

**Learning from Best Practice or Mimicking Policy Fashions – Applying Spatial
Econometrics to Comparative Social Policy**

Abstract for 8th ESPAnet Conference 2010: Social Policy and the Global Crisis:
Consequences and Responses

Budapest 2-4 September 2010

Stream: Comparative Methodology

Author:

Carina Schmitt

Collaborative Research Center

Transformations of the State

University of Bremen

Linzerstr. 9A

28359 Bremen

Germany

Phone: ++49 421 218 7860

Fax: ++49 421 218 8721

Email: carina.schmitt@sfb597.uni-bremen.de

So far, the quantitative comparative social policy research has focused on the influence of domestic factors such as party differences or budget constraints, when explaining the timing and the extent of welfare state policy. Additionally, international factors like globalization and Europeanization have been emphasized in recent years. One central drawback of existing empirical studies is the assumption that governments choose social policy strategies independently from each other. Hence, spatial interdependences among countries have been neglected. However, particularly the financial crisis has illustrated that countries in a globalized world are highly interrelated and the policy choice of one country is influenced by the choice made by others. This may be the case not only regarding economic policy but also regarding to welfare state changes. It is plausible to argue that governments emulate the policy adopted by neighboring countries, follow the peer pressure of their reference group or learn from successful reforms in other countries.

This paper applies new methods in the field of spatial econometrics to comparative social policy to model those spatial interdependences. Spatial econometrics allows analyzing whether social policy has diffused among countries and which countries have influenced each other and why. Using welfare state changes in terms of social expenditure for 21 OECD countries in the period between 1980 and 2007 as an example, several spatial lag models are specified. By estimating spatial maximum likelihood and spatial OLS regressions, the paper answers the following questions. First, has social policy diffused across the OECD-world? Second, has the importance of spatial interdependences increased over time? And finally, which are the main diffusion mechanisms? Do governments emulate policies of countries belonging to the same peer group or do countries learn from evidence on the failure and success of social policies?