

Beyond harmonization: The role of regions in regulatory policy making

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1. Introduction

Across the globe, regional economic communities (RECs) such as the European Union (EU), the Southern African Development Community (SADC) and the Association of South East Asian Nations (ASEAN) are playing a greater role in information and communication technologies (ICTs) policy making for their growing number of member states. In cooperation with semi-independent regional regulatory bodies, RECs employ mechanisms such as issuing directives and developing policy guidelines, which in pursuit of integration and policy harmonization objectives influence national telecommunications policy and regulation. To date, the preponderance of ICT policy research has focused on regional policy making, rather than policy making *and* regulation, and has largely been limited to Europe. Furthermore, due to the focus on economic integration and building common markets in RECs, the effectiveness of RECs and their associated regulatory bodies is often assessed by the extent of policy harmonization. However, it is as yet unclear if this is desirable and whether or not this applies to less developed regions.

Hence our research is concerned with the questions: Is policy harmonization in the ICT realm desirable and achievable by RECs? In addition to the potential for harmonization, what other sources of value do RECs provide to national level ICT policy makers? These questions are analyzed using findings from political science research that examine the nature of policy making within regions, particular the EU. With an understanding of the complexity and dynamics of regional policy, we then turn to a critical consideration of the value of harmonization, drawing on theories of Complex Adaptive Systems and integration. Following this discussion, we then draw on empirical evidence from the EU and SADC that suggests alternate sources of value that RECs provide in the regional policy making realm.

The paper is organized as follows. We begin with a discussion of the characteristics of regions, the ways in which regions make policies and a consideration of the merits of harmonization and integration. This is followed in section three by a discussion of four policy making coordination activities in which RECs engage, namely the formation of

epistemic communities, knowledge sharing and capacity building, specialization and resource and demand pooling. This is followed by conclusions.

2. RECs, integration and harmonization

It has been observed by regional and inter-regional scholars that the path through which the European Union has achieved its level of integration today is not one that is common to other regions nor is it likely to be one that they eventually pursue or achieve (see e.g. Farrell 2005; Acharya 2006; Hettne 2005). Thus, while findings from research of the European Union can be instructive their application to other domains must be handled with caution. In the following sections we begin by examining some critical characteristics of RECs that have significance for policy making and help understand some of the differences between regions. This is followed by a discussion of regional policy making, with particular attention to theories of regional policy making and growth as well as the means by which regions achieve balance between themselves and their member states. This discussion provides insight into the complex and dynamic nature of regional policy making. With this as background we then turn to a critical examination of both policy harmonization and integration, both of which are the stated goals of many RECs.

2.1 REC characteristics

The number of regional economic communities has grown over the past few decades, with roughly 50 such communities in existence (Hooghe and Marks 2001). This growth and the nature of these communities is seen as a consequence of many factors (Farrell 2005), including globalization that generates the need for geographically proximate countries to work together (Hurrell 2005), competition between regions (Hooghe and Marks 2001; Terada 2006) and characteristics of the regions themselves. For example, while the growth of ASEAN is attributed to its 'non-interventionist' stance that allows countries to maintain a high level of autonomy (Nesadurai 2006), the establishment of NAFTA is seen by many as a strategic response to growing integration in the European Community. This is not to say however that growth is the only path for regional communities, for as humanly created political systems regions are dynamic and can decline and fail (Hettne 2005).

While these regions have similar goals of economic integration, they differ in a number of ways including their aggregate wealth and divergence in wealth among their member states. For example, if we consider four well known regional communities, namely the EU, APEC, SADC, and ASEAN, we can see that the wealthiest region, the EU has an average GDP of \$12.82 trillion, as compared to poorest, SADC, in which aggregate GDP is only 737.34 million, only a small fraction of that of the EU. While not definitive, aggregate wealth influences the amount of resources a region has to contribute to the regional effort.

Examining the same group of regions, we also find that the EU has the smallest ratio of income disparity (largest to smallest member state per capita GDP) at 7.81, whereas SADC, with the largest, is nearly three time higher with an income disparity of 20. Income disparity within a region is a rough indicator of differences in levels of economic

development and, as suggested by the ASEAN example above, potentially the structure of the economy. These differences can make it difficult to find a common ground for regional policies. Further, wealth divergence may signal the existence of a hegemon within the region. A region with one country that is significantly more powerful than all the others (e.g. South Africa in SADC) must manage this power within its policy making processes (Hurrell 2005).

Policy making processes, another important characteristic of an REC, are partially defined by the region's founding charter or treaty, which typically establishes a framework for governance. In regions policy making is frequently undertaken by sector-specific committees or councils that work together to establish common goals, generate policy recommendations or actually formulate policies. For example, in the EU the European Commission has a directorate-general devoted to Information Society and Media, in SADC there is the Directorate of Infrastructure and Services and in ASEAN there is the Meeting of the ASEAN Telecommunications and IT Ministers (TELMIN). Further, some regions have established sector-specific regional regulator councils, reflecting the growth and importance of independent communications regulators at the national level. For example the EU established the European Regulator's Group (ERG), SADC has the Communications Regulatory Association of Southern Africa (CRASA) and ASEAN has the ASEAN Telecommunication Regulators' Council (ATRC). These arrangements are not found in every region, however. For example, Mercusor has no separate affiliated regulators' group, although the regulators throughout the Latin American region do work together through Regulatel.

