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11 The Open Method of Coordination and reform of national social and employment policies: influences, mechanisms, effects*

Jonathan Zeitlin

I. Introduction

Eight years after its annunciation as a broadly applicable new governance instrument for the EU at the March 2000 Lisbon Summit, the Open Method of Coordination (OMC) remains the subject of intense controversy among academics and policy practitioners alike. Much of this controversy revolves around normative questions concerning the OMC's democratic legitimacy and its implications for European integration (Zeitlin 2005a, 2005c). But the most widespread and persistent critique of the OMC remains its limited practical effectiveness and alleged lack of impact on policy reforms in Member States. Despite the explosion of research on the OMC in recent years,¹ much of the debate over its effectiveness continues to suffer from a serious empirical deficit, relying on a limited range of often outdated evidence onto which authors project their own theoretical and normative assumptions.² Thus many of the most critical assessments of the OMC are not based on original first-hand research on the method in action (e.g. Radaelli 2003; Moravcsik 2005; Citi and Rhodes 2007; Hatzopolous 2007).³ The 2004-5 mid-term review of the Lisbon Strategy, which reached harsh conclusions on the ineffectiveness of the OMC in promoting domestic reforms in EU Member States, was also a surprisingly non-evidence-based process. Thus the Report of the 2004 High Level Group chaired by Wim Kok did not systematically review the available evidence on the performance of OMC processes, such as the extensive mid-term review of the EES in 2002, or the report of the 2003 Employment Task Force (also chaired by Kok), both of which reached more positive assessments. Similarly, the

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¹ For a selective bibliography, see the University of Wisconsin-Madison's online Research Forum on the OMC, <http://eucenter.wisc.edu/OMC/index.htm>.

² See for example Casey and Gold (2005), who present a highly critical account of the OMC's capacity to promote cross-national policy learning based exclusively on the first round of employment peer reviews conducted in 1999-2001; or Lodge (2007), whose critique of the OMC/pensions for its lack of common indicators appeared after these had been agreed by the SPC.

³ A partial exception is Idema and Kelemen (2006), which draws on a small-scale study of the Social Inclusion OMC in the Netherlands.

European Commission's (2005) Lisbon New Start communication appears to have neglected both internal and external evidence on the successes and failures of different OMC processes, such as an independent evaluation of the eEurope program and other information society initiatives, which concluded that the OMC in these areas 'cannot yet be said to be a success or failure', because it 'simply has not been fully implemented' (Tavistock Institute et al. 2005).

Empirical assessment of the OMC is extremely challenging, for a number of interrelated reasons. These include: the variety of distinct processes with different institutional characteristics subsumed under the OMC rubric; their relative newness, and the frequency of procedural changes to even the most highly institutionalized processes such as those for employment and social inclusion; and the horizontal and vertical complexity of OMC processes, which typically cut across sectoral policy domains and involve multiple levels of governance (European, national, subnational) in 27 Member States (15 before 2004). Most fundamental, however, are the methodological difficulties of assessing the causal impact of an iterative process based on collaboration between EU institutions and Member States, without legally binding sanctions. Thus Member State representatives continuously participate in the definition of OMC objectives, guidelines, targets, and indicators, allowing 'uploading' of domestic concepts and preferences which blurs the causal boundary between the national and European levels. OMC processes do not necessarily result in new legislation or justiciable obligations, rendering the concept of Member State 'compliance' problematic. Member States may often have political reasons for playing up or down OMC influences on domestic policy, from strategies of blame avoidance and credit claiming at home to self-presentation as a 'good European' or a defender of the national interest in Brussels. Nor is it easy to isolate the influence of the OMC on national policy from those of other EU-level processes (such as the Stability and Growth Pact, European court decisions, or the structural funds), other international organizations (such as the OECD, the World Bank, or the IMF), and domestic political changes (such as shifts in government). In each of these respects, the OMC encapsulates in extreme form the broader methodological problems involved in studying the impact of 'Europeanization' on domestic policy and politics.⁴

These difficulties are not merely theoretical. Researchers studying the same national and sectoral cases often disagree about the magnitude and significance of the OMC's influence. A noteworthy example is the impact of the European Employment Strategy (EES) in Germany, where some researchers see only 'surface integration' (Büchs and Friedrich 2005; Büchs and Hinrichs 2007), while others find deeper cognitive and practical influences on the design of key measures such as the Hartz labour-market reform legislation, as well as on the strategies pursued by employers and other non-state actors (Preunkert and Zirra, this volume; Heidenreich and Bischoff 2008; Richardt 2007; Zohlnhöfer and Ostheim 2005).

Thorny as these methodological problems are, they can be mitigated through a combination of research strategies:

- contextualized process tracing, in order to identify and assess the practical influence of the OMC (alongside other factors) on domestic actors, debates, procedures, and policies in specific contexts (national, sectoral, temporal);

⁴ For a comprehensive review of the Europeanization literature, see Graziano and Vink (2007).

- careful triangulation of documentary and interview evidence within and between studies, in order to multiply points of observation and offset sources of bias;⁵
- systematic comparison of research findings across countries, policy domains, and time periods, in order to identify and explain both general tendencies and dimensions of variation.

Yet many of the sources of controversy about the OMC's national influence are conceptual as well as empirical. Researchers disagree not only about the magnitude of the OMC's impact in different countries and policy fields, but also about what types of influence should count as significant, and through what causal mechanisms they might be generated. Thus, for example, Citi and Rhodes (2007) propose a comparative assessment of OMC processes in terms of their *ex ante* capacity for securing policy convergence across EU Member States. Analysts of the OMC as a new form of experimentalist governance argue instead that it is more properly assessed as a mechanism for promoting convergence of performance, through comparisons of experience in implementing alternative approaches to reaching common objectives in different national contexts (Zeitlin 2005a and c; Sabel and Zeitlin 2008). Similarly, many critics of the OMC's capacity to promote cross-national learning consider the method a failure because peer review and exchange of good practices rarely result in direct transfer of identical policies and programs from one country to another (Casey and Gold 2005; Kerber and Eckhardt 2007; Schludi 2003). Proponents of 'contextualized benchmarking' argue conversely that successful borrowing from abroad typically requires extensive adaptation of foreign models and practices to fit local circumstances, while cross-national learning induced by such processes often takes an analogic rather than a directly mimetic form (Visser, van Gerven and Beckers, this volume; Hemerijck 2007; Zeitlin 2005a, 2003; Sabel 2004, 2005).

