

# ***How Do Transnational Policy Actors Matter?***

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## **Abstract**

Transnational policy actors exert much of their influence on country policy by taking on the roles of global think tanks and policy entrepreneurs. Against a number of scholars who have focused mainly on the role of financial loans and material interests to explain policy diffusion and transnational influence, this paper argues that ideational processes constitute a key aspect of the influence of transnational actors on country-level policy development. Recognizing that ideational influence interacts with other causal factors (i.e. material, institutional and psychological), the paper first turns to the literature on ideational processes and public policy before showing how transnational actors play a central role in both the diffusion and the country-level implementation of policy ideas. Since transnational actors generally need national actors to collaborate with them, it is important to understand the nature of coalitions between transnational and national actors and to recognize that external actor impact varies not only from a country to another but from a policy area to another.

## **Introduction**

Since the 1990s, a growing number of books and journal papers have discussed the influence of transnational actors on national-level policy development (e.g. Ağartan, 2007; Bøås and McNeil, 2004; Deacon, 2007; Jacoby, 2008; Kelley 2004; Mahon, 2006; Merrien, 2001; Orenstein, 2008; Stone, 2004 Vachudova, 2005; Weyland, 2005). From the World Bank to the IMF (International Monetary Fund) and the OECD (Organisation for Economic Co-operation and Development), international organizations and other transnational actors provide policy advice as well as technical and financial support to most countries around the world.<sup>1</sup> Considering this, it is relevant to assess the impact of transnational actors on policy development, and to explore the channels through which these actors may impact policymaking in specific countries. Against observers who have focused mainly on the role of financial loans and material interests in policy diffusion and transnational influence, this paper argues that ideational processes constitute a major aspect of the influence of transnational actors on country-level policy development. Transnational policy actors exert much of their influence on country policy by taking on the role of global think tanks, idea shops, and policy entrepreneurs.

Acknowledging that ideational processes interact with other causal factors (i.e. material, institutional and psychological), the paper first turns to the growing literature on ideas and public policy before showing how transnational actors play a key role in both the diffusion and the country-level implementation of concrete policy ideas. From this perspective, international organizations and other transnational actors often act as global think tanks that help spread ideas

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<sup>1</sup> The European Union (EU) is an international organization but it has a unique status, as it is also an emerging transnational polity. Because of that, although we mention the EU in this paper, it is not at the center of our analysis.

from one country to another while reaching out to specific national actors. As argued, international organizations like the World Bank do not always impose their will through financial constraints, as they generally need to convince national actors to collaborate with them and implement such ideas. Acting as global think tanks or policy entrepreneurs is one major way in which such organizations can impact policy development at the national level.

Although the paper points to the impact of transnational actors on national-level policy change, it also stresses the need to recognize that this impact varies not only from one country to another but also from one policy area to another. Stressing the role of international organizations as global think tanks, the study of the relationship between ideas, transnational actors, and policy change must account for these variations, which are related to issues ranging from financial constraints to political institutions and the production of expertise.

## **Ideas and Policy**

Over the last decade, the social science debate regarding the nature and the causes of policy change in contemporary societies intensified (e.g. Blyth, 2002; Campbell, 2004; Clemens and Cook, 1999; Pierson, 2004; Streeck and Thelen, 2005; Thelen, 2004; Weyland 2005).<sup>2</sup> An interesting way to map the different possible theories of policy change is to draw on the recent work of Craig Parsons (2007), who distinguishes between four major types of explanation in political analysis (i.e. material, institutional, ideational, and psychological explanations). On one

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<sup>2</sup> Throughout this paper, the concept of policy change refers to a major shift in existing policy goals and instruments. Although minor modifications to policy instrument *settings* like tax levels constitute a relevant form of policy change (Hall, 1993), it is not discussed in this paper, which focuses on path-departing change involving a direct shift in policy goals and/or instruments.

hand, material and institutional explanations feature a logic-of-position that “explains by detailing the landscape around someone to show how an obstacle course of material or man-made constraints and incentives channels her to certain actions.” (Parsons, 2007: 13) The term “material” refers to structural (exogenously-given) causal factors, while the term “institutional” refers to human-made factors. On the other hand, ideational and psychological explanations are characterized by a logic-of-interpretation, which “explains by showing that someone arrives at an action only through one interpretation of what is possible and/or desirable.” (Parsons, 2007: 13) The key difference between ideational and psychological forces is that the former are historical and social constructions while the later are embedded in hard-wired mental processes. The contrast between material and ideational explanations is especially important as far as transnational actors and their potential impact on policy change are concerned. This is true in part because materialist explanations focusing on financial loans and economic interests tend to reduce policy choices to objective constraints, and to reject the claim that ideas can have an independent impact on policy development.

