

The Double Beat of the *Standard Cost Model* Adoption Across Europe:
How Policy Diffusion and Europeanisation Mechanisms Interconnect

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1 Introduction

Regulatory reform policy gained relevance on the policy agenda of basically all European States since the early 2000s. This paper focuses on the ‘boom’ of one particular policy tool: the so-called ‘Standard Cost Model’ (SCM) to measure and reduce costs for business (and eventually citizens) to comply with government regulation. The starting point of the paper is the surprising success of that rather technical – and controversial – policy tool, which has quickly diffused across Europe (and beyond) from 2003 onwards. Today, almost all EU member states claim to have adopted the tool.

The paper sheds light on the mechanisms underlying this spread of the SCM policy tool in order to explain variances in the adoption-outcomes in different states. To this end, the conceptual framework links two streams of literature that have so far remained separated providing different approaches to explain the adoption of similar policies across different states. We argue that to grasp the process of SCM adoption in Europe, we need to consider and link conceptually mechanisms of *both* diffusion among states – as tackled by a large body comparative policy literature – *and* processes Europeanization – as sophisticatedly developed by EU scholars. The core argument is accordingly that the interlinked dynamics of horizontal policy diffusion across states in combination with vertical Europeanisation as processes of bottom-up policy formation on the EU level and top-down policy imposition explain why and how states have adopted the SCM.

We raise accordingly two research questions. First, conceptually the question is: how does *horizontal diffusion* across states and *vertical Europeanisation* within the multi-level EU polity link and how do the two mechanisms mutually affect each other? Second, the policy related question that follows from this is: how do overlapping diffusion and Europeanisation mechanisms impact on the quality of policy adoption in a state? While the first question is concerned with the underlying mechanisms, the latter question regards the evaluation of SCM adoption outcomes.

The findings highlight that although the mechanisms of diffusion and Europeanisation turn around the same policy during the same period in time and the same states, they do not necessarily produce the same outcomes. Rather, since they operate on different horizontal or vertical levels they overlap but respond differently to domestic incentives and preferences and thus lead to different quality in adoption outcomes. As a central intervening variable, both diffusion and Europeanisation processes are not only shaped by existing institutions, but also trig-

ger the emergence of new trigger and are shaped by structural features institutional structures. While diffusion of the SCM lead to the institutionalisation of an inter-state network, bottom-up Europeanisation resulted in multi-level governance structures. These institutionalised patterns are not only the result of diffusion and Europeanisation. Once established, formalised networks are essential for the proceeding diffusion whereas governance structures offer the necessary framework for top-down Europeanisation. Institutionalisation needs therefore to be considered as an additional element when explaining why and how a specific policy is adopted across states.

Guided by the two research questions, the paper proceeds as follows. The next section introduces the theoretical framework by developing the missing link between the likewise ample diffusion and Europeanisation literatures. It establishes the logic of horizontal and vertical mechanisms in order to develop expectations about the sequencing and quality of adoption of states within the wider framework of overlapping development of diffusion networks and multi-level governance structures. The third section examines these theoretical expectations empirically. Referring back to the first research question, process tracing of the emerging diffusion networks and Europeanisation structures allows depicting the linkages between horizontal and vertical mechanisms. Illustrative for the process is the how the role of front-runners and laggards (that is essential for explanations in the diffusion literature) links to Europeanisation processes. In addition to the frontrunner / laggard divisions it is the frontrunners of the diffusion processes who are most active in up-loading their domestic models to the EU level and thus shaping the common rules that are eventually imposed on the last laggards who adopt SCM only once they are coerced to do so by EU rules. Taking up the second question, a formalised analysis of SCM policy in the EU-27 scrutinises the quality of adoption in relation to the three waves of diffusion and/or Europeanisation.

On the basis of the theoretical framework, it is possible to classify states according to their adoption date and participation in diffusion networks, as well as their exposure to mechanisms if Europeanisation respectively, in order to test which mechanism can be associated with the most comprehensive SCM adoption. Section four summarises the findings of the empirical analyses. It shows that indeed both horizontal and vertical processes are at work and have resulted in an intertwined institutionalised framework that sustains communication networks and governance structures. These structures overlap but are not identical and therefore continue to trigger different effects. Moreover, as theoretically expected policy adoption in the first waves that was based on pure voluntary horizontal diffusion proves most effective while laggards that adopted SCM due to top-down coercion by the EU perform poorly. The most interesting cases that emerge for our research interest are the intermediate cases: states that voluntarily involve into horizontal diffusion and are at the same time exposed both to Europeanisation through EU rules. The conclusions take up this issue, as well as the causal links between policy adoption mechanisms and institutional structure formation. The answers this paper develops promise that these are relevant questions for further research.

2 Overlapping Diffusion and Europeanisation Mechanisms

Two separated research agendas deal with the spread of particular policies across states. On the one side there is a long tradition of scholars of policy diffusion, often linked to questions of policy convergence (Walker 1969; Gray 1973; Berry and Berry 1991; Collier and Messick 1975; DiMaggio and Powell 1983; Holzinger and Knill 2005). On the other side, Europeanisation researchers are concerned either with processes of ‘uploading’ to the EU or ‘downloading’ from the EU policies, politics or polity-relevant measures (Börzel and Risse 2000; Knill and Lehmkuhl 2002a; Olsen 2002; Graziano and Vink 2006; Green Cowles, Caporaso *et al.* 2001; Featherstone and Radaelli 2003). Quite obviously, the diffusion literature originating in comparative studies of federal states of the USA and Europeanisation studies that focused initially on the question how “Europe hits home” put the empirical emphasis slightly differently and have hence also come up with different theoretical explanations. More recently, EU scholars have become increasingly interested in diffusion mechanisms and policy convergence (Börzel and Risse 2009; Jordan 2005), also to explain processes of policy change inside the EU framework. Yet, although EU member states are evidently affected both by wider diffusion and Europeanisation processes creating considerable analytical challenges in “isolating the effect” of the EU or more global causes, we are not aware of any work that uses the theoretical leverage gained by bringing the two approaches together. The value added is that precisely the differences in both approaches can serve to better understand certain processes and outcomes.

