterized by competitive conjecturing.”⁵⁹ Or as Riker put it, the heresthetic leader “probes until he finds some new alternative, some new dimension that strikes a spark in the preferences of others.”⁶⁰ Although the focus is often on how actors *cope* with uncertainty (as in game-theoretic models of strategic interaction under imperfect or asymmetric information), or attempt to *reduce* it (as in rationalist accounts of institutional choice), actors also *exploit* uncertainty.⁶¹ In other words, uncertainty makes possible the speculative, entrepreneurial quality of everyday politics, the failures as well as the successes as politicians engage in a steady search for political advantage.

Second, the heterogeneous components of complex systems provide *resources* for the creative acts of recombination at the heart of innovation. This relationship between complexity and creative recombination is clearly articulated in the sociological literature on institutions and organizations. As Clemens and Cook write, “analysis of institutional change rests on an appreciation of the heterogeneity of institutional arrangements and the resulting patterns of conflict or prospects for agency and innovation.”⁶² That is, although sociologists point to how rules, norms, and conventions structure behavior, the reality of the social world is one of multiple, heterogeneous, and overlapping sets of rules, norms, and conventions. The heterogeneity of social life in turn provides resources for individual agents to pull together different and disparate components; acts of creative recombination sociologists refer to as *bricolage*.⁶³ In this way, innovation is made possible by the very complexity of institutions themselves. As Campbell describes

the institutions within which actors innovate are also *enabling* to the extent that they provide a *repertoire* of already existing institutional prin-

58. Charles O. Jones, *An Introduction to the Study of Public Policy*, 3d ed. (Monterey, CA: Brooks/Cole Publishing Company, 1984); Jones, “A Way of Life and Law,” *American Political Science Review* 89 (1995): 1–9.

59. Jones, “Reinventing Leeway: The President and Agenda Certification,” *Presidential Studies Quarterly* 30 (2000): 11–12.

60. William H. Riker, *The Art of Political Manipulation* (New Haven, CT: Yale University Press, 1986), 64.

61. For an example of strategic interaction under uncertainty see Rui J.P. De Figueiredo, “Electoral Competition, Political Uncertainty, and Policy Insulation,” *American Political Science Review* 96 (2002): 321–33. On the role of institutions in the reduction of uncertainty, see the discussion in Barry C. Burden, “Everything but Death and Taxes: Uncertainty and American Politics,” in *Uncertainty in American Politics*, ed. Barry C. Burden (Cambridge: Cambridge University Press, 2003).

62. Clemens and Cook, “Politics and Institutionalism,” 453.

63. William H. Sewell, Jr., “A Theory of Structure: Duality, Agency, and Transformation,” *American Journal of Sociology* 98 (1992): 16–19.

cles (e.g., models, analogies, conventions, concepts). . . . Actors gradually craft new institutional solutions by recombining these principles through an innovative process of *bricolage* whereby new institutions differ from but resemble old ones.⁶⁴

There is a clear affinity between these sociological accounts of complexity and innovation and the work by Orren and Skowronek that emphasizes the “asymmetries, layerings, and intersections” of institutional orders.⁶⁵ Here, the source of complexity is from multiple and overlapping institutions “each with their own temporal underpinnings.”⁶⁶ As I describe below, Skowronek’s work on the presidency suggests how presidents “make politics” by combining constitutional, institutional, and partisan resources, each with a distinct temporal underpinning.⁶⁷ Recent work that examines the role of entrepreneurship in the process of institutional change also illustrates how innovation takes place through creative recombination. Polsky describes political regime change as a process of creative recombination whereby entrepreneurial leaders search for that mix of interests and appeals that can produce a winning coalition.⁶⁸ The New Deal coalition of urban ethnics, middle-class progressives, and southern and western agrarians illustrates how a party out of power can win election by bringing together a novel combination of existing partisan groupings. Moreover, it is during times of crisis or uncertainty when political entrepreneurs can offer alternative or competing narratives that redefine political interests in a manner that opens up new coalitional possibilities.⁶⁹ Institutional and political complexity affords would-be entrepreneurs with a combinatorial richness that fuels innovation: complexity provides the raw materials for innovative combinations.⁷⁰

Third, the multiple and overlapping character of components within complex systems can produce ambiguous relations among actors and institutions. Whereas uncertainty refers to our inability to generate probabilities about the effects or consequences of alternative courses of action, ambiguity arises from our inability to fully comprehend the character of system components themselves or their relationship to

64. John L. Campbell, “Mechanisms of Evolutionary Change in Economic Governance: Interaction, Interpretation, and Bricolage,” in *Evolutionary Economics and Path Dependence*, ed. Lars Magnusson and Jan Ottosson (Cheltenham, UK: Edward Elgar, 1997), 22 (emphases in original).

65. Orren and Skowronek, “Iconography of Order,” 323.

66. *Ibid.*, 321.

67. Stephen Skowronek, *The Politics Presidents Make: Leadership from John Adams to Bill Clinton* (Cambridge, MA: The Belknap Press, 1997).

68. Polsky, “When Business Speaks,” 466.

69. Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002).

70. The notion of “combinatorial richness” comes from Karl Deutsch, *The Nerves of Government: Models of Political Communication and Control* (New York: Free Press, 1962), 164.

one another. Ambiguity, in this sense, describes an indeterminateness, lack of specificity, or undifferentiated quality of system components. As a result, in complex systems it may be difficult to know where one component ends and another begins. A second variety of ambiguity can be described as equivocality or multivocality. That is, ambiguity refers to a condition in which system components can be consistently interpreted in multiple and even contradictory ways. In this second sense, ambiguity makes possible the “simultaneous suggestion of opposing possibilities.”⁷¹

Both varieties of ambiguity arise from the complex nature of institutions, and both provide entrepreneurs with particular *assets* useful for the consolidation of institutional change. Where institutional boundaries are ambiguous, for example, entrepreneurs might find it easier to legitimate their challenges to existing jurisdictions of authority. For example, the U.S. Constitution locates the executive power in the presidency but fails to define executive power itself anywhere in the text. The resulting ambiguity generates the political conflicts characteristic of what Neustadt described as a system of “separate branches sharing powers.”⁷² More to the point, many political conflicts in our separated system come from the very fact that the Constitution renders ambiguous where the power of one branch ends and another begins.⁷³ Consequently, multiple political actors may legitimately claim authority over the same functions or domains of action.