For Parsons (2007), the four types of explanations can all leave room for agency; yet they each point to a distinct set of factors that may impact actors’ decisions and strategies. More important, combining different types of explanation is potentially fruitful, as long as scholars clearly identify the nature of the causal factors to which they refer (Parsons, 2007).

#### Four Types of Political Explanations

	<i>General</i>	<i>Particular</i>
<i>Logic of Position</i>	1. Material	2. Institutional
<i>Logic of Interpretation</i>	3. Psychological	4. Ideational

Source: adapted from Parsons, 2007

These four types of explanation are relevant for the study of policy change. First, material explanations stress the impact of objective economic pressures on policy change.<sup>3</sup> For example, powerful economic shocks like the Great Depression are likely to shake existing policy legacies and create an opportunity for actors seeking to bring about path departing change (Pierson, 2000). Second, there is strong evidence that political institutions and existing policies can strongly constrain or facilitate national-level policy change by transforming specific political actors into genuine “veto players” capable of shaping outcomes (Tsebelis, 2002). For instance, under most circumstances, in countries like Switzerland and the United States, power fragmentation through institutions such as federalism, referendums, and “checks and balances” make it harder for political actors to coordinate their actions and bring about comprehensive policy change (Bonoli, 2000). This situation can force actors to seek change through indirect and rather subtle means (Hacker, 2004). Third, psychological explanations can shed light on policy change in several ways (Parsons, 2007). For example, recurrent cognitive biases can affect the diffusion of policy alternatives over time and space. From this angle, cognitive psychology and the concept of bounded rationality can directly contribute to our understanding of policy change (Weyland, 2005). Finally, and more importantly for this paper, ideational analysis can help explain policy change (Blyth, 2002; Campbell, 2004; Hall, 1993). This is true partly because, when heightened economic and political uncertainty weakens existing institutional legacies, actors frequently turn to new ideas in order to reduce uncertainty and imagine new, viable institutions and policy alternatives (Blyth, 2002).

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<sup>3</sup> In his book, Parsons (2007) uses the term “structural” to refer to material factors. For the sake of clarity, when referring to these factors, we decided to use the term “material.”

This discussion about ideas and uncertainty stems from the broader debate concerning the role of ideational processes in politics and policy (e.g. Béland and Cox, forthcoming; Berman 1998; Bleich, 2002; Blyth 2002; Campbell 2004; Chwieroth, 2007; Dobbin 1994; Genieys and Smyrl, 2008; Goldstein and Keohane, 1993; Hansen and King 2001; Lieberman, 2002; Mintrom 1997; Mehta, forthcoming; Moreno and Palier, 2005; Orloff and Palier, forthcoming; Palier and Surel, 2005; Parsons, 2007; Orenstein, 2008; Padamsee, forthcoming; Schmidt and Radaelli, 2004; Somers and Block, 2005; Steensland, 2006; Stone, 1997; Stryker and Wald, forthcoming; Surel, 2000; Taylor-Gooby, 2005; True and Mintrom 2001; Walsh, 2000; Weir, 1992; White, 2002; Yee, 1996). For example, a number of scholars have demonstrated that ideational processes participate in the construction of the economic, environmental, and security problems most public policies are designed to address (e.g. Kingdon, 1995; Rochefort and Cobb, 1994; Stone, 1997). From this perspective, ideas help to create the understandings that underpin political action and the rational and purposes of organizations and policies. Under most circumstances, political actors and the general public become aware of socially constructed problems mainly through changing—and socially constructed—statistical indicators and “focusing events” (Kingdon, 1995). Ideas give specific meaning to these dramatic events, which can often be, and often are, understood in several different ways or narratives. As journalists and public relations hacks remind us, there are events and then there is the “spin” on events. Ideas help to create this “spin” and to locate it in broader, coherent narratives.

These remarks point to the fact that ideational processes can take the form of strategic framing activities (e.g. Blyth, 2001; Campbell, 1998; Schön and Rein, 1994). Drawing on existing cultural and symbolic resources, strategic frames “appear typically in the public pronouncements of policy makers and their aides, such as sound bites, campaign speeches, press

releases, and other very public statements designed to muster public support for policy proposals.” (Campbell, 1998: 394) Strategic frames may also take the form of a public discourse that political actors use to convince the public that policy change is unavoidable (Schmidt, 2002). This is what Robert H. Cox (2001) refers to as “the social construction of the need to reform.”

