EVIDENCE FOR PUBLIC POLICY DESIGN

How to Learn from Best Practice

Paola Coletti

▶ **Evidence for Public Policy Design**

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For Bruno, Fabio and Lucia

Contents

Acknowledgements

The inspiration for this work comes from my work at the Polytechnic of Milan where I met Bruno Dente, Erica Melloni, Nadia Piraino, Nicoletta Rangone, Giancarlo Vecchi, Gloria Regonini (from University of Milan), Maria Stella Righettini (from University of Padua): I would like to acknowledge them. I also thank the researchers working at Éupolis Lombardia Institute for the support. I would like to express my gratitude to Mario Martelli, Jeroen Nijland, Andrè Nijsen, Claudio Radaelli, and Andrea Renda who gave me a valuable contribution. I appreciate the encouragement and revision from Lawrence Zigarell: his insights and editing suggestions made the final product better.

The study was enhanced by suggestion from Eugene Bardach, who was patient and supportive throughout the project during my visiting at Berkeley University: he provided smart insights about the research. Several experts contributed time and goodwill and I am most grateful to them.

These persons are not responsible for the content of the book nor for any errors therein.

Introduction

Abstract: *The book addresses the issue of how to learn from second hand experiences. By exploring the adoption of a policy innovation, the Standard Cost Model – a methodology to measure administrative burdens stemming from regulation-this work aims to develop guidelines for policy makers, practitioners and policy analysts in order to design an effective policy. This chapter will briefly outline the core issue and the structure of the book.*

The need to learn from vicarious experience is a common fact in the field of innovations in the public sector. Recurring policy problems force decision makers to quickly exploit "ready- to-apply" solutions thus speeding up the circulation of second-hand innovations.

A great deal of positive examples have been produced, thanks to the dissemination of the best practices implemented in a source case that have been adopted by other countries. Such rapid diffusion of innovations in various countries has resulted in a schizophrenic adoption of "best" practices also considered functional to provide the right solution to policy problems; being provocative, it seems that policy innovations aim more to being considered as best practices rather than to proving their actual effectiveness.

Thus far, replicating innovations in other contexts has not always proved to be a successful method and in some cases it has even been a total failure, weakening the reliability of innovations themselves. Why does this happen? We can suggest a few preliminary assumptions.

Intuitively, evaluating the quality of best practices is easier said than done. The excessive amount of best practices circulating among countries does not necessarily have to be seen as something relevant and could be unreliable, unstable or analysed in a non-satisfactory way; what is more, research on innovative practices especially focused on successful cases without considering less successful implementations. Evidence highlighted that transferring an innovation from a source case to a target case can fail because the nature of success might not be fully understood by a superficial analysis.

What might be fruitful refers – both substantively and methodologically – to twofold research directions. Substantively, an epistemic problem should be highlighted and refer to the learning process that is activated at two levels: the level at which other experiences are analysed and the level at which they are transferred. Methodologically, the current debate should consider the living dynamic of policy innovations; not only it should refer to the theoretical framework of policy cycle stages, but it should also argue that the effectiveness of a policy must be defined by identifying the policy problems to put on the agenda, the policy formulation, the decision-making process, the implementation and the evaluation stage (Jann and Wegrich, 2007).

The work will particularly focus on the design phase, which will not be considered as a separate stage of the policy cycle. This involves not only an instrumental challenge for policy makers or advisors, but also

a theoretical challenge for those who seek better understanding that a policy remains alive during its process and is not static since it is made by the actors who aim to reach their goals, deploy resources and cope with other actors playing in different contexts.

The structure of the work

This work's rationale aims to refresh the literature on policy design and implementation research, exploring the theoretical ramifications of these studies with the popular Evidence Based Policy (EBP) and the social mechanisms theory.

Chapter 1 deals with a general framework on policy innovations in the public sector and the frenetic production of best practices; it joins theoretical references to the studies on the diffusion of policies and literature regarding how to learn from vicarious experiences.

Chapters 2, 3 and 4 address some of the issues raised on how to learn from vicarious experiences; the rapid diffusion of the Standard Cost Model (SCM), a methodology to measure red tape and improve the quality of regulation, could be turned in this debate. Chapter 2 introduces the general context of regulatory reform and illustrates some of the common tools used to improve the quality of regulation at the international level. In recent years, one of the key issues in regulatory literature has been the tough debate around the effectiveness of the Standard Cost Model, considered a weak tool in the reduction of red tape for firms. The Standard Cost Model is, then, outlined in its main features and in its transfer from the Netherlands, where it was invented in 2003, to the other European countries that adopted the model having the Dutch experience in mind.

The Standard Cost Model was considered a tool to resolve the problem of red tape, but the enthusiasm raised by its rapid adoption was soon calmed down by troublesome implementations in other countries. Considering the fact that the SCM was transferred from the source case to other countries exactly as the original prototype invented in the Netherlands, the puzzle that must be solved is all about why the same model transferred to a different context produces different outcomes. Particularly, the work wants to investigate why transferring a successful innovation from a source case to another context (target case) may not always reproduce the same outcomes. A comparison will be made between two case studies in which the Standard Cost Model was

implemented: the Netherlands (the source case) was the innovating country that invented the model and Denmark (the target case) was among the enthusiastic followers that invested not only financial but also human resources in the adoption of the model. Both of them were widely recognized by international organizations as a best practice in the implementation of the model (see Chapters 3 and 4). Great attention has been paid to the selection of the case studies and to a comprehensive analysis of the innovation through the policy cycle.

Evidence shows that the success of a best practice might not be easily reproduced in a different context; therefore, the problem to be addressed is how to learn from vicarious experiences by identifying successful factors within the whole policy cycle. Starting from the indication provided by the Evidence Based Policy, the answer to this point was explored also by using the social mechanisms literature (Bardach, 2004; Barzelay, 2007). The extrapolation-oriented research, on the other hand, analyses the successful mechanisms triggered in the source case to fruitfully transfer an innovation from a source case to a target case (see Chapter 5).

The final chapter draws some general conclusions from this wide-ranging body of evidence and draws on the pioneering and enriched coverage of the key term "mechanism".

As a final point, the work develops guidelines for policy makers, practitioners and policy analysts in order to evaluate the quality of best practices, to smartly understand the reasons of their success and to transfer innovations from a source case to a target context presenting a final appraisal on how to design an effective policy (see Appendix).

1
The Diffusion of Best Practices in the Public Sector

Abstract: *Policy innovations in the public sector are very common. It is rather usual to hear about the adoption of what are considered by international organizations as "best practices" without necessarily carrying out an accurate analysis. But how can one learn? This chapter will briefly outline the literature on policy diffusion and learning, the Evidence Based Policy and the extrapolation approach to feed the findings of the work and to widen the horizon of recent literature.*

1   Policy innovations in the public sector

The concept of State has been affected by many changes over the years (for example, the implementation of information and communication technology (ICT), the private sector performance approaches, the measurement of public sector productivity, the inclusion of private actors) and a growing research body has taken interest in the public sector reform. The evolution of the debate on public sector reform has been analysed from various perspectives and "labelled" in different ways (New Public Management, Reinventing Government, Administrative Reform, Citizen-Centred Government and so on). Forgetting the terminology itself for a moment, literature stresses the evolution of institutional organizations, the application of private sector models to the public sector and the emphasis on government performances. Kettl (2005) calls this evolution a "global public management revolution". Thus, ideas and innovations originating from the private sector promote a ground-breaking attitude for the public sector where stimulating changes do not seem straightforward. The modernization within the public sector is slowed down by public officials who are frightened of frequent innovation failures and by being the object of blame for malfunction (Altshuster,1997); as Behn (1997) stresses, public administration is less inclined to improve the quality of services provided to citizens because of low performance-related pressure.

Opposed to the stereotypical bureaucrat adverse to change, one of the drivers for innovation alludes to "entrepreneurial public servants" that may produce positive changes at any governmental level.

These considerations generate a watershed between "innovation optimists" (Pollit and Bouckaert, 2000) and "innovation skeptics". While the first group considers every small improvement as an important source of knowledge for practitioners, the so called sceptics refuse to consider the public management practices, drawn from the private sector, suitable for the public realm.

Examining the large debate in literature, a clarification of the word "innovation" has to be borrowed by Walker (1969) who refers to a program or policy adopted for the first time by a country, no matter how old the program may be or how many other States adopted it. An original innovation produced by a State follows a hypothetic and time-consuming procedure: defining the problem to be addressed, inventing a solution, experimenting a solution and implementing it. As occurring

problems need to quickly find solutions, the natural circulation of ready-to-apply innovations between countries has replaced procedures for inventing an innovative policy or program. Furthermore, relating to the theories about learning from vicarious experiences has triggered other phenomena such as policy diffusion, transfer, propagation and replication. To be more precise, the conceptual distinction between these terms – theorized by Behn (2008) – may be alleged to solve the confusion existing in literature and define how it is possible to learn from others:

▸ diffusion: a hidden, spontaneous, non-intentional process, whereby people find out about the innovation and decide whether it is worth experimenting (defined as the "somehow-people-will-learn-how-to-get-better approach");

▸ transfer: informal exchange of ideas and practices among actors – often a network of peers and colleagues working in the same field but within different organizations (defined as the "friends-will-tell-friends-about-how-they-are-getting-better approach");

▸ propagation: a concerted endeavour to create a conscious educational strategy devoted to transfer the innovation to other people (defined as the "we-ought-to-help-people-learn-how-to-get-better approach");

▸ replication: efforts exerted by an organization to actively research successful ideas, policies, programs or practices that can apply to improve a program (defined as the "we-want-to-learn-from-others-who-know-how-to-get-better approach").

The identification of an innovation to transfer may come from monitoring other countries (the so-called bandwagon effect; Rosenkopf and Abrahamson, 1999) and referring to their experience because of their reputation as innovators.

Basically, the adoption of innovations, previously developed in other contexts, is neither an easy nor a casual process. Ideas and practices are transferred through formal and informal networks of institutions or actors who are in favour of their dissemination (Rogers, 1995). In particular, this process seems to be driven by uncertainty; governments that face difficulties in the decision-making process are inclined to draw inspiration from how other countries tackled similar problems and borrow easy, ready and inexpensive innovations to be adopted (Meseguer, 2005).

2   Policy diffusion and learning

Decision makers are frequently used to explore vicarious experiences that are rapidly pinched from an innovator country and easily transferred to another context. In the age of globalization, the cross-national dissemination of administrative practices is one of the key factors boosting innovation in public sector; in particular, the policy diffusion phenomenon is fuelled thanks to the development of information technology, which makes data more available.

Intuitively, the common roots of the policy diffusion phenomenon refer to the literature on policy learning, whereas the importance of learning from one domain evolves over the years and involves policies, programs and, generally speaking, practices experienced within another context located elsewhere.

Focussing on policy transfer literature, classic studies on policy learning take interest in understanding the causal mechanism and, generally, the transfer of a policy from one country to another – which is what some call "lesson drawing" (Rose, 1991; 1993; 2004). The prescriptive approach developed by Rose states that policy makers draw lessons from their counterparts in other domains coping with similar problems; the "agents of learning" are generally civil servants seeking to improve programs by using knowledge and carefully paying attention to the innovation transfer process. Even though this rational–synoptic approach has some limits, the attention paid to the policy formulation phase and practical knowledge paves the way for the policy transfer analysis mingled with studies on policy design that are carefully inquired by Schneider and Ingram (1988); thus far, their notion of "systematically pinching ideas" refers to the suggestion addressed to policy designers to adopt a more formal and rational selection process when policy ideas are transferred from other contexts, by comparing features of the different policy designs.

Building on these works, the Dolowitz and Marsh studies (1996; 2000) have further expanded the notion of policy transfer incorporating both the descriptive and the prescriptive dimension of what one should learn from the experience of others and classifying different types of transfer.

Naturally, none of these distinctions is immutable, and some limits of policy transfer could be stressed; the descriptive approach proposed by the lesson drawing theory implies the risk of an oversimplification of the policy game and does not provide enough elements to explain policy success or failure (James and Lodge, 2003).

Without pausing here to reflect upon the controversies of the policy transfer approaches, some key concepts may be easily outlined. Learning from vicarious experiences underpins two perceived shortcomings: on one hand, the above mentioned discussion about epistemic problems leads to the consideration that decision makers are inclined to learn from abroad since policy problems required an inexpensive and quick solution. On the other hand, human beings seek for "natural competitor" experiences to emulate the best performer in a specified policy innovation achieving the same results, or even better, if compared to the source case; particular emphasis is addressed to pick from reassuring and familiar realities, like countries with a similar institutional context (Radaelli, 2000), or with the same or a slightly better degree of maturity in the public policy innovation sector.

3   The "factory" of best practices

Without doubt, the timeline for making decisions is scarce and policy makers want solutions that are already prepared and quick to apply. This inclination to learn from others has produced many examples of best practices to be adopted. Thus, the debate on the diffusion of best practices able to solve policy problems has grown at a much slower pace than the "factory" of best practices, responsible for detecting – often without a proper analysis – and transferring successful innovations from source cases to different contexts (the so-called target cases). The phenomenon of policy innovations and their schizophrenic diffusion have been favoured by the organization of recurrent international seminars, the explosion in the availability of data through the diffusion of reports and the regular coordination meetings among States both at the European and international institution level. International organizations are absorbed, to a significant extent, by the work of gathering and disseminating countries' practices to suggest member States' policy prescriptions on how to perform better in certain fields. As a matter of fact, the role of the "agents of learning" (Stone, 1999) – represented by international organizations, think tanks, transnational corporations, non-governmental institutions and consultant groups – encourages the exchange of ideas for public policy innovations. They may offer advice based on the so-called best practices and, implicitly, seek to influence the government in their policies (Davies et al., 2000). Truthfully, the

growing importance of global networks, think tanks, foundations, perceived as epistemic communities spreading around policy knowledge, may be associated to the renewed role of the European Union as a key actor in innovation processes (Radaelli, 2000). Several programs have been launched at the European level to identify best practices within the public administration, an industrious "factory" collecting innovations from European countries and sponsored above all by the European Commission (Melloni, 2012).

Likewise, the natural inclination to look at the experience of others influences the research programs of American centres of excellence: for example, the Council for Excellence in Government, the Ford Foundation and Kennedy School Innovations in American Government, were created in the United States for assessing the quality of public sector innovations, to improve government performances and share best practices.

Judging by the evidence drawn from public sector experiences of the past decade, it seems easier to transfer administrative reforms rather than reforms in substantive policies; this could be due to the fact that administrative reforms do not interfere with the core policy goals that could even concern delicate or ideological issues. Therefore, the special interests involved in the policy might stop any reform tackling core issues whereas the public administration reforms are easy to be diffused without conflict.

Nevertheless, low-cost and easy solutions are so attractive that they lead to the proliferation of best practices associated to the risk of "being hostage to the best practices tradition" (Lynn 1996; Overman and Boyd 1994).

Unexpectedly, it suddenly seems clear that innovations are sometimes not worth mentioning, and can be unreliable or unstable. Critiques stirring up against best practices stress some points: for example, a troublesome obstacle is due to the different contexts of each target case in which innovations may be implemented; in general, the analysis does not consider that local contexts involve different actors and interests, limited local resources and peculiar constraints that could make the implementation of the innovation difficult.

What could be highlighted is that best practice analysis tends to exclusively focus on successful experiences, rejecting applications that led to failures. Lynn (1996) argues that the best practices research fails when it comes to select the correct dependent variable: it is in fact inconceivable

that one can simply fish out positive experiences to understand to what extent success is due to similar innovations. Another important aspect refers to what the drivers of success are for a specific practice and what problem is addressed by an innovation. Truly, a careful analysis of the content of the practice is often left aside.

Last but not least, innovations might not objectively be a best practice as Bardach (1998; 2008) stresses; in fact, the adjective "best" implies that a practice should be better than many others, and therefore rare. The problem is that the massive "fabrication" of best practices and consequent easy-to-follow examples, goes in the opposite direction. The ordinary channels for the dissemination of best practices do not rigorously check the soundness of these innovations: in most cases, the selection of the best practices was underestimated and caused many countries to implement a practice too quickly without having enough understanding about their reliability. Bardach (1998) prefers to call them "smart practices" since the goal is to make the most of hidden opportunities and create outputs on cheap showing policy makers' ability to obtain something in exchange of little or nothing at all.

Though policy solutions are potentially infinite, policy makers' choices are narrow-minded just like learning processes from other experiences are inadequate.

This work aims to focus on a crucial aspect involving the blurred relationship between knowledge and power in a decision-making process. Particularly, this issue will be investigated in relation with the policy makers and practitioners' ability to "learn how to learn". One of the reasons alludes to the decision makers' lack of information; thus far, the ability to learn seems to be limited and communication often requires an oversimplification of details, which leads to an incorrect understanding of the innovation framework itself. In addition, the ability to adequately learn, analyse and transfer innovation depends on the limits of rationality (Levinthal and March, 1993) and policy advisers do not seem to be able to provide policy makers with adequate and detailed advice.

Hence, what can they learn?

Over the past few years, the popular Evidence Based Policy approach (developed by Tony Blair's administration to launch government reform and modernization) debates this point referring to the evidence of *what works* (Cabinet Office, 1999).

What the Evidence Based Policy largely overlooked is the need for integration and the balance between the conceptual statement of

learning from abroad and the empirical step of transferring to another country. In this sense, the use of evidence has become central in studying policy diffusion and Evidence Based Policy literature is strongly oriented to provide systematic and high-quality research to support policy makers and practitioners in several policy domains. Evidence will ensure that policy making integrates expert knowledge, existing statistics, stakeholder consultation and evaluation of previous policies with the best available external evidence from systematic research (Cabinet Office, 1999). As Hall and Jennings (2008) stress, the Evidence Based Policy evaluates innovations collecting systematic empirical evidence; within the large umbrella of best practice experiences, they also enclose promising practices that are the most difficult to evaluate but are also the most remarkable. Nevertheless, the most striking aspect of this approach is how it focuses on the evaluation of a policy which should include also the effectiveness of interventions, the outcomes, the implementation evidence and the costs of interventions (Davies et al., 2000).

Having outlined the main features of this approach, some limits could at this moment be pointed out: it could be considered that the Evidence Based Policy seems oriented toward the analysis *for* policy process more than the analysis *of* policy process (Davies et al., 2000). Policy evaluation, on the other hand, does not look into the process carried out by actors seizing different resources, policy goals and stakes. Thus, the decision-making process analysis is not considered whereas social science studies during the 1980s proved how complex the relationship between evidence and policy-making is. In particular, though the Evidence Based Policy evaluates the effects in terms of policy outputs and outcomes, a certain lack in understanding when, where and why policy innovations are implemented could be emphasized, with particular reference to the articulation of the goals and the characterization of the actors' arena. The assumption of the Evidence Based Policy stands on what kind of strategy should be adopted by policy makers, using evidence gathered from other contexts.

This approach, however, seems to lose its connection with the policy process itself as well as with the actors playing in it. Cutting out the analysis of the actors playing in the arena has two perverse effects: on one side, it may bring to miss some of the reasons of the policy success or failure; on the other side, transferring to a different context or evaluating the outcomes produced in a different context may not be something easy to figure out.

Pawson and Tilley moved one step forward: the evaluation perspective – focusing on the evidence collected by the experience of others – intertwines with their work since they attempt to appraise and improve public programs (Pawson, 2002, 2006; Pawson and Tilley, 1997). The core of their studies on realistic evaluation challenges the crucial question of *what works* in a successful program but shifting the level of analysis to the mechanisms. Actually, mechanisms are conceptualized as engines explaining causal relations through the description of the "powers" of a system. In the words of Pawson (2006), "the mechanism explains what it is about the system that makes things happen".