Many critics of the OMC take substantive policy change, especially as reflected in new legislation, as the main criterion for assessing its domestic influence (e.g. Moravcsik 2005; Kroeger 2007; Citi and Rhodes 2007). Judged solely on this basis, as they insist, it is hard to show that the OMC has had a major impact outside of certain restricted cases, and even in those it is only one of several factors. But if we consider other types of impact, including not only procedural changes in governance and policy making processes, but also cognitive and discursive shifts, along with changes in issue salience and political agendas, then we may identify deeper and more numerous influences, as the chapters in this volume demonstrate.

Hence empirical evaluation of the impact of the OMC on national reforms can be advanced through the development of an appropriate conceptual framework. In the body of this chapter, I propose an analytical typology of influences, mechanisms, and effects for use in assessing the available evidence on the relationship between the OMC and the reform of national social and employment policies in EU Member States.⁶ In focusing on mechanisms, my aim is to

⁵ Such biases are visible not only in interviews, but also in survey responses, where public officials and NGO representatives systematically disagree about the extent of the latter's participation in domestic OMC processes: see for example OPTEM (2007) on the EES and O'Kelley (2007) on social inclusion. These disagreements are not purely empirical, but also reflect different normative expectations on the part of the actors.

⁶ This typology overlaps in objectives, but differs in conceptualization from those proposed in other chapters of this book, notably Heidenreich, López-Santana, and Preunkert and Zirra, as well as by other researchers such as Serrano Pascual and Magnusson (2007).

illuminate the causal and behavioral pathways through which the OMC can and has influence(d) the policy-making process in EU member states,⁷ rather than to develop lower-level (individualistic) explanations of higher-level (collective) phenomena (Stinchcombe 1991; Hedström and Swedberg 1998), or to identify universal building blocks of recurrent causal patterns that can be combined to construct partial theories of aggregate outcomes applicable under different scope conditions (Tilly 2001; McAdam, Tarrow, and Tilly 2001; Bennett and George 2005).⁸

In deploying this analytical framework, I will draw not only on empirical material from the other chapters in the book, but also from the full range of available academic and policy literature on the operation of the EES and the OMCs in social protection and social inclusion, including several recent official evaluations.⁹ To avoid duplication, I will concentrate on discussion of new evidence and refer readers to Zeitlin (2005b) for documentation of previously established claims. The analysis will focus primarily (but not exclusively) on the period prior to the restructuring of OMC processes in 2005-6, resulting from the Lisbon Strategy relaunch, the integration of the Employment and Broad Economic Policy Guidelines, and the streamlining of the OMCs on social inclusion, pensions, and health/long-term care into a unified process with both common and sector-specific objectives.¹⁰

Section II considers the major types of OMC influence on national social and employment policy reforms, and examines the empirical evidence concerning their incidence. Section III analyzes the main causal mechanisms and effects¹¹ through which the OMC has influenced domestic reforms in EU Member States, and assesses their relative importance. Section IV concludes by asking whether OMC processes tend to reproduce pre-existing institutional configurations and regime pathways, or instead to promote hybridization and path-shifting reform of national social and employment policies.

⁷ In this regard, I have drawn inspiration from the literature on the effectiveness of international environmental regimes, which has been grappling for over a decade with analogous (though not entirely identical) issues: see Young (1999, 2001), and Underdal and Young (2004), especially the chapters by Underdal and Hovi.

⁸ This is not the place for an extended discussion of the recent social-scientific literature on explanation through mechanisms, whether in its reductionist or combinatorial variants, about which I remain skeptical on both theoretical and practical grounds. For useful overviews, see Hovi (2004); Mayntz (2004).

⁹ Important recent reviews of these OMC processes include the 2006 evaluation of the OMCs in social inclusion and pensions (European Commission 2006), a 2007 qualitative study of the EES based on interviews with national employment policy actors in 28 European countries (including Turkey) prepared for the Commission (OPTeM 2007), and a 2007 evaluation of the Integrated Guidelines for Growth and Jobs, based on 70 interviews with policy makers, experts, and stakeholders in 18 countries (Euréval/Rambøll 2008). Member State submissions to the social OMC evaluation have not been published, but are obtainable from DG EMPL; these will be cited hereafter by country name but not listed individually in the references. Submissions from seven European NGO networks are available on the Social Platform website, http://www.socialplatform.org/Page_Generale.asp?DocID=12051.

¹⁰ For a critical analysis of these developments, see Zeitlin (2007, 2008).

¹¹ By ‘effects’ I mean characteristic and recurrent intermediate outcomes produced by the various causal mechanisms analyzed in section III, which contribute in turn to the different types of OMC national influence identified in section II. Thus, for example, as we shall see below, ‘creative appropriation’ of the OMC by domestic actors generates ‘leverage’ and ‘democratizing destabilization’ effects, which then influence substantive policy changes and procedural shifts in governance and policy-making arrangements in EU Member States.

II. Types of Influence

Two major types of OMC influence on national reforms may be distinguished: its contribution to substantive policy change on the one hand, and to procedural shifts in governance and policy-making processes on the other.

A. Substantive Policy Change

Empirical studies of the EES and the OMCs in social protection/inclusion, such as those contained in this volume, provide evidence that these have contributed to three interrelated forms of substantive policy change: *changes in national policy thinking (cognitive shifts)*; *changes in national policy agendas (political shifts)*; and *changes in specific national policies (programmatic shifts)*.

