

Policy diffusion: Analysis of the Chile's administrative reform¹

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Abstract

Policy diffusion refers to the process by which policy change is explained by forces external to the domestic political system. Scholars have identified four diffusion mechanisms: coercion; competition, learning and emulation. The paper examines the implementation of the management reform in the Chilean case from 1990 to 2014. One question we will try to ask is Why center-left governments, whose key leaders believed in a stronger State, implemented a reform based in the opposite principles and concepts to that belief? Administrative and management reform has been encouraged and promoted by international organizations and governments of developed countries. The worldwide diffusion of the New Public Management agenda follows that pattern. The paper aim is to provide evidence about the potential impact of diffusion mechanisms in the adoption and, particularly, in the implementation of this policy agenda in the Chilean case.

The gathered evidence comes from 67 interviews with actors who played key roles in the implementation of the management reform in Chile. At the same time, we include official documents and press reports. To analyse the qualitative information, we applied Grounded Theory.

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INTRODUCTION

By the end of Pinochet's dictatorship, the role of the State regarding the provision of public goods had changed significantly. Whereas until 1973 the State was interventionist, after democratic breakdown military rulers implemented a retrenchment of the State apparatus and functions. Later, after democratic restoration in 1990, center-left administrations began to create new ministries and public services. Also, they introduced reforms to the labor market and the tax system. Nevertheless, the institutional framework and the economic policy designed by Pinochet were maintained (Huneeus 1997; Meller 1998; Huneeus 2000). In that context, a new reform process began: the management and administrative reform. The first wave of that process started with micro reforms implemented by public managers in some specific services after what later became a more general process of reform conducted by the Ministry of Finance. The administrative and management reform continued in the new century with a second wave of initiatives, including the creation of a Civil Service System, High Public Managing; a new transparency law and the corresponding institutions (Council for Transparency), and other measures oriented to improve public management and getting the public sector to run better (as for example the initiative "Chile Manage"). At the same time, an international agenda of public management reform was promoted by international organizations and developed governments. The literature about the Chilean case has concluded that the driven forces of the Chilean administrative reform were located in the domestic political system. Specifically, the leadership of a group public managers has been consider critical for the first wave of reforms, while internal political crisis explains the implementation of second wave, at least partially.

We know little about how diffusion mechanisms operate in the general process of domestic policy change and implementation in the Chilean case. Instead, a few studies have analyzed the diffusion of the Chilean social security system to other Latin America countries (see Weyland 2007).

Systematic surveys conducted since 1990 indicate that management reform was not in the top of the public opinion concerns. Thereby, we ask about the role played by international forces in a specific case of policy change and implementation. Why did Chilean governments start to implement management reform? Can we explain the reform implemented due to the role played by foreign institutions, governments or international experiences? In this paper, the null hypothesis that it is contrasted with the qualitative evidence is one that only domestic variables explain the implementation of the management reform in the Chilean case. Our argument is one that diffusion mechanisms contribute to explain, at least partially, policy change and implementation in this case. Why is that relevant in comparative terms? We believe it is so because Chile is a case of a post-authoritarian developing country which initiated and partially succeeded in the implementation of several management and State reforms once democracy was restored.

We use the approach of policy diffusion. Such a framework posits four mechanisms: coercion; competition; learning and emulation. All of them account for explanations of the general process of policy innovation and implementation. Evidence comes from 67 qualitative interviews with actors who played key roles in the implementation of management and State reform in Chile. To analyze the qualitative evidence, we applied Grounded Theory.

POLICY DIFFUSION: THE ANALYTICAL FRAMEWORK

Policy change has attracted the attention of scholars using different theories, approaches and methods. After the classical studies on foreign decision-making process and the model of organizational behavior (Cohen et al., 1972), since the 90' scholars have studied: ideas and paradigms (Hall 1993); advocacy coalitions (Sabatier and Jenkins-Smith 1993), the importance of discourse and argumentation (Majone 1997); the dynamic of stability and incremental change in the policy agenda (Baumgartner and Jones 1993; True, Jones and Baumgartner 2007:155) and policy streams (Kingdon 1995), amongst others.

The consequences and practical effects of policy change have gained the attention of practitioners and international institutions (for instance, World Bank 2013). Policy diffusion is one framework that can be used to explain how and why policies vary across countries and time (John 2013). There are different concepts to explain how policies among countries follow a pattern or are similar. Despite the effect of forces within the polity, such as interest groups, parties and legislative institutions, a policy innovation may be explained due to a pressure coming from outside the national political system, determinate by: "the spread of innovations from one government to another, process known as policy diffusion" (Shipan and Volden 2008:841). External models which are coherent and neat: "(...) can exert strong attraction and stimulate imitation in a number of countries, especially among the forerunners neighbour's" (Weyland 2009:42). Likewise, in the era of globalization, cross-national networks and commercial exchange increases the impact of external sources over domestic policymaking processes. Thereby, foreign policy options spread worldwide or regionally (Weyland 2007).

