

**RESEARCH ON THE OPEN METHOD OF CO-ORDINATION
AND EUROPEAN INTEGRATION**

**THE OMC INTERTWINED WITH THE DEBATES
ON GOVERNANCE, DEMOCRACY AND SOCIAL EUROPE**

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Foreword

At the European level, the Open Method of Co-ordination (OMC) has on the one hand emerged in the framework of the discussions on democracy and governance, which can be traced back to the beginning of the 1990s. These discussions are not only at European, but also, and indeed, *above all*, at the national level, which is sometimes forgotten amidst circles of European policy-makers and analysts. These are tied in with types of convergence, intended or not, of the European Integration project, especially in the very sensitive social sphere. The ambition of this report is, on the basis of the acquired knowledge of the Observatoire social européen, from empirical and theoretical perspectives, to analyse the OMC from the perspective of these contextualised issues.

There are three key issues related to the OMC that will not be addressed here, as they have been analysed extensively elsewhere.

The first is that of the interaction between monetary union, economic co-ordination and the emergence of the European Employment Strategy (EES) and other social OMCs. A recent article by Jenson and Pochet (2002) presents an analysis of this point. In addition, the Govecor project directed by Prof. Wessels presents a detailed analysis of the interactions between the economic and employment co-ordination processes in different member states (<http://www.govecor.org>). Furthermore, we will not analyse the economic co-ordination process as one type of OMC (see Hodson and Maher, 2001).

The second is that of changes at the national level. Our book (de la Porte and Pochet, 2002a) provides some detailed national case studies, identifying the nature of the European and national level interactions. Since then, the Commission organised the +5 EES evaluation. The results, the national but especially the transversal analyses, although variable in quality, provide useful empirical material through which to determine the real functional mechanisms behind the EES, as well as its weaknesses and strengths. In addition, an on-going joint project of the Observatoire social européen, Saltsa and the University of Wisconsin-Madison focuses on this issue in the areas of employment and social inclusion. It is also one of the aspects covered by the proposal co-ordinated by the proposal for the 6th framework programme by European University Institute of Florence. These on-going and future initiatives will reinforce the theoretical framework for OMC analyses.

The third is that of the portrayed tension between soft and hard law. We believe that it is misleading to present the OMC as a type of “sub-law”. The OMC is not a law, and makes no reference to any mechanism for adopting or applying legislation. On the contrary *“its tools –unlike those of hard law – are ideally suited to find out whether law, or other State intervention, really works”* (Kilpatrick, 2003: 11). Moreover, hard law is perceived in a stereo-typical way by some supporters of the OMC. This rigid image does not take account of the fact that for some time now, especially in the social arena, framework directives are used, leaving implementation modalities at national level. In some cases, framework directives can be negotiated by the European social partners. We believe that the soft law conception is principally useful insofar as it brings the political dimension of the OMC into the picture (Snyder, 1993a).

INTRODUCTION

A. Object

The OMC was coined during the Lisbon Summit of March 2000 (European Council, 2000), at a time that the European project was in need of new wind to keep sailing, together with the over-arching objective of Europe to become the world’s most competitive area, together with more and better jobs and greater social cohesion. In both the political and academic spheres, there were, and still are, debates on the need to improve policy-making and “governance” within the EU context, notably through a “reinvigorated” Community method, but also other policy-making tools, including the OMC. The EU’s White Paper on Governance (CEC, 2001a) proposes principles for such an improvement, essentially based on two pillars. One is around input legitimacy – democratic concerns

of participation, openness and transparency – and the other is around output legitimacy – effectiveness of policies and coherence. The “promises” made by the OMC are directly related to the two pillars of the governance challenge.

The OMC is often referred to as a “new” mode of governance, and advocated as a panacea for speeding up European decision-making (Héritier, 2003). However, similar policy co-ordination mechanisms have been around in other entities with complex, often federal, structures. It is the case for example in Canada. Bruno Théret (2002) argues that concerning federalism, the European Union has much more to learn from Canada (and vice versa) than from USA. He compares the enhanced co-operation with the “droit de retrait” cherished by the French Canadians from Quebec and the OMC with the soft goal oriented social union. Concerning the former, the federal government has tried to develop a co-operative federalism in the social field, mainly in domains where competencies are shared between federal and provincial levels. In the two level (province/federal) game, the aim is to compare the performances with common indicators and to share best practices. The results have until now been uneven and it seems that the experience was supported due to a unique political constellation at the beginning of this experiment (1997) (Gibbins, 2001). The evaluation is underway. A seminar will be held at the University of Montreal in April 2003 to compare this experience with that of the OMC. However, the OMC, perceived as a useful policy co-ordination tool from its normative aspirations, has also attracted the interest of International Organisations. These include, on the role of the actors, the active role played by the local level, and the co-ordination ensured by the supranational level, on the functional mechanism, learning and peer pressure (Régent, 2002). Thus, the ILO has envisaged using the OMC to implement certain aspects of its conventions¹.

One of the key architects, Professor Rodrigues (2001), reminds us that “*The open method of co-ordination was elaborated after a reflexion on governance aiming at defining methods for developing European dimension*”. In contrast to the Community method, this approach, perceived as soft and voluntaristic, helps to expand policy activities beyond legally limited spheres and seeks to enhance policy integration and linkage (e.g. between economic and social policies, pensions, employment, immigration, etc.). The European Employment Strategy (EES) (see Jacobsson, 2001a and 2001b for comprehensive analyses) is considered the benchmark for the OMC for other areas in terms of its institutional set up and policy objectives, although it existed prior to the codification of the OMC. The dominant policy discourse on the OMC emphasises the aspects linked to the input legitimisation dimension of the governance debate: Its “openness” and multi-level logic, whereby relevant actors are supposed to participate at different levels of policy-making and implementation, in due respect of the principles of subsidiarity and proportionality. Although its potential use extends beyond the social sphere (sometimes unlabelled) this report will focus on the OMC in the social sphere. There have been comprehensive analyses on issue-specific OMCs and distinct aspects of the OMC debate, which will be unveiled throughout the report.

B. Structure

Both of the authors of this report have been interested in the OMC from both an academic and political perspective for some time now, and have published substantially on its dynamics and various facets. Moreover, the Observatoire social européen is in charge of the section “Social Europe” of the *Revue belge de sécurité sociale/Tijdschrift voor sociale zekerheid*, for which numerous articles have been published on this topic over the last three years. The initial ambition of the report was to make a classical literature review of the OMC, however, it quickly became apparent that the available academic analyses were similar in content and in the conclusions. They are often developed on the basis of outdated empirical findings or normative ambitions of the OMC. We have prepared a literature review of on the EES, to be published (with minor changes and updating) in the *Journal of European Social Policy* (forthcoming in Vol.14, No.1).

¹ Speech of M. Juan Somavia, Director General, International Labour Organisation (ILO), at the Conference “Quality in Employment and Enlargement of the European Union”, Brussels, 18 and 19 October 2002.

The more that we dig into the empirical implementation of the OMC to different policy areas, the more evident not only the small differences, but also the fundamental structural distinctions, in terms of objectives, balance of power, participation and other aspects.

The Belgian Minister of Social Affairs, Frank Vandembroucke, has put forward the metaphor: OMC – recipe or cookbook? Our analyses increasingly confirm the latter for the social OMCs, and seem to hold for the OMC in other areas as well.

We enter the analysis by contextualising the emergence of the OMC through three key stakes surrounding the OMC debates: governance, democracy, and a framework for analysing of the type of convergence at hand for the social dimension of Europe.

We will then, in the second section, review where we are now and which research questions are being tackled for the OMCs in the social arena – employment, social inclusion, pensions and health care. They are comparable as the actors involved are (mostly) the same, the methods are similar, but the results are very different. A short review will also be made of the other areas where the OMC is applied.

In the third section, we will analyse the OMCs in the view of four transversal stakes: process, participation, depoliticisation vs. politicisation, and “machinery”.

Finally, in the fourth and final section, we sum up the findings and point to the open questions and points of tensions that are inherent to the OMC.

I. OMC IN CONTEXT GOVERNANCE, DEMOCRACY, MODERNISATION OF THE SOCIAL MODEL

A. Governance

The discussion on the advantages and disadvantages of the OMC is linked to the wider reflection process on governance, which is taking place in political, but also in different academic circles (Telò, 2002; special issue of the European Law Journal, 2002; Scott and Trubek, 2002; Rodrigues, 2002). The conceptual advantages of the OMC, compared to “classical” modes of governance and hard law are highlighted. What are these “advantages”? To which extent does the OMC, as theoretically presented, live up to these expectations? This section will first present key elements of the debate on governance before turning to answer these questions.

The debate on “governance” is at the centre stage of the current discussions on policy-making in the European Union. This is crucial in the light of the Convention on the Future of Europe, where decisions need to be made, inter alia, on “atypical” policy-making procedures that include the OMC, which has been considered as a “system” of governance in its own right (Jacobsson, 2001a). From the legal perspective, the OMC is characterised as being part of the body of “soft law” of the European Union. Since the mid-1990s, “soft law” has been increasing within the European Union. Politicians and scholars acknowledge that it exists, but have difficulties in pinning it down.

As an approach, soft law has been identified as “law in context”, whereby law is viewed from the standpoint of other disciplines, using their theories and modes of analysis, or where law is a starting point in a broader social, economic and/or political context (Snyder, 1993a). In this spirit, we are arguably witnessing an increasingly inter-disciplinary approach to the OMC. Lawyers are increasingly adopting the political science approach to new modes of governance (Scott and Trubek, 2002).

In terms of norm creation and enforcement, soft law is viewed as hierarchically inferior to hard law, as part of the “*rules of conduct which, in principle, have no legally binding force but which nevertheless may have practical effects*” (Snyder, 1993a). To be legally (and politically) correct, soft law, and especially the OMC, must be implemented in due respect of the principles of subsidiarity and proportionality (Protocol on Subsidiary and Proportionality) (Pochet, 2001a). Interestingly, these principles were codified in a comprehensive way amidst a legitimacy crisis of the European Union at the beginning of the 1990s. They were introduced to render Europe more transparent, participatory and open. Almost a decade later, this challenge was re-iterated in the process leading up to the White paper on governance (CEC, 2001a).

Governance as it is presented in the Commission White Paper on Governance is wide and concerns all decision-making and implementation processes – legislative and other, including “soft law” - within the European Union, where there is involvement of the European level in some form.

We argue that “governance” is not characterised as an aim in itself, but a means for achieving a variety of goals that involve different actors and techniques. As put by Stoker (1998), governance is an “organising framework” – this pertains both the policy-making and to academic analyses. Notwithstanding, decision-making in the EU is complex and often opaque. Hence, five principles are proposed in the White Paper in the view of improving governance (CEC, 2001a: 10):

- 1) the need to “*communicate more actively with the general public on European issues*”, in other words, to be more transparent and open;
- 2) the possibility for interested actors to participate “*throughout the policy chain – from conception to implementation*”;
- 3) the need to become more accountable: “*Each of the EU institutions must explain and take responsibility for what it does in Europe...there is also a need for greater clarity and responsibility from Member States and all those involved in developing and implementing EU policy at whatever level*”. In other words, the role of the different actors needs clearly to be spelled out;
- 4) the need to enhance effectiveness “*Policies must be effective and timely, delivering what is needed on the basis of clear objectives, an evaluation of future impact and, where available, of past experience...depends on implementing EU policies in a proportionate manner and on taking decisions at the most appropriate level*”;
- 5) the imperative for policies to be coherent “*Policies must be coherent and easily understood*”.

There have been numerous critiques on the White Paper on Governance, particularly concerning the real clarity of the principles and how they are (or are not) operationalised, as well as the apparent re-energisation of the Commission’s role in all decision-making procedures². Against the background of the critiques, we hold that the mere fact that the means through which policy issues are addressed, decided upon and implemented within the European context were clarified (at least to some extent) and gathered in one document is an achievement.