Our preoccupation is, however, not a theoretical one. The objective is to better understand the patterns and outcomes of SCM adoption by European states. The main theoretical claim is that *neither* the diffusion *nor* the Europeanisation school alone can provide a satisfactory answer. Since both diffusion and Europeanisation mechanisms are at work, a satisfactory explanation ought to consider both theoretical angles. Moreover, to avoid conceptual stretching, the two approaches ought to be combined rather than subsuming one under the other. To this end, we will first summarise the most relevant features of the diffusion and Europeanisation mechanisms, to then present a framework of sequential overlapping interaction between the two dynamics that will lead to some theoretical expectations for the empirical analysis.

Referring back to Eyestone (1977), a classic definition is that “diffusion refers to a pattern of successive or sequential adoption of a practice, policy or program either across countries or across subnational jurisdictions such as states and municipalities” (Freeman 2006: 369). Relevant for our model are the central diffusion mechanisms. There is no univocal consent on which mechanisms are determinant for policy diffusion but different disciplinary angles have stressed different mechanisms: (a) laggard countries reach a similar level of development to follow the same path frontrunners have taken (functional developmental logic); (b) countries borrow or learn from others (social learning logic); (c) counties copy from others without deeper change (mimicry logic). All these diffusion processes depend on the travelling of ideas, information, practise or technologies etc.. Therefore, central institutional features of

diffusion are channels of communication that may manifest in more or less stable horizontal networks.

As pointed out before, Europeanists have recently also applied the diffusion concept thus re-focusing their interest explicitly on more general mechanisms of change than theorised in the Europeanisation research.¹ A wide and a narrow conceptual definition can be identified. Risse and Börzel refer to diffusion as the sum of social mechanisms and underlying theory of social action, i.e. coercion, manipulation, socialisation, persuasion, and emulation (2009). In consequence, diffusion embraces basically all international factors of national policy change (Knill 2005: 767). Other authors refer to a narrow definition of the term that limits the concept to processes in which ideas, institutions and policies spread without coercion. Diffusion is thus limited to processes in which actors induce change voluntarily (Holzinger, Jörgens *et al.* 2007: 15), that is in the absence of collective bargaining and coercion (Busch and Jörgens 2007: 59). Accordingly, it describes a “distinctive causal factor leading to policy convergence by voluntary (in contrast to obliged or imposed) transfer of policy models”, in contrast to a wide definition “conceiving of diffusion as a process that can be triggered by a broad range of causal factors” (Knill 2005: 767). We will refer to the narrow definition of diffusion because it delineates conceptually certain mechanisms of *horizontal* exchange that are distinct from Europeanisation, in a traditional sense.

The development of Europeanisation research can be subdivided into three stages. In the first phase, the focus was primarily on the progress of EU integration as dependent variable. The central question dealt with was accordingly to which extent EU governance shapes domestic systems and policy processes. The second phase moved the attention more stringently on actual domestic adaptations. A prominent debate was on the mechanism of external pressure due to institutional and policy mismatch between domestic systems and EU policy demands that created adaptation pressures. Questioning the mismatch hypothesis, the third phase unraveled the domestic ‘black box’ by focusing on states as recipients and the internal factors (structures and actors) that were shown to be decisive for policy adoption processes in the EU. Besides these questions of ‘top-down’ Europeanisation that is concerned with how the EU ‘downloads’ policies to its constituting member states, Europeanisation describes also how policies are ‘bottom-up’ pushed to the EU level, i.e. how domestic actors ‘upload’ policies.

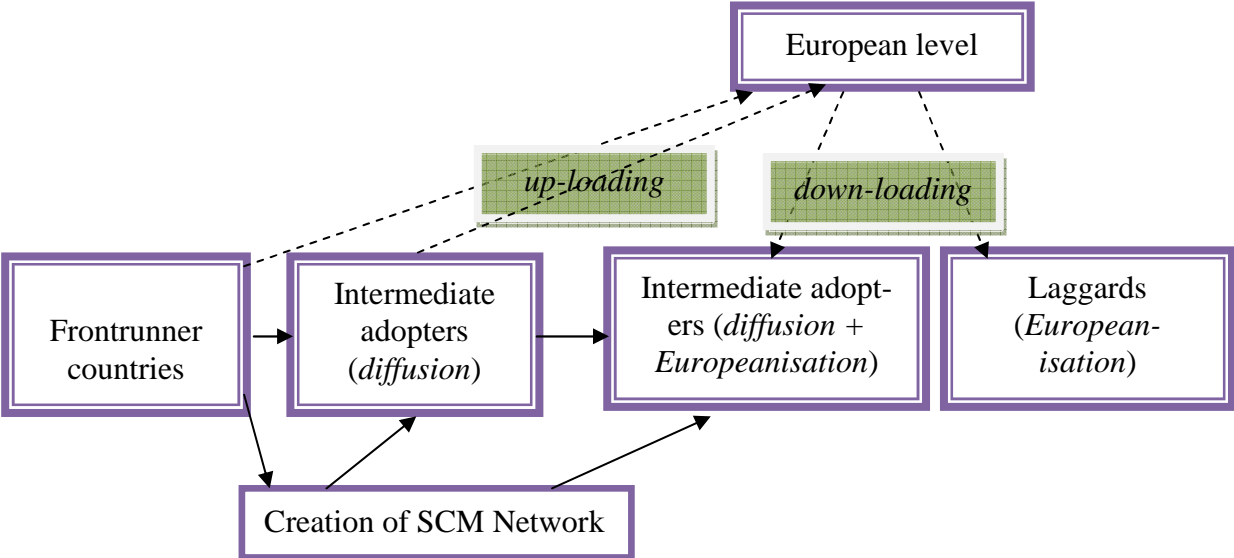
These two logics are central for our model because they capture the logic *vertical institutionalisation* of Europeanisation. As qualitative studies on uploading of policies have shown, states that have an established policy in a certain field can successfully pursue their extended goals by uploading their specific domestic model to the EU level to render it binding for the