As compared to their national counterparts, these regional entities make policies in a multilateral environment, often times with limited legal authority. In this context policy instruments, described by Haas (1978) for the EU context, can be grouped into four general categories, including (from least to most centralized) the common framework, joint facility, common policy and single policy. With a *common framework*, nation states seek to pool separate capabilities without rearranging them in search for a common product. A *joint facility* is a more ambitious means of pooling capabilities with the goal of harmonizing and standardizing behavior through the imposition of common routines and norms. Changes are often required to meet the standard. The third mechanism is a *common policy*, which requires changing national behavior to meet the needs of the collective. The final instrument is the *single policy*, which replaces national norms, plans and objectives with centralized ones.

These general categories of policy making instruments reflect the challenges of policy making in a multilateral environment. In the following section we examine the issues of regional policy making in detail and in particular consider the role of states' versus the regional administration and the special arena of regulatory policy making.

2.2 RECs, member states and policy making

One of the fundamental issues underlying regional policy making is the division of authority between regional and national administrations and the processes through which

this division is achieved. This issue has been studied in a variety of fields such as law, politics and international relations, among others. Since the early 1970s, European political scientists, engaged by the changes surrounding them, have explained them through various theoretical paradigms including functionalism, neo-functionalism, neo-realism and more recently new regionalism (Farrell 2005; Cram 1996 in Richardson). The earliest theorists, the functionalists and neo-functionalists, proposed that the process of integration would occur on an issue-by-issue basis. As integration on one issue such as tariffs was resolved this would create functional or economic ‘spillovers’ to the next issue. Further, they proposed that as integration proceeded from one issue to the next loyalty would transfer from the national to the supranational authority (Farrell 2005). These theories are representative of the broader ‘supranational’ school of thought.

While the functionalists were popular during the early days of the European Community they were increasingly criticized for assuming spillovers would occur automatically, and more particularly inter-governmentalists criticized their lack of attention to the role of nation states. The rivalry between supranationalists and inter-governmentalists in integration theory mimicked that between the neo-realists and neoliberals in international relations theory (Farrell 2005).

The rivalry between supranationalist and inter-governmentalist academics reflected a real world political difference in Europe between those who believed in the establishment of a federalist state versus those who opposed regional developments altogether. This tension is exemplified by the controversy over establishing a ‘European anthem’, which was proposed and then banned from what was supposed to be the constitution. This tension reflected fundamental differences in the perceptions of the costs and benefits of regional participation to nation states¹.

More recent developments in regional theories view regions not as formal organizations with a focus on economics or security, but as emergent properties of relations in areas as diverse as economics, culture, politics and social issues, in which the aim is to build a region, including a regional identity (Farrell 2005). This perspective helps to explain some of the tension generated by regionalization as exemplified by the anthem issue described above.

While regionalization imposes costs and benefits on citizens as well as policy makers, the latter may experience the following benefits. Transferring issues to a regional authority may bring benefits including improving a nation’s position in international negotiations (Majone 1994), abdicating responsibility for a difficult issue, or protecting an outcome from changes that are more likely to occur at the national level (Hooghe and Marks 2001). Also, regulation at the regional level is more insulated from politics than at the

¹ Hooghe and Marks (2001) have performed a very interesting study of the views on supranationalism among the directors of the European Commission. They include variables such as federalism of the home country, transnational experience, etc. They found that networks in Brussels is the strongest predictor of non-supranationalism (intergovernmentalism). In general they found that national socialization (whether they had worked in the national government -, whether their home country is a federal system+, if their home country is small +, and national clubness -) were all strong predictors of supranationalism. It’s also interesting that the benefit of the REC for the home country was of no influence.

national level, however this situation leads to what in Europe is referred as the 'democratic deficit' of the EU.

More generalized impacts of the region on the nation state, both positive and negative, identified in the European context include: direct/coercive, indirect and legitimizing (Thatcher 2002). The direct impact occurs when member states are required to comply with regional legislation. The indirect impact occurs through coalitions of powerful actors that generate institutional changes in member states that are not required by law. Finally, the legitimizing effect occurs when the region requires member states to make changes the member state was interested in making for other reasons.

While the direct/coercive effect suggests a lack of power of nation states, it is important to remember that to some extent the region is the sum of its member states. Even in what is often viewed as the most integrated REC, the European Union², the governance stipulates that national governments play a powerful role in decision making, with representatives dominating the Council of Ministers and determining the composition of the European Commission and the European Court (Hooghe and Marks 2001).

These issues of the centrality of authority and its implications for nation states have influenced European policy analyses, which according to Hooghe and Marks (2001) are undertaken through one of two competing paradigms. In the state-centric approach national governments are viewed as establishing interests, being influenced and establishing negotiating positions primarily in the domestic political arena. These domestic interests are assumed to be discrete, or bounded by the national context, with national decision makers responding to pressures that are nested within the state. Thus, the state-centric model views EU policy making as arising from the political interests nested within autonomous nation states.

Conversely, the multi-level governance model recognizes nation state power, however it is seen as one of several influences on policy making and that by engaging in collective decision making at the regional level nations do inherently lose some power. Further, the multi-level governance model views political arenas as interconnected rather than nested, recognizing the role of sub-national and transnational interest groups in regional policy making. Indeed, Fuchs (1994) identifies six levels of policy making governance between the European Commission and its regional, national, sub-national and international stakeholders.

