

# Transnational diffusion: Norms, ideas, and policies

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## 1 Introduction

International interdependence is at the core of the international relations discipline, which is premised upon the fact that states interact with one another and examines the nature, causes, and consequences of different types of cooperative and conflictive interactions. This chapter discusses how international interdependence shapes domestic decision making through transnational diffusion processes. In other words, how are decisions in one country influenced by the international context, and especially by the ideas, norms, and policies displayed or even promoted by other countries and international organizations? This idea has played an important role in international politics for a long time. Consider, for instance, US president Eisenhower’s “falling domino principle,” which expressed the risk that communist regimes would spread rapidly throughout the world: “You have a row of dominoes set up, you knock over the first one, and what will happen to the last one is the certainty that it will go over very quickly.”<sup>1</sup> More recently, George W. Bush used a similar argument to justify the second Iraq war: “The establishment of a free Iraq at the heart of the Middle East will be a watershed event in the global democratic revolution.”<sup>2</sup>

More or less implicitly, the notion that international interdependence is a powerful driver of domestic change is present in many important academic works. For instance, Huntington’s (1991) “third wave of democratization” directly refers to a possible interdependent diffusion

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<sup>1</sup>Presidential news conference, April 7, 1954 (<http://goo.gl/d188v>, accessed January 17, 2010).

<sup>2</sup>President Bush Discusses Freedom in Iraq and Middle East, Remarks at the 20th Anniversary of the National Endowment for Democracy, United States Chamber of Commerce, November 6, 2003 (<http://goo.gl/QPFNN>, accessed January 17, 2010).

process. Furthermore, many international typologies, such as the distinction between “Beveridgean” and “Bismarckian” welfare states, suggest that national policies come from the same blueprint. At bottom, this is the well-known “Galton’s problem,” or the idea that in comparative studies, units are seldom independent from one another (Ross and Homer, 1976). However, the systematic analysis of transnational diffusion processes is relatively recent, as shown by the fact that the previous edition of this handbook did not include a chapter on this subject. The purpose of this chapter, then, is to give an overview of the main arguments, approaches, and findings of the diffusion literature, as well as a critical assessment of its achievements and of the direction that future research should take.

The chapter is organized as follows. Section 2 presents basic definitions and shows how the question of transnational diffusion is embedded in broader debates and research traditions, both within international relations and in related (sub)disciplines. Section 3 considers the multiple faces of diffusion, or, in other words, the fact that many political phenomena can be studied from this perspective. Section 4 discusses the methods that can be employed to uncover diffusion and to what extent empirical evidence documents its presence. Section 5 then unpacks diffusion and discusses, using both theoretical arguments and empirical evidence, four broad classes of mechanisms (coercion, competition, learning, and emulation) that explain how policies diffuse. Section 6 assesses the achievements of the diffusion literature and discusses how it could overcome the challenges it faces. Finally, the conclusion sums up the main arguments.

## **2 Theoretical debates and research traditions**

There is a consensus that diffusion can be defined as a consequence of interdependence. For instance, Simmons, Dobbin and Garrett (2006, 787) write that “[i]nternational policy diffusion occurs when government policy decisions in a given country are systematically conditioned by prior policy choices made in other countries.” This definition is broad, but it can be made even more general by noting that diffusion does not occur only at the international level, that national governments are not the only relevant units, and that it is not only specific policies that diffuse. Diffusion can take place also within countries, among a wide range of public and private actors, and it can lead to the spread of all kinds of things, from specific instruments, standards, and institutions, both public and private, to broad policy models, ideational frameworks, and

institutional settings.

In addition to characterizing diffusion in terms of interdependence, the definition emphasizes diffusion as a process, as opposed to an outcome (see also Elkins and Simmons, 2005). That is, diffusion is the interdependent process that is conducive to the spread of policies, not the extent of convergence that can result from it. If we think of the famous S-curve that scholars tend to associate with diffusion (see, e.g., Rogers, 2003; Berry and Berry, 2007; Simmons and Elkins, 2004; Weyland, 2005), in which the rate of adoption increases up to the point where the curve flattens out because it is approaching the ceiling (as in the case of adoption by all countries), diffusion is the process that leads to the pattern of adoption, not the fact that at the end of the period all (or many) countries have adopted the policy. Therefore, diffusion is *not* equivalent to convergence. A significant increase in policy similarity across countries—a common definition of convergence (Holzinger and Knill, 2005; Heichel, Pape and Sommerer, 2005)—can, but needs not, follow from diffusion. Even if it does, convergence characterizes the outcome of the process, but not the nature of the process itself. Thus, a clear separation of diffusion from convergence is of paramount importance. Furthermore, in principle this definition excludes hierarchical processes such as conditionality because these are not characterized by horizontal interdependence. While I believe that this view is correct, a significant portion of the literature considers coercion integral to diffusion (Dobbin, Simmons and Garrett, 2007; Weyland, 2007). Therefore, I will include it in the discussion.

Transnational diffusion is at the core of some of the most important debates in international relations. As Most and Starr (1990, 392) argue, “diffusion/contagion processes fit logically in that set of questions which are traditionally asked by foreign policy or comparative politics analysts.” Diffusion is germane to many classic concepts and theoretical frameworks, such as Rosenau’s “linkage politics,” which is premised on linkages defined as “any recurring sequence of behavior that originates in one system and is reacted to in another” (Rosenau, 1980, 381), and Gourevitch’s (1978) “second image reversed,” which theorizes how international structures affect domestic politics. Diffusion pertains directly to disputes over the definition, causes, and consequences of globalization, which produced a large number of studies, especially in the 1990s (Garrett, 1998). Relatedly, an influential research agenda was spurred by Keohane and Milner’s volume *Internationalization and Domestic Politics*, in which internationalization was defined

as “the processes generated by underlying shifts in transaction costs that produce observable flows of goods, services, and capital” (Milner and Keohane, 1996, 4). This definition led to a conceptualization of globalization in terms of economic openness, or the extent to which a country embraces international economic exchanges. As we will see, the key contribution of the diffusion perspective to these debates has been to shift attention away from general openness towards specific patterns of interdependence, economic or otherwise, which has led to a better conceptualization and analysis of the nature and consequences of globalization and internationalization (Jahn, 2006). Furthermore, if we consider that coercion belongs to the definition of diffusion, important debates related to the impact of international financial institutions such as the World Bank and the International Monetary Fund on domestic policy making (Mukherjee and Singer, 2010), as well as to European Union (EU) conditionality requirements in view of accession by new member states (Schimmelfennig and Sedelmeier, 2004), can also be reframed in terms of transnational diffusion.

Beyond international relations, interdependence and diffusion have had a long history in the social sciences. These ideas can be traced back at least to 1889, when Francis Galton, the British social scientist and statistician, commented on a paper comparing laws of marriage and descent given at an anthropology conference and argued that “full information should be given as to the degree in which the customs of the tribes and races which are compared together are independent. It might be, that some of the tribes had derived them from a common source, so that they were duplicate copies of the same original” (Tylor, 1889, 270). Since then, the non-independence of units in comparative studies has been known as “Galton’s problem” (Ross and Homer, 1976). However, until recently it was mostly treated precisely as a problem, a nuisance that researchers should try to control, but not an interesting phenomenon in itself (Przeworski and Teune 1970, 51–53; Lijphart 1975, 171–172). Even recent comparative politics textbooks either mention diffusion briefly in the context of the challenges of the comparative method (Caramani, 2008) or skip it altogether (Boix and Stokes, 2007).

