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International policy entrepreneurship and production of international public goods: the case of multilateral trade regime.

Ivan D. Trofimov*

Abstract

The paper considers public goods in the realm of international governance, provides a framework explaining their provision, and applies it in the analysis of the trade policymaking in the GATT/WTO. International governance regime is seen as a public good; it is conceptualized as an equilibrium state, one where the extent of ideational and material conflicts, incongruities in policy mechanisms and the lack of institutions are substantially minimised. Such state is brought by policy entrepreneurship on the part of multiple actors. Three generic entrepreneurial functions (policy leadership, innovation and facilitation/coordination) are identified. Successful equilibration is characterized by the complementarity of entrepreneurial functions, as well as by the persistence and ingenuity of entrepreneurs in selecting and using specific means and instruments of entrepreneurship. Policy entrepreneurship is considered crucial in several areas, including problem framing, advocacy and coalition building, policy experimentation, and creation of the analytical instruments. It is also salient in moderation of conflicting positions, exercise of influence and management of the policy process.

Keywords: Entrepreneurship; public goods; trade; international governance

JEL Classification: F13, F50, H41, L26

1. Introduction

Ever since the seminal study by Kindleberger (1986) there has been recognition among international policy scholars that international public goods (IPGs), such as stable international monetary order, open and transparent international trade system and durable international peace, are produced at a level that is suboptimal from the global perspective and the perspective of individual members of international system. This has been considered a serious problem in international political and economic relations in the absence of international government.

The economic and public policy literature on public goods (PG) has been voluminous, considering a variety of aspects: typology of PGs and degrees of publicness (Demsetz, 1970; Olson, 1971; Cornes, Sandler, 1996); political bargaining and contestation related to PG provision, revelation of preferences for PG and willingness to pay (Buchanan, 1960; Buchanan and Musgrave 1999); private versus government provision of PGs (Tiebout, 1956; Musgrave, Musgrave, 1973; Ostrom, 1990; Holcombe, 1997); the distinction between optimal spending and adequate provision of PGs (Samuelson, 1954; Conceição, 2003); PGs as social constructs and policy outcomes (Wildavsky 1994; Marlmolo, 1999); dimensions of publicness (Kaul, 2001); technologies and aggregation methods for PG production (Hirshleifer, 1983)

The literature on IPGs has been growing in the recent years, with a number of issues being

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examined: definition and classification of IPGs (Kaul et al, 1999; Morrissey et al, 2002; Kaul et al, 2003: 96-99); optimal provision levels, models of IPG delivery and production technologies (Cornes, Sandler, 1996: 221-237; Sandler, 2003: 131-151); institutional structures and choices pertaining to IPG provision (Cornes, Sandler, 1994; Martin, 2000); financing aspects (Najman, D'Orville, 1995; Kaul et al, 2002); mechanisms to foster cooperation (Sandler, 1998; Fredriksson, 1999); the role of non-state actors in IPG provision (Edwards, 2000; Anheier et al, 2001).

Interactive features of IPG provision and the role of participatory decision-making were mentioned as well (Kaul et al, 2003: 101, 103), specifically political aspects, intertwined domestic and multilateral governance structures, timing and sequencing of the decisions and negotiations, the underlying institutional reforms, behavioral orientations and aberrations, political myopia, organizational slack and the role of catalytic leadership (Cernat, 2014: 32; Sankar, 2008: 14). The complex process of IPG provision (and broadly of international cooperation) thus requires a unifying and coherent framework that would integrate the above elements.

The main argument of this paper is that the level of IPG provision and the shape of resulting IPG is a result of a preceding policymaking process and multiple adjustments on part of numerous agents scattered across domestic and international fields. Importantly, the exercise of policy entrepreneurship is seen as a centerpiece of the provisioning process and a point of integration of the above elements.¹ We use the entrepreneurship concepts, originally developed by I. M. Kirzner (1973, 1997) and J. A. Schumpeter (2008 [1939], 1961 [1911], 1987 [1942]) to analyze economic dynamics and market process. By extending the economic entrepreneurship concept to international policy domain, we conceptualize production² of IPGs as an *equilibration process*, whereby international policy entrepreneurs exercise three types of entrepreneurial functions (leadership, recombination and coordination). The exercise of these functions reduces the scale and magnitude of policy conflicts, establishes solid institutions, and fosters negotiation process, thereby eliminating disequilibria in the international system and bringing IPG into being.

The paper considers a specific type of IPGs, namely a “global policy outcome”, or “governance IPG” (Morrissey et al, 2002: 40-41). This IPG type is distinguished from natural global commons and human made commons (explained further in the text). In addition to WTO multilateral free trade regime, examples of “governance IPGs” include (or may include in the future) international financial stability regime, Global Environmental Facility (GEF), international maritime regime, among others. Clearly, every PG or IPG has its own unique characteristics and follows its own unique production path, making theoretical frameworks issue-specific. Consideration of other IPGs would thus require modification of the framework presented in this paper and its elements, although we posit that basic entrepreneurship functions and processes will remain the same.

The purpose of this paper is threefold: 1). To define and characterize “governance IPGs” (Morrissey et al, 2002: 40-41) and international trade governance regime as a specific “governance IPG”. 2). To propose a theoretical framework for the analysis of the process of the “governance IPG” provision, and to take a nuanced view of equilibration process and entrepreneurial functions. 3). To illustrate some possible applications of the framework in the field of multilateral trade governance.

Adoption of policy entrepreneurship as a centerpiece of the synthetic framework allows reconsidering the IPG provisioning process (and the process of establishing international

cooperation and conducting international reforms) from a manifestly dynamic and agency-based perspective. Methodologically, a framework could serve as a starting point for integration and cross-fertilization of multiple streams of literature in social science: entrepreneurship theory, economic reform models, constitutional political economy, institutionalism, negotiation theory, game theory, as well as certain contributions from public policy literature.

The synthetic frameworks and models have been common in public policy literature (e.g. multiple streams model of J. Kingdon, 1995; advocacy coalitions approach by Sabatier and Jenkins-Smith, 1993). These approaches, however, were mostly used to analyze domestic policies. In economic literature, a cognitive-evolutionary model by T. Slembeck (1997) is notable. It does not, however, consider entrepreneurship as a driving force. The existing literature on public entrepreneurship provides a non-functional view of the entrepreneur, reducing it to a specific case of government decision making (Wawro, 2000) or vote maximization by a politician (François, 2003) or to view it broadly as various activities that improve the functioning of the public domain and society (Boyett, 1997; Sommerrock, 2010). The specific functions that entrepreneurs need to perform and the mechanics of entrepreneurial action are not explained in a sufficient detail, nor are the factors that can undermine the effectiveness of public entrepreneurship. The work by Shockley and Frank (2011) that grounds policy entrepreneurship in Kirzner's theory stands as exception (albeit it does not consider international policy applications either).

The balance of the paper is structured as follows. Section 2 considers specific features of "governance" IPGs and identifies the problem of "governance IPG" provision. The current approaches to international cooperation and their shortcomings are briefly reviewed. Following that, in Section 3 the issue of institutional and policy disequilibria is discussed, and the equilibration and policy entrepreneurship concepts are presented. The possibility of adaptation of these concepts to international public policy and IPG domains is examined, and tentative mapping of entrepreneurial functions with particular agents is performed. Section 4 considers particular entrepreneurial functions at agenda-setting and negotiation stages of IPG provision and the factors that constrain or enable entrepreneurship. The concluding remarks are presented in Section 5.

2. Characteristics of "governance IPGs" and production problem

PGs are defined as such commodity, the consumption of which by one party does not reduce the quantity available for consumption by another party, and for which it is impossible or expensive to exclude party from consumption, i.e. the two properties of PG are non-rivalry and non-excludability (Samuelson, 1954: 387; Stiglitz, 1995). Respectively, the IPGs are such PGs whose benefits are available internationally and can be enjoyed by more than one country. Semantically, the terms IPG and global public good (GPG) are used interchangeably; however the former is preferable, as ultimate benefits may not be attributed to everyone on the globe (Morrissey et al, 2002: 34). In the case of international trade policy, for instance, the multilateral trade liberalization in WTO would not apply to non-participants to WTO and would not concern autarkic economies like North Korea.

This general definition, however, requires further elaboration, as far as production of IPGs (and "governance IPGs" specifically) is concerned.

Firstly, the characteristic feature of the "governance IPG" is that it results from deliberate policy action on part of many agents, domestic or international. It is distinguished from

natural global commons (e.g. atmosphere or ozone layer) that exist irrespective of human action, or human made commons (e.g. global stock of knowledge or international standards) that are produced by humans, but not through policy process (Kaul et al, 1999: 454).

Secondly, the “governance IPG” is an intermediate PG, i.e. a precursor and enabler of final PGs (Aussilloux et al, 2002; Sapovadia, 2003). The benefits from the production of “governance IPGs” do not flow directly to the consumers. Instead, the benefits that “governance IPG” brings include risk reduction and capacity enhancement, rather than direct provision of utility (Morrissey et al, 2002: 37-38). In the case of multilateral trade regime, the benefits from IPG would include creation of stable regime that would allow unhindered flow of goods and services (i.e. free trade that will bring ultimate benefits to consumers in the form of greater diversity, better quality and lower price of goods), and that would reduce the likelihood of adversarial trade practices (dumping, export subsidization) damaging international economic and political relations.