Nevertheless the condensation of policy relevant knowledge through the collection of evidence was designed to inform the policy formulation process, which could be considered as the first step of the policy cycle. This approach seems to be missing a comprehensive focus on the other policy stages – for instance, on the implementation phase and on the evaluation of the outcomes in the target context.

These considerations shed light about some limits that must be overcome; the crucial question of *what works* should be extended to evaluate the reasons of *how a policy innovation works* and *how it might be transferred*. A more complete panorama on the evaluation of success might pave the way for the social mechanisms theory inquiring the adoption in a different context not as a mere replication of the policy but more as a transfer oriented to extrapolate the "reasons" to obtain success.

4   How to transfer: replication versus extrapolation

As President of the Association for Public Policy Analysis and Management, Bardach pushes these conclusions on policy transfer approaches even further when he introduces the concept of extrapolation, discussing how it is possible to learn from the experience of others. Furthermore, he stresses the mismatching with the provisions of the manuals on best practices, stating that actors should replicate other experiences and use them as inspirational sources. What this scholar overlooks, however, is the fact that the replication of an experience from other domains might lead to incorrect interpretations of the source case, thus producing weak, perverse or deleterious outputs (Bardach, 2008).

Further emphasis is placed on a precise distinction that should be made between the replication-oriented and extrapolation-oriented approaches.

Basically, the approach based on replication implies the rational assumption that the transfer of a successful practice from context A to context B would generate the same outcomes in both of them. Consequently, this approach suggests that success is directly proportional to the degree of similarity between the original practice and the replicated one.

By contrast, Bardach' s solution to the extrapolative problem might pave the way to define another convincing direction, thus explaining why the perspective provided by the literature on social mechanisms seems relevant for the analysis. There is a great deal of literature on social mechanisms; this volume does not have the ambition to gather and systemize all contributors but simply recalls some works to stimulate the discussion to the final point.

The origins of the mechanism theory could be tracked down to the seminal Merton's work (1949), who firstly defined social processes with specific consequences on the social structure. Years later, Hedström and Swedberg (1998) rephrased the literature on social mechanisms, within the context of analytical sociology, aiming to develop a deeper integration between theory and social research. In their theory, they stressed the importance of social mechanisms because of their importance to explain the relation between two entities – input and output – not as a systematic co-variation between general variables or events. The concept was, then, recalled by Elster (1989), who defended the importance of identifying the social "cog and wheels" responsible for the relationship between variables.

Bhaskar (1978) made a further attempt to define the content of the word discussing the concept of "causal agent" as the driver of the relationship between the entities under analysis. This definition recalled the role of causal agents as individuals – actors performing actions that should be explained by referring to the causes and the consequences. Particularly the contribution referred to the explanation of phenomena within micro–macro dynamics: as the social conditions influencing the individual actions or the actors' actions producing individual effect. In this sense, principles of methodological individualism were closely linked to the key intuition of the mechanisms approach.

This trail was, then, followed by McAdam et al. (2001), who suggested a threefold definition of the mechanisms regulating conflict episodes: *environmental mechanisms* are externally generated and directly operating, influencing conditions of social life (for example: lack of resources, crisis and so on); *cognitive mechanisms* operate through the alteration of

individual and collective perceptions and lead to specific kinds of behaviour; *relational mechanisms* produce the alteration of groups, people and individual's networks.

What it is useful to recall for the present work is that the actor-centred approach as proposed also by Scharpf (1997), who argued in favour of the examination of small- and medium-scale mechanisms to construct general theories relating to causal mechanisms. In fact, due to the complexity of policy issues, the small–medium mechanisms seem to be preferable to an inductive process referring to the observation of regularity, and the combination of goals and empirical specificities. Moreover, considerations on mechanisms seem to imply models of interaction with defined behavioural implications based on the analysis of the actors and their relationships.

Despite the reference to the social mechanisms theory (Shadish et al., 2002) and the causal power they exert, Bardach pragmatically used the term as a metaphor referring to some sort of "reservoir" with a certain latent power that may be found in nature and be efficiently used to produce sizeable results. Bardach suggested a semantic trick to help identify the mechanisms considering what a practice "takes advantage of".

Due to the amount of literature available and due to the difficulty of sharing a common definition ("popular but vague concept" as sharply noted by Hedström and Swedberg (1998)), Bardach clarified the term "mechanism" with the concept of "opportunity" (Bardach, 2008). The author also added the concept of "function" to the "architecture of 'how it works'" as a feature involved in the activation of mechanisms and in the characteristics of the program expressed by a function itself. Following these considerations, the assumption could be that mechanisms hold a certain degree of generalization and independence from the characteristics of a program in relation to the specific features of the target case.

A public management approach has been proposed drawing on this theory. Barzelay (2007) attempted to develop Bardach' s studies by harmonizing the methodology of extrapolation-oriented research with that of qualitative research based on instrumental case studies, presenting explicative narration mingled with the social mechanisms identified in literature. Barzelay found out how to analyse a process and extrapolate mechanisms, process design features and process context factors in the narrative analysis. The discourse may be expressed as follows: cases are artefacts influencing actions, interactions and beliefs and they are structured through sets of features (articulated in guiding ideas, governance

arrangements, structured events and cognitive techniques) that activate social mechanisms. The process design features are part of a design for performing a function and structuring a process. Both Bardach and Barzelay have tried to solve this issue: the first tackled the problem in a pragmatic and intuitive way by analysing local practices; the second tried to analyse the adoption process of a program and defined a general framework of analysis by selecting specific mechanisms from literature.

Recently, Ongaro (2009) rearticulated the Barzelay management approach classifying mechanisms on the basis of the resources used (for example, authority, incentives, trustiness). By the way, the most recent advance in the study of mechanisms must be attributed to Came and Campbell (2010) that, reversely, examined the failure of the Rumsfeld policy for the transformation of the American Department of Defense, using Barzelay' s framework and detecting the unsuccessful mechanisms. In tracing the study path of the mechanisms, the origin of the word can be found in sociological literature and was rephrased by the management school.

Until now, the analysis of the social mechanism literature was not referred to the policy analysis; Melloni (2012), firstly, attempted to transfer the use of mechanisms in the realm of political science research gathering and classifying such mechanisms on the basis of functions and types, following the extrapolative purpose. In her work, Melloni reframed the literature on social mechanisms within the policy context and tracks the micro-mechanisms found in the literature. Some examples are Scharpf's work (1997) on the dynamics between rational actors (selective perception, auto-dynamic coordination, joint decision trap and so on), Cialdini's studies (2010) on the persuasion means and Granovetter (1978) on the threshold models of collective behaviour.

It may be useful to introduce some mechanisms used in recent literature to clarify the issue and provide some inputs for the forthcoming analysis.

The *performance feedback* mechanism refers to McAdam et al.'s (2001) research and seems to be associated to project management stereotypes. Barzelay (2007) notices that this mechanism entails the management of information regarding outcomes of the previously established goals. Individual and group performances are pushed to achieve more and more if a goal is previously fixed. Learning may be accelerated thanks to goal setting and to comparing individual performances in achieving such objectives (Locke and Latham, 1990). The combination of assigned goals

and feedback may work out to be a powerful tool since the focus is not just on how to improve performances but also to identify any problems and consequent solutions.

Another appealing mechanism is the so-called *blame avoidance*. In politics, success and – in some cases – survival often depend on the ability of politicians and public officials to extricate themselves from various types of predicaments avoiding to take the blame for unpopular actions and decisions through different political blame avoidance strategies (McGraw, 1990). Recently, Hood (2007; 2010) also points out how important this mechanism is for various organizations to equilibrate relationship between actors.

Additionally, the *naming and shaming* mechanism has to be taken into consideration for the analysis. Shame refers to actors' "self-conscious emotions" such as embarrassment, shame, guilt and pride. As Pawson (2002) develops, the disclosure of the "named" carries the capacity to trigger those emotions and implies a reaction. This mechanism is used in different political fields to enforce actions. Skeel (2001) highlights that the "shaming sanction" is designed to elicit citizens' moral disapproval. Far from penalties such as fines or imprisonment, moral disapproval is the beginning and the end of punishment.

Goal achievement can be boosted by *rewards*, which can be included in this mechanism review. Rewards may be material, such as financial, reputational or other incentives but also non-material when they refer to pride or social esteem (Larrick et al., 1999). Therefore, actors' performances can be defined through the attainment of their goals, which is compensated by the achievement of a certain prize.

5   How does it work?

The conflicting and synthetic review of the literature on mechanisms does not give us privileged access to the "truth" setting a shared definition of the term but it is immediately clear that this theoretical debate is too parsimonious and unproductive and must be rooted in a set of empirical cases to be better explained. Enough has been said about each of these approaches and their peculiarities but some drawbacks do emerge.

The following discussion will briefly outline the work's theoretical underpinnings being aware of such a different interpretation about the word "mechanism"; the aim is to adopt a functional significance for the

term in order to pave the way to the analysis and to outline the personal contribution for the literature.

Therefore – before turning to the analysis of the two case studies – we must try to exorcize the over comprehensive meaning of the word "mechanism" – a ghost haunting the houses of several disciplines. We would like to define this term considering *mechanisms as cogwheels triggered within a policy process to establish power relationships among actors and modify their behaviour to achieve specific goals*. Process features, on the other hand, refer to the architecture of a policy, which can be easily identified and can influence relationships among actors. The causal link in the term "mechanism" refers to the reactions triggered to achieve the goals defined by a policy entrepreneur. Originally, the approach used started by defining successful mechanisms as the continuum of an effective policy design planned through the governing of the several phases of the policy cycle.

Behind the rationale of the definition, the functional character of "extrapolation because of transfer" is one of the drivers of our work. My discussion of mechanisms differs from the existing literature for two important reasons. First of all, the difficulty of social sciences refers to the formulation of theories based on the observation of recurrent human behaviour. Thus, the work will analyse the actors playing in the process and the resources deployed and their interactions; the focus will be on small- and medium-size mechanisms and will describe plausible human interactions, as they can often be observed. Secondly, not only will the work deal with the analysis of mechanisms but it will also single out differences in the two policy processes. They are, in fact, characterized by different outcomes so the aim is to rephrase the study of innovation transfer in the light of the policy design approach considering the whole policy cycle.

To have a hope of appreciating the policy dynamics, this work will envisage an empirical ground – the analysis of the implementation of the Standard Cost Model in two countries – by explaining the innovation and analysing two case studies. After that, the theoretical inputs provided in this chapter will be matched with the empirical evidence deriving from the fieldwork analysis.

2
The Diffusion of the Standard Cost Model

Abstract: *Before tracing the tortuous path of the diffusion of the invention, it is necessary to define a general introduction on regulatory reform. The origin of the debate on the quality of the regulation has its roots in the growing of regulatory activity of the State. The widespread tools for improving the quality of regulation are: the Regulatory Impact Analysis (to analyse the social/economic/environmental impact on enterprises of the regulation* ex ante*) and the Standard Cost Model. The work analyses the SCM as a widely applied methodology developed to provide a simplified method for estimating the administrative costs imposed on firms by regulation.*

Key words: Regulatory Reform, Standard Cost Model, Regulatory Impact Analysis, diffusion, better regulation

1   Notes about regulation

The origin of debate on the quality of regulation dates back to the 1960s when regulatory activity started to grow out of control together with the cumbersome apparatus of State.

La Spina and Majone (2000) theorize the existence of a regulatory State that regulates the private sector to improve its efficiency. States operate through various instruments, such as regulation, instruments complementary or alternative to administrative regulation (such as taxes, transferable rights, subsidies, self-regulation) or direct control of some activities and try to give answers to specific problems. Therefore, regulatory instruments appear as the most suitable ones, as they tend to respect the action patterns of regulated systems.

The normative production may become burdensome, complex, excessively specific and not well integrated. While Majone talks about "legislative flood", other scholars point out the risk of "judicialization" of those social realms that used to refer exclusively to the moral sphere, social control, private agreements and informal regulation.

As noted by Bardach and Kagan (2003), different justifications are presented in support of issuing rules. Regulation has become necessary due, first of all, to the increase of riskiness inherent to many sectors: accidents in the workplace, health-related issues, environmental pollution, consumer frauds and discrimination in the workplace. Since the second half of the 1970s, "protective regulation" has significantly grown with the aim at protecting citizens from these risks. Between the 1970s and the 1980s, regulatory reforms focused mainly on deregulation and addressing the excesses and the over-regulation: this meaning was given by Reagan in 1982 during his presidential campaign, criticizing the "unreasonable and excessive regulation".

Establishing the reasonable amount of regulation may be convincingly considered a difficult task for regulators; at the same time, the discretionary application of regulations that would originate from excessive flexibility is a risk that might lead to violations and mistakes. Moreover, regulators would need a bigger and more qualified staff to keep the risks under surveillance and the attempt to reduce red tape falling on firms, the costs – administrative and documental – necessary to gather pieces of information would fall on the public administration (Sullivan, 1982), producing few benefits and many concerns for the public sector.

Any judgement of bureaucracy, though, should take into consideration two separate and opposite perspectives. Bureaucracy, in fact, can represent both a pathological condition – defined as *red tape*, from the colour of the tape in which documents used to be bound in England – and a set of onerous but socially necessary rules with specific purposes.

2   The instruments for better regulation

Scholars have always considered the quality of regulation essential features of the State of law (Karpen, 2006, p. 9). The literature on how to improve the quality of regulation is abundant and is often labelled by the policy-makers as "better regulation", "smart regulation" or "regulatory governance" (European Commission, 2010; Organization for Economic Cooperation and Development (OECD), 2003). Essentially, these terms denote several expressions of regulatory reform within the literature concerning an attempt to exercise oversight over the whole life-cycle of regulation, from policy formulation to implementation and evaluation stage.

The quality of regulation became a central issue for international organizations in the same way as the adoption of a set of regulation reform programs required the elimination of barriers to economic activity; since nineties, the Organization for Economic Cooperation and Development has advocated for the regulatory reform process for example, developing a check list for the definition of the need of regulation (Organization for Economic Cooperation and Development, 1997b).

Truly, the political background for better regulation dates back to 1992 when member States expressed their concerns about the flow and the quality of rules coming from the European Union. Though the Commission has tried to launch several projects for simplification – both for the business impact analysis and quality of the regulatory environment– the widespread adoption of an evaluation tool, specifically the Regulatory Impact Assessment (RIA) has been finalized during the late 1990s and early 2000s when the European Commission put its efforts to set up a convincing Better Regulation agenda deeply rooted in European overarching legal principles.

Since the European Council at the Lisbon meeting in 2000 and later confirmed at the Stockholm, Laeken and Barcelona summits, the Commission has started to design a strategy finally defined in the

White Paper on European Governance (July 2001). Markedly, the growing interest towards the connection between Impact assessment to firm competitiveness at the EU level is highlighted by a series of initiatives; the Inter-institutional Agreement on Better Law-making (2003), the joint Letter of the Irish and three incoming presidencies of Economic and Financial Affairs of the Council of the European Union (ECOFIN) (January 2004), the "Doorn Motion" within the Legal Affairs Committee of the Parliament and the Joint statement of the Irish, Dutch, Luxembourg, UK, Austrian and Finnish presidencies on "Advancing Regulatory Reform" (December 2004). Acknowledging the relevance of the issue, a remarkable response was given to the Joint Letter of the Irish and three incoming presidencies of ECOFIN by the Commission that agreed to examine whether assessment relating to the administrative burdens for firms needs to be further improved.

Notably, the ECOFIN showed the necessity, later confirmed in both the Spring European Council 2004 and the European Council of 4–5 November 2004, to develop a method to measure administrative burdens. This purpose was welcomed by the Commission, which, in the Communication on Better Regulation for Growth and Employment in the European Union (16 March 2005), developed a detailed outline of a possible "EU Net Administrative Cost Model" on the basis of the Dutch model to measure costs the so-called Standard Cost Model (European Commission, 2005b).

To sum up, the regulatory reform toolkit contains different instruments, such as regulatory impact assessment, the Standard Cost Model, legal modernization (for example, codification, recasting and consolidation of existing legislation), simplification of procedures and licenses, risk assessment, risk-based approaches to regulatory enforcement, post implementation review and regulatory budgets. Nevertheless, two instruments are very prominent in the policy mixes deployed by European governments: Regulatory Impact Assessment and the reduction of administrative burdens *via* Standard Cost Model.

RIA refers to a process of problem classification, consultation, definition of alternative feasible options, economic analysis of the options and a final choice that meets some criteria established *ex ante* (benefits balanced by costs or "maximization of social welfare" or, in simpler versions, "minimization of compliance costs"). RIA should also be used to probe alternatives to the traditional binding regulation experimenting less intrusive forms of regulatory tools (Radaelli, 2005; 2009).

The Standard Cost Model tool will be thoroughly explained in the next chapter.

3   The Standard Cost Model

One of the most common complaints raised by businesses and citizens in OECD countries is the amount and complexity of government formalities and paperwork (Organization for Economic Cooperation and Development, 2003). The regulations imposed by national governments cause serious problems for the efficiency of enterprises: their responsiveness is slowed down, resources are diverted away from productive investments, transparency and accountability are reduced, unnecessary barriers to trade are created and entrepreneurship is discouraged. As regulation has become more complex and burdensome, administrative burdens are increased and many regulatory costs are imposed on citizens and firms in the way of asking for permits, filling in forms and reporting and notifying to the government: these procedures have become irrelevant and cumbersome, generating unnecessary regulatory burdens.

To face this problem, the Dutch government invented the Standard Cost Model to provide a simplified and consistent method to measure administrative burdens and consequently reduce the impact of regulation on businesses. The SCM is a quantitative methodology to measure administrative burdens of a single law or selected regulatory areas or even more to collect a baseline measurement of all legislation. Furthermore, the SCM is also suitable to measure simplification proposals, as well as the administrative consequences of a new legislative proposal.

The overarching idea of the SCM is that money spent in fulfilling administrative tasks does not give benefits to the economy and cannot be re-invested in profitable activities (Torriti, 2007).

Enterprises cope with various costs stemming from legislation. Essentially, governments require enterprises and citizens to provide information on activities (information obligations); each information obligation consists of a number of required pieces of data and administrative paperwork that firms have to report to governments. Apart from the direct financial costs and long-term structural consequences, the compliance costs are all the costs of complying with regulation only because of the existence of regulation. These can be divided into "substantive compliance costs" (for example, filters to comply with environmental

requirements; physical facilities in compliance with working conditions regulation) and "administrative costs" (for example, documentation of the installation of a filter; an annual report on working conditions).

The basic elements of the model are the following:

▶ Information obligations: the textual parts of regulation arising from regulation to provide information and data to the public sector or third parties in order to comply with specific laws and executive orders. To specify, an information obligation could be either a requirement to transfer to the public authority or to make information available for inspection or supply request.

▶ Data requirements: the information obligations may be divided into smaller pieces which represent elements of information that must be provided in complying with regulation.

▶ Administrative activities: to fulfil the required information obligations and produce the requested information, firms have to carry out additional administrative activities. The costs of the additional activities might derive from internal consumption (for example, labour costs, time spent by the employees) or from external consumption of resources (for example, outsourcing costs, cost of acquisitions or costs of external experts). For each administrative activity, it is necessary to collect a number of cost parameters.

The Standard Cost Model breaks down the regulation, detecting and measuring information obligations imposed on firms. In that way, it is possible to precisely determine the costs derived from each part of the regulation emphasizing which regulation or which part of regulation imposes administrative burdens on firms. Regarding the sphere of influence within which they fall, this methodology makes it possible to classify the administrative burdens distinguishing between those caused by European/international (as exclusively a consequence of EU regulation and other international obligations), European/national (administrative burdens formulated by member States) or national regulation.