¹ Discussing the differences between policy diffusion and policy transfer literature (Rose 1991, 1993; Dolowitz and Marsh 2000), Lütz (2007: 134-35) highlights in particular policy transfer – rather than diffusion – studies in EU research (Bulmer and Padgett 2005; Padgett 2003; Radaelli 2000). Policy transfer is however mostly used as a specification of diffusion rather than a separate approach. Given our goal to distinguish conceptually between horizontal and vertical mechanisms in a preferably parsimonious way, we will subsume the literature under the diffusion perspective.

peer member states (Geddes and Guiraudon 2004). This means that besides establishing horizontal communication networks, vertical governance structures ensure the proliferation of a specific policy model. Member states that have no incentive for voluntary policy adoption are in consequence not only obliged to adopt a similar but have to comply with a specific defined policy model. This notwithstanding, research in the third phase of Europeanisation research has clearly shown that the quality of policy adoption depends substantially on domestic factors (Knill and Lehmkuhl 2002b). Despite the additional coercive element of top-down Europeanisation that is missing from horizontal diffusion processes, policy adoption should not be expected to be more successful under pure top-down Europeanisation mechanisms, even though the institutionalised structures are more formalised and establish a hierarchical order which horizontal communication networks lack.

Linking the two mechanisms of policy adoption, establishes a model of sequential and overlapping diffusion (solid arrows) and Europeanisation (dotted arrows) processes (Figure 1 below). Domestic administrative actors (as a shorthand “states”) are involved both in diffusion and in Europeanisation processes. In addition, the European Commission has a special role. On the one hand, it is functionally equivalent to domestic administrations in a pure diffusion process. An administrative policy that diffuses from one state to another can equally diffuse to the European Commission that introduces this policy to its own internal bureaucracy. This process is one of diffusion as defined above – it is not one of Europeanisation. Europeanisation occurs if domestic actors upload their policy model to the EU level and thus establish a common policy that applies to the member states and thus entails the downloading

Figure 1: Sequential and overlapping Policy Diffusion and Europeanisation



Based on this sequencing/overlapping model of policy diffusion and Europeanisation, grouping states in a temporal order² of policy adoption allows formulating theoretical expectations on the quality of the policy adoption (diffusion) and quality of EU rule compliance (Europeanisation). Since the frontrunner states adopt a policy voluntarily (strong internal support and motivation) and are able to model the EU policy closely to their own domestic policy, these states should perform best, both regarding the quality of policy adoption and compliance with EU rules. In turn, laggards that are coerced to implement EU rules without prior horizontal policy diffusion should perform worst on both measures. Most interesting are the intermediate cases in which diffusion and a combination of diffusion and Europeanisation mechanisms are at work.

1 Frontrunners are expected to have the highest match between their domestic policy, the policy model being diffused and the EU model, hence they should have the highest quality of policy adoption because they define the policy in the first place and have the most leeway to shape a common policy in the uploading process.

2 Intermediate adopters that are affected only by diffusion mechanisms should show a high quality of adoption because the process is primarily driven by internal domestic incentives and voluntary change, however, the policies adopted may diverge substantially from the original model since there are no control mechanisms that ensure that policies are not changed.

3 Intermediate adopters that are affected by diffusion and Europeanisation mechanisms are expected to show a high level of adoption quality and high consistency with the original policy model because the parallel voluntary activities in diffusion networks and the availability of developed EU policy models shape the domestic adaptation patterns.

4 Laggards that adopt a policy because under a top-down Europeanisation mechanisms will show low quality of policy adoption because we should expect strong domestic veto positions.

The following empirical analysis will first classify the countries according to adoption phase to then examine whether indeed the different and overlapping mechanisms of policy diffusion and Europeanisation have the expected impacts.

3 Policy Adoption Waves and Policy Performance Scores for SCM in Europe

In the following sections we present the empirical analysis in three steps. First, we show the patterns of diffusion, i.e. which EU member state adopted the SCM policy at which point in

² Note that the temporal order serves as a dummy here – it is, of course, possible that a laggard enters the process on one of the two intermediate adopter levels (for instance a non-EU member state or a state accessing the EU).

time between 2003 and 2009.³ Next, we analyse how mechanisms of diffusion and Europeanisation shaped these patterns of diffusion. And finally we show how the quality of adopting/implementing the SCM – assessed as the completeness of the adoption of the ‘original’ Dutch model – is linked to mechanisms of diffusion and Europeanization. Before moving to the patterns of diffusion, the central elements of the SCM policy template – and its underlying rationale – should be briefly outlined.

The SCM policy template has been developed since the early 1990s in the Netherlands. Earlier attempts to measure overall costs of regulation had been frustrated by the perceived complexity of such an approach, and also by the difficulties in accounting for benefits of regulations. Rather than building up increasingly complex solutions to these problems, the further policy development was guided by the idea of reducing complexity by focussing the measurement on a particular component of the regulatory costs, namely the administrative costs. Administrative costs are defined as those parts of the regulatory (or compliance) costs that are imposed by information obligations included in laws or secondary legislation. Administrative costs are distinguished from substantial compliance costs, e.g. those costs emerging from compliance with regulatory standards (such as emission standards). A ‘baseline measurement’ of all regulations at some point in time allows for the setting of quantitative targets to reduce administrative burdens and track progress over a predefined period of time. On the basis of the measurement (resulting in €16.4 billion in administrative costs or 3.6 per cent of the annual GDP), the Dutch government adopted a 25 per cent reduction target; this target was divided asymmetrically between ministries to account for both divergent demand for regulation and prior deregulation efforts. The idea of the SCM method is not to measure exactly the ‘real’ costs for every business but to define standard processes of compliance in order to assess resources (staff time) needed to comply with information obligations. Total administrative costs are derived from calculating the costs for complying with individual information obligations and summing these up for single laws and finally the whole body of legislation.