Thirdly, World Bank (2001: 133) and Morrissey et al (2002: 38) distinguish core activities (production of IPG) and complementary activities to make them avail (financing of IPG). In the case of “governance IPG”, the former aspect is central. While for human-made commons, the financing and provision is frequently done by an international agency with a global remit (e.g. provision of Ebola vaccine through WHO), in the case of international economic regimes such agencies may be absent (IMF and World Bank operate guided by pre-defined mandate, while WTO is akin to negotiation forum). The provision of “governance IPG” is thus a construction process (“governance IPGs” being “public by design”), with political and policymaking aspects coming to the forefront (Kaul et al, 1999: 90-91). The impediments to “governance IPG” provision would be not of financing nature, but rather of international negotiation and domestic bargaining (domestic political constraints prevent or delay concessions at international negotiation table, as demonstrated by Putnam, 1988). Importantly, as opposed to conventional thinking in PGs literature (for a survey see Oakland, 1987), the state, bureaucracy and formal procedures are likely to play important, but not exclusive role in the provisioning process (Kaul et al, 1999, *ibid*). The analysis of PG production will thus need to focus on a broader set of stakeholders and actors. Finally, the provisioning process is unlikely to be deterministic and linear: most designed PGs follow “complex, multidimensional, multilayered, multifactored production path” (Kaul et al, 1999: 101).

Fourthly, “governance” IPG is typically not a pure PG, as is the case of many PGs even at a national level (Sandler, 1997; Mendez, 1992). Excludability can be ensured in certain ways: only those countries that are members of the governance forum can enjoy the benefits stemming from a constructed regime or policy. The rivalry may also be present: in many instances “governance IPGs” are provided at a high level of generality and with varying degrees of obligation, i.e. “governance IPG” by its nature does not regulate or prescribe each and every aspect of international transaction or activity and therefore does not guarantee the complete absence of conflicts or failures. In this case, not every party, country or stakeholder will be able to enjoy the final benefits (e.g. the existence of UN Security Council did not prevent many of the wars; likewise the existence of WTO does not guarantee the absence of trade conflicts). Regarding multilateral trade regime, GATT/WTO regime provides the benefits to all signatories to the GATT by means of the most-favoured nation (MFN) clause (trade advantages given to one state are extended to all other states). Clearly, MFN clause applies only to GATT/WTO members, and hence non-excludability condition is satisfied only partially (i.e. GATT/WTO regime is a “club” good, albeit a very inclusive club). However, since most economies are now GATT/WTO members, for practical purposes it is feasible to

consider that non-excludability is ensured. We note, however, that the degree of excludability is higher in regional trade governance (e.g. free trade benefits within EU extend only to its 28 members). As to non-rivalry, the mechanism of trade barriers reduction is based on first-difference reciprocity (i.e. the GATT signatories reciprocally agree on the size of tariff cuts, but not the resulting level of tariffs, meaning that certain countries or stakeholders therein may not get an adequate share of benefits from tariff reduction). Also, certain agreements made in GATT/WTO (on civil aircraft, government procurement etc) have plurilateral nature, i.e. open for joining on a voluntary basis and extending benefits only to signatories or outright discriminating certain signatories. Finally, certain protectionist and trade-distorting measures have been permitted in certain trade areas, such as trade in agricultural commodities. Overall, multilateral trade regime in WTO may be conceived as “governance IPG” with a “partial degree of publicness”.

Fifthly, in contrast to other IPGs for which the act of provision is clearly defined, the fact that “governance IPG” was indeed provided and governance regime is functioning (enabling consumption of ultimate benefits) is frequently indeterminate. Kaul et al (1999) mention potential PGs: i.e. the PGs that despite their non-rivalry and non-excludability characteristics may not be *de facto* public in consumption. GATT/WTO regime is a potential PG, i.e. it is public in form (*de jure*), but not always in substance (*de facto*). This means that ongoing collective action is required on the part of GATT signatories to prevent and proscribe actual trade practices that are at variance with GATT principles and to make GATT regime a “real” PG. Such practices include deliberate efforts by certain countries to limit the extent of public benefits from free trade through geographical and regional discrimination against non-participants to regional trade blocs, or attempts to delay implementation of GATT agreements or to make use of loopholes and “grey areas” in the GATT system and thereby “legalize” national protectionist policies, or actions that outright contravene GATT rules and result in trade disputes. Indeed, as argued by some observers (Lemieux, 1989), the history of the GATT is an ongoing attempt to realize its true potential, by turning it from a mere stop-gap mechanism, preventing closure of the markets and rise of protectionism into a working “free trade charter”. In fact, many observers and scholars are skeptical about the potential of the GATT/WTO: as argued by Cernat (2004), the PGs that GATT Uruguay Round (1986-1994) intended to deliver simply never showed up; as put by Sapovadia (2003), the benefits of both intermediate and final IPGs in international trade domain may never eventuate.

Sixthly, the valuation and demand issues are rather distinct from other PG types. Theoretically, knowledge of the demand curve for the PG and of willingness to pay (WTP) is needed. But as Fudenberg and Tirole (1991: 274-288) state, agents are unlikely to reveal WTP truthfully and are likely to strategically misrepresent these values. Such actions are all too common in international negotiation, implying that the knowledge about demand for and supply of “governance IPG” is obtained incrementally during the process of agenda setting and negotiation. The benefits of “governance IPGs” are intangible and their quantification is not an easy task. While the estimates of potential benefits of trade liberalization or of the reduced risks (e.g. if the new financial regulatory regime is obtained) are available, there is no guarantee whatsoever that the value of actual benefits will be anywhere equal or similar to the estimates. The values of benefits and costs pertaining to “governance IPG” are determined through the political process (Barrett, 2002: 48-49). Specifically, the costs of “governance IPG” production may be embodied in the time spent by the relevant parties on constructing the governance agreement, while the benefits are the propitious attributes of the agreement (e.g. the degree to which the agreement promotes free trade and contains

liberalization clauses). Clearly, the costs and benefits are not known *ex ante*, prior to negotiation or agenda setting (Barrett, 2002: 74). In many instances, the partial supply of “governance IPGs” is not possible: if the time and negotiation costs are excessive, the negotiation is not concluded and governance regime is not obtained, and thereby benefits do not result.

Seventhly, “governance IPGs” are not produced, but rather co-produced by several countries. Hence some of them take a lead and play a greater role in the production process (in terms of time costs or political concessions made on their part). The costs can be reduced if a coalition of like-minded economies pushing for new governance regime is formed and operates (as was the case of a coalition of agricultural exporters, pushing for free agricultural trade during the GATT Uruguay Round). Thus the aggregate supply of a “governance IPG” (Sandler, 1998; Thoyer, 2002; Hirshleifer, 1983) is not purely additive (proportionate contribution of individual economies to supply). Instead, it follows a ‘best shot’ mode of supply (where the overall supply of IPG hinges on the largest individual contributor). We note, however, that while governance regime is brought in by certain largest contributors, the ultimate agreement or design is not obtained until the interest of the resisting party (or weakest contributor) is satisfied. Thus, the ‘weakest link’ mode of supply (when the overall supply depends on the contribution of the weakest contributor’s effort) may also be plausible.

Eighthly, IPGs are generally including substantial stock component, i.e. “their impact depends upon a stock of a capital-like variable that accumulates over time” (Nordhaus, 2006: 92). Nordhaus in the case of “governance IPGs” mentions institutional stocks and institutional inertia. This implies that provision of “governance IPG” and its benefits are to a certain extent the function of existing institutions and rules. In the case of the international trade regime, the shape of liberal regime is determined not solely or mostly at the negotiation table, but domestically through institutional change and demise of protectionist policies. Nordhaus talks about depreciation rates, which may be high or low. In the case of trade governance, the depreciation rate for protectionism (“global public bad”) has been rather low in many areas (e.g. in the agricultural trade that was exempted from free trade principles for a substantial period of time).

Ninthly, Kaul et al (1999: 371-7) mention that supply of IPG is not a one-time event, but rather an iterative construction that is subject to reversals and impasses and that involves the gradual building of the relevant PG from various policy inputs and building blocks.

A dynamic framework rooted in entrepreneurship would therefore complement (and to certain extent contrast) the previous theoretical approaches to international cooperation: that focus on external perturbations or crises triggering policy reform or policy formation (Gourevitch, 1986; Rodrik, 1992); that emphasize the role of domestic political factors in international policymaking (domestic coalitions and alignments, Frieden, 1991, Hiscox, 2002; rent-seeking and endogenous policy formation, Frey, 1984, Magee et al, 1989, Jones, Krueger, 1990; national government autonomy, Katzenstein, 1978, Krasner, 2009); that look at domestic and international constitutions to overcome impediments to IPG provision (incorporation of free trade agreement provisions into domestic law, Tumlin, 1982; unilateral free trade and flat tariff constitutional clauses, Rowley et al, 1995, Parisi, 1998; free trade legal enforcement, Roessler, 1985); that consider institutional constraints on international policies (structure of power of legislatures and protectionism, McCormick, Tollison, 1981; the power of executive branch, Destler, 1986); game-theoretical approaches that consider formation of mechanisms to foster cooperation (repeated interaction in prisoners’ dilemma,

Runge, 1984; reciprocity, Axelrod, 1984; the number of participants, nature of issue, potential games from cooperation and the likelihood of cooperation, Olson, 1971, Barrett, 1999).