Undoubtedly the best attested form of OMC influence on substantive policy change in EU Member States is *cognitive*. The chapters in this volume reinforce the findings of earlier academic studies and evaluation reports that the EES and the social OMCs have helped to reframe national policy thinking by incorporating EU concepts and categories into domestic debates; exposing domestic actors to new policy approaches, often inspired by foreign examples; and questioning established domestic policy assumptions and programmes (Zeitlin 2005b: 450-7; Palier 2006; Guillén and Álvarez 2004; cf. also OPTEM 2007: 62-9; Euréval/Rambøll 2008: 22-26, 38-43). Thus as the chapters by van Gerven and Beckers and by Hamel and Vanhercke document, the EES and the OMC/Inclusion have played a key role in diffusing into Belgian, Dutch, and French policy debates European concepts and orientations such as a comprehensive approach to fighting unemployment, raising the employment rate, making work pay, flexicurity, active ageing, sustainable social protection, child poverty, and active inclusion, while at the same challenging deeply entrenched domestic commitments like the Belgian early retirement system. The chapters by López-Santana and Preunkert and Zirra similarly emphasize the ideational influence of these OMC processes on the policy orientations of both elite decision makers and non-state actors such as NGOs and social partners in Spain, Belgium, and Germany. These cognitive effects, as the chapters by Mailand and Jacobsson and West show, have been especially pronounced in the new Member States, such as Poland and the Baltics, which had to fundamentally reconstruct their social and employment policies after the end of Communism and which had participated in the EES and the social OMCs for several years prior to joining the EU in 2004.¹²

A second well-attested form of OMC influence concerns *political shifts in national policy agendas*. Thus as the chapters by López-Santana, Mailand, van Gerven and Beckers, Hamel and Vanhercke, Preunkert and Zirra, and Jacobsson and West variously demonstrate, the EES and the social OMCs have played an important part in Belgium, Denmark, France, Germany, the Netherlands, Spain, Sweden, Poland, and the Baltics in placing new issues on the domestic political agenda such as activation, prevention, lifelong learning, gender mainstreaming, social exclusion, and child poverty, and/or increasing the salience of efforts to tackle long recognized

¹² On the greater propensity of recently acceded countries to “accept or seek out ideas from other Member States”, see OPTEM (2007: 71). For other studies of these OMC processes in the new Member States, which often emphasize the imperfect fit between European policy concepts and local realities, see Sirovátka and Rákoczyova (2007); Palant (2006); de la Rosa (2005); Schüttelz (2005); Lendvai (2004).

national problems like pension reform, early exit from the labour market, child care provision, gender segregation, and the integration of immigrants.¹³ National responses to the 2006 evaluation of the OMC/Inclusion, especially those from new Member States, emphasized its importance in reframing political agendas and focusing attention on the fight against poverty and social exclusion (European Commission 2006: 6-7). But such domestic political influences may themselves be affected by shifts in the EU's own policy agenda, such as the reduced emphasis on gender equality within the EES in recent years (Rubery et al. 2004; Fagan et al 2005, 2006; O'Connor 2007).

The most elusive form of OMC influence, as noted earlier, concerns *changes in specific national policies and programmes*. Yet here too there is abundant evidence from academic studies, private interviews, evaluation reports, and official documents that OMC processes have contributed to social and employment policy shifts of varying degrees of intensity in many EU Member States. The best documented cases regard the EES, whose influence previous research has traced on activation and unemployment prevention policies (France, Germany, Ireland, and the Netherlands); tax-benefit reforms (France, Germany); active ageing and lifelong learning (France, Germany), reducing gender and ethnic segregation (Denmark, Sweden), and gender mainstreaming (most Member States).¹⁴ The chapters in this volume provide further evidence of the EES's role in stimulating substantive changes in these policy areas, notably in Germany (activation, prevention, benefit reform, gender equality/mainstreaming), Belgium (activation, prevention, active ageing), Spain (activation, prevention, gender equality), and Poland (tax-benefit reform, pension finance), but also to a lesser extent in France (activation, tax-benefit reform), the Netherlands (prevention), Sweden (tax reform, gender segregation, integration of migrants), Denmark (prevention, early school leaving), and the Baltics (activation, lifelong learning).

Evidence about the influence of the social OMCs on national policy shifts remains more fragmentary, but here too recent academic research and evaluation reports have identified some significant examples. Thus as Hamel and Vanhercke's interviews with French officials demonstrate, the introduction of the new Active Solidarity Income (*Revenue Sociale d'Activation*, or RSA), which allows social assistance recipients to add work earnings without losing their benefits, was strongly influenced by the EU's commitment to active inclusion, whose incorporation into the OMC/Inclusion France had earlier opposed. In Ireland, as a recent thesis argues, the emphasis on relative income poverty, integration of migrants, and comparisons with the experience of other European countries within the OMC on Social Inclusion as well as the EES have helped to inspire significant shifts in national policies on issues such as supporting the employment of lone mothers and combating anti-immigrant racism (Norris 2007: 115-19). In the Czech Republic, as another study reports, preparation of the country's first National Action Plan for Social Inclusion in 2004-6 facilitated the insertion not only of 'key words of the social inclusion strategy, but also its principles' in major pieces of social legislation such as the Social Services Act and the Act on Assistance in Material Need, with direct consequences for the delegated competences of local authorities responsible for their implementation, even if the necessity for changes to these laws had long been debated (Sirovátka and Rákoczyová 2007: 24).

¹³ For other examples of the EES's influence on national policy agendas, see OPTTEM (2007: 35, 62-9); Euréval/Rambøll (2008: 23, 25, 27, 31-2).

¹⁴ For a detailed discussion, see Zeitlin (2005b: 451-3).

National submissions to the 2005 evaluation attributed direct impacts to the OMC/Inclusion in a number of specific domains, such as indebtedness, lone parent, and child care policies in the UK; tax credits in Slovenia; social assistance legislation in Slovakia; and the introduction of public assistance centers in Luxembourg (European Commission 2006: 6-7).