The costs are calculated in the following way: the time spent by firms in fulfilling administrative tasks is multiplied with the hourly rate of person(s) in or outside a certain firm that deals with activities. Then, it is identified how many number of times firms have to carry out information obligation every year and the population of enterprises that are subject to this information obligation. After collecting data through

interviews or focus groups, it is necessary to assess how long it would take a normally efficient business to carry out the various administrative activities. By calculating and adding together costs, it is possible to draw a picture of the costs for an administrative activity, an information obligation, a law and finally the total costs of all regulation.

A tough debate among the better regulation's scholars has been exacerbated: the SCM faced the Regulatory Impact Analysis as a tool able to guarantee better quality of regulation (Coletti and Radaelli, 2013). From literature, some criticalities referring to the SCM might be stressed.

First, the business regulation causes three types of compliance costs for firms: financial costs (taxes, premiums), substantive compliance costs (investments) and information compliance costs (administrative burdens); the SCM analyses the latter type of costs which are not the heavier category for firms, taking into consideration that this category of burdens can be easily eliminating using the information technologies.

Then, there are reasons to be sceptical of the reductions reached: the calculation is symbolic and the size of measurement bias is not known. The original version of the SCM refers to a sample of 3 to 5 enterprises to be interview for collecting data and rely on the notion of a "typical" firm that may not be the median firm in sectors with high variability (by type of firm).

Moreover, the unit of measure of the model is the cost of information obligation and not the firms. This implies that the SCM does not gather data about the real business impact of complying with regulation: it assumes the full compliance with obligations imposed by regulation that, sharply, contrast with the behaviour of economic agents. Another problem raised by this methodology stands on the so-called irritant burdens: during the implementation phase of the model enterprises started to complain about the administrative burdens that are not heavy in terms of time spent to comply with but are considered "irritant" by enterprises because not considered useful.

As showed by surveys (Allio 2011), the implementation of the model does not produce effective results: the perception of reduction by enterprises could be distorted because of the lack in compliance or in eliminating "irritant burdens"; moreover, the simplification of information obligations are fractionated between the population of enterprises that could not perceived benefit.

These mechanics of the Standard Cost Model do not shed a positive light on the model; compared to more sound and comprehensive

regulatory tools (Coletti and Radaelli, 2013), the SCM does not seem to track the right way for the solution of the red tape problem. Nevertheless, taking as example the Dutch best practice, it was considered as an easy solution to be adopted and it was promptly diffused.

4   The diffusion of the Standard Cost Model in Europe

As said, the model quickly spread around regardless of the methodological weakness shared above. Between 2003 and 2007, the SCM was rapidly implemented in the majority of European countries even if the features of the model were not transferred in the same way and the process of reduction had different stages of implementation. One reason could be ascribed to the dialectic of an easy application of the tool to solve a complex problem; the logic of the SCM offered the opportunity for politicians to communicate their efforts to fight against red tape.

The policy boom has been characterized by three waves of SCM importing by countries as pointed out by Wegrich (2009). The Netherlands – as country innovator – has been followed by Denmark, Sweden, and the United Kingdom, which are countries sharing the reputation as innovators in public sector reform. The front-runner countries have been followed by the second wave of adopters: Germany, Italy, Austria, Poland, the Czech Republic and Norway. From 2006 onwards, the laggard countries have chased the earlier adopters.

These facts help us to situate the SCM in the debate around the diffusion of best practices.

Drawing on the Behn definition already presented (2008), the adoption of SCM by European States might be considered an example of both "diffusion" and "transfer". Sharing ideas among high level officials has favoured the transfer of the Dutch experience to Denmark.

The diffusion of the model was carried on by the "agents of learning" such as international organizations, European networks and think tanks. In 2003, the front-runner countries bolstered the diffusion of practices by creating the Standard Cost Model Network with the purpose of sharing their knowledge about the model and bringing together countries interested in using the SCM to measure administrative burdens. Thus, all members of the Network are adopting or seriously considering applying the SCM to measure administrative burdens. The network is composed

of a steering group which meets three to four times a years, supported by a secretariat charged with the organization of meetings, promotional activities and keeping the website updated. This group advises countries how to use the SCM and how to share examples of cutting red tape's best practices among European States.

Interestingly, the model has been positively accepted by the great part of European countries, thanks to a spontaneous process: on the basis of the information regarding its successful implementation in the Netherlands, decision makers opted for it. Farah and Spink (2008) use the terms "horizontal dissemination" and "vertical dissemination", a distinction akin to that suggested by Dolowitz and Marsh (1996) between voluntary and coercive transfer of public policies. According to this conceptualization, the adoption of the model and the 25 per cent reduction target fixed by European Union has been finalized under the pressure of front-runner countries with the aim at reducing the burdensome European regulation. The European Union itself, thereafter, required the cooperation of member states in order to produce a reduction of the European administrative burdens, already representing 40 to 50 per cent of total national burdens by 2012.

3

The Standard Cost Model in the Netherlands

Abstract: *By acquiring a deeper understanding of how the Standard Cost Model has worked in practice and whether it has produced significant results or not, the research inquired two empirical case studies (The Netherlands and Denmark). In order to outline the implementation process of the model and explain how it was adopted, interviews with the main actors were carried out along with the analysis of newspapers and data collection.*

The Dutch process was analysed by observing the policy cycle phases (definition of policy problem, policy design, implementation and evaluation) specifying the actors involved, their roles, their relationships and the resources deployed.

Key words: Standard Cost Model, diffusion, policy adoption, policy implementation, evaluation, network analysis, actors, decision makers

Introduction to the analysis

Challenging the claims highlighted, this chapter will focus on the analysis of two case studies. Before doing this, a brief sketch will illustrate the methodology followed for the empirical work.

The research methodology refers to the comparative analysis of the processes developed in two countries. Case studies seemed to be the most appropriate method to research the policy processes since they refer to the definition of the problem, the adoption of the model and also to the implementation and evaluation stage. Not only were they also helpful for the identification of the actors involved in the policy process and the resources deployed in the achievement of the policy goal.

As already stressed, best practices are often presented as "ready-to-apply" solutions, able to solve problems. On the contrary, evidence shows their manifold limits. Defining criteria to identify best practices is a difficult task and, in literature, many attempts of rationalizing how to choose a best practice among a certain amount of examples can be found. One of the most convincing seemed the one proposed by Keehley et al. (1997) and later revived by Benavides (2008). Generally speaking, they establish a set of criteria that describe best practices on the basis of:

▸ the level of innovativeness of the policy;
▸ successfulness over time;
▸ measurable results and positive outcomes (if results could not be measurable);
▸ replication in another context, relevance of its adoption and the possibility to transfer it to another country.

We are aware that the choice of finalizing an in-depth analysis of two cases implies a good ratio between methodological inputs and analytical results. A particular attention has to be paid also to the relation between the independent/dependent variables, which cannot disregard the risks implied when analysing a limited number of cases have to be avoid (Peters, 1998).

A preliminary remark is worth focusing on; literature on extrapolative mechanisms showed that the authors tend to employ different units of measurement: while Bardach analyses practices at the micro-level, Barzelay focuses on programs as a whole.

What is at stake here is the analysis of a policy innovation diffusion that has characterized by a *certain level of innovativeness* and has focused

on extrapolating the successful factors with a certain degree of generalization in order to design the transfer to another country. Being the *transferability to other contexts* one of its focus, the study analysed the two so-called European best practices, to identify the successful factors that favoured SCM success during the different phases of the policy cycle: the Netherlands was the source case and Denmark was the target case so to compare two cases. These countries could be considered as cases of transfer (according to the Behn's definition) and they were accurately chosen after a comprehensive review of all European Member States adopting the program because of the *successfulness over time* (the case studies offered a ten-year phase for observation); the *measurable results* (both of these States produced a complete burdens baseline and a fixed reduction target).

Thus, we decided to focus on the reasons causing different outcomes of the same program transferred from one context (the Netherlands) to another (Denmark), stressing the fact that they have similar political/institutional systems characterized by relatively similar regimes (small, wealthy, corporatist). Therefore, after having eliminated all "external factors", how can we explain that a program transferred from case A to case B has produced different outcomes?

Therefore, the object of the analysis was the Standard Cost Model adoption and implementation processes in two countries that have been examined with specific attention on policy cycle stages (problem definition, policy design, decision making, implementation, evaluation); with reference to Dente et al. (1998), the research has analysed the Standard Cost Model policy adoption and implementation processes in the Netherlands and in Denmark, specifying the actors involved, their roles, their stakes, the network and the resources deployed. The focus on the policy cycle phases tried to identify the critical issues raised during the analysis of the cases and the solutions adopted to solve policy problems; a closer look highlighted the process features and the mechanisms in actions within the policy processes determining certain outcomes.

Data were collected through interviews with the countries' main policy actors, taking into consideration all the categories involved in the process (politicians, bureaucrats, stakeholders, consulting firms and experts) and using criteria of substantive representation. Moreover, the liberal, left-oriented and central financial newspapers were sampled. We selected articles dealing with the reduction of administrative burdens during the 1999–2008 decade, since the debate around the battle against

red tape developed in those years. The major Dutch (*De Telegraaf*, *De Volkskrant*, *Trouw*, *Het Financieele Dagblad*) and Danish (*Berlinske Tidende*, *Politiken*, *Jylland Posten*, *Børsen*) newspapers were reviewed to identify actors involved and differences in the development of the policy in those countries.

1   Origins of regulatory reform in the Netherlands

Ever since the 1990s, the Dutch neo-corporative tradition influenced by the private sector acknowledged the problem of red tape. Due to the small size of the domestic market, Dutch firms had to rely on their own capacity to face international economic development (Torriti, 2007) while domestic bureaucratic barriers represented an obstacle to competitiveness, foreign investments and innovation (Tang and Verweij, 2004). In 1994, the stagnant economic situation claimed the introduction of measures to boost the economy, also through the reduction of red tape for enterprises. This challenge was set in the agenda of the liberal parties together with Social–Democrats and led to an electoral victory: in 1994, Kok, of the *Partij van de Arbeid* (PvdA), formed his social–liberal government together with the *Volkspartij voor Vrijheid en Democratie* (VVD) and the liberal progressive *Democraten 66*, thereby launching the *Paarse cabinet* (also known as the "Purple coalition" or "Kok I"). One of the most powerful actors within the new coalition was the Minister of finance Gerrit Zalm (in office between 1994 and 2007 – during the KOK I, II and Balkenende governments) who started the battle against red tape.

With the purpose of finding a "new balance between protectionism and dynamism" (Coalition agreement, 19 December 1994), the government started the so-called *Marktwerking, Deregulering en Wetgevingskwaliteit* (MDW I and MDW II) program to "go back to what is strictly necessary". The aim of this program was to boost competitiveness and improve the quality of regulation, with reference to the feasibility, to the alternatives to regulation and the proportionality of administrative burdens for firms (MDW Project, 1998; Van Gestel, 2006). This program – managed by the Minister of economy and the Minister of justice – could be considered a milestone in the Dutch regulatory reform process, defining new relationships between State and market. It envisaged the adoption of some innovative tools: the regulatory impact assessment, the consultation

procedure of a panel of entrepreneurs and the target reduction (10 per cent reduction of the administrative burden by 1998).

Though the problem of reducing red tape for firms was defined, the awareness of burdens continued to be stimulated since the government searched for some data to highlight the relevance of the problem and to set the solution in its agenda. Some data were produced and the first round of measurements evaluated impacts even if without the application of a defined methodology: administrative cost figures showed an increase between 1993 and 1998, probably due both to the extension of new areas of measurement (Nijsen, 2003; Toonen and Van den Ham, 2007) and to the increment in the volume of the request for additional information for business activities. After disclosing the new figures, a vigorous impetus came from the urgency to keep administrative costs under control. The political elite was pressed by the private sector itself to diminish governmental interference in the business sector (VolksKrant, 22 October 1999). The former, in fact, assumed a dynamic role and often used the press to denounce futile or contradictory regulations.

The role of the business world was particularly active as its involvement in the finalization of the Cabinet's plans went to prove.

In 1998, the *Commissie Administrative Lasten* (the Slechte Commission) was established to revise red tape – the aim was to make a cultural change (OECD, 2003). To solve firms' problem of excess paperwork, the Commission worked with Small and Medium Enterprises (SME) representatives, big firms, local governments, consultants, political parties, European institutions, experts and ministers to draft proposals on the basis of the complaints raised by SMEs (VolksKrant, 11 May 1999; NRC Handelsblad, 1 July 1999). In the final report *De papierberg te lijf* (1999), the Commission suggested a set of 60 projects to reduce administrative burdens after a consultation process with stakeholders. Most of the suggestions were warmly accepted by the parliament and the government – producing a new set of initiatives to improve regulation's quality. In its report to the parliament (*Tweede kamer der Staten Generaal, Marktwerking, deregulering en wetgevingskwaliteit, Vergaderjaar* 1999–2000, no 138), the Slechte Commission pointed out that the activity undertaken thus far was nothing more than "picking low fruits", arguing to set a limit to the government's requests of information from firms. The Commission also suggested to create an independent agency for the *ex ante* evaluation of the impact of regulatory costs on firms and also for the development tools to measure the costs of regulation.

Following this, the government decided to design a tool (VolksKrant, 25 November 1999) to quantify the efforts, and appointed the consulting firm EIM (Dutch Economic Institute for Small and Medium sized Businesses) to develop a methodology to measure administrative burdens in an objective and quantifiable way. The data produced by this methodology could also be used with a communicative purpose to highlight the efforts made by the government in helping firms. The project soon received the support of the ministry for economic affairs and later of the ministry of finance, after which a series of pilot projects were developed (interview Dutch consultants 2 and 3). During this experimental phase (1992–1994), EIM developed the MISTRAL (*MeetInSTRument Administratieve Lastendruk*) methodology deriving from the PPM model elaborated by Peat et al. in 1982 (Nijsen, 2003): between 1998 and 1999, the measurement comprised the fiscal area (income tax, corporate tax, dividend tax), social area and other areas involving justice, economic affairs, agriculture, the environment and health care.

2   Design a new way: the Standard Cost Model

Despite these efforts, up to 2000, burdens had been reduced only by 6 per cent compared to the 1994 level. Referring to the analysis of the adoption phase, we could make some hypotheses to explain this slow reduction: at the beginning, the government scarcely defined the problem to be addressed and proposed an inaccurate design of the policy; moreover, the eagerness of finding a simple solution brought to an overestimation of what could be achieved. Looking at the failure linked to the implementation phase, the parliament's stance began to harden: the reduction of administrative burdens was confirmed but the government was asked to reduce a further 15 per cent. Thus far, the issue remained in the agenda of the government that, officially, declared its commitment to achieve the goal.

When the Slechte Commission's suggestion to establish an independent agency was proposed by the government in order to check the progress in reduction made by ministries, the ministerial staff pointed out the complications that an external body would have generated during its investigations. Nevertheless, in May 2000, the ministerial staff's resistance was overcome by the government, which set up the independent watchdog ACTAL (*Adviescollege Toetsing Administratieve Lasten*) with a

temporary mandate: to bring about a cultural change that would have led policy makers to acknowledge the impact of regulation on citizens and firms. Its mandate included the task to provide advice – both solicited and unsolicited – on the progress of the policy and to make information on existing legislation available. ACTAL evaluated ministerial law drafts and examined its regulatory activity also giving specific suggestions regarding burden reduction: its prominent role includes the *ex ante* control of proposals from the ministers before these reach the council of ministers. As an informant stressed, ACTAL's control on the Cabinet work is almost unique, considering that in the Dutch experience the only actor with a similar position is the Council of State (interview with Dutch member of parliament).

To guarantee the independence of the watchdog, the three members of the executive board (one of which is the president of ACTAL) were chosen from the academic or business worlds, on the basis of their status as recognized experts in the field.

What created a sense of pressure in the achievement of the target reduction was the control exercised by the parliament that inquired about the Cabinet's progress and put the government under pressure by asking for further challenges (for example, to define the net-target, to suggest further burden reductions). Besides this, control was exploited by scrutinizing the work of ACTAL which, in turn, analysed Cabinet activity (interview with a member of parliament).

These premises prepared the ground for the public sector reform "Participation, more jobs and less regulation" adopted in 2003 after the confirmation of the Balkenende II government (*Meedeon, meer werk, minder regels, Hoofdlijnenakkoord voor het cabinet* CDA, VVD, D66, 16 May 2003). Within the context of this reform, the Minister for government reform launched the *Andere Overheid* ("A different government") program with the ambition to reduce administrative burdens and improve the central government's performance. Some progress was being made. In May 2003, the commitment of the Cabinet was officially announced in the Coalition Agreement in which the reduction of administrative burdens to re-launch the growth and competitiveness of firms was among its main goals.

Thanks to his re-appointment as Minister of finance and his nomination as vice Prime Minister in the Balkenende II government, Gerrit Zalm accumulated enough resources (political, financial, knowledge) to give a strong impetus to the campaign against red tape. Zalm – economist

and member of the Liberal Party – was worried about the difficulties of firms when dealing with the public administration and pledged himself as supporter of the campaign against red tape (Volkskrant, 09 September 2004). He had already stressed his position in favour of a systematic administrative burden reduction in articles (interview with Regulatory Reform Group official).

Despite the political resources deployed, the implementation phase encountered unpredicted obstacles: even if the rhetoric of cutting red tape to boost competitiveness for firms seemed to be formally accepted, several informants highlighted the difficulties raised by regulators who have strenuously opposed the reduction of burdens in their area of competence, by not identifying administrative burdens to be reduced and shifting this duty to other ministries (interview with Dutch public official 1, 5, 7 and 8, 2009). One of the most burdensome areas was, for example, environmental protection in which the sensitive equilibrium between the needs to protect the environment and lighten administrative burdens for firms was a breaking point in the discussion on reduction. It could be noted that regulators spontaneously fulfilled their mission to develop specific policy and did not want to slim down on red tape in the name of valuable general interests to be protected (interview with Dutch public official 5, 2009). To address this problem, one of the informants pointed out that the categorization of administrative burdens into categories (international/ European, European/ national, national) provided a straightforward identification of the source of burdens and ministers could not avoid reducing them, giving the blame to European actors (interview with Dutch public official 7, 2009).

Considerations on these points raised in the implementation phase brought the Dutch staff to learn from its previous experience and to search for a new definition of the problem: the need to control the regulators and push them to reduce burdens. The obstacles raised during the first phase (mid-1990s until 2003) – in which the Netherlands developed a tool but not a structured design of the policy – have brought to light an "undeclared" goal: to change regulators' behaviour and discipline their way of regulating. As an informant stressed, out of the real reduction, the SCM is "a tool able to motivate ministers to reduce [administrative burdens], and it is useful more for the government to discipline regulators than for the businesses" (interview with Dutch Public official 8, 2009).

What was eventually known as the regulators' exacerbating resistance was the convenience to design a complex architecture addressing the problem.

By this time, the definition of the policy goal was fixed and Zalm started to design the program to support his ambitious objective: setting up a unit to coordinate the policy, officializing an innovative methodology, designing new features of the program, triggering mechanisms to influence relationships between actors in order to change their behaviour.