On critical points, let us point to some aspects that are of relevance for the OMC. The issue of transparency and openness relates to rendering citizens of Europe more aware of the policy processes at the level of the European Union and is also a key aim of the OMC. In the empirical OMCs, the official documents pertaining to the processes are often accessible on the Internet. However, that is not a sufficient and necessary condition for the creation of a European public space (Habermas, 1996). For the creation of a public space, the media, at the national level, has a key role to play. One could argue that this has been achieved to a certain extent in the case of economic and monetary union (Portugal, Greece, France and Germany for the Stability and Growth) (Hodson, 2003) but not for the social OMCs. Another point is that political parties in the national contexts should integrate aspects of European concern into their party programmes. They, too, have an important role to play as far as the “openness” and “transparency” dimensions of governance within the European Union are concerned. Arguably, the thrust for both of these elements would have to come from below, at the Member State level, rather than from above.

Participation is another aspect that is highlighted in the OMC and is also a backbone to “good governance” in the Commission White Paper on Governance. It is seen as a necessary element for legitimacy of European decision-making vis-à-vis the citizen. This arguably reflects a shift in the discourse of the Commission, which traditionally put forward that policies produced in the framework of the European institutions would be legitimate as long as they were “good” (Magnette, 2001: 1). This interpretation of how to make policies coincides with ideas put forward by normative theories of deliberative democracy, where the participants in policy-making have the legitimate right to make

² Jean Monnet Working Paper No 6/01, Symposium “Mountain or Molehill? A Critical Appraisal of the Commission White Paper on Governance”, The Jean Monnet Program, hosted at the Harvard Law School, 1995-2001

decisions as long as they are “argued” in the view of the common good (see section on democracy below).

Besides this general shift in the discourse, how is participation conceived in the White Paper and how does this fit in with the conception of participation in the OMC? There appears to be “...a constant hesitation between a universalistic and a functional, conception of participation” (Magnette, 2001: 3). In the Paper, emphasis is put on universalistic concepts such as citizens, people, the general public. However, when it comes to concrete proposals, it is the participation of organised groups with particular ends – social partners, NGOs, etc - that is proposed. It is this functional conception of participation that is adopted in the OMC as well: “...the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using variable forms of partnership” (European Council, 2000: 10). One of the godfathers of the OMC, Telò (2002: 265) indicates that: “If the actors of civil society are not concerned, consulted, involved at the level of partnership and negotiation, one of the aspects of the ‘openness’ of the new method will be belied”. We believe another important element on the nature of participation that is not pointed out in the Community documents on this issue, need to be taken into account: the need to enhance a wider-shared commitment and “ownership” (Fostering).

However, participation is different from one policy area to another. In social inclusion, full, committed participation of civil society and stakeholders is important, but for pensions, this may not be of such crucial importance. Instead, the fact that pensions OMC has led to a dialogue between the social and economic players could be considered as an achievement in itself.

In the White Paper, most of the concrete proposals for participation are at the consultative stage (Magnette, 2001: 4), where the Commission in particular would be a key player in organising such consultation, like an “orchestrator”.

However, we hold that, beyond the White Paper, the Commission occupies a central and dynamic role in the various OMCs and is the institution pushing hardest for participation. The Commission has a strategic interest in bringing new players into the game in order to strengthen its own negotiating hand and obtain relevant information (see for example De Schutter, 2002). At the same time, it is reluctant to offer various actors a more overtly institutionalised role.

To truly enhance participation in EU policy-making, the Commission proposes adopting a code of conduct on who, how, when and upon what to consult. This has arguably been done for the economic and employment co-ordination processes. As a dynamic actor, the Commission put forward a framework for streamlining the economic and employment co-ordination processes to institutionally involve the EP, the national Parliaments and to improve consultation of social partners and civil society, as well as to increase the transparency and intelligibility of the policy co-ordination cycle and thereby its visibility and impact (CEC, 2002a: 3). However, the softer co-ordination processes, in social inclusion and pensions, are not (yet?) included in this process.

On the issue of accountability, the focus of the White Paper is on clarifying the role of the actors at the different parts of the policy chain. Many of the critiques have highlighted that this is principally an attempt by the Commission “to assert and reposition itself in the system of interinstitutional decision-making” (Héritier, 2001: 1), including in the OMC. Although the Commission expresses a clear preference for the Community method in what has been described as “an unusually defensive way” (Armstrong, 2001), when it comes to using the OMC, it does not want to be side-lined. In other words, Scharpf has stated that the vision on governance presented in the White Paper “is defined by the institutional self-interest of the Commission and its opposition to Member States” (Scharpf, 2001: 1).

As to effectiveness and coherence, many critiques hold that in the White Paper, there is a bias towards these principles of governance at the expense of aspects of input legitimacy, discussed above. The tension between effectiveness and openness is also a point of tension within the OMC. In particular, as one of the motors of the method, its supposed “voluntary” logic (Jacobsson, 2001a), though learning, via the exchange of best practices and emulation, should support Member States in the improvement

of their own national policies. However, this improvement, despite the discretion left to Member States to select their own national targets and policies, is not in the absence of hierarchy. On the contrary, the European objectives, re-enforced if they are accompanied by benchmarks, put considerable pressure to converge on the Member States. The ambiguity between these two issues should be solved.

B. Democracy - analysis of “participation” and the “openness” in relevant theories of democracy and how this relates to the OMC (input dimension of governance debate)

Although mentioned in the section on governance, we believe the issue of democracy deserves special focus as it is one of the central themes of the discussions on the legitimacy (publicly perceived as lack of) of the European Union.

For OMC, what types of theories of democracy area we dealing with? How does the OMC in theory and in practice correspond to these?

OMC as it is set out in theory seems not much based on an aggregative notion of democracy where exogenous preferences and log-rolling compromises are key characteristics. However, the OMC process does appear to a certain extent to respond to at least a minimal degree of democratic *representation* in that the key participants in the Committees that prepare the work in the framework of the OMC are national delegates of the Ministries concerned. Nor is the OMC based on a “demos”-notion of democracy, which presupposes a common collective identity and shared values for legitimate government.

Instead, the OMC *could* appear to be closer to theories of deliberative democracy or directly deliberative polyarchy, and has been used to sustain these theories. We will focus on the former and bring in elements of the latter.

Within the context of the European Union, deliberative democracy is interesting as a complement of (or even an alternative to) more traditional democratic theories that centre on parliamentary representation based on electoral accountability. In deliberative theories, democracy is not an organisational principle (like it is, e.g. in the case of representative democracy), but is seen as intrinsically enhancing legitimacy since it ensures the (procedural) conditions for a high quality of the decision-making process with respect to regulatory choices: Political decisions are reached through a deliberative process where participants scrutinise heterogeneous interests and justify their positions in view of the common good of a given constituency. Thus, this process is not designed to aggregate self-interests but rather to foster mutual learning, and to eventually transform preferences while converging on a public-interest-oriented policy choice (social learning). *Deliberation* means a give and take of arguments, where the common good is decisive. This logic would, according to the tenants of deliberative democracy, prevail when agreeing upon over-arching objectives and benchmarks for the Union to ensure the ideal balance between economic growth and social cohesion. However, this approach is essentially normative, and does not take account of the *political* negotiation involved in such processes.

In theories of deliberative democracy, one can distinguish between the tenants of “expert deliberation” and the tenants of “public deliberation.”

On the former, the White Paper on Governance points to the role of expert advice in EU policy-making: “*Scientific and other experts play an increasingly significant role in preparing and monitoring decisions*” (CEC, 2001a: 19). In the area of “...*social legislation, the Institutions rely on specialist expertise to anticipate and identify the nature of the problems and uncertainties that the Union faces, to take decisions and to ensure that risks can be explained clearly and simply to the public*” (CEC, 2001a: 19). Indeed, the role of the indicators sub-groups within the OMC is crucial, and they arguably have a considerable amount of power as they are endowed with the task of finding the most appropriate indicators and benchmarks to guide Member States in confronting common challenges. The explanatory note on the OMC also states that “*The definition of indicators... should*

combine a bottom-up approach with a top-down approach” (Council of the European Union, 2000: 7). Here, bottom-up up refers to the Committees preparing the Work for the different Council formations, and not the national level per se while top-down refers to the European Council. As pointed out by Cohen and Sabel (2003: 366-367) *“Deliberation, understood as reasoning about how to best address a practical problem, is not intrinsically democratic: it can be conducted within cloistered bodies that make fateful choices, but are inattentive to the views or the interests of large numbers of affected parties”*. Deliberative democracy relies also on participatory conditions for policy-making.

In the model of directly deliberative polyarchic democracy, this reference to “bottom-up” has been interpreted as the national and local level: *“EES depends on organisational infrastructure where... lower-level actors are given autonomy to experiment with their own solutions to broadly defined problems of public policy...allows the elaboration of standards for comparing local achievements, exposing poor performers to criticism from within and without, and making good (temporary) models for emulation”* (Cohen and Sabel, 2003: 364). Conversely, with the OMC, even theoretical, while standards or rather “benchmarks” are agreed for comparison among Member States to support them towards the path of achieving their own standards, the driving force for this comparison is not at the “lower level”, but rather, at the European level, among (political) technocrats that deliberate in closed circles. One analysis has sought to uncover whether it was arguing or bargaining that dominated this process (Jacobsson and Vifell, 2003). However, this approach does not seem to add much value to understanding the OMC. In practice both play a role.

In models of deliberative democracy, solutions are sought through open-ended non-hierarchical deliberative learning among actors (Gerstenberg and Sabel, 2002: 292). The OMC is presented as an *“...emergent system of governance” that “is networked not hierarchical”* (Sabel and Zeitlin, 2003; on this point, see also Gerstenberg and Sabel, 2002: 292).

While interesting from a normative perspective, the limit of these theories lies in evading the topic of the ambiguity between political and de-political dynamics of “learning” in the OMC processes. As stated by Hemerijck and Visser (2001: 24) *“the articulation of learning and mimicking in the practice and the theory of democracy is an important research agenda for the future”*.

Having analysed the key stakes of the OMC from the perspective of the wider debates on governance and democracy in view of the “legitimacy crisis” of the European Union, the report now turns to an analysis on harmonisation, convergence and diversity and how the OMC relates to these.

C. Harmonisation, convergence, diversity - which dynamic for the Social Dimension of Europe?

When accepting an OMC process, Member States implicitly or explicitly admit that some change could be necessary at national level. This conventional wisdom also dominates the mainstream trend in the academic literature on this subject. As underlined by two prominent authors *“we take for granted that European Welfare States are to variable degree in need for reform”* (Hemerijck and Visser, 2001: 1).

Over the last decade, there has been considerable progress in admitting and indeed, highlighting, the diversity of national welfare state models. The work of Esping-Andersen (1990) has been important in this respect, finding, through empirical analyses, three different welfare state models. The work of Ferrera (1996) has added on to this, identifying the characteristics of a fourth welfare state model. This has taken place parallel to the decline of the normative idea of rigid harmonisation, and the shift towards the more flexible convergence approach. However, this term can be interpreted in various ways. Here we will refer to the interesting analysis made by Hay (2002: 11), who distinguishes between six types of convergence:

- 1) Convergence in pressures and challenges: **input convergence;**
- 2) Convergence in policies: **policy convergence;**

- 3) Convergence in process in and through which challenges are translated into policy outcomes: **process convergence**;
- 4) Convergence in policy outcomes: **outcome convergence**;
- 5) Convergence in the policy paradigms through which such pressures and challenges are identified: **paradigm convergence**;
- 6) Convergence in the ideas used to legitimate policy choices – **rhetoric convergence**.

Let's begin by the simplest: the input convergence. Even if scholars disagree on the scale of change (see for example the debate around globalisation), there is a consensus on the fact that we are no longer in a national Keynesian and fordist state, reflected through changes in family composition, technology, trade, and individual preferences, that exert pressures, even if differentiated, according to country and national institution. This is the starting point of the argument calling for European action, which in policy discourse are referred to as "common challenges". However, as Sykes *et al.* (2001) have pointed out for the notion of globalisation, it can be interpreted in different ways, depending on the country. However, the idea of the convergence of stakes has, at discursive level, mobilised the idea of the advantageousness of at least debating the "challenges" at European level. This would not have had any particular impact (indeed the discourses on convergence have been numerous in the past, for example, the idea of convergence between the industrial capitalist and socialist societies (Galbraith) if another step had not been taken, namely to propose a convergence dynamic which would respect the institutional and policy diversity of the Member States.