Methodologically, we contend that the complete explanation of IPG provision and international cooperation would require consideration of factors that enable change rather than constrain it (Sen, 1969) and of the processes through which domestic political *and* ideational conflicts are moderated and stable policy “core” is formed; the analysis of interplay between domestic and international arena and of the *multi-speed change* in policy settings and instruments and underlying institutions; the analysis of multiple forms of leadership and policy innovation *in addition to* factors that constrain them and reduce their effectiveness; view of international cooperation and IPG provision as *organic* process that is not reduced to a set of mechanisms and that follows multiple logics (political feasibility and appropriateness *in addition to* economic optimality). Respectively, some of the previous contributions to the literature will be useful and instrumental: specifically, two-level game models emphasizing domestic constraints for international negotiations (Putnam, 1988), international policy explanations that stress the importance of ideas and culture (Rohrlich, 1987; Goldstein, 1988), constitutional-contractarian views of policy, in particular those that consider continuity and interactive nature of constitutional bargaining (Buchanan, 2004; Herrmann-Pillath, 2006), as well as certain negotiation theories (models of negotiation as a management process, Winham, 1977).

3. Public entrepreneurship and IPG provision

International policy disequilibria

The starting point for IPG provision analysis is recognition of disequilibria that exist in international policy system. We distinguish four possible disequilibria.

D1. Policy vacuum exists and the economic processes are not regulated internationally, directly affecting respective actors. The absence of governance regime for international speculative capital flows is an example of such disequilibria.

D2. Policies and governance structures exist, but do not operate as intended originally and/or do not satisfy the aspirations and needs of policy recipients. Policy problems and inconsistencies accumulate and should require reforms and change in the future. Examples of such disequilibrium include unsatisfactory functioning of UN Security Council mechanism or failing regime for international protection of intellectual property rights.

D3. The policy is negotiated, but the conflict between policy actors is in full swing – their strategies and actions are not matching, their behavioural attitudes towards each other and towards current and potential policies do not allow any settlement, their proposals and solutions to the policy problem do not fit. This is the reality of all negotiations - the disequilibria are eliminated with new policies obtained that suit everyone or with “stop-gap” policies that will require re-negotiation later on; alternatively, if negotiations fail, the disequilibrium persists.

D4. The institutional disequilibrium appears when the divergence and intense contestation of ideas either preclude formation of any institution, or make the existing institutions untenable, with new ideas coming to the forefront and starting to look attractive or old ideas becoming inadequate for regulation. Formulation of policy instruments becomes impossible without underlying solid institution. Examples of institutional equilibrium include current controversies on global climate change, pervaded by ideological and interpretative rifts; or

Washington and Beijing Consensus controversies on international development. In contrast to rational choice institutionalism (that views institutions as rules of the game and laws that constrain behavior, North, 1990), we adopt a definition of institutions as a sociological or cultural phenomenon (DiMaggio, Powell, 1991: 8; Scott, 2001). Institutions are conceptualized as a set of views held by policy actors of what the social reality around them looks like and associated beliefs/contentions of what the policy ought to be to conform to these views (Myrdal, 1944; Bromley, 2006: 27). Given that almost every policy and social issue involves alternative interpretations, beliefs and views, institutional construction is a process of contestation of ideas and views.

All four disequilibria mentioned above may amplify one another or be superimposed, for example, policy negotiation problems during initial policy creation (D1 and D3), or a lack of commonly held views regarding policy reform and modification (D2 and D4). The case of agricultural trade talks during Dillon and Kennedy Rounds in the GATT illustrates the point. Apart from usual negotiation deadlocks (D3), D1 and D4 disequilibria were present: one of the parties (EC) was in the process of constructing its agricultural policies and institutions. At the same time the farm policies in the other party (USA) were experiencing problems: burdened by unplanned effects, they required adjustments and reforms, with externalisation of domestic problems being one of the options (S2). Unsurprisingly, no agricultural trade policy settlement was reached in these rounds.

International policy equilibrium

In contrast, in international policy equilibrium, the contradictions and conflicts are (partially) resolved. A new institutional arrangement integrating previously conflicting visions is obtained; the strategies and proposals are fitted together to the mutual satisfaction of parties; the influence of behavioural constraints, precluding agreement, is minimized; and the policy inconsistencies are eliminated and substituted with more solid policy constructs. The attainment of such equilibrium would signify that “governance IPG” has been produced. “Governance IPG” is thus conceptualized as such governance arrangement that brings stability and equilibrium to the international policy system, thereby allowing consumption of final IPGs (free trade, stable international finance, durable international peace etc). By-products and side effects of the “governance IPG” may be present, e.g. reduced likelihood of war and more neighbourly international relations that result from liberal international trade regime (Conybeare, 1984). In international trade governance domain, equilibrium would mean full application of GATT/WTO principles, their extension to previously uncovered areas (agricultural trade, government procurement, services etc.), the reform of underpinning trade policies and practices (specifically outlawing of adversarial practices, such as dumping, non-tariff barriers, export subsidization), domestic policy reform (provided that domestic policies have spillover effects on international trade) and enforcement of free trade principles. The realities of multilateral trade governance clearly demonstrate that at present, such policy equilibrium is more a theoretical construct, i.e. liberalization has been partial and incomplete.

The existence of multiple disequilibria also implies that the equilibration process will eliminate them sequentially, rather than at the same time. The regime reform, in this respect, will first involve adjustment of existing policies (i.e. elimination of (S2) disequilibrium), conducted by few policymakers, without any contentious negotiation with other actors. If such adjustment fails, then more radical reform will have to include formation of new institutions, as well as more intense policy negotiation.

Entrepreneurship is seen as a driving force in establishing international policy equilibrium, both when it comes to construction and adjustment of policy settings and instruments, and when establishment of underlying institutions is concerned.

Policy entrepreneurship as equilibration force

In the public policy literature (Kingdon, 1995; Mintrom, Norman, 2009), policy entrepreneurs are defined as actors in the government, interest groups or in research organisations who are willing to invest their resources in hope of future return and who have motivation to change current ways of doing things in particular policy area. Beyond this general definition, the concept of policy entrepreneurship is rather vague. It is acknowledged that policy entrepreneurs display social acuity (Mintrom, Norman, 2009: 651), define problems and build teams, use policy “windows of opportunity” to enact change, and that they possess superior negotiation skills. However, a more formal and elaborate view of policy entrepreneurship that would define precise roles and activities of entrepreneurs is lacking.

We argue that by applying the insights of I. M. Kirzner and J. A. Schumpeter in the field of IPG analysis, a more complete and accurate representation can be obtained that:

- 1). Emphasizes entrepreneurial function, rather than lists particular entrepreneurs;
- 2). Establishes the collective nature of international policy entrepreneurship; and
- 3). Identifies generic entrepreneurial functions that are performed in all instances of IPG provision.

According to I. M. Kirzner (1973, 1997), economic actors possess inadequate knowledge of the best ways to maximize their utilities and profits. As a consequence, they make inferior plans - “either plans that are doomed to disappointment ex post” (over-optimism mistakes) or “plans which fail to exploit existing market opportunities” (over-pessimism mistakes). The function of entrepreneur is to help correct and improve these plans, by exploiting profit opportunities that exist in a market in disequilibrium (e.g. through arbitrage) and leading economic system to an optimal allocation of resources to more highly valued uses, i.e. to equilibrium.

Similar decision-making ignorance, inferior plans and disequilibria are present in public policy. Policy actors may be deficient in attending to policy problem and acting upon it. Unsubstantiated expectations about other actors’ compliance during negotiation may be present; over-optimistic assumptions about swiftness of consensus and agreement-making may be frequent. A full arsenal of means (negotiation strategies and tactics) to attain policy agreement may be left unused and there may be “unpleasant” discoveries that the full negotiation process potential has not been exploited, i.e. better moves could have been made, or that certain actions should have been avoided. Overall, the realities of policymaking are: lengthy agenda setting, protracted issue definition, uneasy consensus-making, tedious talks with stalemates, reversals and confrontation that delay provision of IPG or preclude provision altogether. This justifies and necessitates the exercise of entrepreneurship to correct the mistakes and foster agenda setting and negotiation.

We note that while in original Kirznerian analysis actors make bids and offers over existing objects of purchase and sale, in the policy process these objects have to be defined first. Actors have to establish whether the conditions should be classified as problems and this can become the first source of “over-optimism” in the process. Actors interested in IPG provision may find that their arguments about the necessity of the change are not attended to or accepted by the opposition, either due to their ignorance or vested interests (e.g.

protectionism). They may also mistakenly believe that their policy proposals are attractive to the opposition.

In the case of international trade policy reform, the buyers of the reform (countries interested in liberalisation) overoptimistically believe that their offer price is high enough; whereas, the sellers (protectionist states) actually consider the price to be too low; thus reform transaction does not occur. When talking about reform price, it becomes clear that buyers' price is not a numerical figure, but rather a bundle of offers and inducements contained in a negotiation proposal, which can increase the attractiveness of the latter in the eyes of the reform seller. Similarly, the seller price is defined as a set of conditions that a buyer has to fulfil to finalise the reform deal.

Likewise, those actors opposing the change or not interested in IPG provision may find that their earlier expectations (that status quo will not be disturbed and that policy issues will not be put on agenda) were not realised; they also mistakenly believe that pro-reform actors are satisfied with the opposition's negotiation position and proposals that reform should not take place.

This situation is analogous to the one, depicted by Kirzner – in both cases (market and policy process) overoptimism about actors' own plans (prices in the former and policy proposals in the latter) and about the willingness of the other side to accept them, leads to subsequent frustration; thus, preventing actors from reaching a correct estimate of each other's willingness to buy and sell. As a result, the purchase-sale transaction does not take place and both market and policy systems are in disequilibrium. In the policy system, the lack of agreement about the necessity and timing of a transaction and divergence of prices between pro- and anti-reform actors prevents them from achieving stable order.