Within the Ministry of Finance, Zalm established the IPAL (Inter-ministerial Unit for Administrative Burdens) composed of 18 full-time staff units, seven of which were satellites of each ministry; the location of the unit was not casual since it was under the direct control of Zalm and within one of the strongest ministries. For this reason, the role of the IPAL was more powerful managing both knowledge resources (the staff was composed by the union between the finance group dealing with regulation costs and the economic affairs group closer to the needs of the business world) and financial resources (depending on the ministry of finance funds). The unit dealt with: the drafting of reports for the minister of finance referring to the discussion on burden reduction within the Cabinet, the finalization of dossiers for the parliament regarding the coordination with the European policy and the progresses made by the burden reduction policy at the national level.

As confirmed by all the informants and Dutch press release, Zalm was the promoter of the process and used his influence and political and financial resources for the implementation of the policy.

Another wise choice was the designation of Jeroen Nijland as the head of the IPAL. He was a talented ally supporting minister Zalm from 2003 until 2011; he assumed a crucial role in the definition and implementation of the policy supervising the relationships with ministers and public officials and organizing the strategy to advocate for European burden reduction.

Determining the appropriate levels of control for regulators is not such a simple task as it may appear and the experimentation of the MISTRAL methodology brought to re-conceptualize the model and fix a common model with uniform definitions and applications – the Standard Cost Model – with the main purpose to measure and reduce burdens in a structured way and keep regulators under control. As one of the informants declared, the tool was invented to find solutions to previous failures (interview with Dutch public official 7, 2009); during the experimental phase, in fact, the MISTRAL model was implemented in different ways

by different ministries, generating a paradoxical situation in which contradictory versions of the model were used, producing data that were not comparable (interview with Regulatory Reform Group official 1 and 2).

This confusion did not help the government to draw a clear picture of the amount of burdens per sector and consequently to overcome the resistance of regulators in reducing burdens: thus, the decision makers proposed the adoption of a unique simplification tool to tackle the lack of a systematic way to measure administrative burdens and provide a quantification of burdens.

Moreover, the difficulties encountered by Zalm in forcing regulators to reduce red tape were challenged by the invention of several features to avoid the "not in my back yard reflex" (for example, fixing individual target, net-target for each ministry, linking to the budget cycle as it will be explained).

The solution adopted to avoid the difficulties encountered with the application of the MISTRAL method was to focus exclusively on the administrative costs without widening the analysis to compliance costs (a wider category of costs): the purpose was to focus on the reduction of a small portion of administrative burdens without modifying the essence of regulation so to depoliticize the issue (OECD, 2006).The governmental unit responsible for the measurements supposed that a quantitative target would have helped to discipline and monitor ministers' activities (interview with Dutch consultant 1).

The evaluation of the total administrative burden stock for firms was fixed in the full scale baseline (December 2002) and the monitoring of results helped to quantify the reductions; the estimated total amount of administrative burdens equalled € 16.4 billion, as high as 3.6 per cent of the Dutch GDP. These results produced a strong reaction of the House of Representatives, which stressed the need to lower the costs suffered by firms (*De Telegraaf*, 21 January 2004).

The government commitment found its concrete dimension by defining the burden reduction target: 25 per cent reduction until 2007 (more or less € 4 billion). Setting a precise target represented a clear political signal both at the domestic level – where the ministers were encouraged to avoid free riding – and at the international level by showing the efforts of the government to create a competitive environment for enterprises (interviews: Dutch consultant 1; Dutch consultant 2 and 3; Dutch ministry of justice official; ACTAL expert 1; Regulatory Reform Group official 1, 2 and 3; World Bank Report, 2006). Apart from the overall 25 per cent reduction target, a specific target was given to every ministry considering

that sectors weighed differently on the firms in terms of burdensome costs (see Table 3.1).

As emerged from some of the informants, one of the drivers of success was the rigorous control on the results achieved by ministries through the annual budgeting process: budget memorandum (annual), ministerial budgeting (September), annual report (May) (interview with Regulatory Reform Group official 2). IPAL's challenge was to keep an open discussion with the ministries about their plans and monitor ministerial performances.

At this time, Zalm was responsible for checking the achievement of the reduction target and submitting a report containing forecast figures on the government performances and justifications for eventual discrepancies to the parliament every six months. Ministries were informed about the progress of burden reduction through the budgeting instructions and the report was linked to the budgeting cycle (half-yearly).

Clearly, the involvement of the Minister of Finance proved to be extremely helpful in financing the burden reduction projects (for

TABLE 3.1   *Overview of specific target reductions by ministry in the Netherlands (in € million)*

	Baseline 2002	2003	2004	2005	2006	2007	Net reduction
Ministries							
Finance	4 325	128	397	698	892	940	22%
Health, Welfare and Sport	3 181	33	50	75	568	653	21%
Social Affairs and employment	2 533	42	233	395	529	633	25%
Justice	2 500	58	60	66	476	921	37%
Housing, Planning and Environment	1 714	7	49	138	151	505	29%
Transport, Public Works and Water Management	917	10	50	152	217	273	30%
Economic Affairs	672	7	27	37	119	119	18%
Agriculture, Nature and Food Quality	430	36	82	108	108	108	25%
Education and Science	18	0	0	0	0	5	28%
Home Affairs	17	−20	−20	−19	−18	−13	−76%
Total	16 307	300	927	1 650	3 042	4 144	25%

Source: Dutch Ministry of finance, Standard Cost Model Network (2009).

example, ICT investments) which started to be discussed as part of the budgeting debate.

The introduction by the Dutch government of the "net-target" meant a shift towards an interpretation of the 25 per cent goal as a net absolute target. Following a compensative procedure, ministers were required to reduce the existent regulation by the amount necessary and to avoid the introduction of new burdens (interview with Regulatory Reform Group official 3 and 6).

The implementation of the policy was carefully followed and progress in burden reduction was monitored over the years (Report "More leeway for business thanks to fewer burdens", 2004; Report "Reducing administrative burdens", 2005).

To maintain a general and systemic approach, IPAL's central coordination was practiced by an overall governmental action plan containing the specific ministerial plans and by the budget-cycle control on burden reduction.

In 2005, the reduction of administrative burdens equalled € 1.3 billion. The parliament confirmed the necessity to keep moving forward and confirmed its support to the government activity.

To strengthen the network, Zalm included another crucial actor of the policy process, the stakeholder representatives, also as a leverage to increase the pressure on regulators and to encourage "more participation, more self-organization and more individual responsibility from the industrial sector" (IPAL, 2004).

Thus, the government, aware of the need to engage a dialogue with firms and understand their opinions and demands, established the enterprises board (also known as Stevens Commission). The Commission – composed of members of the business world and led by Professor Stevens – was in charge of keeping track of the burdens falling on firms and making suggestions to the government for a period lasting from two to four years (IPAL, 2005).

A complaint was risen from SMEs that declared not having perceived significant reductions (*Het Financieel Dagblad*, 26 September 2005) and defining the necessity to speed up the implementation of concrete measures (*Het Financieel Dagblad*, 31 September 2005). The president of the small and medium enterprises association (MKB) also stressed this matter arguing for the safeguard of competitiveness (*De Telegraaf*, 14 June 2004). Even more, SMEs suffered the weight of administrative burdens in such a way that they perceived a worsening of their conditions.

The Dutch press highlighted the SMEs' complaints and two members of the parliament, Linhard and Smeets, reported these claims to the parliament, suggesting to tackle the most irritating of the existent burdens. The answer to this attack comes from Zalm, who pointed out the improvements achieved in reducing the "regulation jungle" (*Het Financieel Dagblad*, 20 November 2006).

In its evaluation of the simplification program (2006), the Court of Audit positively reviewed the creation of a political structure of cost measurement but argued that the effects of such policy have not been perceived by firms.

Up to this point, the burden reduction policy did not seem to have a downhill road. The critics raised by the independent watchdog, members of parliament and the Court of Audit were based on a thoughtful monitoring activity and on an advancement of knowledge in the field of red tape; the perception of firms about the reduction of administrative burdens did not seem encouraging therefore it was necessary to find an explanation.

Carefully noted, a major critique coming from ACTAL referred to conformity costs and inspections: the Dutch watchdog opened the consultations with many external agencies (AFN, DNB, Zorgcolleges, NMA, OPTA and VWA) and organized a symposium ("Supervision and administrative burdens") in order to shed light on the crucial issue of informative burdens stemming from inspections. Acting as a critical friend, ACTAL elaborated a report – commissioned by the government ("Toward visible reduction of administrative burdens") – to provide advice about the program based on consultation with firms regarding the effectiveness of the burden reduction policy. One of the first conclusions was that many of the plans envisaged were not yet implemented suggesting to pay more attention on specific areas characterized by high complexity. Another problem that emerged from the analysis was the 100 per cent compliance assumption which brought to overestimate burdens and influence perception: obviously, even in a framework of general burden reduction, those citizens and firms that do not comply cannot enjoy the reduction benefits.

3   The campaign against European administrative burdens

While the control of regulators starts to become effective, the problem of administrative burdens stemming from European regulation had to be

addressed. The Netherlands Bureau for Economic Policy (CPB) analysis report (Tang and Verweij, 2004) displayed the weight of burdens coming from European regulation. As confirmed by the baseline measurement (2002), this further argument expanded the nature of the problem initially defined and urged Zalm, along with the support of the front runner countries, to enforce a strategy able to make the European Institutions reduce red tape stemming from European regulation: the complexity of the network of actors was increased and – again – the problem re-defined with an adjustment of the policy design.

According to ACTAL president Robin Linschoten, without a strategy envisaging a significant reduction of the costs at the European level, the Netherlands would have not been able to reduce their overall burden level by 25 per cent in the expected four years. This argument confirmed the importance of focusing on the European regulation and, for example, on International Labour Organization (ILO) condition requirements and their weight on small firms (*De Telegraaf*, 21 January 2004). Furthermore, the SME association MKB raised the issue of European administrative burdens and stressed the necessity to tackle it (*De Telegraaf*, 10 March 2003).

Zalm's position at the European level was assertive: he took advantage of the Dutch presidency to win other member states (such as the United Kingdom, Denmark, Ireland and Luxembourg) and support his legislative burden reduction strategy by claiming that – according to Netherlands Bureau for Economic Policy analysis report – EU administrative burdens already equalled € 340 billion (*VolksKrant*, 9 September 2004). Linschoten himself declared that "Zalm had already argued in an interview to *De Telegraaf* in favour of a greater effort to reduce national burdens and started a lobbying activity with former and future presidencies" (*De Telegraaf*, 21 April 2004). The urgency of addressing the problem was stressed by the Minister himself who confirmed that half the amount of burdens contained in the Dutch baseline came from European regulation (*Het Financieel Dagblad*, 6 December 2004). At this point, Zalm understood that to achieve more effective results he would have had to also engage Brussels in the struggle against red tape.

Understanding what was at stake, Nijland deployed his resources to support the diffusion of the SCM through coordination with ministerial officials of allied countries; as stressed, one of the actors involved in the process confirmed the importance of the director of the unit in the dissemination of the model around Europe. The coordination process was

then helped by the introduction of the SCM Network in 2003, which allowed to exchange good practices, share problems and introduce improvements to the model.

Nijland becomes a strong ally of Zalm who pressed Europe to activate action to reduce burdens; the coordination activity was carried out through a network of connections at different levels in Brussels (SPOC; High level group in DG enterprises; Advanced countries advising the Commission; Directors for Better Regulation).

The continuous pressure exerted on Europe by the Netherlands was consolidated when, in July 2004, the presidency shifted from Ireland to Holland itself. The ministers of finance of Ireland, Luxembourg and the United Kingdom (ready to take charge of the Council presidency, respectively, in January–June 2005 with Juncker and in July–December 2005 with Blair) put their efforts together to include the necessity to develop a methodology for the evaluation of administrative burdens falling on firms in their 2004/2005 agendas.

The Dutch presidency was able to influence the European approach by helping the Commission develop a methodology for the evaluation of European administrative burdens (Report "Fostering economic growth by reducing administrative burdens for business in Europe"). Moreover, its effort to develop a simplification program among the other member States was supported by the Irish presidency within the Council of competitiveness (*De Telegraaf*, 9 September 2004). On 26 January 2004, Ireland, the Netherlands, Luxembourg and the United Kingdom signed the Joint initiative on regulatory reform with the purpose of showcasing their own effort in the field of regulatory reforms.

The Danish side also offered its support. In an interview, Karin Jorgens – member of European parliament in the ranks of the Danish liberal party – stressed that the new Lisbon strategy should have been based on shared objectives in the field of deregulation, in tax and administrative burden reduction for firms. Among the examples suggested, she quoted the Dutch methodology, arguing in favour of the appointment of a European Commissioner for liberalization and deregulation (*Politiken*, 25 March 2004).

Yet, the Dutch approach proved to be particularly successful with the European commissioner for enterprise and industry Gunter Verheugen (November 2004–February 2010) who, two years later, asked some independent think tanks to undertake the "Pilot project on administrative burdens", which will be the basis of the Action Plan for

the evaluation of European administrative burdens. This turning point hit Zalm himself who – during an interview with the economic newspaper – affirmed that "surprisingly, the question of burdens starts now to be taken into consideration everywhere" (*Het Financieele Dagblad*, 6 December 2004).

Increasing the network complexity by involving the European Commission in the administrative burden reduction has therefore been one of the Dutch priorities during the presidency to also legitimate domestic effort in reducing red tape (July–December 2004).

In December 2004, a new methodology for the evaluation of European regulation was formally adopted as part of the impact assessment policy during the European Council. The effort made by Zalm and his staff produced a significant victory so to strengthen the Dutch position within the leading countries in the better regulation field. Finally, the "Advancing regulatory reform in Europe" agreement was signed by the European presidencies in 2004 (Ireland and the Netherlands), 2005 (Luxembourg and United Kingdom) and 2006 (Austria and Finland) in order to recall attention on the programs to improve the quality of regulation as well as reduce administrative burdens.

4   Learning by doing: the evolution of the SCM model

The surprising success achieved at European level was followed by the finalization of the first round of reduction, despite the premature collapse of the government. According to the official report presented to the parliament, in 2007 the Dutch government achieved a 23.9 per cent reduction of administrative burdens (see Table 3.2).

TABLE 3.2   *Administrative burden reductions in the Netherlands (in € million)*

Year	Baseline (2001)	2004	2005	2006	2007
Administrative burdens reduction	16 307	15 376	14 844	13 685	12 410
%		6	9	16	23.9

Source: Dutch Ministry of finance, Standard Cost Model Network (2010).

After the success of the first simplification round, a coalition composed by the Balkenende government, the Labour Party and the Christian Union signed a new agreement named "Working together, living together" (February 2007) setting a further 25 per cent reduction target by the end of the legislation (2011); along with the 2007–2011 Action Plan for Reduction of Red tape for Businesses in the Netherlands, this document represented a tangible signal of the government effort to combat red tape.

The Regulatory Reform Group was established and reinforced in 2007 under the Balkenende IV government replacing IPAL Unit. Still led by Nijland, it had 40 members and enlarged its competences, also dealing with new matters.

A provocative informant negatively reported that SCM "hit the target but missed the purpose" since the direction taken was wrong and the reduction achieved did not concern the main fields of interest for firms (interview with ministry of justice official). Conversely, another inform- ant argued that a successful policy should target the most significant and annoying burdens which may be a nuisance to firms even if they do not take up so much time (interview with Dutch consultant 2 and 3).

All these discussions made evident that the problem tackled at the beginning of the policy process – that was the reduction of a narrow category of administrative burdens – should be redefined; in fact, the lack of reduction perception and complaints raised by firms brought the decision makers to deepen the knowledge about the necessities of enterprises and finalize another strategy to reduce burdens. For instance, in order to tackle enterprises' lack of perception, two members of the Parliament, Smeets and Blanksma issued a proposal asking to develop a specific strategy to monitor user enders' perception (Parliamentary documents 29515, n. 249)

ACTAL also pointed out that during the previous administration, firms did not experience significant administrative burden reductions and wanted to inquire about the reasons. To produce effective results, many times ACTAL stressed the need to broaden the strategy and sup- ported the Balkenende IV plan to give new impetus to the initiative (*Het Financieel*, 27 February 2007). Stevens, the president of the Commission for the reduction of administrative burdens strongly criticized ACTAL arguing that a better approach should taken into consideration of the qualitative and "emotional" side of regulation; since the problem seemed to be represented by unnecessary and irritating burdens more than by

the number of laws, the quantitative approach should be coupled with a qualitative one (*Het Financieel*, 6 March 2007). In February 2007, the Stevens' Commission presented its final report entitled *Regels op maat*. In the report, the Commission pointed out that the government had already started a simplification process that should have continued to build up a sense of social awareness for pro-business rules. More specifically, the suggestions of the commission were: to start dealing with the inevitable nature of risk that cannot be entirely prevented; to recreate trust in entrepreneurs; to change the administrative culture and its normative approach to regulate a complex society; to pursue the twofold approach of burden reduction both the quantitative/rational and the qualitative/emotional one.

Seemingly, the definition of the problem became more complex.

To develop the 2007–2011 plan, the World Bank and OECD review was undertaken by the Dutch government that answered the critiques raised by broadening the red tape reduction strategy: the SCM was improved and the new model envisaged a set of pre-structured questions about annoying burdens (interview with Regulatory Reform Group official 1).

Progressively, the incoming Cabinet moved from one target (the reduction of administrative burdens) to ten targets to reduce regulatory costs and make things "easier" for firms. In particular, the updated SCM version approached the red tape with a broader perspective: ten indicators were used instead of one to monitor different objectives (conformity costs, inquiry costs, firms investigations) and translated them in concrete terms so to increase transparency and the perception of burden reduction. More specifically, the indicators were explained as follows:

▸ Less: reduction of administrative burdens; reduction of conformity costs, reduction of inspection and subsidy-related burdens;
▸ More simple: setting a common commencement date for implementing regulation should be concentrated on a limited number of dates per year; transparency through a website; simplification of the system through implementation of the *lex silencio*; provision of better services;
▸ Tangible: attention to the evolution of rules and laws; reduction of unnecessary informative burdens; reduction of legislation conformity costs; reduction of the number of inspections to firms.

According to one of the informants, these indicators helped both the quantification and the qualitative elaboration (interview with Regulatory Reform Group official 3).

The monitoring activity – one of the effective features characterizing the first round of reduction – ran as usual: twice a year (during spring and autumn) the RRG was used to deliver reports on program progress to the parliament while in January and August another report was issued regarding only the progress in the administrative burden reduction field. To effectively tackle the red tape and the business world perception, the activities carried out by the new unit had been broadened in scope. The Regulatory Reform Group controlled ministers who were regularly monitored on the progresses they made in the field of reduction.

During the budgeting cycle, the Regulatory Reform Group took part in the ministry of finance preparatory negotiations and also in the meetings to monitor progresses during which various implementation problems were pointed out as matters to be discussed.

Since the experience developed, the policy problem was updated again and addressed different issues enriching the initial tool with a more complex range of activities.

In 2007, the updated baseline showed that the total administrative burden was € 9.3 billion, equivalent to 1.7 per cent of the GDP. Together with the measurement of burdens, the Minister of Justice set up a program to analyse alternatives to regulation and to substitute the fragmented system of Regulatory Impact Assessment into an integrated assessment framework. In the meanwhile, the ministry for the interior started to deal with the issue of burdens falling on citizens. In order to check and coordinate the progress of these three programs, a ministerial steering committee met four to five times a year to discuss about regulatory pressure. The committee – chaired by the prime minister and composed of the two secretaries of State, the Minister of Justice, the Minister for the Interior and the Minister of Finance – raised problems about the implementation of the programs or political obstacles that the Prime Minister could discuss during councils of ministers.

A major focus of the new Regulatory Reform Group strategy was the renewed attention given to firms' needs as established by ACTAL reports.