Path breaking work in the policy diffusion agenda was the study of Berry and Berry. The authors study the adoption of the lottery system in the U.S states. The main theoretical implication of the analysis was that both domestic and regional influences explain policy change simultaneously. Alongside domestic variables, the authors show that the adoption of the lottery by some states influences policy change in neighbouring ones (Berry and Berry 1990).

One of the most quoted definition of policy diffusion is the following: "(...) policy diffusion occurs when government policy decisions in a given country are systematically conditioned by prior policy choices made in other countries" (Simmons et al., 2006:787). Diffusion of policies also may be defined as: "(...) the socially mediated spread of policies across and within political systems,

including communication and influence processes which operate both on and within populations of adopters” (Knill and Tosun 2010:383).

The policy diffusion approach rejects the explanations based on the assumption that only domestic factors are relevant to understand policy change (Meseguer and Gilardi 2009). At the same time, the policy diffusion framework may be used to analyze specific policy instrument or structural systems, as the neoliberal model (Gilardi 2012). As we mentioned above, we use the policy diffusion approach to analyse the implementation of the management and State reform in the Chilean case.

Examples of recent research in the field

The study of policy diffusion has gained growing attention. Recent empirical research has analysed policy diffusion processes in different regions, levels and policy areas. For example, the work of Simmons and Elkins (2004) analyses the spread of economic liberalism through the world. The authors find a “cluster effect”, both temporally and spatially, in the diffusion of the ideas, principles and policies of liberalization. This effect is attributed to a process of policy diffusion. The study concludes that domestic policy making variables are insufficient to explain policy change. Instead, both demonstrations and examples from other countries and international economic competition account for the implementation of new policies (Simmons and Elkins 2004).

Another example is the article by Brooks (2005) who analyzes the “peer dynamics” in the adoption of structural pension reform. The study shows that the implementation of reform in one country increases the probability of reform in neighbour ones. Nevertheless, comparative data between 1980 and 1999 shows that this pattern varies across regions and it is a function of the economic development.

Using a psychological approach, Kurt Weyland (2007) explains the processes of policy diffusion due to a particular bounded rationality. Using a qualitative methodology, the author found that policymakers in Latin America do not analyze the international experience systematically. Instead, they take foreign policies by arbitrary reasons or accidental ones. The above may be explained because policymakers rest their analysis on “inferential shortcuts” (Weyland 2007).

Gilardi (2010) provides evidence about how policymakers learn selectively. The author studies the adoption of foreign experiences in the unemployment benefits policies in OECD countries. Meanwhile, Fuglister (2012) analyses the diffusion of successful health care policies and practices in Switzerland. The article concludes that learning processes and policy diffusion were caused by intergovernmental cooperation, due to the participation of policymakers in intergovernmental institutions.

Using experimental research design to explore ideology at a local level in U.S, other study shows that official’s ideology affect the probability of adoption of

policies implemented in other cities. At the same time, the degree of success of policy increases the diffusion effect (Butler, Volden, et al., 2013).

Mechanisms that produce policy diffusion

Comparative research also has identified different mechanisms that produce the diffusion process. Borrowing mainly from the work of Simmons, Dobbin and Garret (2006), Shipan and Volden (2008) and Simmons and Elkins (2004), it is possible to identify four of them: coercion; competition; learning; and emulation (or imitation).

- a) *Coercion*: it corresponds to the imposition of policies to national governments by powerful countries or organizations (Meseguer and Gilardi 2009: 530). In short, this mechanism operates due to the role of powerful countries (or for instance, the federal state or stronger states in the case of federal cases) that exert influence to enhance the probability that some policy be adopted through the manipulation of: “opportunities and constrains encountered by target countries, either directly or through the international and nongovernmental organizations they influence” (Simmons et al., 2006:790). A country may exert coercion over weaker States using trade instruments or sanctions in the economic realm (Shipan and Volden 2008:843). Also, there is a “soft” variant within coercion mechanism. This, because policy options taken by powerful actor may induce new equilibrium in some markets, altering the status quo (Simmons et al., 2006:791).
- b) *Competition*: this argument is derived from economic innovations and is associated with efficiency. Governments adopt their competitor’s policies after a calculation about a potential loss of competitiveness (Meseguer and Gilardi 2009:530). Innovation adopted by one government alters the cost and benefits for others. In this mechanism, governments try to avoid a loss of competitiveness or when there is a direct competition with rival nations for the same resources or markets. In that case, government decisions are oriented to achieve economic growth, stability and redistribution (Simmons and Elkins 2004:172-174; Simmons et al., 2006:792; Meseguer and Gilardi 2009:530). This mechanism rests on the assumption that policymakers and governments are able to determinate which their competitors are and, at the same time, what are the markets in which the competition takes place. To put this mechanism under empirical observation, it is necessary to demonstrate that “changes in the policies of the members of a competitive network increase the probability of similar changes in other countries in the network” (Simmons et al., 2006:795).
- c) *Learning*: In this mechanism, governments learn from policy experiences obtained by other governments. That, assuming that governments lack the information needed to foresees the consequences of some innovations (Simmons and Elkins 2004:174-