Entrepreneurs might also cultivate ambiguity in order to remain flexible in light of an unpredictable future, or accommodate a disparate set of actors motivated by different interests, what Padgett and Ansell describe as “robust action”:

the fact that single actions can be interpreted coherently from multiple perspectives simultaneously, the fact that single actions can be moves in many games at once and the fact that public and private motivations cannot be parsed.⁷⁴

Specifically, the capacity to present single innovations

consistently from multiple perspectives and points of view allows entrepreneurs to consolidate their innovations by building robust coalitions in support of institutional change. Recent work on entrepreneurship and institutional change in Congress and the bureaucracy both underscore the importance of support coalitions for the consolidation of innovation.⁷⁵

In sum, these characteristics of complex institutions – uncertainty, heterogeneity, and ambiguity – each contribute to a process of entrepreneurial innovation and institutional change. Conditions of uncertainty present opportunities for speculative acts of creativity; heterogeneous components of complex systems are subsequently combined and recombined in various ways; and the ambiguous relation among actors and institutions provides entrepreneurs with assets for the consolidation of their innovations into lasting institutional change. Conceived as a sequence, entrepreneurs begin by exploiting speculative opportunities to redefine the prevailing way a policy is understood or introduce a new dimension into political debate. Redefinition, in turn, can imply a new and creative recombination of heterogeneous components, such as a reordering of functional responsibilities within a bureaucratic agency or a new alignment of political positions inside a legislative chamber. But new combinations only produce institutional change when entrepreneurs can consolidate their innovations. Ambiguous relationships among actors and institutions – when institutional boundaries are ill defined and actor motivations are not easily parsed – allow entrepreneurs to legitimate their challenges to existing boundaries of authority and build coalitions of support among groups motivated by diverse interests.

Understanding the relationship between complexity, innovation, and institutional change can help us draw inferences about the characteristics of institutions that facilitate or frustrate political entrepreneurship. First, entrepreneurship will be more likely where institutional complexities generate uncertainty and create speculative opportunities for innovation. Although uncertainty is associated with unexpected crises or events, characteristics of institutions such as the timing and rules of electoral competition will periodically generate speculative opportunities for political entrepreneurship. Second, institutional heterogeneity multiplies resources for creative recombination. We can speculate, for example, that entrepreneurship will be more likely within institutions that encompass a diversity of roles rather than one or two, or in political contexts where a variety of preferences or groupings can be found.⁷⁶

71. Philip Gourevitch, “Mr. Brown,” *The New Yorker*, 29 July 2002, 46–65. See also William Connolly, *The Terms of Political Discourse*, 2d ed. (Princeton, NJ: Princeton University Press, 1983) and Jacqueline Best, *Economies of Uncertainty: The Politics of Ambiguity in International Financial Governance* (Ph.D. diss., Johns Hopkins University, 2002). Feldman defines ambiguity as “a state of having many ways of thinking about the same circumstances or phenomena.” Martha S. Feldman, *Order Without Design: Information Production and Policy Making* (Stanford: Stanford University Press, 1989), 5.

72. Richard Neustadt, *Presidential Power and the Modern Presidents* (New York: The Free Press, 1990), 5.

73. Keith Whittington, *Constitutional Construction: Divided Powers and Constitutional Meaning* (Cambridge, MA: Harvard University Press, 1999).

74. John F. Padgett and Christopher K. Ansell, “Robust Action and the Rise of the Medici, 1400–1434,” *American Journal of Sociology* 98 (1993): 1263.

75. Carpenter, *Forging Bureaucratic Autonomy*, 14; Schickler, *Disjointed Pluralism*, 269.

76. As Schickler emphasizes, for example, political entrepreneurship and institutional innovation in Congress “is endemic to legislative politics and rooted in the pluralism of member interests.” Schickler, 15.

Third, entrepreneurs can more easily consolidate their innovations when they occupy ambiguous positions within institutions. Actors who sit at the interface of distinct roles and functions or are strategically positioned within a network of diverse groups and preferences will possess greater assets with which to legitimate their claims of extended authority and ground their innovations in robust coalitions.

To reiterate a previous point, the concept of entrepreneurship articulated here differs in important ways from the mainstream view of institutions as equilibrium outcomes. First, a focus on the multiple and overlapping character of institutions and the struggle over boundaries or jurisdictions of authority reminds us that actors must operate within a larger polity or political system as well as a single institution. This, in turn, has several implications for how we think about institutions, entrepreneurial innovation, and the process of change. First, rather than reduce uncertainty, institutions generate the uncertainties that lead to speculative opportunities for entrepreneurial innovation. Second, rather than reduce complexity, institutions provide the heterogeneous resources for entrepreneurial acts of creative recombination. And third, rather than reduce actors' motives to a single goal, entrepreneurs operating within complex institutional contexts may pursue multiple goals, the ambiguity of which can become an asset in the consolidation of institutional change.

In the next section, I consider several examples that illustrate the relationship between complexity, entrepreneurial innovation, and institutional change. In particular, I find the presidency especially useful for linking the institutional characteristics of the separated system to the opportunities, resources, and assets that make political entrepreneurship possible.

COMPLEXITY, ENTREPRENEURIAL INNOVATION, AND INSTITUTIONAL CHANGE

One of the clearest illustrations of the relationship between complexity and innovation comes from well outside the realm of American politics: this is Padgett and Ansell's discussion of the entrepreneurial behavior, or "robust action," of Cosimo de Medici.⁷⁷ Cosimo's innovation was to create a dominant political coalition out of the complex, interlocking networks of marriage, economic, and patronage ties in Renaissance Florence. The heterogeneous nature of these networks, the changing context of Florentine politics, and the rise of new wealth that challenged established social hierarchies resulted in political uncertainty expressed through shifting partisan allegiances. Medici exploited this uncertainty by virtue of his position within Florentine society. Uniquely, Medici enjoyed a variety of network ties that provided him with con-

nections to a number of groups and, in many cases, placed the Medici family in a strategic position of intermediary among competing factions.⁷⁸ However, Medici's ties to diverse and often opposing factions resulted in contradictory affiliations. And these contradictions made Medici's "true" allegiances and intentions ambiguous in the sense that single actions could be interpreted in multiple ways from various points of view. Political innovation occurred when Medici creatively combined various factions into a new and dominant political coalition. This innovation, Padgett and Ansell argue, required "robust action" or "flexible opportunism – maintaining discretionary options across unforeseeable futures."⁷⁹ In sum, uncertainty provided an opportunity for political speculation, the heterogeneity of interests made possible the creative recombination of network ties, and the ambiguity of Cosimo de Medici's "self-interest" provided the flexibility to credibly engage in coalition building among a diverse and contradictory set of Florentine factions.

We see a similar relationship between complexity and innovation in several recent works in American political development on institutional change in Congress, the bureaucracy, and in the struggles over the meaning of the Constitution itself. For example, highlighting the way the ambiguity of actor motivations facilitates the consolidation of innovation, Carpenter examines how bureaucratic autonomy develops through policy innovations "grounded in multiple networks through which agency entrepreneurs can build program coalitions around the policies they favor."⁸⁰ In the case of the Post Office Department, entrepreneurial department heads forged "a stable and inviolable coalition" that included agrarian groups, progressives, moral reformers, and other segments of society, each of whom had different reasons to support the enhanced autonomy and enlarged jurisdictions for the Post Office.⁸¹ Similarly, Schickler remarks how Congress "is ordinarily composed of complex institutions produced by interactions among members for whom multiple, competing goods are salient."⁸² But this mixture makes it possible for "entrepreneurial members [to] build support for reform by framing proposals that appeal to groups motivated by different interests."⁸³ House innovations such as the rules changes adopted between 1890 and 1910 were inspired by more than the desire to develop majority party instruments of legislative control. Ulti-

78. According to Padgett and Ansell, "the Medici themselves were the only bridge holding this contradictory agglomeration [of network ties] together" (ibid., 1285).