First of all, a series of projects (macro business sentiment monitor; micro business sentiment monitor) were elaborated in order to generate a strong impact on firms' perception of burden reduction.

The government also decided to monitor changes in administrative pressure in order to understand the progress on firms' perception of administrative burden reduction, to detect the policy weaknesses and to carry out further simplifications.

A business world perception report was drafted by the unit of the Regulatory Reform Group. The firms that were mostly affected by administrative burdens were the small ones that had just started their activity; those enterprises were offset by the firms which were not affected at all (41 per cent *ex aequo*). In 2009, only 3 per cent of enterprises had the perception that administrative burdens imposed by the government had decreased, while 20 per cent of them believed that the burdens had actually increased compared to the previous year and 72 per cent though there had been no significant changes.

Both in 2008 and 2009, firms were asked to indicate the most burdensome administrative requirements and pointed their fingers against: unnecessary information, conformity costs, contradictory laws, inefficient services, inspections and recurrent legislative changes.

As suggested by a World Bank report (2006), communication strategies were improved by a renewed marketing and transparency campaign (advertisement, radio commercials, newsletters, brochures). Figures showed that the percentage of firms considering regulation favourable to their own interests increased by some points (from 21 per cent in 2008 to 26 per cent in 2009) and that this percentage increased in specific sectors (for example, welfare and social services) and proportionally to the size of the firm. Trust in the government capacity to successfully carry out its administrative burden reduction implied a significant increase from 46 per cent in 2008 to 61 per cent in 2009 (interview with Regulatory Reform Group official 6).

Thirdly, multi-level strategies were implemented to strengthen the linkage with the business world. At the highest level, the Regulatory Reform Group had a privileged dialogue with industrial confederations. At the intermediate level, firm organizations were asked to provide information about the regulatory problems within their areas (the so-called, fundamental exploration). Finally, a series of small scale projects were started in order to detect the concrete problems of single firms (for example: Outside inwards, Adoption of businesses, internship program).

For a more effective consultation with the private sector, the think tank Business Regulatory Burden Commission (Wientjes Commission) was established and included four high level public officials and eight

high profile personalities from the business world; it was set up to provide the government with suggestions on how to produce a significant burden reduction for enterprises. The confederation had strong lobbying power over the governmental activity, thanks to the influence exerted by its president also at the political level: for instance, in 2008 the recommendations presented by the Wientjes Commission – simplification of the tax package and abolishment of the first day notification – to the government were immediately followed (interview with Regulatory Reform Group official 7).

The efforts put in re-conceptualizing the problem and in a new design of process features and linkages between actors reached some relevant results.

During the first quarter of 2010, the Cabinet resigned; nevertheless, the extent to which the targets would be achieved seemed to be quantifiable and it showed that most of the targets were reached as reported by Nijland (2013). Yet, the policy occupies a place in the agenda of the new Cabinet coming into office that further broadens the 2011–2015 program, addressing the substantive compliance costs and fixing new targets to be reached: the reduction of the regulatory burdens should be 10 per cent less in 2012 than in 2010 addressing some critical sectors such as tax sectors and statistical requests. After 2012, ambition will refer to a lower reduction target (by 5 per cent per annum) and it will highlight that governments learn how to size goals referring to the implementation progresses. The role of ACTAL will then retain its duties towards enterprises and citizens carrying out external checks in response to specific complaints made by firms. Finally, the "inspection holiday" was introduced in January 2011 incentivizing self-regulation (as certification) and reducing the number of inspection visits per enterprise.

5   Consideration on the Dutch policy process

Drawing some reflection could be fruitful before moving on to examining the Danish case study.

First of all, in the campaign against red tape, the Netherlands were the first mover country and present themselves to the other European countries and the European Commission as an excellence in the field of better regulation. The Dutch role as a front runner for administrative simplification at the European level had two implications: at the domestic

level, it represented a leverage to ask the ministers for extra efforts in the achievement of reduction targets; at the European level, it presented the country as the leader in the campaign of burden reduction, reflecting a renewed image of country responsive to the needs of the business sector and, therefore, attractive for foreign investments.

The strategy devised by the Dutch political and administrative leadership addressed the manipulation of the network increasing both its density and complexity. Zalm and Nijland took advantage of an external watchdog criticizing governmental activity to demand other ministers' further efforts in burden reduction. Wientjes' role as chairman of the Confederation of Netherlands Industry and Employers (VNO–NCW) mingled with his charismatic personality and political relationships, played in favour of the government strategy to identify and eliminate administrative burdens.

Obviously, the campaign against European burdens increased the complexity of the network by including the European Commission, which started to ask Dutch support in the implementation of the methodology.

Zalm also took advantage of the press to spread around the government activity and to make citizens aware of the issue of administrative burdens. Media had also been used at the internal level, when they criticized the government lack of results, to keep the attention of the ministers on the same issue high.

ACTAL improved its dialogue both with the firms in its consulting activity through meeting expert panels, and with ministries that find ACTAL's support helpful in the proposal drafting phase. During the past decade, ACTAL played various roles; in the context of the campaign against European burdens, the watchdog promoted a joint action of lobbying with member States against the European Union, facilitating the exchange of best practices and working in support of the government. In the second phase, ACTAL took a more critical stance towards government, using the media to publicly denounce perplexities on the government strategy in the field of administrative burdens reduction. During the last phase, the president announced that the results of the program appeared to be worrying and the government was lagging behind in the burden reduction blaming that the reduction of burdens would not be reached as expected (NRC Handelsblad, 22 August 2009).

Drawing the actors' interaction network as proposed by Dente and Coletti' model (2010), the aforementioned considerations might be observed in Figure 3.1 where the network density – that is the ratio
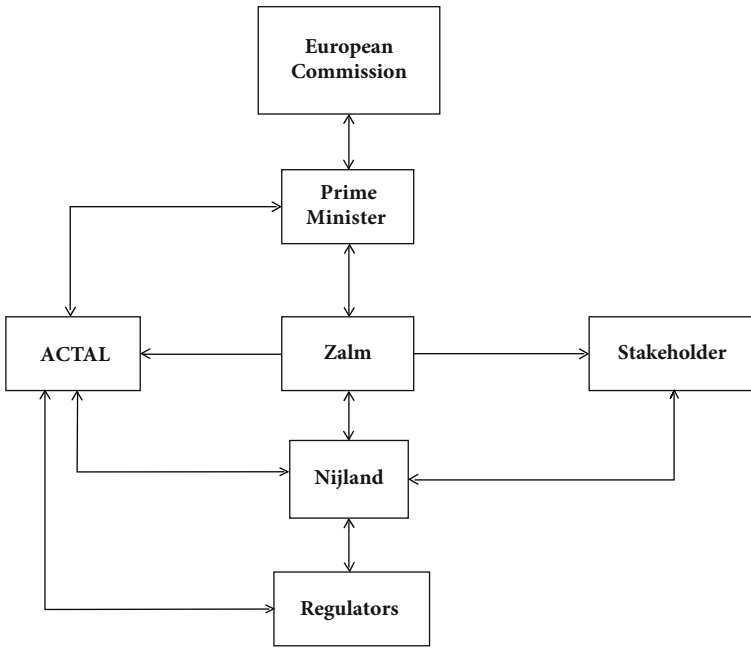
FIGURE 3.1   *Network of the actors – the Dutch case*

between the number of actors' connections and possible connections – is 0.48/1.

The network especially focused on Zalm and Nijland who were connected directly with the ministry of finance and the line ministers. ACTAL exercised autonomous capacity to evaluate the ministers' proposals and reported to the prime minister and Nijland, who had the central task of interacting with ministers, stakeholders and the Minister of finance.

4

The Transfer of the Standard Cost Model in Denmark

Abstract: *The research will continue by focusing on the second case study. We studied the Danish process by analysing the policy cycle phases (policy problem, policy design, implementation and evaluation) specifying the actors involved, their roles, their relationships and the resources deployed.*

1   The debate on deregulation in Denmark

Denmark is among the most active nations in the field of simplification for the business sector and occupies a flattering position in international rankings. Interest towards better regulation policies has grown since the 1980s because of the explosion of the parliament and executive power regulatory activity. The deregulation programs launched by the liberal–conservative government with the slogan "it shall be easier to be a Dane" did not prove to be very efficient: in particular, during the mid-1980s, efforts addressed the elimination of redundant and obsolete regulation leaving aside the reduction of burdensome regulations for the private sector.

In the 1990s, the interest in deregulation slowly turned into attention towards the quality of regulation and the Danish government planned some programs to improve the way regulation was issued. In 1993, the social Poul Nyrup Rasmussen's democratic government (in power for four legislations until 2001) launched a reform program to encourage changes in the public sector and promote a higher quality in regulation. The Prime Minister's very first action was to activate an intergovernmental consultation on legislative proposals. The other ministers were required to evaluate the impact of regulation on firms and on the environment and two years later, the Prime minister extended the challenge requiring to estimate enterprise costs stemming from regulation. A governmental commission was then established to produce a report on administrative burdens which led to the first action plan containing 25 specific reduction measures. In 1996, the Minister for economic and business affairs established a division for administrative simplification and six panels, with the task to analyse and simplify the regulation issued by ministries. Two years later, the government created a Commission on regulation with the aim to supervise improvements in the quality of regulation and identify some critical aspects for further policy developments. Nevertheless, warnings on the risk of an increase in the volume of administrative burdens also came from the *Regulering af erhvervslivet* 1997/98 Report that scrutinized laws and decrees promulgated during the 1997/1998 parliamentary year.

By contrast, the attempts finalized to simplify regulation did not generate the results expected. Pia Gjellerup – social-democrat Minister of economy and business affairs from March 1998 to December 2000 – switched the focus on red tape, arguing that one of her priorities would

have been the elimination of administrative burdens in order to make regulation simpler for enterprises (*Berlingske Tiende*, 22 July 1999). In 1999, the government constituted the *Industriens Undviklingsgruppe* think tank with the purpose to define a strategy for boosting the competitiveness of Danish firms in the long period. The think tank was composed of members of the Ministry of economic and business affairs and officials of the biggest enterprises association, the *Dansk Industri* (the Confederation of Danish Industries). This initiative was warmly supported by Minister Gjellerup, who, as a matter of fact, started the war against red tape (*Berlingske Tidende*, 11 September 1999). Operationally, the group's mission was to ensure Denmark a place among the countries with the highest productivity and innovating capacity. The group also scrutinized the regulations implemented over the previous seven years discovering that the major problems for firms were the level of taxation and the weight of administrative burdens.

When dealing with the problems posed by red tape, the stakeholders involved in the process showed a coherent agreement about the efforts to be put into action. Aware of the frequent problems raised by firms, *Dansk Industri* seemed critical towards the government activity and provided suggestions to help small and medium enterprises (*Berlingske Tidende*, 16 November 2000). The *Danske Handelskammer* (Danish Chamber of Commerce) also actively participated in the debate under the lead of Jens Brendstrup, issuing surveys that showed how administrative burdens were considered a huge problem to enterprises. (*Jyllads-Posten*, 3 January 2000). The other big worker and firm organization, the *HTS Arbejdsgiver – og erhvervsorganizationen* (which was merged with the *Dansk Industri* in 2008) asked for a solution to the excessive bureaucratization tolerated by firms and monitored the government's progress in reducing the burdensome administrative tasks. The spokesperson Henrik Friis, from *Håndværksrådet* (the Danish Federation for Small and Medium Enterprises) argued that there had not been a reduction in the load of burdens and estimated the total costs of administrative burdens in 1.1 billion Danish Crowns (*Berlingske Tidende*, 2 November 1999; *Berlingske Tidende*, 5 April 2000). In addition, the *Dansk Handel & Service* confirmed these afflictions and stressed the necessity to use a methodology of burden evaluation (*Berlingske Tidende*, 9 December 2000).

A closer look at the relationship between stakeholders and government suggests that – unlike the Dutch case – there was not a leading personality pressing the government for the implementation of the policy but

different spokespersons from various associations with scarce political resources. In addition, we cannot forget the fact that in Denmark some methods to measure red tape had already been used. Although there was methodological confusion, the consultation of stakeholders had been a common practice and some experience had already been gained in sizing burdens. The ministry of economic and business affairs had employed more than one method already: for example, one of the methods called "account of burdens" was based on interviews conducted on a sample of enterprises; another model analysed the consequences of regulation suffered by firms through test panels, focus panels or expert assessments (*ekspertvurderinger*) and let the firms themselves to evaluate the consequences they expected from the regulation proposed (Report "Regulering af erhveevslivet 1997/98"; *Berlingske Tidende*, 2 November 1999; *Berlingske Tidende*, 10 April 2000; *Berlingske Tidende*, 27 November 2000). Besides these methodologies, the government also experimented the *Modelvirksomheder*, a method to measure and monitor the developments of administrative burdens for a sample of Danish firms.

In 1998, Pia Gjellerup introduced a new strategy for improving the quality of regulation, not only to get better the existing one but also advance its quality by intervening on the *ex ante* regulation flow (Report "Erhvervslivet og reguleringen 1998/1999").

Although the simplification of 11 laws did bring some improvements, the new regulation introduced in the *folketingssamlingen* (parliamentary collection) caused a significant increase of administrative burdens on firms (*Berlingske Tidende*, 2 November 1999).

In October 1999, the government launched the *Nye Erhvervsstrategi – DK 21*, a plan designed to improve firm competitiveness in the twenty-first century. Ib Christensens, president of the *Dansk Industri* warmly supported the government's plan (*Berlingske Tidende*, 14 March 2000) and its goal to boost Danish firms productivity also through the reduction of administrative burdens which had been doubled – as he stressed – since 1993 (*Berlingske Tidende*, 8 November 2000). At this moment, the strategy put in place by the government did not produce positive outcomes; a survey regarding firms' perception showed that 53 per cent of informants complained about the excessive bureaucratic burden imposed by the public sector (*Executive Magazine.dk*, 24 November 2000). As pointed out by Ib Christiensen, a *Dansk Industri* survey showed that 78 per cent of enterprises asked, among other things, the reduction of administrative burdens (*Berlingske Tidende*, 20 January 2000).

It was hardly surprising that the attempts promoted by Gjellerup proved to be ineffective. One of the reasons might be the lack of a strong political commitment of the social–democratic government: despite the initiatives advanced by the Minister of economic and business affairs, when she was in power, social–democrats did not seem capable to present a convincing strategy for delivering results and for making the environment for business activities strong (*Berlingske Tidende*, 15 January 2000).

Conversely, members of the opposition seemed to be more sensitive about this issue and the liberal–conservatives of the *Venstre og Det Konservative Folkeparti* had already proposed a joint resolution since parliamentary years 1996/1997, asking the government to reduce administrative burdens and make regulation easier for enterprises.

A year after, Pernille Sams and Svend Erik Hovmand issued a resolution proposal suggesting to define an annual budget of burdens that each ministry could impose on the private sector. Since it seemed impossible to carry out an accurate collection of data on the existing number of laws and decrees, the two members of the parliament argued that the efforts should focus on monitoring administrative burdens. They argued that the budget for administrative burdens should be based on the total amount of costs originating from regulation measured for the public administration and private sector. In case of regulation producing excessive administrative burdens compared to the fixed budget, each minister should have specified where to reduce those burdens. The red tape problem was, hence, shaped at the level of administrative burdens and quantification of costs. What emerged from these initiatives was the fact that the liberal–conservative party was more inclined towards red tape and regulatory reform issues. In fact, while the liberal–conservative members wanted to let the parliament examine the resolutions, the social–democratic party members discouraged an unnecessary further parliamentary examination. In fact, they pointed out that the government had already implemented a strategy to improve the quality of regulation for the private sector with the actions included in the 1998/1999 Minister of economic and business affairs report *Erhvervslivet og reguleringen* and the objectives included in the dk21 strategy (*Jyllands–Posten*, 2 August 1999).

In 2000, the *Venstre og Det Konservative Folkeparti* addressed attention to a new proposal of parliamentary resolution on deregulation (*Regelforenkling gennem etablering af en dereguleringsenhed*) suggesting to

create a unit for simplification and deregulation establishing an inter-ministerial body coordinated with the single ministries and closely linked to the prime minister. The aim of this proposal was to define simplification strategies for the public sector and reduce administrative burdens for firms and citizens. Moreover, a proposal for the adoption of a burden budget "*Regelforenkling gennem indførelse af byrdebudget*" was presented (*Berlingske Tidende*, 20 March 2000).

Liberal–conservatives, strenuously, carried on their war on red tape and in May 2001 they presented a selection of 40 specific administrative burdens to be simplified by the parliament (*Berlingske Tidende*, 28 May 2001).

The debate on red tape was fuelled by an article published on the lib-eral–conservative newspaper, which complained about the *papirkaos* and the excessive load of burdens jeopardizing firms' productivity (*Berlingske Tidende*, 14 July 2001). The liberals also stimulated the debate presenting a critical judgement about the Gjellerup strategy (*Berlingske Tidende*, 9 December 2000); Svend Erik Hovmand accused the majority of "not caring" about a policy considered necessary by the parliament itself.

The excess of bureaucratic burdens represented only one aspect of the broader and significant problem regarding the pressure imposed by the government during the social–democratic administration. Its increased control over the economy, in fact, was strongly criticized by the opposi-tion, which compared it to the Soviet regime and spoke of the Danish people as "*slavestaten Danmark*", slaves to the State (*Berlingske Tidende*, 5 January 2001): thus, the struggle against the *lovjungle*, the jungle of excessive and obsolete regulation had been opened up.

2   The struggle against the *lovjungle*

In 2001, Anders Fogh Rasmussen, leader of the liberal–conservative coalition, became head of a government that remained in office for three mandates (until 2009). To mark its break with the previous government, the rhetoric of the incoming government urged to increase business competitiveness at the global level and give more freedom to Danish citizens and firms that had become "slaves" of the government. The interest showed by the Rasmussen government on the issue found its roots in the majority party's liberal tradition, that strongly criticized the breakdown of the former government to reduce red tape for the private

sector, setting the red tape problem in the government agenda (interview with ministry of finance official 1; interview with Danish Commerce and Companies Agency official 1).

In occasion of the speech addressed to parliament, Anders Fogh Rasmussen presented the government strategy to create a more favourable environment for business activities, based on the reduction of fiscal pressure and of administrative burdens. The war against red tape should prevent the entrepreneurial spirit from being suffocated by stockpiles of paperwork (*Statsminister Anders Anders Fogh Rasmussen redegørelse i Folketinget*, 4 December 2001). Within the government, the mission to fight against red tape was carried on by Bendt Bendtsen, the minister for economic and business affairs (appointed from 2001 until 2008), who had already publicly argued in favour of burden reduction for enterprises (*Jyllands–Posten*, 2 September 2000). Since the opening days after his appointment, Bendtsen declared his support in favour of regulatory improvement, paying particular attention to simplification for the small and medium enterprises and start-ups (*Berlingske Tidende*, 17 December 2001; *Politiken*, 12 December 2001). Small and medium enterprises were not only concerned about burdens deriving from national regulation, but also about European administrative burdens (*Berlingske Tidende*, 3 December 2001).

The *Dansk Industri* and the *Håndværksrådets* presented their position to the press shortly after the appointment of the new administration, asking the government to avoid the addition of new administrative burdens (*Berlingske Tidende*, 28 November 2001). Bendtsen answered to these requests presenting the new approach towards the industrial world in the *Erhvervspakke*: the competitiveness package that allocated half-a-billion Danish crowns for the enhancement of firms' competitiveness (*Berlingske Tidende*, 7 January 2002). With this strategy, the Danish government confirmed that regulation had financial and administrative consequences for enterprises and endorsed the necessity to lower burdensome costs for them (*Konkurrenceevnepakken*, January 2002). The measures envisaged by the package were estimated to generate a 1.3 billion Danish crowns in costs reduction, equivalent to 5 million working hours spent by enterprises dealing with bureaucratic procedures (*Regeringens resultater*, November 2001 and May 2002).