While cross-national comparativists have not paid much attention to interdependence and its consequences, this question has been at the center of sub-national comparisons for a long time, especially in the context of American federalism. The first systematic analyses of policy diffusion in US states were published in the first half of the 20th century (McVoy, 1940), mo-

tivated by the hypothesis that states work as “policy laboratories” in which innovations can be tested and, if successful, spread across the country. A large literature has developed from these ideas, which has progressed from rather crude studies of geographic effects to sophisticated analyses of diffusion patterns (Gray, 1973; Walker, 1969; Berry and Berry, 1990; Volden, 2006; Shipan and Volden, 2006). Although there has been relatively little dialogue between scholars studying subnational and transnational diffusion, the underlying phenomenon, as well as many theoretical concepts and methodological tools, are essentially the same, so that the two literatures are highly compatible. For instance, Volden (2006) borrowed from the IR literature the dyadic approach (where units of observations are pairs of countries, the first being the receiver of a given phenomenon, such as trade or military conflict, and the second the sender) and adapted it to the study of diffusion among US states; in turn, this approach was later employed to investigate diffusion at the cross-national level (Gilardi, 2010). Furthermore, Shipan and Volden (2006) examined diffusion across levels, namely from cities to states. This idea could be fruitfully developed also in the context of transnational diffusion—for instance, by looking at how diffusion among EU member states affects policy making at the supranational level. Finally, it should be noted that subnational diffusion studies are not confined to the US. Füglistler (2012), for instance, analyzed the spread of health policies among Swiss cantons and found that intergovernmental institutions enhance the capacity of cantonal governments to learn from one another, a finding that is relevant beyond the specific case of Switzerland.

Interdependence has also been studied extensively in sociology, with a focus on individual and organizational behavior (Rogers, 2003; Strang and Soule, 1998). Much of the sociological work builds on DiMaggio and Powell’s (1983) “institutional isomorphism,” namely the idea that “[o]rganizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness” (DiMaggio and Powell, 1983, 150). These insights have been applied to an extremely wide range of policies, practices, and organizations, such as newspapers (Carroll and Hannan, 1989), corporate structures (Fligstein, 1985), health care organizations (Ruef, 2000), among many others. A typical study is Baum and Oliver (1992), which investigates foundings and failures of day care centers in Toronto over 20 years. Results show that more centers were created, and were discontinued, as the interconnections with the institutional environment became stronger. According to the authors,

this relationship has to do with the increasing legitimacy of the day care centers, which, by gaining social acceptance through institutional embeddedness, are more able to attract and retain clients. As is common in these works, what matters are not the objective characteristics of organizations, such as their efficiency, but their congruence with the institutional environment in which they evolve. Accordingly, organizations and other formal structures are seen as “myths and ceremonies” whose purpose is not to achieve predefined goals, but to increase the legitimacy of the behavior of social actors (Meyer and Rowan, 1977).

A closely related strand of research looks at institutional legitimacy at a global scale by focusing on the relationship between nation-states and “world society.” The central proposition is that many national institutions, organizations, and policies “derive from worldwide models constructed and propagated through global cultural and associational processes” (Meyer, Boli, Thomas and Ramirez, 1997, 144–145). Works in this tradition show, for instance, that the rise of higher education was influenced by the consolidation of international societal models putting emphasis on the development of human capital, as well as by integration within transnational networks (Schofer and Meyer, 2005). Similarly, Ramirez, Soysal and Shanahan (1997) found that, while country-specific factors were crucial in the acquisition of women’s suffrage rights until the 1930s, their salience later declined in favor of transnational influences, which ultimately led to women’s political rights being taken for granted as an essential component of modern states. The ideas developed in the sociological literature play an important role in a diffusion mechanism often called “emulation,” which is discussed in Section 5.4.

Related to the classic sociological studies, but with a more interdisciplinary flavor, is the recent literature on social networks, which has analyzed the spread of a wide range of phenomena, such as smoking (Christakis and Fowler, 2008), obesity (Christakis and Fowler, 2007), and autism diagnoses (Liu, King and Bearman, 2010). Although some of these studies have been increasingly criticized, notably for their limited ability to dissociate diffusion from “homophily” (Shalizi and Thomas, 2010), the network approach has been making its way into mainstream diffusion studies, as we will see later.

Finally, policy diffusion has been studied by policy analysts under the label “policy transfer,” which is defined as “the process by which knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the de-

velopment of policies, administrative arrangements, institutions and ideas in another political system” (Dolowitz and Marsh, 2000, 5). This definition is very similar to that of diffusion (for a comparison, see Marsh and Sharman, 2009); indeed, the underlying phenomenon is essentially the same. Using this approach, policy analysts have studied a wide range of topics, such as railway regulation (Lodge, 2003) and national tax blacklists (Sharman, 2010).

In sum, while the study of how interdependence causes policies to spread transnationally is relatively new in both international relations and comparative politics, it has a long tradition in related (sub)disciplines. As argued in Section 6, there is a definite redundancy across these literatures, which would benefit from a closer integration of theoretical arguments and empirical strategies.

### **3 What is diffused?**

One of the appeals of the diffusion approach is that it can be applied to a wide range of social and political phenomena. Starting with policies, we can think of a continuum going from specific instruments and settings, such as corporate tax rates, to general policy frameworks, such as neoliberal models. The literature offers several ways to think about these differences. In his influential work, Hall (1993) developed the concept of “policy paradigm,” namely “a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing” (Hall, 1993, 279). Within this perspective, we can distinguish between “normal policy making,” in which adjustments are incremental and occur within a given paradigm, and radical changes that alter the paradigm itself. The latter is labeled “third-order change,” while the former consists of “first-order change” (namely the revision of the settings of existing policies) and “second-order change” (that is, the introduction of new policy instruments that, however, remain consistent with the existing paradigm). Thus, taking regulation as an example, some scholars studied the diffusion of specific policies such as the liberalization and privatization of infrastructures (Henisz, Zelner and Guillén, 2005), regulatory impact analysis (Radaelli, 2004), and financial market regulation (Way, 2005), but others have argued that these seemingly disconnected policy changes are in fact part of a paradigmatic shift that puts regulation at the core of contemporary political economies, leading to the global diffusion of

“regulatory capitalism” (Levi-Faur, 2005).

Weyland (2007) unpacked the concept of “policy” by drawing a distinction between loose templates (“principles”) and concrete policies (“models”):

A principle is a general guideline for designing programs or institutions. Such a maxim provides a broad orientation for policy-makers that encompasses several specific design options. It charts an overall direction but not a specific course of action. By contrast, a model is one specific option from the menu offered by a policy principle; a model [...] prescribes a coherent, integrated way of organizing a policy program or designing an institution. (Weyland, 2007, 18)

The distinction has consequences for the nature of the diffusion process. While coherent policy models, such as the pension privatization pioneered by Chile in the 1980s, are more likely to spread and be adopted without major adaptations, general principles such as universal coverage and efficiency in health care may prompt similar reforms in many countries, but to a lesser extent and with more heterogeneous implementation than policy models (Weyland, 2007, 22–27).

While policies, in their various forms, have been the focus of a significant share of works, by no means are they the only political phenomenon covered by the diffusion literature. Many studies have examined the diffusion of institutions. Some concentrated on specific organizational forms such as independent central banks (Polillo and Guillén, 2005) and independent regulatory agencies (Gilardi, 2005; Jordana, Levi-Faur and Fernandez i Marin, 2011), while others examined institutions such as women’s political rights (Ramirez, Soysal and Shanahan, 1997) and candidate quotas (Krook, 2007).