176). Here, the notion of policy success becomes crucial (Shipan and Volden 2008:841). Success comprises three elements: political support; implementation challenges and the goals the policy is oriented to achieve (Magetti and Gilardi 2014). The information provided by the results of policies implemented abroad affect the probability of adoption at home (Simmons et al., 2006:798). The experience and results are relevant to decision makers because it anticipates cost and benefits of a potential policy adoption. For policymakers, this mechanism also implies a reduction in the cost of processing abundant information with bounded rationality. Therefore, others experiences provide information about cost and benefit and the outcomes of a policy intervention. The above, because a given policy intervention produces outcomes that may be understood by policymakers as causal consequences of the innovation (Simmons et al., 2006; Meseguer and Gilardi 2009:530; Gilardi 2012).

- d) *Emulation (or imitation)*: this mechanism rests upon a constructivist approach. Here, discourse, rhetoric and social acceptance of policies are crucial. The assumption is one that policymakers try to implement “best practices in a given policy area”, whether they are able or not to determinate which policy is or not a best practice (Simmons et al., 2006: 800). Under this mechanism, policy diffusion occurs because policies become “socially valued independently of the functions they perform. It is the search for legitimacy and status that motivates emulation” (Meseguer and Gilardi 2009:540). Shipan and Volden (2008) conclude that imitation (their use of the term is interchangeably with emulation) “involve copying the actions of another in order to look like that other” (p. 842). While learning mainly refers to an action, emulation or imitation are centered on the actor. For instance, smaller cities or communities are supposed to adopt the same policy stand of the leaders or the bigger neighbor (p. 843).

The diffusion of the Public Management Reform worldwide

For operative purposes, we follow the definition given by Pollitt and Bouckaert (2011:2), who define the public management reform, as: “Deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better”.

Modernization of public management and State reform was a part of the New Public Management (NPM) agenda. NPM emerges as a fundamental international development within the public administration. NPM is related to four tendencies: i) the reduction of the state apparatus (with personnel and spending consequences); ii) the incorporation of new technologies of information and communication to the public sector; iii) the privatization of public services and a subsidiary emphasis; and; iv) the development of an international agenda focused in management, public policy design and international cooperation (Hood 1991). Other scholars have identified three

themes of NPM: disaggregation; competition and incentivization (Dunleavy, Margetts, Bastow and Tinkler 2006).

The evolution of the NPM allows scholars to speak about the existence of an “epistemic industry”, including different approaches, themes and terminologies, as well as some paradoxes (Hood and Peters 2004). As Pollitt and Bouckaert (2011:12) noted, the network of international governments, organizations and institutions and consultancies may be understood as the emergence of an international community oriented to promote reform. Then, “reform ideas circulate round international networks, not just national ones. Government copies other governments. Minister and civil servants also swap ideas at meeting of the OECD, or the EU Council of Ministers, or the World Bank”.

Scholars have shown the profound influence exerts at the international level by the NPM agenda (Lapsley 2008). In the same vein, they have shown how international organizations and projects have played a crucial role regarding the implementation of the NPM principles. For instance, it has been recognized the role of the Organization of Economic Cooperation and Development (OECD 2007), the International Federation of Accountants (Navarro and Rodriguez 2007) and aid donors in the implementation of reform in developing cases (Polidano and Hulme 1999). The spread of international ideologies about the management reform and the policy diffusion driven by organization such as the OECD or the World Bank constitutes global pressures toward the implementation of the reform agenda worldwide (Ongaro 2009:8; OECD 2007). In that context, NPM may be considered an “international phenomena”, including right wing governments which implemented reform, as well as countries ruled by social democratic parties (Jones and Kettl 2003).

Three strategies have been used in the implementation of the management reform agenda: “modest changes”, in cases such as France and Germany; incremental changes, in United States of America and revolutionary transformation, in New Zealand (Kettl 2005:vii).

The management reform agenda driven by the internationalization of governments was quite different from the agenda conducted by the domestic reform efforts. While domestic base reforms included decentralization, privatization, delegation of responsibilities, among others, international reform agenda was responsive to the increasing interdependence and the demand for adapt national public sectors to the international environment (Metcalf 1994).