It is also important to recognize that the balance between regional and national authority will vary by issue and sector. For example, in a comparison of regulation in the telecommunications and electricity sectors in the EU, it was found that while telecommunications is governed predominantly by supranational authority, the governance of electricity is largely inter-governmental (Levi-Faur 1999). Also in the EU Hooghe and Marks (2001) found that between the years 1992 and 2000, in issue areas across a variety of sectors in 17 of 28, or over 60%, policy making was undertaken

² Attributing this status to the EU is controversial as other economic communities, such as the East African bloc, have achieved quite high levels of integration.

increasingly at the regional level. Of the remaining 11 issue areas, 4 were already mainly or exclusively made at the EU level and simply had not experienced any change, leaving 7 of 28 in which nation states were the dominant policy maker.

Hence, in analyses of ICT policy making the multi-level governance model is appropriate for three reasons. First, as demonstrated by Levi-Faur (1999) in the case of EU policy making, the ICT domain is likely to be more centralized than in other sectors. Second, which may be a partial explanation for the first, as compared to policies concerning social issues such as poverty and healthcare, the ICT policy domain is comparatively a-political (potentially with broadcast as an exception). Third, given the multinational nature of many ICT firms, as well as the attention being paid to sub-national issues such as municipal wireless networks, ICT policy analyses require a framework that accounts for the potential of extra-regional, transnational and sub-national interests.

Regional analysis of ICT policies must also take into account the type of policy under consideration. Modern theories of nation states have identified three types of policy making, namely wealth redistribution, macro-economic stabilization and regulation. A failure to differentiate these types of policy making is proposed to be one reason that the spillovers predicted by the functionalists to be integral to regional integration failed to occur (Majone 1996). Regulatory policy making, which is of particular interest to ICT policy analysts, differs from the other two types in that it is the least affected by legislative budgetary constraints. Further, since the costs of complying with regulations are largely incurred by firms, local governments and citizens, and the costs of enforcement are largely incurred by member states, there are few constraints to regulatory policy making at the regional level.

In Europe, these circumstances have given rise to what Majone (1994; 1996) refers to as the 'European regulatory state', in which the emphasis is promoting competitiveness and economic efficiency, as compared to European countries' previous emphasis on macroeconomic stabilization and redistributive welfare policies. Furthermore, growth in regional regulatory activities is attributed to three factors: 1. constraints on the Commission budget which limit other forms of policy making activity, 2. the desire of the Commission to increase its influence by expanding its competencies and 3. the preference of multinationals for dealing with uniform sets of rules (Majone 1994).

Further, the growth in European regional regulatory bureaucracy is due in part to the requirements of the activity. Regulation, in addition to passing a law, requires detailed knowledge of and intimate involvement with the regulated activity. Consequently, regulatory policy making generally necessitates specialized entities (departments or separate agencies) to carry out fact-finding, rule-making and enforcement (Majone 1996).

Additionally, the region serves as an opportune venue to carry out regulation in that it can solve the problem of international *regulatory* failure, as compared to the oft-cited benefit of solving international *market* failure (Gatsios and Seabright 1989; Majone 1996). International regulatory failure occurs because of the high cost of monitoring and enforcement of multinational regulatory agreements, particularly given the high degree of

negotiation that typically occurs between the regulator and regulated firms. Further, compared with a national regulator, a regional authority regulates many more firms and hence it has more to lose when being lenient with any one firm. Consequently, regional regulators are likely to be more strict and consistent enforcers than those of nation states (Majone 1994).

Similar to other forms of policy making, regulatory policy making also requires a delicate balance between regional and national administrations. As regional regulatory administrations expand, member states develop tactics for interacting with the growing bureaucracy. In the European process of regional regulatory policy making member states compete to influence regional policy makers to adopt regulations that are either less costly for their country to adopt, because they are similar to established rules or more closely match current industrial practices, or more explicitly require a practice in which the nation state holds a competitive advantage (Majone 1996)³. In this manner, regional economic communities foster regulatory policy competition between their member states.⁴

2.3 Economic integration and the value of policy harmonization

The balance struck between national and regional administrations in regional policy making occurs in the broader context of regional integration. As discussed previously, RECs vary on what they perceive to be the ideal level of integration, and this position will influence both the policy making process as well as what are defined to be legitimate outcomes of that process.

Economic integration has been pursued on a global scale since the end of World War II, culminating in the development of the GATT and subsequently the WTO (Greico and Ikenberry 2003). Within this broader trend of global economic integration, regions have sought greater levels of integration for themselves both in support of the security goals (economic as well as in some cases military) resulting from integration, as well as a collective response to and possibly protection against broader global economic integration.

For member states, integration is merely one end of a continuum of intra-regional relations, with the other end being defined by loose cooperation. And while the term integration is used frequently in the realm of regional economic communities, there is

³ Majone (1996) provides an example in which the UK government pressured the European Commission to liberalize the insurance industry, where British firms have a competitive advantage over their continental counterparts, by lobbying for policies modeled after British insurance regulations.

