

# The OMC and National Social and Employment Policies: Influences, Mechanisms, Effects

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# Plan of the Talk

- I. What is the Open Method of Coordination (OMC)?
- II. The OMC in action: types of influence
- III. Mechanisms and effects
- IV. Following or altering domestic pathways?

# I. What is the OMC?

- An experimentalist approach to EU governance based on iterative benchmarking of national progress towards common European objectives, supported by organized mutual learning
- Rooted in new Treaty-based economic and employment policy coordination processes introduced during 1990s
- Defined as a broadly applicable governance instrument for EU policy making at March 2000 summit
- Designed to assist in achieving 'Lisbon Strategy' goals
  - 'to make the EU the most dynamic and competitive knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion'

# OMC as a new governance architecture

- OMC defined at Lisbon as a new governance architecture involving four key elements:
  - ‘Fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long term;
  - establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
  - translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
  - periodic monitoring, evaluation and peer review organized as mutual learning processes.’

# Diffusion and dilution

- Lisbon European Council authorized application of the OMC to a wide range of policy areas
  - R&D/innovation, information society/eEurope, enterprise promotion, structural economic reform, social inclusion, education/training
- Subsequently extended to various other fields
  - pensions, health/long-term care, youth policy, better regulation, industrial relations
- But many of these ‘OMCs’ included only fragmentary elements of the governance architecture defined at Lisbon

# Theoretical promise of a new mode of governance

- OMC widely hailed as a ‘third way’ for EU governance, betw. harmonization/centralization and regulatory competition/ fragmentation
- A promising mechanism for
  - reconciling pursuit of common European objectives with respect for national diversity
  - promoting experimental learning and deliberative problem solving through systematic comparison of different approaches to similar problems

## II. The OMC in action: types of influence

- National influence and effectiveness of OMC processes is notoriously hard to evaluate
- Methodological problems of assessing the causal impact of an iterative policy-making process based on collaboration between EU institutions and MS governments without legally binding sanctions
- But now a large body of empirical research, based on both official and independent sources
  - Zeitlin & Pochet 2005; Heidenreich & Zeitlin 2009
- Focused on employment and social protection/inclusion: oldest, most developed, best institutionalized OMC processes

# A. Substantive Policy Change

- Changes in national policy thinking
  - Cognitive shifts
- Changes in national policy agendas
  - Political shifts
- Changes in specific national policies
  - Programmatic shifts



# Changes in national policy thinking (cognitive shifts)

- Incorporating EU concepts and categories into domestic debate
  - E.g. activation, prevention, active ageing, lifelong learning, gender mainstreaming, flexicurity, work/family reconciliation, social exclusion
- Widening the frame of reference
  - Exposing domestic policy makers to new policy approaches, inspired by foreign examples
- Discrediting/devaluing established domestic policy approaches
  - E.g. early retirement, shorter working hours

# Changes in national policy agendas (political shifts)

- Putting policy issues on the national agenda and keeping them there
  - E.g. pension reform, closing off pathways to early retirement, expanding childcare provision
- Moving policy issues up and down the domestic agenda
  - E.g. gender mainstreaming, occupational segregation, lifelong learning, integration of immigrants, child poverty

# Changes in specific national policies (programmatic shifts)

- Legislation, NAPs/Strategy Reports, evaluations refer specifically to OMC objectives, guidelines, targets, and/or recommendations
- Policy makers refer to OMC in private interviews
- EES influence
  - Activation and unemployment prevention (most countries)
  - Tax-benefit reforms (F, D, PL, SE, SK)
  - Active ageing/lifelong learning (F, D, BE, Baltics)
  - Gender equality/mainstreaming (most countries)
- Social OMCs
  - UK indebtedness, lone parent, child care policies
  - F: active inclusion
  - SI, CZ: social assistance legislation
  - Pension reform: F, ES, LV, PT

# Problems of interpretation

- Some changes in national policy thinking preceded development of OMCs
- EU/OMC not only channel for new policy ideas
- EU MS influenced development of OMC concepts and approaches (uploading)
- Multiplicity/ambiguity of OMC policy concepts allows selective downloading/interpretation by domestic actors
- Role of domestic political communication/legitimation strategies in reception of OMC concepts/messages
- **Better to think of two-way interaction between OMCs and national policy making rather than one-way causal impact**

## B. Procedural Shifts in Governance and Policy Making

- Horizontal/cross-sectoral integration
- Improvements in national steering capacity
- Enhanced vertical coordination between levels of governance
- Increased involvement of non-state actors
- Development of horizontal/diagonal networks for participation of non-state/subnational actors in EU policy

# Better horizontal coordination/ cross-sectoral policy integration

- New formal coordination structures
- Inter-ministerial working groups
- Reviews and rationalization of policy making across interdependent fields
- Creation of parallel structures for policy coordination/integration at subnational levels (regional, local)

# Improvements in national steering capacity

- Data collection/analysis
  - Statistics, information systems
- Monitoring and evaluation arrangements
  - Creation of new bodies in some countries