79. Ibid., 1263.

80. Carpenter, *Forging Bureaucratic Autonomy*, 14.

81. Daniel P. Carpenter, "State Building through Reputation Building: Coalitions of Esteem and Program Innovation in the national Postal System, 1883–1913," *Studies in American Political Development* 14 (2000): 125.

82. Schickler, *Disjointed Pluralism*, 269.

83. Ibid., 14.

77. Padgett and Ansell, "Robust Action."

mately, Schickler argues, their adoption rested upon the “confluence of ideological, partisan, and power concerns” in support of institutional change.⁸⁴ Finally, Whittington’s work on the political construction of constitutional meaning illustrates the way institutionally situated actors clash over boundaries of authority left ambiguous by the Constitution. According to Whittington, it is “the complex nature of the Constitution itself” that makes political struggles over its meaning part and parcel of American politics.⁸⁵ Specifically “constitutional understandings are shaped through the interplay of the nation’s multiple political institutions and the ambiguities of the fundamental text.”⁸⁶ Without using the term entrepreneur, Whittington argues, “constructions are made by explicit advocates . . . those who advocate a given construction expect to benefit from it . . . to construe the Constitution so as to favor their own institutional position.”⁸⁷

These examples illustrate the broad applicability of entrepreneurial innovation to American political development and questions of institutional change. However, it is the president who is perhaps the entrepreneur *par excellence* in American politics. No doubt, this comes from the singular character of the presidency, the fact that so much political authority resides in that office. Nevertheless, it is useful to examine the presidency from this perspective, not because it helps us to identify certain qualities of individual skill or sheds new light on the presidency itself, but rather because it highlights important characteristics of American political institutions and the dynamic of entrepreneurial innovation explored here. As I describe, presidential action confronts a degree of uncertainty, engages a more diverse range of governmental functions and political roles, and operates within less precisely defined boundaries of authority than actors do in Congress or the courts. This, I argue provides the opportunities, resources, and assets for presidential acts of entrepreneurship, the effects of which have the potential to produce institutional change.

First, presidents face day-to-day uncertainties unlike those of members of Congress, who early in the history of the Republic developed internal forms of organization and rules of conduct to address the complexities of the legislative process.⁸⁸ As the sole nationally elected leader of a large and diverse constituency, presidents must endeavor to ascertain mass preferences across a wide range of issues. And oper-

ating within a complex system of separate branches linked in relations of overlapping authority and representation, presidential action can only anticipate with difficulty how various proposals will be received by other political actors, let alone voters and interest groups. But uncertainty also presents opportunities for speculation. Like Kirznerian entrepreneurs, presidents engage in a constant search for issues, alternatives, and strategies to achieve political and policy goals, each time risking their political reputation on the endeavor. And like Schumpeterian entrepreneurs, “disruption of the status quo ante is basic to the politics presidents make.”⁸⁹ In sum, speculation is at the heart of presidential leadership. As Charles O. Jones remarks, presidents “must invent and contrive to govern, then invent and contrive again and again.”⁹⁰

Of course speculative opportunities vary from president to president. And although some variance no doubt comes from the occurrence of unforeseen events such as war or depression, other opportunities for presidential speculation occur periodically. For example, the “honeymoon” enjoyed by a newly elected president is marked by a period of initial uncertainty during which a president’s legislative priorities and overall style in dealings with Congress and the press are largely unknown. Research on presidential transitions indicates that, when properly managed, the novelty of a change in office can be a propitious time for presidents to move their agenda forward.⁹¹ And as Conley’s work on presidential mandates points out, elections marked by pronounced change are more likely to be interpreted as opportunities for pressing the president’s agenda than elections where “traditional patterns of voting and turnout are confirmed.”⁹² Specifically, “changes that are surprising, in the sense that they deviate from historical patterns, and changes that are large in magnitude” can generate greater speculative opportunities for presidential entrepreneurship.⁹³ In Conley’s words, “the element of surprise gives momentum to a president’s mandate claims.”⁹⁴ In short, the uncertainty following a change in office generates speculative opportunities new presidents look to exploit.

Second, the diversity of presidential roles and functions provides resources for creative recombination. From their position within the separated system, presidents can join legislative, executive, and judicial functions in creative and variegated ways. Skowro-

84. *Ibid.*, 24.

85. Whittington, *Constitutional Construction*, 8.

86. *Ibid.*, 208.

87. *Ibid.*, 210–11. Similarly, King’s work on committee jurisdictions in Congress illustrates how entrepreneurial members seek out ambiguous but “jurisdictionally proximate” bills in order to expand their policy turf (*Turf Wars*, 22).

88. Joseph Cooper, *The Origins of the Standing Committees and the Development of the Modern House* (Houston, TX: William Marsh, Rice University, 1971).

89. Skowronek, *Politics Presidents Make*, 4.

90. Jones, “Reinventing Leeway,” 11.

91. Charles O. Jones, *Passages to the Presidency: From Campaigning to Governing* (Washington, DC: Brookings Institution Press, 1998); James P. Pfiffner, *The Strategic Presidency: Hitting the Ground Running*, 2d ed. (Lawrence: University Press of Kansas, 1996).

92. Patricia Heidotting Conley, *Presidential Mandates: How Elections Shape the National Agenda* (Chicago: University of Chicago Press, 2001), 40.

93. *Ibid.*, 39.

94. *Ibid.*, 40.

nek's work on the presidency illustrates how leadership prerogatives are generated from overlapping constitutional, institutional, and partisan orderings. Specifically, presidents simultaneously engage, "a constitutional ordering of institutional prerogatives . . . an organizational ordering of institutional resources . . . [and] a political ordering of institutional commitments."⁹⁵ Each president in turn draws his resources for leadership from the creative recombination of constitutional understandings of the executive power, the organizational character of government institutions, and the ideological and constituency commitments of the party in power. As Skowronek writes, "the presidency . . . is perhaps the premier example of how . . . institutional actors, by engaging all these different arrangements simultaneously, continually alter the range of political possibilities."⁹⁶ Put in the language of entrepreneurial innovation, the complexity of multiple institutional orders provides resources for speculative acts of creative recombination.