The radical novelty of the OMC is that it does not presuppose a policy convergence or process convergence. In other words, it does not imply that national institutions should converge towards the same model or that all Members states should follow the same policies. The rationale behind the OMC is that there should be convergence at the level of the outcomes. Once common outcomes (generally monitored through a set of indicators) are defined at European level, it does not matter what means Member states use to reach them. However, it is not clear whether each system (or cluster of Welfare state regime) can achieve the outcomes set at European level. Moreover, the achievement of these outcomes is increasingly challenging in the different issue-areas and sometimes contradictory logics, that include more and better jobs, less poverty, and a more balanced budget. Esping-Andersen (2002: 2) underlines "*We live in an area in which rival forces, once again, promote their blueprints for a good society. Indeed, much suggests that we are heading towards yet another historical regime shift*".

This leads to the second process of convergence, namely that of rhetoric convergence. Greater individual responsibility, a preventative and active social state and the importance of education and life-long learning are examples of thematic issues that are common in the rhetoric of Member States. However, different meanings are given to these generic terms, depending on the socio-historical and institutional contexts in which they emerged.

Barbier (2001) and Bonvin (2002), among others, have shown the different meanings associated with the term employability, due to contextual factors, leading to radically diverse practices (for an analysis including Canada and the United States, see Boismenu *et al.*, 2003).

To summarise, the impact and interest of the OMC is to have mobilised the idea of diversity and balanced plurality (reached in particular institutional contexts with distinct configurations of actors), while achieving similar results (output). The process through which this should be achieved is learning, a change inducing process through ideas (due in particular to the absence of legally binding power).

Here we can distinguish between authors like Scharpf (2002) who hold that real learning is only possible within the same welfare state family, due to structural differences and Zeitlin (2003: 17-18) who supports the idea that diversity is an asset and that opportunities for learning "*are enhanced rather than diminished by the breadth of variation among the participants because of the wider range of experiences and perspectives on which they can draw*". This contrasts with the academic literature on the mimicking of varieties of (welfare) capitalism mimicking that presupposes the malleability of policy programs and the plasticity of institutions (Hemerijck and Visser, 2001: 24). Others, like Colin

Crouch (2001), have underlined the potential to learn within a national context, where institutional settings are far from monolithic.

Having situated the emergence of the OMC in three important debates, we will now turn to the analyses of the achievements achieved so far in different issue-areas.

II. REVIEW OF CURRENT SITUATION OF ALL OMCs

This section presents an overview of policy objectives, process and participation that characterise each OMC.

A. Employment

The European Employment Strategy (EES), upon which the OMC was modelled, was launched in 1997. It mimics certain aspects of economic policy co-ordination, while it is also subordinated to this process, especially the Broad Economic Policy Guidelines (BEPGs). Since the Stockholm summit (March 2001), the BEPGs has gained in political significance for the Union in that it sets the overall policy framework for the Union, and not just the economic policy framework. Therefore, *“the definition of a social model for the EU is realised in the shadow of an economic and monetary model that continues to constitute the idée-force of European integration”* (de la Porte and Pochet, 2002b: 292). On the other hand, the EES has to some extent evolved into an autonomous policy process throughout the five cycles of its implementation.

The main objective of the employment strategy – to increase the employment rate and combat unemployment to sustain economic growth – has progressively incorporated more socially oriented objectives. It started out with four pillars – employability on which there has been the most political focus, adaptability, entrepreneurship and equal opportunities. As a whole, the structure has remained stable, but other key social concerns, such as quality in work and life-long learning have progressively been added.

The EES has also been intensified in quantitative terms throughout its lifetime. When the EES was first introduced in 1997 there were nine indicators, which increased to over ninety indicators in 2002 (de la Porte and Pochet, 2002b: 291). Thirty are for the dimension of quality in work, added to the Strategy in 2001; the others are across the other pillars of the strategy. Thus, quantitative intensification is inter alia reflected in the new themes introduced in the strategy.

In addition to these developments, essentially within the strategy, the whole issue of employment policy has been boosted on the political agenda of the European Union through agreement on quantitative over-arching employment policy objectives to be reached by 2010. These aims are to obtain a 70% overall employment rate, 60% female employment rate (Lisbon, March 2000), as well as a 50% employment rate for workers aged 55 years plus (Stockholm, March 2001).

When the EES was first launched, it was decided that it should be evaluated after a five-year period. This was organised around ten themes, the results of which are posted on the website of the European Commission. Following the EES + 5 evaluation (http://www.europa.eu.int/comm/employment_social/news/2002/may/eval_en.html), the political analyses and prerogatives dominated the actual restructuring process, despite the substantial in-depth technical assessments. The EES has been raised in profile, according to the demand of most Member States. In January 2003, the Commission proposed restructuring the Strategy around three over-arching objectives:

- achieving full employment by increasing the employment rate;
- raising quality and productivity at work; and
- promoting cohesion and inclusive labour markets (CEC, 2003).

It puts forward eleven objectives. After Member States objected to two objectives: immigration and undeclared employment, the European Council (March 2003) removed them from the key priorities and agreed on *“active and preventive measures for the unemployed and inactive; making work pay; increasing labour supply and participation; entrepreneurship, change and adaptability; the development of human capital and life-long learning; gender equality; integration and discrimination in the labour market; and regional employment disparities; while taking into account that transforming undeclared work into regular employment is also a key issue of the Employment Strategy which should be addressed in parallel with the effect of immigration on labour markets”*.

In March 2003, the Economic Policy Committee (EPC) decided to create a sub-group on employment and the labour market, the underlying aim being to gather more expertise ahead of negotiations with the Employment Committee. This illustrates the growing tension between the different views. But above all there was a joint UK-Portuguese proposal to create a European Employment Taskforce. This would consist of a very small group of experts from academic and business circles with a mandate to examine the reasons for Europe’s low growth in employment and productivity. This could have negated the open method and signalled a return to a committee of experts or wise persons handing down the gospel. The group is to be set up, but the European Council softened its mandate in different ways, including on accountability, through the need to report to the Commission. Wim Kok will be the chairperson.

In contrast to these initiatives, of strict political nature, the EES will be synchronised with the BEPGs. One could thus argue that employment is part of the “primary” block of co-ordination processes, around EMU.

The issue of participation is institutionalised in the Employment Chapter, but despite that, has been criticised for not being entirely effective. There have been different initiatives to try and render participation more dynamic within the EES. A horizontal objective (“objective D”) has notably been included in the process to make this prerogative stand out more prominently. According to the objective “the social partners at European level are invited to define their own contribution”, and attempts are made to encourage them to carry out independent processes under the “adaptability” pillar - particularly as regards work organisation. On adaptability, UNICE, the employers representative organisation, has been reluctant to enter into this process; it is afraid of an uncontrolled process which could have unexpected results (see the emergence of the subject of quality in work). The trade unions, for their part, tend to believe that the process is nothing but talk. So why should they get involved?

At national level: *“Most Member States have sought with varying degrees of success to involve the social partner organisations more fully in the formulation of their National Action Plans (NAPs), though the very tight timetable and the bureaucratic rigidity of the procedure have remained continuing obstacles, along with disagreements among the parties over the objectives themselves”* (Zeitlin, 2002a: 3). Moreover, there has not been much clarity on the exact ways in which they contributed to the process. Despite initial resistance, it appears that to varying degrees, trade union participation in the process has improved over time (according to their own internal evaluation, co-ordinated by the ETUC and a standardised questionnaire from the Dublin Foundation <http://www.eiro.eurofound.eu.int/>). Some innovative projects are underway like the one co-ordinated by Robert Villeneuve (Eurexcter, 2002).

It is interesting to note that the Commission has acted dynamically, playing an important role in promoting an enhanced participation. The Communication on the future of the social dialogue recognises that *“the social partners have encountered some difficulties in taking up all the space offered to them, in adapting and disseminating in the Member States the guidelines adopted by the Council, in collecting information on initiatives taken in the Member States and in undertaking work on assessment and exchange”* (CEC, 2002b: 15). The Commission seems to have taken the criticisms about the weak participation and the closeness of the process seriously. This move to widening participation by social partners is also reflected in the Communication of 17 July “Taking Stock of Five Years of the European Employment Strategy”, where the Commission calls for a reinforcement

of the role of social partners, not only in the EES, but throughout the whole OMC process, at a more political level: *“The Social Partners will be able to contribute to the broad policy orientations covering the whole Lisbon agenda in the framework of the proposed Tripartite Social Summit for Growth and Employment”* (CEC, 2002c: 15).

In addition to contributing to rendering participation more dynamic at European level, the Commission has also attempted to encourage participation at national level. The Communication from the Commission in January recognises that *“(...) the NAPs are too often perceived as “owned” by ministerial departments and are not fully or coherently integrated in the overarching national policy framework, partly as a result of a lack of parliamentary involvement”* (CEC, 2003: 18). The Communication concretely supports improved conditions of access for different actors in the national arena.

B. OMC social inclusion

Poverty first became a controversial issue in the early 1990s, when the UK and Germany called into question Europe’s programmes in this field and the Court of Justice indicated that there were no legal bases for such actions (Pochet, 2003a). Nevertheless, the Amsterdam Treaty clarified the matter, making clear that combating social exclusion is an objective of the EU and the Member States, and that harmonisation at European level is not permitted: measures to combat social exclusion are taken forward by encouraging co-operation (Armstrong, 2003: 8-9).

When the OMC was introduced in the Lisbon Summit of March 2000, the decision was taken that it should be applied in a full-fledged manner to the area of social inclusion, to impact the eradication of poverty by 2010. In a certain sense, it was a logical decision, as this issue is closely linked to the EES, and the post-modern *“activation”* paradigm, where the participative approach is a fundamental pillar. The Nice Council adopted the social inclusion strategy in December 2000. It is organised around four objectives: 1. To ensure the facilitation of participation in employment and the resource of access to resources, rights, goods and services to all; 2. Prevention of the risks of social exclusion; 3 setting out actions for disadvantaged groups; 4. mobilising all actors concerned in policy formulation and implementation. The EU Member States submitted their two-yearly National Action Plans for Social Inclusion (NAPinc) for the first time on 30 June 2001. The NAPinc were then analysed by the Commission with the help of external experts, and each Member State presented its NAPinc during the peer review session of July 2001. In the draft joint report, the assessment of the Commission resulted in a classification of the performance of Member States that was rejected by the Council in the subsequent version of the report that it endorsed in December 2001. In a politically correct way, the report highlighted that it was important for the diversity of Member States, a key underlying principle of the OMC, to be respected.

Since then, the indicators sub-group has been working on creating indicators to reflect the objectives of the strategy (see also Atkinson *et al.*, 2002). We are now entering the second round of OMC in social inclusion, if the Lisbon definition – definition of guidelines, selection of benchmarks, transposition of the agreed guidelines to national level (reflected in the national reporting process), multi-lateral surveillance (Council of the European Union, 2000) and peer review - acts as the reference point. The Social Protection Committee (SPC) has proposed to maintain the four objectives, proposing only a few minor changes. The SPC has also highlighted that Member States should firstly and foremost set quantified objectives for poverty reduction. The SPC also held that Member States should take more account, in the formulation of their social inclusion strategies, of the gender dimension and on the specific risks of immigrant populations. On the issue of indicators, the Social Affairs Council of December 2002 highlighted the need to use common European indicators as much as possible (first level indicators), but also to develop national indicators to monitor progress achieved in the view of the European objectives (second level indicators). This position was endorsed by the Social Affairs Council. The Member States will, for the second time in the framework of social inclusion OMC, present the national action plans in July 2003.

In this OMC, the participatory element has been relatively prevalent. It is reflected in one of four key objectives highlighting the importance of this dimension, that emphasises the importance of grass-roots actors as well as local authorities. The European Anti-Poverty Network (EAPN) has been active in mobilising its members to comment on the political objectives of the OMC process, as well as the technical aims. This association, founded by the Commission in the late 1980s, has managed to provide its members with valuable information about the issues and developments at stake in European social policy.

