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The Limits of Studying Entrepreneurial Episodes

Americans love individual success stories, especially ones that have a major impact on public policy. The plot lines tend to be very similar. Insightful individuals perceive a problem that they believe the government can help to solve. They wage a long, many times painful campaign to bring about change. Usually there are clearly defined enemies: large corporations, loathsome criminals, corrupt politicians, and so forth. Yet, despite these formidable opponents, the champions of reform manage against all odds to defeat their opponents. When the issue is finally resolved, historians record how the domain of public policy was transformed forever because of their enterprising initiatives.

The emphasis on the crusade of the individual has also seeped into our attempt to map out entrepreneurial behavior in politics in a more formal sense. Social scientists have long struggled to understand how policies are placed on the public agenda. Oftentimes, their accounts have echoed those found in the popular media by focusing on the pivotal group or the unique individual who manages to emerge from the pack and “get things done.” Much of this work has involved intensive case studies and biographical analyses, from which scholars have gleaned insight into the strategies of those individuals who rise above everyone else to solve a critical public problem. In sum, we know a lot about isolated actors and isolated incidents of change.¹

¹ See, for example, Jameson Doig and Erwin C. Hargrove, eds. 1987. *Leadership and Innovation: A Biographic Perspective on Entrepreneurs in Government*. Baltimore: Johns Hopkins University Press; Richard F. Fenno. 1989. *The Making of a Senator: Dan Quayle*. Washington, DC: Congressional Quarterly; David E. Price. 1971. “Professionals and

But we need to know much more. The premise of this book is that we can more effectively increase our knowledge of the entrepreneurial process by focusing on the evolution of a single societal problem over time rather than on the individual or groups of individuals who seek to attack bits and pieces of the problem at any particular point in time. The reasoning is simple. When we focus on the individual, our scholarly interest remains parochial. Our research questions center on exploring how a particular group captures the public's attention, the methods used in translating their ideas into policy, and the ultimate impact of the ideas upon implementation.

Most importantly, by restricting our analysis to the actions of policy entrepreneurs at one particular point in time, we lose sight of the most important function of leaders in the public arena: *that of resource allocation in the long run*. A theory of innovation must be able to highlight the dynamism of this transformative process and can best be developed by examining a long-standing public problem. By definition, long-standing public problems do not respond to quick fixes, easy answers, or magical solutions. Rather than a single individual or group of policy entrepreneurs addressing the issue and then exiting the policy scene, then, a series of entrepreneurs is constantly involved in the process. Under one set of political circumstances, advocates from a certain political party, professional affiliation, or other type of advantageous position, evolve into powerful spokespeople for the specific cause under consideration. With all eyes focused on them, these entrepreneurs influence public policy by shaping the public discourse to match their view of the problem at hand. They are, in essence, successful at reallocating governmental resources away from traditional ways of conducting business and toward their own most preferred policy outcome.

With the passage of political time, new philosophies engage the public debate, different ideologies seize the attention of voters, and innovative perspectives come to define contemporary political culture. This changing environment provides the opportunity for *other* policy entrepreneurs to ascend in importance, overtake their opponents, and present *their* views of the problem at hand. In the end, if they are convincing, they can reallocate resources toward their preferred policy outcome. And, since most policy

'Entrepreneurs': Staff Orientations and Policy Making on Three Senate Committees." *Journal of Politics* 33(2): 548–574; Julian E. Zelizer. 1998. *Taxing America: Wilbur D. Mills, Congress, and the State, 1945–1975*. Cambridge: Cambridge University Press.

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problems fail to achieve definitive resolution, this cycle is repeated time and time again.

Understanding the goal of resource allocation as *the* fundamental task of political entrepreneurs allows us to shift our attention away from the personal characteristics and tasks of the entrepreneur and to focus instead on the processes under which these cycles of change take place. We thus can reorient our research questions away from exploring the personal motivations of specific innovators and toward the entrepreneurial activity that occurs before they emerge on the scene of a particular problem and after they have disappeared. From this new, long-run perspective, the internal drive of the particular entrepreneur is less important than the challenges that all entrepreneurs must face in the political arena.²