We hypothesize that Kirznerian coordination to minimise the over-optimism mistake includes activities that facilitate agenda formation (persuasion of reluctant actors to tackle the problem and identification of external conditions that can assist this task) as well as activities at the negotiation stage that moderate negotiation positions and proposals.

The over-pessimism mistake, mentioned by Kirzner (recognition by buyers/sellers that completed transactions had been suboptimal and that they had not fully exploited profit opportunities) is also encountered in the policy equilibration context.

Importantly, the profit opportunities that arise from possibilities for profitable exchange (i.e. from spatial and temporal price discrepancies in economic markets or differentials in electoral markets) are not present in the policy system. While in the product and factor markets there already exist goods with respect to which arbitrage and speculation can be performed and profits extracted, in the policy system this good (future policy) has yet to be devised during negotiations. However, if we view profit as a potential benefit (rather than an exchange discrepancy) for pro-reform actors, that is experienced once the new policy is attained, the speedy termination of a negotiation process that would deliver these benefits can be seen as a profit opportunity for those actors.

Kirznerian coordination entrepreneurship will thus include activities to exploit this profit opportunity: utilisation of the whole arsenal of strategic and tactical means to foster the negotiation process in order to achieve a new policy (both adversarial actions that make the opposition more pliant, as well as offers that could benefit all parties). Inability to handle and manage the policy negotiation process would then be a failure of Kirznerian entrepreneurship,

even if initial consensus to attend to the policy problem and realistic expectations of the opposing party's position are present. In the case of trade policy reform, the mistake implies that "buyers" (those interested in liberalization) have no means to make protectionist countries compliant with reform demands.

We note, following Mises (1996 [1949]: 252-253) and Kirzner (1973: 15) that entrepreneurship is a function that can be performed by multiple (or preferably all) actors and that Kirznerian policy entrepreneurship can be performed by the same actors who in other circumstances could have behaved un-entrepreneurially. Despite this, a mapping of entrepreneurial functions with specific actors may be justified given that position of an actor (or its mandate and capacity) may influence the degree of entrepreneurship or make particular entrepreneurial functions more likely.

The paper also adopts the concept of entrepreneurship developed by J. A. Schumpeter (1961 [1911], 1987 [1942], 2008 [1939]). In Schumpeter's original formulation, entrepreneur is seen as an agent that brings novelties into the economic system by means of leadership, thereby overhauling entire economic sectors and opening new avenues for economic development.

Schumpeter (1987 [1942]) argued that entrepreneurial leadership is a phenomenon that can also be encountered in both economic realm and in politics and public decision making. "Collectives act almost exclusively by accepting leadership – this is the dominant mechanism of practically any collective action." (p. 270)

Schumpeter purports that the behaviour of economic and political leaders-entrepreneurs is characterised by radicalism, with which both types position themselves in the surrounding economic and political environment. Instead of working in the deadwood of existing political structures, the Schumpeterian political leader would radically change the political terrain. Similarly to the Schumpeterian economic entrepreneur, making qualitative non-incremental changes in the economic system (introducing new products, developing new production methods, discovering new markets or devising new organisational methods), the Schumpeterian political entrepreneur makes major punctuations in the political system.

Schumpeter's idea that leaders are driven by predominantly non-material impulses and are not pure wealth maximisers finds application in international public policy. The motives of top leaders include preservation of good relations with other countries to which provision of IPG (e.g. those that help resolving trade conflicts) could contribute; or construction of agreements that would allow progress in other areas and with other IPGs. The possibility of the exercise of leadership at lower levels of the government was not mentioned by Schumpeter. Following Mintrom and Norman (2009) and Stiller (2010), however, we consider leadership by expert community and external stakeholders who may be interested in genuine social and policy improvements (ideational leadership), or even by pro-reform bureaucratic factions who are less corrupted by vested interests.

Regarding the mechanism of entrepreneurial leadership in the context of IPG provision, we posit that it involves radical reconfiguration of the international policy domain (in line with Schumpeter's original view). At the pre-negotiation stage of IPG provision, the reconfiguration of the domain is achieved by injecting and forcing new interpretations of policy problems and new policy ideas and thereby setting desired agenda for policy formation in a system that is dominated by pro-status quo actors. At the negotiation stage, when divisions between pro- and anti-reform actors widen and the reform is delayed,

entrepreneurial leaders can reconfigure the talks: intervene into the political wrangle, make crucial decisions themselves and thus bring reform into existence.

We note that Schumpeter did not confine his analysis of entrepreneurship to the exercise of leadership. While in earlier works the accent was put on a heroic industrial leader as initiator and carrier of innovation and on “creative destruction” processes in the economy, in later works Schumpeter (2008 [1939]) recognised that entrepreneurship can be exercised collectively (e.g. in corporate entities), inducing discontinuities and disruptions of a smaller magnitude, with technological innovation taking incremental form (“creative accumulation” process).

We argue that this second facet of entrepreneurship can be discovered in the IPG delivery process. While the Schumpeterian political leader continues to be important (challenging the ideational foundations of policy or forcing negotiations into the desired direction), many policy innovations can be brought by recombinant activities of Schumpeterian policy entrepreneurs. Actors conduct trial-and-error tinkering with policy elements and mechanisms (adjust instruments, redefine short term goals and targets, without changing the underlying ideational and institutional core) and create new analytical instruments that could be helpful in discussions at agenda setting stage. Also, in the negotiation setting, entrepreneurs construct agreement from available proposals, submissions and designs of parties to negotiation.

Another insight present in Schumpeter’s later works is that innovation is a combination of knowledge drawn from different sources. Significant portion of innovation in modern capitalist economies results from collective incremental activities of a large number of quite unremarkable actors (rather than heroic figures) within or outside the firm. In a similar vein we hypothesize that policy novelties can be made by non-policymakers, by actors somewhat extrinsic to the core of the policy system, e.g. by the expert community. Their contribution, while not radical or decisive as such, can nonetheless have significant repercussions for the policy formation process and IPG delivery.

Overall, three types of international policy entrepreneurship are distinguished: Kirznerian facilitation and coordination, Schumpeterian leadership, and Schumpeterian recombination.

Complementarity of entrepreneurial functions

In contrast to Loasby (1982) who considered Kirznerian and Schumpeterian entrepreneurship as fundamentally different types of action, and Choi (1995) who postulated similarity between two types (Kirznerian entrepreneur operating in single-period and Schumpeterian in multiple-period markets), the complementarity view advanced by Boudreaux (1994) looks more plausible. The means to achieve equilibrium are diverse and both types of entrepreneurship move economy towards equilibrium: Schumpeterian entrepreneur by innovating and bringing qualitative improvements in the economy, Kirznerian by improving operation of the markets. In the international public policy realm, both types would be instrumental in providing IPGs. The Schumpeterian entrepreneur would “produce” new policy and “lead” the provisioning process, whereas the Kirznerian would “facilitate” and “coordinate” it.

Taxonomy of entrepreneurs in international trade governance

Acknowledging the primacy of entrepreneurial function over particular entrepreneurial actor we consider what agents performed the aforementioned entrepreneurial functions. GATT/WTO domain is examined as a specific case.

The argument is that the same people (or groups) can perform several types of entrepreneurship. Trade ministers and representatives may act as Schumpeterian leaders and at the same time may help devise negotiation proposals (Schumpeterian recombination). WTO Director General has the ability to use his power to direct the negotiation process and influence the negotiation outcome (Schumpeterian leadership), and can also behave as a mediator and initiator of discussions, thus detecting policy discrepancies and facilitating the negotiation process (Kirznerian coordination and facilitation). Also, although not part of the mandate, he could participate (and *de facto* frequently did this) in the negotiation process, by making negotiation proposals (Schumpeter recombination).

Similarly, a particular entrepreneurial function can be performed by multiple actors with interests in the policy outcome. Apart from bureaucratic entrepreneurship (Murphy, 1971; Ebner, 2006: 507), entrepreneurship by external stakeholders (defined as all actors apart from government bureaucrats and international officials), this has been a common practice in numerous international talks (Sebenius, 1984: 18; Betsill, Corell, 2001; Bruhl, 2010: 181-199).

In the GATT/WTO trade talks, four types of actors likely to perform Kirznerian and Schumpeterian entrepreneurial functions are distinguished: a) top domestic political leaders (heads of state and ministers); b) top international bureaucrats (officials in the WTO Secretariat, WTO Director General); c) middle level political figures – national negotiators and domestic bureaucrats (located across national trade policy systems); and d) external stakeholders, including the community of policy economists.

Firstly, in contrast to other higher priority areas or IPGs, such as national security that witness greater involvement of top figures, the involvement of top national figures in trade negotiations tends to be sporadic and occasional occurring mostly at agenda-setting stage or at times when there is a negotiation deadlock threatening broader relations. In the former case, top national decision makers are able to initiate change in policy regime by framing policy issues in a new way and proposing new ideas (e.g. the agenda-setting activities by J. F. Kennedy on the eve of the GATT Round named after him; Mork, 2011: 9-13); in the latter case, their involvement was pivotal in fostering or competing negotiations (the intervention by L. Johnson and J. Carter, as shown below). In both cases, holding substantial political power, they acted as Schumpeterian leaders.

Secondly, international trade policy bureaucrats, due to their mandate (to act as guardians of the GATT; to explore the problem areas in international trade policy; to mediate the interests of contracting parties; and to manage the everyday activities of the GATT, Long, 1985), had genuine interest in preservation of the existing GATT regime but also in its strengthening and broadening. Given the mandate, their entrepreneurship was more likely to be a Kirznerian facilitation and coordination. We argue, however, that in addition to Kirznerian functions which were performed *ex officio*, GATT bureaucrats also acted as Schumpeterian leaders, advancing negotiations, breaking the deadlocks, and “producing” international policy through own submission of proposals. These additional activities (as shown further) differed in intensity across the rounds.