Even in the case of pensions, which is universally acknowledged to be more weakly institutionalized than the EES or the social inclusion process, there is evidence of the OMC's influence on national reforms. Thus both the European Association of Public Sector Pension Institutions (EAPSI) and the European Older People's Platform (AGE) report that the OMC has helped to enlarge the set of policy choices considered at national as well as European level by making the players more aware of the experience of reforms in other countries (European Commission 2006: 10; AGE 2005: 4). Perhaps the best-known case is that of the French pension reform of 2003, where the Minister of Social Affairs led a preparatory 'European tour' of public officials and social partners to Germany, Finland, Sweden, and Spain, based on identification of good practices and bilateral contacts established through discussions in the EU Social Protection Committee (Natali 2007a: 17-18; European Commission 2006: 7). In Spain, officials similarly observe that the 'national discussion on pension reform benefited from its coinciding with the preparation of the first National Strategy Plans' in 2003, which were 'a valuable input for the administrative authorities to better approach the debate and compare the efforts made by other countries' (European Commission 2006: 7; Spanish evaluation report 2005; Guillén 2007: 129). Latvia likewise reported that the OMC 'has influenced the elaboration of legislation to promote progress to sufficient [sc. adequate] pensions', one of the three core European objectives alongside financial sustainability and modernization of pension systems (Latvian evaluation report 2005). In Portugal, too, top officials explicitly cite the OMC's influence on a major pension and social security reform in 2006, which deliberately combined into a distinctive hybrid synthesis elements from the recent experience of other European countries (such as a sustainability adjustment factor related to contributions and life expectancy; a flexible age of retirement, with special provisions to those with long working careers; and indexing of benefits to the cost of living rather than the minimum wage) (Interview with Pedro Marques, Secretary of State for Social Security, May 25, 2007; da Paz Campos Lima and Naumann 2006; Portuguese evaluation report 2006; European Commission 2006: 7; Euréval/Rambøll 2008: 27). But as with the social inclusion examples cited above, more detailed research would be needed to verify the precise significance of the OMC's influence on these national reforms.

Even where more extensive evidence on domestic policy-making processes is available, disentangling the independent causal influence of the OMC presents formidable problems of interpretation. In some cases, the origins of changes in national policy thinking preceded OMC developments, even if they were also influenced by EU policy channels, as López-Santana for example argues with respect to Spain and the European Social Fund. Nor were the EU and the OMC the only external sources of new ideas about reform of social and employment policies. During the late 1990s, for example, the OECD Jobs Strategy offered a contrasting approach to labor market policy to that of the EES, although this was less influential than the latter in countries like Belgium and the Netherlands (Visser, van Gerven and Beckers, this volume).¹⁵ In

¹⁵ Since 2000, the OECD Jobs Strategy and the EES have moved closer together, as the former has embraced flexicurity and social inclusion, while the latter has placed greater emphasis on making work pay (Watts 2006; Martin 2004; Weishaupt 2008).

other cases, however, such as pension reform in Central and Eastern Europe, the impact of the World Bank and the IMF appears to have exceeded that of the EU, at least prior to formal accession (Orenstein 2008). More fundamentally still, as noted earlier, EU Member States themselves have frequently sought to shape the development of OMC processes by ‘uploading’ their domestic concepts and policy approaches, as in the cases of Sweden, Denmark, and the UK for the EES, France and Belgium for social inclusion, and Italy for pensions.¹⁶ And even where the adoption of new policy concepts and messages within the OMC clearly preceded national developments, their multiplicity and ambiguity has often left broad scope for selective ‘downloading’ and ‘translation’ by domestic actors. For each of these reasons, as I have argued elsewhere, the relationship between OMC processes and Member State policies is better conceived as a two-way interaction than as a one-way causal impact (Zeitlin 2005b: 453-7).

B. Procedural Shifts in Governance and Policy Making

There is much broader agreement that the EES and the social OMCs have contributed significantly to procedural shifts in governance and policy-making arrangements. Five main forms of influence may be identified here: *reinforced horizontal coordination and cross-sectoral integration between interdependent policy fields; improvements in national steering capacity; enhanced vertical coordination between levels of governance; increased involvement of non-state actors; and development of new horizontal and/or diagonal networks for participation of non-state and subnational actors in EU policy making processes.*

In many countries, as previous research has shown, the obligation to draft National Action Plans (NAPs) for employment and social inclusion (more recently also National Lisbon Reform Programmes for Growth and Jobs) has strengthened *horizontal integration of interdependent policy fields* through the creation of new formal coordination bodies and inter-ministerial working groups (Zeitlin 2005b: 457-8; Meyer and Umbach 2007; Norris 2007: ch. 3). Similar developments have likewise been observed in new Member States such as Cyprus, Malta, Hungary, the Czech Republic, Poland, Slovakia, Lithuania, Latvia, and (to a lesser extent in employment) Estonia (European Commission 2006: 22-3; Mailand, Jacobsson and West, this volume). In Belgium, as Hamel and Vanhercke’s chapter details, the preparation of the NAPs/Inclusion has given rise to new bodies to coordinate and rationalize policy initiatives across sectors not only at the federal level, but also at the regional level, where first Flanders and then Brussels and Wallonia have created interdepartmental bodies to develop strategic action plans against poverty. Although the French Inter-Ministerial Committee to Combat Social Exclusion (CILE) has not so far played a similarly effective role, the annual production of a Transversal Policy Document (DPT) on Social Inclusion under the recent framework budgetary law (LOLF) has begun to exert a major impact in enhancing horizontal collaboration across policy sectors and administrative units in this field (Hamel and Vanhercke, Preunkert and Zirra, this volume).¹⁷ Whereas NAPs have often been regarded more as reports to the EU than as genuinely operational planning documents, the OMC/Inclusion has been increasingly ‘mainstreamed’ into domestic policy making in countries such as Ireland, Portugal, Belgium, and

¹⁶ On the latter two cases, see Hamel and Vanhercke (this volume) and Natali (2006: 34-5; 2007); for a fuller discussion of national influences on all three OMC processes, see Zeitlin (2005b: 454-5).

¹⁷ This Transversal Policy Document was the subject of a Peer Review on “Social Inclusion Cross-Cutting Policy Tools” in 2006 (synthesis report available at http://ec.europa.eu/employment_social/spsi/peer_review_en.htm).

France through linkages to National Anti-Poverty Strategies and budgetary planning processes (Norris 2007: ch. 3; Hamel and Vanhercke, this volume; for other examples, see European Commission 2006: 23-4). In a number of the new Member States, notably the Baltics, the incorporation of the NAPs/Employment into the Lisbon National Reform Programmes since 2005 has reinforced their integration into domestic policy making. Conversely, in most of the EU15 (with the exception of Spain), the replacement of the NAPs/Employment by the Lisbon NRPs has instead reduced the salience and visibility of the EES in national policy debates (Jacobsson and West, Mailand, this volume; Zeitlin 2008; Euréval/Rambøll 2008: 31-6; OPTEM 2007: 42-4).