As far as the role of transnational actors is concerned, especially crucial are the ideas that can provide country-level policy actors with goals, norms, and blueprints grounded in a set of assumptions about how to solve the problems of the day through the use of specific policy instruments (Blyth, 2002). They provide guidance on institutional creation and reform and generally served to reduce uncertainty in times of perceived crisis. By doing so, ideas help actors define their interests, which are defined not only by material conditions and the logic of position, but through interpretations of these conditions (Blyth, 2002; Hay, 2006; Jenson, 1989; King, 1973; Parsons, 2007; Steensland, 2006; Schön and Rein, 1994; Stone, 1997; Weir, 1992). Policy ideas, narratives, and assumptions may arise from a relatively coherent paradigm (Hall, 1993). Policy actors are potentially more successful when their ideas are grounded in a broader paradigm that provides a coherent outline for policy across a wide range of areas. This adds to the legitimacy and perceived effectiveness of the policies proposed.<sup>4</sup>

As suggested below, ideational processes often interact with the three other types of explanatory factors discussed by Parsons (2007).<sup>5</sup> For instance, concerning material factors, financial constraints and economic inequalities can intersect with policy ideas and influence the actors who seek to promote them. As for political institutions, they can filter the diffusion of

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<sup>4</sup> Yet, “Ideational coherence” should not be exaggerated, as policymakers seldom embrace a purely coherent set of ideas (Wincott, forthcoming).

<sup>5</sup> For a discussion of similar arguments see Padamsee, forthcoming; Walsh, 2000.

policy ideas (Brooks, 2005) and shape the role of national veto players (Tsebelis, 2002). A closer look at the role and the behavior of transnational actors helps clarify the relationship between ideas and other types of causal factors and explain how such actors can impact national policy outcomes despite their absence of formal veto power. As suggested, in order to increase their national-level influence, international organizations can act as global think tanks.

### **Transnational Actors**

Studies of the role of ideas have often focused on policy in a national context. But transnational actors have become the most influential exponents of policy ideas in country after country (Finnemore, 1993; Hall, 2008; Jacoby, 2008; Johnson, 2008; Kelley, 2004; Orenstein, 2008; Vachudova, 2005). Transnational policy actors have become, in effect, global think tanks and policy entrepreneurs, influencing debate about policy around the world. Studies have emphasized their role in setting monetary policy (Hall, 2008), economic policy (Orenstein, 2008), and science policy (Finnemore, 1993), often through a combination of ideational and material influence (Kelley, 2004). Transnational policy actors are defined broadly here as individual or collective actors that seek to influence policy in multiple countries through the advocacy of specific, well-elaborated policy proposals. They may include international organizations, transnational activist networks, epistemic communities, individual policy entrepreneurs, and the like.

Transnational policy actors have many tools for influencing government policy globally or across a defined set of countries. However, their behavior is in large part defined by the institutional tool that they do not have: direct veto power over government policy. In George Tsebelis' (2002) famous institutionalist approach to the study of public policy, he places a key

emphasis on veto players: those actors who have a formal veto over policy through either constitutional means or by virtue of being part of a coalition government whose votes are necessary to achieve a majority. Tsebelis' veto players theory leaves little room for the role that transnational actors, NGOs, policy entrepreneurs, or other agenda-setting actors play in policy processes worldwide.<sup>6</sup>

In one respect, the veto players approach is right. From an institutionalist perspective, transnational actors lack direct control because they are outsiders. Faced with this fundamental lack of veto power, how do transnational actors affect policy? Or do they? Transnational actors have often been viewed as lacking real influence on policy exactly because of their lack of formal veto powers. However, close analysis of the behavior of transnational actors shows that they develop a wide range of activities that are intended to overcome this lack of formal power. Many of these activities are ideational in character.

In particular, transnational actors play the role of "proposal actors" rather than veto players. Rather than exercising a veto, they attempt to influence the ideas and strategies of national veto players in multiple countries. By educating, socializing, or otherwise influencing the ideas and preferences of key veto players, they affect public policy worldwide. This is why we must emphasize their ideational influence and why we need to formulate a coherent ideational perspective on the relationship between transnational actors and public policy making at the national level. For example, whereas veto players often exercise their influence at a single stage of the policy process, where they have an effective veto, transnational proposal actors often

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<sup>6</sup> Another problem with this approach is that it can easily become overly deterministic and even mechanistic.

need to be present throughout a wide range of policy stages, which justifies the need for a coherent and multifaceted ideational perspective on transnational influence.