Another source of heterogeneity is found in the multiple presidential roles as head of state, head of government, and head of party; the president as a tribune of the people above politics and as a partisan politician, a legislative leader and a chief executive. As Cronin and Genovese put it, the "complex, multi-dimensional, even contradictory" characteristics of the office can frustrate some presidents.⁹⁷ Others successfully combine these complex and contradictory leadership roles into novel "extra constitutional" resources that recast popular leadership and executive authority. For example, Teddy Roosevelt combined the enduring notion of the president as tribune, the partisan resources of the mass political party, and the emergent resources of the bureaucratic state into a notion of the "modern president" that would stand above politics as both the sole, nationally elected leader and as the chief executive of a modern administrative apparatus. "The position of the president as a nationally elected officer was to be coupled with the professional discipline of the bureaucrat to ensure that . . . the national interest would be raised above private power."⁹⁸

Third, as numerous presidential scholars have noted, presidents hold an ambiguous position within the constitutional system.⁹⁹ Creation of the presidency at the Constitutional Convention reflected the ambiva-

lence of the framers toward popular leadership and executive authority, coupled with extreme uncertainty about the consequences such a novel constitutional structure would have for a republican government.¹⁰⁰ Divergent points of view about the executive and its relationship to other branches were settled through an accommodation that left the precise nature of presidential power undefined.¹⁰¹ As Corwin writes in *The President: Office and Powers*, "Article II is the most loosely drawn chapter of the Constitution."¹⁰²

Specifically, there is ambiguity in the unspecified or under-specified scope and content of the executive power. The president's role in legislation, administration, the conduct of war, and constitutional adjudication are neither fully prescribed nor proscribed by the Constitution. Presidential innovation consists of carving executive power out of the nebulous authority granted to the office in 1787. Not surprisingly, we associate presidential achievement with precisely the kind of innovation that results in novel understandings of the president's role in the constitutional system. Jefferson's negotiation of the Louisiana Purchase, Jackson's removal of bank president Nicholas Biddle, Lincoln's expansive interpretation of presidential power during the Civil War, or Franklin Roosevelt's agenda setting and flurry of legislative success during his first one hundred days each staked novel claims of executive authority in foreign policy, administration, the conduct of war, and legislation. Over time, a process of institutional development has taken place by fits and starts in which the accumulation of innovations established the president's role as legislative leader, chief executive, Commander in Chief, party leader, and chief diplomat.

But the ambiguity of presidential power is more than the constitutional indeterminateness that gives rise to prerogative powers and the capacity for unilateral action.¹⁰³ Ambiguity also arises from the multiple and sometimes contradictory sources of presidential authority that afford presidents with particular assets useful for the consolidation of institutional change. For example, presidents are beset by the order affirming, order shattering, and order creating imperatives of the office.¹⁰⁴ They are at once a source of continuity and change in the American political system: presidents stake their legitimacy on the affirmation of the Constitution and received partisan

95. Skowronek, *Politics Presidents Make*, 9.

96. *Ibid.*, 15.

97. Thomas E. Cronin and Michael A. Genovese, *The Paradoxes of the American Presidency* (New York: Oxford University Press, 1998), 2.

98. Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877–1920* (Cambridge: Cambridge University Press, 1982), 172.

99. Richard Pious, *The American Presidency* (New York: Basic Books, 1979); Terry M. Moe and William G. Howell, "The Presidential Power of Unilateral Action," *Journal of Law, Economics and Organization* 15 (1999); Kenneth R. Mayer, *With the Stroke of a Pen:*

Executive Orders and Presidential Power (Princeton, NJ: Princeton University Press, 2001).

100. Jack N. Rakove, *Original Meanings: Politics and Ideas in the Making of the Constitution* (New York: Vintage Books, 1996), 244–5. On ambivalence see Harvey Mansfield, *Taming the Prince: The Ambivalence of Modern Executive Power* (New York: Free Press, 1989).

101. On the creation of the presidency more generally, see *ibid.*, chap. 9.

102. Edward S. Corwin, *The President: Office and Powers, 1787–1957*, 4th ed. (New York: New York University Press, 1957), 3.

103. See especially Moe and Howell, "The Presidential Power," 137.

104. Skowronek, *Politics Presidents Make*, 20.

commitments, while at the same time try to distinguish their own presidency from those of their predecessors and secure a political legacy that survives beyond the life of an administration.¹⁰⁵ Despite the inherent contradiction, some presidents successfully manipulate this ambiguity in their effort to “make politics.” For example, by couching new extensions of executive power in claims of legitimate constitutional authority, presidents portray their innovations as a defense of the status quo or a return to first principles. In other words, ambiguity provides more than a constitutional space presidents occupy in a power grab with Congress or the Supreme Court; it also offers a practical device presidents can use to justify novel extensions of authority. In this manner, ambiguous leadership mandates provide flexible assets presidents employ in their effort to consolidate innovations that transform the constitutional, institutional, or partisan boundaries of presidential action.

Skowronek’s “reconstructive” presidents, for example, are perhaps most successful at exploiting these ambiguities in the service of political and institutional innovation.¹⁰⁶ Specifically, reconstructive presidents appear most adept at acting in ways that simultaneously “break with the past” yet still affirm basic principles and commitments. We see such examples in Jefferson’s ability to establish a dominant political faction, shape legislative outcomes in Congress, and extend the scope of federal authority yet still appear as if he were hewing closely to patrician mores and republican principles concerning non-partisanship, separated powers, and limited government.¹⁰⁷ Or when FDR endeavored to ground his state-building efforts in a language that evoked traditional doctrines of American government, remarking, “it is the combination of the old and new that marks orderly progress. . . . All that we do seeks to fulfill the historic traditions of the American people.”¹⁰⁸ By successfully couching radical departures in terms that evoke basic principles, Jefferson and Roosevelt used the ambiguity of their leadership mandates to successfully challenge the normative and institutional boundaries of executive authority.

Indeed the reconstructive presidents illustrate how the process of entrepreneurship contributes to a sequence of institutional change. Coming on the heels of a discredited regime, reconstructive presidents re-

define the political agenda, recombine existing affiliations and allegiances in novel ways, and consolidate their innovations through appeals to ambiguous leadership mandates. The most successful presidents secure lasting institutional change. In Skowronek’s words:

By shattering the politics of the past, orchestrating the establishment of a new coalition, and enshrining their commitments as the restoration of original values, [reconstructive presidents] have reset the very terms and conditions of constitutional government.¹⁰⁹

For example, consider the innovations surrounding the rise of the Democratic Party and Jacksonian democracy. Coming on the heels of John Quincy Adams’ ineffectual and in many eyes illegitimate term of office, the election of 1828 marked a period of political uncertainty for the United States. With the demise of the Jeffersonian political regime, a partisan interregnum ensued during which “political allegiances – both among leaders and among the electorate – were shifting and unstable.”¹¹⁰ Adding to this instability was the rapid democratization of presidential selection: turnout (as the proportion of eligible voters) doubled from 26.7 percent in 1824 to 55.2 percent in 1828.¹¹¹ And with 95 percent of electors chosen by popular vote, 1828 became “the first popular-styled campaign.”¹¹²

Exploiting this speculative opportunity, Andrew Jackson recast popular presidential leadership as a bulwark against congressional dominance of the executive and the subordination of the common good to special interests. Doctrines of separated powers and executive independence from the legislature were merged with the president’s unique connection to the public through direct election. And by putting to rest patrician ambivalence toward party politics, Jackson, along with his lieutenant Martin Van Buren, created “a national voting majority out of a patchwork of conflicting interest groups, classes and factions,” united by little more than their opposition to the outgoing regime.¹¹³ This new majority was, in fact, a creative recombination of existing partisan groupings. As Aldrich describes, “Instead of having to create state parties from whole cloth, national Democratic leaders could [combine] existing state and local parties, factions or cliques with remnants of the old Jeffersonian party.”¹¹⁴ Holding this disparate coalition

105. Ibid.

106. In *Politics President’s Make*, Skowronek describes Jefferson, Jackson, Lincoln, F. Roosevelt, and Reagan as reconstructive presidents.