Democracy itself has been studied from a diffusion perspective. A first group of studies focused on broad patterns, such as the distribution of governmental transitions (Starr, 1991) and the geographic clustering of democratic transitions (Brinks and Coppedge, 2006; Gleditsch and Ward, 2006). Controlling for the typical country-specific determinants of democracy, the democratic level of a country is significantly related to that of its neighbors. These empirical patterns are very robust and, at first sight, they seem to support George W. Bush’s view, mentioned in the introduction, that the democratization of Iraq through military intervention would lead to increased democracy in the Middle East. However, Leeson and Dean (2009) have



shown that, while the democratic level of a country is influenced by that of its neighbors, the magnitude of the effect is small. Other studies have attempted to document the diffusion of democracy, and unpack its process, with qualitative evidence. Weyland (2009, 2010) shows that foreign examples increase the confidence of domestic opposition, even though the probability of success is often overestimated. Furthermore, Weyland (2010) argues that the diffusion of democracy may lead not only to the successful replication of a democratization event, which is in fact relatively rare, but to a wider range of outcomes, including preemptive reforms by autocratic leaders and even repression that blocks immediate democratization efforts and even freezes them in the medium term. Elkins (2010) focuses on another aspect of democratic diffusion, namely the similarity of constitutions. Using an original dataset covering almost all independent states since 1789, he shows that the structure and content of constitutional documents exhibits the same geographic clustering as general democracy scores, but to a larger degree in Latin America than in Europe. Elkins (2010) argues that this is due to the availability of influential models in Latin American countries, such as the US constitution, which played a lesser role for European countries. Despite stronger heterogeneity in Europe, Elkins (2010) could document unambiguous influences in this continent, such as the Portuguese constitution of 1822 borrowing heavily from the Spanish constitution of 1812. The latter belongs to some of the most influential models, which include also the constitutions of France (1791) and those of the German states of Bavaria (1808 and 1812) and Baden (1818).

The list of political phenomena that have been studied from a diffusion perspective is very long. It includes standards and certifications (Prakash and Potoski, 2006), labor rights (Greenhill, Mosley and Prakash, 2009), legal styles (Kelemen and Sibbitt, 2004), military coups (Li and Thompson, 1975), war (Most and Starr, 1980; Buhaug and Gleditsch, 2008), presidential election campaign strategies (Boas, 2010), military systems and organizations (Resende-Santos, 2007), bureaucratic oversight mechanisms in international organizations (Grigorescu, 2010), international election monitoring (Kelley, 2008), and suicide terrorism (Horowitz, 2010), among many others. In this chapter, I often use “policy” as a convenient shortcut, but it should be kept in mind that most of the arguments hold for a much broader class of phenomena.

## 4 Is diffusion an observable phenomenon?

Anecdotal evidence of diffusion abounds; one can hardly read a newspaper or magazine without stumbling upon examples illustrating the plausibility of the idea that interdependence is a key feature of decision making in virtually all domains. For instance, in the October 4, 2010 issue of *The New Yorker*, Evan Osnos wrote on the politics of meeting the Dalai Lama:

[As the Dalai Lama] prepared for his first visit to the new Administration, the Washington Post broke the news that he and Obama would delay their White House meeting until after the President’s official trip to China, that November. [...] Lodi Gyari, the Dalai Lama’s special envoy and lead contact with the US government, says the criticism of Obama was unwarranted: “The decision not to do the meeting beforehand was absolutely mutual.” Nevertheless, he added, in the months since, some foreign governments have used it as an excuse to avoid irritating China. “They said, ‘Look, if the big United States is shying away, then, please, give us a break,’ ” he told me.

Scholarly work also offers many illustrations, sometimes quite colorful. For instance, in his article on national tax blacklists, Sharman (2010, 634) reports unambiguous evidence that Venezuela literally copied and pasted Mexico’s legislation:

[T]he Venezuelan legislation made reference to the wishes of the Mexican legislature and the need to be consistent with the Mexican constitution. Worse still, the original Mexican list had included Venezuela, and thus by copying the Mexican list, Venezuela succeeded in blacklisting itself.

While these examples make the idea that diffusion really occurs thoroughly believable, finding systematic evidence is another matter. For qualitative and quantitative researchers alike, the starting point is often some kind of spatial and/or temporal clustering, such as neighboring countries adopting similar policies or an adoption pattern that is characterized by waves. For instance, both Simmons and Elkins (2004, 172)—a quantitative analysis—and Weyland (2007, 18–21)—a qualitative study—note that, respectively, foreign economic policies on a global scale and social security reform in Latin America tend to be clustered geographically, and that reforms

have been concentrated in relatively short time spans. Such clustering offers preliminary evidence of diffusion, but researchers are faced with two problems. First, how do we know whether the clusters are caused by interdependence, as opposed to commonly experienced shocks of various kinds? Second, how can we discriminate among different forms of interdependence, or, in other words, among different diffusion mechanisms? Qualitative researchers rely on process tracing to assemble enough pieces of information and convincing “smoking guns” to support the hypothesis that diffusion takes place and, especially, to uncover the mechanisms that drive the diffusion process (Weyland 2007, 14–16; Resende-Santos 2007, 41–46). Of course, the nuances of the specific conclusions vary, but virtually all qualitative studies find that, at least to some extent, diffusion can be documented empirically.

On the other hand, quantitative researchers formulate the null hypothesis that interdependence does not have a significant effect on policies, and that country-specific factors and common pressures account for their transnational spread, which would imply that traditional arguments do not miss an important part of the story (Simmons, Dobbin and Garrett, 2006). Against this baseline argument, most studies conclude that interdependence matters and policies do diffuse across countries. But what is exactly the empirical basis for this claim? The typical analysis uses time-series-cross-section data and models policy in a given country and year as a function of a set of control variables, which usually capture domestic factors and international pressures, and of a so-called “spatial lag,” which, despite its pompous name, is simply a weighted average of the policy in other countries (usually lagged one year). The connectivity matrix that is needed to construct the spatial lag specifies how countries are connected with one another. For instance, it may contain 1s for country pairs that are geographic neighbors, and 0s otherwise. The construction of the connectivity matrix is the crucial step in which researchers try to measure theoretically meaningful relationships between countries. The key here is to understand that “space is more than geography” (Beck, Gleditsch and Beardsley, 2006): there is no reason to define “distance” exclusively in geographic terms, although in many cases geography is a useful starting point. We see why this approach is appealing: the spatial lag offers a straightforward way to integrate interdependencies into a standard regression model, although the estimation of spatial models does present some difficulties (Franzese and Hays, 2007, 2008). A crucial issue in spatial analyses is making sure that the estimated spatial lag—

our measure of interdependence—is not biased by unmeasured heterogeneity and/or common shocks. To this end, the inclusion of unit and time fixed effects is generally recommended, but as Plümper and Neumayer (2010) argue, it is not a panacea. In particular, unit fixed effects capture heterogeneity in policy levels, but not in changes. Furthermore, unit fixed effects in general are appropriate if the theory points to variation in changes of the dependent variable, but not if we are interested in levels. This is usually unproblematic in diffusion research, but it needs to be kept in mind.