Frequently acting as global think tanks, proposal actors require material as well as ideational resources to get their ideas across. The following sections discuss the various ways that transnational actors use ideational and resource leveraging strategies to spread problem definitions and policy solutions.

### *Ideational Influence and Global Think Tanks*

At this point, we must spell out the similarities between transnational actors and think tanks. In a number of countries, think tanks play a central role in the diffusion of policy ideas, notably through their media outreach, their publications, their regular contact with policymakers, and the organization of seminars and conferences (e.g. Abelson, 2002; McGann and Weaver, 2000; Stone and Denham, 2004). Although these organizations are research institutes, their role is distinct from the one of research centers located on university campuses, for example.<sup>7</sup> More important for the present paper, think tanks do not act as veto players in national political systems, and their main source of influence is ideational. As shown below, transnational actors have a lot in common with national think tanks. Although most international organizations play other roles as well, they frequently play the role of think tanks in policy change worldwide.

Just like think tanks, lacking direct veto power over policy, transnational actors tend to emphasize ideational influence, which we argue is a key feature of their policy influence. In almost every sphere of governmental behavior, there is a field of transnational actors that

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<sup>7</sup> A country where think tanks have become particularly influential is the United States (Rich, 2004).

operates to set and diffuse ideas and norms. In health, there is the World Health Organization, the Gates Foundation, Medicins sans Frontieres and the like. In pensions, there is the World Bank, OECD, and the ILO. Sometimes transnational actors adopt ideational strategies because of their charter or mandate. States may delegate transnational actors to create and disseminate ideas and norms in particular areas of policy. For instance, the World Health Organization is tasked with developing public health norms worldwide and has a high degree of trust among governments worldwide. In other cases, transnational actors take these roles upon themselves, for instance in an NGO campaign against landmines or for preservation of animal habitats. Just like national think tanks, such international organizations gain legitimacy as policy actors by gathering extraordinary expertise in particular areas of policy or by pursuing goals that are widely thought to be legitimate, but are unserved or underserved by other organizations. By virtue of their official roles, expertise, or self-defined missions, transnational actors are perceived as having a legitimate mission to promote public welfare in certain areas of policy.

Ideational influence can be exercised by transnational actors in a wide variety of ways. One of the most fundamental is norms creation. Norms creation activities are those that are undertaken with the purpose of creating policy ideas, templates, or justifications for a set of policy changes. Large international conferences such as the Earth Summit in Rio de Janeiro are opportunities for creating norms which governments are advised to follow. Major publications often have the same purpose of formulating a policy response. One common aspect of norms creation is the use of analytic resources to identify problems and crises that demand a policy response. From this perspective, norms creation is about the construction and diffusion of policy solutions. In such a context, crises are important ideational tools, because they help construct the “need to reform” and point policy in certain directions, to respond to a particular problem

definition. Only a small proportion of transnational actors have sufficient ideas-generating and research capacity to set agendas for the government worldwide. Yet those that do play a very important role in policy development, akin to the role played by national think tanks, with which they sometimes cooperate.

Ideational *diffusion* is a further step in the process of ideational influence. The process of diffusing policy ideas is quite distinct from framing a meaningful reform agenda. Whereas only a few transnational actors have the capacity to act as global think-tanks, most transnational actors are involved in selling policy ideas to governments and like-minded groups and individuals worldwide. Ideational diffusion has many different facets and techniques, which have been described by scholars like Martha Finnemore (1993) and Jeffrey Checkel (2005). Conferences, seminars, and events can provide an opportunity to draw new people into a discussion and publicize ideas about policy problems and their potential solutions. Media outreach and advertising provide other opportunities, such as the Red Campaign aimed at fighting AIDS in Africa. Long-term socialization of government officials through meetings, memberships, and communities of knowledge can also provide a means of spreading policy ideas and norms across national boundaries. But this spreading of norms is not necessarily about pure imitation, in the sense that country-level actors can take an active part in adapting such ideas and norms to their national context. For instance, as John Campbell (2004) argues, the transnational diffusion of norms may involve *translation* processes, which refer to the adaptation of widely diffused ideas such as the neoliberal belief on the virtues of market regulation to concrete national institutions and symbolic repertoires. In other words, transnational ideational diffusion can be about the active participation of national actors not only as veto players but as *translators* of broadly diffused norms and ideas. Studies of the role of ideas should not stop with the fact of diffusion

alone, but must also investigate the domestic context by which transnational ideas are translated into domestic policy.

