Title:
The Contingent Diffusion of Parliamentary Oversight Institutions in the European Union

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ABSTRACT

What explains the variation in institutional adaptation of national parliaments to European integration? Whereas the existing literature has mainly focused on domestic conditions, we explain institutional adaptation to integration by focusing on inter-parliamentary diffusion. Our argument draws on “learning” mechanisms of diffusion on the demand side and on “emulation” mechanisms on the supply side. We relate parliamentary demand for external inspiration to uncertainty about functional oversight institutions, and the selection of sources to perceptions of similarity and success. Demand arises in new European Union member parliaments and young democracies that then turn towards culturally alike countries and old democracies. Using spatial econometrics, we demonstrate support for our argument while ruling out alternative diffusion mechanisms such as spatial proximity and learning from Scandinavian frontrunners once we control for links along cultural similarity and democratic experience. The results underline the limits of the ‘isolated polity’ approach in the comparative study of institutions in Europe’s closely integrated political system, while also showing that, even in this favorable environment, diffusion pathways are contingent on the mechanisms generating demand among policy-maker and shaping their selection of sources for external information.

INTRODUCTION

As a result of European integration, the formal competences of the member states’ main representative institutions have come under pressure (Føllesdal and Hix 2006). In response many parliaments have created different “oversight institutions” such as information rights and European Affairs Committees that help all parliamentarians to monitor the government’s conduct in European Union (EU) arenas (Raunio 2005; Bergman 2000; Winzen 2012; Karlas 2012). This study explains variation in institutional adaptation of national parliaments to European integration. Existing research mainly attributes the differences in the strength of oversight institutions to domestic variables such as pre-existing institutions and Euroscepticism
(e.g. Dimitrakopoulos 2001; Raunio 2005). Treating the EU as a polity of 28 isolated national polities, the literature, thus, follows the ‘workhorse approach’ in comparative politics and political economy (Simmons et al. 2006: 782). Rather than focusing on domestic characteristics, this study highlights diffusion between parliaments as an alternative and important factor in explaining national differences.

Questioning the validity of the predominantly comparative approach in a political system that is as closely integrated as the EU, we follow Crum and Fossum (2009) who argue that parliamentarians of different member states share a common institutional identity and common individual and institutional challenges. Following recent contributions and many insightful country case studies, we contend that parliaments influence each other in their choices of what oversight institutions to implement in order to adapt to EU policy-making (e.g., Maurer and Wessels 2001; O'Brennan and Raunio 2007: 274; Jungar 2010; Karlas 2011: 259; Raunio 2011; Buzogány 2013). Yet, while existing studies so far suggest that diffusion happens, and show that parliaments make use of numerous formal and informal channels to exchange information on institutional reform, we propose to go one step further by offering systematic expectations and evidence on the diffusion processes among EU member state parliaments.

Our argument builds on the premise that inter-parliamentary diffusion is contingent upon the existence of demand in some parliaments and the suitability of others as sources of inspiration (cf. Dobbin et al. 2007; Gilardi 2010). Our argument draws on “learning” mechanisms of diffusion on the demand side and on “emulation” mechanisms on the supply side. We relate demand for external information to uncertainty, and the choice of sources to perceptions of similarity and success of other countries (cf. Dobbin et al. 2007; Gilardi 2010). Demand arises in particular in young parliamentary democracies or new EU members. Young democracies lack experiences with legislative organization that could inform their EU-related reforms. New EU members lack information on how EU policy-making will affect parliamentary work. When choosing their sources parliaments rely on perceptions of similarity and success. They turn towards culturally alike countries, and old democracies that are likely to have adapted successfully to integration.
In our empirical analysis, we rely on spatial econometrics used in the general diffusion literature. Increasingly, scholars go beyond Tobler’s (1970: 236) first law of geography that holds that “everything is related to everything else, but near things are more related than distant things”. Studies following this reasoning risk confusing distinct theoretical mechanisms, or do not find evidence for geographic diffusion and prematurely conclude that diffusion is irrelevant (Neumayer and Plümper 2013). Subscribing to the maxim that “space is more than geography” (Beck et al. 2006: 27), we first derive connectivity matrices that closely match our theoretical arguments. Second, we analyze each mechanism separately and find strong evidence for diffusion. Third, we explore the multi-dimensionality of spatial diffusion by comparing various diffusion pathways against one another using a multiparametric spatiotemporal autoregressive or “m-STAR” model (Hays, Franzese and Kachi 2009). Finally, we pit bi-directional diffusion versus uni-directional diffusion, and find that the latter is more appropriate in our context (Neumayer and Plümper 2015: 2).

Even after controlling for common exposure of EU states to integration and endogenous self-selection into networks of similarity, we find that considering diffusion mechanisms notably adds to our understanding of the adoption of oversight institutions in national parliaments. Young democracies and specifically new member states are most likely to be influenced by culturally similar states. In contrast, neither geographic proximity nor the orientation towards Scandinavian frontrunners explains the variation in oversight institutions once we control for alternative diffusion pathways. Finally, our results indicate that parliamentarians do not select into networks of states with similar strengths or weaknesses in oversight institutions. With respect to existing studies of EU parliaments, our findings on cross-national diffusion complement rather than replace domestic explanations of the variation in oversight institutions.