Simmons and Elkins' (2004) path-breaking study illustrates the type of results that many subsequent works could corroborate. These authors investigated the diffusion of liberalization and restriction of the current account, the capital account, and the exchange rate regime in 182 countries. Controlling for economic and political conditions and external political pressures, they found that policy change among capital competitors, among countries sharing the same religion, and among countries experiencing high economic growth significantly increased the likelihood of similar changes in other countries. Concretely, each of these variables represents a spatial lag. That is, the policies of religious partners are operationalized by weighting the policies of all countries by whether any two countries share the same dominant religion. Because this weight is binary, this amounts simply to the average policy among religious partners. Simmons and Elkins (2004) used the same approach also for more complex relations, such as the extent to which countries have the same trade relationships. Here, weights are correlations across each country's total exports to each of the other countries. The same principle was used for many other diffusion variables, such as the policies of bilateral investment treaty (BIT) and preferential trade agreements (PTA) partners, language partners, and trade competitors.

To sum up, there is an almost unanimous consensus in the literature that interdependence and diffusion are real phenomena that can be documented. However, how do policies diffuse? What forms can interdependence take, and how are they related to the ways policies diffuse transnationally? We turn to these questions in the next section.

## **5 How does diffusion occur?**

The definition given in Section 2 states that diffusion follows from interdependence, but it does not explain how. Obviously, interdependence can take many forms; therefore, there can be many

ways in which policies diffuse. The literature has discussed at length what these ways may be and generally has approached the issue from the angle of mechanisms. A mechanism can be defined as “a systematic set of statements that provide a plausible account of how [two variables] are linked” (Hedström and Swedberg, 1998, 7). It follows that diffusion mechanisms are systematic sets of statements that provide a plausible account of how policy choices in one country are systematically conditioned by prior policy choices made in other countries (Braun and Gilardi, 2006, 299). There has been considerable theorization on these issues and the list of diffusion mechanisms is almost as long as that of scholars that have written on the subject. However, the emerging consensus is that most mechanisms can be grouped in four broad categories, namely coercion, competition, learning, and emulation. Coercion is the imposition of a policy by powerful international organizations or countries; competition means that countries influence one another because they try to attract economic resources; learning means that the experience of other countries can supply useful information on the likely consequences of a policy; and emulation means that the normative and socially constructed characteristics of policies matter more than their objective consequences.

## 5.1 Coercion

Coercion means that international organizations and powerful countries can pressure states to adopt certain policies. The typical mechanism is conditionality: in order to access certain resources, national governments must comply with given policy requirements. This logic applies especially to two settings. First, international financial institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank tie their financial help to mostly neoliberal economic reforms to be enacted by the recipient governments, usually some combination of fiscal austerity and market creation (Biersteker, 1990). Second, the EU makes accession conditional on wide-ranging reforms, including the national transposition of EU legislation and the restructuring of domestic political institutions and practices (Schimmelfennig and Sedelmeier, 2004). If these efforts are successful, they cause policies to spread quite straightforwardly.

Turning first to IFIs, the empirical evidence is mixed. On the one hand, several quantitative studies could not document a correlation between IFIs’ requirements and domestic reforms. For instance, Brooks (2005, 2007) found no relationship between World Bank loans and credits and

pension reforms in Latin America, OECD, and post-communist countries. These results are reinforced by the extensive qualitative evidence produced by Weyland (2007), who concludes that “even weak countries that depended on financial assistance from the IFIs deviated from WB recommendations on a number of important issues and resisted IFIs pressures [...] Therefore, IFI pressures cannot account for the Latin American wave of pension reform” (Weyland, 2007, 79). However, these negative results are driven in part by a selection effect: IFIs focus their efforts on the more recalcitrant countries, in which the success of their initiatives are likely to be more modest (Weyland, 2007, 70–71). In addition, national governments can exploit IFI pressures as an external constraint to push through reforms which they favor regardless of IFI involvement, but which are unpopular at the domestic level. As Mukherjee and Singer (2010) argue, this strategy can be successful especially when social policies are sufficiently developed to ensure domestic compensation for the losers.

Conditionality has also been a prominent feature of the interaction between the EU and Central and Eastern European Countries. According to the external incentives model, “[t]he dominant logic underpinning EU conditionality is a bargaining strategy of reinforcement by reward, under which the EU provides external incentives for a target government to comply with its conditions” (Schimmelfennig and Sedelmeier, 2004, 662). EU demands include the *acquis communautaire* on the one hand (that is, the corpus of EU legislation), and broader political and institutional goals, such as the respect of general democratic principles and respect of minorities, on the other. To pressure states to comply with these requirements, the EU relies especially on material incentives, most importantly accession to the EU. Mattli and Plümper (2004) estimated that the prospect of joining the EU explains about 40% of the variance in regulatory quality among transition countries, which react promptly to the credibility of EU commitments. Whether the expectation of joining the EU is sufficiently powerful to alter state behavior depends also on other factors, such as the clarity and formality of EU demands, the size and speed of rewards, and the size of adoption costs (Schimmelfennig and Sedelmeier, 2004, 664). The conditionality strategy worked well until the 2004 enlargement but, despite its continuing consistency, it has become less effective since, mainly because the domestic political costs of compliance, especially with respect to minority rights, have been too high in countries ridden with ethnic conflict, such as Serbia and Turkey (Schimmelfennig, 2008).

## 5.2 Competition

Competition can be defined as the process whereby policy makers anticipate or react to the behavior of other countries in order to attract or retain economic resources. The prototypical example is tax competition. All countries might be better off with higher tax rates but, to the extent that lower taxes help attract investment, they have incentives to set them a little lower than other countries. The decision is thus conditional on the policies of other countries, and if all policy makers reason alike, a race to the bottom in tax rates is to be expected. The logic is essentially that of the prisoner's dilemma, which highlights that interdependence and diffusion are an inherent component of game-theoretic models of international relations. It is also the line of reasoning that characterized early studies of economic globalization, which predicted a downward spiral in standards of social protection as a consequence of countries trying to preserve their competitiveness in a new era of mobile capital.

While international economic competition has been studied from several perspectives, the contribution of the diffusion literature has been a more precise analysis of competition dynamics. Typically, standard globalization studies operationalized competition as general economic openness, for instance as imports plus exports as a share of GDP, foreign direct investment as a share of GDP, or financial openness (Garrett, 1998). On the other hand, diffusion scholars developed more accurate indicators of international competition relying on the spatial setup discussed in Section 4. Simmons and Elkins' (2004) idea of identifying exactly who each country is competing with by looking at correlations between trading patterns (or other relevant dimension of competition) has been adopted by several subsequent studies. In their study of the diffusion of BITs, for example, Elkins, Guzman and Simmons (2006) construct three spatial lags in which the adoption of BITs by other countries are weighted by the degree to which they export to the same countries, have similar educational and infrastructural resources, and export the same basket of goods. All three indicators are strongly correlated with the adoption of BITs, controlling for a wide range of factors. Concretely, it means that a country that exports mainly coffee to Europe is more likely to sign a BIT if other countries that export coffee to European countries have already done so, but not if other signatories export mainly steel to North America. What matters is not simply the overall level of international economic openness but specific competition patterns. In this respect, Cao (2010) has shown that these patterns

can be operationalized using network tools. Looking at capital taxation, he concluded that competition takes place especially among countries that are similarly positioned in networks of portfolio investment and exports.