# Enhanced vertical coordination

- Creation of new structures (formal or informal) for closer coordination between national, regional, and local levels of government
- Increased involvement of local/regional actors in policy formation, implementation, monitoring
- Wide cross-national variations
  - Influenced but not determined by different constitutional structures
  - E.g. German Länder vs. Spanish regions



# Increased involvement of non-state actors

- Creation of new consultative/participatory structures for involvement of non-state actors in domestic policy making
- Strongest in social inclusion, more variable in employment, weakest in pensions
- Significant cross-national variations not fully correlated with pre-existing corporatist traditions
- Disparities between different types of actors
  - Social NGOs vs. social partners

# New horizontal/diagonal networks

- Development of horizontal/diagonal networks for involvement of non-state & subnational actors in EU policy coord
  - Opening of OMC processes to European networks of social NGOs/local authorities
  - Support for social NGOs/local authority networks from Community Action Programme
  - Support for Local and Regional Action Plans
  - EU-wide roundtables and conferences

# Problems of interpretation

- Shifts in governance arrangements also a response to ongoing changes in public administration
  - Decentralization, devolution, agencification
  - Create perceived need for more “joined up” government, both horizontally & vertically
- Involvement of non-state/sub-national actors depends on actors’ strategies as well as domestic institutional configurations

# III. Mechanisms and Effects

- A. External Pressure (vertical & horizontal)
- B. EU Financial Support
- C. Socialization/Persuasion
  - Normative/discursive effects
- D. Mutual Learning
  - Direct/first-order vs. indirect/higher-order effects
- E. Creative Appropriation by Domestic Actors
  - Leverage effects
  - Democratizing destabilization effects

## A. External Pressure (vertical & horizontal)

- Recommendations/rankings
  - Commission, Council
  - “friendly advice”
  - “naming, shaming, faming”
- Peer pressure
  - Accountability to other MS representatives
  - Mutual surveillance/peer review of NAPs etc.

# Assessment

- MS try to avoid recommendations & negative rankings as sources of domestic embarrassment
- Peer pressure is felt by those exposed to it
- Effectiveness of external pressures depends on
  - Perceived fairness/legitimacy of recs/rankings
  - National attitudes towards EU
  - Domestic visibility of OMC processes
- Can engender perverse effects
  - Bilateral negotiation of recommendations
  - Resistance to unfavorable indicators
- Not a key factor in national reforms

## B. EU Financial Support

- Structural funds linked to OMC objectives
- Partnership principles of involving non-state/subnational actors in EU projects
- Community Action and related programs (now PROGRESS) for networking, capacity-building, and dissemination of OMCs to non-state & subnational actors

# Assessment

- Influence depends on relative size and significance of structural fund projects
- Also depends on degree of integration of structural fund plans w/ OMC objectives
- Open to push back by MS gov'ts seeking greater control over use of EU funds
- EU funding for non-state/subnational actors critical to their involvement in national & European policy coordination



# C. Socialization/Persuasion

- **Normative/discursive effects**
- Creation of common frame of reference through iterative use of EU concepts, categories, metrics
- Mutual socialization/internalization of discursive conventions & categories
- Doesn't preclude sharp internal disagreements
  - not cognitive harmonization/epistemic consensus
- But does serve as a deliberative discipline on interest-based bargaining (e.g in EU ctees)

# Assessment

- Normative/discursive effects strongest among EU committees and national officials/actors in close touch with EU institutions
- But some diffusion outwards and downwards within MS, depending on visibility & mainstreaming of OMC processes

# D. Mutual Learning

- Now substantial evidence of mutual learning through OMC from official evaluations, academic surveys, & case studies
  - 2008 DG ECFIN evaluation of Integrated Guidelines: 70% of interviewees report some mutual learning
  - 2007 DG EMPL study of EES: ‘almost all respondents in all countries’ report key role in mutual learning
    - Strongest in southern and eastern Europe
  - 2005 DG EMPL evaluation of social OMCs: ‘many Member States’ emphasized that ‘mutual learning and policy exchange lies at the very heart of the OMC’

# Indirect/higher order effects

- Prevalence of indirect/higher order effects
  - **Heuristic effects**
    - Increased awareness of policies, practices & performance in other MS
    - Identification of common challenges/development of shared problem diagnosis
    - Stimulus to bilateral policy learning outside OMCs
  - **Capacity-building effects**
    - Development of common Euro indicators & stats
    - Improved quality/comparability of national stats

# Indirect/higher order effects (2)

- **Maieutic/mirror effects**

- Pushes MS to rethink established policy approaches and practices
- Obligation to compare national performance to other countries' using common indicators
- Obligation to re-examine national policies, programs, performance against progress in meeting common Euro objectives & targets
  - E.g. BE discovers it is not 'best pupil in class' in involving civil society in inclusion policies

# Direct/first-order learning

- Less evidence of direct/first-order effects
- Few examples of **direct policy transfer**
  - National reforms typically draw analogic inspiration rather than detailed blueprints from other MS
  - A natural consequence of contextualized vs. decontextualized benchmarking
  - But some surprising claims of more direct borrowing
    - Influence of Ireland & Nordic countries on UK indebtedness, lone parent, childcare, social inclusion strategies
    - LU borrowing from BE *centres d'aide publique*
    - SK learning from UK about boosting in-work earnings through tax credits