A second widespread procedural influence of the OMC on national social and employment policy making concerns *improvements in national steering and statistical capacities* (Zeitlin 2005b: 458). One side of this process involves the strengthening of national arrangements for data collection and analysis through the implementation of better and more Europeanized survey instruments, information systems, and statistical indicators. Thus in Belgium, for example, the National Statistical Institute had to make a major investment in the development of internal capacity for the collection and analysis of data on poverty and social exclusion in order to participate in the initial round of the new EU Survey of Income and Living Conditions (EU-SILC) and apply in its first NAP/Inclusion the common European indicators agreed under the country's 2001 EU presidency. In France, where national statistical capacities in the social field were already better developed, the OMC/inclusion and the common European indicators have spurred moves towards the harmonization of national indicators of poverty and social exclusion, which varied widely across different policy documents (Hamel and Vanhercke, this volume).¹⁸ Another side of the OMC's influence on national steering capacity concerns the creation of new bodies and systems for monitoring and evaluating the implementation of social and employment policies. Among the best documented cases is the impetus provided by the EES to the upgrading of institutional capabilities for data collection, monitoring, and evaluation of labor-market policies in Italy (Ferrera and Sacchi 2005; Preunkert and Zirra, this volume). But joining the EES appears to have exerted a similar positive impact on new Member States such as Poland and the Baltics, as the chapters by Mailand and Jacobsson and West observe. In social inclusion, too, the OMC has stimulated the development of national monitoring and evaluation capacities in many countries, especially in relation to local and regional tiers of governance (Hamel and Vanhercke, this volume; European Commission 2006: 14-15).

Enhanced vertical coordination more generally constitutes a third major procedural influence of the OMC. Both in employment and in social inclusion, OMC processes have resulted in the establishment of new formal and informal structures for closer coordination between national, regional, and in some cases local governments in countries such as Sweden, Spain, Belgium, France, Germany, Austria, and the UK (Zeitlin 2005b: 458-9; OPTEM 2007: 56; European Commission 2006: 24; Mailand, López-Santana, van Gerven and Beckers, Vanhercke and Hamel, Preunkert and Zirra, this volume). On the employment side, this process has been closely bound up with the reorganization of the Public Employment Services, based on various combinations of decentralization and management by objectives, to which the EES has given a powerful impetus in old and new Member States alike (Weishaupt 2008; Visser, Mailand, and

¹⁸ For other examples of the positive influence of the OMC/inclusion and the creation of EU-SILC on national data collection and indicator development, see European Commission (2006: 14-15).

Jacobsson and West, this volume). On the social inclusion side, the Action and Indicators Task Forces in Belgium and the Departmental Commissions and Territorial Charters in France offer striking examples of how the OMC has fostered more active coordination efforts between national and subnational authorities in both federal and unitary states. Not only has the OMC spurred moves towards the creation of Local and Regional Action Plans for social inclusion in a number of countries, as had already occurred in employment, but it increasingly serves as a cognitive and organizational template for reconceiving the governance of vertical relationships between national/federal governments and regional/local authorities in the context of widespread trends towards the decentralization of administrative and policy-making competences in these fields (Hamel and Vanhercke, Preunkert and Zirra, this volume; European Commission 2006; Zeitlin 2005b: 459-60, 467-8).

In terms of participation in and attitudes towards the OMC among local and regional authorities, wide cross-national variations can be observed, which are influenced but by no means determined by differences in constitutional structures. Thus, for example, in federal states the Belgian Regions and Spanish Autonomous Communities have embraced the OMC in both employment and social inclusion as a planning and benchmarking framework for their own purposes, whereas the German Länder have regarded it more as a potential threat to their reserved competences. In unitary states, similarly, the Swedish associations of local, municipal, and county authorities seized on the EES as a means of gaining a stronger voice within the country's historically centralized labour-market policies, while their Danish counterparts appear instead to have considered themselves already well-represented within national policy-making processes (Zeitlin 2005b: 466-8, 480-1; Jacobsson 2005; Kavalaris 2007: 48-51; López-Santana, Preunkert and Zirra, this volume).

A fourth major procedural influence of the OMC concerns *increased involvement of non-state actors in domestic social and employment policy making*. Thus in many countries, the EES and the social OMCs have led to the creation or reinforcement of consultative and participatory structures for the involvement of social partners and civil society organizations in policy formation, implementation, monitoring, and evaluation at national and (in some cases) subnational levels (Zeitlin 2005b: 460-5). This influence has been strongest in social inclusion, where 'mobilisation of all the relevant bodies' figures prominently among the EU's common objectives. Jacobsson and Johansson's chapter provides a detailed account of how the OMC/inclusion in Sweden catalyzed the formation of a national 'Network Against Social Exclusion', which mobilized social NGOs and voluntary associations to demand an active voice in the preparation and implementation of the NAPs, resulting in the establishment of a new 'user committee on social and welfare issues' as an institutionalized channel for dialogue between civil society organizations and public officials. Similar developments can be observed not only in other old Member States like Belgium, Italy, Ireland, Portugal, Luxembourg, and the UK, but also in new ones such as Hungary, Cyprus, Malta, and Estonia (Hamel and Vanhercke, Preunkert and Zirra, this volume; Norris 2007: ch. 3; Armstrong 2005; European Commission 2006: 22; national evaluation reports 2005).