Another way in which diffusion analyses have extended the globalization literature is by clarifying why there has been no generalized race to the bottom in social protection, tax policies, and other domestic regulations, which was a key finding of the 1990s. For example, Garrett (1998) showed that high exposure to international trade and high capital mobility have differential effects on government spending depending on the strength of left labor. Government spending is about the same regardless of left-labor power if internationalization is low, but it is significantly higher if the left is strong in a highly internationalized economy. Diffusion studies have found similar results using the more precise measures mentioned earlier. For instance, a robust finding is that domestic politics filters competitive pressures in capital taxation and prevents a generalized race to the bottom (Basinger and Hallerberg, 2004; Plümper, Troeger and Winner, 2009).

Beyond these refinements, the diffusion literature has shown that not only is international competition compatible with the existence of high domestic social and regulatory standards, but it can even contribute to their increase. The argument follows the famous “California effect” identified by Vogel (1995, 1997), namely the idea that important export markets can push countries to improve their environmental standards by making access to the market conditional on them. This effect was originally observed in the case of American automobile emission standards. After California enacted stricter regulations in the 1970s and then again in the 1990s, automobile producers were compelled to abide by them in order not to lose that important market. As Vogel (1997, 561–562) explains, similar dynamics should be expected to occur also at the international level:

Political jurisdictions which have developed stricter product standards often force foreign producers in nations with weaker domestic standards either to design products that meet those standards, since otherwise they will be denied access to its markets. This, in turn, encourages those producers to make the investments required to produce these new products as efficiently as possible. Moreover, having made these initial investments, they now have a stake in encouraging their home



markets to strengthen their standards as well, in part because their exports are already meeting those standards.

Prakash and Potoski (2006) demonstrated that this phenomenon can indeed be documented, and not only for product standards, which specify what characteristics products should have, but also for process standards, which regulate how the product is manufactured and are more difficult to monitor. Their study of the diffusion of ISO 14001 certificates, which is a private voluntary standard that, if adopted, obliges firms to respect a series of measures to limit their environmental impact, showed that a given country had higher rates of adoptions of the ISO 14001 certificate among domestic firms if it traded extensively with countries where the use of this certificate was widespread. By contrast, export dependence, which is a general measure of economic openness, was not related with ISO 14001 certification rates. Greenhill, Mosley and Prakash (2009) found a similar effect for labor rights, which tend to be strengthened in countries that trade extensively with partners where these rights are already well protected. Interestingly, the effect is stronger for the formal adoption of laws than for their actual implementation, suggesting that competitive pressures do not lead automatically to better conditions for workers. However, the California effect could be identified also in this case.

These findings lead to a somewhat paradoxical conclusion. On the one hand, economic interdependence gives rise to competition among countries but without causing a race to the bottom in domestic social and regulatory standards. In some cases, per the California effect, competition even pushes laggards to upgrade domestic regulations in important areas such as environmental protection and labor conditions. On the other hand, the improvement of domestic standards occurs ultimately because of external market pressures and not through a democratic process. How the final outcome should be evaluated from a normative point of view is an open question, to which we return in Section 6.

### **5.3 Learning**

Learning can be defined as the process whereby policy makers use the experience of other countries to estimate the likely consequences of policy change. Before a policy is introduced, its consequences are by definition uncertain. Policy makers may rely on expert reports and other assessments, but other countries can also be a useful source of information. Looking at

outcomes in countries that have already introduced the policy, and maybe comparing them with those of countries that have not adopted it, can be a way for policy makers to evaluate what will likely happen if they choose to pursue the new policy. This process can be rational, if policy makers elaborate information according to the laws of statistics, but it can also be bounded, if they rely on cognitive shortcuts that may introduce errors in the process.

Rational learning can usefully be characterized as Bayesian updating. Within this perspective, policy makers have prior beliefs regarding the consequences of a policy, which they update on the basis of information coming from other countries. For instance, imagine that policy makers are considering the adoption of smoking bans in bars and restaurants. Before new information is revealed, policy makers have some sense of what is likely to happen. Some will think that smoking bans are an effective means to reduce cigarette consumption while others will be more sceptical and argue that people will just change their smoking habits but not the overall number of cigarettes they smoke, but all will be significantly uncertain. Trends in cigarette consumption before and after the introduction of smoking bans in other countries, or a comparison of countries with and without smoking bans, can help reduce this uncertainty. If policy makers use this information to update their beliefs in a Bayesian process, their posterior beliefs will shift towards what the experience of others shows, although the extent of this adaptation depends on both the consistency of the information and the strength of prior beliefs.

Meseguer (2009) studied this argument empirically by examining the worldwide spread of economic policies such as privatization, capital account liberalization, development strategies, and IMF agreements. For each policy, she constructed the posterior beliefs of policy makers in a Bayesian updating process in which the relevant outcome of all policies was assumed to be economic growth. Concretely, Meseguer (2009) computed both average results and their variance using three types of information, namely outcomes in the same country (“own experience”), in the same region (“regional experience”), and in the whole world (“world experience”). These variables were then used as the main explanatory factors in time-series-cross-section models that included also a number of controls. Although results are not entirely consistent across policies, Meseguer (2009) could show that the adoption of market reforms was significantly influenced by how policy makers perceived their expected consequences on economic growth, based on the experience not only of their own country, but also of other countries. This is a strong result

because the operationalization of learning follows directly from the Bayesian updating model, which suggests that not only do policy makers learn, but they do so in a very rational way.

Another test of rational learning arguments was carried out by Elkins, Guzman and Simmons (2006), who studied the worldwide diffusion of bilateral investment treaties (BITs). BITs have a straightforward objective, namely creating a legal framework for the promotion of foreign investment. This allowed Elkins, Guzman and Simmons (2006) to construct a meaningful indicator for learning, namely the relationship between policies and outcomes measured by regressing, for each country, foreign investment on BITs in *other* countries. A positive coefficient means that, based on the experience of other countries, BITs seem to be positively associated with greater foreign investment. Elkins, Guzman and Simmons' (2006) analysis showed that countries were more likely to sign BITs if the experience of others, operationalized as we have just discussed, indicated that this policy leads to the desired outcome. Using the same approach, Gilardi, Füglistler and Luyet (2009) showed that health-care reforms were more likely to be adopted by OECD countries if the experience of others suggested that they were correlated with a decrease in expenditures. An important point is that although, of course, correlation does not imply causation, this is not really problematic for the study of learning in the context of diffusion. What matters is the perception of a causal link, and it is safe to assume that correlations are very often taken as an indication of an underlying causal relationship.

A different perspective on learning is that, although policy makers intend to learn from the experience of others, they are inherently limited by how the human brain processes new information. These arguments rely on the experimental findings of cognitive psychologists, which concluded that people are not natural statisticians but rely on “cognitive shortcuts” such as “availability” and “representativeness” when they try to make sense of information in uncertain circumstances<sup>3</sup> (Tversky and Kahneman, 1974; McDermott, 2001). As Kahneman and Tversky (1982, 32) synthesized, “apparently, people replace the laws of chance by heuristics, which sometimes yield reasonable estimates and quite often do not.”

In the context of diffusion, “availability” means that, unlike in the Bayesian setup, not all information is considered equally. Particularly vivid examples are more influential than less striking events although, in a rational process, the latter should not be downplayed (Weyland,

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<sup>3</sup>A third shortcut, “anchoring,” is less relevant for diffusion and is not discussed here. See Weyland (2005, 2007) for an elaboration of the argument.

2005, 2007). For instance, Weyland (2007) showed that the 1981 pension privatization in Chile, an extremely bold reform, had a disproportionate impact on other Latin American countries, many of which also embraced similar policies in subsequent years. Similarly, the revolutionary wave in 1848 was influenced more by the violent example of France and its iconic status as the “mother of all revolutions” than by the peaceful democratic transition in the United States or the rebellions across Italy, even though conditions in France were significantly different from those of many imitators in Central and Eastern Europe and Latin America (Weyland, 2009).