BEYOND NATIONAL BOUNDARIES IN THE STUDY OF PARLIAMENTS

By now, a large number of studies exists on variation in national parliaments’ institutional adaptation to European integration (for reviews, see Raunio 2009; Goetz and Meyer-Sahling
We follow the focus of this literature on the adaptation efforts by “parliaments” or “parliamentarians” as party contestation over the institutional design of the EU within the member states has so far been limited. The centrist government and opposition parties instead largely agree ideologically on their preferred constitutional organization of the EU polity (Jachtenfuchs et al. 1998). In particular, the question of whether national parliaments should have strong rights in EU affairs usually causes disagreements between different countries much more than within countries (Wessels 2005; Winzen et al. 2015). In the absence of strong party contestation, there is space for parliamentary EU affairs specialists to decide collectively on the right reforms for their institution, given domestic conditions and, as we argue, the experience of other member states.

What is more problematic, however, is the existing literature’s main focus on domestic explanations of cross-national variation in parliamentary adaptation. Along institutional lines, scholars highlight that pre-existing parliamentary rights and capacities in domestic policy-making shape parliamentarians’ responses to integration (Dimitrakopoulos 2001; Benz 2004; Raunio 2005; Karlas 2012). Along political lines, they emphasize the importance of widespread Euroscepticism in domestic politics (e.g. Bergman 2000; Raunio 2005). For instance, Bergman (2000:420) argues: “if a sizeable part of the electorate is against the EU as such, politicians will see the EU opposition as important. They will take it into account ... when they take measures to increase the legitimacy of the European Union.”

We by no means deny that many scholars are aware of the possibility that institutional choices in different member state parliaments are interdependent. We agree with the widespread perception in the literature that parliamentarians have actively exchanged insights on oversight institutions, which “has facilitated the sharing of ‘best practices’” (Raunio 2009: 319). A number of recent contributions as well as the country case studies in widely-cited edited volumes inform our view. This literature also provides valuable examples of transnational influences on parliamentary reforms on which we draw below (e.g., Maurer and Wessels 2001; O’Brennan and Raunio 2007: 274; Jungar 2010; Karlas 2011: 259; Raunio 2011; Buzogány 2013).
We nevertheless contend that the literature has not sufficiently investigated the transnational dimension of parliamentary adaptation to integration. The literature has not yet taken full account of what Crum and Fossum (2009) call the EU’s “parliamentary field”. The parliaments of the member states do not only share a common challenge but also a common institutional identity and mutual awareness. In practical terms, as Buzogány (2013) documents, member parliaments exchange information through numerous channels such as the biannual meetings of the Conference of European Affairs Committees (COSAC). Raunio (2011) shows that the design of oversight institutions in EU affairs has been a regular point of inter-parliamentary discussion since the early 1990s. Against the background of close relations between member parliaments, it is not only necessary to recognize the potential importance of transnational diffusion, as the literature indeed does. Scholars should also elaborate and specify the mechanisms of diffusion and subject their implications to systematic empirical tests.

THE CONTINGENT DIFFUSION OF PARLIAMENTARY OVERSIGHT INSTITUTIONS

We begin our theoretical argument with the consensual view that diffusion is a process that generates dependencies between choices in one country and choices elsewhere – in our case between EU-related institutional choices in parliaments of different member states. Diffusion processes may follow different logics that scholars summarize as “emulation”, “learning”, “coercion”, and “competition” (Dobbin et al. 2007; Gilardi 2012).¹ Our argument combines insights from the “learning” and “emulation” mechanisms. In line with a “learning” perspective, we identify parliamentary uncertainty about the design of functional oversight institutions as the driving force of diffusion. Building on an “emulation” mechanism, we argue that policymakers identify suitable sources of information through perceptions of success and similarity

¹ Whereas “coercion” emphasizes the unilateral manipulation by powerful actors of the incentive structures that other countries face, “competition” underlines how the struggle between two countries over goods that they both value yet cannot both obtain at the same time leads to similar policies (Dobbin et al. 2007: 454, 7). “Learning” stresses that actors adjust their beliefs about cause-effect relations on the basis of evidence from other countries, and “emulation” (Dobbin and colleagues also speak of “construction”) highlights how individual and collective ideas shape whether policy-makers look for external information and what information they perceive as valuable (Dobbin et al. 2007: 451, 60; Gilardi 2012: 13).
between the source and their own country. Transnational diffusion of parliamentary oversight institutions is thus contingent on uncertainty and perceptions and, consequently, occurs along clearly identifiable theoretical pathways.