Thirdly, the degree of entrepreneurship by the middle level domestic bureaucrats was lower than by other actors (given the tight relations between protectionist interests and domestic bureaucracies). Nonetheless, Kirznerian consensus building entrepreneurship was made possible. For instance, in the case of agricultural policy in the GATT Uruguay Round,

while the majority of the national bureaucrats were anti-reformist, the pre-negotiation stage witnessed the rise of pro-reform bureaucrats, who contributed substantially to placing agriculture on the Uruguay Round agenda. At the core of their Kirznerian entrepreneurship was the building of domestic consensus regarding the desirability of laissez faire agricultural policies. Although it is possible (and is done frequently) for domestic pro-reform bureaucrats to impose their will on anti-reform bureaucrats (i.e. to act as Schumpeterian leaders), we argue that the reality of agricultural policy making (both in the EC and the USA) was different: consultation, persuasion and collaboration, rather than use of confrontational tactics, were preponderant. Entrepreneurship by national bureaucrats continued at negotiation stage, where, in addition to Kirznerian consensus building, they were acting as Schumpeterian recombinant entrepreneurs, constructing agreement by submitting negotiation proposals of varying quality.

Fourthly, regarding external stakeholders, their involvement and entrepreneurship in the negotiation process is linked to the issue in question: in highly technical negotiations (e.g. on arms control or on militarisation of space) the number of external stakeholders will be limited and these would include a small club of specialists on the issue. Other socially sensitive negotiations (e.g. on climate change) would include a wide range of stakeholders (NGOs, various public figures), usually highly motivated, driven by deep-rooted beliefs and ideology, and appealing to public opinion.

We argue that trade negotiations have features of both technical complexity and political sensitivity (clearly, some trade negotiations, such as those on genetically modified organisms and food safety, are more politically divisive; whereas others, such as intellectual property rights negotiations, involve complex legal and scientific issues). The WTO Doha Round talks involved substantial political controversy and wide participation of external stakeholders due to its development orientation, the active position of the developing nations and the rise of the anti-globalist movement. In contrast, during the GATT Uruguay Round talks the involvement of external actors was more limited in scope, more depoliticised and technically oriented. There existed some ambiguity about how to operationalise certain issues (e.g. define the levels of agricultural protection) and which trade issues to bring to the table. Substantial preliminary work in issue definition and quantification of the protection levels were required, and thus the involvement of professionals in a specific regulatory area (rather than general public or groups, interested in political outcome) was natural. Of several possible types of specialists, two stand out - lawyers and economists.

The entrepreneurship by lawyers concerned the codification of the international trade law (e.g. preparation of the Code on Export Subsidies during GATT Tokyo Round); interdiction of adversarial trade practices such as the use of anti-dumping and countervailing duties. The entrepreneurial activities of lawyers were also salient with respect to legally undefined trade practices – before such trade issues, as intellectual property, investments and services were included in the Uruguay Round agenda, the possible agreement templates and potential rules had already been discussed by legal scholars in academic journals and conferences (Hampson, Hart, 1995: 194-196). Codification and the write up of new rules have been an example of Schumpeterian recombination.

Despite trade protectionism being an economic problem, the involvement of economists was limited in the early GATT years (in contrast to inter-war period, when trade economists assisted in germinating the idea of multilateral trade governance; Endres, Fleming, 2002). One of the reasons was organizational: the GATT lacked similar employment opportunities

for economists that existed in IMF and World Bank; hence the services of external economists were used most frequently. A more important problem was a gap that existed between theoretical research in international trade and applied research that could be useful in practical policymaking (Evenett, 2007). Many diagnostic analyses were left underutilized (e.g. 1957 report by G. Haberler, J. Tinbergen and R. de Oliveira Campos on the state of agricultural protectionism) due to the lack of operational concepts and estimates. The advent of computable general equilibrium modelling and applied econometrics allowed closing the gap and increased the role of economic advice. As shown below, this latter activity was a manifestation of Schumpeterian recombinant entrepreneurship.

4. The process of IPG provision

We conceive IPG provision as a complex phenomenon that involves entrepreneurial activity 1). At both domestic and international levels; 2). During agenda setting (pre-negotiation) and negotiation stages; 3). During the accompanying institutional change. We also note certain behaviour factors and frames that may constrain policy entrepreneurship (the interaction of behavioural, institutional and entrepreneurship variables is a promising research issue not examined here).

Entrepreneurship and five agenda setting streams

The multiple streams model formulated by Kingdon (1995) consider three streams of activities during the agenda-setting: problem recognition and framing (problems stream), the proposal of solutions to the problem (alternatives stream), and political developments within the policy community (politics stream). These streams, being independent most of the time, may get coupled by entrepreneurs, thus bringing substantial policy changes. The involvement of entrepreneurs is rather discrete: “to lie in wait, in and around government with their solutions already in hand, waiting for problems to float by to which they can attach their solutions, waiting for a development in the political stream they can use to their advantage.” (p. 165).

We argue that 1). There are more streams than in Kingdon’s original model; 2) A specific type of entrepreneurship is associated with each stream; and 3) The relation between the streams is more complex than in Kingdon’s original conceptualisation.

Regarding agenda setting stage, we distinguish five activity streams with a specific type of entrepreneurship associated with each stream:

- 1) *Problem framing stream*, including efforts of certain actors to challenge existing policy ideas and interpretations of policy reality, by introducing and advancing alternative interpretations. The process may potentially culminate in some commonly held interpretation which by no means has to be brought in by consent (rather than conflict and contestation) and upon which further discussions at the negotiation stage can be based. The analysis of activities in this stream will help in understanding how institutions are formed.
- 2) *Experimentation/learning stream*, involving activities of actors to eliminate or reduce the magnitude of inconsistencies that pervade the existing policy mechanism (e.g. various internal malfunctioning, tenuous relations with external environment or with changed aspirations and demands of policy recipients). The analysis of this stream helps to establish whether understanding has been formed among policy actors that all possibilities for improvements have been exhausted in the existing policy and that more radical measures and changes are warranted.

- 3) *Advocacy stream*, consisting of activities to foster the above two streams, by building an encompassing coalition (or coalition that is sufficiently inclusive to play a decisive role in agenda setting) that shares the same understanding of policy reality and holds similar opinion about actions to be made. The analysis of this stream will expose the slack in the system and the gap that exists between the first realisation that problems exist and the appearance of the first alternative ideas, and the point when a policy agenda is firmly installed.
- 4) *Operationalisation stream*, including activities to create instruments and analytical apparatuses that will help actors to get a clearer idea of what the problems, solutions and whole discussion are about. These activities have a facilitative nature and are analogous to creating “language”, making agenda setting communications and discussions easier.
- 5) *Contextualisation stream*, composed of activities that relate internal agenda setting controversies with exigencies of external political and economic environment. Actors in this stream will evaluate the state of the agenda setting debate and identify exogenous requirements that have to be satisfied. Thereby it will be determined when exactly the agenda setting processes have to be cut short and debates moved into the negotiation domain. In other words, this stream establishes the exact timing of negotiation and the major turning point in regime change process.

We hypothesize that *problem framing and institutional formation* requires initiative and mobilisation on the part of some actors as well as their ability to impose (by using various tactics) their interpretations of “what is happening” and of “what ought to be done” on the rest of the policy system. Hence, Schumpeterian entrepreneurial leadership is warranted. The essence of leadership in this stream is in framing and counter-framing “to rebut, undermine, or neutralise a person’s or a group’s versions of reality, or interpretative framework” and to subsequently suggest different actions and solutions (Benford, Snow, 2000: 626). The principal objective of holders of counter-frames is not merely to inform others about alternatives, but to disseminate counter-frames and make others adopt them, i.e. to radically reconfigure institutional (and subsequently policy) domain. This is in line with Schumpeter’s original view of leader-entrepreneur, driven mainly by non-material impulses (Fagerberg, 2003: 132). Specifically, counter-framing would involve normative de-legitimation of existing policy ideology, targeted to present the latter as inappropriate in the eyes of society (Benford, Snow, 2000: 614-616). The rhetorical appeals to “follow the right way” and to desist from currently held frames would likely be usual tactics. The effectiveness of framing would likely be conditioned by the resonance of entrepreneurs’ arguments (ability to attract attention of other players and top decision makers), in turn affected by the frame’s consistency (identification of the precise link between specific activities and adverse outcomes) and credibility (persuasiveness of the critique). Following Benford and Snow (2000) and Hoffman and Ocasio (2001: 420-426), we argue that internally consistent (offering clear cut interpretations of what is wrong and why it has to be tackled in a particular way) and credible (not contradicting world events and reality and not advanced solely for demagogical and politicking purposes) frames are likely to be more resonant.

The failure of International Trade Organisation (ITO) proposal in the 1940s is an illustration of poor framing entrepreneurship. The interpretation of the post-war economic problems proposed by the USA was perceived inadequate by most other economies: while US trade negotiators saw protectionism as a cause of the prolonged Great Depression and protracted

post-war reconstruction, other parties considered lack of government intervention and aggregate demand deficiencies as a root of the problem (Trofimov, 2012).

In contrast, the framing by D. Stockman, Director of the US Office of Management and Budget, was instrumental in changing US position in agricultural trade negotiations during GATT Uruguay Round (Spitze, Flinchbaugh, 1994). Stockman's frame (agricultural protection as one of the reasons of rising budget deficit and as a practice that is incompatible with free market mechanisms) resonated well with economic views of Pres. Reagan and aligned well with interpretations of the US economic problems by Congress members.