Truthfully, the appointment of Bendtsen generated a change in the way red tape was tackled and boosted firms' competitiveness: a number of programs launched during his tenure sent to prove his support to simplification strategies for firms.

The *MMV–virksomhederne*, the small and medium enterprises association, stressed that administrative burdens represented a tough weight for SMEs and optimistically opened up to the Minister's initiatives (*Berlingske Tidende*, 23 and 25 January 2002). Among these, the elimination of obsolete procedures may be mentioned, such as the retail licence requirement for small business activities, which was warmly welcomed by the liberal newspaper as a sign of governmental action against the so-called *lovjungle* (*Berlingske Tidende*, 23 October 2002).

In 2002, the Danish government pushed for a greater economic growth in order to face the challenges of international competitiveness and launch the *Vækst med vilje* (Danish Growth Strategy) to support the private sector, create job opportunities and boost productivity. Hence, red tape reduction would have been one of the main leverages. After having analysed the existing simplification proposals and other initiatives for red tape reduction, the ministers were asked to contribute to the *Action Plan for Better Regulation*, which gathered 198 proposals of simplification for firms. Among the simplification proposals, the elimination of requirements for citizens, firms and local governments was requested by streamlining the bureaucratic procedures and the reduction of burdens through ICT devices (for example, online documentation, data sharing among authorities and data re-use, firms and citizens single access points).

In line with the challenges recommended by the Lisbon strategy at the European level, Bendtsen argued that "burdensome and useless administrative norms take too much time and energies that could be invested in making firms more efficient and competitive" (*Politiken*, 14 October 2002).

Special attention should be paid to the institutional architecture designed by Denmark. The Division for Better Business Regulation (DBBR) – established within the *Erhvervs og selskabsstyrelsen*, the Danish Commerce and Companies Agencies (DCCA) that is an agency under the ministry of economic and business affairs – took the responsibility of monitoring improvements in the quality of regulation and was charged with performing the evaluation of administrative burdens.

This unit had to refer to the ministry of finance that set up the Administration Policy Centre (ACP) dealing with better regulation which was then reorganized in 2008 in double sub-units: the Coordination and implementation of Better Regulation Programs (KAL) which would have followed the action plans for the reduction of administrative

burdens together with the ministry of economic and business affairs; the Regulatory Management (CED) that would have developed the annual legislation program which had a key role in the main coordination commissions (Coordination Committee; Regulation Committee; Economic Committee). To actually understand the importance of this unit, the focus had to be shifted on its position in the decision-making process, since its officials chaired the economic commission and prepared weekly meetings and – according to their judgment – issues presented in this session would have been discussed in the Cabinet meeting. Officials of the ministry of economic affairs had a strong interest in creating a solid alliance with officials of the ministry of finance, which remained responsible for presenting the priority issues to the government. Essentially, some weaknesses could be highlighted in the design of the process features that, we believe, have influenced the outcomes. Even if the ministry for economic and business affairs may be the correct place to develop this policy, it cannot be denied that it has less power in terms of financial and political resources compared to stronger ministries. The de-centralized unit of the Division for Better Business Regulation showed further limits compared to the weakness of the ministry of economic and business affairs due to its lack of economic and political resources. The DBBR had to push officials of the ministry of finance to fund the policy and clashed with each minister to achieve reduction. We could also add that it has not reached a high enough level of authority to supervise the government work like in the Dutch case.

Summing up, the architecture organized by the Danish government definitely did not seem a good approach to effectively design the policy.

By this time, the DBBR had not formally adopted a structured and unique methodology for the evaluation of costs, though several methods to quantify burdens had been used in the past. Intuitively, a systematic approach to measure and reduce burdens became functional to cope with the problem. The successful methodology developed in the Netherlands captured the attention of DBBR public officials and was thought to be easily transferred in their context (interview with Danish Commerce and Companies Agency official). Drawing from the Dutch experience, the Standard Cost Model was replicated in Denmark as a successful and easy innovation to tackle red tape but the transfer phase was not carefully considered.

As anticipated, Danish officials had the opportunity to exchange information with IPAL public officials during OECD meetings and, therefore,

improve their knowledge on the Dutch innovation. Nevertheless, our personal feeling is that the complex design of the Dutch policy was misunderstood and did not correctly transfer it to the Danish context, characterized by different peculiarities for several reasons that will be explained later.

In August 2003, the DCCA's director Betina Hagerup commissioned a report titled "Efforts to reduce Administrative burdens and improve business regulation" to gather some information on the European experiences and to "inspire and strengthen the Danish effort in the improvement of regulation falling on firms and the reduction of administrative burdens". The report showed that, despite Denmark having already implemented better regulation programs, it did not have a systematic approach to burden reduction. It is worth mentioning that the Danish experiences with measurements had already developed, but for some reason, the methods invented by Denmark and already piloted were not taken into consideration for further improvements also in view of promoting a challenging methodology to be transferred abroad.

Meanwhile, some pilot programs were finalized in coordination with other member States (Austria, Ireland, the Netherlands and United Kingdom) and opened the discussion about the opportunity to reduce administrative burdens stemming from European regulation underlining that European directives had been implemented in different ways at the national level.

During his inaugural address to Parliament, the prime minister Anders Fogh Rasmussen emphasized that the war against red tape should take a prominent place in the government agenda (*Statsminister Anders Anders Fogh Rasmussen tale ved Folketingets åbning*, 7 October 2003) as proved also by two reports: *Mindre bureaukrati – helt enkelt!* (where the government defined ten areas of regulatory simplification) and *Færre regler – flere muligheder – Regeringens handlingsplan for regelforenkling og administrative lettelser* (describing a series of initiatives adopted by the government to reduce bureaucratic burdens for citizens and enterprises).

In October, dialogue between the public and private sector was strengthened thanks to 32 initiatives to reduce administrative burdens. Bendtsen argued that enterprises should have participated more actively in the discussion with stakeholders regarding new regulation (*Berlingske Tidende*, 22 October 2003); in addition, Bendtsen declared that a 25 per cent burden reduction by 2010 was one of the six action lines to stimulate Danish economic development (*Politiken*, 9 December 2003).

In 2004, the Danish government formally adopted the Standard Cost Model (the Danish name is *Aktivitetsbaseret måling af virksomheders administrative byrder* – AMVAB) for the evaluation of regulation burdens (interview with ministry of finance official 1; interview with Danish Commerce and Company Agency; Report "Redegørelse af 15. juni 2005 om erhvervslivet og reguleringen 2003/04").

Hence, the model was quickly disseminated around Europe thanks to exchanges among Dutch, British and Danish ministerial officials and to the meetings promoted by international organizations and the Netherlands (interview with minister of finance official 1; interview with Danish Commerce and Companies Agency official; interview with Dutch consultant 2 and 3).

Denmark launched three pilot programs between 2003 and 2004 to test the model. Between August 2004 and March 2006, the complete evaluation of all administrative burdens falling on firms was carried out with the purpose of reducing 25 per cent of the total amount of burdens by 2010. The measurement led to an estimated total amount of all administrative burdens of € 4.3 billion, as high as 2.2 per cent of the Danish GDP. The quantification of burdens falling on firms allowed to calculate approximately the extent of the damage suffered by firms that spent time in fulfilling administrative tasks (interview with *Dansk Industri* official).

A closer look at the transfer policy design suggests relevant evidence for the analysis and some concerns could be raised. The 25 per cent target reduction was directly borrowed from the Netherlands without considering the differences in the stage of procedure simplification already achieved by eGovernment strategies. In fact, Denmark had already accomplished a rather high level of experience in the field of eGovernment strategies where ICT innovations play a crucial role in the simplification of procedures. This point is clearly showed by the baseline results: thus, the level of Danish administrative burdens (€ 4.3 billion) to be reduced was less if compared to the Dutch case (€ 16.4 billion) and intuitively it would have been more difficult for Denmark to reduce a smaller and essential amount of burdens.

Unlike the Dutch case, the target was not specifically balanced and allocated among ministries: instead, they were all required to produce a 25 per cent burden reduction feeding the phenomenon of ministers' free riding because – as the empirical analysis will show – some of them did not want to reduce burdens falling in their area of competence. The central unit divided the reduction target among ministries, requiring each of

them to monitor administrative burdens deriving from their own regulation. Since the results proved to be unsatisfactory and not comparable, Bendtsen required every minister to submit a reduction plan that would allow them to meet the 25 per cent target by 2010 (*Berlingske Tidende*, 31 March 2004; *Politiken*, 31 March 2004). Besides, he also established ten "Burden committees" to support the ministers in preparing the action plans for administrative burden reduction.

Politiken wrote that following the Dutch model, the ministry of taxation developed a burden evaluation methodology (AMVAB) which, after an initial scepticism, was warmly welcomed by *Dansk Industri* since enterprises could keep track of the progresses made by the government (6 May 2005). The Minister of taxation, Kristian Jensen, approved the model that provided evidence instead of words for both politicians and firms. Conversely, Jette Nøhr, a *Dansk Industri* official, argued that "they were very enthusiastic, despite the problems of AMVAB. One of the problems was the incapacity to measure irritant burdens, that is when a regulation causes annoyance even without generating onerous time" (*Politiken*, 6 May 2005). The inadequacy of the model for Danish firms appeared ever since the beginning, but it did not influence the transfer design since it simply replicated the Dutch model instead of making further improvements in the model according to the peculiarities of the context.

The challenge of the Lisbon strategy was renewed again in 2005: "it is important that regulation does not generate costs for the private world. Firms should allocate their time in producing and innovating, not dealing with useless bureaucracy" (National Reform Program, 2005). Nevertheless, consultation of stakeholders did not seem formally institutionalized, for instance, by inviting them to join stable commissions like in the Netherlands.

3   The difficult process of burden reduction

The program of burden evaluation has proved to be demanding in terms of financial and human resources employed (interview with ministry of finance official 2 and 3). Other informants raised some doubts about the balance between the costs and benefits of the policy, complaining about the amount of human and financial resources compared to the benefits (interview with Danish government official 1). Others complained that

resources could have been better allocated (interview with ministry of finance official 1). The Danish implementation phase seemed to have more difficulties in reaching the reduction target: as highlighted by an informant, at a certain point, the Danish government became increasingly creative in its interpretation of the SCM because of the difficulties encountered in reaching the target and a certain slowness in the reduction (interview with private company informant 1). Besides, the reputational judgement was not positive: several of the informants interviewed were sceptical about the effectiveness of the SCM implementation in Denmark. Moreover, stakeholders did not seem to be satisfied by burden reductions as recognized by the director of DCCA as well (Public Hearing to High Level Group of Stakeholders, Amsterdam, 10 March 2011).

Some complaints came from enterprises that argued not having perceived any form of reduction. The criticism of the business sector against the program involved its lack of perception of significant changes and simplification of red tape. Despite the government's efforts, in fact, enterprises did not appear to perceive the positive effects of burden reduction. A *Dansk Industri* survey (2008) showed that half of the enterprises did not perceive any reduction at all; only the 30 per cent of them noticed small improvements, while a 10 per cent perceived a even a worse situation than before. Most of the actors interviewed agreed on the fact that the program was not focused on the annoying administrative burdens which caused enterprises' perception to be distorted (interview with ministry of finance official 1 and 2; interview with Danish Commerce and Companies Agency). One of the reasons to be reported referred to the fact that the program tackled the most burdensome requirements but not the most irritant ones; thus, the rigid target led to the quantitative reduction of burdens that did not take into consideration the needs of the private sector. Some considerations could be made here: in 2007 the Netherlands had already addressed enterprises' problem in noticing improvements and they set up a complete program to solve this issue; nonetheless, the Dutch experience was not transferred in the Danish approach. Then, the problem of annoying burdens affecting business perception was already pointed out by enterprises (as quoted before: *Politiken*, 6 May 2005) but was not addressed by the government. Actually, the *HTS Arbejdsgiver– og erhvervsorganizationen* opposed the model since it did not take into consideration the worst burdens firms had to put up with.

TABLE 4.1   *Administrative burdens reductions in Denmark (in € million)*

Year	Baseline (2001)	2004	2005	2006	2007	2008	2009	2010
Administrative burdens reduction	4 275	4 194	4 057	3 860	3 843	3 633	–	
%		1.9	5.1	9.7	10.1	15	–	24.6

Source: DCCA, Standard Cost Model Network, (2010).

Although the Danish government declared having achieved its target in 2010 (see Table 4.1), the outcomes did not seem positive. We could suggest some hypotheses supported by evidence.

Firstly, the reduction process faced significant obstacles as showed both by the narrative and the table. What is interesting about the data is how slowly reductions were carried out. Until 2006, a 9.7 per cent reduction was carried out, while in 2007, only a 0.4 per cent decrease was witnessed. According to the data relating to the administrative burden-to-GDP ratio, the year after the Netherlands outperformed Denmark (Reports "Erhvervslivet og regulering 2006/20007 and 2007/2008"). Besides, the results achieved in 2008 and 2009, as an informant pointed out, seemed to consider the aggregation of reductions coming from eGovernment programs which were not supposed to be included in the red tape reduction of administrative burdens.

As suggested by some of the informants, a certain difficulty in reducing administrative burdens was evident. Needless to say, Denmark was already an advanced country in the field of simplification, above all through eGovernment strategies; maybe there were not the so-called low hanging fruits (administrative burdens that can be easily be cut down) affecting the Danish red tape. Perhaps, transferring the 25 per cent target was an ambitious and unrealistic objective considering the level of red tape in that country where a such demanding reduction target could easily not fit in like in the burdensome Dutch context and lead to significant reduction in the short-term.

Secondly, the wide and blurred problem to reduce red tape seemed to have hindered other problems.

Looking at the governmental data available in 2009 on the Danish homepage (http://www.amvab.dk/, date accessed: 15 July 2009), we can notice that some ministries did not perform well: the ministry of climate and energy increased the burden level by 87 per cent, the ministry of

defence by 14 per cent and the ministries of culture and justice by 8.3 and 7.9 per cent respectively. Until 2009, other ministries were far from meeting the target: the ministry of environment (according to some informants, one of the most reluctant departments towards costs reductions) reduced burdens by 11.3 per cent; the ministry of economic and business affairs and the ministry of employment performed similarly (11.9 and 16.1 per cent respectively). As the Dutch experience showed, and as confirmed by informants, Denmark also experienced resistance from ministries in reducing red tape.

The strongest opposition came from ministries that refused to let other officials measure regulations in fields of their own competence (interview ministry of agriculture official). The strongest complaints came from the ministries of agriculture and environment, also due to the necessity to safeguard interests in the specific areas concerned (interview with ministry of agriculture official).

Differently from the Dutch case, the Danish policy was not well designed since it addressed the general purpose to reduce red tape and the DCCA officials directly clashed with ministries without managing enough political and financial resources.

Finally, the reputational judgement of several informants had not been positive towards the Danish simplification strategy; particularly, even though stakeholders did not consider the governmental action useless, they felt the urge to implement a qualitative measurement strategy to deal with the problem of annoying burdens (interview with Danish private company representative). Thus, although stakeholders agreed to adopt a quantification model, they asserted the need to go further and defined the most irritating burdens for firms.

In the light of the assumptions made, the transfer of the policy innovation from the Netherlands to Denmark was a simple replication of the model that did not consider the problems that would arise in the Danish context, the different peculiarities of the two realities and the mature level reached in the implementation of eGovernment strategies (going with an already simplified environment for enterprises), the short amount of time devoted to the analysis of the Dutch best practice which hindered some obstacles and produced a wrong design of the architecture.

By this time, DBBR changed its approach to the problem and started to find a way for addressing these requests learning from the previous failures. As reckoned by the DCCA director, though the SCM could be a useful tool, it cannot stand alone (Public Hearing to High Level Group of

Stakeholders, Amsterdam, 10 March 2011). In order to identify the most annoying burdens the DBBR designed an innovative project adopting the user-oriented approach: the *ByrdeJægerne* Project Cutting Red tape was a qualitative methodology aiming to find specific initiatives to detect administrative burdens, interacting directly with enterprises to investigate how they cope with public administration. Actually, a more qualitative approach was used during the burden-mapping process. Questions on critical aspects of regulation that did not appear in the quantitative evaluation were also introduced in the survey. It is thanks to these attempts that an effort of learning from failures may be detected showing peculiar way to address a problem without a mindless replication.

4   Consideration on the Danish process

The implementation of the Standard Cost Model in the Netherlands and in Denmark has showed significant differences that might justify the partial success of the Danish case.

The Danish case, in fact, was not efficiently managed by the actors involved and was not as successful as they expected. Denmark being among the first countries to adopt the model, the "N.I.H. – Not Invented Here" syndrome might have influenced its implementation: the fact this practice was invented abroad may have generated suspicion about its credibility in another context.

Another possible difference in this model's implementation could be put down to political and financial resources managed by the simplification unit. Bend Bendtsen reinvigorated the policy, attempting to design a strategy able to boost firms' competiveness. Nevertheless, this policy was not as successful as the Dutch one because the minister of economic and business affairs could not count on sufficient political resources. Not even the great amount of financial resources deployed by the government both for the baseline and following updates (funded thanks to the support of the ministry of finance) were enough to make this case successful. Moreover, the minister had rarely been able to raise media attention on the burden reduction policy, which has never been very popular on newspapers either. Likewise, press reviews do not follow the burden reduction policy so much either since over the ten years taken into consideration for the analysis, there have been very few interviews with politicians.

The Danish case was clearly unable to allocate resources to support the policy in Denmark. Connections with stakeholders had also been rather blurry. The relationship with *Dansk Industri* was managed through a better regulation unit coordinating the needs of the different *Dansk Industri* sections with DCCA officials. Firms' needs were not backed up by a strong personality so they could not simplify bureaucracy or boost their competitiveness.

Stakeholders of the industrial world played a role in raising awareness in the political world and public opinion as regards enterprise requests. They have been able to do so thanks to the press and to direct relationships with the official of the government. Distinct from the Dutch case, there was not a leading personality pressing the government to imple-
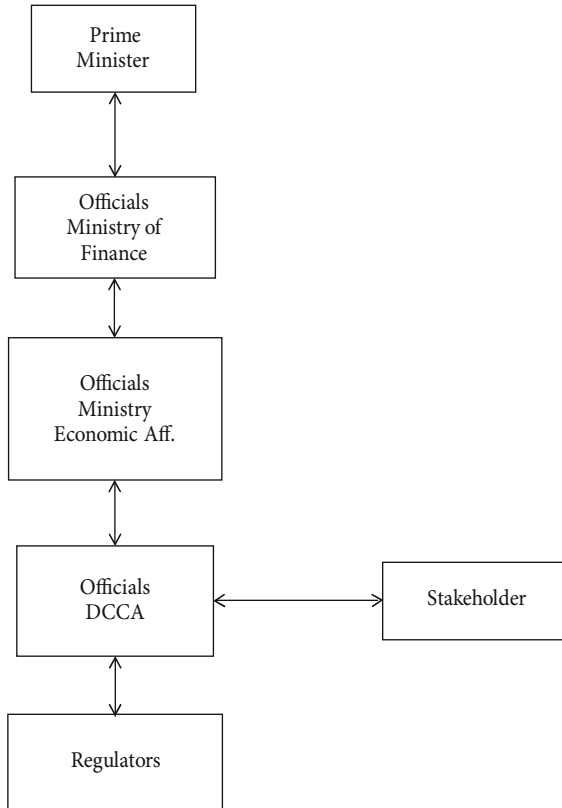
FIGURE 4.1   *Network of the actors – the Danish case*

ment the policy: stakeholders were not consulted in a structured way but more according to need.