In moving from the rather abstract level of norms diffusion to the domestic context of policy translation and implementation, scholars have studied a number of mechanisms. One is “passive leverage.” Once a country or country has adopted and translated a policy advocated by transnational actors, transnational actors often use that experience as an additional lever for publicity of their normative message. This use of “foreign models” is another similarity between international organizations and national think tanks, which can draw on these models to stress the “need to reform” at home (Béland and Waddan, 2000). As far as transnational actors are concerned, passive leverage refers to the influence exerted on other parties by simply observing the existence of a policy change in a neighboring, peer, or model country. Neighboring or peer countries may be influenced by observing the perceived results of a policy change without further direct action by a transnational actor. This explains why transnational actors often play up particular countries as “models.” Having a policy innovation in existence somewhere else produces information that transnational actors also may employ as part of a campaign to induce other countries to adopt the same policy innovation. Passive leverage has been employed extensively by the European Union in influencing potential new member states. Simply by behaving as they are, the European Union has been shown to exert considerable influence on aspirant members, who mimic European Union policies in different areas, hoping thereby to be considered for membership (Vachudova, 2004).<sup>8</sup>

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<sup>8</sup> The nature of the European Union is much debated. While recognizing that the organization may be portrayed as “inter-governmental” rather than “supranational,” we argue that institutions of the European Union, notably the ECJ and the Commission, act as transnational proposal

In diffusing their ideas and pursuing policy change in different nation states, transnational actors often cooperate with one another in transnational policy campaigns (Orenstein, 2008). These campaigns are meant to define policy problems and influence policy development in multiple states. They also typically compete with other transnational organizations that offer alternative perspectives or policy campaigns. Campaign coalitions can magnify the influence of transnational actors by creating a division of labor. One part of a transnational advocacy network may focus on policy research and development, while another specializes in policy implementation, for instance. One organization may have a special ability or mandate to work with governments, while another conducts public relations campaigns featuring extensive strategic framing. Transnational actors also compete for influence, advocating divergent policy ideas. Often, opposing networks compete for influence in a given policy sphere. As far as the role of ideas is concerned and even beyond, it is important to analyze both the cooperation and competition of transnational actors within a sphere of governance.

### *Resource Leveraging*

Beyond their think-tank like role in the creation and dissemination of norms, ideas, metrics, and information, transnational policy actors often use material and institutional resources to directly influence policy change at the national level. Often, this leverage is used in service of spreading adherence to policy ideas that an organization hopes to diffuse. The use of resource leveraging by transnational actors to induce change has been a controversial topic in actors. Additionally, for new member states of the European Union during the accession process, the organization has clearly been more “supranational,” as these states have had little control over its decisions.

political economy. Some have argued that transnational actors exercise a near-veto power by their control over membership or financial conditionalities. For instance, the European Union requires new member states to adhere to certain norms and because of power asymmetries, these requirements take on the character of an effective veto. Vachudova (2004) calls this “active” leverage. Others have argued that financial conditionalities have rarely been successfully applied (Woods 2006). Governments tend to comply with conditionalities when they want to and ignore them when they do not. Therefore, policy change boils down to what domestic veto players want. From an ideational perspective, this means that convincing these veto players that it is in their interest to implement the policy ideas advocated by transnational actors is a major way for these actors to impact policy development at the national level. Consequently, the interaction between transnational actors and national veto players is partly about the ideational and political construction of interests. Still, it seems clear that, alongside and even in combination with ideational influence, control over resources of various kinds enables transnational actors to further their agendas, whether or not they seek to exercise a quasi-veto through application of conditionalities or normative influence.

For instance, exercising ideational influence requires resources. All organizational activities cost time and money. Creating a publication series, disseminating reports, organizing conferences, media campaigns, and the like all require considerable resources, particularly when the organizational ambition is to exercise influence on policy change in multiple countries. Resources enable ideas-creation, ideas-dissemination, and resource leveraging activities and often these tools cannot be easily disentangled. For instance, the organization of a prestigious conference to disseminate specific policy ideas may also play a role in providing incentives to individual policy-makers to adopt or speak favorably about a particular reform.

One can imagine transnational actors arrayed across a continuum. On one end are actors that rely almost solely on ideational influence; they have lots of ability to generate policy ideas, but few resources. On the other end are actors that rely almost solely on resources; they have the funds to influence policy in multiple countries, but lack the ideas-generating capacity of a think tank and are forced to borrow ideas from other organizations. An NGO campaign for instance, might occupy the ideational end of the continuum, and a wealthy foundation or multilateral organization with an unclear or contested mission might occupy the other. We argue that the most powerful organization would fall somewhere near the middle of the continuum, with an ideational influence proportional to its resource base. Ideational influence and material resources are thus closely linked and interdependent.