Regarding the management reform pattern of diffusion, literature has identified the existence of policy transfer due to the effect of emulation, imposition, copying and adaptation rather than globalization or convergence (Common 1998). Nevertheless, convergence in the implementation of NPM agenda has been questioned because the diversity of systems implemented and the resistance of domestic institutions (Goldfinch and Wallis 2010). In the same vein, there has been suggested that learning in the case of the management reform depend on the context, showing that the terms of trade is important in the cases when a foreign model is going to be adopted (Pollitt 2003).

METHODS AND DATA

This paper is an explanatory case study which seeks to support existing evidence on the driving forces of the management reform implemented since the restoration of democracy in Chile in 1990. The research strategy is focused on the role played by international forces over the policymaking process. The null hypothesis we contrast with the qualitative evidence provided here is one that only domestic variables explains the implementation of the management reform in the Chilean case.

According to Yin (1994: 6-15), the explanatory case study would represent a suitable strategy for identifying causal links of real life situations or interventions that occur over time. The unit of analysis are both formulation and implementation processes of the management reform in order to identify international forces that may gave rise to the decisions and for the implementation of the management and State reform agenda. These are judged according to the terms by which the system was implemented, and.

Information used in this case study comes from four sources: interviews with key actors; official documents; academic literature; and the written press. Those interviewed were all actors who have performed important roles in the development and implementation of the public administration reform, and/or who have made use of its provisions. The interviews were conducted as open conversations about the modernization policy and the role they played in the process and their perceptions thereof. These conversations, as shown in the following section, enabled the authors to identify the role played by diffusion components during this process. Interviews were recorded, transcribed and subsequently analysed using the “grounded theory” method. Table 1 shows the total number of interviews conducted, according to the position held at the time by the interviewee.

Table1. Interviews conducted, according to job positions held

Type of Political Actor Interviewed	Quantity
President	1
Ministers	7
Undersecretaries	4
Heads of Public Services	12
Advisors and Area Managers	28
Members of the Congress	2
Interest Groups	3
Experts and Academics	5
TOTAL	67

The official documents reviewed for this paper come from the Ministry of Finance (particularly, although not exclusively, the reports on the State of Public Finances), from its Office of Budget, the Civil Service, the Ministry General Secretariat of the Presidency, and reports from international organizations on diagnoses, conceptualizations and implementation proposal models for the civil service in Latin America.

The academic literature reviewed focused on research into the provision of conceptual elements and elements of discussion regarding the evidence collected.

The Public Management Reform in Chile

The public management modernization policy refers to a set of changes made in the public sector management on organizational structures and procedures with the purpose of achieving higher levels of effectiveness in functioning. Management reform became one of the main endeavours undertaken under President Frei Ruiz-Tagle's administration, though "this was never a citizen's claim in the whole history of our Republic" (former presidential advisor). Modernization of public management began, in the early 1990s, with micro reforms at the level of public agencies.

The public agencies where the modernization began were the "Servicio de Impuestos Internos" (SII) – the Internal Revenue Service –, the "Instituto de Normalización Previsional" (ISP) – the Social Security Institute – and the "Servicio de Registro Civil e Identificación" (SRCel)- the Civil Register and Identification Service –. Heads of these agencies met monthly to talk about their experience. Later, the Head of the "Fondo Nacional de Salud" (FONASA) – the National Fund for Health Care joined the group.

By the time that President Aylwin called for the updating of public administration. Those public managers diagnosed that "the State was working inefficiently and obsoletely" (ex Minister and ex Senator) and had the conviction that "the State must do it better" (ex Chief of a Public Agency and ex Minister). Results obtained by those micro reforms made the political level of government get involved in the process and President Aylwin – in his last speech before Congress about the state of the country (May 21st, 1993) – expressed that "... it is necessary to dignify public function, speed up procedures, stimulate merit and initiative and set strict parameters of responsibility" (Aylwin 1993).

After that first wave, a second generation of administrative reforms was implemented in the first decade of the 21 century. Specifically, we are talking about the creation of the Civil Service System and a meritocratic system for the appointment of the public officers, the High Public Managing; the creation of the Transparency Council and the implementation of the Transparency Law; the creation of the Public Purchasing System (Chile Compra) and the Chile Manage initiative. Those initiatives were implemented under different governments, and also under the first right wing administration (between 2010 and 2014) since the restoration of democracy in 1990.