The (first round) of the Action Plans for inclusion have been analysed by the national networks. Although critical, they have kept open the channel of communication with the Commission (it is an ongoing process). As far as other stakeholders are concerned, better co-operation is required with governments (“could do better”), but the shortage of time was a variable to be taken into account. The EAPN seems to be increasingly interested in entering in the EES process, too.

As a complement to the OMC in social inclusion, a Community Action Programme (covering the period 2002-2006) has been adopted. It has three objectives, which partially overlap with those of the OMC social inclusion in that they aim to understand poverty across Europe and in a participative spirit to involve a wide-range of actors. These objectives are:

- 1) *to improve the understanding of social exclusion*: analysis of its characteristics, causes, processes and evolution, including collation of comparable statistics, drafting common methodologies and thematic studies;
- 2) *to organise co-operation and reciprocal training in the context of national action plans*: co-operation and exchange of information and better practices on the basis of developing quantitative and qualitative indicators and evaluation criteria and by monitoring, a peer review carried out at regular intervals, with the Commission completing an annual report on progress made in the accomplishment of common objectives;
- 3) *to develop the capacity of players to address social exclusion effectively*: promoting dialogue involving the different actors and support for European networks of non-governmental organisations active in the fight against poverty and social exclusion but also promoting the networking of existing poverty and social exclusion monitoring centres.

The participation promoted through the action programme is complementary to this and seeks to provide fixed funding for a number of European networks. Various networks thus formed functional alliances so as to have a chance of being funded. This is the case for example of the European Public Social Platform, which encompasses the Assembly of European Regions, the Council of European Municipalities and Regions (CEMR), Eurocities, the European Social Network and Quartiers en crise.

It is arguably the OMC social inclusion *in conjunction* with the Commission initiatives and action programme that could lead to fruitful results. However, efforts also need to be made at national level to enhance the participative dimension of the OMC inclusion (see Pochet, 2003b for more details). Nonetheless, this process is marginal and could hardly be said to influence the strategic choices of economic and social development, for which the new procedure of co-ordination between economic and employment policies, approved in March 2003, is more influential.

C. OMC pensions

The OMC in the area of pensions seeks to propose a line of reform for pensions systems as a whole: state pensions schemes, occupational pension schemes and private personal pensions (CEC, 2002a). The European debate of the reform of pension systems, through the OMC, began in March 2001, when the Stockholm Council suggested that the Economic Policy Committee (EPC) and the Social Protection Committee (SPC) should define the European policy line in the reform of pension systems. In practice, it has proved to be a struggle between economically and socially oriented players, which was fruitful in that it led to a political consensus or “cognitive convergence”, on the European framework for pension reform. In terms of policy content, eleven objectives around three “pillars” – adequacy, financial sustainability of pension systems, responding to changing needs – have been agreed between the SPC and the EPC and endorsed by the European Council (de la Porte and Pochet, 2002b; de la Porte, 2002a). The advantage of the holistic policy framework has been highlighted by

Pochet (2003c), who has argued that “[...] *the more complex the discussions at European level, the more weight they carry, and the more options they offer for dealing with the challenges of ageing*”. In particular, it has provided a means for the socially-oriented players to legitimately integrate their concerns into the debate that had been dominated by the economically-oriented players through the Maastricht mandate. Although a gross simplification, the key stakes for the economic players are essentially limited to the financial impact of ageing on the sustainability of public finances, while for the socially oriented players, the ageing problem is perceived in a wider perspective, that includes, inter alia, the financial sustainability issue.

The national reports presented by the Member States were drawn up on the basis of the agreed objectives, which arguably make up the core of the emerging European discourse on pension reform. The process leading up to the joint report, that is essentially an assessment (or re-direction) of the key challenges as presented by the Member States, is a reflection of the tensions between the social and economic objectives and actors. While the draft version of the report presented a relatively balanced approach to the social and economic objectives, the final version leaned more towards the economic objectives.

One “round” of pensions OMC has now been achieved. It is clearly “softer” than the social inclusion procedure (Pochet, 2003a). Key aspects of the procedure are actually labelled differently to reflect this. In particular, the “National Action Plans” (NAPs) that are central to the EES are replaced by “National Strategy Reports” (NSRs) in the OMC pensions. The NSRs reflect how, through specific policy measures and actions, the Member States comply with the employment guidelines at European level, while the latter, associated with less detailed European “objectives”, describe the strategies undertaken by Member States in their national pension reform processes. There still are no indicators specifically formulated for the pensions OMC process, although quantitative analyses and benchmarks from other processes (that overlap with the aims of pensions OMC) are used in the process. However, there is a consensus on the need to further develop indicators to cover all three pillars of the pensions OMC: adequacy, financial sustainability, modernisation of pension systems. The next review of progress for OMC pensions is scheduled for 2006. Another particularity of pensions OMC is the mandate given to the Council and the Commission to carry out “special studies focusing on common challenges for pensions systems”. The characteristics of these “special studies” have not as of yet been spelled out (European Council, 2003).

In the area of pensions, the last of the eleven objectives, in a fuzzy way, introduces the element of participation. It is of interest to note that it was not part of the objectives proposed in the communication of 2001 (CEC, 2001b). The participatory element was subsequently added in the joint report of the EPC and the SPC of November 2001, defining the implementation modalities of the OMC to the area of pensions, which was then endorsed by the Laeken European Council (December 2001). This aim, combined with that of transparency is to “...*Promote the broadest possible consensus regarding pension policies and reforms...*” (SPC and EPC, 2001: 7). Pensions OMC does not seek, according to its objectives, to be as participatory as the social inclusion OMC or even the European Employment Strategy. Although the generic definition of the OMC highlights the participatory element, in line with the White Paper on Governance, its configuration differs from one policy area to another. Another element is worth highlighting. Firstly, in the area of pensions, the social partners did not have a clear-cut position. The OMC pensions then obliged the social partners to think about this issue and to adopt a common position (for UNICE see Arcq and Pochet, 2002).

It is interesting to note that the Commission attempted to forestall opposition in the case of pensions (but not in the framework of the OMC) by tackling the matter from the pragmatic perspective of free movement. Following the recommendations of the Veil report on freedom of movement, the Commission set up a Pension Forum (formally established by the JOCE L196 decision, 20 July 2001) which met for the first time in 2000. Its role is to help the Commission resolve problems linked with cross-border movement. It has indicated that the Commission is willing to increase the number of participants. It represents States and social partners, as well as pension funds, insurance companies and investment societies. The aim is to depoliticise the discussion and neutralise the ideology

surrounding the issue, to turn it into a technical matter. This led to a consultation in June 2002 of the social partners (ETUC, UNICE and CEEP) on the portability of private pension rights. The trade unions have responded comparatively positively to this consultation. However, their mandate is not to discuss the objectives agreed under the pensions OMC process.

D. OMC health care

At the European Council of Göteborg (European Council, 2001a), the suggestion was made to apply the OMC to the area of health care and care for the elderly. With its mandate to play a catalysing role for the Council in the OMC process, the Commission issued a communication on health care and care for the elderly. On 5 December 2001, the Commission presented its first ever communication on topic, where it spells out the guiding principles of the European health care systems: accessibility, quality and financial viability. The communication places much attention on the diversity of funding and organisational arrangements of the national systems (CEC, 2001c).

In terms of the influence of different players and approaches, it seems, as for the area of pensions, that the economically oriented players seek to play a crucial role in this area, on the basis of the need to maintain the sustainability of public finances. As for OMC pensions, the economic prerogative is the starting point of the debate.

For the Spring 2002 European Council, the SPC and EPC prepared an initial report on orientations in the field of health care and care for the elderly, “...in conformity with the open method of coordination” (EPC and SPC, 2002). In the report, the SPC and the EPC have adopted the three long-term objectives – accessibility, quality and financial sustainability - set out in the Commission Communication as a framework within which to pursue the policy discussions on health care, as well as recognising that the health systems in the EU are based on the principles of solidarity, equity and universality. The sensitivity of the area and the difficulty of applying OMC to the area of health care and care for the elderly is clearly spelled out (EPC and SPC, 2002). Given the challenge faced by the Member States, and the fact that the organisation, funding and planning of health care systems are a national prerogative, as well as the differences that subsist in the Member States in this field, the key tool identified by the Council to move forward is that of “co-operative exchange”: “...the Council feels that useful lessons could be drawn from the sharing of information and best practice regarding the actions being taken by Member States to secure the core social objectives of care and healthcare systems while ensuring their long-term sustainability” (EPC and SPC, 2002: 3). In other words, the exchange of information and best practices, with the involvement of stakeholders, is proposed as the way forward. All players of the health systems – local authorities, health care professionals, social protection bodies, supplementary insurance companies, representatives of consumers – should co-operate. The Member States have not, such as for the other OMCs been required to prepare reports reflecting their national situations. Like for OMC pensions, it is stated that the eventual future guidelines agreed upon should be integrated into the Broad Economic Policy Guidelines (BEPGs) (European Council, 2001b). In this respect, OMC health care resembles OMC pensions more than OMC social inclusion.

In addition to the economically oriented and socially oriented actors, there is another set of specific health actors that are all involved in the field of health care and care for the elderly at European level. These actors are made up of Health Ministers, the Health Council, the General-Directorate of Health and Consumer Protection and its Commissioner, David Byrne, as well as a variety of other actors emanating from the health field. There is also a High Level Committee on Health (HLCH), resembling a comitology type of committee, rather than the more inter-governmental thrust of the SPC and EPC. It also seeks to act as a forum for the exchange of information between the Commission services and Member States’ authorities (Baeten, 2003).

The Communication concludes that it is essential that all the players of the health systems – local authorities, health care professionals, social protection bodies, supplementary insurance companies, representatives of consumers – should co-operate to attain the objective. For 2002-2003, the Council

proposes to concentrate on information gathering and exploring the possibilities for mutual learning and co-operation. This work should concentrate on the provision of health and long-term care for the elderly.

E. Other OMCs

1. Introduction

The OMC was introduced to support the Union “*to better implement the long-term strategy for a competitive knowledge-based economy with more and better employment and social cohesion*” by 2010 (European Council, 2000). A clever piece of political engineering supported this process, through an explanatory note on the OMC, which stated that goals had been set in the framework of “this new comprehensive strategy” in a variety of fields, which, besides the social and economic fields include information society, enterprises, education and R&D (Council of the European Union, 2000: 4). In these areas, the European Council has not played an “orchestrating” role, spelling out next steps to take, as for the OMCs in the social arena. Does this mean that the OMC has not been applied to these areas? We shall see that the characteristics of OMC are present in the areas that are examined, to a lesser or greater degree.

Here, we will briefly review the current situation in information society, enterprises, education, R&D, presenting, for each policy field, the actor configuration, the policy objectives, and a brief assessment of the type of OMC at hand.

2. Information society³

In information society, the principal actors are DG information society, the Internal Market Council, and crucially, two powerful regulatory fora, that are actually in competition with each other: European platform for regulatory authorities (EPRA) and European regulatory group (ERG). There are a wide number of groups that have a stake in this area (see http://europa.eu.int/information_society/basics/whowho/org/index_en.htm for more information on the European experts, fora and organisations).

The “eEurope Action Plan” sets out the policy objectives for the OMC-type exercises taking place in this area. It proposes that Member States and the Commission commit themselves to key targets on the eEconomy with the slogan “an information society for all”. In line with the spirit of the OMC, there has been a commitment to involve all players concerned – Member States, the European Parliament, the European Commission - for the success of the action plan. For each thematic area (Internet users and usage, Internet access costs, e-learning, a secure information infrastructure, e-government, e-health (see http://europa.eu.int/information_society/eeurope/benchmarking/list/2002/index_en.htm for more details), progress is monitored through benchmarks. The areas covered by the e-initiative have been expanded since the plan was first endorsed by the Nice Council in December 2000.