This book examines this new view of entrepreneurship using the case of child support enforcement, one of the most fundamental social problems facing American society today. Scholars have consistently reported that the likelihood of a child growing up in poverty increases dramatically when the family unit is headed by a single parent, usually the mother.³ In early American history, local charities and churches provided services to these fatherless families. Localized mothers' pension programs at the turn of the century also provided assistance. However, when community groups failed to respond to the massive economic dislocation created by the Great Depression, the federal government stepped in with the Aid to Dependent Children program (ADC) (later renamed the Aid to Families with Dependent Children program [AFDC], and in 1996 transformed once again into the Temporary Assistance for Needy Families program [TANF]). Begun in 1935, ADC provided welfare benefits to single-parent families – primarily widows – in economic need and represented a

² Recent work on the American presidency has moved in this direction as well. Compare Stephen Skowronek's 1993 work on patterns of historical change that influence presidential positioning (*The Politics Presidents Make: Leadership from John Adams to George Bush*. Cambridge: Belknap Press) to Benjamin Barber's 1972 psychological perspective on the presidency (*The Presidential Character: Predicting Performance in the White House*. Englewood Cliffs, NJ: Prentice Hall).

³ Throughout this book, we will be considering the custodial parent to be the mother, usually the recipient of child support collections. The noncustodial parent will be the father, usually the payer of child support. The statistics warrant these generalizations. In the spring of 2000, 85 percent of all custodial parents were mothers, and only approximately 15 percent were fathers. In 1999, taking all families with an agreed-upon child support order in place, 90 percent of the recipients were custodial mothers. See Timothy Grall. 2002. "Custodial Mothers and Fathers and Their Child Support." Current Population Reports, series P60–217, United States Bureau of the Census.

monumental break with past, more localized types of assistance. When the client base began to tip away from widows toward divorced and never-married mothers, the Federal Child Support Enforcement Program was begun in 1975 in order to find and compel fathers to provide for their offspring.

Despite the introduction of a variety of new tools designed to improve support outcomes, program statistics demonstrate the problems inherent in ensuring that all nonmarital children have paternity established and that all noncustodial parents provide financial support for their children. Locating fathers of different socioeconomic backgrounds and then mandating that they pay has proved to be a difficult challenge. At the end of 2000, approximately 17 million families were enrolled in the child support program. Of these 17 million cases, only 61.5 percent had child support orders in place. Data reported at the end of 2000 indicate that out of \$23 billion in current support due, the program collected only \$13 billion, or 56 percent. Of the \$84 billion still outstanding from previous years, only \$6 billion, or 7 percent, was collected.⁴

But before we move into a discussion of the historical treatment of this issue in greater detail, we must first begin building a new toolbox for understanding the trajectory of all entrepreneurial systems using our new, long-run approach. In piecing together this toolbox, the disciplines of political science and economics have had a lot to say. Only recently, however, have they been talking to each other.

WHO ARE POLICY ENTREPRENEURS? ENTREPRENEURIAL MOVEMENTS AT WORK

A theory of policy entrepreneurship must take into account the diversity of actors who are involved in policy change over long periods of time. In fact, while individual stories tend to dominate what is presented to us in popular culture, the political science literature describing who these entrepreneurs are does not necessarily demand autonomous actors. Rather, instead of honing in on definable personality types, major theoretical breakthroughs in political science have tended to describe three entrepreneurial characteristics: *alertness*, *persistence*, and *rhetorical ingenuity*. Notably, each of these characteristics, as we will see, can be displayed by a wide variety of actors. That is, as long as they have these characteristics,

⁴ See the 2001 *FY2000 Preliminary Data Preview Report*. Washington, DC: Office of Child Support Enforcement, pp. 1–5.

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policy entrepreneurs can be politicians, interest groups, bureaucrats, parties, or ordinary citizens.

John Kingdon's work is responsible for our most comprehensive knowledge on the characteristics of policy leaders.⁵ In Kingdon's view, there are numerous societal problems and potential solutions "floating around" at a given time. Reflecting his permeable and fluid view of the world, Kingdon contends that each of these problems and solutions can merge at any point in time; the primary issue is when this merger will take place. Policy entrepreneurs act as alert facilitators by appearing on the political scene at opportune times and matching their preferred policy solution to the problem at hand. Inherent in this definition of the policy entrepreneur is the notion of a clearly defined "window of opportunity" for action; the entrepreneur enters the fray by articulating a problem in a specific way, succeeds in establishing his or her program, and then exits from the policy stage.