Wade Jacoby (2008) develops a useful typology of transnational actor mechanisms of influence that combines ideas and norms teaching and resource leveraging perspectives, focusing on four modes of external influence (see also Tarrow, 2005). This typology does not intend to decide the rather fruitless discussion in the ideas literature of whether ideas or resources are more important for influencing policy, but rather explores different ways that both ideas and resources may be combined by transnational actors in the pursuit of policy influence. The first mode of transnational actor influence is “inspiration,” whereby external actors influence state bodies largely through the development and promotion of ideas. The second mode is “subsidy,” whereby external actors offer support conditional on the enactment of reform. The third mode is “partnership,” whereby external actors support the political fortunes of domestic allies. The fourth mode is “substitution,” whereby external actors seek to enforce their preferred solution without cooperation from domestic actors. Jacoby’s (2008) typology analytically distinguishes between norms teaching and resource leveraging roles but also acknowledges that the two

functions are often combined in practice. This does not mean that ideas are a simple superstructure for the material power of transnational actors but that having money and other resources can help such actors diffuse their ideas more effectively. To return to Craig Parsons' (2007) model, material and ideational factors can combine to help produce policy change.

### *National Institutions and Domestic Partners*

Because transnational actors typically do not have the institutional power to enact reform, they must involve themselves in domestic politics. As argued here, the key to transnational actor influence in areas like pension privatization is largely ideational: to influence the information, interests, values, and policy preferences of domestic veto players in order to achieve policy change. While domestic policy actors hold formal, institutional veto power, transnational actors can provide the legitimate, well-elaborated policy ideas and proposals that domestic actors often lack, along with the material and symbolic resources to win domestic support for change.

How do transnational actors involve themselves in domestic politics? Involvement may be divided into two general categories: indirect and direct influence. Indirect influence may consist of norms-creation and ideational diffusion activities that are not necessarily geared at a particular country, but have the effect of influencing policy-makers in a given country. For instance, in the case of the World Bank's effort to spread pension privatization worldwide, they held numerous educational seminars that spread pension privatization ideas and served to recruit domestic policy-makers to the cause in countries like Kazakhstan, where the World Bank would not necessarily have chosen to promote this reform (Orenstein, 2008). Passive leverage, discussed above, is a form of indirect influence, where transnational actors use "model" countries to promote reform ideas.

Direct influence also takes multiple forms. Transnational actors first take various steps to identify and recruit suitable domestic partners in the countries they seek to influence. They may develop contacts from transnational networks or establish a presence, whether temporary or permanent, in a country in order to identify partners. Sometimes, as Jacoby (2008) points out, transnational actors coalesce with “minority traditions” in a country, groups that constitute an issue minority on a given policy, but by sponsoring and supporting them, hope to turn this minority view into a majority one.

Transnational actors bring important resources to bear in their relations with domestic partners. First, transnational actors often bring prestige in domestic policy environments. In many domestic circumstances, especially in developing countries, transnational actors are perceived as having the legitimacy, expertise, and resources to make better evaluations of policy than domestic actors, including local think tanks, if they exist. Their word is given greater weight therefore in expert discourse. Second, they bring persuasive power. Because of their perceived legitimacy, domestic actors may change or alter their preferences based on the views of transnational actors. They may be more amenable to information coming from an external source than an internal one, for instance. Third, they bring important ideational and material resources, such as research reports, publications, policy models, personnel, and funding that can advance the activities of domestic partners. These resources materially help domestic partners and provide a justification for giving transnational actors entrée into domestic policy networks that they have created or mobilized.

## **The Scope and Limits of Transnational Influence: Analytical Challenges**

At the same time, transnational actors remain limited by their inability to veto policy decisions at the national level. Formal decision powers in nearly every country rest with domestic veto players.<sup>9</sup> Transnational actors exert influence, but often through more subtle channels. Rarely are they able to directly draft legislation or pass it without amendment (though it is not uncommon for transnational actors to propose domestic legislation). Thus, transnational influence generally is not uniform between countries. Countries may simultaneously adopt particular reforms, as in the case of Keynesian economic policies (Hall, 1993), neoliberal economic policies (Campbell and Pedersen, 2001), pension reform (Orenstein, 2008), or other areas. However, these reforms can vary greatly from one country to another. For some scholars, this variation suggests that the influence of transnational actors is minimal. A transnationally-advocated reform becomes domesticated or “interpreted” or “translated” (Campbell, 2004) into a domestic context and its features end up being more domestic than transnational. For other scholars, the implementation of similar reforms in many places at around the same time provides evidence of the influence of transnational actors.