⁴ These arguments seeking to explain both the role of the regional entity in policy making as well as differentiating it from policy making in member states reflects a normative view of regulation, wherein the purpose of regulation is to protect the public interest. In the regional context, particularly those where member states differ significantly in levels of wealth and power, this naturally begs the question 'whose interest?'. This normative view of regulation can be contrasted with the positive view of regulation (Stigler 1971), in which industries seek regulation. From a positive perspective, regional regulation plays a different role. For firms providing service region-wide, regional regulation has many benefits including establishing a single venue for lobbying and establishing a (more) similar policy environment in the member states (Majone 1994).

rarely a desire to fully integrate to the extent of becoming a unified political entity. Instead integration is meant to imply an integrated trading system, one characterized by low or no tariffs, to facilitate the flow of goods and services between countries. However, trade policy because it is inherently externally facing is one of the easiest policy arenas in which to reach multilateral agreement, and should not be taken as an indication of a desire or ability to pursue deeper integration. These days even those Europeans who were once ardently in favor of full integration are unlikely to see this as a possibility given the changes that have come about as the result of the expanding membership. In this way however they have moved closer to the status of many of their counterparts across the globe (e.g. Mercosur, ASEAN) that have pursued integration much less fervently.

Regardless of the level of cooperation or integration a region seeks, the process of achieving it is inherently linked to policy making. As nations in a region increase trade the pressure to adopt similar solutions or policies rises. According to Haas (1978) in the case of the European Community, policy integration was really a reaction to policy interdependence both within and beyond the region. In particular, interdependence occurs when a country is so sensitive and vulnerable to the actions of another that it is unwise to take unilateral action. In order to cope with this policy interdependence, governments devise institutional procedures that constitute policy integration, which may increase, decrease or maintain interdependence. Haas cautioned that the outcome would not be integration (regionalism) *or* interdependence (globalization), but instead integration *and* interdependence, with the two forces interacting in unpredictable ways. Thus regional integration will occur in the broader context of growing global interdependence, while the degree of interdependence on any one issue may vary.

This suggests that a variety of paths to integration, or even disintegration, will be observed. Indeed in the EU two types of integration have occurred, positive and negative (Majone 2005). Positive integration is achieved through policy harmonization, both in the goals as well as the substance of the policies. Conversely, negative integration is achieved simply by removing the government's role in resolving a particular issue, and for example relying instead on market mechanisms or industry self-regulation. Such a deregulatory trend, or negative integration, has occurred in the telecommunications sector.⁵

In growing regions such as the EU, positive integration becomes more challenging and consequently negative integration and new forms of governance are on the rise (Majone 2005). These new forms of governance are characterized by flexibility, decentralized decision making, nonbinding coordination, benchmarking and policy learning. Furthermore, their focus is on procedural, as opposed to substantive, harmonization. An example of this approach is the EU's so-called Open Method of Coordination (OMC), which is a formal recognition of these informal governance mechanisms (Peterson and Shackleton 2006). It should also be noted that these informal mechanisms existed in parallel with formal governance, whether or not they were formally recognized by the EU (Levi-Faur 2004).

⁵ While it can be argued that the coordinated exit of the government from responsibility for a particular issue is 'policy harmonization' here we equate policy harmonization with the existence of a policy.

The inclusion of these informal means of coordination, considered heresy in the early days of the EU, now enable 'differentiated integration' or 'enhanced cooperation' in which sub-groups within the region can move forward on integration, while others can opt-out (Majone 2005). The idea that differentiated integration can be achieved through a mixture of positive and negative integration rests on the belief that market integration is possible with much less policy harmonization than was thought to be necessary in the early days of the Communities. In fact, it has been proposed that negative integration may be sufficient to preserve the integrity of the Single European Market, with many of the harmonization efforts of the past actually motivated by a latent federalist bias, as opposed to the needs of the integrated market (Majone 2005).

Hence, in the European realm the need for and consequently the value of policy harmonization, at least as it relates to economic integration, is now being called into question. Further support for these sentiments can be found from three perspectives, namely a systems theory perspective, a values perspective and a pragmatic perspective. Each is considered in turn.

Systems theories, particularly complex adaptive systems (CAS) theory, call into question the value of homogeneity resulting from harmonization. In these theories, diversity and heterogeneity permit greater flexibility in responding to unanticipated developments and can be important sources of new ideas for innovation. To date CAS has been applied in telecommunications policy research with an eye toward emphasizing the need for flexible policies that take into account the dynamic and emergent character of telecommunications markets and technologies (Bauer 2004; Cherry 2004). Here it is proposed that RECs are themselves also complex adaptive systems that must contend with change and emergent behavior. These forces create challenges to as well as call into question the benefits of policy harmonization.

As discussed at the outset, regional economic communities often consist of a hegemonic power and hence it is necessary to consider whose interests are being served by harmonization. Harmonization is of critical importance to integration and, void of a critical eye, can be used as a tool through which dominant powers can subjugate the desires of smaller nations. If one considers integration critically (see e.g. Samarajiva and Shields 1990), questions are raised about the mechanisms for achieving harmonization and particularly which countries may be better off without harmonization.