According to the literature, management reform process has been explained mainly as a function of the leadership of public managers, who implemented reform from bellow (Marcel 2001; Marcel and Tohá 1998; Waissbluth 2006; Olavarría 2010; Olavarría et al 2011; Olavarría 2015) or as a result of political crisis (Navia 2004). Particularly, it is commonly stated that the skills and

commitment of a group of technocrats without political interference was the reform driven force (Olavarría 2015). Here, we argue that literature has neglected the role played by external forces in the implementation of the administrative reform. Moreover, we also argue that policy diffusion framework explains, at least partially, the adoption of the reform.

QUALITATIVE EVIDENCE AND EXPLORATORY FINDINGS

As we mentioned above, we know little about how diffusion mechanism operates in the general process of domestic policy change in the Chilean case. Scholars have identified four diffusion mechanisms: coercion; emulation; competition and learning. Then, table 2 shows the distribution of sentences in the four mechanisms, taken as analytical categories, extracted from the interviews conducted.

Table 2. Mechanisms of diffusion and qualitative sentences

Diffusion Mechanism	Type of actor interviewed				TOTAL
	President, Minister, member of Congress	High Public official	Adviser and area managers,	Union Leaders	
Coercion	9	19	10	5	43
	20,9%	44,1%	23,2%	11,8%	20,4%
Competition	10	12	8	6	36
	27,7%	33,3%	22,2%	16,8%	17,2%
Learning	20	45	27	5	97
	20,6%	46,3%	27,8%	5,3%	46,2%
Emulation	11	17	3	3	34
	32,3%	50%	8,8%	8,8%	16,2%
Total of sentences					210 (100%)

Sources: own elaboration with the information provided by the interviews

As the table shows, learning is the most salience mechanism according to the gathered information. More than 46% of the sentences concentrate in such mechanism. The second mention is for the coercion mechanism (20,4%). Meanwhile, competition (17,2%) and emulation (16,2%) categories represent a less extended view within the interviews. Regarding the role of the interviewees, high public official represented the dominant category in the four mechanisms. Now, we examine qualitative information corresponding to each diffusion mechanism.

Coercion

The evidence provided by the interviews shows that the implementation of the management reform was partially explained by the presence of a *soft coercion mechanism*. Rather than implementing sanctions, international organizations such as the World Bank, the Interamerican Development Bank (IADB) and in a lesser extent the International Monetary Fund (FMI), provided opportunities and eased the adoption of the reform providing funding, advising and capacitation to state officials. Although in this case the initial source of policy change “came from the technocratic sector” (former Vice minister), in parallel “there is support, if you wanted to do a State reform in Chile, you always find international resources, technical support and specialist provided by those international organisms” (former high public official). According to the views expressed in the interviews, we may argue that there was a convergence between international and domestic forces. “The World Bank and IADB approach was coincident with the Chilean vision, and for that reason funding opportunities was not conditioned”. (high public officer). Then, as noted one union leader: “part of the modernization process was implemented using IADB funding and the contribution of international organizations that promoted such changes”. The World Bank provided funding for the modernization of specific services, such as the INP. That funding was channel by the Ministry of Finance.

There was an effort to articulate the management reform. Under the Eduardo Frei's government, it was created the Inter-Ministry Committee for the Public Management Modernization. This was an initiative developed by a small group appointed and empowered by Frei Ruiz-Tagle. Mario Marcel, head of the Division of Administrative Rationalization in the Budget Office, led this group which concentrated on implementing a management control system in the central government. Marcel established an expert team with professionals who had worked at the IADB. Also, he contracted methodological advice from the IADB, which includes skills transfer to the Chilean bureaucracy and officials. The methodological protocol for the implementation of the management reform in the Chilean State was designed by the IADB, as one high public official report in our interviews. The same interviewee mentioned the role of the World Bank both in funding and methodological advice.

The support of international organizations was not limited to the initial phase of policy formulation, as it is commonly analyzed in the policy diffusion literature. The World Bank make periodical evaluations to the program impact. As one interviewee points out, such evaluations have had implications for the entirely policy cycle, including implementation and evaluation also. Evaluations conducted by the World Bank to the performance of the management control system and planning by results derived in the introduction of changes over the course of the implementation.

In the case modernization initiatives than include the creation of new organisms and institutions for the implementation of the corresponding innovations, the effect of soft coercion mechanism appear to be stronger. As interviews with state officers and high public managers of those agencies created in the second wave of modernizations show, four international organizations played important

roles in the institutional design of the new organisms, including the definition of goals, priorities and strategic objectives. Those organisms were the IADB, the World Bank, the Organization of American States (OAS), and Euro-Social. For example, as public servants interviewed recognized, IADB participated in the strategic planning process of the Transparency Council, providing advice and resources for the institutional development of this organism. This was crucial, due the fact that this organism, charged with the implementation of the new transparency law, started with few resources. As one interviewee expressed, the initial implementation of the initiative included: "(...) a lot of international funding, a lot, then the first president of the Transparency Council went to international organizations for funding for ensure the functioning of the new organism. After that, you don't know what to do with the resources collected" (adviser Transparency Council).