Our argument acknowledges the affinities between “construction” and “learning” mechanisms of diffusion that, following Meseguer and Gilardi (2009: 530-1), emerge in the absence of policy-makers’ access to reliable information. In the case at hand, it is essential to stress the relevance of ideas and perceptions of similarity and success because of widespread uncertainty about the functionality of existing oversight institutions. While some parliaments have institutions that appear promising on paper and that have the reputation to work, it is contested whether these institutions actually matter for parliamentary behavior (Raunio 2009: 321; Buzogány 2013: 19). Tentative evidence that strong oversight institutions indeed encourage parliamentarians to monitor EU policy-making has emerged only very recently and after the time period that we study here (e.g. Auel et al. 2015). Even with this evidence in hand parliamentarians would lack firm knowledge as to whether the institutions of any given countries could easily be transplanted in their country. Yet, the availability to policy-makers of reliable information on policy success is necessary for diffusion mechanisms that do not rely on ideas and perceptions (cf. Dobbin et al. 2007: 462). We incorporate “emulation” arguments at the point in the diffusion mechanism in which policy-makers’ lack of reliable information about the functionality of oversight institutions comes into play.

In building our argument, we make a distinction between the demand for and the sources of diffusion (cf. Gilardi 2010). In the absence of external pressure such as EU conditionality, the question of why parliamentarians become interested in importing institutional solutions from abroad is critical. Pre-occupied with domestic politics, we do not expect that they “constantly scan the world in the search for alternatives” (Meseguer and Gilardi 2009: 532). Hence, in order to understand inter-parliamentary diffusion, we begin by asking who demands outside inspiration. In a second step, we investigate where parliamentarians find inspiration once they decide to gather information on oversight institutions elsewhere.
As to the question of why parliamentarians demand outside inspiration, we emphasize uncertainty. Parliamentarians that consider reforms of EU-related oversight institutions seek outside information, albeit only to the extent that they are uncertain over what the right institutional response to integration might be. Uncertainty results, first, from a lack of experience of parliamentarians with the effects that European integration has on parliamentary work. Furthermore, it is more difficult to identify institutional responses to integration in parliaments that have limited experience with domestic legislative organization. In turn, parliamentary demand for external inspiration falters as experience with European integration accumulates. It is also low in parliaments that can fall back on time-tested information and beliefs about legislative organization.

Empirically, we first expect parliamentary demand for diffusion when a country accedes to the EU. At that time, parliamentarians lack experience with the impact of the EU’s policy process on the national parliament. Yet, they need to make the first and most extensive choices over the creation of EU-related oversight institutions. The experience with the marginalization of the parliamentary arena during the accession process reinforces the need to agree on significant reforms. Once these initial institutional choices are made, later reforms are likely to be incremental adjustments that reflect growing experiences with European integration and the new oversight institutions (cf. Dimitrakopoulos 2001). We further expect little parliamentary demand for diffusion in countries with a long history of parliamentary democracy – not because parliaments do not need EU-related oversight institutions but because parliamentarians can fall back on consolidated domestic experience with legislative organization. Policy-makers in old parliamentary democracies do not need, and may not be willing, to have outsiders tell them about the right institutions because they are sufficiently certain about appropriate reforms for their parliamentary system.

Regarding the question of where parliamentarians turn to for inspiration, we emphasize broad perceptions of similarity and success, as envisaged in “emulation” mechanisms of diffusion. That diffusion processes should be conditional on decision-makers views of other countries is uncontroversial. The process by which politicians identify potential sources of external
inspiration, however, varies across mechanisms of diffusion. The “learning” mechanism, according to Dobbin and colleagues (2007: 453), relies on “deliberate theory building about what kinds of states should adopt what kinds of policies.” However, in the absence of consolidated information on what member states have adapted well to integration, parliamentarians cannot engage in the careful, evidence-based theory-building about oversight institutions that learning presupposes. There is, however, no reason to believe that they observe their environment indiscriminately; instead they rely on their ideas of which member parliaments will likely have adopted oversight institutions that work and fit to their country’s political circumstances (Meseguer and Gilardi 2009: 533-4). While these ideas point policymakers in the direction of some countries rather than others, they demarcate the sources of learning far less precisely than a carefully devised theory of the cross-national compatibility of domestic conditions and international best practice. Parliamentarians’ behavior, thus, better corresponds to what the literature calls “emulation” than to the evidence-based lesson-drawing associated with “learning”.

We highlight two factors that shape which countries parliamentarians consider as sources of insight for their own institutional reform choices. Our argument does not dispute, in line with the existing case study literature discussed earlier, that conditions particular to a country’s politics and history could additionally affect politicians’ choices of external information. For example, the fact that Luxembourg is especially small is said to have encouraged interest in information about other parliament’s oversight institutions (Bossaert 2001: 310). A focus on factors that can be expected to work systematically across cases does, however, provide most added value given the state of the literature. With this in mind, our first expectation relates to parliamentarians’ perceptions of success. We suggest that they will turn towards old parliamentary democracies that have more experience than they have with legislative organization and can, therefore, be expected to have found better institutional responses to EU policy-making.