The second cognitive shortcut, “representativeness,” means that policy makers draw unwarranted inferences from a limited empirical basis, overestimate the extent to which the evidence can be generalized, and engage in haphazardous extrapolations (Weyland, 2005, 2007). Chile’s pension reform is again a case in point. Based on initial outcomes such as a dramatic increase in savings, the reform was quickly judged to be a success and generated admiration and envy in other Latin American countries, even though, later, it became apparent that the increase in savings was mainly due to other factors, and the implementation of private pension plans turned out to be much more complicated than expected (Weyland, 2007). Likewise, the French revolution promised similar successes to foreign activists despite the fact that it was just a single case: the outcome in the French example was considered to be “representative” of all revolutionary attempts (Weyland, 2009).

Bounded learning could also explain why “least likely cases” seem to be powerful examples for other countries. Jensen and Lindstädt (2012) showed that OECD countries were more likely to reduce corporate taxes after *left* governments abroad enacted cuts. Tax cuts adopted by right governments do not convey much information because they are the type of policy that is expected from conservative parties, who could be willing to enact them more on ideological grounds than based on proven benefits. However, if left governments do it, the signal is stronger because this type of policy change is not expected from them, thus suggesting that policy makers acted on the basis of compelling evidence of the effectiveness of tax cuts. A similar mechanism may have been at work in the diffusion of smoking bans. A convincing argument for their introduction in Switzerland was the Italian example, where the implementation of smoking bans was extremely unproblematic—which, given Italy’s reputation with respect to rule enforcement, was also highly unexpected. A leading Swiss newspaper concluded that “what was possible

without much trouble in Italy should be a piece of cake in Switzerland.”<sup>4</sup>

These works show that, even within a relatively narrow definition, learning is a complex phenomenon. Additional facets were highlighted by Gilardi (2010), who argued that all policy makers do not take the same information into account in the same way, and that policy makers may learn from both the *policy* and the *political* consequences of reforms. First, as Volden, Ting and Carpenter (2008) also showed in a formal model, policy makers may discount information that is not in line with their preferences. Put differently, evidence that a policy is effective may be insufficient to sway the position of policy makers who have strong ideological reasons to oppose it. For instance, evidence that gun control helps save lives is unlikely to make conservative politicians support stricter rules in this domain, and evidence that the death penalty is an effective means to reduce crime rates will not convince progressive politicians that this is an appropriate policy. Similar points were made by Meseguer and Escribà-Folch (2011), who argued that policy makers in democracies are more prone to learning because, unlike their autocratic counterparts, electoral accountability makes them more sensitive to evidence of success.

Second, policy makers are certainly interested in the likely consequences of reforms on policy outcomes. For example, when considering whether to adopt family-friendly policies such as more extensive parental leaves, the likely effects on birth rates are a relevant outcome that policy makers will take into consideration. However, the political fallout is also an important dimension. What are the the electoral consequences if expenditures for social policies are cut? Politicians may try to answer this important question in part by looking at the experiences of other countries. If controversial reforms were politically feasible elsewhere, then they might also be so at home. Gilardi (2010) examined unemployment benefits retrenchment in OECD countries and found that right governments tend to be more sensitive to information on the electoral consequences of reforms, while left governments are more likely to be influenced by their policy effects. These findings suggest that policy makers learn selectively from the available evidence concerning both the policy and political consequences of reforms. More generally, these arguments highlight the complexities that emerge whenever there are several relevant outcomes for a policy that possibly contradict one another.

To sum up, empirical evidence tends to support the idea that policy makers are more likely to adopt a policy if it was successful elsewhere, which suggests that they learn from the experience

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<sup>4</sup>*Neue Zürcher Zeitung*, October 12, 2008.

of others. At first sight, this is good news for an assessment of the consequences of diffusion. However, a closer look reveals that learning can be imperfect, conditional on ideology, and more oriented towards the selfish interests of politicians than the common good. We return to these normative considerations in Section 6.

## 5.4 Emulation

Emulation can be defined as the process whereby policies diffuse because of their normative and socially constructed properties instead of their objective characteristics. As Tolbert and Zucker (1983, 26) stated in a classic sociology article, “organizations conform to what is societally defined as appropriate and efficient, largely disregarding the actual impact on organizational performance.” This mechanism requires that political actors shift from the “logic of consequences” to the “logic of appropriateness” (Checkel, 2005). According to the former, “actors choose among alternatives by evaluating their likely consequences” (March and Olsen, 1998, 949). More or less implicitly, this assumption is at the basis of the diffusion mechanisms discussed earlier, namely coercion, competition, and learning. On the other hand, the logic of appropriateness means that “[a]ction involves evoking an identity or role to a specific situation” (March and Olsen, 1998, 951). Checkel (2005) distinguishes between three mechanisms that can operate this shift from one logic to the other in a socialization process. First, strategic calculations such as compliance with EU or IFI conditionality belong to the logic of consequences but can induce a change of preferences in the long term. Second, “role playing” involves the adoption of certain roles in particular settings, but without a full internalization of norms, which can happen via a third mechanism, “normative suasion,” in which actors can genuinely change their understanding of appropriateness through discursive interactions with others. International institutions have been considered as conducive to the internalization of new roles and interests, but the empirical evidence is mixed. Bearce and Bondanella (2007) showed that joint membership in intergovernmental organizations (IGOs) tends to align the interests of member states, and more so if the IGOs are more institutionalized; but other studies, notably in the context of the EU (for example, Hooghe, 2005), found that, while international norms do exist, their emergence is not caused by international institutions.

Emulation can also be understood as norm diffusion. Finnemore and Sikkink (1998) argue

that norm dynamics follow a three-stage process, namely norm emergence, cascade, and internalization. First, in the “norm emergence” phase, new rules of appropriate behavior are put on the radar by norm entrepreneurs with the support of organizational platforms. Henri Dunant, the founder of the International Committee of the Red Cross, is the prototypical example of an actor who helped redefine what is allowed and not in war, while UNESCO was described as a “teacher of norms” in the area of science policy (Finnemore, 1993). In the context of international election monitoring, the initial emergence of a new norm was promoted by actors such as NGOs, the UN Secretary General, and state leaders such as former US president Jimmy Carter (Kelley, 2008). When a sufficient number of states have been persuaded to take up the new norm (according to Finnemore and Sikkink 1998, 901, about a third of the potential adopters), a critical point is reached that pushes norm dynamics into their second stage, namely a “norm cascade.” Here, norms are promoted in a socialization process that rewards conformity and punishes noncompliance. States are sensitive to the reaction of the international community because it can affect their domestic legitimation and power. In the case of international election monitoring, the rhetoric employed by many governments made explicit reference to the need to conform with the expectations of the international community (Kelley, 2008, 247–248).

Finally, if this process is strong enough, norms may become so deeply accepted that they end up being taken for granted as the only appropriate type of behavior. This is the “internalization stage.” As Finnemore and Sikkink (1998, 85) exemplify, “few people today discuss whether women should be allowed to vote, whether slavery is useful, or whether medical personnel should be granted immunity during war.” While international election monitoring has not reached this stage, it has become progressively less contested, which hints to a certain degree of internalization (Kelley, 2008). At a more anecdotal level, it could be argued that some types of smoking bans, for instance in airplanes or theaters, are already taken for granted, while others, such as those in restaurants and bars, are well on their way to full internalization.