In other GATT rounds, incompatible frames were likewise observed. During Kennedy Round, J. F. Kennedy's vision of free trade as an instrument to strengthen trans-Atlantic alliance and prevent isolationist tendencies in Western Europe was countered by C. de Gaulle's vision of Europe as strong independent force (Mork, 2011: 12-13).

The *experimentation/learning stream* requires that actors are able to recombine and tinker with the policy mechanism and its constitutive elements. Hence Schumpeterian recombinant entrepreneurship is necessary. Various unanticipated anomalies in the policy system (failures within the policy mechanism as well as tensions that appear between it and other policies, policy stakeholders and recipients) give rise to reactions and responses by policymakers, i.e. policy learning. The latter is defined as deliberate attempts to adjust the goals or techniques of policy in light of these anomalies (Hall, 1993: 278). Hall distinguishes three orders of required changes and responses: changes made to the setting of existing instruments (first order change), adoption of new instruments (second order change), and modification of goals (third order change). The third one becomes inevitable if policy malfunctioning persists despite changes made to policy instruments. May (1992: 337) and Steen and Groenewegen (2008: 2, 7) argue that in the presence of radical uncertainty (associated with lack of knowledge of how to eliminate policy anomalies) the only way out of the situation for policymakers is to explore other policy paths, or to experiment through trial-and-error. Following Oliver and Pemberton (2004) we argue that Schumpeterian recombinant entrepreneurs, with varying degree of success will attempt to cope with policy anomalies. They can manage to return the policy system to its original equilibrium, and hence the change process stops with all other streams rendered unnecessary. If not, an alternative policy regime – one with both new instruments and new goals – will become brought in after a period of learning and tinkering. In this case, the learning/experimentation stream has to be supported by a problem framing stream. “The triumph of a new policy framework depends (obviously) on a workable new idea (or more likely, a set of ideas) being available” (Oliver, Pemberton, 2004: 5), i.e. by a stable frame. At the same time both framing stream and learning and experimentation could be assisted by Kirznerian advocacy and coalition building entrepreneurship.

The recalcitrant position of the EC in the GATT Uruguay Round agricultural talks was to large extend a result of unsuccessful experimentation with its domestic agricultural policies. Tinkering with the existing policy through supply side measures rather than reform of the price system (that was the cause of agricultural surpluses, export subsidisation and trade wars) and creation of new policy based on different principles and institutions were not a case of Schumpeterian recombinant entrepreneurship, but rather an attempt to save an old system by making minor adjustments to instruments (Fennell, 1997: 73, 161).

The objective of entrepreneurship in the *advocacy stream* is to bridge opposing positions as to the necessity of regime change and attempt to persuade opponents. Entrepreneurship is likely to take form of Kirznerian facilitation and coordination. (We note *inter alia* that these

activities are not limited to the agenda setting stage, but are equally important during negotiations, when reduction of the distance between negotiation proposals has to come about). Coalition-building and advocacy would support framing entrepreneurship, given that opposition has to be persuaded to accept new frames (no matter how credible and consistent they are); it will also support experimentation and learning, given that these may be too gradual and could have proceeded much faster if supported by an encompassing political coalition. Following Hutter (1986), Kuran (1988) and Gladwell (2000) we argue that in many instances pro-reform coalition may be built by working through bureaucratic apparatus and its segments; and by performing value and ideology-based lobbying (i.e. lobbying that fosters change by non-confrontational means, persuasion and dialogue). Examples of the former may include bureau reorganisation, targeting a few critical bureaucrats or agencies that are sympathetic to reform, recruiting new members into the pro-reform faction, “shopping venues” (targeting various agencies or government branches). Examples of the latter could include establishing forums or venues where pro-change idea is crystallised and formulated by like-minded actors (Hutter called them “conversation circles”). Kuran (1988) and Gladwell (2000) mention “critical mass” and threshold effects, i.e. the success of consensus building and pro-change advocacy hinges upon progressive expansion of the forum and inclusion of actors who are initially less amicable to change idea. Given that the core of the entrenched belief system is deeply anti-reformist in many cases and the strength of this core is formidable, the intensity of persuasion is unlikely to deliver quick effects. We align with Meier and Durrer (1992) and argue that depoliticising the policy discussion and tackling some practical and pragmatic aspects of the problem would be a key to building a grand pro-reform coalition. It should be noted that advocacy and coalition-building process can be assisted by the fragmentation and demise of existing policies and institutions (due to counter-framing efforts and policy anomalies), i.e. relation between advocacy and framing and learning/experimentation streams is bi-directional.

The movement away from protectionist agricultural policies and pro-liberalisation stance of the USA in the Uruguay Round were to large extent the result of swift and effective advocacy and consensus-building, with “critical mass” effect reached rather quickly. Starting in 1981 in a narrow circle of like-minded senators (J. Helms, T. Foley, W. Alexander) and D. Stockman, it initially concerned limitation of budget outlays on broader agricultural programs and weakening entrenched urban-rural coalition (food stamps program linked with and farm support programs). Further on, the testimony by agricultural experts (Alex McCalla, Edward Schuh, F. H. Sanderson, B. L. Gardner) was instrumental in changing the stance of legislators, by indicating the links between domestic and international aspects of the policy, and importantly highlighting potential benefits from reduction of domestic farm supports and more pliant bargaining position in GATT talks (increased agricultural exports as a direct result of liberal international policies, or increased services exports as a by-product). Later, the coalition was expanded by including USDA Secretary John R. Block and Commerce Secretaries, John O’Mara and Clayton Yeutter, responsible for upcoming multilateral negotiations (US Congress, 1981; US Congress, 1983; US Congress, 1986). Such coalition was lacking in the EC, explaining the delays in the Uruguay Round agricultural talks and important role of entrepreneurship by top EC leaders to overcome opposition to free agricultural trade.

The construction of new instruments and “language” in the *operationalisation stream* makes it necessary that actors (specifically, expert community) innovate; therefore, Schumpeterian recombination has to take place. Slembeck (1997) and Evenett (2007) mention the cognitive and behavioural distance between the “world” of politicians and the “world” of economists,

with politicians pointing to the lack of knowledge of political and administrative system by economists, and economists blaming politicians for inefficiency and irrationality. Reduction of this distance is achieved by Schumpeterian operationalisation entrepreneurship. Its essence is the creation of analytical instruments, models and empirical studies based on them, as well as the construction of frameworks that could facilitate policymaking. The former is required because applied economic concepts that could be used in policymaking have to be distilled from the body of economic theory and adapted to policy realities. The latter is necessary because policymakers are frequently deficient in their ability to organise and arrange issues for talks (advice by economists on the issues that are the most/the least divisive or distorting in economic sense can be instrumental in this case). We argue that effectiveness of operationalisation entrepreneurship was achieved when empirical estimates and figures that had been presented to policy makers allowed for a more concrete and specific policy reform discussion. Entrepreneurship was particularly effective in instances when policy economists managed, in addition to providing crude aggregate estimates of welfare, to address in their empirical studies the changes in specific variables of importance to policymakers and the wider community (unemployment rate, inequality and the like), thus scattering the doubts about negative impacts of policy change.

The success of Uruguay Round in fostering agricultural trade liberalisation to a large extent was a result of particularly intense entrepreneurship and recombinant activities by economists. This was in sharp contrast to Dillon and Kennedy Round, when report by a group of economists (“Harberler Report”) did not go further beyond mere diagnostic of the agricultural trade policy problem and broad recommendations (Haberler, 1958). At the start of the Uruguay Round, a number of analytical instruments were devised and applied to assist policymakers: encompassing measures of agricultural support, Producer Subsidy Equivalents (PSE) and Consumer Subsidy Equivalents (CSE), to indicate the overall scale of distortions; as well as equivalence measures between quantitative supports and tariffs (that later allowed more meaningful bargaining and concessions over particular instruments). General equilibrium models facilitated discussion over liberalisation scenarios, country-specific and social impacts (OECD, 1982; IATRC, 1988/1989).

Finally, in *contextualisation stream*, the recognition of the right timing for the conclusion of agenda setting and the start of negotiations requires that actors are alert enough to discern this moment. The alertness ability is central to Kirzner’s view of entrepreneurship: alertness is defined as awareness of opportunities and “of what has been overlooked” and the ability “in seeing through the fog created by the uncertainty of the future” (Kirzner, 1997: 51). Ability to detect propitious moments for policy change or for moving policymaking forward is thus a manifestation of Kirznerian entrepreneurship. Snyder and Diesing (1977) distinguish integrative and distributive crises: the former being exogenous situations that threaten the distribution of gains and losses across a policy domain, thereby leading to differential willingness of parties to tackle it through cooperation; the latter defined as situations that enhance perceptions of mutual vulnerability and possible joint losses and that promote the idea that minimisation of adverse effects requires joint effort. They likewise distinguished specific and general crises: the former affecting a limited number of actors domestically or internationally; the latter affecting everyone located in the international policy system. Also the crises at different stages of the “life cycle” are defined: nascent crises or wake-up calls, not requiring immediate attention; chronic crises; and acute crises. We argue that Kirznerian entrepreneurship in the contextualisation stream takes place when agents start to perceive adverse exogenous developments as an integrative, general and acute crisis, i.e. expose high degree of alertness and act accordingly to initiate/foster the change.