Other researchers have attempted to formalize the concept of alertness by specifying the exact conditions under which society can expect entrepreneurs to emerge. In these models, there is an identifiable pool of talent that has the potential to exhibit entrepreneurial behaviors. The scope of talent is based on a number of individual factors, including income and education levels. Environmental conditions, however, determine the extent to which such leaders choose to devote their lives to activities in the public rather than the private arena. More specifically, slack budgetary resources in government may encourage entrepreneurs to take their chances on redirecting their energies away from private pursuits and toward their preferred policy goals.⁶

Other political scientists have focused on a second component of entrepreneurial behavior: persistence. Because the opportunities for policy action are uncertain, entrepreneurs must be patient. They must wait for the most opportune time to present their preferred policy alternatives to the public at large. Scholars writing in this tradition point to the need to distinguish policy entrepreneurs from policy opportunists in governmental politics. Entrepreneurs are those individuals respected for their skill set who have been consistently interested in the policy at hand; opportunists, on the other hand, are more likely to associate themselves with the issue

⁵ John Kingdon. 1984. *Agendas, Alternatives and Public Policies*. Boston: Little, Brown.

⁶ Martin Ricketts. 1987. *The New Industrial Economics*. New York: St. Martin's Press; Mark Schneider and Paul Teske. 1995. *Public Entrepreneurs: Agents for Change in American Government*. Princeton, NJ: Princeton University Press.

when they see a chance for a substantial impact on the policy agenda. Entrepreneurs – those who remain firmly linked to an issue over time – tend to be much more effective legislators than their opportunistic peers. Researchers have reinforced these findings across various policy areas, including school choice and women's issues.⁷

The third task pinpointed by political scientists as critical to entrepreneurship is the proactive use of rhetorical ingenuity. Rhetorical ingenuity refers specifically to the entrepreneur's ability to frame issues in such a way as to maximize the chance for legislative action. Ingenuity is especially important because of the puzzle articulated in Arrow's Impossibility Theorem, which states that in a world of diverse tastes and preferences, equilibrium in terms of an established policy outcome is difficult to achieve. More specifically, in the early 1950s, the mathematical economist Kenneth Arrow showed that when individuals rank their policy preferences among three or more alternatives, no single voting procedure can always determine which outcome will ultimately be selected.⁸ And as the number of individuals and alternative situations to be ranked increases, the likelihood that the individuals' rankings and social rankings will diverge also increases. Instead of stability, then, we should witness only a steady cycling of policy options with no clear outcomes. But empirical observation did not bear these predictions out – decisions were made, and new policies were implemented. The idea that institutions themselves could produce stable outcomes – also known as structure-induced equilibrium – provided the foundation for William Riker's influential work on the use of language in communicating ideas.⁹

If institutions could produce structure-induced equilibrium with respect to policy outcomes, then when would we witness policy change?

⁷ Carol Weissert. 1991. "Policy Entrepreneurs, Policy Opportunists, and Legislative Effectiveness." *American Politics Quarterly* 19(2): 262–274; Michael Mintrom. 1997. "Policy Entrepreneurs and the Diffusion of Innovation." *American Journal of Political Science* 41(3): 738–770; Nelson W. Polsby. 1994. *Political Innovation in America: The Politics of Policy Initiation*. New Haven, CT: Yale University Press; Sue Thomas. 1991. "The Impact of Women on State Legislative Policies." *The Journal of Politics* 53(4): 958–976; Sue Thomas. 1994. *How Women Legislate*. New York: Oxford University Press; Michael Mintrom. 2000. *Policy Entrepreneurs and School Choice*. Washington, DC: Georgetown University Press.

⁸ Kenneth Arrow. 1951. *Social Choice and Individual Values*. New York: Wiley.

⁹ Kenneth Shepsle. 1979. "Institutional Arrangements and Equilibrium in Multidimensional Voting Models." *American Journal of Political Science* 23(1): 27–59; William Riker. 1980. "Implications from the Disequilibrium of Majority Rule for the Study of Institutions." *American Political Science Review* 74(2): 1235–1247; William Riker. 1986. *The Art of Political Manipulation*. New Haven, CT: Yale University Press.

