

International Public Policy and Management

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The International Transfer and Diffusion of Policy and Management Innovations: Some Characteristics of a New Order in the Making

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I. INTRODUCTION

Modern societies are going global and, in this process, are redefining the boundaries between the domestic and the external. In a “shrinking world,” policy lessons are increasingly drawn on a cross-national basis, rather than on specific national experience, and are less and less constrained by cultural and geopolitical boundaries. The know-how of other nations is increasingly conceived as essential and relevant for the economic competitiveness of nations and for the welfare of their citizens. Epistemic communities, international organizations, and policy entrepreneurs thus transfer this “know-how” to the domestic economic, political, and social settings that are often radically different from the original. The benefits, costs, and implications of these policy transfers are the subject of this book. Specialists in public policy, public administration, and public management have joined together to explore the role of policy transfers in the promotion of more reflective and efficient public policies across the world. In doing so, they aim to advance our knowledge on the new conditions of management, administration, and policy in a global world.

What we are trying to capture in this volume is only partially new. Globalization of knowledge and international policy transfers were discussed

in early political science literature. Take, for example, Barker's classic study of state expansion in Europe between 1660 and 1930. Barker's (1944, p. 93) major attention was concentrated on the particular history of different countries, but he was well aware of their interdependence and existence as a "social community":

When we consider the history of the Modern State... we cannot but recognize the debt which all States owe to one another. Each country has developed according to its own genius; and each has produced its own fruit. But each has produced some institution, or some method of public service, which has served as an example to others; and each, in turn, has borrowed from each. There has been a rivalry of methods, but it has not been unfriendly; one country has studied, adopted, or tried to improve the methods of another; and all have combined, however unconsciously, to promote the growth of a common Europe standard of administration and public service.

So policy transfers are an old phenomenon; yet, what makes our era unique is the downsizing of geographical distance, in general, and national borders, in particular—hence the increase in the quantity and, arguably, the quality of these policy transfers. We are more exposed, and therefore arguably may learn more and might be able to go through the learning process with a somewhat better grip on the difficulties of innovating on others' experience. The issues at stake are increasingly documented and reflected in the literature of the social sciences at large and of organizational studies, law, politics, sociology, social psychology, and economics, in particular (Vigoda, 2002, 2003a). In all these disciplines, the issues discussed in this book are subject to extensive scholarly debate. At one side stand proponents of globalization, who advocate cross-national policy learning (and convergence) and perceive it as a great promise for the advancement of management techniques, administrative controls, and policy effectiveness. At the other side are globalization critics, who identify emulation, manipulation, and coercion as the major forces behind the changes that are widely evident across countries and policy spheres.

This debate, then, touches first on the meaning and origins of policy learning, on the necessary and sufficient conditions that propel it, on the autonomy and motives of the agents that promote it, and on the institutional and other constraints on the implementation of imported ideas in different contexts. At a second level, we face the question of the effects of transfer, and here we explore the suggestion that the dramatic expansion of policy transfers documented in this volume and in numerous others shapes a "new public policy." Perhaps the clearest statement to that effect was made by Majone (1996), who suggested that far-reaching ideological, political, and economic changes begun in the late 1970s brought about "*the transformations of the*

process and substance of policy making” (p. 611, our italics). We hope that this volume, which looks at public policy beyond the nation-state (although not without it), will add new insights to future work that tries to characterize this new public policy.

We start this chapter by setting out the common conceptual grounds for a discussion of the nature of cross-national and cross-cultural interaction with the help of two paradigms: policy transfer and policy diffusion. We then move in the second part to a presentation of some of the major insights and issues that the authors of this book offer.

II. PUBLIC AND MANAGEMENT IN A GLOBAL WORLD: DIFFUSION AND POLICY TRANSFER

Our point of departure is the supposition that cross-cultural and cross-national policy transfers and diffusion are reshaping the way public policy is formulated, expressed, and implemented.¹ Although these processes are not new, they seem to be on the increase to the extent that they remold the ways public policy is shaped, consolidated, and implemented. Social scientists often rely on two different paradigms to capture this process of change: the policy transfer and the policy diffusion paradigms (see Table 1). Although the first is prevalent among political scientists and is methodologically oriented toward case analysis, the second is prevalent among sociologists and enjoys a rich tradition of quantitative research. We find both paradigms fruitful and, to some extent, complementary, and therefore we embark on a discussion that aims to clarify some of their strengths and weakness. Let us start with definitions. Policy transfers are concerned with “the process by which knowledge about how policies, administrative arrangements, institutions, and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions, and ideas in another political setting” (Dolowitz and Marsh, 2000, p. 5). Diffusion is commonly defined as “the process by which an innovation is communicated through certain channels over time among members of social system. It is a special type of communication in that the messages are concerned with new ideas” (Rogers, 1995, p. 5). What differentiates these definitions is mainly the sociological emphasis of the diffusion paradigm. All other differences, including the methodological orientation, are marginal by comparison and there is no reason to believe that these two research traditions *cannot* be brought together. In fact, it might well be that in the future, the major differences as to central issues, such as their rationality and autonomy of actors, will be within each of these paradigms rather than between them.