In sum, more than the imposition of policies to national governments by powerful countries or organizations, which is defined as coercion, qualitative evidence examined shows the operation of a soft coercion mechanism, characterized by cooperation from international organizations, funding and technical advice. This mechanism exerts influence over the whole policy cycle, including formulation, implementation and evaluation.

Competition

Once democracy was restored, economic liberalization implemented under military rule was maintained by new democratic leaders. As we mentioned above, competition explains policy change by the calculations of potential loss of competitiveness. Then governments implemented new policies in order to increase their chances in a competitive environment. In the case of the management reform, the gathered evidence shows that the impulse for reform came from the interest of attract investment and generate economic growth. Therefore, the objective related to this mechanism was become part of the international networks of trade.

In the Chilean case, the management reform was conducted by the Ministry of Finances. That, which is unusual in the comparative experience, reflects the salience of the competition mechanism in this particular case. One high public official recognized that: "(...) there was a global interest of those that implemented reform in a better performance of the State apparatus, in order to improve public policies which are essential for competitiveness and economic growth". In the words of other interviewee, the technological change operated during the authoritarian period serves as a context for the competition that the country confronted in the world market.

The support of the private sector was another element that emerges from the qualitative data. According to a former Minister, "the initiatives were accepted by the private sector, and validated by industrial groups, at a time when the commercial openness to foreign markets implicated that industrials and the entrepreneurial class started to get involved with the international standards". Another high public officer adds: "once the country was oriented to the

international trade and the global system, we realized that we were not well equipped at the State level, the country did not have the infrastructure to deal with these new challenges”.

Interviews show how the incorporation of the country to the global trade networks required a new competitiveness standard within the private sector. But the same apply to the public agencies and State apparatus. A former minister expressed: (...) globalization affected not only the productive sector, also the State, for instance the services that deal with the foreign trade, the Custom Service; the Agriculture and Livestock Service, the services related to the airports, ports (...) there is a direct effect of the globalization, the exports standard are globalized. Then, our services needed to be updated to the international development; process and standard procedures must be equivalent to those of the places which are the destination of our exportations”. Another former minister adds: “You cannot have an increase in the foreign trade, and continued to having the Custom Service that the country had, the Custom Services perform was bad. If you had the pension funds operating in the market system, the corresponding regulatory agency could not be the same”. In that view, the modernization of the State apparatus was necessary to “guarantee the commercial openness the country was experiencing, have a modern State, credible, with credible public policies” (high public official).

The second generation reform also was influenced by some sort of competition. As one former high public official points, “we are living in a globalized context from the 90s onwards”. In parallel, commercial agreements that Chile signed with developed countries or trading blocs introduced pressure for innovations over public management. In the case of the Public Purchasing System, as a part of the negotiation of the FTA with the NAFTA bloc, and the ulterior FTA with Mexico and Canada, included a chapter regarding public purchasing. “The exigency was that Chile had international standards”. (high public official)

Learning

Were Chilean officials and democratic leaders sensitive to management reforms implemented in other countries? Did they lack the information to anticipate cost and benefits of such innovations? Did the outcomes of foreign innovation adopted abroad affect the probability of adoption at home?

A first element that the qualitative information shows is that in the case of the first wave of reforms international experiences on management reform were used to generate consensus among political actors and stakeholders. Following that idea, we argue that leaders and public managers used pioneer experiences, sometimes regardless its success, as a strategy to support the reform and remove domestic obstacles to policy change. That form of *instrumental or show case learning* operated through seminars with international experts from New Zealand, Canada, Australia, and United Kingdom. Conferences and seminars were organized by the Ministry of Finances and/or the Ministry of the Presidency.

As a high public official noted, “The main innovation of such experience (New Zealand) was the externalization of services. Chile advanced in that path, but not following the New Zealand experience, but because a global trend and the universal practice”. Another ex-minister adds that: “(...) in the period I was in the government, some people always talked that New Zealand was the ideal model to emulate, but impossible to implement in Chile”. A former minister and senator points: “(...) We traveled to New Zealand to see what they did in the implementation of the management reform. But I think that the impact of that experience was overestimated (...) Maybe the effect of such experience was the generation of a conscience regarding the importance of advance in the management and the civil service reform. It is possible that the first antecedents of the High Public Managing were originated in the trip to New Zealand, it is possible but I am not sure”. In the same vein, an expert who also performed a high role in the Civil Service System conclude that the New Zealand experience “was not defining, it did not tipped the scale”. As one high public officer states, trips to New Zealand, seminars and conferences “were performed to convince decision makers... to take as an example developed countries. Those were demonstrative effects, to ask whether they implemented the reform. Seminars had a strategic role”.