The picture in employment is more complex. Alacevich's (2004) comprehensive study of the EU15 found that in all but two countries (Italy and the UK) the EES had a reinforcing effect on national processes of social dialogue through the creation of new trilateral institutions or the revalorization of existing ones for the participation of unions and employers' organizations whose cooperation is needed for labour-market and social welfare reforms subject to collective

bargaining and/or shared governance. In a number of countries, like Spain and Greece, this participation was largely confined to ritualistic consultation or information exercises, and the social partners (especially unions) complained vocally about their lack of substantive influence on the content and evaluation of the NAPs. In others, such as Denmark and the Netherlands, both unions and employers' organizations remained suspicious of the potential threat to their bargaining autonomy and constitutional prerogatives posed by the European employment guidelines. But the trend over time was generally positive, towards deeper levels of involvement of the social partners and increased satisfaction with the participatory arrangements, despite some reversals linked to rightward shifts in the partisan composition of government, as in Austria and Portugal during the early 2000s (Alacevich 2004: chs. 4-7; Casey 2005; de la Porte and Pochet 2005; Zeitlin 2005b: 462-3). In the new Member States of Central and Eastern Europe, the EES has likewise simulated the reinforcement of tripartite bodies for the participation of the social partners. But more than in the old Member States, such arrangements have remained largely formal in most cases, reflecting the organizational weakness of unions and (to a lesser extent) employers' associations, as well as governments' reluctance to share policy-making authority with non-state actors (Jacobsson and West, this volume; Plomien 2008; Galgoczi et al. 2004; Palpant 2006; OPTEM 2007: 82-3).

As in the case of social inclusion, civil society actors such as the European Anti-Poverty Network (EAPN), the European Federation of National Organisations Working with the Homeless (FEANTSA), and associations representing the disabled have pressed for the right to participate in the EES at national as at European level. In a number of Member States such as Finland, Spain, Portugal, Ireland, Greece, Cyprus, Hungary, and Latvia, the NAPs/Employment have been opened up to involvement of social NGOs without great controversy, especially since 2003 when 'strengthening social cohesion' became one of the EES's three overarching goals. But in some countries with long-established corporatist traditions like Belgium, Denmark, Sweden, and the Netherlands, such demands have met with stronger resistance to encroachment on the social partners' privileged position in employment policy (Alacevich 2004: 77-9, 82-3; Zeitlin 2005b: 465; de la Porte and Pochet 2005: 366-7; Jacobsson 2005: 117-19; OPTEM 2007: 38, 83-4; Kavalaris 2007; Jacobsson and Johansson, this volume). And even where social NGOs did succeed in joining the NAPs/Employment, they have found it difficult to sustain this role within the new Lisbon National Reform Programmes for Growth and Jobs, whose consultative arrangements are often dominated by Finance or Economics ministries with whom they had little previous contact (Zeitlin 2007, 2008; Begg and Marlier 2007: 12-14; EAPN 2007).¹⁹

A final procedural influence of the OMC is the *development of new horizontal and/or diagonal networks for the involvement of non-state and subnational actors in EU policy coordination processes*. Thus European networks such as those belonging to the Platform of European Social NGOs (whose 41 members include EAPN, FEANTSA, AGE, SOLIDAR, the European Disability Forum, and ATD-Fourth World) and RETIS (the European Transnational Network for Social Inclusion, whose members include EURO CITIES and the Council of European

¹⁹ In the pensions OMC, which is generally agreed to be the least open of the three processes (Pochet and Natali 2005) AGE nonetheless reports that 'thanks to the open method', their affiliates in some of the new member states 'have been able to engage with governments, sometimes for the first time, on the situation of older people at risk of poverty and social exclusion'; other positive examples of NGO consultation in the preparation of National Strategy Reports on pensions include the Netherlands, Ireland, and Denmark (AGE 2005: 3, 11-12; European Commission 2006: 22).

Municipalities and Regions) are regularly consulted on the development of the OMC on Social Protection and Social Inclusion and to a lesser extent the EES, about which they regularly produce independent critical evaluation reports and position papers based on detailed information supplied by their national affiliates (available on their respective websites). All of these networks have received long-term financial support from the EU under successive Community Action Programmes against poverty and social exclusion (now subsumed under PROGRESS, the new Programme for Employment and Social Solidarity), and regularly organize European-wide conferences and roundtables in collaboration with the Commission. At the subnational level, both public authorities and civil society organizations have been engaged in a wide range of EU-funded Transnational Exchange Projects aimed at linking up local actors, including the preparation and comparison of territorial Action Plans for employment and social inclusion, as well as mutual learning, awareness-raising, and follow-up activities for both processes (Zeitlin 2005b: 463-4, 466-8; de la Porte and Pochet 2005: 361-2, 366-7).²⁰

As in the case of substantive policy change, however, assessing the procedural influence of the OMC poses challenging problems of interpretation. First, shifts in national governance and policy-making arrangements are also a response to ongoing transformations in public administration such as decentralization, agencification, and privatization, all of which create widespread perceived needs for increased coordination, both horizontally and vertically (see for example Sellers and Lidström 2007). Second, the durability of such shifts depend on the stability of OMC processes themselves, as can be observed from the advent of the Lisbon National Reform Programmes, which at least in the older Member States have disrupted previous improvements in employment policy governance and created new obstacles to the participation of social NGOs. Finally, as we shall see in greater detail below, the involvement of non-state and subnational actors in OMC processes depends not only on domestic institutional configurations (federal vs. unitary constitutional structures; corporatist vs. pluralist modes of interest intermediation), but also on their own strategies.

III. Mechanisms of Influence

In analyzing the causal pathways through which the OMC has exerted these substantive and procedural influences on national social and employment policy reforms, five main mechanisms may be distinguished: *external pressure; financial support; socialization and discursive diffusion; mutual learning; and creative appropriation by domestic actors.*²¹

A. External Pressure

Discussions of the OMC's domestic impact in the European policy debate often focus on the effectiveness of external pressure on national governments, both vertically from the Commission

²⁰ For projects conducted within the Local Employment Development programme of the EES, see EMCO (2004); ECOTEC (2006); http://ec.europa.eu/employment_social/local_employment/promotion_en.htm; for projects conducted within the Community Action Programme to Combat Social Exclusion (2002-6) and PROGRESS (2007-13), see Tavistock Institute et al. (2006); http://ec.europa.eu/employment_social/spsi/activities_en.htm.