In terms of labelling, it appears not to be an OMC that is at hand, but a benchmarking exercise. But this is ambiguous: in the communications from the Commission on eEurope since Lisbon, there is often reference at the beginning and end of the policy documents to OMC (CEC, 2000 and 2001d). It seems to be a symbolic reference to the OMC, associated with normative discursive assertions such as “mutual learning”. At the higher political level of the (Spring) European Council (Stockholm, Barcelona, Brussels), however, there is no reference to OMC in information society. It seems that this benchmarking project would be underway without the existence of the OMC as a policy co-ordination instrument as the initiative for the benchmarking exercise was launched prior to Lisbon.

Interestingly, the greatest number of regulations over the past decade has been issued in the broader area of the media, into which information society is integrated. These are essentially associated with Europe’s market making project. In the eEurope initiative of December 1999, the main instrument

³ Special thanks to Alison Harcourt for filling me in on the activities in this area.

proposed was legislative to regulate the usage of new technologies (http://europa.eu.int/information_society/eeurope/news_library/documents/index_en.htm).

3. Enterprises – e-business for SMEs

In enterprise policy, the key actors involved in the initiative on benchmarking regional and national policies in support of e-business for small and medium-sized enterprises (SMEs) are the Industry Council and DG Enterprise. The exercise has been on-going since Lisbon and is linked to the eEurope initiative in the area of information society. The overall objective is to strengthen the position of SMEs through public policy initiatives, by stimulating usage of the Internet by SMEs. The Commission holds that the benchmarking activity was likely to take place in any event, but that Lisbon gave the co-ordinative dimension of the initiative a boost (<http://europa.eu.int/comm/enterprise/ict/policy/benchmarking.htm>).

The actual work and co-ordination is ensured by the E-Business Policy Group (EBPG) - which consisted of representatives of the EU Member States (generally representatives from Ministries of Trade and Industry), Norway, the OECD and the European Commission services. The private-sector Technopolis group has provided technical support throughout the project. The Committee of the Regions was involved in information provision on regional and local initiatives. The initiative has also been supported by the European Association of Ministries and Associated Agencies involved with Trade and Industry (UEAPME).

In its Communication “Helping SMEs to Go Digital” (CEC, 2001e), the Commission identified benchmarking as a major step to further promote the use of Information and Computer Technologies (ICT) and the Internet by SMEs. There is no reference in the communication to the OMC. The actual implementation of the initiative began after that.

The steps carried out so far have been, firstly, to describe national and regional policies and instruments used for the promotion of e-business, followed by, secondly, the identification of best practices of the policy initiatives in favour of helping SMEs to go digital, without prescriptive objectives. In particular, there is a reference to the danger of using only simple quantitative objectives for SMEs, such as the number of PC and Internet connections. The need to understand the problems and challenges facing SMEs in this respect is emphasised (see the final benchmarking report, CEC, 2002d). The initiative is supported through the BEST programme, and also the Structural Funds. The third step consisted of disseminating the results of the benchmarking initiative, including examples of good practice in policy making in this area to a broader audience of policy makers for which a high-level conference was held in Brussels on 20 June 2002.

The fourth step has consisted of identifying a number of quantitative targets to be achieved through a combination of national and/or European policies. There is an explicit reference to the need for such targets to be adapted to the differing needs of SMEs, possibly resulting in a range of priorities and policies. The final step has been to monitor the implementation of the policy targets, on the basis of agreed indicators, resulting in an input to the Enterprise Scoreboard, and thus measuring the efficiency of SME policies in support of e-business and ICT.

The form of the activities in this area appears to be more bottom-up and flexible than in the framework of the OMC. The political role of the European Council does not appear to be strong in this area.

4. Education

The key actors in the process are the Directorate General Education and Culture, the Ministers of education (Education Council), and “objectives” groups. An interesting dimension of the actor configuration in this area is that representative from the candidate countries are involved. The Ministers of Education from the EU and the candidate countries launched the benchmarking process for the quality of school education in June 1998. A Working Committee of national experts was set up

in February 1999, with the key objective of identifying a small number of key indicators or benchmarks to assist national evaluation of systems in the area of school standards.

A first comprehensive list of indicators was set out in June 1999. A tighter selection of indicators was made – on the basis of the political relevance of the area, comparability, validity of the data – during the following year, reducing the indicator areas from eleven to four. The process of benchmarking had thus begun in this area prior to Lisbon.

Then following Lisbon and the introduction of the OMC, later referred to “as providing initial impetus and political means for” the preparation and adoption of the working programme on future objectives for education and training systems, considerable progress was made. In this area, indicators and benchmarks are identified as important, as is the exchange of experiences, learning from good practices and peer review. At Stockholm (March 2001), the three key objectives for this area were endorsed:

- 1) to increase the quality and effectiveness of education and training systems;
- 2) to facilitate access of all to education and training systems;
- 3) to open up education and training systems.

A more detailed work programme was then adopted in February 2002. Thirteen objectives were organised under the three key areas, further divided into 42 key issues.

This 10-year work programme on the objectives for education systems was adopted at the European Council of Brussels (March 2003). The tools mentioned for its implementation are “...*benchmarks to identify best practice and to ensure efficient and effective investment in human resources*” (European Council, 2003). There is no explicit reference at the level of the European Council to the OMC.

For the implementation of the programme (and objectives) “objectives groups” are to be created, each working on one specific objective. The participants in these groups are experts of the participating countries, and the Commission as the organiser, initiator of proposals, and source of expertise. There is also reference to the need, in the spirit of the OMC, to have input from stakeholders in the education and training community, as well as other actors.

The mandate of each objective group is to make an inventory of activities in their issues area, contribute to the development of policy objectives, formulate opinions concerning suitable indicators, benchmarks and data collection, identification of good practices, advice on the exchange of experiences in the form of good practice, dissemination and if deemed necessary organisation of peer review, monitor progress, use the quantitative and qualitative tools available (CEC, 2002e).

The policy co-ordination initiative in this area seems very mature. The role of technical expertise is arguably considerable, given the objective working groups. While the Commission has referred to the OMC as providing impetus, the process was underway prior to Lisbon. At the level of the (Spring) European Council, there is no apparent need to use the OMC label for the implementation of activities in this area.

5. Research and Development

At the Lisbon summit, the development of the OMC for benchmarking national R&D policies was encouraged and the identification of performance indicators by June 2000 was agreed. Here the main actors are the Competitiveness Council and the Research and Innovation DG. Following Lisbon, a Commission communication put forward the implementation of the OMC to this area. However, this was not followed through at the time.

The Council, on the other hand, put forward resolutions (15 June 2000) on establishing a European area of research and innovation⁴, and rendered this proposal concrete on 16 November 2000 by putting forward guidelines for the European Union’s research activities (2002-2006)⁵. The underlying principles of these guidelines are “voluntary effort and partnership” between the EU, the Member

⁴ OJ C 205 of 19 July 2000, page 1.

⁵ OJ C 374 of 28 December 2000, page 1.

States, the applicant countries, the associated countries and all scientific and technical research stakeholders.

At Barcelona (European Council, 2002), a benchmark was set: Member States agreed to invest 3% of their GDP, two-thirds from the private sector, for R&D and innovation investment by 2010, and to create a European knowledge area.

Prior to the Spring Summit, a Communication was put forward in March 2003 by the Research and Innovation DG, where there was a specific reference to the possible application of the OMC to this area, depending on the results of the Spring Council. At the subsequent Spring Summit, in Brussels, the proposal of applying a full-fledged OMC to this area was relaunched. This OMC is, in particular, to focus on reaching the 3% Barcelona aim (European Council, 2003).

6. On other OMCs

This brief analysis of the OMC in other areas reveals that activities are on-going, sometimes in a highly developed form, i.e. education, but there has been virtually no academic analyses of these processes as OMCs (Eberlein and Kerwer, 2002 on R & D). Comparing with the OMCs in the social area, there are several interesting observations. First, there is less emphasis on the OMC label for these policy spheres at the level of the European Council. This contrasts with the considerable emphasis on the OMC label in the social sphere, perhaps partially to do with the greater need for legitimation at a higher political level. Secondly, in many cases, the more or less co-ordinated benchmarking processes introduced would have taken place without the OMC, although perhaps the OMC speeded up or deepened them. Thirdly, the use of some or many of the elements of OMC does not prevent a flourishing of regulatory activity. Fourthly, it seems, as for OMCs in the social arena, that the association with one or several funding or work programmes strengthens the process. However, many open questions remain as to the actual power struggles in these areas, why the OMC-like process takes on certain specific forms in certain specific areas, and how these links in terms of objectives and activities to other co-ordination processes at the European level.

III. ANALYSIS OF TRANSVERSAL ISSUES

We will now analyse the OMCs in the view of four transversal themes: process, participation, political sensitivity and machinery.

A. Process

1. At European level

Most analyses on the OMC, especially prominent on the EES, focus on the process itself, and how it functions (or should function) at European level. This approach includes comprehensive descriptions of how the different actors at European level are involved in the EES, contributing to identifying it as a governance tool and policy process in its own right. One analysis points to the advantages and the weaknesses of the method (Goetschy, 1999 and 2003). The theoretical “advantages” include respect of national diversity while pursuing common goals, the iterativeness of the process, increased participation of social partners and other concerned actors, increasing the efficiency of the European social model.

Taking the EES as a benchmark, other OMCs are above all described in procedural terms. Of the “new” OMCs, most of the work has been on OMC social inclusion that is compared, explicitly or implicitly, to the EES (de la Porte, 2000, 2001, 2002b and 2003; Ferrera *et al.*, 2000). Here, like for the EES, the emphasis is on process, and the possible advantages of the OMC as a policy-making tool compared to other regulatory instruments. Hence the accentuation of its “potential advantages”: the encouragement of “learning dynamics” (Ferrera *et al.*, 2002: 227), a possible “bridging between negative and positive integration” (Ferrera *et al.*, 2002: 230), as well as how it is fattening up what was before the very skeletal European social model (Ferrera, 2001; Pochet, 2001b).

For the pensions in OMC, this focus on process has also been characteristic. Here what is interesting is the more visible tension between the economically and socially orientated players, as well as the more obvious over-lap with other policy processes (de la Porte and Pochet, 2003; Pochet, 2003c; de la Porte, 2003).

In health care, there is not yet an explicit use of the OMC, but as it is being discussed behind the scenes, it is comparatively interesting to compare it, in procedural terms to the other OMCs in the social domain. Also, the mandates of the EPC and SPC, key actors in pensions OMC, include health care and care for the elderly and work has begun in this area.

What is of interest in the process analyses, considering all OMCs in the social arena, is that each has a distinctive characteristic, which engenders different real balances of power and action.

In employment, the issuing of individual country recommendations (since 1999) has added a new dimension to the process, on the one hand rendering it more visible publicly and on the other improving the status of the EES at the level of Member State governments, thereby rendering it more effective. The way in which this process developed could be interpreted with the rational choice Principle-Agent Analysis, whereby the Agent is a competence maximiser and autonomy in the pursuit of its preferences (Pollack, 1998: 219). Indeed, recommendations were first issued by the Commission (Agent) to the surprise of Member States (Principle) that reacted in outcry and then set out to increase their control over the recommendation process (Barbier and Samba Sylla, 2001: 68). Member States are thus informally consulted in the elaboration of the recommendations that often, but not always (i.e the Swedish case on the recommendation to decrease the non-wage burden on labour, see Junestav, 2002 for more details) address issues that have already been identified as key challenges nationally, and thereby boost the policy attention paid to the issue. Due to the “negotiated character” of recommendations, several Member State civil servants⁶ now affirm that this tool is the most useful aspect of the EES. This is especially so because the same recommendations tend to be repeated from one year to the next. In essence, this has contributed to rendering the EES more credible and also more autonomous (Tholoniati, 2000).

For social exclusion, the adaptation of indicators at the European level means that this process is more driven by the European rather than the national or local levels, as some authors had put forward (Atkinson, 2002; de la Porte *et al.*, 2001). Moreover, this guidance of the European level is reinforced through the complementary action programme, which has a budget line set out for the development of indicators. Again, through the P-A approach, the Commission can be interpreted as using all incentives to maximise its competency. However, in this case, there is more resistance on the part of the Member States, that did not accept the first version of the joint report, drafted by the Commission that included a classification of the “performance” of the Member States on the basis of the quality of the analyses, the formulation of detailed measures on the basis of the objectives, and the extent to which the NAPinc were part of an integrated policy package.