Besides perceptions of success, parliamentarians furthermore rely on perceptions of similarity. In the qualitative literature, we find regular references to cultural and institutional similarity.
the following, we will focus particularly on cultural similarity. In doing so, we do not deny that parliamentarians might also take into account existing institutions in their reform choices. It is plausible, as Jungar (2010: 139) illustrates for the Polish case, that parliamentarians are interested in other parliaments with similar organizational structures. However, the existing explanatory literature plausibly argues that politicians’ EU-related reform choices first and foremost reflect the existing legislative organization of their own parliament (Dimitrakopoulos 2001; Raunio 2005). Whether a parliamentary reform reflects pre-existing domestic institutions, or rather the choices of another country with very similar pre-existing institutions is theoretically and empirically hard to disentangle. Instead, we put emphasis on cultural similarity. In his qualitative survey of parliamentary reform choices, Buzogány (2013: 28-29) maintains that “common cultural and constitutional preferences” attracted Southern European countries towards a “French statist model”; that the Nordic countries that joined in 1995 were attracted to their Northern neighbors out of “perceptions of cultural closeness”; and that “cultural and political ties” played an important role in the parliamentary reform choices of the 2004 accession countries.

In more abstract terms, we suspect that parliamentarians will draw inspiration from countries that they perceive to share their outlook on politics and society. Bergman (2000) has argued that a country’s culture shapes the kind of parliamentary institutions that we find in EU affairs (see also Hamerly 2012). However, the evidence for this direct effect of culture is weak (Bergman 2000; Raunio 2005). Our understanding of the role of culture is informed by arguments such as by Jachtenfuchs and colleagues (1998) who maintain that “polity-ideas” embedded in national discourses and histories shape parties’ preferences for the institutional design of the EU. Kaiser (2007) contends that shared values and beliefs derived from religious heritage shaped (though by no means determined) transnational elite networks promoting European institution-building after the Second World War. Nelsen and colleagues (2001), furthermore, find an effect of religious background on public attitudes towards integration. We suggest that similar values and beliefs about society facilitate communication and encourage optimism on the side of parliamentarians that they and their potential “teachers” have the same conception of desirable
political institutions in EU affairs. Cultural similarity, thus, encourages diffusion whereas cultural distance prevents it.

The general diffusion hypothesis applied to the issue at hand is that strong (or weak) oversight institutions in parliaments that are the sources of diffusion lead to strong (or weak) oversight institutions in parliaments that are at the receiving end. Table 1 adds substance to the expectation. It indicates that new member states in particular are at the receiving end of diffusion processes, although we will also examine broader patterns of diffusion among all member states. The sources of diffusion, in turn depend on perceptions of similarity and success: diffusion happens between culturally similar countries, as well as from old to young democracies.

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Finally, it is important to be clear on the theoretically expected time dynamics of the diffusion process since these have important implications for the empirical model below. The question is whether countries, after joining the Union, implement reforms on the basis of contemporaneous external information or whether their insights reflect knowledge acquired in inter-parliamentary communication in the years before accession. The available case evidence provides some guidance. Summarizing eight country studies, O’Brennan and Raunio (2007: 274) highlight parliaments’ pre-accession involvement in inter-parliamentary information exchanges including oversight institutions, while Raunio (2011) highlights the persistence of regular exchanges throughout and after accession. While this finding does not tell us the point in time at which parliamentarians seek external input, it does suggest that they have relatively continuous access to recent information. Even if they were to acquire their insights in the year before their own reforms, it is likely that their colleagues from other countries would alert them to prospective institutional changes. Theoretically, parliamentarians should be expected to rely on the most recent information – if available to them – rather than on other countries’ experiences of earlier years. Since the case study literature indicates that recent information is available to
parliamentarians, we maintain that they act on *contemporaneous* external information from other countries.\(^2\)

**RESEARCH DESIGN**

Our analysis focuses on the development of EU-related parliamentary oversight institutions, which we observe for every member state on a yearly basis from 1992, shortly before the signature of the Treaty on European Union, until 2010. This is not only the time period in which most relevant changes in parliamentary oversight institutions happened (e.g. Winzen 2012), it is also the time period during which diffusion is a relevant issue. Earlier the networks and the parliamentary awareness necessary for inter-parliamentary diffusion did not yet exist (cf. Buzogány 2013). Following our theoretical argument, we distinguish between two sets of diffusion pathways: those where all EU countries influence each other, and those where diffusion is restricted to run from old to new member states. In the following, we explain the main variables, our models and diffusion networks. In addition, we operationalize important alternative explanations for variation in oversight institutions: first, common exposure to European integration and domestic political and institutional conditions; second, diffusion pathways that emphasize geographic distance, learning from Scandinavian countries, and self-selection.

**Main variables**

**Outcome.** Our outcome variable, the characteristics of EU-related parliamentary oversight institutions, has been discussed in detail in the existing literature (e.g. Bergman 1997; Raunio 2005; Karlas 2011, 2012; Winzen 2012, 2013b). We use an index of the strength of a parliament’s EU-related oversight institutions which varies between 0 and 2 (Winzen 2013b). Its value increases as parliaments adopt additional oversight institutions. Examples of the kind of

\(^2\) Note the difference between the *sources of information*, that is, the diffusion network, which stress experience and thus past values of democratic government institutions, and the *type of information*, that is, the oversight institutions that are emulated, which are contemporaneous.
Institutions that parliaments might adopt include the creation of European Affairs Committees, rights of access to information about governmental negotiation positions, or the possibility to issue negotiation instructions to the government. As the strengths of parliamentary oversight institutions correlate strongly over time, our empirical analyses include a one-year lag of our outcome variable, and thus, we effectively measure the change in the strength of domestic oversight institutions.