Both perspectives are right as far as they go. Transnational influence has its limits. Transnational actors are representatives of a loose form of global governance (Rosenau 1992, Reinicke 1998). Even if the world system were a more tightly integrated empire, national variation would still persist as it does in most multi-national empires. Nation-states and other

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<sup>9</sup> There are countries that are largely governed by transnational actors as effective “mandates,” such as Bosnia or Kosovo. Transnational actors also govern certain policy areas within countries, such as humanitarian assistance in Darfur or agricultural policy in EU states.

states remain fundamental players in governance and their influences cannot be ignored. However, transnational influences also cannot be downplayed.

Instead of this glass-half-full, glass-half-empty debate about the relative influence of domestic and international factors, political analysis needs to concern itself with creating models of the political process that include both transnational and domestic variables. International relations and comparative politics are merging and the field currently lacks accepted models of the policy process in which national boundaries are permeated by transnational actors of different types. This is the theoretical project that needs to be addressed over the coming years.

Political science and political sociology have plenty of tools for understanding why transnational actors may have difficulty influencing a domestic policy process. Historical institutionalist scholars have analyzed the ways that domestic political institutions and interest groups interact to perpetuate existing policies (Pierson, 1994) and maintain distinctive national “varieties of capitalism” (Hall and Soskice, 2001). Most state-centered theoretical policy models do not take into account external actors. Many, like the veto players model (Tsebelis, 2002) exclude consideration of any actors without a formal veto power over policy. Therefore, we know a lot about why countries adopt policies that do not conform to transnational actor norms and ideas.

We know less about how transnational and domestic actors in fact coordinate and coalesce to affect domestic policy. One promising avenue of analysis is in current work on decision-making heuristics. Borrowing extensively from cognitive psychology, this perspective explicitly brings in the psychological type of explanation discussed above (Parsons, 2007). Kurt Weyland (2005), for example, argues that policy-makers rarely use rational search procedures when considering what policy to adopt. Instead, they are strongly affected by available ideas in a

given policy domain and by the psychological “anchoring” of their perceptions in the observation of practices in neighboring countries. Transnational actors may be involved in developing policy ideas in order to provide conceptual “anchors” to policy makers when they face a crisis and need some new ideas. Weyland (2005) demonstrates how this sort of domestic/transnational policy process plays out in several areas of policy in Latin America.

While scholars have begun to develop models of the policy process that transcend the domestic/international boundary, it remains challenging to assess transnational versus domestic influence on policy. The power of transnational proposal actors in developing policy ideas, for instance, can be hard to capture in either quantitative or qualitative analysis, though this influence, if truly original, is fundamental. If a policy idea were not invented in the first place, it would not be implemented anywhere. However, it is often difficult to disprove the counterfactual that if the idea had not been invented in one place and time, it would have been invented at another in order to facilitate a structural need.

Likewise, scholars have had difficulty even coding certain policy actors as “transnational” or “domestic.” Some studies that have found a low influence for transnational actors have simply coded them as local, when they may be more appropriately seen as transnational. For instance, in Weyland’s (2005) study of pension reform, he regards Chilean policy advisers who worked elsewhere in Latin America as not part of an international financial institution, and therefore local rather than transnational. However, these same individuals may also be regarded as transnational policy entrepreneurs, linked into a loose coalition or network with transnational actors that often sponsor their activities.

A second key problem in analyzing transnational influence is the difficulty in defining what transnational actors are trying to achieve. Studies of the influence of transnational actors

often begin from stylized assumptions about what transnational actors want. Such assumptions are usually made in the spirit of theoretical and empirical parsimony, but they are often inaccurate. Ascertaining the goals of transnational actors often requires careful attention to the complex internal decision making of actors with diverse centers of power and multiple stakeholders. This remark is crucial, and it once again point to the fact that it is essential to pay close attention to the ideational dimension of transnational actors. In other words: instead of assuming that we know what the overall goals of particular transnational actors are, we must try to explore their concrete orientations and their internal ideological tensions, which are likely to exist within large international organizations like the World Bank.

While methods of understanding domestic policy processes are well-developed in political analysis, methods of modeling and measuring the role of transnational actors are still starting to be developed. As comparative politics pays more attention to transnational influences on policy, the fields of comparative politics and international relations will be increasingly interwoven. The domain of domestic politics will become less and less a distinct field of study and there will be more demand for models of the policy process that do not exclude external actors. Future theorists will work with more agreed methods for defining, observing, and interpreting the roles of transnational actors. Arguing that transnational actors and the ideas they help diffuse matter does not mean downplaying domestic politics. It is not a zero-sum game. The issue is to develop models of policy that include both sets of influences.

