

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

Jonathan Zeitlin

University of Wisconsin-Madison

Plan of the Talk

- I. Methodological Problems
 - II. Types of Influence
 - III. Mechanisms and Effects
 - IV. Following or Altering Domestic Pathways?
-
- Analysis focused on the period up to 2005
 - Conceptual framework can be used to analyze implications of Lisbon Strategy relaunch/OMC streamlining for evolution of national social & employment policies

I. Methodological Problems

- OMC as an iterative process based on ongoing collaboration between EU institutions & MS
- OMC processes do not necessarily result in new legislation or justiciable obligations
- OMC processes aim to promote convergence of performance towards common objectives rather than harmonization of national policies
- Limited applicability of standard approaches to Europeanization based on adaptational pressures, goodness of fit, legal compliance

Tracing an elusive influence

- MS may have political reasons for playing up or down OMC influence on domestic policies
 - Domestic strategies of blame avoidance and credit claiming
 - European strategies of self-presentation as “good Europeans” or “defenders of the national interest”
- Difficulties of isolating influence of OMCs from
 - Other EU-level processes (BEPG, SGP, ECJ)
 - Other international orgs (OECD, World Bank, IMF)
 - Domestic political change (e.g. shifts in government)

II. Types of Influence

- Substantive policy change vs. procedural changes in governance & policy making
- A. Substantive policy change
 - Changes in national policy thinking
 - Cognitive shifts
 - Changes in national policy agendas
 - Political shifts
 - Changes in specific national policies
 - Policy shifts

Changes in national policy thinking (cognitive shifts)

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

Changes in national policy agendas (political shifts)

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

Changes in specific national policies (policy shifts)

- Legislation, NAPs/Strategy Reports, evaluations refer specifically to OMC objectives, guidelines, targets, and/or recommendations
- Policy makers refer to OMC in private interviews

EES examples

- Activation/prevention (F, DE, IE, NL)
- Tax-benefit reforms (F, DE, PL)
- Active ageing/lifelong learning/
discouraging early retirement (F, DE)
- Reducing gender & ethnic segregation
(DK, SE)
- Gender equality/mainstreaming (most MS)

Social inclusion examples

- Examples taken from 2005 social OMC evaluation
 - UK: indebtedness, lone parent, child care policies
 - LU: intro of public assistance centers
 - SK: tax credits to boost in-work earnings
 - SI: social assistance legislation

Problems of interpretation

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

B. Procedural Shifts in Governance and Policy Making

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

Better horizontal coordination/ cross-sectoral policy integration

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

Improvements in national steering capacity

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

Enhanced vertical coordination

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

Increased involvement of non-state actors

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

New horizontal/diagonal networks

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

Problems of interpretation

- Shifts in governance arrangements also a response to ongoing changes in public administration
 - Decentralization, devolution, agencification
 - Create perceived need for more “joined up” government, both horizontally & vertically
- Involvement of non-state/subnational actors depends on actors’ strategies as well as on domestic institutional configurations
 - Unitary vs. federal/devolved states
 - Corporatist vs. pluralist interest intermediation

III. Mechanisms and Effects

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

A. External Pressure (vertical & horizontal)

- Negative incentives/soft sanctions
- Recommendations/rankings
 - Commission, Council
 - “friendly advice”
 - “naming, shaming, faming”
- Peer pressure
 - Accountability to other MS representatives
 - Mutual surveillance/peer review of NAPs etc.
 - “tour de tables” at ctee & council meetings

Assessment

- MS try to avoid recommendations & negative rankings as sources of domestic embarrassment
- Peer pressure is felt by those exposed to it
 - esp. EU committee members, ministers
- Effectiveness of external pressures depends on
 - Perceived fairness of recommendations/rankings
 - National attitudes towards EU
 - Domestic visibility of OMC processes
- Can engender perverse effects
 - Bilateral negotiation of recommendations
 - Resistance to unfavorable indicators