Political and/or administrative leaders supporting the policy in Denmark could not be identified because this policy was not invented in Denmark. Furthermore, Denmark did not suggest a methodology but prefers to adopt SCM as a panacea to solve the red tape problem.

The relationship between different actors within the government was ambiguous and staff from the ministry of finance raise critiques against DCCA's activity. Moreover, the impossibility to "communicate" with the Prime Minister and the need for the intermediation of ministry of finance officials made the implementation even more difficult and forced DCCA economic and business to clash with others.

In the Danish case the network could be considered vertical-oriented and the 0.3/1 network density seems to be lower than in the Dutch case. Interactions among actors were, in fact, less frequent.

The network was scarcely centralized and the DCCA was located in such a way that allowed it to communicate with ministry of finance officials, who in turn referred the issue to the Prime Minister.

The network complexity was limited to the national level (see Figure 4.1). In fact, although Denmark was one of the most advanced countries as regards the implementation of the model and, therefore, member of the European Union round tables to discuss suggestions, its representatives preferred to communicate with Dutch and British colleagues to solve the model's implementation problems.

5
What Emerges from the Case Studies?

Abstract: *The main findings of the analysis of the two case studies will be discussed using the analytical scheme showed in Chapter 1. The main assumption will be scrutinized considering how we can learn from vicarious experiences with reference to the extrapolation approach. Moreover, the chapter specifies the design, implementation stage and the influences on the outcomes.*

The detailed investigation of the two case studies leads to a major consideration: the straightforward equation "the same successful innovation equals the same positive results" seems to be wrong. The SCM is transferred from a source case to target cases but it is does not have the same outcomes. Hence, the fallacy of this equation proposes a puzzle to be solved: why does the same model, transferred to a different context, produce different outcomes? In particular, our work argues that transferring a successful innovation from a source case to another context does not necessarily reproduce the same results.

Our analysis investigates the successful source case, the Netherlands, to try and understand the reasons of the differences mentioned above. Despite the collapse of the government (2007), the first round of measurements ended with the achievement of a satisfying target reduction (23.9 per cent of the baseline) and a positive reputational judgement expressed by several interviewed actors. In 2007 the Dutch government set up a second reduction target, based on a positive feedback provided by the international organizations, showing the government's commitment to pursue further cuts and sustain the policy in the long run. Besides, stakeholders came up with an encouraging judgement: in a recent survey conducted by the government, the percentage of businesses perceiving the reduction had increased (Regulatory Reform Group, 2010). Finally, the policy was also included in the agenda of the incoming Cabinet.

Denmark was an early adopter of the model and invested considerable financial and human resources in the policy. In 2004 the Danish government transferred the tool in a similar way: the baseline measurement of the regulation was completed, the target burden reduction was fixed at 25 per cent and a central unit for simplification was set up. Although the government reached the target in 2010, results have been less convincing as we explained in the previous chapter.

As noted, the scheme used for the analysis refers to the policy cycle phases, which have been detected in the policy of both countries. Moreover, special attention was addressed to the design phase and the process features as well as to the mechanisms extrapolated from the narrative case studies. Analysis and explanation are intertwined tasks, whereas in a world ruled by randomness and partially known causal chains, the explanation might not be exhaustive.

Opting either for the identification of the policy problem or for the policy cycle implementation processes would be better than mixing them up even though the final picture will hopefully conciliate them;

mixed approaches will only multiply justifications and confuse the main findings.

To understand the validity of these concerns, we must consider them within the case studies analysis: a comparison between the policy processes of the two countries has the purpose to investigate the different outcomes of the implementation of the SCM in different contexts, attempting to define the policy design and provide some considerations about the key factors that led to such different implementation and results.

1   What went well in the Dutch experience?

To understand the success achieved in the Netherlands, it is necessary to carry out a much more in-depth analysis and try to understand the complexity of the Dutch experience.

An opening remark refers to the policy problem. The initial goal pursued during the first phase was the measurement and reduction of the burden policy that encountered obstacles during the implementation phase because of the resistance of regulators. After having experienced this failure, the Dutch establishment re-shaped and specified the initial problem, addressing the need to keep regulators under control. Over time, the adoption of the tool to measure burdens addressed a specific goal – the control of regulators – and made it possible to organize specific relationships between actors involved in the process in a functional way for the definition of an overall policy. Generally speaking, other European States have adopted the SCM, transferring some peculiarities from the original Dutch policy template (the official adoption of the model, the finalization of the guidelines and the 25 per cent target reduction the establishment of a central unit for simplification; the measurement of all burdens stemming from regulation). Comparing the Dutch and the Danish experience was important to show how the main purpose of the architecture designed in the Netherlands refers to the relationship between the coordinating Minister and the other ministers and to the disciplining effect aiming to change ministers' behaviour.

Another aspect that must be investigated regards the policy cycle phases: the design, the implementation and the evaluation of the policy, firmly entangled with the problem to be solved.

It is possible to notice that a complex and original architecture was designed in the Dutch implementation of the model: the definition of

a "regulatory budget" and of the target reduction linked to a budgeting cycle, the involvement of new actors, the institution of ACTAL and a certain monitoring activity.

To reach the overall reduction target, a specific target – seized with the amount of domains burdens imposed on enterprises – had been assigned to each minister.

Each minister's regulatory budget enabled to control reduction progresses and the individual targets were split down into annual targets and monitored through the annual budget cycle. Control on the reduction of burdens was exercised on ministers during the budget process when the Minister of finance bargained through bilateral preparatory negotiations on the ministers' budgets. Before the annual budget negotiation, the Unit for simplification monitored each minister to refer the status of the reductions to the Minister of finance on an ongoing basis and report any lack in the reduction process during the budget negotiations.

In addition, each minister should pay attention to the reduction of regulation stock avoiding the introduction of new burdens in advance, and the overall amount of administrative burdens (net-target). Due to the net-target set per ministry, the new legislation produced by each minister was no longer for free, but had of course a political cost.

Another argument to be proposed refers to stakeholders' interest in the policy: the SMEs association (MKB) stressed some aspects like a lack in the perception of burden reductions (*VolksKrant*, 11 May 1999; NRC Handelsblad, 1 July 1999). The increased network's density of the actors playing in the arena strengthened the success of the policy and the involvement of new actors raised pressure on regulators. The Dutch government bet on the inclusion of powerful enterprise associations (at different levels and representing various interest groups). In order to reduce burdens, stakeholders gave inputs to the government to re-launch dialogue and transparency between the private and public sector.

Related to the business perception problem, the promoter tried to find a solution and strengthened dialogue with enterprises setting down several programs. The simplification unit had frequent contacts with notable people at the VNO–NCW (Confederation of industries and workers) and MKB to strengthen dialogue with enterprises at different levels (interview with private company informant 2). Those organizations were connected in the Platform on administrative burdens and met up every two months in order to define a common agenda and coordinate their pressure strategies to put on the government. Moreover, the Business

Regulatory Burden Commission was created. This was a think tank composed of four top public officials and eight top business managers. The Commission was chaired by powerful Bernard Wientjes, the chief of the VNO–NCW. In order to reduce annoying burdens for enterprises, the Commission made suggestions to the government regarding simplification measures that were rapidly implemented (interview with private company informant 2). Before that, ACTAL's institution – as widely mentioned – added important actors to the network.

Thanks to a wise perception of the obstacles, the promoter of the policy brought the issues to the European level so to include the European Commission in the struggle against red tape; the initial problem of burdens stemming from national origins was extended and shared at the European level, forced to play a role in the reduction of red tape. Actually, criticisms raised by stakeholders and ACTAL weakened the domestic policy. To strengthen his network, Zalm pressed other EU countries to adopt the Dutch methodology and asked the European Commission to start the fight against red tape.

An intense monitoring activity was organized to supervise the performance reduction finalized by regulators (ACTAL's annual reports to the parliament; clarification for the parliament about the burdens reduction status; reports of the simplification Unit to the parliament four times a year). An enforcement effect was pursued putting ministers in a uncomfortable situation if any unaccomplished reductions were reported to the Minister of finance. Burden reduction was, in fact, one of the coalition agreement's main goals.

Accordingly, the sketched process features were part of the Dutch policy design architecture to achieve a goal: changing regulators' behaviour in order to have a disciplining effect on their way of issuing regulation. It was possible to organize specific relationships between the actors involved in the process thanks to the adoption of SCM to address the control of regulators. Up to this point, we have been examining the policy design with reference to the process features; as argued, a key factor to explain the success in the Netherlands was the activation of some mechanisms in action among the actors and implemented by process features, as summarized in the Table 5.1.

Drawing attention on the mechanisms extrapolated from the Dutch case study and triggered by the process features, the analysis shows that there is not a "one-to-one" connection between features and mechanisms. More mechanisms may be put into action by a single feature or

TABLE 5.1   *Evidence from the Dutch case*

Policy problems	Mechanisms	Process features
• Reduce red tape • Control regulators • Attack to the European burdens • Lack of firms' perception of reduction	Exercising leadership Exercising pressure Naming and shaming Performance feedback Rewards Blame avoidance	• Specific target and "annual target per ministry", greatly facilitating monitoring and individual accountability • Net target • Linking to cycle budget • Assessment of administrative burdens from external authority • Monitoring the status of reduction of every minister by the unit for simplification on a ongoing basis • Periodical reports by the unit for simplification on minister • Independent Report by external authority to the parliament • Report from the unit for simplification to the parliament • Rewards to virtuous regulator • Consultation of stakeholder through commissions and projects • Inclusion of the European Commission • Central position of the unit

more features may strengthen the implementation of one mechanism. Referring to McAdam et al. (2001), mechanisms seldom operate on their own but work with other mechanisms in a broader process through recurring causal chains, sequences or combinations of mechanisms.

The review of mechanisms triggered in the Dutch case is proposed to a significant afterwards.

Firstly, a new mechanism was detected: *exercising leadership*. Leaders play a crucial role in the success or failure of the organization they direct and put efforts to improve performance and implement specific management reforms. The adoption and implementation process of the model in the Netherlands is managed by two leading actors who show a great attitude of leadership: the Minister of finance and the director of the unit for simplification. The political leadership and the administrative leadership design the policy, enforce the implementation learning by doing and guide the dissemination of the model at the European level.

In particular, Zalm was able to include burden reductions for enterprises in the Coalition agreement, highlighting the importance of the problem and the need to fix a reduction target. The Minister of finance showed his engagement in pursuing the goal and became the owner of the process connecting the policy reduction to the budget cycle and using his political, financial and knowledge resources. Control on regulators' performances enables to highlight resistances and manage the reduction process. Since a part of red tape stemmed from European regulation, Zalm put forward the problem to the European Commission, and exercised pressure on the Commission through a coordinated action with the other national States.

The director of the unit for simplification supported the operation both at the national and European level. He managed the unit and monitored regulators' actions. In order to directly follow the implementation of the policy, Zalm moved the unit to his ministry. The director of the unit might interact directly with the Minister of finance in order to raise complaints about ministers. At the European level, the director of the unit was able to build a network involving European bureaucrats and spreading the SCM to other States; this action strengthens the strategy and gives visibility to the Dutch program. The European Commission is therefore urged to cope with burdens since it was a priority request presented by those actors.

To explain the *performance feedback* mechanism in the Dutch process, we should refer to the design of the process features made by Zalm. Every minister had a specific target to achieve and reductions were measured and carefully monitored by the unit for simplification. The goal-setting and the evaluation of outputs were carefully linked. In the event of unsatisfying performances, regulators had to reach an agreement with the director of the unit for simplification to make further burden reductions. He, in fact, had the power to bring up the problem to the Minister of finance.

During the analysis, another mechanisms had been extrapolated: *exerting pressure*. The concept of pressure referred to the process through which one actor influences, to various degrees, the behaviour of another actor through the use of resources (political, financial, legal and knowledge). Pressure may be activated between actors both at the internal and external level. At the internal level, pressure was triggered between different actors: from the prime minister to the ministers, from the Minister of finance to the ministers, from the director of the unit for simplification to

the ministers. Intense reporting activities between actors put the ministers under pressure since they were controlled by other actors. Moreover, the process features (like the specific target, the budgeting cycle and the net target) were carefully controlled by both leaders.

Notably, this mechanism was triggered also among actors defending different positions, according to a complex system in which powers and interests check and balance each other: the president of ACTAL, members of the government and members of the parliament. ACTAL was empowered to review regulators' activity as a critical friend. It had to stimulate changes and urged the government to enhance the burden reduction policy. As tracked in the newspapers (for example, *De Telegraaf*, 21 January 2004; *Het Financieel*, 27 February 2007), the president of ACTAL raised attention on the issue expressing a critical position towards some weaknesses in the strategy adopted by the government. Those episodes pushed members of the parliament to ask the government for some explanations about policy progresses and the ministry of finance was asked to refer to the parliament to explain the situation. The parliament's attention for the policy could be explained as follows; on one hand, burden reductions were considered to be a *super partes* policy that everybody must pay attention to; on the other hand, the parliament could increase its power to control government policy. From the government's point of view, ACTAL's external check and the watchful interests of the parliament gave the power to urge ministers to produce further reductions and shifted the blame from the government to the watchdog. Moreover, one of ACTAL's contributions was to keep the attention on the issue alive by intervening on the media or through direct correspondence with the parliament and government when the focus of their policy was moving away from burden reduction.

At the external level, political and administrative leaders were supported by Wientjes, the president of the biggest association of industries, VNO–NCW, exerting a consistent lobbying power.

The mechanism *naming and shaming* worked among regulators sharing the same goal because reputation was considered as an important value and ministers wanted to avoid any behaviour that may lead to shame whereas shame should be considered a punishment. Shame occurred at different levels of disclosure: through public exposure on the news or media or more privately between the prime minister and the minister shamed or among ministers. Since a minister had signed up the coalition agreement to cope with the reduction, bad minister performances in

reducing burdens might cause a minister to feel shame. This mechanism was triggered also in the confrontation between the Prime Minister and the Minister of finance or with ACTAL.

The *blame avoidance* mechanism was triggered in the Dutch case by setting an independent watchdog; it was functional to prevent the Prime minister or the Minister of finance from fighting against reluctant ministers to reach the simplification goal, shifting the blame on ACTAL and showing the necessity to reduce them through the quantification of burdens. A riotous minister had to justify bad performances in the reduction policy. This mechanism was particularly useful when the president of ACTAL reported the difficulties encountered by the government in reducing administrative burdens. In order to achieve better results, the Prime minister asked other ministers for further reductions without directly clashing with them.

As stressed by the literature, the accomplishment of goals can be boosted by rewards (*reward* mechanism). ACTAL's mission was oriented to produce cultural change among policy makers and reduce regulatory pressure on businesses, citizens and institutions. If burdens were considered sufficiently reduced, then the watchdog could define incentives for the ministries. In fact, ACTAL exempted the Minister of agriculture and the Minister for housing from presenting regulatory proposals to their evaluation because they guaranteed a permanent reduction of administrative burdens without ACTAL's supervision ("Agreement Minister of Agriculture, Nature and Food Quality", 17 December 2008; "Agreement Minister of Housing, Spatial planning and the Environment", 11 June 2009).

Nevertheless, the analysis of the implementation process has led to broad predictions about the nature of problems that could change over time. In 2007, the reduction of administrative burdens reached a successful 23.9 per cent turning point. This achievement galvanized the Dutch government that decided to go ahead with the policy reduction and set up an Action plan to reduce red tape for businesses during the 2007–2011 period. The model was improved according to a sound evaluation of the problems raised, of the obstacles for implementation and of the outcomes achieved during the first round (SCM 2.0). A new definition of the problem was addressed including measurement of compliance costs and using indicators to monitor concrete results.

It is also worth mentioning that the re-design of the policy addressed the issues learned during the implementation phases. Actually, matters on policy learning and policy failures might partially complete the reflection

on the issue. What the Dutch experience has taught might be referred to the re-definition of the policy problems based on the experience and failures incurred during implementation. Above all, as goes for highly uncertain and complex policies, the policy design and the results of the implementation phase have to be matched with an adjustment of the strategy in order to cope with incurring problems. As Schneider and Ingram (1990) pointed out, "learning tools" such as evaluations, hearings and assessments could be considered as parts of the policy design to gain policy outcomes.

2   What went wrong in the Danish case?

Up to this point, our analysis has examined a successful source case and some evidences show that the management of the process rather than the provision of a model as a solution, has its pitfalls. Drawing attention from the Dutch process to the Danish case, we may introduce several arguments to justify the different outcomes of the implementation of the same tool.

In Denmark, the public officials had already dealt with burden reduction but the campaign against red tape – set up before 2004 – did not produce convincing results. Instead focussing on the failure, they preferred to take the Dutch model as a panacea to solve the red tape problem. The Danish public officials did not use a specific model to measure and reckoned that the paperwork issued for enterprises can be solved thanks to the same tool that worked for the Dutch. The model was transferred following some specific steps: translation of the Dutch manual; complete measurement of the baseline; setting of a fixed target reduction (25 per cent) as deriving from the Dutch experience without considering the specificities of the target case.

In both cases, the model seemed to have been adopted in a similar way and the inputs provided (in terms of financial and human resources) in both the Dutch and Danish programs were equally noteworthy. Nevertheless – looking at the program's outcomes – different conclusions must be drawn.

Firstly, the problem addressed (control of regulators) was not rightly understood when the tool was transferred. Danish officials transferred the SCM reporting some peculiarities of the Dutch model but did not implement the system to control regulators. Generally speaking, no system was implemented to control the performance of regulators (like

the specific target, linking to the budget cycle, monitoring through peri-odical reports). Moreover, it seemed that the monitoring of the activities was less incisive: progress was reported during the internal meeting of the Cabinet order to update the Prime Minister and the other ministers on the reduction activities. It might help to quote an informant: "The SCM has become an end in itself" (interview with Danish public official 6). The focus did not transfer the mechanisms that could have overcome regulators' resistances and keep burden reductions under control. Besides, the actual problem of irritant burdens was not even addressed at the beginning, also because it was a request claimed by stakeholders.

We may also highlight some differences in the policy cycle phases that could be associated to a wrong definition of the problem. Looking at the design stage, some varieties could be found in the drafting process and in the activation of successful mechanisms for the Dutch policy. If one considers the key factors for the successful Dutch case during the initial phase, it could be understood that the process features and mechanisms implemented in Denmark were obviously not correctly learned and transferred as the Table 5.2 displays.

TABLE 5.2   *Evidence from the Danish case*

Policy problem	Mechanisms	Process features
Reduce burdens	exercising leadership (weak) exercising pressure (NO) naming and shaming (NO) performance feedback (weak) rewards (NO) blame avoidance (NO)	• specific target and "annual target per ministry"(NO) • net target (YES) • connection to the cycle budget (NO) • assessment of administrative burdens by external authority (NO) • monitoring the reduction status of each ministry by the unit for better regulation (weak) • periodical reports by the unit for better regulation on ministers (YES) • independent report by external authority to the parliament (NO) • rewards to virtuous regulator (NO) • consultation of stakeholders through commissions and projects (weak) • inclusion of the European Commission (NO) • central position of the unit (NO)

Source: Author's elaboration (in brackets: YES: implemented; NO: not implemented; weak: scarce level of implementation).

Referring to the policy design of the architecture, some of the process features were not transplanted in Denmark, which did not institutionalize an external authority to check regulators' behaviour and shift the costs of political transaction from the government to a third actor. The absence of an external control has probably weakened the enforcement system since the unit for better regulation had to crash directly with ministers.