Although Finnemore and Sikkink (1998) do not put it this way, another perspective on norm dynamics is that the burden of proof shifts over time. In early stages, it is actors who wish to introduce women’s suffrage, smoking bans, or any other policy, who need to demonstrate that these policies are needed, appropriate, and politically feasible. As the norm dynamic unfolds, the burden shifts to actors who do *not* want the policy to be introduced, who need to work

harder to make their case than those who support it. Because norm dynamics lead to a change in dominant norms, once the new norm has taken over or is about to do so (around the tipping point in the “norm cascade”), the new rules become orthodox and the old heterodox, which shifts the balance of power between proponents and opponents. In other words, late in the process it is opponents, and no longer proponents, who need to engage in “norm contestation” (Finnemore and Sikkink, 1998, 897).

In Finnemore and Sikkink’s (1998) account, norms are essentially exogenous. Norm entrepreneurs play an important role at all stages of the process, and especially in the first two stages. They are crucial for the emergence of a norm, and they are instrumental in the naming and shaming that sustains a norm cascade (Finnemore and Sikkink, 1998, 902). Other scholars, however, have put forward that powerful norms can develop also endogeneously. Using the example of election monitoring, Hyde (2011), in disagreement with Kelley (2008), argued that norms can develop endogeneously following a signaling process. For early adopters, the invitation of monitors is a credible signal of a commitment to democratization, which leads to benefits such as increased foreign aid and investment. After a sufficient number of true-democrats have allowed election monitoring (when the dynamic has entered the “norm cascade” stage), not doing so becomes an unambiguous signal that a country has no intention to democratize, which pushes even pseudo-democracies to invite observers despite the risk of a negative report. Hyde (2011) documented that by 2006, over 80% of elections held in non-consolidated democracies were monitored by international observers, which suggest that the norm is now internalized, or at least very powerful. Thus, active entrepreneurs are not a necessary condition for successful norm dynamics, which can unfold endogeneously.

What has the diffusion literature added to these insights? A significant problem, shared with related literatures such as that on European socialization (Beyers, 2010), has been the operationalization of norms in empirical analyses. Most studies have relied on proxies such as the number of prior adoptions of the policy, either worldwide or in a specific region (Simmons and Elkins, 2004; Gilardi, 2005; Meseguer, 2009). This measure is not unreasonable. It is directly linked to the idea that the power of norms is related to how many countries have embraced them, and it has been used in numerous sociological studies emphasizing norm diffusion (Ramirez, Soysal and Shanahan, 1997; Meyer, Frank, Hironaka, Schofer and Tuma, 1997). However, the



gap between the indicator and the underlying concept is large, so that the interpretation of the measure remains ambiguous. Indeed, some scholars used this same indicator but attached a different meaning to it. Brooks (2005, 2007), for instance, used the percent of countries that had already adopted pension privatization (in the same region) as a measure of learning, while Basinger and Hallerberg (2004) used average capital tax rates in the sample as a measure of competition. Measuring norms directly is even more difficult than finding good indicators of competition and learning, for which reasonable solutions have been developed, as discussed in Sections 5.3 and 5.2. Therefore, a solution could be to capture this elusive phenomenon indirectly. For instance, Gilardi, Füglistler and Luyet (2009) hypothesized that if policies diffuse because of emulation, then, as norms become stronger over time, the role of other factors should decline. Specifically, they hypothesized that learning plays a role early in the process but then loses significance as the socially constructed dimension of the policy becomes more important than its actual consequences. In that study, the authors actually found that the reverse is true; that is, learning becomes more relevant over time, which does not support norm-based accounts of diffusion. Nevertheless, such indirect strategies might prove more fruitful than attempts to measure norms directly.

The limited success of quantitative studies of emulation highlights the need for a better integration of qualitative information in diffusion analyses. Weyland (2007), which is one of the few examples of systematic qualitative studies of diffusion, found that international norms played a differential role in the diffusion of pension and of health-care reforms in Latin America. In the former, international financial institutions such as the World Bank did not seek to redefine the goals of pension systems, but merely supplied new blueprints that promised to solve longstanding problems (Weyland, 2007, 87–91). In health-care, by contrast, the World Health Organization (WHO) managed to define universal coverage as an important objective for all countries since the end of the 1970s, before the World Bank developed an interest in health care (Weyland, 2007, 170–172). We will return to the relationship between quantitative and qualitative evidence in Section 6.

## 6 The way forward

The research program on transnational diffusion has been overall successful. Its achievements include at least the following points:

1. A consistent and general definition of diffusion. The characterization of diffusion as a consequence of interdependence allows researchers to focus on the process—the specific mechanisms that make policies spread—instead of the outcome, thus avoiding sterile debates on whether policies have converged or not (the answer is almost always a matter of degree).
2. A redefinition of debates on globalization. While most early studies focused on economic openness as the defining feature of globalization, the diffusion literature made the decisive step of unpacking interdependence, both theoretically and empirically. It is not so much the openness of a country per se that matters for domestic policy, but who this country competes with, who it learns from, and what norms shape its behavior.
3. A convincing empirical documentation of diffusion. While the specific mechanisms that drive diffusion are often elusive, the literature could produce an overwhelming amount of evidence in support of the general hypothesis that decisions in one country are systematically conditioned by decisions in other countries.
4. An effective application of methodological tools to analyze diffusion. While there has been little true methodological innovation in the diffusion literature, scholars have successfully applied existing techniques to uncover interesting patterns, especially for competition and learning.

However, there are still many problems that need to be addressed. The first is that much of the work and findings are redundant with what has been done in related (sub-)disciplines, especially sociology and American politics. In part, this is a consequence of the strategy taken by leading diffusion scholars, who explicitly aimed at blending classic international relations questions with approaches developed outside this subdiscipline (Simmons, Dobbin and Garrett, 2006, 2008; Dobbin, Simmons and Garrett, 2007). It should be stressed that this strategy

has been successful: the achievements mentioned above were possible precisely because of it. However, the integration should be pushed further.

As discussed in Section 2, policy diffusion has been a staple of the American federalism literature for several decades. While it remained relatively atheoretical for a long time, focusing essentially on geographic patterns of diffusion, recent works made important contributions that are highly relevant to the study of transnational diffusion. In particular, Volden (2006) put forward a new approach for the empirical analysis of policy diffusion, namely the dyadic approach, in which units of analysis are not countries, but pairs of countries (dyads). Ironically, this setup is common in the literature on international relations, and ubiquitous in that on the democratic peace (e.g. Maoz and Russett, 1993), where the phenomenon of interest, namely conflict, is inherently relational. In his study of the spread of the Children’s Health Insurance Program among US states, Volden (2006) defined the first country in the dyad as defined as the potential “receiver” of the policy, and the second as the potential “sender.” The dependent variable was then defined not simply as policy change, but as the subset of changes that moved the first state closer to the second. The advantage of this approach is that explanatory variables can include characteristics of the “sender,” of the “receiver,” and also of the relationship between the two. Specifically, Volden (2006) could correlate the probability of policy imitation with general political and demographic similarities between the two states in the dyad as well as, more interestingly, the success of the policy in the “sender” state. Results showed that policies that were associated with a decrease in the uninsured rate among poor children (one of the main objectives of the program) were more likely to be imitated in other states, suggesting that a learning process was at work. The dyadic approach has not been much used in cross-national studies but is a promising alternative to spatial models. Gilardi’s (2010) application of the dyadic approach to the transnational diffusion of unemployment benefits retrenchement, for instance, also found support for learning arguments.