In the area of pensions, the OMC process is characterised by the dynamic tensions between the economic and social players. This tension is apparent in the reading of the OMC pensions objectives. In this case, the various reports from the EPC and SPC and their joint report shape the debate. Prospectively, this tension is likely to dominate the future definition of indicators.

In the area of health care, it is the successive judgements rendered by the Court of Justice that has kept this issue-area on the agenda while the contours of method, while suggestive, are not yet well defined at the European level. In the most recent Spring Summit, there was a mere reference to the need to intensify “co-operative exchange” on the issue of health care and care for the elderly (European Council, 2003).

The analysis of the key elements which can be considered as the driving forces (recommendations for EES, indicators for exclusion, reports for pensions, Court judgements for health care) in the various processes clearly reflects the diversity in the OMC dynamics. The OMC processes are not only at

⁶ Several interviews and informal discussions.

different stages of maturity (i.e. comparison to the ideal type presented during the Portuguese Presidency Lisbon Conclusions) but above all through the dominant means for real political influence.

2. At national level

There has been considerable research interest in the national impact of the European employment strategy during the last two years. Our book (de la Porte and Pochet, 2002a) sought to analyse how the European Employment Guidelines (EEG) impacted national policies, in policy discourse and in practical implementation. Analyses were made for three countries, representing three different welfare state traditions – Bismarckian, Nordic and Southern. For France, representing the Bismarckian welfare state, the EES dynamic seems to have led to a re-interpretation (in discursive terms) of national policies rather than any real policy reformulation (Coron and Palier, 2002). For Sweden, although the national policies were initially close to the European level policies, there was resistance in the few issue-areas where this was not the case, i.e. the non-wage labour costs (Junestav, 2002). For Spain, the European strategy was a missed opportunity through which to address real problems of the Spanish economy (González-Calvet, 2002). Hence the importance of its new higher political status, together with the economic policy co-ordination processes. This is also of paramount importance in the view of the forthcoming enlargement. In addition, the +5 EES national evaluations provide more information on this issue as well as the academic ones (Ferrera and Gualmini, 2002; Barbier, 2001).

There have been few analyses of the national action plans social inclusion themselves from a policy point of view. There is one interesting study, where the starting point is what added value of the OMC social inclusion to national policies? It compares Denmark and Italy, the former having a long national tradition and reluctant to change it to conform with the emerging European process, the latter using the European framework as an incentive to unify the poverty fight framework nationally (policies and indicators) (Ragaglia, 2001: 74-75). Portugal, too has adopted the European framework, and more than other countries, set ambitious but feasible quantitative targets – eradication of child poverty by 2010, reduction of poverty rate from 23% in 1995 to 17% in 2005, and reduction of absolute poverty by 50% before 2005 (Peña-Casas *et al.*, 2001: 12). EAPN is monitoring the implementation of the National Action Plans on inclusion (EAPN, 2002) based on the contribution of its national member network (see also <http://www.eapn.org>).

As for the pensions OMC, it is too soon to be able to detect the national impact. A new project co-ordinated by Renaud Dehousse seeks to address this issue.

B. Participation

This brings us to the issue of participation, which we will look at here for different OMCs (Pochet, 2003d). We shall see that the status of the participatory dimension varies from one policy area to another.

The OMC on pensions had initially little to do with participation (de la Porte and Nanz, 2003). The work of the Social Affairs Ministers and the Social Protection Committee were a reaction against the dominant view of another set of actors (de la Porte and Pochet, 2002c). The main goal of the Social Affairs Ministers was not to introduce more actors into the game but to rebalance the objectives for pensions reforms politically, at European level. In its political struggle, the tension is how to define the problem: is it a financial one where the share of pensions in the budget has to be under control, or a social one in which the budgetary side is only one part of the problem of population ageing. This was the verdict of Frank Vandembroucke, the Belgian Minister of Social Affairs and champion of the OMC on pensions, when he stated at the Social Affairs Council on 6 March 2003, *“As far as the balance between the social and financial components is concerned, I believe that we are on the right track. This report invalidates the idea that ‘pensions pose a solely financial challenge accompanied by a few social aspects’. The next report will have to refute this reasoning and confirm unequivocally that it is mainly a social challenge with important financial aspects linked to it”*.

Some actors also welcome a legitimising discourse at European level that could help to implement national reforms. This situation is rather strange, as most scholars have highlighted that the success of national pensions reforms depends on the support of a larger spectrum of actors in which trade unions and/or cross-party support are essential (see for example the Swedish case, Natali, 2003). The creation of a Pension Forum could be interpreted as an attempt to enhance the participative dimension of the pensions OMC, but this is not convincing as their mandate was limited to the free movement of workers.

Turning now to the inclusion process, the participatory dimension was a key element since the very beginning. In the OMC for social inclusion, one of the four key objectives focuses on participation. The EAPN has been active in mobilising its members on commenting the political objectives and indicator selection of the OMC social inclusion process, as well as the technical aims (see de la Porte, 2003 and Friedrich, 2002). Secondly, on the participative dimension, there has also been an interest in how, to which extent, and at which level stakeholders have been mobilised to contribute to the process (Friedrich, 2002, Peña-Casas *et al.*, 2001). The European programme aims to develop a network and to increase participation, including that of people in situations of poverty. This question was much less controversial than in the early 1990s, as many Member States have adopted a more participatory approach at national level. In this case, the new framework of opportunities enabled organised groups to enter the game and to improve their weight at national and European levels. The picture is not completely rosy. EAPN underlines that “*overall, civil society participation specifically in the NAPs incl biennial process is limited and patchy*” (EAPN, 2002: 10).

Nevertheless, there are no key players at either national or European level. They were unable to raise the political salience of their cause. In such circumstances, discussion of the second round of national inclusion plans within the Social Protection Committee was fairly smooth and co-operative. The other side of the coin is that poverty and exclusion receive only marginal consideration in the Broad Economic Policy Guidelines. Arguably, this OMC is where participation has been the most prominent and truly dynamic, although the consultation process is not legally enshrined as in employment. In a more political logic, “participability” has been proposed as a slogan to promote the degree of participation of excluded groups (Begg *et al.*, 2001).

The case of the EES is more complex. The appeal for participation from the social partners did not initially meet with the anticipated favourable response, partly because they feared becoming caught up in a mechanism they could not control. The national analyses also indicate a reluctance to go beyond straightforward consultation (see Winterton and Foden, 2002, Raveaud, 2001 on the case of France, EIRO for a systematic analysis of social partners involvement in the EES 2002). The situation is however evolving, and the trade unions have gradually come to take a more positive view of active involvement in the process. The employers are basically still taking a cautious, not to say negative, stance. But recently their position has shifted and they supported the OMC in general (see the position paper from Georges Jacobs, president of UNICE, to the Convention). The Commission has reflected in depth on the causes of its failure to involve the social partners and has formulated fresh proposals, in particular to involve them in determining the objectives, to provide financial and technical support for them to implement their own OMC and to call for the strategy to be opened up at national level. What is more, new players - especially the local authorities - are attempting to join in this game (Schmid, 2002 and Zeitlin, 2002b).

The decision to dovetail the employment process with that of the Broad Economic Policy Guidelines has greatly repoliticised the debate and brought the EES onto the mainstream political agenda. The procedure for reviewing the European Strategy has basically taken place in isolation from democratic debate and even from experts. The UK-Portuguese proposal (endorsed in softer terms by the European Council) to create an employment taskforce comprising prominent individuals who would give their opinions on short-term measures was clearly defiant towards the existing EES.

Nevertheless, a European debate is emerging around national employment policies, and we are seeing a certain Europeanisation of national (and, to a lesser extent, local) public administrations and social stakeholders (see the national evaluation on the Commission website). Several national studies have

been commissioned from research groups which have gained in-depth knowledge of European issues. Furthermore, alongside the official evaluation exercise, a growing number of research teams, often acting as networks, have developed their own expertise in respect of the trends underway. The most visible and ambitious project in this respect is the Govecor project (<http://www.govecor.org>).

There are two dynamics here. One is the political process: a contribution to the definition of a European economic and social model. Perceptions of this model vary enormously, and Lisbon allows for it to be interpreted in different ways. The other is the learning process taking place within committees and amidst independent networks of experts and non-governmental players.

The question is whether, once a fresh compromise has been achieved, the actors will begin to participate once again, and, if so, how. It should also be pointed out that participation at national level, as underlined by the Commission's latest documents, is becoming ever more indispensable. Indeed, it is at this level that reforms should be carried out.

C. Politicisation vs. depoliticisation – an inherent tension within the OMC

By politicisation vs. depoliticisation we refer to political sensitivity, that is, how close the issue-area concerned is to the key European stakes – the economic co-ordination project. Radaelli comments on this point in a recent study on the OMC: “*Open co-ordination contains elements of endemic tension, however. On the one hand, it works on innovation and improvement on a case-by-case basis. This should keep politicisation at low levels. On the other, the aim in the OMC is to promote convergence and co-ordination at the highest political levels, notably at the European Council. This makes politicisation unavoidable*” (Radaelli, 2003: 5).

The Lisbon process embodies the Paradoxical coexistence of politicisation vs. depoliticisation. At least three lines of tension exist: the first is the quite classical cleavage between left and right, where there tends not be a conflict over the objectives *per se*, but the order of their prioritisation. For Belgium, in line with a more leftist orientation, the issue of quality in work was a priority, whereas for others, such as the UK, the cost of labour was more of a key stake. The second, in the context of European history, is between the countries that are favourable to more European integration and those that oppose it. Here the different mandates and the role given to the Commission in the process, is revealing. For example, in the case of the poverty OMC, Member States did not want the Commission to make recommendations nor even to rank them.

The third is the struggle between the Social affairs and Economic Ministers to influence and control the agenda. Dyson (2000: 53) one of the best specialists of EMU underlined in his book on the politics of the Euro-zone “*An aspect of the collective-action problems in relation to Welfare-state, taxation, and labour market and employment issues is a competition to control and shape the agenda of reform at EU Commission and Council levels. Other Ec Commissioners attempt to define these policy areas in terms that prevent the Commissioner for economic and financial affairs, who is responsible for EMU matters, from taking control of the policy agenda*”. This is particularly apparent in the case of pensions (de la Porte and Pochet, 2002c) Another is in the revision of the European Employment Strategy, which appears to have taken place at two stages, the first being one of politicisation along the left/right cleavage, but also with a degree of centralisation. That was at the time of the Amsterdam Treaty and the Luxembourg summit at European level (1997) (Pochet, 1999). Then came an internal learning process and a slow but continual increase in the number of players. Since Lisbon, this has been coupled with a partial repoliticisation through the European Council's adoption of the transversal objectives. Finally, the divergent views of the Ecofin/Social Affairs Councils in particular repoliticised matters in no uncertain terms.

The recent developments, such as the creation of a sub-group on employment within the Economic Policy Committee, or the Portuguese-English proposal on the creation of a task force (adopted in Brussels, 2003) reflects how the evaluation process that should, in the light of mutual learning and the principles of good governance, have been reflexive, is at the end of the day not particularly influential. The theme is instead re-politicised on the left-right spectrum and the social and economic perspectives in the institutional context.

For poverty and social exclusion, on the other hand, the politicisation is not as strong and the policy objectives are accepted by right and left wing governments. The Social Protection Committee has openly been able to negotiate the reconfiguration (which was minimal) of the common objectives. The non-governmental actors have managed to play an active role in the process. However, this policy area is weakly linked with the key objectives of the European Union and the Broad Economic Policy Guidelines that increasingly reflects these key activities. The learning process and the exchange of experiences are more dynamic in this area than in employment or pensions.

D. Machinery

By machinery, we refer to the concrete instruments (indicators, benchmarking, exchange of good practices, links with other programmes) as well as how (learning) they could impact Member States. In contrast to these general analyses of the OMC as a process, there are only few specific focal analyses on the mechanisms that distinctively characterise the OMC.