The ITO proposal (and the idea of comprehensive liberalisation embedded in it) was not considered as the priority in the late 1940s. The economic growth revived in Europe (with the help of Marshall Plan and Keynesian policies) and other developments are crises came to the agenda - the onset of Cold War and Korean War. The grand liberalisation was not seen as necessary or pressing, thus compromising Kirznerian entrepreneurship in the contextualisation stream (indeed the early GATT rounds in the 1940s that were conducted parallel to ITO talks were seen sufficient in bringing in trade liberalisation).

In contrast, the start of the agricultural trade talks in the GATT in 1986 was a result from a dire situation: trade war between the USA and the EC and cut-throat competition in agricultural export markets, that negatively affected broader Transatlantic relations, massive agricultural surpluses and budgetary outlays on agricultural support, GATT judicial mechanism under strain etc.

Entrepreneurship during negotiation stage

Negotiation literature tends to examine negotiation outcomes from structural, strategic, processual, behavioural and integrative perspectives (Zartman, 1988; Druckman, 1997). In the structural approach, the power of the parties, the relational context and the setting of negotiation come to the forefront. In the strategic model, the goals of the parties, the payoffs, and rational choice among alternative courses of action are accentuated. Behavioural approach emphasises the negotiators' personalities and negotiating styles, as well as the role of persuasion, culture, perceptions, motivation and other qualitative variables. The patterns of concession-making, the reactions to opponents' bids and offers and the learning about concessions' exchanges are the essence of the processual approach. Integrative models stress collective decision-making and conflict resolution efforts and focus on value creation in negotiations (as opposed to value claiming). In addition, the view of negotiation as organisational process (specifically a process of complexity reduction) is advanced (Winham, 1977).

Fostering negotiations and bringing in required outcomes can thus be ensured by the increase in bargaining power, superior strategic and tactical action, by means of cooperative attitudes. However, when it comes to achieving timely and mutually-satisfactory completion of negotiation, a different set of instruments is likely to be most effective: the management of the negotiation process, collective search for mutually acceptable solutions and avoidance of unattractive solutions, formulation of negotiating rules and procedures, structuring of talks, prioritization of the issues and the like. These latter instruments (which are a common thread in organisational process and integrative approaches) need further and more in-depth explanation. International policy entrepreneurship, in our opinion, is a natural extension of the organisational process view.

We note that the view of negotiation as an organisational process envisages the creation of rules and routines, the following of a programmed set of operations, the incremental building of a negotiation package (Winham, 1977: 98-100). Most negotiations, being complex undertakings, will involve these activities; however, wide variation in outcomes and in the time spent or reaching the agreements would require consideration of entrepreneurship as an intermediate variable. It is not the organisational process (management of the negotiation) as such, but rather an exercise of entrepreneurship (qualitative improvements taking the form of facilitation, recombination or leadership) that increase the speed of negotiation and bring quality outcomes. Indeed, both Kirzner and Schumpeter make a distinction between routine behaviour within a particular setting, and deliberate actions to change the setting and correct inconsistencies in the setting. The exercise of entrepreneurship is implicit in organisational

process theory, but needs further analysis (Winham, 1977: 100-107): problem-solving search necessitates Schumpeterian tinkering and experimentation, while the reconciliation of conflicting positions (that, according to Winham, is a mechanical and programmed process) is performed through Schumpeterian leadership and Kirznerian facilitation. (Whether negotiations resemble mechanical process, or in contrast require greater entrepreneurship is a separate issue to be explored).

The time spent and efforts made to complete a negotiation may serve as an indicator of the intensity of entrepreneurship, with talks completed in timely manner suggesting the policy entrepreneurship had been exercised. This, however, may not be a perfect indicator, as parties could complete negotiation by leaving certain important (and divisive) issues aside (as was the case in Tokyo Round, when agricultural policy matters were postponed and put in a separate negotiation group, and as a result were left unregulated, Winham, 1986: 95). Thus, the lengthy Uruguay Round (1986-94) is an indication of high complexity of talks (and hence a high degree of entrepreneurship, rather than its absence). A better indicator of entrepreneurship would be the quality of IPG, i.e. the stability of the negotiated governance regime, the absence of conflicts following its negotiation, the comprehensiveness and sophistication of policy instruments. Clearly, the ever-present dilemma exists between entrepreneurship types – facilitation and leadership may reduce negotiation period and lower the costs of IPG provision at the expense of innovation and IPG quality (e.g. comparison of GATT Tokyo and Uruguay Rounds, the latter being a qualitative leap in international trade governance).

At the negotiation stage of the IPG provision Kirznerian entrepreneurship remains important. It involves facilitative activities to overcome domestic opposition to liberal policies (through the use of various influence instruments in domestic political environments) and to build domestic consensus through less conflictual means, as well as to foster collaboration between contracting parties. The importance of considering both negotiation tables (negotiation with international counterparts and negotiation with domestic constituents) was highlighted by Putnam (1988). Pointing to domestic constraints that prevent policy makers from making concessions and concluding agreements, Putnam also considered the ways to overcome these constraints, e.g. by constructing ratifiable agreements through linkage of issues and negotiation areas, by making domestic side payments to own constituents and induce them ratify agreement, and also by attempting to inflict necessary changes in the domestic policy system of the counterparts. The latter means was studied extensively by Schoppa (1997): synergistic strategies, i.e. strategies targeted not directly at the opponent in international negotiations, but rather used to modify domestic preferences, were seen as power tools to move negotiation forward.

We argue that this manipulation of domestic constraints (Schoppa mentions four synergistic strategies - threats, reverberation, restructuring of domestic constraints and tying hands) and the exercise of strategic influence is a mechanism of Kirznerian entrepreneurship. While taking the form of dialogue-based advocacy and coalition-building and involving bureaucratic regrouping at the agenda-setting stage, at negotiation stage it was a combination of inducements and threats. In both instances, the ultimate goal was to correct over-optimism and over-pessimism mistakes and facilitate the policymaking process.

Kirznerian entrepreneurship is supplemented by Schumpeterian-type activities.

Firstly, international bureaucrats (e.g. in GATT/WTO, IMF or UN) and, to a much lesser extent, national negotiators, may manage to submit innovative proposals that could mark a departure from the earlier protectionist stance (Schumpeterian recombinant entrepreneurship

constructing a new policy). During international trade talks policy recombinant entrepreneurs also build from bits and pieces of their own and other negotiators' proposals some agreement that could resolve international trade policy contradictions and deliver an IPG.

Secondly, the activities of top national and international officials bring necessary leadership and political will to successfully conclude the negotiation and sign the agreement that will bring IPG into being, i.e. they behave as Schumpeterian leaders-entrepreneurs.

Regarding Schumpeterian recombination at negotiation stage, it is necessary to distinguish between a routine and an entrepreneurial approach to negotiations. The former, which is the most common type of behaviour during negotiations, is responsible for most of its deadlocks and stalemates. There exist several manifestations of this approach. Firstly, as most negotiations involve several issues and variables to agree upon, the negotiators behaving routinely frequently attempt to embrace all issues and variables at once. Secondly, routine negotiators are usually influenced by some divisive trade conflicts and problems that preceded negotiation and react by attempting to solve these conflicts first, although it might have been preferable to concentrate on other less "toxic" issues. Thirdly, routine negotiators are unable to extend their decision-making horizons to see how the agreement would look as a whole. In contrast, Schumpeterian recombinant entrepreneur would construct proposals and agreement by breaking the complexity of the negotiation issue into workable and manageable parts and prioritising them, depending on their potential to block negotiation (least obstructive first, most obstructive last), while at the same time seeing a bigger picture and broader context of the talks. These activities would obviously hinge on entrepreneur's ability to see *ex ante* which agreement of proposal will prove superior and instrumental in concluding negotiation and delivering IPG. As put by Schumpeter (1961 [1911]: 85) "intuition, the capacity of seeing things in a way which afterwards proves to be true" is a core quality of a recombinant entrepreneur, making him/her different from non-entrepreneurs, who are deficient in this respect and make the above mentioned mistakes.

Many of the GATT/WTO rounds were opened in a non-imaginative, "routine" fashion, with the most recent divisive trade problems occupying the agenda (Grains Agreement wrangle and "American Selling Price"/ASP conflict in chemical sector talks during the Kennedy Round, or US Export Enhancement Program during the Uruguay Round) and dictating particular treatment of other issues, thereby initially decreasing the possibility of a qualitative breakthrough in early stages (Lee, 1999: 111-2). Additional explanation to the lack of progress initially could be the setbacks in problem framing, operationalisation and other problems carried from the agenda-setting stage. The tasks of resolving trade conflicts and of writing trade rules (provision of IPG) were frequently completed in parallel, and for some time the entrepreneurial efforts were diverted from a principal task.

The cursory and exploratory look at the GATT/WTO rounds suggests that they differed in terms of the overall degree of intensity of entrepreneurship, its strength at particular stages of the negotiation and its effectiveness. As put by Winham, the standard approach in each round was to reorganise the talks into specific working groups (Winham, 1979: 197-8). Entrepreneurial efforts were coming to fore, when negotiations reached deadlock.

For instance, in the Kennedy Round (1963-67), GATT Director General E. Wyndham-White took initiative in both formal and informal groups in May 1967 during the final stage of the round. The least divisive issues (cotton textiles, and most of the industrial products) were dealt with first, while the most divisive (chemicals and agriculture) treated last. After that, Wyndham-White devised a complex deal – conversion of ASP to normal valuation system to calculate duties, coupled with reduction of road taxes in Belgium, France and Italy, tobacco

preferences in the UK, and reductions in various non-trade barriers (La Barca, 2016: 7-8; Coppolaro, 2013: 195).