Cultural similarity. Measuring the cultural similarity of countries – that is, their similarity in values and beliefs about society and politics – is an ambiguous exercise. Modern states are culturally heterogeneous. Moreover, there can be little doubt that a great variety of factors shapes central tendencies in values and beliefs prevailing in a population at any point in time. Therefore, any measure of cultural similarity is necessarily a coarse approximation. This fact, however, should generally make it more difficult to find evidence for an impact of cultural similarity, as systematic patterns could be lost in “noise”. With these uncertainties in mind, our approach is to remain close to indicators of cultural similarity that the existing literature on national parliaments and European integration has considered, while also taking into account the need to be able to measure them systematically over many years and countries. Thus, we operationalize a country’s culture on the basis of central tendencies in the religious orientation of the population (Bergman 2000; Raunio 2005). More specifically, we evaluate diffusion along cultural similarity among majority Catholic, majority Protestant, and majority Orthodox states. While religion is only one proxy for cultural similarity that reflects a broader set of shared value orientations and norms, it probably is more appropriate than the most common alternative, linguistic similarity. Europe is a region populated by nation-states that have long drawn on language to articulate their differences (also see Cederman 2001).

Old and new democracies and member states. We consider democracies as “young” until 20 years after democratization. Choosing 20 years as a cut-off value might seem arbitrary at first. However, we argue that it effectively describes EU member states' recent history as it classifies the Southern European countries as young democracies until the mid-1990s and the Central East
European Countries as new democracies until at least 2009. To code this variable we draw on the Polity IV database (Marshall et al. 2011).3

Empirical approach. Our empirical approach involves multiple, non-standard, and time-varying diffusion pathways that are tailored specifically to our research question. Each of these contiguity matrices is a 339 by 339 year-country grid with annual connectivity blocks of all current EU member states on the main diagonal that change in size as new members join the EU. To gain a more intuitive understanding of these connectivity matrices, we plotted yearly snapshots of our contiguity matrices in our appendix. We row-standardize all our weights matrices, which implies that parliamentarians seeking external information pay more attention to another parliament as the number of states to which it is connected decreases. For example, in our setup a Catholic country pays less attention to another majority Catholic state than an Orthodox country does to another Orthodox majority polity, because there are fewer Orthodox states in the EU than there are Catholic ones. Abstaining from row-standardization would implicitly assume that diffusion plays a larger role among Catholic EU members than among Protestant and Orthodox ones, which we find implausible. For the four remaining connectivity matrices, row standardization matters less theoretically as the number of links to receiving countries is constant but it makes the estimation of our models more computationally tractable.4

Operationalizing alternative explanations

We choose three control variables that the current literature identifies as the most important explanations of EU-related oversight institutions: the depth of European integration,

3 In line with our theoretical argument that younger democracies learn from older ones, all links from younger to older regimes take the value zero.
4 We employ two weights matrices with continuous measures of linkage (geographic and outcome distance) for which links exist between all states though they differ in strength. Additionally, we code two binary link matrices (link to Denmark/Sweden, and older to younger democracies) where the countries from which states are inspired differ over time but not between members.
Euroscepticism, and the strength of parliaments in domestic policy-making.\(^5\) We measure the depth of integration as the average level of EU authority across policy areas, relying on information in Börzel (2005) and Leuffen and colleagues (2013). Ranging from 1.8 at the low end to 3.9 at the high point of integration, this variable only varies over time but not between countries. It thus captures the exposure of all national parliaments to the influence of shared EU membership, and therefore enables us to distinguish variation in the strength of oversight institutions caused by true diffusion among member states and changes resulting from common exposure to EU reform-shocks. Deeper integration should trigger stronger parliamentary oversight institutions as the depth and breadth of EU decisions increases.

On the country-level, we measure popular Euroscepticism on the basis of yearly Eurobarometer surveys whether respondents regard their country’s membership in the EU as “a good thing,” “neither good nor bad,” or “a bad thing.” Euroscepticism is the share of respondents stating “a bad thing” minus the share of respondents stating “a good thing.” Euroscepticism ranges from a high of 17 (Sweden 1996) to a low of -83 (Ireland 1999). Heightened Euroscepticism should increase the strength of parliamentary oversight institutions.

Finally, we measure the strength of national committee systems by means of an index that captures the competences of parliamentary committees (Martin and Depauw 2011). Bound between 2 and 9, higher values indicate stronger parliamentary committees. Our main intuition is that parliamentarians in relatively autonomous legislatures are used to controlling executive-level decision-making, and are therefore more likely to also extend this control to EU affairs. Empirically, there is no overlap between this index and the items that flow into our outcome variable, which are all EU-specific.

In addition to our country-level controls, we consider three important alternative diffusion pathways: geographic proximity, learning from Scandinavian countries, and self-selection.
According to Tobler’s first law of geography, geographic proximity might capture similarities between countries that our diffusion matrices do not account for. Each of our models therefore includes a symmetric matrix of inverse distances between states’ centroids, which is the standard choice in almost all quantitative diffusion studies.