Another lesson of the American federalism literature is that we should think more about diffusion across levels. Shipan and Volden (2006) investigated how antismoking policies diffused among US cities, but also from cities to states. They hypothesized two types of patterns. On the one hand, widespread adoption at the city level could remove the need for state-wide legislation, since the problem is addressed already at a lower level. The authors call this a

“pressure-valve effect.” On the other hand, diffusion among cities could move up to the state level through a “snowball effect,” for instance if the diversity of municipal provisions requires some harmonization. Interestingly, Shipan and Volden (2006) found that the pressure-valve effect predominates if the state legislature is weakly professionalized, while a snowball effect occurs in state where professionalism is stronger. The implications for transnational diffusion are quite straightforward: policies do not spread only among countries, but also across levels of government. This point is illustrated clearly by the diffusion of smoking bans in Switzerland, which, like the US, is a strongly federal system. Smoking bans were first adopted in Switzerland by the canton of Ticino, which is in an Italian-speaking region on the border with Italy, in the aftermath of Italy’s unexpectedly successful introduction of smoking restrictions in bars and restaurants (see the brief discussion in Section 5.3). After that, several other cantons decided to introduce similar policies, and the federal government eventually decided to set minimal antismoking rules across the whole country. In sum, this case illustrates that cross-national diffusion can take a detour via subnational units, and that Shipan and Volden’s (2006) arguments are relevant beyond the study of federalism.

With respect to the sociological literature, diffusion scholars could take inspiration from the more advanced use of network tools found in those works. In many cases, sociologists rely on similar indicators as do political scientists to operationalize international interdependencies. Trade patterns are a case in point. However, sociologists tend to look for structural similarities through concepts such as cohesion and structural equivalence, which help identify the position of countries in transnational networks (Henisz, Zelner and Guillén, 2005; Polillo and Guillén, 2005; Cao, 2010). More generally, there is a definite potential in the networks literature, which has made significant progress in recent years and has been increasingly focused on diffusion, or, in social networks terminology, contagion (Aral, Muchnik and Sundararajan, 2009). However, the caveats mentioned earlier should not be taken lightly (Shalizi and Thomas, 2010).

A second problem is that, while the literature has convincingly demonstrated that policies diffuse, why that occurs remains much less clear. The key problem here is that empirical measurement has lagged behind theorization. I reaffirm here that, as discussed in Section 5, there have been some creative and generally useful ideas that have produced interesting findings, especially for competition and learning. Notwithstanding these contributions, the literature has

not been able to generate conclusive evidence that demonstrates the presence of competition, learning, or emulation. What is worse, methodological sophistication has probably plateaued given the available data, and significant advances cannot be expected unless more innovative and creative research designs are developed.

First, we need to move beyond standard dependent variables such as democracy scores, policy levels and adoptions, and the like. We could learn a good deal, for instance, by leveraging recent advances in content analysis methods and looking at how the public debate in one country is shaped by its transnational environment and connections. The increasing quality and availability of data on policy agendas could also be used to investigate diffusion patterns.<sup>5</sup> More generally, a wealth of data can be accessed online (WikiLeaks<sup>6</sup> is a recent, dramatic example), and we should find a way to exploit it to improve our understanding of transnational diffusion. Second, a better integration of qualitative and quantitative data is necessary. The nature of diffusion processes cannot be elucidated satisfactorily unless broad patterns can be supported by detailed information on the underlying dynamics. How this should be done is an open question, but a number of guidelines exist (e.g. Lieberman, 2005). Third, to the extent that scholars are interested in identifying the factors that *cause* policies to diffuse, closer attention should be paid to the conditions under which causal inference is possible (Imai, King and Stuart, 2008). Unfortunately, these conditions are usually not met in the type of time-series-cross-section datasets used in the diffusion literature (and many others, of course). A necessary condition for overcoming these problems (new dependent variables, more qualitative information, and better causal inferences) seems to be a movement away from standard cross-national research designs. We need more creative thinking on what information is needed to identify diffusion mechanisms more convincingly. There is currently much hype in the social sciences about “natural experiments,” that is, broadly speaking, research designs that approximate the random assignment of the treatment that characterizes laboratory experiments. To some extent this can be seen as just the latest academic fad, but integrating some of the insights of the causal inference literature in policy diffusion studies is likely to pay greater dividends than fitting slightly improved models to the same type of data. In sum, improving our knowledge of diffusion mechanisms requires a move away from the standard cross-national analyses we are accustomed

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<sup>5</sup><http://www.comparativeagendas.org/>, accessed January 18, 2010.

<sup>6</sup><http://wikileaks.ch/>, accessed January 18, 2010.

to.

Finally, a major outstanding question pertains to the normative consequences of diffusion. Policies diffuse: is this good or bad? More generally, is greater transnational coordination needed, or should state autonomy be protected from supranational influences? The literature has not been much concerned with these important questions, but it has identified a set of conclusions showing that the answer is not straightforward. For instance, competition is a powerful diffusion mechanism but generally does not lead to a race to the bottom. On the contrary, it can push laggard countries to raise their standards, for instance for environmental protection or workers' rights. However, this occurs by changing the incentives of firms, thus bypassing the democratic process. In this sense, competition is a coercive process, even though it works in a direction that many would find normatively desirable. Similar conundrums emerge in the analysis of learning. Several studies found evidence that policy makers learn from the experience of other countries. In principle, this seems a good finding from a normative standpoint. However, it was also shown that policy makers discount information that is at odds with their preferences or ideological orientations, and that they may learn about the consequences of policies on their reelection prospects more than on the effect on policy outcomes. Thus, even if learning characterizes diffusion processes, it is not necessarily the case that it will contribute to the common good; it may just serve the selfish interests of policy makers. Emulation is equally ambiguous. This mechanism is premised on the idea that socially constructed properties, not objective characteristics, explain diffusion, which opens the way to all sorts of inefficiencies. However, many examples of norm diffusion, such as women's political rights and the abolition of slavery, point to normatively desirable outcomes. Last, even coercion is not a clear-cut case. Of course, the fact that some states and organizations are sufficiently powerful to dictate conditions to sovereign entities is, in itself, reprehensible. But the politics of conditionality enforced by the EU, for instance, has led to stronger democracy in Central and Eastern Europe. In sum, understanding the nature of diffusion processes is crucial for a normative assessment of decentralized decision-making and international harmonization. The literature has contributed to the debate with interesting findings, but much more is needed for a coherent assessment of the consequences of diffusion.

## 7 Conclusion

Transnational diffusion means that decisions in one country depend not only on domestic factors and international pressures, but also on decisions made in other countries. This definition emphasizes processes, while outcomes, such as the extent of convergence that is achieved, are not a critical component of diffusion. Several diffusion mechanisms can be identified, which can be grouped in four broad categories, namely coercion, competition, learning, and emulation. The literature has demonstrated that diffusion does occur and it has produced interesting insights on the specific mechanisms that drive the process, although their empirical identification has proved to be problematic. The main achievements of this research agenda have been the development of a consistent and general definition of diffusion, which has helped redefine debates on globalization, and the convincing empirical documentation of diffusion. Next steps should include a better integration with the insights of related (sub)disciplines such as sociology and American politics, the development of innovative research designs that allow for a better identification of diffusion mechanisms, and a more serious engagement with the normative implications of transnational diffusion.

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