The learning mechanism implies that diffusion operates because policy makers use foreign experiences to reduce information costs. One high public officer states that: “We did a lot of benchmarking with the cases of Spain and Germany. The design of the attention offices was all copied exactly the same to Spain. I went to Spain and I said, I like this and I want. And then, we copied the model and doing so we avoid the cost of start to think why that model had functioned in Spain”.

As we noted above, under Frei’s government the management reform was promoted by the presidential circle. Was the New Zealand experience important for the President Frei? We do not find information in the interviews that support an affirmative answer. Instead, a high presidential advisor noted that the president himself “had a preference. He was very interested in the Italian experience. He lived and worked in Milan. Then, Italy and Germany were their countries. At the same time, Asia Pacific region was important in term of the economic growth and the example that in doing so it was necessary to have qualified personnel and technology”.

There is another source of learning. As the qualitative information shows, there was a generation of technocrats and professionals that were educated abroad. They came to the State apparatus with ideas taken from their foreign experiences. A high public official confirms that “(...) bigger public institutions, such as the Ministry of Finances and the Ministry of Labor, hired people with skills and in many cases formal education abroad or people prepared in the private sector. For obvious reasons, they did have not occupied position during the military dictatorship” (they were opposed to the Pinochet’s regime). As one high public official explains: “we had had experience abroad, some of us working, others studying, that impregnated us with a wider view”.

That group arrived with new ideas about how administrate the State. Mario Marcel, mentioned before, had an important role in that group. He showed to other officials and technocrats the foreign experiences on the management reform. One of the conclusions derived from the comparative experience promoted by Marcel was one that reform needed to be incremental (high public official). As other high public official states, the “first stages of our management reform process had a lot of inspiration in Mario Marcel view”. Another member of the group formed by Marcel expressed that in the case of the management control and evaluation initiative, “we went to Australia, New Zealand, United Kingdom to learn from their systems, and it was the right decision do not follow them, because we are different. But we talked with internacional organisms and other countries in order to gain experience and learn from them (...) The idea is recognize the mistakes, incorporate learning and changes, every year we did a complete analysis of such experiences”.

On the other hand, New Zealand experience with the Civil Service and the meritocratic nomination of high public officials was promoted by an influential think tank (the Centre of Public Studies). As one high public official explained, such model was discussed but finally was not adopted. That, because it was estimated that it had several problems, for instance, the excessive autonomy that granted for the public administration from the political power. Thereby, costs of such pioneer model explained why it was discarded as a policy alternative. The Centre of Public Studies organized a trip to New Zealand to study mechanisms of performance incentives and Civil Service. According to another high public official, that experiences “was very fruitful”. The role of the Centre of Public Studies and the research agenda conducted by Salvador Valdés was recognized by an ex minister who points that: “it was pioneer in order to take foreign experiences of modernization, specially New Zealand, this stimulus was very important, I think, for further legislative development in the field”. The researcher who conducted the management and Civil Service reform adds that “what did was hire foreign experts and accumulate international evidence (...) we provided a conceptual framework for reform, adapting international reality to Chilean one, proposing a concrete agenda of change”. An actor interviewed recognized that CEPs work contributed to consensus among State officials, political actors and the entrepreneurial sector involved in the policy process. Then, we argue that non State institutions, such it was this private Think Tank, may contribute to the diffusion of foreign experiences.

In the case of other initiatives of the second wave, such as the Transparency System, foreign experiences appear to have played a more important role, no matter if they were adopted or not. That establishes a different process comparing with the strategic or instrumental learning that appear to exist in the first wave of reforms. For example, in the case of the transparency system, novel managers and officials actively used international networks for the organization and installation of the system. An advisor of the Transparency Council explains that they observed international experiences from the countries that were pioneer in such domain. In such particular case, there was a regional and international network of transparency, which contributes to the existence of an “attitude of learning regarding how this policy may be implemented” (advisor Transparency Council). A high public manager of the

High Public Managing system adds that “what we did was looking for similar experiences around the world. And through an academic and technical work, we find similar realities in Australia, New Zealand, United Kingdom, sufficient common experiences. And from there we arrive at what we have today”. The former President of the Transparency Council recognized that “we were lucky of being part of a completely new institution that was created with flexibility from the very beginning, which allows us to collect as much as possible from the comparative experience regarding the implementation of a transparency system”. Moreover, the Transparency Council created an international network whose objective is generate knowledge and learning by sharing experiences (Official Transparency Council). The accumulation of experiences, lessons and knowledge appear to have been key for the approval of the law proposal and the implementation of the transparency policy in Chile.