Finally, we turn to the pragmatic perspective. For the many RECs across the globe it is likely to come as no surprise that pursuing harmonization across diverse political and institutional landscapes of member states is a significant challenge and thereby from a pragmatic perspective may not be considered a realistic outcome of their efforts, particularly in the short term. Academics can draw similar insights from contemporary policy analyses that demonstrate the difficulties of developing, implementing and enforcing policies in a regional context. In the EU, directives established by the Commission are to be transposed into national law. However, the process of transposition, which is meant to take into account the diversity in member states' legal

systems and established laws and regulations, results in rules of a similar genre but that are quite diverse in their details (Heritier 1996; Jordana 2002). In the telecommunication sector, the resulting hodgepodge of policies led the European Commission to develop a 'meta policy' that would finally bring all communications sectors under one policy regime and thereby overcome the variety of institutional structures of the member states (Jordana 2002). However, it is yet to be seen whether or not this approach results in greater harmonization, particularly in the expanded European environment.

Thus far policy harmonization has been characterized as being of questionable value to regional integration, potentially harmful to the establishment of innovative policies, may promulgate the interests of the most powerful nations and is difficult to achieve. Despite these criticisms, policy harmonization does have its benefits and at some levels does occur. However, the presence of harmonized policies is not necessarily the result of efforts of regions.

National policy making is influenced by both horizontal (transnational policy diffusion) and vertical (regional, global authorities) forces that may result in the adoption of similar policies (Schneider 2002). First, there are bilateral policy transfers that happen between countries independent of supranational structures, even in the case that the nations are members of the same regional body (see e.g. Jordana 2002, p.8). Second, there are the influences of global organizations such as the WTO and in the case of developing countries bilateral and multilateral donors. Third, there is the more elusive yet powerful force of globalization. In particular, globalization has created increasing similarities in market and technological environments which result in countries facing the same issues under increasingly similar circumstances. Evidence of multiple levels of influence on national policy making is provided by Lodge and Stirton (2006) who show that Jamaican telecommunications liberalization policies were influenced by the regional body (CARICOM), WTO obligations and the U.S. Federal Communications Commission. Furthermore, evidence of the importance of globalization versus regionalization on harmonization is provided by Levi-Faur (2004). In his study of the diffusion of telecommunications liberalization and independent regulatory authority policies he found that while regional membership did have a small influence on policy harmonization, the standardization of policies within and beyond regions was largely driven by forces of globalization.

This complex environment within which policies are made has been described by Jordana (2002, p. 8)

'The role of the Commission in fostering new regulatory models in the sector during the 1990s occurred at the same time as the transfer of policies and institutional schemes between EU Member States. In addition, American ideas and models were also taken on board in Europe given that the United States led the world in revolutionizing the industry. The simultaneous combination of these factors was transmitted in various ways to the national levels to shape markets through key actors in each country. In conclusion, policy change mechanisms coupled a complex mix of coercion, imitation and self-imposed limitations to the

vision of the telecommunications sector which was shared by leading public and private actors in each national environment.’

Thus, doubts exist about the value of integration and policy harmonization as well as how they are enacted. Despite this there is still an emphasis on harmonization as a goal of RECs, which to some extent is propagated by RECs themselves⁶. It appears nonsensical that policy makers and regulators, for whom harmonization is a significant and potentially unobtainable goal (depending on the level of harmonization considered), would continue to explicitly state this as their mission. There are two possible explanations for this apparent conundrum. One is that the European Union with its previous focus on harmonization is still held up as the archetype regional community and the experience of the EU with harmonization, which has caused the Commission itself to adjust its policy making approach, has yet to be integrated into the marketing text as well as the understanding of what value it provides in the policy making context. The second explanation, which is somewhat cynical, is that while policy makers understand the problems with true harmonization and do not see it as their real goal, yet they continue to hold it out as such because it provides a unifying direction for their activities and that as a goal it is one that is less self-serving to the policy making process and is highly regarded by powerful external actors including multinational firms and multilateral organizations such as the WTO.

It can be argued, however, that an honest assessment of the role and value that RECs provide is needed such that progress can be improved in these directions. If integration and policy harmonization are of questionable value and are difficult to achieve what value do RECs provide, particularly in the realm of ICT policy making? This question is addressed in the following section.

3. RECs as policy making coordinators

While policy harmonization presents great challenges for regions, RECs do play an important role in national policy making. While they may not exclusively influence the content of national policies, they do influence the context within which policies are made. In particular, they serve the role of policy making coordinators. As opposed to a focus on policy coordination, which tends to lead to dichotomous outcomes of ‘coordinate or not’ (Sebenius 1992) policy *making* coordination has several mechanisms of influence.

⁶ For example, the Communication Regulators Association of Southern Africa (CRASA) website states their mission as ‘Our Vision is to become a model regulatory association through the design and implementation of harmonised regulation and policies, to achieve universal service and sustainable communication developments in an investor friendly environment.’ Similarly, the European Regulators Group (ERG) states its mission as ‘The European Regulators Group for electronic communications networks and services has been set up by the Commission to provide a suitable mechanism for encouraging cooperation and coordination between national regulatory authorities and the Commission, in order to promote the development of the internal market for electronic communications networks and services, and to seek to achieve consistent application, in all Member States, of the provisions set out in the Directives of the new regulatory framework.’ In both cases the importance of harmonization and common approaches is emphasized.