Some light could be shed on an assumption of our work by investigating whether the mechanisms triggered within the Dutch process were activated in the Danish case too.

Some informants highlighted that no political or administrative managers *exercised leadership* and took care of the process (interview with Danish official 1 and 2; interview with Danish private company 1); as confirmed by the press review, the reduction policy was not supported by a leading personality involved in the fight against red tape. Thus, the Danish policy was not led by a central actor managing enough resources for a successful policy.

The *performance feedback* mechanism was not triggered in an effective way since ministers were not concentrated on achieving a goal and their performances were not carefully monitored by some of process features designed in the Netherlands (connection to budgeting cycle and definition of a specific target for each minister).

Pressure on regulators was also very weak: every minister had the same reduction target (25 per cent) and, although the Prime Minister stressed the importance of the issue in his inaugural speech, the policy was not enforced or strengthened simply because results were not monitored like in the Netherlands.

It was made clear by the press review that the parliament was not so interested in monitoring and controlling progress; members of the parliament rarely paid attention or raised complaints about the reduction policy.

The *naming and shaming* mechanism was not triggered due to the lack of a general framework able to cause reactions in ministers and to the absence of an independent authority checking the level of burdens imposed by regulators. The *reward* mechanism was not implemented and the ministers performing well were not compensated for the results achieved in the reduction policy.

Moving on, the implementation phase was characterized by blurred relationships between actors and the unbalanced resources they used.

The public officials of the unit for better regulation within the ministry of economic affairs were mediated by the officials at the ministry of finance to share implementation problems with the Prime Minister and gain funds to support the policy. Besides, connections between the government and stakeholders also seemed to be weak: the office for better regulation within the *Dansk Industri* collected business' complaints which were presented to the unit for better regulation. Even if some stakeholders (like the confederation of small and medium enterprises and the chambers of commerce) complained about burdensome regulation, the importance of their position was not officialized in a public commission regularly consulted by the government. Likewise the struggle against red tape was not pursued by a leading chief supporting enterprise needs.

What should be highlighted is that the process was not governed well by the Danish establishment during the policy cycle phases; actually the problem was defined in a blurry way and was not correctly addressed by the policy design since it changed over time. The transfer of innovation was a mere replication of the model without considering the peculiarities of the Danish context and without introducing creative elements to strengthen its functioning and design. Besides, neither the mechanisms nor the process features were correctly transferred. Some difficulties were risen during implementation and this produced a deeper knowledge of the obstacles and brought to a new definition of the problem. The evaluation process of the Dutch innovation was not sound; particularly, the evaluation process of the obstacles raised during the implementation of the model and the lack of positive outcomes at domestic level was not taken into consideration so as to not produce knowledge advancements and to introduce improvement to the model. The learning process, which was also based on the evaluation of the outcomes, was slower than in the Dutch case. In the end, the policy cycle was frozen without solving the complex difficulties that every policy encounters during the implementation phase.

3   So what?

This work has investigated a policy innovation comparing the source case with the target case in which it was transferred. We can, therefore, emphasize that the outcomes have been different. A possible explanation of this phenomenon could be that when replicating innovations, some

challenges have to be acknowledged since they definitely put the results under test. The ability to face these challenges or not can explain why a certain innovation works and goes beyond the superficial understanding of an innovation grasping its essential components and how they might be adapted to a new context (Borins, 2008).

One of the reasons for the hiatus seems to be the conceptual clarification between replication versus the extrapolation-oriented research approach. What has come into sight is the difference between the replication of an innovation and the positive adaptation to a different context by extrapolating the "reasons" of the success. These intertwined questions are neatly linked to the policy transfer theory and mechanisms literature discussed at the beginning of our work; nevertheless, the analysis has to be pushed further.

Intuitively, we would like to use two conceptual focal points as lenses for the explanation of the case studies: on the one side, we inquire on the interpretation of the policy process and the controversial topics raised by problem definition, implementation phase, learning process hiking up to the soundness of best practices in itself. On the other hand, we focus on the design of the innovation transfer which has been a lightly touched matter in the literature in order to explain the failure of policies.

Reviewing the discussion on best practices, the first consideration concerns policy problems addressed by an innovation. To define whether problems are being solved or not, first of all one must know what they are supposed to be. Generally speaking, policy making should recognize a policy problem as a sufficient reason for an intervention; nevertheless, it is hard to say to what extent a problem is formulated and included in the government agenda, as the rich literature on the issue shows. What is more, the vicious cycle "problem-oriented solution instead of solution-oriented problems" does not seem to be an isolated approach to policy making and best practice schools producing easy solutions have presumably encouraged decision makers to inversely look for solutions and then, for problems to be solved.

This should not be taken as saying that nowadays designing policies automatically means providing solutions. However for sake of clarity, we must say that truthfully defining the problem (or problems) before setting up the policy should be the right approach to finalize a policy. Of course, we must consider that understanding the nature of policy problem is not easy, above all because it is linked to the actors playing in the arena, the resources they deployed and the influence exerted. Even if at a

first glance, it might not seem so straightforward to grasp this point; the intricacy and ambivalence of human behaviour is reflected in the way they define their problems, which can be numerous, fuzzy and blurred. Besides, since the actors are not stable (like their resources and influence on the other policy actors) and the external factors can influence the process, problems might change along the process implying the need to introduce new solutions or modify the strategy.

It is worth remembering that policy design stage does not have a precise hallmark: the debate is fragmented and mixed with more popular streams of the literature on policy formulation and tools. Since the focus of the narrative is on the actors, the effective design of a policy in this work concerns the ability to build an innovative architecture based on process features able to activate mechanisms triggering reactions between actors. What we would present here is borrowing the literature on mechanisms to feed the policy design process so to present a rational process of searching for inspiration from vicarious experiences but adding some degree of creativity or extra-rational elements according to the peculiarities of target cases (Alexander, 1982).

We cannot deny that the success of an innovation also depends on the implementation process since some unpredictable obstacles could suddenly rise. Following the path-breaking study (Pressman and Wildavsky, 1984), an unsuccessful policy could be the result of a bad policy design but also of a bad implementation based on wrong assumptions regarding the cause–effect relationship. Implementation failures result both from an overestimation of what can be achieved or of an underestimation of the ability to implement.

The latter argument could be articulate in our work to the implementation phase of a policy innovation both in the source case and in the target case. One of the concepts we would like to borrow from implementation research literature and particularly from Wildavsky and Majone (1978) is the "incremental learning process" since implementation is seen as an evolutionary process and policies are shaped and re-defined. Based on the evaluation of outcomes and implementation obstacles, failures should represent the basis for learning and reflecting on the ongoing implementation so as to introduce adjustments and improvements to the original design. Of course, the learning process is strictly linked to the evaluation of the outcomes. As May (1992) recommends, failures as an occasion for policy learning should serve as a lesson to reconsider how to design a policy in a better way. Therefore, the learning process is

linked to the policy cycle as a whole since it deals with actors and arenas that can change.

Up to this point, discussions on best practices and policy design generate two considerations that could be seen as two sides of the same coin: on one side, how to learn from vicarious experience that implies a correct extrapolation and a policy transfer; on the other side, how to re-design a policy after having experienced failures.

Conclusion

Abstract: *Having analyzed the case studies, evidence verify the main hypothesis. The final chapter will draw on some conclusions and the final appendix will provide guidelines for policy makers.*

▶

Policy analysts have been periodically reminded of the virtues of vicarious experiences in developing their work. Such calls are not usually ignored and the dissemination of best practices is considered one of the most comfortable and easy ways to inform the decision making.

In this concluding appraisal on how to learn from vicarious experiences, the underlying assumption is the idea that the transfer of an innovation from a source case to a target case does not entail an absolute correlation. This means that the successful implementation of the Standard Cost Model cannot be prescribed by simply applying the methodology. By contrast, the analysis sheds some light on the obstacles – both at the extrapolative design and implementation level – faced by policy makers during the transfer of innovations to other contexts. Differences among countries, in particular, hinder the formulation of an overarching theory able to prevent the risk of policy failures. Therefore this work does not aim at providing an exhaustive and unquestionable solution to this problem, but it is rather an attempt to refresh old fashion theories about policy design (with a reference to the complete policy cycle) mingled with literature on how to learn from the experience of others.

Evidence to support the main hypothesis heavily draws on some conclusions.

The wide range of results obtained confirm the assumption that evaluating the quality of a supposed best practice is rather complex but essential. While a replication-oriented research implies the successful replication of a practice in a different context, the empirical evidence of the work shows that the programs implemented in the Netherlands and Denmark produced different outcomes.

In particular, the Danish case shows that those considered to be best practices might prove not to be such. As pointed out by Bardach (2008), the limit of best practices is to propose successful innovations without taking into consideration possible failures or less successful experiences. Empirical facts show how difficult it is to select the really successful cases and single out the reasons of positive outcomes.

Given a greater availability of time and economic resources the analysis should investigate both the source case and the different impacts of an innovation in a different context. In fact, the aim should be to identify the best practices complying with a set of criteria used for the selection.

The first screening should concern the source case. When a country produces an innovation its guiding motivation is to emphasize the results

achieved and support the policy itself: this information asymmetry should be taken into consideration since decision makers who want to transfer the policy solution in their country could distort the perception of the innovation's effectiveness. Therefore, we should look into best practices from a critical stance, trying to objectify the evaluation of a practice as much as possible through quantifiable results, positive reputation judgements and sustainability over time.

Moreover, recently adopted practices should be suspiciously looked at in order to prevent them from becoming inefficient during implementation or not sufficiently tested and refined on the basis of experience and knowledge.

The schizophrenic dissemination of an innovation also tends to underestimate the analytical phase which is necessary to evaluate successful cases. As argued, the rapid diffusion of the SCM has underlined the epistemic problem that the transfer of innovation – considered as an easy tool to cut red tape – has brought to a misunderstanding of the successful factors of the Dutch case because of lack of evidence.

For extrapolative purposes, the policy problem and its similarity to the target case should be taken into consideration, together with the possibility to replicate the solution within different contexts; clearly, the context of transfer is different because of the institution, of the actors playing in the arena and because of the resources deployed. The risk is that the innovation might not be adequately adapted to another context.

The crucial point we must focus on concerns the definition of the problem addressed by an innovation that is supposed to be transferred to tackle similar problems, even though we must still consider the "problem-oriented solutions instead of solution-oriented problems". The author believes in the importance of carefully analysing the policy problem and the peculiarities of the target case, insofar as this would allow to track down similarities with the source case.

Arguably, the question "how to transfer a best practice" could be turned round: how can we recognize the practice that is the "best" solution to my problem?

The second finding addresses the point of how effectively transfer policy innovations from a source case to a target case. The focus then shifted to the policy cycle stages (definition of the problem, policy design, decision-making process, implementation, evaluation) in order to identify the critical aspects in the evolution of the Dutch and Danish processes which were analysed, specifying the actors involved, their

roles, their connections, the resources deployed and the successful factors.

When speaking about policy design, reference is made to the program process features and the mechanisms triggered.

A scrupulous analysis of the cases leads to consider the importance of extrapolating mechanisms from successful cases having stressed the difference between process features and mechanisms. The program features are the distinctive elements involved in the policy design and can be tracked down through a superficial analysis of the peculiarities of the country willing to adopt it. As mentioned before, these features may be helpful when it comes to design the policy transfer to the target case, although they are not strictly necessary for its success.

We want to propose an operative definition of the concept of mechanism that stems from the empirical analysis conducted: "Extrapolative mechanisms are the cogs and gears of a policy process that allows the creation of influence relationships among actors in order to modify their behaviour in function of expected results."

This definition implies some conceptual clarifications: first of all, the expression "cogs and gears" gives emphasis to the causal link which triggers one or more reactions with the aim of achieving specific outcomes.

In this analysis, extrapolative mechanisms have a functional nature implying a result-oriented causal correlation and they can be considered "relational" since they are triggered among actors of the process. The relation of power refers to the influence exercised by actor A on actor B, who acknowledges actor A's authority. Thus, a driver for a successful policy might be the modification of actors' behaviour. The relationships are strictly linked to the quality of the linkages between actors whereas the act of modifying behaviour is a crucial implication when transferring mechanisms to a different context.

The analysis was directed towards the identification of extrapolative mechanisms and their potential transfer to different contexts. The plural use of the term "mechanisms" entails two features: first of all, there is no dominant mechanism for the achievement of a specific outcome, and instead, a mixture of different intertwining mechanisms – acting together or separately – is preferable for the modification of actors' behaviour. Secondly, the use of the plural points out that the list of mechanisms described by the work is not exhaustive and can be completed by analysing other processes and offering decision makers useful suggestions for policy design.

The relation between process features and mechanisms is not perfectly reciprocal: a single feature might trigger one or more mechanisms, while more than one feature can be involved in the activation of a single mechanism.

Another conceptual clarification is the reference to the network of actors involved in a process and the necessity of the analysis *of* the policy process. The narrative analysis investigates actors' roles, their interactions, their resources within the process (Dente, 2011). This proves that mechanisms can be extrapolated but they cannot be separated from the process within which they are triggered. Moreover, within the target case, policy makers should know how to build the process and involve the actors drawing on the source case lesson.

Based on the definition of the problem to be addressed, a challenging policy design concerns the transfer of the process features (optional) which trigger the mechanisms (mandatory) within a process. Nevertheless, this is not to suggest that the successful design of a transfer implies a perfect replication of the same process features and mechanism; the policy has to be adapted to another context in a creative way, pinching ideas from vicarious experience since a mindless implementation might be fatal for the success of the policy.

Policy designers – alternatively, policy makers, policy advisers in a broad sense including experts or consultants – have a demanding task: they must, in fact, single out and understand mechanisms and process features operating within the source case to design a policy that considers the analysis previously conducted. They must also implement the most appropriate features to trigger the desired mechanisms in the specific target case, or re-design the policy if new problems rise.

Designers should analyse an innovation in a source case and adapt the process features to a target case; according to this purpose, designers learn from mistakes, modify or introduce other creative characteristics in designing the transfer of an innovation to a target case since it is relevant to adapt avoiding the unthinking copied from a source case (Barzelay, 2007).

Policy designers should not simply "replicate" these features, but should try to adapt them to the target case with a creative effort. Practices are transferred to realities that are very different from the original context and this can generate problems during the implementation phase. Possible mistakes, in fact, can be solved during the initial phase thanks to experience, and critical aspects can be avoided if the policy is adapted

to its new context. We have evidence that implementing the same innovation in two different countries can lead to clashing results unless the successful mechanisms of the source case are not fully understood.

Simply transferring mechanisms, however, is not enough to ensure the success of a policy: other factors must be taken into consideration in order to constructively design a policy considering the peculiarities of the target context.

As said, one must also master the implementation phase.

In particular, the connection with the process must be taken into consideration both during the source case analysis and during implementation phase in the target case. The process should be broken down into adoption and implementation phase, keeping in mind that the failure of a policy might be the consequence of mistakes in one of the two phases.

We must also remember that for the paradox of time "past successes lead to future failures", a remarkable finding to be stressed is that a perfect policy design cannot assure the success of the policy. Borrowing from evidence, the policy design phase might not be considered as an isolated stage but the analysis of the steps of the policy cycle – the implementation phase, the evaluation of the outcomes – could bring to re-design and correct the strategy to make the policy successful. The incremental learning process is developed along all the phases of the cycle which is not a static, frozen and theoretical scheme but could be reframed in the reality of the policy processes so as to identify weaknesses and prevent failures.

Turning this consideration into the factory of best practices debate, we could argue that a policy innovation might prove its success if it effectively experiences all the cycle phases. It must in fact address a proper policy problem that can change in time; design a new policy or adapt a second hand innovation to a political or institutional context. It probably should also avoid implementation failures by defining what can be accomplished or by assessing who is able to successfully carry out the implementation. A policy innovation must also evaluate outcomes and – in case of failures or not convincing implementation – introduce improvements. It could be foolish to deny that the latter point is strictly connected with policy makers' capacity to learn from problems in every phase of the cycle.

This discussion is merely suggestive and the dynamics of the policy cycle require further analysis since it is clear that the process is fluid,

composed of actors seizing different resources and that there is a lot of varied data available for the analyst. Having in mind the warnings and the risks highlighted, this work wants to give a final contribution to the debate by developing challenging insights for policy designers as the appendix will show.

Appendix: How to Learn from Vicarious Experience

The craft of public policy design in ten steps

Taking inspiration from evidence collected during the analysis, the work will try to develop a guideline for policy designers (policy makers, practitioners, policy analysts). While it is essential to provide some input stemming from the analysis, it is equally important not to overstress the prescriptive dimension of this guideline. As has already been made clear, this work suggests how to transfer an innovation from a source case (where an innovation has been invented) to a target case (where the innovation has to be transferred) but it is better to remember that a smart policy designer has to pinch ideas and creatively adapt them to the chosen target context.

Preparatory phase	1) *Identify the policy problem*: as diffusely explained, the identification of the right problem to be solved is crucial for an effective policy design.
	2) *Analyze the peculiarities of the target case*: solutions already adopted hinder possible causes of failure or critical aspects of the strategies which have to be taken into consideration. Categorize the actors involved in the policy trying to define the network of actors in action or to be activated (triggering mechanisms and drawing features).
Analytical phase	3) *Choose a sample of "best practices"*: given the considerations made on best practices, a screening of the practices that seem to work better, and a comparison among two or more successful cases (according to the resources available) is advisable; it might be necessary to fix some criteria for the selection such as successfulness over time, measurable results, positive outcomes, the possibility to transfer the innovation in another context.
	4) *Collect evidence of "what works" in the source case:* a bunch of questions might help the policy designer such as: Has the policy effectively addressed the problem? Has the policy reached positive outcomes? What is the most effective way to implement the policy? What are the obstacles for the implementation of the policy? What are the measurable outcomes provided by the innovator?
	5) *Analyze of the policy process:* the main phases of the policy cycle (the problem addressed, the design of architecture, the implementation stage and the evaluation) have to be scrutinized by gathering evidence. While the success of the policy cannot be guaranteed for the reasons mentioned, a thorough analysis of the case studies and the reflections that have been shared might safeguard the policy designer against the risks involved with a mindless implementation and replication of a policy.
Comparative phase	6) *Analyze the similarities between the source case and the target case*: in order to check whether there are the necessary conditions to transfer the innovation; this comparative phase is particularly important to avoid failures that might derive from an insufficient consideration of the target case' s peculiarities.
	7) *How a policy innovation works?*: understand if and how it is possible to transfer the innovation and build a policy process giving suggestions to the implementers.
Policy design phase	8) *How a policy innovation might be transferred?*: Draw a complex architecture with creativity, having in mind the actors involved in the process. It should be necessary to design process features according the target context and to trigger mechanisms among the actors so to make the policy successful.

Continued

	9)	*Look at the implementation stage*: the analysis and the transfer should push the policy designer to take in consideration the risks associated with the phases of adoption and implementation, and raise his awareness on the need to learn from past mistakes and difficulties encountered during the process. The use of "learning tools" such as evaluations, hearings and assessments becomes crucial to gain policy outcomes.
Re-design phase	10)	*Learn from failures:* a policy cannot be considered as a frozen design. In the event of negative outcomes, failures, or obstacles raised during the implementation phase, the policy designer should elaborate these hints and rephrase the policy.

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Interviews

More than 50 interviews were finalized with informant in Denmark, in the Netherlands, in Belgium, in Italy, in USA. The informants were: politicians, public officials, stakeholders, academic experts and practitioners.

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