1. Indicators

Indicators are advocated by some as central to the OMC process. In the policy circle, the Belgian Minister of Social Affairs has stated that “*Social indicators are [...] a key instrument for monitoring policies. The process we have embarked on clearly signals to Europe’s citizens that European policy is willing to fight for what really matters*” (Vandenbroucke, 2001: 4). The social partners have a normative perspective of the issue: the ETUC has for example highlighted the “*...democratic influence on the definition of indicators which support the EES and other OMC processes*” (ETUC, 2002). Apart from some exceptions, little attention has been paid to this in academic analyses of the OMC. On what has become the reference website for the OMC (<http://eucenter.wisc.edu/OMC/index.htm>), there are no specific analyses that focus on indicators in employment and only two for social inclusion (Atkinson *et al.*, 2002; Peña-Casas, 2001). This is a major loop-hole for research in this area. Let us have a brief look at this question for each social OMC.

In employment, the number of indicators has increased throughout the lifetime of the process, to more than 90 indicators. There have, however, been virtually no systematic analyses of different dimensions of these indicators, most importantly, the extent to which they actually reflect the policy objectives of guidelines and the extent to which they are relevant for Member States. The Employment Committee aims to reduce the numbers and to increase their validity.

There has been somewhat more work on the development of indicators in OMC social inclusion. This has notably been supported by a report that was commissioned during the Belgian Presidency (Atkinson *et al.*, 2002, see also Cantillon *et al.*, 2001). There has been one normative projection on the construction of a synthetic indicator for social inclusion performance grounded in micro-economic theory and based on the benefit-of-doubt principle. However, while cleverly and convincingly modelled, it concludes on a note of doubt, doubting that such an indicator would actually be included in OMC social inclusion (Cherchye *et al.*, 2002).

Although this OMC is arguably much more autonomous and further away from the central economic integration project of the European Union than the employment strategy and pensions, even here, the subtle influence of the Ecofin Council is apparent. It is through the structural indicators adopted for “social cohesion”, that apparently have the same ambition as the indicators of the social inclusion, but which are biased towards economic interests in terms of their content (Peña-Casas *et al.*, 2001).

There are some in-depth academic analyses, which focus more on the technical dimension of the OMC (Peña-Casas, 2001; Peña-Casas and Pochet, 2001), focusing on the content of the indicators. This is an issue that is discussed among experts, but also brings in political sensitivities. Poverty measurement – technique and level - affects the outcome. Countries having their own traditions, especially those with low poverty and exclusion rates are defensive about their statistical work (Peña-Casas *et al.*, 2001). Given the more serious poverty situation in the candidate countries, and the underdeveloped statistical

tools to measure this phenomenon, the OMC social inclusion has great potential to have a positive impact, if there is the necessary political pressure from European level and commitment nationally.

It seems that the OMC social inclusion could in particular impact countries with greater structural problems of poverty: in southern Europe, the UK, and also the forthcoming CEEC Member States. Social inclusion OMC should be used to support the CEEC with the development of comprehensive strategies for the fight against poverty and social inclusion, in the European framework, where there is a differentiation between precarity, poverty and the multi-faceted nature of exclusion. In particular, it is important for the message on the role of employment for integration (see the summary of the seminar held in March 2003, Ghailani, 2003). Financial difficulty should not be under-estimated in terms of its link with poverty. It has been identified as “the single strongest predictor of both dissatisfaction with life and psychological distress” in an analysis on poverty and exclusion from the subjective perspective (Gallie and Paugam, 2002).

2. Benchmarking

Benchmarking is the key tool that is used for pressuring Member States to converge with the objectives agreed at European level. Benchmarking, in the most commonly understanding of the term, consists of defining standards or reference points with respect to different aspects, objectives and effects of certain measures or policies. Some approach it from a more normative perspective (Goetschy, 2003), others its potential for policy learning and reviseability (Sabel and Zeitlin, 2003).

The hypothetical risks of benchmarking in public policy have been analysed extensively. In the context of the EU, such analyses generally highlight the importance of basing the benchmarks on solid scientific analysis, rather than on political bargaining, and of reviewing them regularly (Lundvall and Tomlinson, 2002). There is otherwise a fear that quantitative benchmarking could “...amount to little more than a lemming-like copying of (yesterday’s) best practice, which may be wholly unsuited in the particular circumstances or times” (Sisson and Marginson, 2001: 3). There have also been analyses on some specific dimensions of the benchmarking process (Tronti, 2002; Mosley and Mayer, 1998). But on the whole, there has not been a fundamental in-depth discussion on the usage of this method in relation to the OMC. In this section we will first review how it has developed in the European arena and thereafter assess the – too meagre – literature in this area.

The use of benchmarking as “an instrument to promote change and continuous improvement of Europe’s competitive performance” was developed during the mid-1990s. The Round Table of European Industrialists (ERT) ignited the process by proposing that the Commission and Member States use benchmarking as an instrument to improve and ultimately optimise policies affecting competitiveness. Then, two communications (CEC, 1996 and 1997) on the topic were issued. In this framework, the Commission identified certain weaknesses in the performance of the European Economy as “common challenges”, a term which is also important in the framework of the OMC and the Lisbon objective. These deficiencies were low growth of total factor productivity, insufficient adaptation of economic structures towards new markets and new technologies and massive under-utilisation of the working population. Interestingly, these “challenges” are now taken up, and as the backbone to the Lisbon strategy. To respect national diversity, it was pointed out that the Member States would not all necessarily be equally interested in the benchmarking exercise, and that they would not all be required to participate (CEC, 1997: 4). This voluntary participation is not part of the OMC, however.

On the potential advantage of benchmarking, policy transfer, it has been defined by Dyson (2000: 260) as “a process by which knowledge about policies and institutional arrangements in place is borrowed to inform, structure and legitimise policy change elsewhere”. As pointed out by Hodson (2003), from this perspective, benchmarking is well suited to a policy area in which action is imperative, but in which there is great uncertainty as to what the appropriate course of action should be. It thus creates a laboratory in which to test the effectiveness of and assess the transferability of alternative policy approaches. Benchmarking can thus be seen as helping to develop a common understanding of the

challenges at hand, which in turn will make it easier to develop co-ordinated (or at any rate compatible) policy solutions.

In the framework of the OMC, the challenge for benchmarking is to measure Member States progress towards pre-selected goals and yet at the same time to question the continued desirability of these goal in the light of changing circumstances. In other words, there needs be a balance between learning and monitoring.

3. *Good, best, worse practices*

There is a considerable amount of controversy around the objective and universal existence of best practices. What is good or perhaps even the best practice for one particular problem, at a certain time and in a certain context, with specific institutional and circumstantial characteristics, is not necessarily so for another. Despite this, the identification and exchange of good or best practices is identified as an important dimension of the OMC. What are the mechanisms to ensure this, how do they look and do they work?

For all OMCs, there is the official peer review session that accompanies each round of reporting. In the areas of employment, social inclusion and pensions, it is a two-day process, whereby Member States present their NAPs and respond to pre-prepared critiques pointed to them by other Member States. It is the only forum for the exchange of practices within the OMC, which does not exclude the possibility of discovering about specific practices through other channels (*i.e.* within the committees). Several criticisms are made of this process by Member State civil servants. Firstly, the reports are read through rapidly, as part of an official bureaucratic procedure that must be fulfilled, rather than in the view of seeking to exchange practices. Secondly, discussion time is short, not allowing for in-depth analysis. Therefore, our assessment of whether these sessions actually work is more negative than positive. In the literature on the EES, there is a normative reference to the OMC and its different operational principles, including the exchange of best practices. But there has not as of yet been any specific analysis to this peer review session.

In the framework of the EES, there is an innovative initiative, the peer review programme. The underlying logic is indeed to identify good practices to a specific labour market problem in one Member State, to report the experience and discuss it in a small group. It is of a voluntary nature, seeking only to involve national experts that would like to respond to similar problems (Bisopoulos, 2002). However, a first assessment of the peer review programme has concluded that the possibilities of transfer are limited, due to significant structural and practical differences. They have at the most sparked national level discussions on certain aspects of active labour market policies (<http://peerreview.almp.org/pdf/evaluation-report-10-01.pdf>).

It seems that the peer review sessions on good and best practices, which are difficult to transplant due to different contexts and structures as such have not been particularly effective if the ambition is to stimulate real rather than superfluous exchange of experiences. Because the peer review programme is more voluntary and targeted, we believe that such a targeted approach is more promising. Belgium as proposed such voluntary approach in case of pension (Ghailani, 2003). But rather than just focusing on good practices, it would be interesting to also include bad or worst practices, that could be more informative (Visser, 2002).

4. *Link with other programs and processes*

According to the spirit of the OMC and Lisbon, and indeed the debate on good governance and democracy, the policy objective (and instruments) of the OMC should be coherent and integrated with other processes and policy objectives. The first that come to mind, and for which some progress has been made, as alluded to above, are the economic co-ordination processes. The economic and employment processes are more co-ordinated, but the other OMCs remain on the side-line. Then there are also other programmes and regulatory initiatives with which the OMC should be integrated.

The overall objective of the European Social Fund (ESF) is to improve the possibilities for employment within the EU, by facilitating the mobility of workers and helping them adapt to structural transitions of the labour market. There is a clear over-lapping with the objectives of the EES. Moreover, the direction towards which the financial commitment of the ESF is aimed, of which 60% of objective 1 funds addresses employability, is also in line with the strategy. In legal terms, however, there is no explicit reference to the ESF in the Employment Title, but there is a clearer link made between the two processes in article 1 of regulation on the ESF. Another weakness is that there is no specification of how the two processes are supposed to interact, leaving considerable room for manoeuvre to the actors involved in the processes. Hartwig (2002) is the only author (to our knowledge) who has begun to analyse the relationship between the two processes

As to other programmes, their existence arguably re-enforces other OMCs (e.g. inclusion and education).

As to the interaction with regulatory initiatives, this dimension is not emphasised, and our hypothesis is that they are often parallel but separate processes. However, more research could be required to uncover this question.

The European level is arguably making more efforts to enhance the integration of different policy instruments and their goals. However, much work still needs to be undertaken in order for this to be fully consolidated.

5. How? Learning

OMC is often characterised as a “voluntary co-ordination” process, which, principally through learning, should eventually lead to the adaptation of Member States’ policies in the view of overarching European objectives (Jacobsson, 2001b: 1). Many authors have underlined this point in the various OMC. “*These learning processes are of paramount importance if the Open method is to be an effective method of governance*” (Eberlein and Kerwer, 2002: 3). On OMC social inclusion, Ferrera *et al.* (2002: 237) state that “*Such processes create trust and co-operative orientations among participants and tend to encourage learning dynamics*”. Knill and Lenschow (2003) claim that the OMC aims to “create conditions for mutual learning that hopefully will induce some degree of policy convergence”. de Búrca and Zeitlin (2003: 2) put forward that “*...the OMC is also proving to be a valuable tool for promoting deliberative problem-solving and cross-national learning across the EU*”. In this vision, the functional mechanism of the EES is contrasted with that of classical regulatory tools: “*the issue is not one of subordinating domestic policy to EU directives but rather one of joint policy learning and co-operation*” (Hemerijck, 2002: 40). The focus here is on sharing policy experiences and practices, learning from them and adapting the European policies to national contexts. Overdevest (2002) has identified five different channels through which the OMC could lead to learning: setting common objectives, local experimentation, pooling and comparison of experience, deliberating and critiquing “good practice”, which should theoretically include broad participation by relevant actors. Such a perspective (Biagi, 2000: 159) leads to affirmations such as “*Consistent application of the Luxembourg exercise might lead to a convergence of Member States’ employment policies, not dictated by Brussels but based on growing consensus on effective solutions through a process of trial and error*”. From this angle, EES/OMC might be considered to have a real impact on national systems in the medium and longer terms.