Emulation

Were rhetoric and discourse driven forces of the management reform and modernization? Were modernization and management reform socially valued? Which discourses or countries Chilean leaders and technocrats wanted to emulate? The gathered evidence suggests that ‘modernization’ became the official discourse within the governmental elite. In his last speech before Congress about the state of the country (May 21st, 1993) President Aylwin – expressed that “... it is necessary to dignify public function, speed up procedures, stimulate merit and initiative and set strict parameters of responsibility” (Aylwin 1993). Nevertheless, it was not until the next administration that management and modernization of the public administration gained salience. Management reform became one of the main endeavors undertaken under President Frei Ruiz-Tagle’s administration (1994-2000). A former deputy expressed that, “instead of this was a gradual process of maturation, Frei arrived with a comprehensive modernizing discourse. The discourse was centered in the modernization, but nobody knew what this meant. This is why nobody initially opposed to the idea and reform discourse”.

In parallel, there was transference of practices and conceptual elements from the private sector. According to one former vice minister: “there was a new hegemony in the academic, intellectual and political fields, a new mainstream which was global (...) obviously this change had an impact”. Although there was not an specific country peer Chilean leaders and managers wanted to emulate, there was some foreign models of reforms that became part of the official and specialized discourse between some politicians and policymakers. As qualitative evidence shows, those countries were always developed ones, such as New Zealand, Canada, Australia, United Kingdom, among others. “Obviously, we had to look developed countries, (...) and Chile was isolated, in the decade of 1990s Chile was isolated from the rest of the world” (ex-high public official)

Other view that emerges from the interviews expressed that instead of a learning process based on evidence about the results, foreign cases of modernization was used to identify best practices or emblematic ones. As one

high public official expressed, “we said, ok, let’s see which are the best practices around the world, let’s see the experiences in the rest of the world, and this was the reason why we traveled”. In the case of the transparency system, initial alternatives were borrowed from the most prominent international cases. For instance, a former President of the Transparency Council expressed that they used the recent implemented Canadian System, lacking information about the outcomes of such model. But the adaptation was due to the fact that it was a developed country and a recent experience on the field.

Were modernization and management reform socially valued? The CEP survey is the main data set available in Chile on public perceptions about the most important problems affecting people. According to it, management reform, civil service or management reform were never among the 10 most important public problems for citizens. As one ex presidential advisor expressed regarding management reform, “this was never a citizen’s claim in the whole history of our Republic”.

In sum, as the evidence gathered shows, policymakers tried to emulate practices implemented in developed countries, notwithstanding results and consequences of such innovations. At the same time, there was a discourse based on the idea of modernization, as a general approach apparently shared by the entire political spectrum.

DISCUSSION

As the table shows, learning is the most salient mechanism according to the information gathered. More than 46% of the sentences concentrate in such mechanism. The second mention is for the coercion mechanism (20,4%). Meanwhile, competition (17,2%) and emulation (16,2%) categories represent a less extended view within the interviewee. Regarding the role of the interviewed, high public official represented the dominant category in the four mechanisms. Now, we examine qualitative information corresponding to each diffusion mechanism.

The evidence provided by the interviews shows that the implementation of the management reform was partially explained by the presence of a soft coercion mechanism. Rather implementing sanctions, international organizations such as the World Bank, the Interamerican Development Bank (IADB) and in a lesser extend the International Monetary Fund (FMI), provided opportunities and facilitated the adoption of the reform providing funding, advising and capacitation to state officials.

In the case of the competition mechanism, the gathered evidence shows that the impulse for reform came from the interest of attract investment and generate economic growth. Therefore, the objective related to this mechanism was become part of the international networks of trade. In the Chilean case, the management reform was conducted by the Ministry of Finances. That, which is

unusual in the comparative experience, reflects the salience of the competition mechanism in this particular case.

In the learning category, a first element that the qualitative information shows is that in the case of the first wave of reforms international experiences on management reform were used to generate consensus among political actors and stakeholders. Following that idea, we argue that leaders and public managers used pioneer experiences, sometimes regardless its success, as a strategy to support the reform and remove domestic obstacles to policy change. Nevertheless, there is another source of learning. As the qualitative information shows, there was a generation of technocrats and professionals that were educated abroad. They came to the State apparatus with ideas taken from their foreign experiences.

In the case of other initiatives of the second wave, such as the Transparency System, foreign experiences appear to have played a more important role, no matter if they were adopted or not. That establishes a different process comparing with the strategic or instrumental learning that appear to exist in the first wave of reforms. Also, we find that non State institutions, such as Think Tanks, may contribute to the diffusion of foreign experiences.

As the evidence gathered shows, policymakers tried to emulate practices implemented in developed countries, notwithstanding results and consequences of such innovations. At the same time, there was a discourse based on the idea of modernization, as a general approach apparently shared by the entire political spectrum.

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