# Direct/first-order effects (2)

- Some progress at EU level in identifying what works and what doesn't in specific policy areas
  - E.g. labor market activation, child poverty reduction
  - Development of EES Mutual Learning Programme, Social Inclusion Peer Review/Transnational Exchanges

# Direct/first-order effects (3)

- Limited progress in encouraging bottom-up/horizontal learning from local experience
  - Linked to limitations on participation of non-state/subnational actors in OMCs at national level
  - EU roundtables/networking conferences & NGO shadow peer reviews suggest incompletely tapped potential



# Assessment

- Importance of organizational design issues in OMC mutual learning effects
  - E.g. broad participation by non-state/subnational actors
- Procedural reforms by EU committees
  - Concentrate on transversal themes to foster more open and focused policy debates
  - Develop more context and process-oriented approach to peer review of good/bad practices
  - Stronger analytical frameworks for understanding relationship between policies and outcomes
  - Better linkages between EU and national debates through better dissemination/stakeholder participation

## F. Creative Appropriation by Domestic Actors

- Strongest influence of OMCs on national social/employment policies comes through creative appropriation by domestic actors
- strategic use of OMC concepts, objectives, guidelines, targets, indicators, rankings, & recs by domestic actors for their own purposes: **leverage effect**
- ‘no impact of Europe without usage by domestic actors’ (Jacquot/Woll)

# Governmental actors

- Governments can use OMCs as a ‘selective amplifier’ to legitimate domestic reforms
  - But crude attempts to instrumentalize EU guidelines can backfire (e.g. 2002 Spanish benefit cuts)
- Intra-governmental actors can use OMCs to strengthen their position in internal struggles over resources and policy priorities
  - Employment & Social Affairs vs. Finance Ministries
  - Specialized units/agencies
    - e.g. PES, gender equality bodies

# Non-state/subnational actors

- Opposition parties
- Social partners (unions, employers)
- Social NGOs/civil society organizations
- Local/regional authorities
- Can use OMCs not only to advance their own pre-existing domestic agendas (**leverage effect**)
- But also to hold gov'ts accountable, demand increased participation rights, and criticize official proposals on the basis of richer comparative information about feasible alternatives than would otherwise have been available (**democratizing destabilization effect**)

# Assessment

- OMC processes have not simply reinforced existing political agendas/institutional patterns, but have also empowered weaker actors within and beyond government
- Both leverage and democratizing destabilization effects depend on domestic actors' creative appropriation of opportunities opened up by OMC processes

# Assessment (2)

- Extent of such opportunities depends in part on domestic institutional/political conditions, notably
  - National attitudes towards the EU
  - Visibility/mainstreaming of OMC processes into domestic policy making
- Also depends in part on provision of EU financial/political support for independent initiatives by non-state/subnational actors

# Assessment (3)

- But exploitation of potential opportunities created by OMCs depends crucially on domestic actors' own strategies
  - Weaker/less constitutionally entrenched actors more interested in new opportunities for participation & voice in national policy making
    - Social NGOs vs. social partners
    - German Länder vs. Spanish regions, Swedish local authorities
  - You can lead a horse to water....
    - UK House of Commons Euro Scrutiny Committee opposition to new OMC health indicators

# The ambiguities of domestic appropriation

- Strategic appropriation of OMC by domestic actors may appear to follow a purely rationalist calculus of instrumental advantage
- But by embracing OMC concepts, categories, & metrics to advance their goals, domestic actors
  - at a minimum acknowledge/reinforce the legitimacy of common European objectives & approaches
  - in the longer term, may subtly come to redefine their own preferences by identifying more closely with European objectives, institutions, and partners
  - ‘no usages of Europe without an impact’ (Sanchez-Salgado)



# IV. Following or Altering Domestic Regime Pathways?

- Influence of OMC processes on national social & employment policies thus depends in part on domestic institutional & political conditions, notably:
  - Popular/political attitudes towards the EU
  - State/constitutional structures
    - unitary/federal/decentralized
  - Patterns of interest intermediation/social partnership
    - Corporatist/concertative vs. pluralist/contestative
  - Perceived fit/misfit between OMC goals/approach and domestic policy/performance

# The limits of misfit

- OMC influence also depends on creative appropriation by domestic actors, who may have their own motives for seeking changes in policies and governance arrangements
- Hence as recent research on EU legislation has also shown, high levels of misfit are neither a necessary nor a sufficient condition for domestic influence

# OMC as a reflexive discipline for policy reform

- OMC processes throw up adjustment challenges to all participating MS, not only worst performers
  - E.g. gender segregation and immigrant integration in Nordic countries
  - No MS comes out top on all indicators of social inclusion
  - Pension adequacy, relative income poverty, & lifelong learning flagged as problems for liberal welfare regimes (UK, IE)

# Beyond path dependency

- Leverage and democratizing destabilization effects empower weaker actors within and beyond government, rather than reinforcing existing domestic power balances and governance arrangements
- Tendency of OMC processes to encourage hybridization and path-shifting adjustment of national social & employment policies, rather than reproducing pre-existing regime trajectories