107. Again, the capacity to have one’s actions interpreted from multiple, contradictory points of view is characteristic of the “robust action” described by Padgett and Ansell in “Robust Action.”

108. Franklin D. Roosevelt, “Answering the Critics” fireside chat of 28 June 1934, quoted in Marc Landy and Sidney M. Milkis, *Presidential Greatness* (Lawrence: University Press of Kansas, 2000), 162.

109. Skowronek, *Politics President’s Make*, 39.

110. Richard P. McCormick, *The Presidential Game: The Origins of American Presidential Politics* (Oxford: Oxford University Press, 1982), 128.

111. Rusk, *Statistical History*, 50–52, 131.

112. McCormick, *Presidential Game*, 149.

113. Robert Remini, *The Election of Andrew Jackson* (Philadelphia: Lippincott, 1963), 72–73.

114. John H. Aldrich, *Why Parties? The Origin and Transformation of Political Parties in America* (Chicago: University of Chicago Press, 1995), 115.

together, however, required an act of consolidation, a task made possible by the ambiguity of Jackson himself. Again quoting Aldrich, “Jackson’s ambiguous public image was . . . crucial in the formative years . . . of creating a national political party.”¹¹⁵ By leaving political content intentionally vague, politicians representing distinct regional and economic interests could sit comfortably together under the single banner of the Democratic Party. In sum, Jackson redefined popular leadership, recombined political allegiances, and consolidated them into a partisan organizational network that provided subsequent presidents with a personalized resource for dealing with Congress as well as the means to control the executive branch through the spoils system.

In sum, the complexities of the separated system provide the opportunities, resources, and assets for presidential acts of political entrepreneurship. The periodic disruption of a change in office presents presidents with a speculative opportunity to press their agenda. The multiplicity of presidential roles and functions provides incumbents with the resources to recombine constitutional, institutional, and partisan notions of executive authority in novel ways. Finally, the ambiguity of the office – both in terms of the constitutional indeterminacy of executive power and the multiple, contradictory nature of the leadership mandate – allows presidents to consolidate their innovations through claims of legitimate authority that simultaneously break with the past yet uphold received commitments.

Although many of these insights might appear commonplace to presidential scholars, I highlight the example of the presidency because it sheds light on the relationship between institutions, entrepreneurial innovation, and the dynamic of change. Institutions are not only constraints on action but also contribute to a process of endogenous change driven by the search for jurisdictional advantage and expressed through acts of entrepreneurial innovation. Again, it is the complex characteristics of institutions themselves that make this possible: periodic uncertainty generates speculative opportunities, multiple and overlapping components provide resources for creative recombination, and the boundaries of authority are not only ambiguous but attempts to fix such boundaries provide the very substance of politics itself.

ENTREPRENEURSHIP AND AMERICAN POLITICAL DEVELOPMENT

If attention to the process of entrepreneurial innovation is to open new possibilities for understanding institutional change, then future scholars will have to address several basic, but vexing questions: What sep-

arates success from failure? Why do entrepreneurs seem to “appear” at certain moments? And why do only some entrepreneurs succeed in brokering innovations into lasting institutional change? Although one might be tempted to examine entrepreneurs themselves, it would be a mistake to divert our attention from the structure of institutions to the personal qualities or characteristics of an individual, for this would limit the utility of the concept to the study of “great men.” Rather, attention to the institutional factors that contribute to entrepreneurial success and failure may offer new insights into the structure of institutions, sharpen our understanding of the mechanisms of institutional change, and perhaps even suggest how entrepreneurship can address larger questions of American political development.

To begin, let us return to our definition of entrepreneurship articulated above: entrepreneurial innovation is a speculative act of creative recombination that, when successful, transforms the institutional boundaries of authority. That is, entrepreneurs not only challenge existing jurisdictions – for example through the redefinition and recombination of existing functions – but also attempt to consolidate their innovation into new boundaries that confer authority upon them, in some cases monopoly power over a political or policy domain. Given this character of entrepreneurship, one should pay particular attention to institutional boundaries themselves, especially their permeability to outsiders, or entrepreneurial interlopers. Put another way, it might be the degree of institutional permeability that dictates whether a would-be entrepreneur can successfully challenge existing boundaries of institutional authority. The concept of an entry barrier helps capture this permeability.

In economics, barriers to entry restrict competition by imposing costs on potential entrants to a market that are not borne by incumbent firms and are sufficiently high to discourage market entry.¹¹⁶ Some barriers are regulatory in nature, such as licensing requirements or patent protections for intellectual property. Other barriers may arise from the large initial outlays required for market entry, as in capital-intensive industries, or due to the economies of scale enjoyed by incumbent firms in an industry. Still others are purposely erected by firms such as predatory or preferential pricing schemes and other acts intentionally designed to discourage competition.¹¹⁷

If we conceive of political entrepreneurs as potential entrants or competitors in politics or policy, then the concept of an entry barrier may be useful. Just as

116. George Stigler, *The Organization of Industry* (Homewood, IL: Richard D. Irwin, 1968).

117. Salop distinguishes between innocent barriers that are “a side effect of innocent profit maximization” and strategic barriers “purposely erected to reduce the possibility of entry” (Steven C. Salop, “Strategic Entry Deterrence,” *American Economic Review* 69 [1979]: 335–38).

115. *Ibid.*, 106.

economists attempt to relate *market* structure to the likelihood of technological innovation, it may also be the case that *political* structures influence the likelihood of political or policy innovation.¹¹⁸ For instance, one can distinguish among various kinds of political entry barriers ranging from legal or regulatory restrictions on political competition such as the time and place of elections, rules for access to the ballot, or various forms of incumbency advantage that discourage or restrict competition.¹¹⁹

Examples of the latter include basic perquisites of office such as the franking privilege in the United States Congress, the visibility and media attention that accompanies elected office, and the ability to point to a record of past material benefits delivered to constituents that prospective challengers can only promise to deliver if elected.¹²⁰ Other forms of incumbency advantage suggest more deliberate attempts to discourage competition such as campaign finance regimes that effectively raise the cost of political competition to a level only incumbents and major political parties with privileged access to funding sources can afford. Indeed various “innocent” barriers to entry created by electoral rules or incumbency advantage may, in fact, be the intentional result of attempts by elected officials to increase their job security.¹²¹

Still another class of entry barriers includes those erected to increase the cost of changing laws, regulations, and policies.¹²² For example, legislators can create binding policy commitments such as closely worded, detailed delegations of policy responsibility to bureaucracies or government trust funds that create separate budgetary accounts that precommit resources for specific programs and activities.¹²³ Finally, a host of rules and practices associated with

118. For a review of this literature in economics, see Morton I. Kamien and Nancy L. Schwartz, “Market Structure and Innovation: A Survey,” *Journal of Economic Literature* 13 (1976): 1–37. The following discussion builds on the insights of Wohlgemuth’s “Political Entrepreneurship” and Schneider and Teske’s “Political Entrepreneur,” which both examine the impact of entry barriers on political entrepreneurship.