²¹ For previous discussions and fuller references to the secondary literature, see Zeitlin (2005b: 476-83); Heidenreich and Bischoff (2008); Heidenreich (this volume).

and horizontally from other Member States in EU committees and the Council. Sometimes such pressure is presented as a form of friendly advice or helpful coaching (Commission 2005), but more often as a form of soft sanctions through public ‘naming, shaming, and faming’ (Kok 2004). The core idea either way is that national governments will be induced to live up to their commitments and implement necessary but painful reforms in order to maintain their reputations and avoid embarrassment in the eyes of their peers and the wider public. There is evidence from the chapters in this volume, as well as from previous research, that such peer pressure is felt by those exposed to it, especially ministers and members of EU committees engaged in mutual surveillance of each others’ national performance in meeting agreed objectives and targets, and that EU recommendations and negative rankings can sometimes contribute to domestic policy changes. Examples include the responses of the Danish and Dutch governments to their failure to reach the early activation targets associated with the preventative approach to fighting unemployment, and that of their French and Belgian counterparts to the recent priority given by the European Council to measures aimed at rapidly and significantly reducing child poverty (Mailand, Hamel and Vanhercke, this volume; for other examples, see Zeitlin 2005b: 477). But the effectiveness of such external pressures are highly dependent on domestic conditions, notably the perceived legitimacy, intellectual basis, and procedural fairness of EU objectives, guidelines, targets, recommendations, and rankings; the level of public support for the EU and sensitivity to European criticism; and the national visibility of OMC processes – all of which are often found lacking (Zeitlin 2005b: 477-8; OPTEM 2007: 75-6). Put another way, the effectiveness of external pressure through the OMC depends primarily on other causal mechanisms, notably socialization, mutual learning, and creative appropriation by domestic actors. Thus recent official evaluations of the Integrated Guidelines for Growth and Jobs and the EES themselves conclude that ‘the recommendations do not really exert pressure on governments but rather reinforce the legitimacy of reform promoters’, except insofar as they also provide good critical arguments for non-state actors such as trade unions and NGOs (Euréval/Rambøll 2008: 3-4, 28-31, quotation at 31; OPTEM 2007: 75-6).²²

B. Financial Support

A second mechanism of influence, which has been largely neglected in previous discussions of the OMC, is financial support from the EU, especially through the Structural Funds.²³ Over the past decade, the objectives of the European Social Fund (ESF) in particular have become increasingly closely linked to those of the EES and the OMC/Inclusion. Both in old Member States like Italy, Ireland, and Portugal and in new ones like the Baltics and the Czech Republic,

²² Because external pressure from the EU can nonetheless provoke significant political embarrassment to national governments, it may engender perverse effects for the operation of OMC processes, such as bilateral negotiations aimed at obtaining the modification or withdrawal of critical recommendations, as in the cases of early retirement in Denmark and temporary agency work and part-time work for women in Spain. More significantly still, such domestic political concerns may spur Member States to resist indicators that might cast them in a bad light, such as Italy’s attempt under Berlusconi to redefine ‘quality in work’ any as legal job, Poland and Slovakia’s objections to relative at-risk-of-poverty rates, and most comically of all, Sweden’s complaint about the use of ‘days lost in strikes’ as a indicator of social dialogue because of the country’s low level of industrial disputes (Mailand, this volume; Sacchi 2007: 86-7; Wóycicka and Grabowski 2007: 107; Slovak evaluation report 2005; Thedvall 2006: 110-12. For other examples, see Zeitlin 2005b: 478).

²³ For exceptions, see Kilpatrick (2006: 133); Trubek et al. (2006: 82); Trubek and Trubek (2007: 545); Hartwig (2007).

the linkage between the OMC and the Structural Funds has contributed to reshaping national priorities in key policy areas such as activation and inclusion, while also redirecting EU finance from infrastructural to social and labour-market projects. Even when domestic actors remain unaware of the OMC connection, Structural Fund projects have often served as a vehicle for diffusing related principles and practices. Thus as López-Santana's chapter points out, the 'ideational misfit' of the EES was greater in Belgium than in Spain, because of the latter's more extensive involvement with the ESF. Structural fund projects (including pre-accession technical assistance and twinning projects in the new Member States) have not only helped to build administrative capacity for the implementation of social and employment policies, but also to extend the reach of procedural requirements associated with the OMC such as gender mainstreaming and participation of non-state actors in local partnerships (Preunkert and Zirra, Jacobsson and West, López-Santana, this volume; Norris 2007: ch. 3; Sirovátka/Rákoczyová 2007; OPTEM 2007: 77-9; Kilpatrick 2006; Trubek et al. 2006). As we have already seen, financial support from the Local Employment Development budget line of the EES, the Community Action Programme for Social Inclusion, and PROGRESS has likewise provided a major stimulus to the involvement of non-state and subnational actors in OMC processes at both national and European levels.

The effectiveness of this causal mechanism depends on several factors. One is the tightness of the linkage between OMC processes and European funding, which may vary over time with shifts in the EU's own priorities. Thus NGOs have expressed concern that the obligation for Member States to earmark 60-75% of Structural and Cohesion fund expenditure for the revised Lisbon Growth and Jobs priorities may lead to a reduction in support for social inclusion (EAPN 2008; Zeitlin 2008; Heidenreich, this volume).²⁴ Another is the relative size and importance of the Structural Funds in national budgets, which as the chapters by Mailand, López-Santana, Jacobsson and West, and Preunkert and Zirra all emphasize, has been greatest in southern Europe and the new Member States (along with Ireland). Finally, as Norris has shown in the cases of Portugal and Ireland, the impact of this mechanism also depends in no small measure on the creative use by domestic political actors of the discursive resources offered by OMC objectives, guidelines, and targets to push for support of innovative social and employment policies not previously covered by the Structural Funds (Norris 2007: 137-8).