Table 1 Policy Transfer and Diffusion Perspectives on Policy Change

| Paradigm | Policy transfer | Diffusion |
|---------------------------------------|--|--|
| Definition | “Policy transfer, emulation, and lesson drawing all refer to the process by which knowledge about how policies, administrative arrangements, institutions, and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting” (Dolowitz and Marsh, 2000, p. 5) | “The process by which an innovation is communicated through certain channels over time among members of social system. It is a special type of communication in that the messages are concerned with new ideas” (Rogers, 1995, p. 5) |
| Dominance | Among political scientists and analysts of public policy and public management | Among sociologists, but increasingly utilized by political scientists |
| Methodological orientation | Case studies and comparative analysis | Quantitative |
| Major terms and concepts | Policy learning, lesson drawing, and Bayesian learning | Contagion, bandwagoning, herding, and isomorphism |
| Major assumption | The process of change is political in the sense that policy learning is filtered by political institutions. | The process of change occurs in social networks |
| Mechanisms of policy change | Varies between coercive and voluntary (e.g., emulation, elite network, harmonization through international regime, and penetration by external actors and interests) (Bennett, 1991) | Isomorphism, culture, international norms, and best practices |
| Outcomes | Bias towards convergence | Strong bias towards convergence |
| Focus in regard to the policy process | Comprehensive: focus on policy goals, content, instruments, outcome, and styles | Selective: focus on policy goals and content |

The paradigm of diffusion, especially formulations grounded in sociological institutionalism, has three advantages. First, sociology has an impressive tradition of diffusion analysis at the national (Rogers, 1995) and international levels (Meyer et al., 1997), which does not have any equivalence in political science and the policy transfer literature.² Second, the emphasis on transfer among “members of social system” in the diffusion literature seems to allow us to look at the process outside the hierarchies of the top-down and bottom-up approaches to change. It figures clearly in the literature on policy networks (Rhodes and Marsh, 1992; van Waarden, 1992) and on governance (Rhodes, 1997), which emphasizes the fragmentation of political structures and the volatility of power. It connects naturally to the notions of epistemic communities (Haas, 1992), webs of influence (Braithwaite and Drahos, 2000), and transnational policy communities (Stone, 2003) as “channels of policy transfer” across nations.

Finally, we see some value in the “contagious” aspect of the diffusion perspective (i.e., in the willingness of scholars within this research tradition to look beyond the structural aspects of the process to its internal dynamics).³ Contagious-focused research examines how prior adoption of a trait, policy, institution, or practice in a population alters the probability of adoption for any remaining nonadopters (Strang, 1991, p. 325). Diffusion scholars often treat the process as organic and evoke the idea of contagion as major source of change. Causality is not external but internal to the population in question. Unlike structuralists, who look at “independent observations” and treat interdependency as a problem of control (the Galton problem), diffusion studies perceive the evidence of interdependence as a major theoretical focus of study. This distinction between structural and contagious causes has notable implications for the way we conceive causality in the social and political system. It may suggest that variations and similarities are explained not by structural factors, such as the configuration of actors’ interests and relative power, but by the solutions and models that are shaped by former events:

Hence, in Australia, we have laws criminalizing rape not because of any titanic struggle between a women’s movement (or some other actor) which demanded rape laws and others who resisted them; rather, we acquired them without debate from British criminal law. Having occurred, it is now nearly impossible for any actors with any amount of political power to argue for a way of dealing with rape that disposes of the criminal-law model in favor of a radically different strategy. (Braithwaite and Drahos, 2000, p. 582)

Although the “policy transfer” approach is open to the idea that “emulation” or “copying” might be a distinct and independent source of

change, there is no effort to look at it as a contagious, dynamic process of change. The policy transfer literature is essentially structuralist in its causal imagination. As against these two advantages of the diffusion perspective, it is often criticized as being politically neutral or uninformed. As diffusion analysis often focuses on broad historical, spatial, and socioeconomic causes for a pattern of policy adoption, it neglects the political dynamics involved (Stone, 2003, p. 4; Peters, 1997, p. 76; Jacoby, 2000, p. 8). Here the policy transfer literature that distinguishes between coercive and voluntary mechanisms of transfer seems to have the upper hand. Power in the “sociological–institutional” diffusion perspective is confined almost solely to the power of ideas, norms, and symbols. Yet these “ideational” forms of power are hardly coercive and interest driven, and frequently are not the major focus of diffusion analysts.

Policy analysis is to be enriched from both perspectives, and it is possible to demonstrate how these two approaches may inform each other. This is evident in the work of Stone, who suggests that global policy networks make a major impact on the way policy is shaped on the global as well as national level. She distinguishes three models that combine the assertions about the power of ideas and knowledge with network approach: the epistemic community approach, the embedded knowledge networks framework, and the transnational discourse community approach (Stone, 2003). She then places her “knowledge actors” in a framework of analysis that combines the policy network approach and the policy transfer literature, and, in doing so, opens a new frontier for policy analysts. The move to the global level raises repeatedly the question about the centrality of the state vis-à-vis international organizations, nongovernmental organizations, corporations, and cities in these networks of power. As will be discussed shortly, our contributors diverge on this point as do the two paradigms of diffusion and policy transfer. In general, policy transfer seems to reflect the dominance of the state in political science, whereas the diffusion perspective reflects the notion that states are recipients of a normative order that is created outside them, and they are therefore secondary in importance to international norms.