A third major problem in analyzing transnational influence is the obvious diversity of transnational actors, policy areas, regions of the world, and even countries located within the same region that makes empirical generalizations about this type of influence difficult at best. First, transnational actors vary greatly in size and capacity, and it is important to stress their

heterogeneity and to explore differences between them before even starting to think about assessing their concrete policy influence. Second, public policy is a broad concept that subsumes many different areas of state intervention. When assessing the influence of specific transnational actors, it is essential to draw a line between policy areas. For example, the World Bank could play a major role in pension reform but its impact on health care reform could be more limited, at least in some regions of the world. These variations from one policy area to another exist in part because some transnational actors decide to specialize on some areas rather than on others but this may not be the only factor behind these variations in influence. Third, studying the role of transnational actors in wealthier regions of the world like North America and Western Europe is a different task than assessing their influence in poorer regions like sub-Saharan Africa or even Eastern Europe and Latin America. For instance, it is clear that organizations like the World Bank have far more financial leverage in poor regions of the world than in Western Europe. Yet, this remark should not hide the fact that, in order to secure the enactment and the implementation of the policy ideas they promote, transnational actors need the support of national veto players in all countries, regardless of their region and economic status.

From this angle, collaboration between transnational and national actors is necessary everywhere but it is clear that the position of a country in the global economic system can impact such a collaboration. Beyond economic and financial issues, poorer, smaller countries typically do not have the same expertise capacities as larger, more prosperous nations, which could make them more dependent on the expertise and the policy ideas provided by transnational actors. Finally, even within the same region of the world, variations between countries, can affect the relationship between national and transnational actors. As far as expertise is concerned, countries are divided into different “knowledge regimes” (Campbell and Pedersen, forthcoming) that shape

the capacity of each state to produce policy knowledge. For example, some countries may have prestigious and respected domestic think tanks and research institutes that can make outside ideational influence seem less relevant in the first place. At a more general level, institutional variations from one country to another explain account for the different ways in which veto players develop over time and how they can interact with transnational actors. Taking into account these variations is important to grasp the specific nature of policy development in each country. These remarks are consistent with the claim formulated above that institutions affect the politics of ideas, which is true both concerning national and transnational actors.

## **Conclusion**

The starting point of this paper is that, as far as national-level policymaking is concerned, the economic leverage of transnational organizations like the World Bank is only one source of influence among other for these actors. While recognizing the potential impact of loans and other financial tools, the paper has shown how transnational actors play a major role in the diffusion and the implementation of policy ideas in specific countries. Ideational processes are one of the most central aspects of such a potential transnational influence. As argued, at the national level, transnational actors have much in common with think tanks, in the sense that they are not veto players in political arena, and that they must persuade national actors to collaborate with them in order to implement the policy ideas they share. From this perspective, alongside ideas and economic factors like financial loans, national institutions are important as they impact the impact the behavior and strategies of both national and transnational actors. Finally, as the work of Weyland (2005) suggests, psychological factors can impact policy development and the transnational diffusion of policy ideas and proposals. These remarks point to the possible

interaction between the four types of causal factors that Craig Parsons (2007) has so convincingly written about. In future research about the involvement of transnational actors on national policy development, studying the potential interaction of these four factors as they impact the behavior of both national and transnational actors is essential. Of course, as Parsons himself (2007) has argued, under some circumstances, only one of the four types of factors may suffice to account for a specific policy episode. Yet, regarding the role of transnational actors, starting from the perspective that different factors can interact to affect policy outcomes is probably the most likely scenario. In this paper, we have especially stressed the role of ideational processes, and their interactions with institutional factors that tend to influence the behavior of both national and transnational policy actors.

Implicitly pointing to the similarities between international organizations and think tanks, this remark does not mean that we disregard other factors, especially material and economic forces. In fact, at the national level, money is a major source of power for think tanks (Rich, 2004), which means that ideas and money can work together to impact policy. This is also true as far as transnational actors are concerned. As for psychological factors, we need to carefully distinguish them from ideational processes before exploring the way their can shape policy diffusion and the role of transnational actors alongside other types of factors. At a more general level, this paper points to the need to explore the close relationship and interaction between transnational and national actors. As argued, alongside the three other types of factors, ideational processes are a major aspect of this puzzle, which should remain at the center of the research agenda on policy development for the years and decades to come.

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