119. Additional examples of legal or regulatory entry barriers to politics include proportional versus plurality electoral systems and vote thresholds for representation in national parliaments, both of which erect entry barriers to third parties in political competition (Wohlgemuth, “Political Entrepreneurship,” 281).

120. Schneider and Teske “Political Entrepreneur,” 740.

121. Indeed, the cartel party model developed by Katz and Mair points to a host of devices, including capital-intensive political campaigns, state subventions to major parties, and the effective circumscription of the policy agenda that facilitate collusion among a professionalized political class of incumbents (Richard S. Katz and Peter Mair, “Changing Models of Party Organization and Party Democracy: The Emergence of the Cartel Party,” *Party Politics* 1 [1995]: 5–28).

122. Wohlgemuth, “Political Entrepreneurship,” 283.

123. Terry M. Moe, “Political Institutions: The Neglected Side of the Story,” *Journal of Law, Economics, and Organization* 6 (1990): 213–53; Eric M. Patashnik, *Putting Trust in the U.S. Budget: Federal Trust Funds and the Politics of Commitment* (Cambridge: Cambridge University Press, 2000).

policymaking may be understood as entry barriers for potential “competitors” such as the scope and integrity of committee jurisdictions, the role and influence of minority parties within legislatures, and rules governing who may bring suit in court against actions by the government.¹²⁴

Moreover, work by economists on the relationship between market structure and innovation suggests that the level of entry barriers – high or low – might influence the *likelihood* of innovation. On the one hand, low entry barriers might encourage innovation since it permits creative “outsiders” to enter the market. On the other hand, if entry barriers are too low, such as where patent protections or intellectual property rights do not exist, this might discourage innovation since any profits will be rapidly competed away by rival firms. Conversely, higher entry barriers may encourage innovation if it permits successful entrepreneurs to secure a temporary monopoly and protect their innovations, but of course very high barriers to entry will discourage innovation since competition will be completely lacking. Thus, economists speculate that the relationship between entry barriers and innovation is curvilinear: innovation is least likely when entry barriers are extremely high or low.¹²⁵

In fact, the notion that innovation is more likely at some intermediate level of entry barriers is consistent with other scholarship concerning political change. For instance, work on opportunity structures and social movements suggest that social protest will be more likely “in systems characterized by a mix of open and closed factors.” Accordingly, “protest is not likely to occur in extremely closed (repressive) systems or extremely open (responsive) systems. Hence the relationship of system characteristics and the incidence of protest will be curvilinear.”¹²⁶ In a similar vein, Clemens notes how the middle class women who innovated new forms of policy advocacy in the late nineteenth century were “the least marginal of the marginalized, the most advantaged of the disadvan-

124. Baumgartner and Jones, *Agendas and Instability*; Sarah Binder, *Minority Rights, Majority Rule: Partisanship and the Development of Congress* (Cambridge: Cambridge University Press, 1997); Karen Orren, “Standing to Sue: Interest Group Conflict in the Federal Courts,” *American Political Science Review* 70 (1976): 723–41. According to Orren, prior to its liberalization, “the doctrine of standing constituted a barrier to parties who would protest actions . . . but who had not been designated by Congress or otherwise legally recognized as “parties aggrieved” entitled to initiate judicial review” (ibid., 723).

125. F.M. Scherer, “Schumpeter and Plausible Capitalism,” *Journal of Economic Literature* 30 (1992): 1416–33; Kamien and Schwartz, “Market Structure”; Holly J. Raider, “Market Structure and Innovation,” *Social Science Research* 27 (1998): 1–27. Specifically, the relationship is an inverted U-shaped one. Rising entry barriers encourage innovation until some peak beyond which the difficulty of entry discourages potential innovators. See Scherer, “Schumpeter,” 420.

126. Peter K. Eisinger, “The Conditions of Protest Behavior in American Cities,” *American Political Science Review* 67 (1973): 15.

taged.”¹²⁷ In contrast to white working-class men and farmers who were fully incorporated into American politics (very low barriers) and African Americans, who were fully excluded (very high barriers), the white, middle-class women possessed just enough resources (namely money and social status) to challenge the prevailing political order. That is, they encountered a moderate level of entry barriers. As these examples suggest, if some intermediate level of entry barrier is most conducive to innovation, then entrepreneurship will vary across institutions and over time. I will return to this point shortly.

In the meantime, attention to the impact of entry barriers raises important empirical questions for those who wish to study the process of institutional change. In particular, observed patterns of change that conform to the expectations of punctuated equilibrium or path dependence models may be due to factors other than the timing of exogenous shocks or the way learning effects and high initial fixed costs reinforce previous ways of doing things. What looks like stability or institutional equilibrium may in fact mask a steady probing for innovation, albeit one in which entrepreneurs usually fail to consolidate their innovations into durable institutional change or meet with only partial success.

Consider for a moment the impact of very high or very low entry barriers on political entrepreneurship. Where entry barriers are too high, entrepreneurship will be discouraged as innovations that would challenge existing jurisdictions of authority fail to see the light of day. High entry barriers might produce the kind of stability described in the classic “iron triangle,” or as more recent scholarship puts it, issue monopoly.¹²⁸ Here, the source of stability is from political factors that limit or prohibit entry by outsiders who would challenge the status quo rather than regulative, normative, or cognitive constraints on the actions of individuals within an institution or jurisdiction.¹²⁹ Where entry barriers are too low, entrepreneurs find it comparatively easy to engage in speculative acts of creative recombination, but the consolidation of innovation – transforming institutional boundaries in a way that perpetuates new jurisdictions of authority – may be exceptionally difficult.

127. Elisabeth S. Clemens, *The People's Lobby: Organizational Innovation and the Rise of Interest Group Politics in the United States, 1890–1925* (Chicago: University of Chicago Press, 1997), 12.

128. Arthur Maass, *Muddy Waters: The Army Engineers and the Nation's Rivers* (Cambridge, MA: Harvard University Press, 1951); David Truman, *The Governmental Process: Political Interests and Public Opinion* (New York: Knopf, 1951). On issue monopolies see Jones, Baumgartner, and Talbert, “The Destruction of Issue Monopolies.”

129. Stewart Wood draws a similar contrast between increasing returns arguments for policy stability and “one which links policy outcomes to the interests of key actors.” See his “Labour Market Regimes under Threat? Sources of Continuity in Germany, Britain, and Sweden,” in *The New Politics of the Welfare State*, ed. Paul Pierson (Oxford: Oxford University Press, 2001), 375.

The example of low entry barriers cautions us against conflating the process of innovation and the difficult task of consolidation.¹³⁰ Moreover, failed innovations do not necessarily disappear. Rather, entrepreneurial failures may become part of an iterative process of innovation that provides the basis for future success: for example, the New Deal coalition Roosevelt constructed in 1932 built upon the advances of Al Smith’s “failed” 1928 campaign; Reagan’s “revolution” built on themes first articulated by Goldwater in 1964 and amplified by Nixon in 1968 and 1972. Because not all innovations are successfully consolidated, entrepreneurship might produce something that resembles punctuated equilibrium, but one that is endogenously driven rather than externally induced.