A second diffusion mechanism, which is not theoretically motivated but alluded to in some case studies (e.g. Kietz 2006; Jungar 2010), is emulating Denmark and Finland – parliaments that, on paper, have the most elaborate EU-related oversight institutions according to many scholarly assessments (for an overview, see Winzen 2012: 664). The theoretical mechanism underlying these arguments is these parliaments’ reputation for successful adaptation. While we would have preferred to employ systematic data to identify the reputation of all member parliaments, we are not aware of any such data source. Thus, we test the empirically motivated argument that Denmark and Finland are particularly important sources of emulation for all or for new member states instead.

A third alternative to diffusion is selection of parliaments into networks of states that are already similar on the outcome variable – a process which is known in the networks literature as “homophily.” It is not implausible that parliaments with strong oversight institutions develop even stronger ones while weaker ones do not. To account for this process of co-evolution, we compute the difference in strength of oversight institutions between EU members in the past period time period, and add it to our models.⁶

In order to test different diffusion mechanisms, we rely on so-called spatial-autoregressive (SAR) models that consider the simultaneity of diffusion processes (Franzese and Hays 2007, 2008; Ward and Gleditsch 2008). The typical reform process of oversight rules involves parliamentarians from the reforming state seeking information from their colleagues in other EU member states to get to know existing oversight institutions in these states. As discussed above, they have access to and will likely rely on recent, contemporary information. In our country-year

⁶ The underlying assumption is that similarity/dissimilarity in outcomes in the past affects similarity/dissimilarity in institutions in the future.
setup, this simultaneity then implies that diffusion takes place within the same year. When multiple EU member states reform their oversight institutions in the same year, common regression models overestimate the strength of diffusion because a change in the outcome in state A that affects the outcome in state B has repercussions for the original outcome in state A in the same time period. OLS regression would simply estimate two independent effects from A to B and B to A, and not adjust their estimates for the inherent reciprocal feedback.

While we need to be concerned with simultaneity in outcomes as an econometric problem, our theory stresses the importance of experience in the choice of parliaments, that is, the choice of the diffusion network, which reformers want to emulate. Reformers emulate contemporaneous institutions \((y_j)\) but choose parliaments from which to learn based, at least in part, on their experience. Thus, some of our connectivity matrices \((W)\) are directed, for example, from experienced democracies to inexperienced ones. These links are different from more common diffusion networks such as spatial minimum-distance networks that link all states to all others. This leads to sparser \(W\) matrices as half of all links, those connecting new to old democracies, take a value of zero.

The weights that restrict emulation from old to new member states have a similar directed network structure, even if diffusion may still occur among new member states, for example, among religiously similar states. Put differently, this approach is equivalent to specifying the interaction between a new member dummy and the full connectivity matrix without including the constituent terms.\(^7\) Methodologically, this may pose a problem when the number of links is very low and a lack of information keeps us from obtaining precise estimates of diffusion effects.

We first present separate diffusion effects for each of our mechanisms estimated with traditional spatiotemporal autoregressive (STAR) models (Franzese and Hays 2007). In a second step, we compare multiple diffusion pathways by relying on the multi-parametric spatiotemporal autoregressive (m-STAR) model (Hays et al. 2010). All models include the control variables mentioned above along with a lagged dependent variable that restricts our inference

\(^7\) In the appendix we demonstrate this equivalence with a simple example.
to changes in outcomes rather than to steady states.\(^8\) We consciously do not adopt country-fixed effects because we have little reason to believe that only changes in oversight institutions in other countries create diffusion effects. Instead our theoretical argument implies that different levels in oversight strength in other EU states affect changes in receiving states. We do control for region and period-fixed effects to alleviate concerns about omitted variable bias.

RESULTS

Figure 1 presents the estimated diffusion effects for the religion, democratic experience, spatial, and Denmark-Finland pathways.\(^9\) Each STAR model considers only one potential pathway of diffusion. The message from Figure 1 is very clear: we find strong evidence in favor of diffusion affecting the adoption of parliamentary oversight institutions within the EU. The statistically significant and mostly positive effects indicate that diffusion is present in models that allow diffusion among all EU members (circles) and those that restrict it to flow from old to new and among new member states (triangles). However, only diffusion among culturally similar states and from old to new democracies is consistently positive and statistically significant in both setups. In contrast, we find evidence of spatial diffusion only among newer member states and contradictory results for emulating Finland and Denmark. In the latter case, a network that allows all EU members to learn from Finland and Denmark indicates negative diffusion while restricting our attention to only newer member states reveals positive diffusion. In other words, if we consider emulation from the two Nordic frontrunners among all member states, we find evidence of divergence but the subset of accession countries seems to converge towards Finland and Denmark on average.

---Figure 1---

\(^8\) Rather than estimating the effect of levels in explanatory variables on levels in outcomes (\(x \rightarrow y\)), we assess the effect of levels of \(x\) on changes in \(y\) (\(x \rightarrow \delta y\)).