As policy coordinators RECs provide value in four ways. First they facilitate the formation of epistemic communities among a wide range of external (non-REC) organizations as well as policy makers and regulators themselves. Second, as policy coordinators RECs also foster knowledge sharing among policy makers and regulators. Third, knowledge sharing and its basis in trust, also allows for specialization in policy and regulatory expertise. Fourth, as coordinators regional bodies also facilitate resource and demand pooling. Each of these is discussed in detail below.

3.1 Policy making and epistemic communities

In the domain of policy making, epistemic communities have been defined as networks of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue area (Richardson 1996). Further, while community members may not agree completely on what constitutes a precise ‘right answer’ to a problem, there are strong common aversions (Cowhey 1992).

In relation to policy making, the knowledge base of the epistemic community serves as the basic assumptions upon which policy positions are formulated. They define the cognitive framework through which market participants, policy makers or politicians operate (Cowhey 1992). While important to the policy making process, the epistemic community’s influence is limited as they cannot always overcome the forces of power, politics and implementation constraints (Haas 1992; Richardson 1996)⁷.

In regional policy making the epistemic community has its central node in the offices of the regional administration responsible for the issue, which is then surrounded by a vast ‘issue network’ of experts from the national administrations, independent experts, academics, public interest advocates, consumer groups, and economic and professional organizations. Indeed, as reported in a European Commission report cited by Hooghe and Marks (2001), already as of 1992 there were roughly 3,000 interest groups and lobbying organizations employing approximately 10,000 people in Brussels. Citing alternate sources, Mazy and Richardson (2003) report the presence of at least 800 non-profit organizations and roughly 350 ‘EU affairs’ offices of large firms in Brussels. Either of these accounts suggests that the epistemic communities of the European Commission are rich and varied.

In the European Commission there are many venues through which officials consult with this community including formal advisory committees and informal consultations. For example, as reported by the Commission itself, in the development of its ‘telecoms package’ between 1998 and 2000 it engaged in seven stages of consultation including studies, issuance of working papers for comment, a Communication, a two day Public Hearing with 550 participants, a Communication that generated more than 2000 responses from national regulators, trade associations, consumer groups, industry and

⁷ Richardson (1996) also compares the influence of epistemic communities (which can also prevent policy co-ordination) to the ‘policy networks’ approach – where he sees the former as being more restrained in its claims to explain the entire policy making process.

individuals, and finally the draft legislation published in a form conducive to consultation (Mazey and Richardson 2003).

As noted above, the role of the epistemic community in policy making is limited. It is up to Commission officials, acting as policy entrepreneurs (Kingdon 1984), to use the knowledge provided by the epistemic community to develop positions that they can then 'sell' to others to build the political capital necessary to pass legislation (Majone 1996).

However, while they cannot enact policy, the epistemic community, by helping to define the 'currently accepted state of knowledge', can be highly influential. For example, in the international telecommunications policy realm, Cowhey (1992) partly attributes the change from the 'natural monopoly' regime to the liberalized market regime to a change in epistemic community. The belief in the 'natural monopoly', supported by knowledge from the former epistemic community, set the agenda for regulation and furthermore international institutions such as the ITU provided the social organization to improve their coordination of expectations. Technical change and the new epistemic community it spawned led the way for a fundamental change in the way telecommunication markets are organized.

And while a large number of organizations have descended on Brussels of their own volition, not all members of the epistemic community are entirely independent of the administration. According to Fuchs (1994) the European Commission has had a direct role in shaping particular epistemic communities, through the establishment of organizations contributing to the epistemic community. In particular, the Commission was involved in the establishment of the European ISDN User Forum (EIUF), where membership was free and the administrative expenses were covered by the Commission, as well as the establishment of the Information Technology User Group (INTUG) and the European Communications Technology User Association (ECTUA). These groups are used strategically by the Commission to help support desired policy positions. They are also used as a buffer between the Commission and powerful national actors (e.g. telecom operators).

Thus, regional economic communities can play an important role in policy making coordination by facilitating the formation of epistemic communities. This is not to say that all RECs will be as active as the Commission in the actual establishment of organizations, but simply that due to their presence as a regional entity they will facilitate the development of 'regional' positions within interest groups. They may also represent a more natural point of engagement for multinational interest groups, other civil society organizations and firms.

In addition to coordinating policy making through the facilitation of epistemic community formation among external organizations, RECs have also engaged in creating epistemic communities among policy makers internally. To carry out coordinated policy making, the group of disparate national administrators assigned the task of being the 'regional representative' need to form their own vision of what the 'dominant paradigm' for regulatory policy making is. Unlike their external epistemic community counterparts,

the internal epistemic community is not focused exclusively on one ‘issue area’ but instead spans a range of issues as well as includes a focus on policy making. The need for such groups is particularly pressing in regulatory policy making, where national regulators face common regulatory policy making and enforcement issues. Participation in the regional body allows them to work collectively to define positions prior to facing national actors.

Three examples of such communities are the two telecommunications regulators’ groups of the European Union and a similar organization associated with SADC. The two European groups –European Regulators’ Group and the Independent Regulators Group (ERG and IRG, respectively) are differentiated by their relationship to the Commission. The first is a formal body of the Commission designed to provide input to the Commission, helping them understand national regulatory constraints arising from Commission policies. The second is an independent group in which regulators get together to share knowledge and establish strategies, particularly when their position differs from that of the Commission⁸. While these organizations’ primary activities are coordinating policy implementation in the NRAs, in the process they develop shared approaches and understandings which become the basic assumptions through which their approaches to policy and regulation implementation are undertaken.