One major issue in the policy transfer and diffusion literature touches on the degrees and types of rationality that are involved in the process of change. Some versions of the policy transfer literature, such as lesson drawing (Rose, 1993) and social learning (Hall, 1993), seem to perceive the process of transfer as a learning process. In this literature, the emphasis is on cognition and the redefinition of interests on the basis of new knowledge that affects the fundamental beliefs and ideas behind the policy. In some way related, although more demanding, are models of Bayesian learning (Mesequer, 2003). By contrast, sociological interpretations of the process of change emphasize a group’s norms rather than individual rationality. See, for

example, Finnemore's (1996, pp. 2–3) argument about the notion of “state interests”:

State interests are defined in the context of internationally held norms and understandings about what is good and appropriate. That normative context also changes over time, and as internationally held norms and values change, they create coordinated shifts in state interests and behavior across the system. . . states' redefinitions of interest are often not the result of external threats or demands by domestic groups. Rather they are shaped by internally shared norms and values that structure and give meaning to international political life.

This emphasis on the normative side of supposedly rational action suggests that emulation may be of some importance as a mechanism of policy change. It also necessitates a distinction between “learning” and “emulation” as major features of the process of policy transfer. The distinction between the two may be based on the scope of information involved in the decision-making process. Policy learning is defined as the redefinition of one's interest and behavior on the basis of newly acquired knowledge, after watching the *actions* of others and the *outcomes* of these actions. Policy emulation, by contrast, is the redefinition of one's interest and behavior on the basis of newly acquired knowledge and after watching only the actions of others (Jordana and Levi-Faur, 2003). We distinguish between the learners and the emulators by the extent to which adaptation to new behavior involves information not only about the actions of others but also about the consequences of those actions. The crucial difference is that the learner processes a greater amount of information than the emulator and is therefore less dependent and more autonomous.

Finally, the outcomes of policy transfers and diffusion are often presented through the expectation of convergence. Convergence theories postulate that growing international integration will have direct (e.g., a change in the domestic distribution of political power) and indirect (e.g., influence on government policy) implications for domestic policy that will lead to similar policies and institutions (Busch, this volume). This is usually contrasted with divergence theories, which suggest that the growing international integration will not deflect states from their historically rooted trajectories, so that not convergence, but constant and perhaps even increasing variations, will be the result for policies and institutions (Busch, this volume). The expectation of convergence in diffusion theory reflects a scholarly bias that is not necessarily implied and embedded in the theories of transfer and diffusion (cf. Jacoby, 2000, p. 8). Indeed, Gabriel Tarde (1903), one of the founding fathers of sociology and author of the *Laws of Imitation*, describes the process of diffusion as one in which agents simultaneously converge on a

fashion and distinguish themselves from others.⁴ The process of change may involve convergences and divergences at the same time. The bias inherent in some of the diffusion and policy transfer literature toward a sort of “convergence” might be best balanced by a notion of change that takes both convergence and divergence as important dimensions.

III. THE INTERNATIONALIZATION OF PUBLIC POLICY AND PUBLIC MANAGEMENT

One of the most important debates in the social sciences in the last decade has focused on the “future of the nation-state” (Weiss, 2003; Marsh and Smith, 2004). Various scholars argue from different points of view that the power of the state is expected to decline and that new types of actors and political organizations are gradually taking over responsibilities and policy capacities that were once the exclusive domain of the nation-state (O'hame, 1995; Strange, 1996). A forceful argument to that effect was made recently by Braithwaite and Drahos (2000, pp. 3–4) who argue that most states outside Europe and the United States “have become rule-takers rather than rule-makers”:

The extent to which states have become rule-takers rather than rule-makers is greater than most citizens think, largely because when governments announce new regulatory laws, they are somewhat embarrassed to disclose that the national legislature voted for those laws without having any say in shaping them. . . for years, some of Australia's air safety standards have been written by the Boeing Corporation in Seattle, or, if not by that corporation, by the U.S. Federal Aviation Administration in Washington. Australia's ship safety laws have been written by the International Maritime Organization in London, its motor vehicle safety standards by Working Party 29 of the Economic Commission for Europe, and its food standards by the Codex Alimentarius Commission in Rome. Many of Australia's pharmaceuticals standards have been set by a joint collaboration of the Japanese, European, and U.S. industries and their regulators, called the International Conference on Harmonization. Its telecommunications standards have been substantially set in Geneva by the ITU. The Chair (and often the Vice Chair) of most of the expert committees that effectively set those standards in Geneva are Americans. . .

Dolowitz, in his chapter on the state and the process of globalization, takes issue with the arguments on the decline of the state, and suggests that the growth of policy transfers opens, and not only constrains, the policy options of the state. Dolowitz, one of the pioneers of the policy transfer literature