The SCM method presents the core of a policy approach towards administrative burden reduction. The model, as first developed in the Netherlands, includes the already mentioned reduction targets and the integration of the measurement in the process of policy development and legislative drafting (‘ex ante measurement’). In order to account for overall changes in administrative burden, the reductions resulting from various simplification measures have to be discounted against the burdens created by new legislation. Since the ministerial departments have an interest in ‘successful’ regulations and hence an incentive to downplay the administrative burdens of a proposed regulation, various oversight mechanisms have been established to secure proper application of the SCM method. The most important one is the set up of ACTAL (Adviescollege toetsing administratieve lasten), an advisory body that is not directly accountable or subordinated to any governmental or political institution. ACTAL is responsible for checking the departmental SCM measurements of new draft regulations and

³ Note that we do not include in our analysis non-EU member states having adopted the SC, i.e. Norway.

has the power to comment directly to the Cabinet on the issue of the measurement and its result.

3.1 Who and When? Patterns of Diffusion

The adoption pattern shows three waves marked by clusters of states (see Table 1 and Figure 2). A small number of forerunner countries adopted the SCM after having previously been highly active in better regulation and impact assessment (2002-2004). These countries are: Denmark, The Netherlands, and Sweden. In addition, two countries introduced pilot projects and can hence be considered as part of this group: the United Kingdom launched a feasibility study in 2004 before actually adopting SCM in 2005; and Belgium (Flanders) considered SCM early on but adopted only in January 2005.

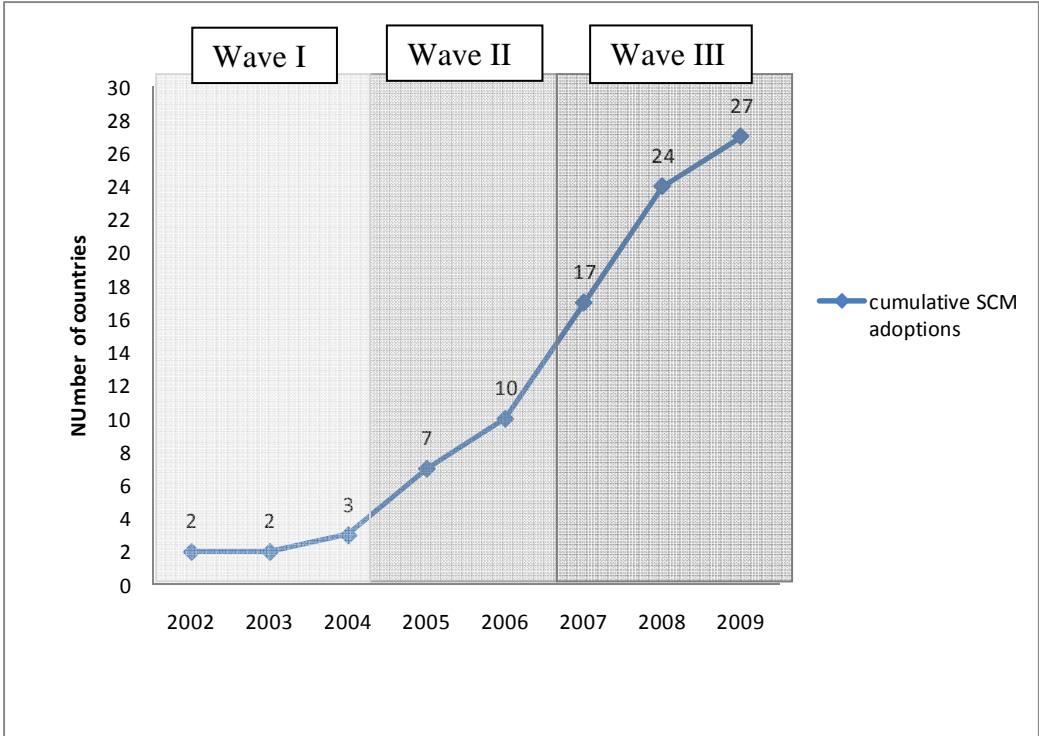
Table 1: Timing of first SCM adoption in the EU-27 plus EU Commission

Country	Year
Denmark	2002
Netherlands	2003
Sweden	2004
Belgium (Flanders)	2005
United Kingdom	2005
Czech Republic	2006
Estonia	2006
Austria	2006
France	2006
Germany	2006
EU	2007
Greece	2007
Italy	2007
Latvia	2007
Luxembourg	2007
Poland	2007
Spain	2007
Bulgaria	2008
Cyprus	2008
Hungary	2008
Ireland	2008
Malta	2008
Portugal	2008
Romania	2008
Finland	2009
Lithuania	2009
Slovenia	2009
Slovakia*	2009

* Slovakia has not adopted the SCM by end of 2009

The second group of intermediate adopters followed and lead to a considerable increase of SCM adoptions (3-4 countries per year between 2005-2006). These countries have diverse backgrounds and were generally less active proponents of better regulation, especially the adopters of Eastern Europe. The second wave consist accordingly of: Austria, the Czech Republic, Estonia, France, and Germany. In a third wave the diffusion process expanded to 26 of the 27 EU member states, thus incorporating basically all laggards (2007-2009). The countries adopting SCM in this wave are: Bulgaria, Cyprus, Finland, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, and Romania, Slovenia, Spain, plus the EU as an international body. This process left Slovakia as the only EU country which has not officially committed to use the SCM.⁴

Figure 2: Cumulative number of countries adopting SCM in the EU-27



Note: Beyond the countries of the EU-27, the EU is also included.

Based on the policy diffusion literature, the distribution of should reflect a S-shape pattern - (Weyland 2002; Mintrom and Mossberger 2008; Meseguer 2005; Meseguer 2006). The distribution observed differs slightly from this typical distribution. Markedly, the process does not slow down substantially at later stages but gains momentum until the maximum number of potential adopters has been reached (all but one EU-27 plus the EU Commission). To explain this deviation from diffusion models we need to consider the overlapping effects of diffusion and Europeanisation mechanisms. The theoretical framework developed above suggests that the high speed of adoption by laggards must be attributed to Europeanisation effects and not diffusion mechanisms that are dominant in the first waves. Tracing the process will serve to examine this expectation.