The epistemic quality of these organizations is reflected in the joint ERG/IRG document ‘Regulatory Accounting Practice 2007’ (European Regulators Group 2007). In the document the ERG/IRG reports on the increased consistency with which national regulatory authorities (NRAs) are using particular methods for determining costs (CCA and LRIC/LRAIC⁹) of telecommunications services in their regulatory activities. In particular, they observe “Overall there would appear to be clear and continued indicators that the trend to more consistent and harmonised approaches to regulatory accounting has been maintained.”

In SADC, the regulators’ organization, CRASA, is similar to the ERG/IRG and actually falls in between these two in terms of its relation with the regional body. While it is a formal body of the REC it has a greater level of independence than the ERG. The epistemic quality of the CRASA is reflected in its annual report (CRASA 2006). In the report, CRASA reports on its name change (TRASA to CRASA), which reflects the convergence occurring in the communications sector as well as changes in regulatory structures in some of its members. In this sense the epistemic community is establishing the underlying assumptions of regional policy making, but instead of serving as a vehicle for sharing new knowledge they are merely reflecting the market realities and instituting them into the policy making realm. A second area in which CRASA establishes norms for policy making is in the human resources realm. CRASA has adopted the position that national regulatory authorities need to be self-sufficient in terms of their capacities, with regulations made by permanent staff rather than by international consultants. This position, which is independent of policy issues and is concerned with policy making

⁸ See http://erg.eu.int/index_en.htm and <http://irgis.anacom.pt/site/en/irg.asp> respectively.

⁹ Current Cost Accounting (CCA) and Long Run Incremental Cost (LRIC)

processes, has led to the development of a regulatory training cooperative, which will be discussed in greater detail below.

Thus, in the case of both the internal and external epistemic communities, the activities of the REC do not guarantee nor explicitly pursue policy harmonization, but instead facilitate regional interaction on ICT-based issues as well as those concerned with regional/national regulation. These activities do not foreclose the potential of harmonized policies, and in fact may make them more likely, but this is not their goal.

3.2 Knowledge sharing and capacity building

In regional policy making and other coordinated activities an important outcome of the deliberation and negotiation process is knowledge sharing (Sebenius 1992). While negotiation is an important vehicle for the transfer of information, explicit mechanisms for knowledge sharing can be established external to the negotiation process. In either case the sharing of knowledge and, even further, the ability to apply that knowledge in different contexts developed through capacity building programs are two important contributions RECs make to the policy making process.

Knowledge sharing in RECs occurs in collective environments where all delegates are present as well as through bilateral exchanges that occur outside the REC environment. To understand the value of these exchanges it is first necessary to consider national level policy makers and regulators as a heterogeneous group, whose national organizations vary in size and capacity. And while wealthier countries with larger policy making and regulatory staffs typically come to the regional realm with a broader and deeper knowledge base, there is still much they can learn from their smaller country counterparts. Also, while it can be argued that the REC does not explicitly facilitate bilateral exchanges, the trust that is built up between policy makers and regulators from various member states is a result of their participation in the REC, which in turn provides the foundation for knowledge sharing.

These informal knowledge sharing activities are described by the ERG (2006, p. 8):

“In addition to the programmed work of ERG, ERG seeks to facilitate NRAs with experience of implementing the EU framework in assisting other members. This assistance can be informal or be organised through more formal mechanisms such as ad hoc conferences on specific issues, exchanging staff or assistance programmes. In most cases this is done on a bi-lateral basis.”

These mechanisms of knowledge sharing are a minimum of what RECs can achieve in this area. Frequently, member states’ representatives request more formal mechanisms for knowledge sharing as they fulfill a need and provide concrete benefits, as compared to the uncertain outcomes of policy harmonization negotiations. More formal mechanisms of knowledge sharing may include tutorials provided by various members and technical subcommittees or even training programs.

In particular, training programs that aim to develop policy making and regulatory capacity are highly valued by member states. As telecommunications regulation requires highly specialized knowledge it is unlikely that staff come to their positions with training. Training in everything from general topics such as law and policy to the highly specialized topics of interconnection and universal access are required. As policy making coordinators RECs can help provide this education, both by identifying or helping to create suppliers as well as through the pooling of demand for highly specialized training (as will be discussed further below).

Examples of such activities can be found both in the ERG and CRASA. In the ERG training is particularly important for accession countries whose policy making and regulatory staffs may be unfamiliar with practices adopted by older EU member states. Consequently, the IRG, in cooperation with the Directorate Generals (DGs) for Information Society and Enlargement European Commission, held training programs in Brussels, Prague and Budapest in 2002.

In the SADC region, where policy making and regulatory capacity are a more pressing issue than in the EU, CRASA has made capacity building a significant activity. In cooperation with development partners USAID, DFID and SIDA, among others, CRASA founded a training program called NetTel@Africa. NetTel@Africa, through SADC member national regulators, together with universities from across the southern African region (as well as universities in the U.S.), launched a program to provide online training, certificate and degree programs in telecommunications policy. In these programs regulators together with university faculty share their knowledge with regulatory staff from a variety of countries. In particular, the goals of NetTel@Africa include¹⁰:

- investigation into appropriate technologies and mechanisms for distance education delivery;
- development of common standards for competence evaluation and certification of personnel;
- development of a regional directory of training specialization and centres and personnel;
- joint provision of training, sharing of research materials and coordination of training programs in the Africa region; and
- conclusion of regional certification agreements to support reciprocal recognition of qualifications.