Another source of possible confusion comes from the fact that political entrepreneurs will almost never completely dislodge their rivals from politics or policy. Unlike entrepreneurs in a market, protections for innovations such as patents or other forms of intellectual property rights do not exist in the political realm.¹³¹ Instead, entrepreneurs must make information regarding the precise content of an innovation public to voters and other potential rivals. As a result of this transparency, innovations will diffuse rapidly and monopoly rents derived from any innovation will be fleeting as competitors mimic (or co-opt) novel political appeals or policy proposals.

Lacking the capacity to protect innovations, successful entrepreneurs will find it difficult to completely exclude rivals from competition. “The ‘losers’ in one round of institutional reform do not go away; instead, they . . . typically remain to fight another day.”¹³² This has important implications for the process of institutional change. Rather than resemble a process of creative destruction as Schumpeter envisioned in which new institutional forms displace older ones, innovation in the political world will most often result in a series of partial and incomplete victories. Institutional change takes place, but it is through the accumulation of these partial victories – incremental innovations that produce the characteristic layering noted by scholars of American political development.¹³³ And even though the pattern of institutional change might appear piecemeal and gradual rather than sudden and dramatic, it is for reasons other than those expected by path dependence mod-

130. For example, see the discussion of regime consolidation in M. Stephen Weatherford, “After the Critical Election: Presidential Leadership, Competition and the Consolidation of the New Deal Realignment,” *British Journal of Political Science* 32 (2002): 221–57.

131. Clemens, *The People's Lobby*; Schneider and Teske with Mintrom, *Public Entrepreneurs*; Paul Pierson, “The Limits of Design: Explaining Institutional Origins and Change,” *Governance* 13 (2000): 475–99.

132. Schickler, *Disjointed Pluralism*, 255.

133. See especially *ibid.*, Orren and Skowronek, “Beyond the Iconography of Order.”

els of change. What looks like the evolution of institutions along an incremental path may in fact be the aggregation of entrepreneurial innovations that are never fully consolidated into large-scale institutional change.

In sum, entrepreneurs may fail altogether, they may build upon past failures to produce a single, dramatic innovation, or they may only succeed in part, producing a series of partial innovations that never completely transform the institutional landscape. In other words, entrepreneurship might produce no change, punctuated change, or incremental change; outcomes that resemble the expectations of mainstream theories, but do not depend either on the occurrence of some exogenous shock or the feedback effects of existing institutions. This is not to say punctuated equilibrium or path-dependent accounts are incorrect. Rather, my point is that the concept of entrepreneurship presents scholars with an empirical challenge when attempting to understand the process of change: one must endeavor to find evidence that can help adjudicate between mechanisms of change rather than outcomes, between an endogenous process of entrepreneurship, an exogenous crisis or critical juncture, and a self-reinforcing sequence along a particular path.

Finally, let me suggest how the concept of entrepreneurship might provoke questions about macro-historical developments in American politics. As various studies suggest, entrepreneurs are to be found in Congress, the presidency, the bureaucracy, and interest groups. Yet if entrepreneurship is so pervasive why does institutional change appear so halting and glacial? One variant of this phenomenon can be found in the apparent paradox of the modern presidency: even as the president has amassed greater institutional resources than his nineteenth century forerunners, the modern president also appears more constrained than his predecessors in the face of other institutional actors confident in their constitutional roles and more vigilant in their efforts to defend them.¹³⁴

In addressing this question, future research might examine how changes in the structure of political competition, such as the role of political parties as mediating institutions, impact political barriers to entry in the United States. In congressional politics for example, scholars have shown that ballot access rules such as filing fees and petitions do erect political entry barriers and discourage competition.¹³⁵ Although modest ballot access requirements still exist in most states, "legislative reforms and court interventions removed many of these barriers," especially in the

134. Richard M. Pious, "Why Do Presidents Fail?" *Presidential Studies Quarterly* 32 (2002): 725.

135. Stephen Ansolabehere and Alan Gerber, "The Effects of Filing Fees and Petition Requirements on U.S. House Elections," *Legislative Studies Quarterly* 21 (1996): 249–64.

South.¹³⁶ Lower entry barriers, in turn, increased political competition, at least between the two major parties.¹³⁷ Meanwhile, at the presidential level, the shift from a party-controlled to a primary-based selection process also lowered certain barriers, making possible, for example, the election of political "outsiders."¹³⁸ And, as parties receded from the process of candidate selection, organized interests proliferated as mediating institutions between voters and elected representatives.¹³⁹ Along with other changes, such as multiple referrals that weakened committee jurisdictions in Congress or the creation of a presidential bureaucracy apart from the executive branch, these trends have contributed to the candidate-centered – or entrepreneurial – character of contemporary American politics.

But if institutional changes have lowered barriers to entry in American politics, it has also become more difficult to consolidate innovations into lasting institutional change. For instance, congressional scholars note that the decline of the textbook committee system made it more difficult to put together the requisite floor coalitions in support of legislation.¹⁴⁰ Presidential scholars have noted that as presidents divorced themselves from political parties in pursuit of more personalized institutional assets they, perhaps unwittingly, have foregone an important resource for the mobilization of political support.¹⁴¹ Finally, the proliferation of interest groups brought access to a greater array of political interests, but it has also fragmented interest representation to such an extent that it becomes difficult for coalitions to form in support of major political change.¹⁴² If successful entrepreneurship becomes more difficult below some thresh-

136. *Ibid.*, 249.

137. For example, Wrighton and Squire found that the number of uncontested seats for the House of Representatives declined by half between the 1950s and 1990s. See J. Mark Wrighton and Peverill Squire, "Uncontested Seats and Electoral Competition for the U.S. House of Representatives Over Time," *Journal of Politics* 59 (1997): 452–68. In the case of the South, Johnston and Shafer show the steady rise of Republican candidates for House seats beginning in the 1960s (Richard Johnston and Byron Shafer, "The Transformation of Southern Politics Revisited: The House of Representatives as a Window," *British Journal of Political Science* 31 [2001]: 619).

138. Nelson W. Polsby, *Consequences of Party Reform* (Oxford: Oxford University Press, 1983).

139. John Mark Hansen, *Gaining Access: Congress and the Farm Lobby, 1919–1981* (Chicago: University of Chicago Press, 1993).

140. Lawrence C. Dodd, "Congress and the Quest for Power," in *Congress Reconsidered*, ed. Lawrence C. Dodd and Bruce I. Oppenheimer (Washington, DC: Congressional Quarterly Press, 1977). See also Sven Steinmo and Jon Watts, "It's the Institutions, Stupid! Why Comprehensive National Health Insurance Always Fails in America," *Journal of Health Politics, Policy and Law* 20 (1995): 329–72.

141. Sidney M. Milkis, *The President and the Parties: The Transformation of the American Party System* (Oxford: Oxford University Press, 1993).