⁴ Nevertheless it is likely that Slovakia will adopt some form of the SCM in 2010.

3.2 How and Why? Mechanisms of Diffusion and Europeanisation

In this section we provide a narrative of engagement of different (corporate) actors (i.e. states, international organisations and the EU Commission) and the development of institutional structure during the three waves of diffusion identified above. Our core interest is in analysing the role of different causal mechanisms, in particular the sequence and interaction between horizontal processes of diffusion between EU member states on the one hand and vertical processes of diffusion – or ‘downloading’ – from the EU to member states on the other hand.

It is important to note first, that many European countries were concerned for a long time with the reducing administrative burden. The Netherlands as the innovator in the diffusion process has since the 1990s experimented with ways of assessing administrative burden quantitatively in order to introduce an element of ‘target setting’ and performance management into these type of administrative reforms. The Danish government was – independently – engaging in a search for a method to quantify administrative burden. At this stage, different countries were searching independently for solutions to similar problems, and the receptiveness of the countries of the first and second wave of diffusion is plausibly linked to the salience of the ‘cutting red tape’ or ‘administrative simplification’ agenda. The Dutch and the Danish governments were engaging in bilateral interaction to share experiences with the SCM approach and the technicalities involved. According to the head of the SCM programme in the Dutch finance ministry, the Swedish and the UK governments also became interested in the method in 2003.

During this **(first) wave of the diffusion** process (2003-2004), the role of pre-existing transnational networks was limited. The existing institutional infrastructure for discussing and disseminating better regulation policy was – at this stage – not active in providing a platform for the diffusion of the SCM model. Instead, the OECD’s programme on ‘regulatory reform’ was active since the mid 1990s and published high-level recommendations in 2002. Administrative burden was a recurring theme on the OECD’s regulatory governance agenda since the mid 1990s. A range of activities and publications was devoted to the promotion of ‘smart tape’ rather than ‘red tape’ and reform measures to simplify regulations in order to reduce administrative burdens placed on businesses. However, the major instrument on the better regulation agenda that was promoted by the OECD at that stage was ‘regulatory impact assessment’. In line with the predominant view within the epistemic community around ‘Impact Assessment’, the SCM was seen as a very limited policy tool that deploys a simplistic method to assess a very specific – and potentially minor – aspect of regulation. In the words of the programme leader of the OECD at that stage, ‘RIA was seen – and still is seen – as the more “sexy” better regulation tool’ (Interview). In short, the OECD was not promoting the SCM as a policy model at that stage of the diffusion process.

This notwithstanding, pre-existing institutional platforms were used for coordination between countries interested in the diffusion of the SCM approach. The European DEBR (Directors and Experts on Better Regulation) was established as an informal inter-governmental group of

senior officials in EU member states responsible for better regulation policies. An earlier mandate (2001) was to implement the recommendations of the Mandelkern Group's (of national ministers for Public Administration) report on better regulation and administrative simplification. This group was used as a venue for discussing the SCM approach in the context of the preparation of the Dutch EU presidency (commencing in 2004) (Interview). The Dutch actors used the window of opportunity of the EU presidency to promote the SCM within the intergovernmental channels of the EU; according to our interviewee the SCM was well received in the Council of Economic and Finance Ministers (ECOFIN) as well as the competitiveness councils, 'but not so much elsewhere' (i.e. in the EU Commission). However, the Dutch presidency provided a forum for raising attention for the model in a number of member states, including those of the second wave of adoption.

At the same time, the active countries, in particular the Netherlands and Denmark, saw the need for developing transnational networks of communication dedicated to the SCM approach (rather than better regulation more widely). They established the *Standard Cost Model Network* as a horizontal network free to all countries interested in the model. The network is supported by a rotating secretariat hosted by one of the founding members' unit running the national SCM programme. A few years after its establishment, the SCM network has acquired an important role as an international exchange channel and is closely working together with the OECD and EC. However, as was confirmed in interviews with Dutch and Danish officials who initiated the SCM network, it did not play a major role during the early stages of the diffusion process since it was only in the process of being established in 2003 and 2004.

A main driver of the diffusion process at the early stages was the interest of the early adopters and in particular the Netherlands in promoting the model. The results of the SCM baseline measurement in the Netherlands revealed that around 40% of the administrative burden were caused by EU laws. The policy conclusion was that any reduction exercise would have to include the EU and in particular the Commission. The tactical conclusion was that the diffusion of the SCM approach to other EU member states would increase the pressure on 'Brussels' to adopt the model. In other words, horizontal diffusion, including the establishment and nurturing of transnational networks was early on linked to the attempt of uploading the SCM policy to the European level and engaging the EU Commission to adopt its own SCM policy.

The **second wave of diffusion** (2005-2006) coincides with an increasing level of activities both in transnational level and in the EU institutional context.

- First, in summer 2005, the OECD started the so-called Red Tape Scoreboard (OECD 2007), which explored the SCM method to cross-nationally 'benchmark' administrative costs in a selected regulatory domain.
- Second, the SCM networked grew in terms of membership and recognition. It became the access point for those countries interested in the method and a forum for the exchange of ideas concerning the measurement method and wider issues of administrative burden reduction policy. It is used as a forum for discussing methodological is-

sues, the further advancement of the SCM agenda as well as the positioning towards the EC in the emerging European SCM process.