Thus, RECs enable knowledge sharing and capacity through both informal and formal mechanisms. These activities, while potentially contributing to policy coordination, are primarily attributed to the RECs' role as policy making coordinators.

3.3 Specialization

As implied in our discussion of epistemic communities and knowledge sharing above, national policy makers and regulators come to the regional domain with varying areas

¹⁰ See www.nettelafrika.org

and levels of expertise. Acting alone, each nation's policy makers must acquire expertise in a wide array of domains in order to meet the diverse challenges technological change brings. However, through cooperation in the regional domain national policy makers can generate efficiencies by relying on specialized knowledge resident in policy makers of another member state. Specialization among member states typically occurs by happenstance, for example when one nation's policy makers acquire knowledge in advance of other a member states simply due to contextual factors that force them to deal with an issue sooner or if policy makers tackle an issue because they happen to have an expert on staff.

RECs enable policy makers to access this specialized knowledge through the formation of sub-committees and working groups whose goal is to provide advice on specific topics. Policy makers with the specialized knowledge are typically nominated to lead these sub-committees and those who join are typically a mix of those with or who need the knowledge.

Through the use of sub-committees RECs exploit the various areas of specialization resident in their members and by providing access to that knowledge reduce the need for replicating that knowledge base in each national policy making team. Over time, members become aware of where expertise resides and, if free riding is not an issue (which it may be), seek to develop their own area of expertise both for their own as well as the group's benefit. [tried to find examples for ERG/IRG but failed as websites do not list committee members...]

One example of policy making specialization is found in the case of CRASA. Within CRASA, the Tanzanian regulatory authority TCRA is known to have expertise in capacity building. Based on this expertise the Tanzanian representatives to CRASA often take a leadership role in this area, such as serving as the convener of the CRASA HRD Committee. Their efforts create joint resources accessible to all and that reduce the need for such expertise to be resident (and replicated) in each member state's national administration.

3.4 Resource and demand pooling

As recognized by Majone (1994), regulatory policy making in particular requires a high level of technical and administrative discretion, and therefore regions can provide certain advantages in this area. The benefits that regions provide in this regard are those referred to above, including knowledge sharing as well as access to and development of specialized knowledge, as well as the ability to pool both resources and demand to fulfill these knowledge requirements.

The specialized knowledge required for policy making in general and in particular for regulatory policy may sometimes require the use of external experts. In the absence of the coordinating function of the regional body, each national administration would incur the expense of hiring a consultant to provide this expertise. In some cases, resources might be unavailable and hence the knowledge is simply not obtained. In this case the REC can

help provide the requisite knowledge through pooling of resources, where NRAs pool fractional contributions to hire a consultant.

Similarly, when national administrations seek to provide highly specialized training for their people, they may not be able to pay for private sessions. By pooling demand for such training across the region, the REC is again in a position to foster capacity building and knowledge sharing for its members.

These mechanisms of policy making coordination, namely facilitating the formation of epistemic communities, knowledge sharing and capacity building, specialization and resource and demand pooling are important advantages that RECs provide to the national policy making arena. Ostensibly, by improving the knowledge base and capacity of national regulators and making greater use of limited funds through specialization and resource and demand pooling, they contribute value not only to policy makers and regulators themselves but also to the public and even firms that fund their activities through taxes. Furthermore, some of the benefits of policy harmonization, such as the reduction in uncertainty that comes from a uniform multinational regulatory environment, can also be achieved through policy making that, while resulting in localized regulations, is based on sound logic, derived from a deep understanding of the technologies and issues at hand. And while multinational firms may profess a preference for uniformity, even when based on arbitrary and unsound reasoning, it is unclear that this benefits the broader public. Hence, RECs need to carefully consider the ways in which they add value both to the policy making process and its outcomes and communicate those benefits to the broader public. Only then can reasonable assessments of their contributions be made.

4. Summary and conclusions

The growth of regions both in numbers, membership and their involvement in policy making suggests that more research in this domain is required. As the above discussion suggests, regional economic communities can influence national policy making through their role as policy making coordinators. A focus on coordination as opposed to the outcome of policy harmonization provides a more nuanced perspective on the role of regions and avoids an exclusive focus on harmonization that can lead to a false dichotomy of ‘harmonized or not.’

It is also the case that an over-emphasis on policy harmonization may be detrimental to RECs in developing regions. In the relatively highly integrated European context, expectations for harmonization, in a region where economic and legal systems as well as levels of development are fairly similar, may be reasonable. However, in developing regions, where the differences between member states are much more significant, an over-emphasis on harmonization may be counter-productive. This particularly the case if RECs’ performance is measured by their level of attainment of their own stated goals. Alternatively, these communities may benefit from an explicit focus on the coordination gains that regional cooperation provides, particularly in resource constrained environments. Measured against their attainment of these goals, their performance may be quite positive indeed. This postulation, however, requires further research.

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