Riker's central insight was that the policy entrepreneur has the ability to destabilize any equilibrium by casting his or her preferred policy option in a new way. Riker described these tactics as "heresthetics," or the methodic manipulation of the policy choice set. To Riker, policy actors are motivated to win, or to ensure that their preferred policy ideas are chosen over all of the alternatives. In order to win, they must behave creatively, employing the written word, oral arguments, and visual strategies to improve their chances of success. A classic example of such tactics is provided by the two sides involved in the abortion debate. Those who favor abortion rights call themselves "pro-choice," setting up their opponents as the enemies of freedom and individual liberty. Those who oppose abortion rights, on the other hand, call themselves "pro-life," implying that anyone who disagrees with them is in favor of death to the unborn. In this case, as well as in others, then, entrepreneurs are those individuals who have the verbal skills necessary to destroy past systems of stability and initiate new ones.¹⁰

Image shaping is an integral part of entrepreneurship, but as Frank R. Baumgartner and Bryan D. Jones point out, venue shopping might be equally important.¹¹ Entrepreneurs must not only be creative in reshaping policy proposals to their advantage, they must also be skilled in shopping for the most advantageous venue in which to present their new ideas. This is especially true in the United States, where the separation of powers as well as federalism generate multiple access points for those seeking to advance a specific agenda. Again, continuing with the abortion example, opponents of abortion have in recent years pursued restrictive laws in their state legislatures, because the Supreme Court has refused to overturn its 1973 decision in *Roe v. Wade*, which permits abortion under certain conditions. Another notable example of venue shopping is the current effort by advocacy groups in many states, such as New Jersey, in favor of greater funding for urban schools. Because their arguments have not been convincing to state legislators, these groups have now moved to the state courts in order to push their agenda forward.¹² Only if the right mix of

¹⁰ For a thorough account of these strategies at work in the area of drunken driving, see Joseph R. Gusfield. 1981. *The Culture of Public Problems: Drinking-Driving and the Symbolic Order*. Chicago: University of Chicago Press.

¹¹ Frank R. Baumgartner and Bryan D. Jones. 1993. *Agendas and Instability in American Politics*. Chicago: University of Chicago Press.

¹² See *Abbott v. Burke*, 100 N.J. 269, 495 A.2d 376 (1985) ("Abbott I"); 119 N.J. 287, 575 A.2d 359 (1990) ("Abbott II"); 136 N.J. 444, 643 A.2d 575 (1994) ("Abbott III"); 149 N.J. 145, 693 A.2d 417 (1997) ("Abbott IV"); 153 N.J. 480, 710 A.2d 450 (1998)

policy images and venues is cast can innovators then reap the rewards of a period of “punctuated equilibrium,” or stability of policy after a sudden disruption.

The primary characteristics of the entrepreneur, then, are fairly well defined. In order to increase the probability for success, entrepreneurs must be alert to new opportunities, persist in advocating their ideas, and employ rhetorical ingenuity to frame their ideas in novel ways. Notably, nothing in these definitions suggests that entrepreneurs must be autonomous individuals. Rather, the skill sets described by these scholars all point to the ways in which various types of groups can influence the public agenda. We can call these groups of unified individuals *entrepreneurial movements*.

This insight is critical, because it can help build bridges of policy research across the various disciplines of social science. For example, we can explore the ways in which legislative caucuses, using these skills in ways that are very similar to those employed by interest groups, form coalitions across issues. We can also be more attuned to the means by which social movements as wide-ranging transforming initiatives also attend to the characteristics outlined earlier in achieving their goals. In sum, broadening the scope of the entrepreneurship research agenda to include legislators, interest groups, social movements, professional organizations, and other mobilized forces enables us to explore more deeply the endless cycle of policy overhaul that is typical of policymaking today.

A Word about Who Is *Not* an Entrepreneur

Broadening the definition of entrepreneur to include entire *movements* of like-minded individuals is not helpful if the term becomes so elastic that it is rendered meaningless. However, simply stating that entrepreneurs can be more than a single individual hardly pushes us in the direction of definitional chaos.

We know that entrepreneurs must be alert, persistent, and able to use rhetorical ingenuity in crafting their arguments. These three criteria necessitate that we exclude certain categories of people as entrepreneurs. Members of Congress who cosponsor a bill after it begins to ride a wave of publicity surely would not be considered entrepreneurial under this definition. Celebrities who meet the president and mention their pet projects in passing are not entrepreneurial. Corporate shareholders who

(“Abbott V”); 163 N.J. 95, 748 A.2d 82 (2000) (“Abbott VI”); 164 N.J. 84, 751 A.2d 1032 (2000) (“Abbott VII”); 170 N.J. 537, 790 A.2d 842 (2002) (“Abbott VIII”).

pass on some of their profits to political campaigns definitely are not entrepreneurs. The local school board that lobbies on behalf of a one-time expenditure to improve the appearance of the high school is not acting in an entrepreneurial fashion.