In contrast, during Tokyo Round, the entrepreneurship by GATT Director General (O. Long) was limited: Tallberg (2006: 189-90) mentions that no zone of agreement existed in early stages, while at later stages such zone was wide. Thus, facilitation was not possible at early stages, and was not needed at later stages. In addition, the approach by O. Long was to allow US and EC negotiators sort out problematic issues informally (Hampson, Hart, 1995: 191).

In the Uruguay Round, the leadership by A. Dunkel, the GATT Director General, was substantial again (Paemen, Bensch, 1995). Extensive facilitation and brokerage prevented the failure of the round after the breakdown of ministerial conferences in Montreal in December 1988 and in Brussels in December 1990. Dunkel was also engaged in entrepreneurial recombination (a rather rare case in the GATT rounds), preparing a draft text of the final agreement that was used as a working document in 1992-1994.

The entrepreneurship by top national figures was typically up to the task. For instance, US presidents played pivotal roles in the GATT Rounds. The deadlock in the Kennedy Round in May 1967 was resolved through intervention by L. Johnson, who pushed US trade negotiator (W. M. Roth) to accept some of the EC demands (Lee, 1999: 112) and also imposed deadlines on US trade negotiators (Coppolaro, 2013: 192). The leadership by J. Carter was instrumental in the Tokyo Round as well: the talks were re-invigorated in 1977, when US President reassured EC party that agricultural issues would be treated by the USA separately from other negotiation elements (Winham, 1986: 165-6). The costs of completing negotiation were thereby reduced and the round was completed in 1979: this, however, came at the expense of not achieving regulatory deal in agricultural trade (the task carried over to Uruguay Round).

The entrepreneurship by lower-level bureaucrats varied too. In the Kennedy Round, J. Rey, EC negotiator, was effective in Kirznerian entrepreneurship, maintaining a dialogue with EC members and stakeholders, explaining the benefits and potential threats if the round is not completed (Coppolaro, 191). At times, he was exercising leadership, as was the case when Ray offered concessions to the US on tobacco and canned fruit without consultation with EC member states and EC Council of Ministers (Coppolaro, 188).

We note failures of entrepreneurial recombination. As documented by Tallberg (2006: 192), the efforts to create a draft document may have opposite effects, accentuating the differences in positions, when the trade conflict is acute (as was the case of the chair of WTO General Council, Ali Tchumo during WTO Doha Round).

The failure of several types of entrepreneurship also occurred in the GATT history. The ITO initiative and its subsequent failure is a prominent example of too ambitious undertaking supported by too little entrepreneurship. Intended as a regulatory organ with a task to preclude destabilizing forces of protectionism that reigned in the 1930s (and exacerbated the Great Depression and arguably paved the road to world war), ITO idea was not aligned with dominant frames and political and economic context of the time (as shown above). Importantly it was not supported by policy entrepreneurship.

Firstly, the inability of US President H. Truman to make ITO proposal palatable to the US Congress and resultant rejection of the ITO draft Charter led to rejection of the Charter by other parties (Milner, 1997: 139). The limited leadership at international talks was manifested by the absence of a strong ideational entrepreneur who could support free trade idea,

exposing its benefits and building relevant coalitions. This was in contrast to other post-war regulatory bodies (e.g. the pivotal role of H. Morgenthau in the Bretton-Woods Conferences). Secondly, in terms of entrepreneurial recombination, the US negotiators submitted templates and organisational blueprints for ITO that were too stringent in legal and organisational sense and hence deemed not acceptable by other parties. The blunt and ambitious liberalization proposal by the US did not accommodate the specific realities of European and developing economies: country-specific and protracted paths of post-war reconstruction; the unsettled direction and nature of trade flows post-war; a complex mix of emerging regulatory instruments (direct state administration, maintenance of private cartels, exchange controls). Overall, for a world economic system in disarray a more flexible trade regulation was needed (Heilperin, 1950; Dam, 1970: 15-16).

Thirdly, Kirznerian facilitation or influence through synergistic strategies was limited too: despite enormous political and economic power in the 1940s, the US negotiators eagerly conceded to alternative proposals (e.g. import quota and balance of payments clauses by the UK, import restrictions to promote economic development by India and Cuba, among others), thereby eroding the initial liberal ITO draft by the US, cluttering it with contradictions and dispensations and making virtually unratifiable (Heilperin, 1948: 4).

5. Conclusion

This paper considered several issues pertaining to the provision of international public goods (IPGs).

Firstly, a specific type of IPGs was defined and characterized, the “governance IPG” (alternatively defined as a global policy outcome or international governance regime). It was shown that this IPG type possesses unique characteristics that make it different from other IPGs, particularly when IPG production is concerned.

Secondly, international cooperation needed to obtain “governance IPG” was conceptualized broadly as a set of multiple adjustments and changes at domestic and international level, across several activity streams and at both agenda setting and negotiation stages.

Thirdly, the problem of equilibrium and disequilibria in international governance was examined. International policy entrepreneurship was defined as a set of activities targeted to eliminate or moderate governance disequilibria (with respect to both policy institutions and policy instruments and mechanisms). The concept was elaborated based on the contributions of I. M. Kirzner and J. A. Schumpeter in economics. Three principal entrepreneurial roles were outlined – leadership, facilitation (coordination) and recombination. These roles are complementary, ensuring that disequilibria are reduced using multiple means and from several directions. Policy entrepreneurship was viewed as ubiquitous and idiosyncratic activity, with multiple agents performing entrepreneurial functions. A tentative classification of policy entrepreneurs and roles in the field of international trade governance was proposed.

Fourthly, policy entrepreneurship during the agenda setting and negotiation was considered. For this purpose, the existing models (“multiple streams model” of J. Kingdon and “negotiation as management process” by G. Winham) were extended. We identified five agenda setting streams, each involving the exercise of entrepreneurship. Regarding the relationship between streams, we argue that their role in agenda setting is differentiated. Without the problem framing and experimentation/learning streams no agenda setting will be possible (if problems are not defined and if actors are not attempting to change existing policies in some way, no new agendas will be set and the policy will persist). Hence,

entrepreneurship in these two streams is a necessary condition for initiating regime dynamics. However, it is not sufficient, as without active advocacy and facilitation of agenda processes, creation of adequate analytical instruments and recognition of the timing issues and broader context, the agenda setting may turn excessively lengthy, amorphous and inconclusive. Thus, we argue that while activities in problem framing and experimentation/learning streams determine the mere feasibility of policy regime change, the other three streams condition its practical likelihood. Entrepreneurship at the negotiation stage was seen to condition the actual form of the “governance IPG”. Entrepreneurial leadership and facilitation were instrumental in timely completion of the talks and in the reduction of negotiation costs. Entrepreneurial recombination was crucial in delivering the quality IPG.

Finally, some preliminary analysis was conducted, demonstrating the exercise of policy entrepreneurship (or its absence) in several instances of the GATT/WTO trade policy making. It was shown that timely provision of a quality “governance IPG” (liberal trade policy regime) hinges on the continuous exercise of all three types of policy entrepreneurship.

Overall, international policy entrepreneurship is neither limited to simple awaiting of opportunities with ready solutions at hand, nor is it exercised discretely, nor is it restricted to a single actor. Instead we argue that entrepreneurship would be exercised continuously: at any point of time and in every stream, entrepreneurial activity would be exercised by several actors.

Methodologically, the paper introduces an outline for interdisciplinary research in international governance by merging several literature streams from the fields of political economy, public policy and international relations. The analytical framework introduced in the paper also considers the complexity of international policymaking. The specific contribution of the paper has been the focus on agency in international policy making, making it a central component of policy change, in contrast to approaches that focus on factors that are incidental or of secondary importance to policy analysis or do not truly explain it. The concept of entrepreneurship would allow a more detailed and structured analysis of the dynamics and agency in international governance.

The concept of international policy entrepreneurship (and policy entrepreneurship in general) can be elaborated in several directions. Firstly, further clarification of entrepreneurial roles and the classification of entrepreneurs may be needed, given that Kirznerian and Schumpeterian views of entrepreneurship are rather idiosyncratic. Secondly, the position of entrepreneurs in political and policy networks can potentially affect entrepreneurs’ political capital and power, and respectively the effectiveness of entrepreneurship (Christopoulos 2006). The proposed framework will thus need to incorporate the analysis of networks. Thirdly, it is necessary to consider how behavioural variables constrain or enable entrepreneurship, specifically the integrative versus distributive orientation, risk attitudes, perceptions of the gains and losses. The contributions from the behavioural theory of negotiations, as well as prospect theory (Kahneman, Tversky, 1979) can be instrumental in this regard. Fourthly, an in-depth analysis of the personal characteristics and attributes of entrepreneurs (rhetorical ability, foresight, persistence, alertness, negotiating skills) may be justified, if an actor-centered perspective on policy-making is adopted, and if explanation is needed as to why certain entrepreneurs are more effective than others. In addition, more fundamental question will need to be answered: are entrepreneurial functions and actions complementary (as postulated in this paper), or there is clash and competition between them; in what situations (negotiation type) particular entrepreneurial function is more salient, e.g.

incremental recombinant entrepreneurship versus entrepreneurial leadership; what underlying motivation of entrepreneurs dominates (self-interest or genuine desire to improve policies).

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¹ This paper, to the best of our knowledge, is the first attempt to apply policy entrepreneurship concept to the

analysis of international governance. The study by Dolowitz and Marsh (2000) considers international diffusion of policy ideas by policy entrepreneur, but does not examine the issue of the formation of governance regime.

² The terms “provision” and “production” of IPGs are used interchangeably, albeit the former term is preferable, given multiple logics and processes, not limited to economic one.