From an academic perspective, there has been particular in the ideational dimension of the OMC, i.e. that it could lead to changes in ideas and discourse among national actors. These are mainly derived from a sociological institutionalist approach and focus on the cognitive effect of the EES (Jacobsson 2001a and b; Goetschy, 2003; Trubek and Mosher, 2001). “*Effects may include... more subtle impact on national debates and discourses, changes in ways of thinking policy (policy principles), and collective understandings and identities*” (Jacobsson, 2001a: 3).

For the support program for the inclusion OMC, the Commission states that: “*Developing effective transnational exchanges of learning is a complex process. In particular it takes time to design work programmes for longer term exchange and learning, to identify appropriate partners, to build successful multi-sectoral partnerships, to clarify objectives and potential outcomes, to decide on appropriate methods of exchange, to establish effective links with the policy making process and to develop clear strategies for the dissemination and promotion of findings*” (CEC, 2002f: 5-6).

This is where the difficult question of change enters the picture. As Jane Lewis (2002: 4) points out, “*It is difficult to find ways of describing what has happened that capture the degree of change that has taken place, and generalisation has proved impossible. But as political scientists involved more generally in seeking explanations for policy change have pointed out, there are different levels of change, which may also be of hierarchical importance*”.

Once change through learning has been identified, for which the construction of operationalisable criteria is particularly tricky, the issue of the intensity of this change enters the picture. The three levels of change, based on learning, proposed by Hall (1993: 278) are interesting in this respect and could be used for the OMC: “*we can define social learning as a deliberate attempt to adjust the goals or techniques of policy in response to past experience and new information (...). The learning process may take different forms, depending on the kinds of changes in policy that are involved. That is to say, the concept of social learning should be desegregated. In order to do so, we can think of policymaking as a process that usually involves three central variables: the overarching goals that guide policy in a particular field, the techniques or policy instruments used to attain those goals, and the precise settings of these instruments*”.

This approach was used in the Dutch national assessment of the European employment strategy (Zijl *et al.*, 2002) and gave the following results:

- 1) First-order learning: there have indeed been minor adjustments in policy goals. This is a continuous process, not exclusively in response to the employment guidelines. Such processes would reportedly have occurred anyway, without the EES.
- 2) Second-order learning: there has been a modest application of new policy techniques: the comprehensive approach has come to the top of the agenda (with clearer new responsibilities and tasks of involved parties) and a new form of monitoring was applied. Initiatives in life-long learning emerged.
- 3) Third-order learning: the EES did not contribute to a shift in the hierarchy of goals and instruments to guide policy. The attention to increasing participation and activation of the labour market policy in the Netherlands originated already from the early 1990s.

Certainly, more researches should be done on the one hand learning and on the other hand the level of change that process could really bring.

CONCLUSION – FUTURE PROSPECTS AND RESEARCH AGENDA

A. Recapitulation of Main Points

Before launching some critical questions, we will recall the principal objectives and findings of this report. First, our aim was to analyse the OMC from a contextualised perspective, as it emerged amidst debates on governance, democracy and the modernisation of the social model.

We first reflected on how the normative aspirations of the OMC corresponded to the principles of governance proposed for the Union by the Commission – on the input side – participation, openness and transparency – on the output side – effectiveness and coherence. The theoretical definition of the OMC seeks to have a balanced approach to these five elements. Then we moved on to the debates on democracy, arguing that within the school of deliberative democracy, some key dimensions of the OMC approximated expert deliberation (*i.e.* the technical work through the indicators sub-committees), but were far from achieving public deliberation, *i.e.* the creation of a deliberative

European public space. The third theoretical *point d'entrée* was the debate linked with the modernisation of the social model, and how for Europe, that has no key competencies in this area, to provide an added value to this process, accepted by policy-makers and academics as a necessity. Hay's (2002) interesting classification of different types of convergence, helped to conceptualise the underlying logic of the OMC – not pre-supposing policy or process convergence, but convergence in terms of input (participation) and output (results).

Following the theoretical analysis, we analysed empirical OMCs in the social arena, but also in other policy spheres, according to three categories: policy objectives, process and participation. Without reiterating our findings, we would merely like to highlight that the OMC in different areas are truly distinct, as Vandenbroucke has suggested, the OMC could be conceptualised as a cookbook rather than as a recipe.

Then we turned to an analysis of transversal issues for the social OMCs. For process, we found that the means for political pressure were arguably structurally distinct for each OMC. For participation, we found not only that it differs according to policy area, but also that the participative ambition of each OMC is different. On the theme of political sensitivity, that is the inherent tension between depoliticisation and politicisation, we concluded that this needs to be put to the fore more clearly by political players as well as by the academic analysing the issue. Finally, on machinery, i.e. the tools of the OMC that could lead to change - indicators, benchmarks, good, best and worst practices, links with other programmes - we conclude that their critical importance is under-stated and under-analysed. Learning is “how” they could lead to change, but specific criteria need to be developed to measure the degree of learning.

B. Questions, Points of Tension and Critiques

Now we turn to some questions, points of tensions and critiques. The purpose of these interrogations is to open a real debate on the OMC. Until present, the analyses of the OMC have presented its rate of success as black or white. The situation is changing as more detailed and data is coming to the fore through analyses by high-level research teams on the conditions under which the OMC does and can function – making the overall picture more nuanced.

The main issue at stake is that of the constitutionalisation of the OMC, especially since its development has been influenced by the political mood. This theme will not be developed further here. The Minister Vandenbroucke has played an active and dynamic role in this respect and has made concrete proposals in Working Group XI (Social Europe) of the Convention on the future of Europe. de Búrca and Zeitlin (2003) have made an interesting overview of the different approaches in the working groups of the Convention and have in particular insisted on the need to guarantee participation, not only at European, but also, and in fact more crucially, at the national level.

The aspects that we would like to highlight are:

- 1) the articulation between the “new” forms of governance, notably the OMC, at European level and the similar innovations at international, national, regional or local levels
- 2) the wider use of some specific instruments and how this links up with learning
- 3) the conditions under which participation is favourable
- 4) the tension between fusion and fragmentation
- 5) the tension between deliberation and bargaining, that is the political dimension of the OMC.

We will pick up each of these points in more detail below.

On our first point, the reference to the OMC as new may hold for some dimensions, such as the ambition for Europe, as an atypical and complex political entity, to organise the co-ordination of policies. However, we believe that its novelty is over-stated and that referring to the OMC as a form of governance does not actually make any sense unless it is applied at the national, regional and local levels. That is what we indicated in our article with Graham Room (de la Porte *et al.*, 2001). Moreover, there are surely lessons to be learned from OMC-type co-ordination mechanisms, at in

other contexts – national – but also in other complex entities, such as in Canada, or within the ILO. A systematic analysis of these elements would be of added value to understanding the dynamics at hand with the OMC and for developing its potential further.

The second aspect that seems essential to us is what we have referred to as “machinery” (indicators, peer pressure, benchmarking), which are linked to the type of learning that the OMC really engenders. In the context of the discussions on governance, Europe’s democratic deficit, the OMC has too often been presented as a technical, quasi apolitical policy-making tool that seeks above all to stimulate collective learning in order to reform the Welfare States.

There is little knowledge about the conditions for learning in a multi-national context, let alone the EU context (Rose, 2001). A simple version of the key question is what type of conditions must be prominent nationally to enable policy learning? The tricky aspect here is that many variables need to be taken into account, including the type of aim and policy area concerned. Another aspect is to discover whether all this European machinery is really necessary to initiate learning, and if so, how. The use of policy experience from different contexts is far from new. To give a concrete example: the poverty law in Quebec, adopted in 2002, was prepared on the basis of the best European performers in this area, notably Sweden and of European documents. The dynamic leading to this was entirely voluntary, and no complex machinery was required to instigate this adaptational learning process. It is important to admit that the OMC does not operate on a voluntary logic, and that the dynamics at hand are more complex than learning. The challenge is to identify it theoretically, conceptually and empirically. As a first step it is, in our view, imperative to clearly put forward that we are at a fundamental stage in the reflection on welfare state change (Esping-Andersen *et al.*, 2002). This opens the door to the issue of the conception of justice that underlies the debate. In this perspective, the OMC’s future looks weak if it is the quantitative “machinery”, indicators and benchmarks, that represents the only driving force.

The third aspect which we identified as worthy of a more in-depth analysis is that of the conditions for and forms of participation. In the context of the debate on increasing the democratic quality of governing processes within the European Union, one key dimension of OMC is participation, that is used to legitimise it in discourse. However, this key challenge was already identified over a decade ago, when the principles of subsidiarity and proportionality were introduced to render Europe more transparent and democratic (Snyder, 1993b). Ten years later, the problems of transparency, participation and openness of decision-making processes within the European Union are still on the agenda. One of the reasons is the gap between the vagueness of the discourse of participation, acting like a slogan, and the actual participation. There appears to be an unpronounced pretence of depoliticisation through the OMC. How, then, could participation take place, and which form could it take, in the framework of the OMCs, that are (to different degrees) highly politicised? One of the key aspects that distinguishes the OMC from Comitology is the form of participation. However, there are few empirical analyses on the reasons for diversified participation of the same types of actors in different national contexts, but also at different levels of power, and in different policy areas (employment vs. social inclusion, for example)(Pochet, 2003d). As Helen Wallace notes (2000: 214): *“Those national organisations that find their way to Brussels can generally get a fair hearing. The problem is the discrepancy between those who do and those who do not find their way to Brussels. Much of the debate about legitimacy and transparency stems from the unevenness of access to the EU decision-making process (...)”*.

Our fourth point is on the results of the OMC. Two ideal types are useful in approaching this issue: fusion and fragmentation (Wessels, 1997).

The optimistic ideal-type, “fusion” in soft governance means that an institutional arrangement would be created at the European level, and bring together core actors from different institutions, networks and bodies. Such governance, in line with the normative aspiration of the OMC, is defined as a *“mutual participation pattern in a multi-faceted institutional and procedural network”* (Wessels and Linsenmann, 2002: 64). In the more pessimistic scenario of “fragmentation”, Member States would compete with each other so that policy areas would remain separate on both European and national levels, where actors from different policy networks follow disconnected and diverging discourses,

creating horizontal fragmentation (Wessels and Linsenmann, 2002: 71). This framework helps to analyse the issue of governance between policies and between levels of power.

The last point that we would like to bring the fore is that of the tension between politicisation and depoliticisation of the social dimension of Europe and the reform of national welfare state systems.

We believe that it could be interesting, as a first step, to identify the conditions under which an issue-area could be (at least to a certain degree) depoliticised and thus open up space for learning and the identification of practices, as well as for the participation of a range of interested actors and stakeholders. A second step would be to identify the process of politicisation or re-politicisation to endow the issue at stake with considerable political weight to impact the re-definition of Europe's economic and social model.

It appears, especially after having analysed the development of the EES and its recent repoliticisation through an increase of right-wing governments, and the pressure of ECOFIN, that this questions needs to be addressed directly and systematically. Politicisation does not necessarily lead to a prioritisation of the most efficient solutions, especially if these have resulted from negotiation among the 15 Member governments of the EU. It could lead to selecting proposals that meet the lowest degree of resistance, but which are not necessarily the most efficient or to prioritise the solutions that are in line with the ideological majority. As Hemerijck and Visser underlined (2001: 9) “*There is often a tension between a valid policy analysis, with its emphasis on precision and clear objectives, and a reliable policy analysis, with its emphasis on shared understanding and consensus in the face of political opposition*” It goes without saying that European compromises render the possibility of attaining a valid policy analysis even more difficult.

From all these points, we draw the simple conclusion that it is helpful to analyse the OMC from the perspective of policy actors and policy issue, treating each OMC as an independent phenomenon, rather than some of the literature on the OMC that presents a normative account and tends to generalise one experience (especially EES) to all other experiences.

Another point is that if the issue of justice underlying the model put forward through the machinery is addressed and then spelled out, rather than camouflaged, it has the potential of developing in an interesting way. The Iraqi war illustrates how, despite the ambition to pursue the project of European Integration, when it comes down to it, the real political positions diverge. These real differences are also reflected in the issue-areas to which the OMC is applied, and need to be taken into account when it is analysed.

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