The important point is that we can distinguish, using our definition, between exactly who is and who is not an entrepreneur. *Being entrepreneurial requires real work*. There must be a true mission, a true passion, and a true higher aim. No one can wake up one day and decide to move a policy mountain. Brief interludes with the power structure simply do not qualify. Entrepreneurs must be in the game for the long run.

WHY DO ENTREPRENEURS INNOVATE?

While political science research on the topic of entrepreneurship has focused on the *who* of innovation, economics has concentrated much more on the *why* and the *how* of new ideas. First, let us consider the *why*. Of pivotal interest to economists is the primary impetus behind entrepreneurial behavior. That is, why do firms behave as they do in the market? Why do they strategize? The answer economists have offered is the profit motive. Firms seek to maximize profits within a particular set of constraints.

Clearly, policy entrepreneurs do not seek out profits in the way that private firms do. Instead, we can think of entrepreneurs as seekers of rents.¹³ Rent seeking is the process by which individuals aim to restructure public policy in ways that are beneficial to their own interests. Gordon Tullock, in his now much-cited essay “The Welfare Costs of Tariffs, Monopolies, and Theft,” and later Anne O. Krueger began work in this direction by exploring the role of government as an economic player in modern society.¹⁴ Building on the insights of the University of Chicago economist George Stigler, Tullock and Krueger argued that government was neither simply a producer of public goods nor a controller of externalities.¹⁵ Rather, government functioned as a distributor of wealth and an allocator of costs.

¹³ For an excellent review of this rent-seeking literature, see William C. Mitchell and Michael C. Munger. 1991. “Economic Models of Interest Groups: An Introductory Survey.” *American Journal of Political Science* 35(2): 512–546.

¹⁴ Anne O. Krueger. 1974. “The Political Economy of the Rent-Seeking Society.” *American Economic Review* 64(3): 291–303; Gordon Tullock. 1967. “The Welfare Costs of Tariffs, Monopolies, and Theft.” *Western Economic Journal* 5(3): 224–232.

¹⁵ George Stigler. 1971. “The Theory of Economic Regulation.” *Bell Journal of Economics and Management Science* 2(1): 3–21.

Since James M. Buchanan, Robert D. Tollison, and Gordon Tullock's seminal work on this topic, *Toward a Theory of the Rent-Seeking Society*, economists have come to understand the nature of this crucial governmental role as an arbiter of rents.¹⁶ Central to this arbitration is the distinction between how the economy as a whole reacts to the creation of waste and how isolated individuals react. Waste in the marketplace occurs when an alternative use of a resource would have produced a higher level of output than its current use. The trigger for waste is imperfect information. Producers may not have the knowledge needed to deploy their resources in more efficient ways. Adding to this complexity is the set of governmental institutions that may delay more efficient deployment of these resources. Yet ironically, while for the economy as a whole these types of institutional barriers might be burdensome, from the perspective of the individual, searching out governmental inefficiencies is a highly rational – and often profitable – act.

In this view, individuals attempt to influence policymakers to grant them special rights or protections so as to shield themselves from heightened levels of competition. Classic examples include the regulation/deregulation of large-scale industries, the allocation of import licenses, and the imposition of tariffs.¹⁷ In each of these cases, there are always potential winners and potential losers. For example, a domestic producer of rice has a strong interest in lobbying the government for protective trade legislation. To the extent that the industry is successful, consumers may suffer a loss in the form of higher rice prices, but the producers gain a “bonus” from the government that shields them from the vicissitudes of free market competition.

Applying these ideas to public policy, we can argue that the primary business of all policy entrepreneurs is rent seeking. All groups aim to promote their ideas as superior to every other group's ideas. Groups strategically position themselves in an attempt to insure that their ideas are ultimately the ones adopted, because if they can attain a legally binding agreement from the government in their favor, then their future stream of policy rewards will be large. They will, in effect, have gained a government-sanctioned monopoly of power over a particular policy realm.

¹⁶ James M. Buchanan, Robert D. Tollison, and Gordon Tullock, eds. 1980. *Toward a Theory of the Rent-Seeking Society*. College Station, TX: Texas A&M Press.

¹⁷ Richard A. Posner. 1974. “Theories of Economic Regulation.” *Bell Journal of Economics and Management Science* 5(2): 335–358; George Stigler. 1971. “The Theory of Economic Regulation.” *Bell Journal of Economics and Management Science* 2(1): 3–21.