\(^9\) The size of the estimates does not indicate the strength of the underlying effect, which depends on the underlying structure of the individual contiguity matrix. Tables A2 and A3 in the appendix display the full models.
In order to ascertain if some models are better fits to the data than others, we computed Akaike Information Criterion (AIC) scores. First, all models in Figure 1 perform better, that is, have lower AIC scores, when we only consider diffusion from old to new and among new member states. Second, the models that rely on cultural similarity and diffusion from old to new democracies exhibit better model fit than the alternatives, and thus yield support for our theoretical argument. Nevertheless comparing different single-pathway models does not allow us to distinguish between competing and complementary diffusion pathways. Cultural similarity as measured through religious links and geographic distance may, for example, correlate highly and one may account for the positive diffusion effects of the other. Alternatively, some spatial lags may be complements and show alternative diffusion paths that work simultaneously. Table 2 displays the results of a series of m-STAR models that assess all potential diffusion pathways together. Model 1 provides a baseline assessment of the existing domestic explanations in a simple least squares specification. Model 2 considers diffusion among all EU member states while Models 3 and 4 only focus on diffusion to new members.

---Table 2---

As above, the m-STAR models reveal strong evidence in favor of diffusion dynamics. Joint tests of statistical significance of the diffusion parameters for Models 2-4 respectively reject the null hypothesis of no diffusion. In line with our theoretical argument, the analyses identify cultural similarity and a link from established to new democracies to be the two strongest and most reliable diffusion pathways. Their positive parameter estimates indicate that parliaments in one state learn from parliaments in culturally similar countries, and that young democracies choose to learn from their more experienced counterparts. Whereas cultural similarity works regardless of the extent of the diffusion network, that is, it does not matter whether we consider diffusion among all members or only among new members, the old to new democracy link seems to be restricted from old to new member states once we control for other diffusion pathways. Partially, this may be due to the very few links between old and new democracies among older

10 We also checked Bayesian Information Criterion (BIC) scores, which led us to the same conclusions.
member states that are then explained by alternative diffusion paths. Overall, we consider the results to be fairly strong evidence in favor of our theoretical argument. That diffusion along cultural similarity matters for all countries, however, suggest that “emulation” is not dependent on the factors thought to incite strong demand for external information.

Turning to alternative diffusion pathways, our results indicate that they are less important in explaining the variation in the strength of parliamentary oversight institutions. First, the standard choice of most diffusion studies, an inverse geographic distance contiguity matrix, does not exhibit any systematic relationship with our outcome variable once we control for alternative diffusion pathways. Second, our estimate of the Scandinavian link is negative in Models 2 and 3, and turns barely positive in Model 4. This finding questions case studies that highlight the importance of these two countries for other states (e.g. Kietz 2006; Jungar 2010). In contrast, we find that the average EU member parliament adopts oversight institutions that tend to differ from the Danish and Finish examples. It is likely that these case studies focus on parliaments that did adopt stronger oversight institutions but ignored those that did not. This interpretation of selection bias is supported by the null findings in Models 3 and 4. Once we focus our diffusion matrices on new member states only, we are unable to distinguish the estimated effect of the reputation link from zero. New member states may have followed the example set by Denmark and Sweden but also followed other experienced, protestant democracies – an effect we capture with the cultural similarity matrix. Moreover, the negative estimate of self-selection implies that countries that share similar levels in oversight institutions in previous periods move in opposite directions. Some countries such as the Baltic states decided to orientate themselves towards other EU states with much stronger oversight institutions. In contrast, other new members, most notably Cyprus and Malta, did not create strong oversight institutions even as countries with similar starting points did. In sum, standard explanations from studies on policy diffusion and empirically motivated claims in selected case studies do not fully account for the empirical patterns of adoption in oversight institutions. In contrast, our models identify the empirical indicators, which proxy the supply and demand for institutional diffusion, as relevant predictors of diffusion.
Having discussed general patterns of diffusion, we turn to the substantive interpretation of the ties among EU member states. Figure 2 plots the cumulative marginal effect of changes in parliamentary oversight institutions induced by a hypothetical 30-points shock to Euroscepticism in one of two sender countries on three receiver countries. The model then takes into account all feedback effects between member states by assuming that the shock to Euroscepticism in the sender state remains constant for the time period under investigation (also see Hays et al. 2009: 422-3). While a 30-points shock is close to the maximum change in this variable that we observe in our data, we believe that is not unlikely during these volatile times for the EU and its member states.

---Figure 2---

We selected the countries portrayed in Figure 2 to illustrate the heterogeneity of diffusion pathways captured by our model induced by different types of similarity. For one, shocks to Euroscepticism are a plausible event in either the United Kingdom or Denmark. For another, the Baltic countries are often considered as very similar countries, yet changes to the strength of parliamentary oversight institutions in the UK or Denmark have differential effects on these same institutions in the three Baltic states. Our model explains why. First, changes in England and Denmark positively influence either one of the two protestant states but not catholic Lithuania, which even shows a negative reaction after a few time periods. Second, the developments in Denmark have a larger influence on Estonia relative to Latvia because of greater outcome dissimilarity. In other words, the larger difference between Denmark and Estonia in the strength of parliamentary oversight leads to a larger positive reaction in Estonia.