B. EU Financial Support

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

Assessment

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

C. Socialization/Persuasion

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

Assessment

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

D. Mutual Learning

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

Indirect/higher order effects (2)

- **Maieutic/reflexive effects**

- Pushes MS to rethink established policy approaches and practices
- Obligation to compare national performance to other countries' using common indicators
- Obligation to re-examine national policies, programs, performance against progress in meeting common Euro objectives & targets
- Learning from and with others

Direct/first-order learning

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

Direct/first-order effects (2)

- Some progress at EU level in identifying what works and what doesn't in specific policy areas
 - Development of EES Mutual Learning Programme, Social Inclusion Peer Review/Trans-nat'l Exchanges
 - Limits of mutual surveillance/peer review of national plans/reports (temporal, conventional, motivational)
 - Focus of formal Peer Reviews on exchange of good practices rather than critique of bad ones
 - Limitations of indicators & monitoring
 - High-stakes ranking vs. diagnostic monitoring
 - Wide variations in domestic use of common indicators
 - Need for timely, disaggregated data to support learning

Direct/first-order effects (3)

- Limited progress in encouraging bottom-up/horizontal learning from local experience
 - Linked to limitations on participation of non-state/subnational actors in OMCs at national level
 - Non-state/subnational actors allowed to participate in EES Thematic Review Seminars & national follow-up activities, but not in formal Peer Reviews
 - Partial contrast with OMC/inclusion, where NGOs are allowed to participate in Peer Reviews, & Trans-National Exchanges are organized among local/regional actors
 - EU roundtables/networking conferences & NGO shadow peer reviews suggest untapped possibilities

Assessment

- Importance of procedural/institutional design issues in OMC mutual learning effects
 - Broad participation by non-state/subnat'l actors
- Conflict between use of indicators as soft sanctions to ensure compliance with EU targets/commitments vs. use as diagnostic tools to assist nat'l actors in improving performance
- Linked to deeper cleavage within EU institutions and MS over the relative importance of political will vs. experimental learning in coordinating national social and employment policy reforms

F. Creative Appropriation by Domestic Actors

- Strongest influence of OMCs on national social/employment policies comes through creative appropriation by domestic actors
- “strategic” use of OMC concepts, objectives, guidelines, targets, indicators, rankings, & recs by domestic actors for their own purposes
- **“leverage effect”**
- Not confined to governments as unitary actors: OMCs as a strategic resource for intra-governmental, non-state, & subnational actors

Governmental actors

- Governments can use OMCs as a “selective amplifier” to legitimate domestic reforms
 - Analogies to Maastricht “vincolo esterno” & accession conditionality
- Intra-governmental actors can use OMCs to strengthen their position in internal struggles over resources and policy priorities
 - Employment & Social Affairs vs. Finance Ministries
 - Specialized units/agencies
 - e.g. Public Employment Services, gender equality bodies

Non-state/subnational actors

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

Assessment

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

Assessment (2)

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

Assessment (3)

- But exploitation of potential opportunities created by OMCs depends crucially on domestic actors' own strategies
 - Weaker/less constitutionally entrenched actors more interested in new opportunities for participation & voice in national policy making
 - Social NGOs vs. social partners
 - German Laender vs. Spanish regions, Swedish local authorities
 - You can lead a horse to water....
 - UK House of Commons Euro Scrutiny Ctee opposition to new OMC health indicators
 - Under-utilization of OMCs by trade unions in most countries³⁷

The ambiguities of domestic appropriation

- Strategic appropriation of OMC by domestic actors may appear to follow a purely rationalist calculus of instrumental advantage
- But by embracing OMC concepts, categories, & metrics to advance their goals, domestic actors
 - at a minimum acknowledge/reinforce the legitimacy of common European objectives & approaches
 - in the longer term, may subtly come to redefine their own preferences by identifying more closely with European objectives, institutions, and partners

IV. Following or Altering Domestic Regime Pathways?

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

The limits of misfit

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

OMC as a reflexive discipline for policy reform

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

Beyond path dependency

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