- Third, the EU Commission incrementally developed its own SCM policy approach. After initial discussion papers that reluctantly engaged with the model in 2005, the Commission first decided to adopt the ex ante measurement procedure within its impact assessment framework (3/2006). The ‘breakthrough’ towards a EU Commission SCM policy was the ‘action programme for reducing administrative burdens in the European Union’, adopted in January 2007. This included a 25% reduction target and a baseline measurement in 13 select regulatory domains.⁵ The final element of the emerging SCM process in the Commission is the establishment of the High Level Group on Administrative Burden chaired by the former Bavarian premier Stoiber. The group’s mandate is to provide expert input to the suggested measures to reduce administrative burden. It does not match the remit and power of independent watchdogs such as ACTAL or the German Normenkontrollrat.

These activities suggest two things. First, transnational communication has increased during the second wave of diffusion. Second, the SCM policy template has also diffused to the EU Commission as a governmental institution that uses the model. At the same time, the EU developed into the role of a ‘regulator’ of EU member states administrative burden reduction policy. In its first strategic review of the better regulation strategy from November 2006 (COM(2006)289), the Commission asked the European Council to prescribe a reduction target on administrative burdens to both, member states and the Commission. In spring 2007, the Council adopted indeed such a decision. According to our interviewees, this developed was the result of successful advocacy by member states to upload the SCM policy to the European level. According to a German official from the *Nationaler Normenkontrollrat* (the German SCM advisory body to the government), Chancellor Angela Merkel was promoting the model (after a successful launch of the SCM project ‘at home’) in Europe, including the advocacy for an independent watchdog in the Commission (Interview).

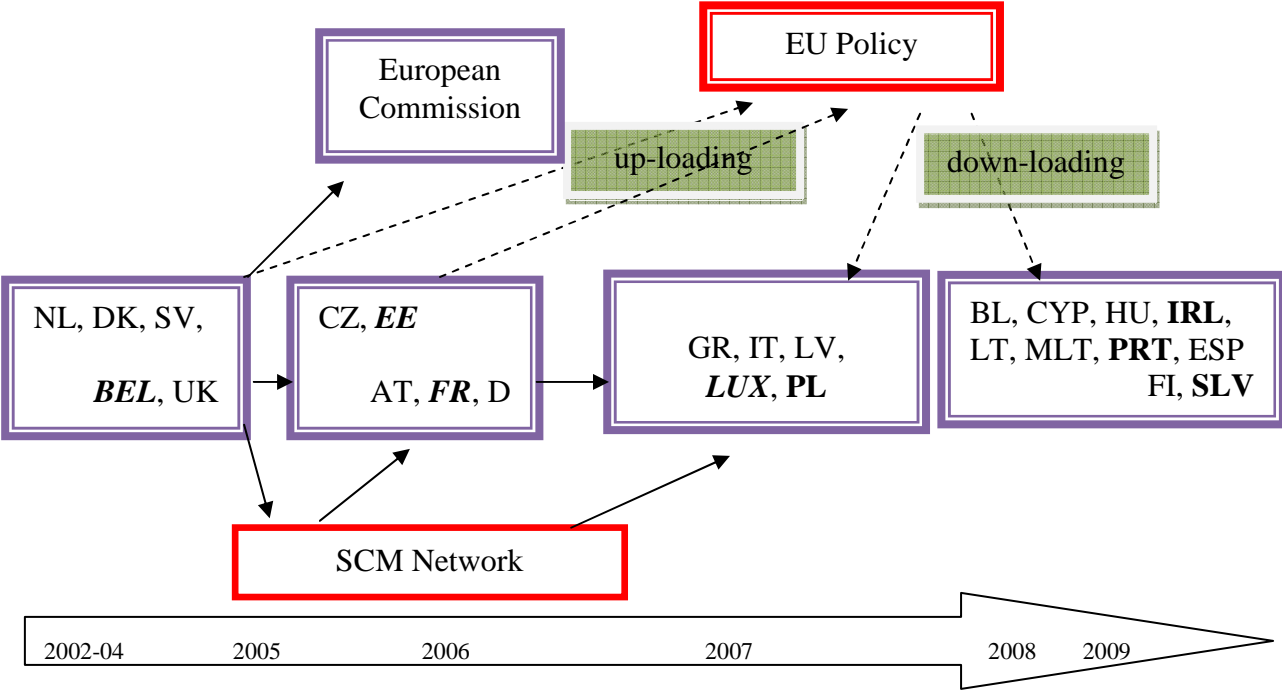
The 2007 spring Council marks the start of the **third wave** of adoption (2007-2009). The observations for states that adopt as from 2008 match the theoretically deduced last two adoption phases, in which Europeanisation overlaps and eventually strips the diffusion mechanism. The Commission presented an Action Programme on the reduction of administrative burdens in January 2007 which the Spring Council officially endorsed thus setting off the step-wise implementation of a common EU policy (Council of the European Union 2007).⁶ The SCM thereby became a common EU policy and a process of ‘downloading’ the policy to those member states that had not previously participated in the diffusion networks started. All ten

⁵ The idea of a full baseline measurement was rejected by the Commission early on, since the efforts and financial resources needed to carry out such a measurement covering all 27 member states would be excessive

⁶ For an overview on the implementation schedule endorsed with the Action Programme see e.g. http://ec.europa.eu/enterprise/policies/better-regulation/files/docs/e-magazine_issue1_2008_en.pdf p. 3.

adoptions by the member states in 2008 and 2009 can be regarded as direct result of this vertical mechanism within the structures of EU governance. Since the policy was faded in, the 2007 adoptions appear to fall into the second intermediate phase (Figure 1), i.e. states that are not solely and fully exposed to Europeanisation only but had already before initiated and prepared the adoption of SCM under the diffusion mechanism. Pinpointing the moment in time in which the downloading process started therefore suggests subdividing the laggard wave into those states that adopted under horizontal and vertical or only vertical process. Figure 3 reproduces the theoretical model filling the expected groups of countries with the empirical observations according to the diffusion waves.