With respect to effect size, recall that the values on our outcome variable vary between 0 and 2, and that the diffusion effects thus only lead to relatively minor changes. However, since our lagged outcome variable already explains 75% of the variation in parliamentary oversight

11 We calculated the effects on the basis of Model 4 in Table 2, which is the most complete model.
12 Shocks of this magnitude have occurred in multiple states since the onset of the financial crisis in 2007.
institutions, the predicted diffusion effect explains about 10% of the residual change. Moreover, it is relatively large compared to many of the domestic-country variables. Our model predicts that a 30-points shock to Euroscepticism in any state would lead to only 25% stronger increase than the diffusion effect. In other words, the diffusion effect is almost as large as the domestic effect for Euroscepticism, and it would be two and half times as large as a one-unit change in domestic committee strength.

Before discussing the robustness of our effects, we briefly comment on our control variables. All models offer strong evidence for serial correlation in the strength of parliamentary oversight institutions. Consistently, between 65% and 77% of the entire variation in the outcome variable is explained by its value in the previous year. Moreover, all domestic variables influence parliamentary oversight institutions as predicted by the existing literature. Higher levels of Euroscepticism correlate with stronger oversight institutions as do stronger national committee systems and the increasing European integration. In the fixed effects models, only the estimated effect of Euroscepticism consistently surpasses the 95% threshold of statistical significance but committee strength and the depth of European integration do not. Upon removing the fixed effects all control variables exhibit similar results as reported in prior research, and thus, our results do not question the importance of existing country-level explanations.

To address the two major threats to the validity of our results, namely general shocks and omitted variable bias, our main models include time-period effects and region-fixed effects as described above. In addition to these more general concerns about uncovering “true diffusion” (Hays et al. 2010), LeSage and Pace (2011) raise several concerns about the m-STAR model. Most importantly, they argue that multicollinearity between different weights matrices poses problems in identifying true diffusion effects. This may indeed be a problem for our estimators, particularly for the new member weights (see Figures A3-4). So-called out-of-bounds estimates of the \( \rho \) parameters that get close to one are a potential problem but our models do not exhibit such behavior. To further alleviate concerns about multicollinearity we estimated a range of additional models that we detail in our online appendix, and we continue to find robust results (Table A4).
A final issue concerns the correct specification of our contiguity matrices. As described above, the part of our analysis that describes diffusion from old to new and among new EU member states is equivalent to including only the interaction effect of a dummy variable indicating new members and a contiguity matrix that connects all members. What if we model the full interaction and include the constituent terms? We find that the diffusion effects mostly operate among new member states and not in reverse or among old members (Table A5). Only the cultural similarity link seems to have wider relevance for old and new member states.

CONCLUSION

In this paper we have investigated the transnational determinants of variation in parliamentary oversight institutions in EU member states. Existing studies have highlighted favorable conditions and tentative evidence for inter-parliamentary diffusion processes (e.g., Maurer and Wessels 2001; O'Brennan and Raunio 2007: 274; Jungar 2010; Karlas 2011: 259; Raunio 2011; Buzogány 2013). Building on these findings, we stress the contingency of diffusion on demand and supply, and put forward systematic expectations and empirical tests. Our empirical results support the two sides of our theoretical argument about institutional learning and emulation among EU parliaments. On the one hand, demand for institutional learning is highest in young democracies and in new member states. On the other, such parliaments emulate culturally similar and democratically experienced states. However, diffusion along cultural lines exists in the whole EU and not only towards countries that are theoretically expected to display strong demand for external information. In view of this finding, our results can be said to underline particularly the “emulation” side of the diffusion mechanism that we put forward. We also uncover strong evidence for divergence among EU members. Far from a run to the Scandinavian top that some case studies have highlighted, some parliaments do adopt strong oversight institutions while others remain at low or intermediate levels. Finally, our results yield no evidence in favor of diffusion among geographically proximate countries. This study thus reaffirms calls for going beyond geographical measures of proximity (Beck et al. 2006), and
highlights the importance of paying close attention to specifying theoretically motivated diffusion pathways (Neumayer and Plümper 2013).

Theoretically, our study breaks new ground by highlighting the transnational dimensions as well as the contingency of institutional choices within the EU. Building on the widespread perception in the literature that diffusion exists, and the conditional expectations and patterns shown here, future studies of the adoption of oversight institutions should go beyond the “isolated polity” approach and specify more closely the interaction of domestic and international conditions for institutional reform. Due to its advanced integration and institutionalized mechanisms of interaction, the EU is a case where institutional diffusion is very likely. Scholars of democratization have theorized and investigated the diffusion of democratic institutions among less connected countries (Gleditsch 2002; Brinks and Coppedge 2006). However many subfields in comparative politics continue to focus on domestic conditions and do not pay close attention to transnational diffusion dynamics. In particular, we believe that transnational diffusion is highly relevant in research on the adoption of electoral rules (cf. Boix 1999), democratic regime types (e.g. Cheibub 2007), and authoritarian institutions (Wright and Escribà-Folch 2012) but not necessarily along geographically proximate states – even under the highly favorable conditions of Europe, non-geographic factors shape who is at the receiving and the sending end of diffusion processes.

REFERENCES