142. See for example Theda Skocpol's account of the Clinton plan in *Boomerang: Health Care Reform and the Turn Against Government* (New York: W.W. Norton, 1997).

old of entry barriers, then one might expect institutional change to appear more halting even as other developments lower entry barriers to various interests or actors in American politics.

A similar question arises about the effects of institutional complexity. As complexity increases, the relationship between system components becomes less clear. Hierarchies are flattened as networks spanning institutions replace rigid orders differentiated along functional lines.¹⁴³ Put another way, increasing complexity renders the boundaries separating components less clearly defined and more permeable: rising complexity lowers entry barriers. Such an account is consistent with standard interpretations of late twentieth century politics explained variously as the rise of issue networks, the blurring boundary between state and society, or the substitution of “governance” for government.¹⁴⁴

But if rising complexity lowers entry barriers, then the relationship between complexity and innovation may be curvilinear as well. How well does this conform to the arc of American political development? To begin, it is worth noting the number of works that locate significant institutional developments in the fifty year period between roughly 1890 and 1940: the creation of a professional civil service, the rise of the modern presidency, the emergence of interest group politics, and important changes in congressional rules.¹⁴⁵ The timing of these changes also coincides with rising social and political complexity. For example, Carpenter suggests how complexity was an important resource for entrepreneurs in pursuit of bureaucratic autonomy. Specifically, Carpenter notes that “it was precisely the multiplicity and diversity of civic and voluntary associations during the period from 1880 to 1920” that made it possible for bureaucratic entrepreneurs to construct such diverse coalitions in support of enlarged agency autonomy.¹⁴⁶

If the relationship between complexity and innovation is curvilinear, then the continued thickening of American political institutions in the second half of the twentieth century might also account for the observation that the capacity of political actors to transform their surroundings has diminished even as their institutional prerogatives multiply. Consider again the paradox of the modern presidency. Over

time, successful innovations have widened the scope of legitimate presidential authority in matters of legislation, foreign policy, administration, and electoral politics. Whereas the patrician presidents hewed to a carefully delineated range of acceptable actions, foregoing for example direct involvement in legislation or overt electioneering, the roles of contemporary presidents are much broader, and less clearly defined. Although this characteristic of the modern presidency permits a greater scope for innovation, “transgressing” constitutional boundaries links the president to other political actors in a complex system, “a complicated intertwining of institutions, individuals, and events” to borrow March and Olson’s phrase.¹⁴⁷ But with rising complexity, each presidential action is anticipated or reflected by Congress, the media, by interest groups, or political opponents in a manner that diminishes the thrust of innovation. And, although rising complexity may multiply speculative opportunities in politics, it also makes it more difficult to anticipate outcomes in a way that would increase the chances of success. Entrepreneurship proceeds, as catalogued in daily press briefings, but success is fleeting.¹⁴⁸ Rather than a paradox, the relationship between complexity and innovation suggests why presidents appear to do more, yet achieve less.

Whether the relationship between entrepreneurs, innovation, and institutional change elaborated here provides a plausible account of American political development awaits empirical validation. Nevertheless, these examples illustrate how entrepreneurship can add to our understanding of institutional change and prompt questions about macro-historical developments in American politics.

CONCLUSION

Institutional accounts predicated on the analysis of stability risk losing sight of the dynamic, contested character of politics. I have suggested how one might approach the puzzle of institutional change by elaborating the concept of political entrepreneurship. Although I have attempted to describe what entrepreneurs do, namely engage in speculative acts of creative recombination in ways that challenge existing boundaries of authority, my focus has been on the characteristics of institutions themselves that make innovation possible: the speculative opportunities of decision-making under uncertainty, the resources provided by multiple, overlapping, and heterogeneous structures, and the flexible assets afforded by ambiguity. This is a view of politics that challenges prevailing notions of institutions as equilibrium outcomes and, instead, attempts to grasp the complexity of social and political life.

147. March and Olson, “The New Institutionalism,” 740.

148. Or, spectacular failures remain common, and often resemble previous missteps. See Pious, “Why Do Presidents Fail?”

143. David Stark, “Ambiguous Assets for Uncertain Environments: Heterarchy in Post-Socialist Firms,” in *The Twenty-first-century Firm: Changing Economic Organization in International Perspective*, ed. Paul DiMaggio (Princeton, NJ: Princeton University Press, 2001).

144. Hugh Heclo, “Issue Networks and the Executive Establishment,” in *The New American Political System*, ed. Anthony King (Washington, DC: American Enterprise Institute, 1978); R.A.W. Rhodes, *Understanding Governance: Policy Networks, Governance, Reflexivity, and Accountability* (Buckingham, UK: Open University Press, 1997).

145. Carpenter, *Forging Bureaucratic Autonomy*; Skowronek, *The Politics Presidents Make*; Clemens, *The People’s Lobby*; Schickler, *Disjointed Pluralism*.

146. Carpenter, “State Building,” 125.

Moving beyond an understanding of institutions as equilibrium outcomes opens up a number of research lines relevant to students of institutions and especially those interested in macro-historical developments in American politics. First, it makes possible an endogenous account of institutional change centered on the concept of entrepreneurship but whose central insight is into the way complexity provides the opportunities, resources, and assets for successful innovation. Second, a focus on the way institutions themselves facilitate and frustrate innovation draws our attention to entrepreneurial failure as well as success. Because of the distinctive characteristics of entrepreneurial innovation and the challenges of successful consolidation, what looks like structure-induced stability, punctuated equilibrium, or incremental change along a path may be due to factors other than those suggested by mainstream views of institutions. Attention to entrepreneurship forces us to adjudicate between different mechanisms of change: between an endogenous process of innovation, an exogenous critical juncture, or a self-reinforcing sequence. Third, the relationship between complexity and entrepreneurial innovation suggests lines of inquiry into the dynamic of macro-historical change in American politics. The concepts elaborated above may offer new insights into periodic bursts of innovation as well as the way institutional change is stymied even in the face of greater entrepreneurial “capacities.”

Finally, a focus on entrepreneurship has implications for how one studies American politics. As Robert Jervis reminds us, complex systems have

emergent properties: the system as a whole is not reducible to the aggregation of its parts.¹⁴⁹ Once one appreciates the complexity of the American political system, one realizes that disciplinary norms that divide the study of American politics into institutional components – Congress, the presidency, and the courts – will miss a great deal. This warrants greater attention to the interaction between institutions and an appreciation for the complex characteristics of the American political system as a whole, in addition to the accumulation of knowledge about its institutional components.

In sum, a more precise definition of entrepreneurship can help one remain attentive to the halting and difficult nature of institutional change without losing sight of the ongoing contestation and conflict at the heart of politics. One can appreciate the effects of complexity, yet avoid an overly contingent account of institutions that fails to capture what institutions actually “do”; namely, constrain, constitute, and limit actors’ choices. In other words, one should not dispense with the mainstream view of institutions or punctuated equilibrium accounts predicated on the occurrence of an exogenous shock or event. Crises *do* precipitate change, but not always. Rather, a focus on entrepreneurial innovation as a source of endogenous institutional change underscores how the opportunities, resources, and assets that make institutional change possible arise out of the complexity of everyday politics.

149. Jervis, *System Effects*.

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