Figure 3: SCM Adoption Patterns of EU member States



Two further clarifications need to be added to this process tracing account. An empirical finding beyond the diffusion of the SCM across European countries is the special role of the European Commission that emerges from the data. Since the Commission bureaucracy was considered as an integral element of the domestic administrative costs, the Netherlands early on promoted the goal to extend the SCM to the Commission. Notably, the push to apply the SCM also in the Commission is not equal to the uploading of a policy to the EU level in order to pass a common regulation that applies inside the member states. The genuine adoption the SCM inside the Commission follows the logic of the diffusion mechanism. The Commission accordingly has to be included as equivalent to national administrations that adopted the SCM. Due to the institutional architecture of EU governance, in combination with the uploading of the policy to the EU level implications of the Commission’s diffusion experience differ however from that of member states. Having the sole right to initiate EU legislation the fact that SCM first diffused to the Commission was relevant for the subsequent policy promotion on the EU level and the policy that was eventually downloaded to the laggard member states.

The second point of clarification concerns the classification of states within the theoretical phases of the overlapping diffusion / Europeanisation process. Going beyond the simple date of policy adoption, figure 3 subdivides the three waves further into the four phases referring to the degree of institutionalised Europeanisation (the formal uploading). The adopting countries can be further classified based on the quality of adoption scores. The figure highlights the relevant cases that do not directly correspond to the expectations on quality of adoption according to moment of adoption. The following section will present the relevant results that underpin this illustration and complete the empirical examination of the causal links between combined diffusion and Europeanisation mechanisms on policy adoption.

3.3 *The Quality of SCM Adoption*

Having traced the patterns of SCM adoption (sequencing of country groups and underlying mechanisms of policy diffusion and Europeanisation), this section takes up the second research question: how do *horizontal* diffusion and *vertical* Europeanisation mechanisms impact on the quality of adoption?

The quality of adoption is defined as coherence of a single country's adoption with a standard policy template. The standard template emerged from the definition of the early frontrunner countries and was subsequently formalised as a common EU model in the action programme which was subsequently promoted in a top-down manner. Each country's performance is measured on the five constituting policy elements the SCM consists of. The coding is from non-adoption (0) to full adoption (1) so that the maximum score for a year is 5 (see Appendix). Table 2 presents the results. The countries are ordered by the cumulated score over the period examined in order to account for the sum effect of moment of adoption and quality of adoption. Moreover, the adoption years are highlighted to indicate the temporal waves of adoption.

The results roughly confirm both the first and the last theoretical expectations. The frontrunner states perform best, both in the cumulated scores but also in the individual country performances taken the last year of measurement (2009) they are on average amongst the best performers. In contrast, the laggard states that adopted the SCM in 2008/2009 perform generally speaking worst, i.e. their entry scores are below average but also markedly below the average entry scores of earlier adopters. This confirms the expectation that the ultimate laggards adopt merely under the Europeanisation mechanisms because the EU policy demands only the setting of a reduction target, i.e. one of the five SCM elements.

The frontrunner group performs consistently well, either showing high scores from the year of adoption or improving scores considerably over the years, with Belgium being the only state with a longer period of low scores (starting with 1.0 over two years but eventually lifting the

score to 4.5 in 2009). Although the laggard group performs indeed worst in average both in the entry and the top scores, three of the ten states outperform their group considerably. Portugal and Ireland adopt the SCM with the high entry scores of 4.0 / 3.0 in 2008 and Slovenia with a 3.5 score in 2009. These laggard states thus outperform basically all late intermediate adopters (2007), with the exception of Poland.

Table 2: Performance Scores SCM Adoption country/year

Completeness SCM adoption score	2002	2003	2004	2005	2006	2007	2008	2009	Sum
Netherlands	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	40.0
Denmark	2,5	2,5	4,5	4,5	4,5	4,5	4,5	4,5	32.0
Sweden	0	0	1.5	1.5	4.5	5.0	5.0	5.0	22.5
United Kingdom	0	0	0	4.5	4.5	4.5	4.5	4.5	22.5
Czech Republic	0	0	0	3.0	3.0	3.5	3.5	3.5	16.5
Germany	0	0	0	0	3.0	3.0	5.0	5.0	16.0
Austria	0	0	0	0	1.5	4,5	4,5	4,5	15.0
Belgium (Flanders)	0	0	0	1.0	1.0	3.0	3.0	4.5	12.5
Poland	0	0	0	0	0	1.0	4.5	4.5	10.0
Latvia	0	0	0	0	0	1.0	3.5	3.5	8.0
Portugal	0	0	0	0	0	0	4.0	4.0	8.0
Italy	0	0	0	0	0	2.5	2.5	2.5	7.5
France	0	0	0	0	0,5	0.5	2.5	2.5	6.0
Ireland	0	0	0	0	0	0	3.0	3.0	6.0
EU	0	0	0	0	0	1.5	1.5	1.5	4.5
Estonia	0	0	0	1.0	1.0	1.0	1.0	1.0	5.0
Greece	0	0	0	0	0	1.0	1.5	1.5	4.0
Romania	0	0	0	0	0	0	1.5	2.5	4.0
Slovenia	0	0	0	0	0	0	0	3.5	3.5
Luxembourg	0	0	0	0	0	1.0	1.0	1.0	3.0
Bulgaria	0	0	0	0	0	0	1.5	1.5	3.0
Cyprus	0	0	0	0	0	0	1.5	1.5	3.0
Hungary	0	0	0	0	0	0	1.5	1.5	3.0
Malta	0	0	0	0	0	0	1.5	1.5	3.0
Spain	0	0	0	0	0	0	1.5	1.5	3.0
Lithuania	0	0	0	0	0	0	1.0	1.5	2.5
Finland	0	0	0	0	0	0	0	1.5	1.5
Slovakia	0	0	0	0	0	0	0	0	0

Most interesting are the group of intermediate adopters for which we predicted more accurate adoption scores for the second group under the effect of diffusion and emerging Europeanisation than for the first group of intermediate adopters under the sole mechanism of diffusion. Comparing both the entry score and the increase over the years, this expectation is not confirmed (Table 3). Of the later adopters, only Poland meets the expectation, entering with a rather low score of (1.0) and lifting its adoption score to 4.5 in the second year. The other

states (GR, IT, LV) start with low scores between 1.0 and 2.5 and do not substantially improve over time while Luxembourg keeps up the lowest scores (1.0) and thus ranks among the laggard countries that adopted in 2008/09. In contrast, the second wave of diffusion that followed immediately the frontrunners before a common EU policy was established achieves in average higher scores because low entry scores are improved more consistently. In other words: states that engage voluntarily in a horizontal diffusion process appear to adopt this policy more consistently over time. However, Estonia and France perform clearly below average in their group. Overall the results for the intermediate adopter groups are therefore mixed. Poland occurs as most striking outlier outperforming all other phase 3 adopters and thus also lifting the average scores for the late intermediate adopters.

