A Comprehensive Analysis of Policy Diffusion: Regulatory Impact Analysis in EU and OECD Member States

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I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other University.

Fabrizio De Francesco

...
To Karl, Leonardo, Luca, and Zeynep
‘The State of tomorrow need not be the Orwellian super-State with its omnipotent administration, unrestrained by any checks on its all-pervasive regulatory activities. But there is no reason to doubt that the future will see little diminution in the rate of increase of administrative authority.’

(Schwartz, 2006, 337)
Abstract

Among the tools available to enhance the rationality of policy formulation, Regulatory Impact Analysis (RIA) has captured the attention of many scholars for its potential to enhance the accountability and transparency of regulatory governance. Although almost all EU and OECD member states have adopted RIA, only a subset of small-n case comparative studies on institutional, political and administrative impact have been conducted. By filling this gap in the literature and proposing the rigorous operationalisation of concepts such as adoption, extent of implementation, and learning, this thesis ascertains the extent of interdependency among governments in their choices concerning an innovation of regulatory governance. Methodologically, the dissertation draws on a multi-method approach, consisting of qualitative analysis to track the process of institutionalisation, as well as event history analysis, based on a dataset covering thirty-eight countries from 1968 to 2006.

The empirical findings show that diffusion is a multi-faceted process. In the decision to adopt RIA, the role of the OECD in translating, packaging, and promoting such administrative innovation coexists with previous innovations and other administrative variables. Yet the impact of interdependency is marginal in the successive phases of implementation and evaluation. Earliness of adoption is the major predictor of the extent of implementation. There is little evidence of interaction and communication among adopters on the subject of their learning experience. On balance, this regulatory governance innovation is a domain of symbolic and rhetorical meanings that is not adequately supported by administrative capacity.
Acknowledgments

This project summaries extensive research activities conducted in England, the US, and Switzerland. I spent most of the time necessary to accomplish this daunting enterprise in England. Between January 2004 and December 2008, I participated in several research projects led by Prof. Claudio M. Radaelli. I will always be grateful to Claudio for the great opportunity of working with and learning from him, as well as for being an excellent supervisor and a good friend with a great taste for music and food. Claudio taught me how to be a professional researcher, an academic, and even a consultant. I hope I have been able to take advantage of this valuable experience. I am indebted to Dr. Claire Dunlop, who also supervised me, for providing excellent recommendations on how to improve this thesis and practical suggestions for my career.

DG Enterprise funded a research project on indicators of regulatory quality. The outcome of this research project was a technical report, later extended in a book written by Claudio and myself, ‘Regulatory Quality in Europe’ published in 2007 by the University of Manchester Press. The empirical evidence of Chapter 9 of this thesis are extracted from Chapter 5 of this book. During this ten month period at the Centre for European Studies, the University of Bradford, I met great friends, Fabio Garcia Lupato and Ulrike Kraemer, with whom I shared my first experiences of entering the, at that time, unknown academic world. Roberto Espindola greatly supported me during the long winter in Yorkshire.

In November 2004, I started my doctoral studies at the Department of Politics, University of Exeter. I wish to thank Prof. Tim Dunne for the financial support which enabled me to get familiar with the American literature on political control of bureaucracy and public administration. The Department of Politics was a superb working place, all staff members deserve great thanks. A special mention goes to Milja Kurki, now at the University of Aberystwyth, for patiently convincing me to practice ultimate frisbee and surf, Bill Tupman, for the long conversations and
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At Exeter, I had been involved in three project funded by the European Commission’s 6th Framework Programme, INTUNE, ENBR, and EVIA, as well as the ESRC project on Regulatory Impact Assessment in comparative perspective. The latter provided an excellent opportunity for Claudio and me to write a literature review on RIA. A substantial part of this literature review paper, published as a chapter in the Cave, Baldwin, and Lodge’s *The Oxford Handbook on Regulation*, has been used in Chapter 3. I travelled and presented papers at several conferences and appreciated the feedback on earlier versions of chapters from Alberto Alemanno, Lorenzo Allio, Peter Biegelbauer, Scott Jacobs, Andrea Lewshow, and Wim Woermans. Through the ESRC, I was awarded a dedicated grant for visiting the Library of Congress, Washington DC, an excellent study period in order which enabled me to shape my thesis. I wish to thank Mary Lou Recker and Kersi B. Shroff for their assistance and support and Alice Bellini and Gerard O’Donoghue for the Irish-Italian dinner parties in Washington DC.

Since the beautiful things do not last too long and I was lucky enough to get a Marie Curie Fellowship, in March 2009, I moved again. Destination: Continental Europe, Zurich, Department of Political Science, University of Zurich. I am grateful to Prof. Fabrizio Gilardi for his guidance and support during my scholarship. Thanks to Thomas Schaeubli, Fabio Servalli and Fabio Wasserfallen for the long discussions on public policy, policy diffusion, academic life, Latex, R, Stata and more importantly on football, Swiss life style, red tape, cheese, food, and wine!

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**Acronyms**

**ACTAL**  the Dutch Advisory Board on Administrative Burdens

**APA**  Administrative Procedure Act

**APAA**  Average Proportions of Adjacent Adopters

**ASA**  Agence pour la Simplification Administrative

**BRE**  Better Regulation Executive

**CBA**  Cost-Benefit Analysis

**CEA**  Cost-Effectiveness Analysis

**CCA**  Compliance Cost Assessment

**CEECs**  Central and East European Countries

**EHA**  Event History Analysis

**EIA**  Environmental Impact Assessment

**ENBR**  European Network for Better Regulation

**E.O.**  Executive Order

**EPA**  Environmental Protection Agency

**EVIA**  Evaluating Integrated Impact Assessment

**EU**  European Union

**FOI**  Freedom of Information

**GAO**  Government Accountability Office
IA  Impact Assessment
MLE  Maximum Likelihood Estimate
NAO  National Audit Office
NEPA  National Environmental Policy Act
NNR  Board of Swedish Industry and Commerce for Better Regulation
NPM  New Public Management
OBPR  Office of Best Practice Regulation
OECD  Organisation for Economic Cooperation and Development
OIRA  Office for Information and Regulatory Affairs
OMB  Office for Management and Budget
OSHA  Occupational Safety and the Health Administration
P-A  Principal-Agent
PART  Program Assessment Rating Tool
RIA  Regulatory Impact Analysis
RIAS  Regulatory Impact Analysis Statement
RIS  Regulatory Impact Statement
SCM  Standard Cost Model
TBS  Treasury Board of Canada Secretariat
UNDP  United Nation Development Programme