Table 3: Intermediate Adopters' Comparative Scores

Early intermediate adopters (phase 2)			Late intermediate adopters (phase 3)		
	<i>Entry score</i>	<i>2009 score</i>		<i>Entry score</i>	<i>2009 score</i>
AT	1.5	4.5	GR	1.0	1.5
CZ	3.0	3.5	IT	2.5	2.5
D	3.5	5.0	LV	1.0	3.5
EE	1.0	1.0	LUX	1.0	1.0
FR	0.5	2.5	PL	4.5	4.5
Average	1.9	3.3		1.9	2.6
Scores			Without PL	1.375	2.125

Summing up, the diffusion mechanism shows more conducive for the quality of policy adoption of a state while the Europeanisation mechanism achieves the larger adoption rate as regards the number of countries adopting at least elements of the SCM. Overall, the four theoretically identified phases of frontrunners, early and late intermediate adopters and laggards did occur as predicted and countries could be clearly classified according to the diffusion and/or Europeanisation mechanism that lead to the state adopting the SCM. Against the expectations, the overlapping effect of diffusion and Europeanisation does not lead to better policy adoption than diffusion alone but generally speaking states that adopt a policy within horizontal diffusion networks perform better than states that are top-down Europeanised. However, some of the laggard states perform exceptionally well, indicating that Europeanisation creates in average worse adoption results but that it does not hinder over-average performance.

4 Conclusion

Although not uncontested and complicated to implement, basically all European countries have adopted the SCM between 2002 and 2009. In order to understand the dynamics behind this process that does neither follow standard diffusion nor Europeanisation patterns, this paper raised two research questions. Firstly, we asked how horizontal diffusion and vertical Eu-

Europeanisation mechanisms link up and mutually affect each other. The diffusion via transnational networks and vertical EU governance structures showed, indeed, to occur in sequences and overlapping each other which allows to classify states according to the mechanisms it is exposed and deduce expected effects. Secondly, we asked how the sequencing or overlapping of the two mechanisms impacts on the quality of policy adoption. Generally, diffusion that depends on voluntary adoption leads to better adoption while Europeanisation has, due to its top-down traits, the larger spread. This notwithstanding, the results are not fully consistent and there is room for other relevant factors, for instance domestic conditions for policy adoption. The trend is however clearly as described.

Theoretically, the paper contributes both to the diffusion and Europeanisation literature. The adoption of SCM across Europe offers an ideal case to examine the scope conditions of both approaches. Instead of subsuming one under the other, we referred to narrow definitions of both diffusion and Europeanisation in order to describe two distinct mechanisms and study their interaction. Since in the case under scrutiny both the horizontal and the vertical dynamics came hand in glove with the creation of institutionalised structures (the SCM network and the incorporation into the EU multi-level governance system), it was empirically possible to distinguish diffusion from Europeanisation effects on adopting states – or in other words: if countries voluntarily picked from peers encountered in transnational networks or adopted a top-down defined EU model. In consequence, it was possible to overcome one of the often-encountered difficulties of isolating general diffusion from Europeanisation effects and hence measure in whether diffusion or Europeanisation bares the more consistent adoption outcomes.

Last but not least, the empirical results show great consistency regarding the number of adopting countries but extreme diversity as regards the quality of adoption of the SCM. Some laggards might still improve their scores but if the findings of this paper are correct, we should not expect this to happen unless the common EU policy is rendered considerably more demanding and coercive. This is however no grantor for a good adoption, which depends much rather on a change in the adopting countries internal preference structure to voluntarily learn from the frontrunner peers.

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Annexes

Annex1: Completeness of SCM adoption scoreboard

#	Element of SCM	Scoring		
1	baseline measurement:	0-no	0,5-selected areas/pilot project	1-full
2	reduction target1:	0-no	0,5-selected areas	1-full
3	reduction target2:	0-gross		1-net
4	ex ante measurement:	0-no	0,5-selected areas/no legal obligation	1-full / mandatory
5	oversight mechanism:	0-no	0,5-dedicated unit responsible for SCM	1-external watchdog

The five aspects of the SCM policy template not only reflect the defining elements of SCM, but they also constitute a coherent policy package of interdependent measures which support SCM’s goal, i.e. to decrease administrative burdens on the short and long runs. The baseline measurement is essential for exploring where the largest administrative burdens lie and thus to set a quantitative target broken down per areas of regulation. We considered baseline measurement of selected sectors or implementation of a pilot project as a middle ground between a full baseline measurement (i.e. encompassing all areas of regulation) and no baseline measurement. Nevertheless, SCM can only assure permanent reduction of administrative burdens if the set target is net target, i.e. the reduction is related to the actual stock of administrative burdens rather than the baseline stock. Moreover, ex ante measurement is designed to assure that new regulations don’t impose excessive burden on businesses and thus the actual stock of administrative burdens is harboured. Ex ante measurement is the most powerful in achieving this if it is mandatory for all new legislation in all areas of regulation and only partially effective if it is not legally binding and/or applicable only to selected areas. Finally, an effective oversight mechanism must be in place if SCM is to have any impact as ministries have an incentive to downplay administrative burden associated with their proposed regulations. In this respect, an independent external watchdog is considered to be the most powerful instrument, but a dedicated inter-departmental or ministerial unit might serve similar function.