C. Socialization and Discursive Diffusion

A third mechanism of OMC influence is socialization and discursive diffusion. As we have seen in earlier sections, one of the major effects of the OMC on national policy making has been the construction and diffusion of a shared cognitive and discursive frame of reference through the iterative use of EU concepts, categories, and metrics in formulating and reviewing Member States' plans for achieving common objectives. And there is also evidence that participation in OMC processes may lead to the internalization by national actors of common discursive conventions and behavioral norms through a process of mutual socialization and communicative interaction. Thus as previous research by Jacobsson and Vifell (2007), Thedvall (2006), and others has demonstrated, to operate persuasively within EU committees, Member State representatives cannot simply invoke their national interests, but must formulate reasoned

²⁴ An official analysis of ESF plans for 2007-13 shows, however, that more than one-eighth of the total budget will be spent on projects directly related to the EU's social inclusion objectives (European Commission 2008: 96-8).

arguments referring to the common objectives, guidelines, targets, and indicators of the EES and the social OMCs (see also). And as Horvath (2007) has shown, following the 2004 enlargement, representatives of the new Member States on joint bodies like the Social Protection Committee have been consciously socialized by older hands into pre-existing norms of consensus-seeking based on open discussion and information exchange. Such socialization and discursive diffusion mechanisms do not preclude sharp disagreements among the participants about the interpretation of shared European values or the most appropriate solutions to common problems²⁵ (and cannot therefore be fully considered as a form of ‘cognitive harmonisation’), but they nonetheless function as a deliberative discipline on interest-based bargaining within OMC processes. And even where actors’ outward adoption of European norms and concepts begins as strategic calculation or role playing, detailed case studies of OMC processes (including those in this volume) suggest that this can give way in time to deeper changes in their preferences and identities.²⁶ Such internalization of European discursive categories and behavioral norms undoubtedly runs deepest among members of OMC committees and other national officials in close touch with EU institutions. But there is also clear evidence, as a growing body of research illustrates, of the diffusion of these categories and norms outwards and downwards within Member States to local authorities and non-state actors, often building on prior experience with related EU programs such as Structural Fund and twinning projects (Zeitlin 2005b: 478-9, 482; Hamel and Vanhercke, van Gerven and Beckers, López-Santana, this volume; Norris 2007: ch. 3; Czech evaluation report 2005; Pasquier 2005; Guillén and Álvarez 2004; Vifell 2004).

D. Mutual Learning

A fourth key mechanism of OMC influence is mutual learning. At the time of the EES five-year review in 2002, it was difficult to find extensive evidence of mutual learning in the national evaluation reports and interviews with participating actors (de la Porte and Pochet 2004: 73-4; Casey and Gold 2005; but cf. the conceptual critique of the ‘naïve individualistic concept of learning’ deployed by the latter in Nedergaard 2006a: 320). Six years later, the picture is radically different, as mutual learning is now among the most widely attested findings about the OMC’s national influence emerging from official evaluation reports, academic surveys, and detailed case studies, including various chapters in this volume. Thus for example, in the Euréval/Rambøll evaluation of the Integrated Guidelines for Growth and Jobs, 70 percent of interviewees reported some mutual learning, while in the OPTEM study of the EES, ‘almost all respondents in all countries’ paid tribute to its contribution to mutual learning, though interviewees from southern Europe and the new Member States were more forthcoming about their experiences in this regard than those from some old Member States such as France, Luxembourg, Germany, and Italy. In the mid-term evaluation of the social OMCs, similarly, ‘many Member States’ emphasized that ‘mutual learning and policy exchange lies at the very heart of the OMC’ (Euréval/Rambøll 2008: 26-8; OPTEM 2007: 70-2; European Commission 2006: 27-31; Bischoff 2008; cf. also Nedergaard 2006b, based on a survey of OMC committee

²⁵ Thus, for example, the Slovak evaluation report (2005) observes that ‘the OMC has helped to create common shared views on the problem of social exclusion and inclusion’, as well as on their possible causes, ‘but not on their solution’.

²⁶ For a theoretical analysis of the socializing role of international institutions, which distinguishes strategic calculation, role playing, and normative suasion as a continuum of mechanisms which may lead to different levels of internalization of community norms, see Checkel (2005); Zürn and Checkel (2005).

members).

But what kinds of mutual learning have occurred, and via which causal pathways? As previous research has shown, the OMC's strongest impact on cross-national learning has come through a series of indirect or higher-order effects, which may be termed *heuristic*, *capacity-building*, and *reflexive* or *maieutic*, respectively (Zeitlin 2005b: 470-2; Ferrera et al. 2002; Ferrera and Sacchi 2005). *Heuristically*, as we have already seen, both the EES and the social OMCs have contributed to increased awareness of policies, practices, and performance in other Member States; to the identification of common challenges and development of shared problem diagnoses; and to the identification of promising policy approaches, even if these remain subject to continuing controversy and debate. These processes have also stimulated policy learning from other EU Member States outside the formal framework of the OMC itself, involving not only government officials but also NGOs and other non-state actors. Beyond the French and Portuguese pension reforms discussed above, other examples of such autonomous cross-national policy learning include the Swedish government's newfound willingness to engage voluntary associations in social service delivery; Ireland's national pensions review; Estonia's disability policy reforms; and a French NGO study trip to investigate the domestic applicability of an "opposable right to housing" introduced by new Scottish legislation (Jacobsson and Johansson, Hamel and Vanhercke, this volume; Irish and Estonian evaluation reports 2005).

In terms of *capacity building*, key learning effects associated with the OMC include the development of common European indicators and statistical data bases such as EU-SILC; improvements in the quality and comparability of national statistics; and some elaboration of regionally disaggregated indicators and statistical data for both employment and social inclusion. The construction of these common indicators and data bases has resulted not only in the strengthening of national (and in some cases also subnational) statistical capabilities, but also in a European-wide debate, involving NGOs as well as administrators and academic experts, about how best to achieve comparability across Member States while respecting legitimate differences in domestic priorities and institutional practices.²⁷

In *maieutic* or *reflexive* terms, the OMC processes in employment and social protection/inclusion have pushed Member States to rethink established approaches and practices as a consequence of the obligation to compare national progress towards common European objectives and targets to that of other countries on the one hand and to re-evaluate the effectiveness of their own policies in reaching these goals on the other. Hamel and Vanhercke's chapter demonstrates the power of the ensuing 'mirror effect' to trigger significant reforms in domestic policy-making arrangements, as in the case of Belgium, which discovered through the OMC/inclusion that it was not actually the 'best pupil in the class' in terms of involving civil society actors.

As previous research has also shown, the OMC's effects remain weaker in terms of direct or first-order learning (Zeitlin 2005b: 472-6). There are still few examples of direct policy transfer from one country to another, since national reforms, as we saw in section II.A above, typically draw analogical inspiration rather than detailed blueprints from the experience of other Member States, while selectively borrowing, adapting, and recombining elements of foreign programmes

²⁷ For detailed case studies of the conceptual challenges and practical work involved in creating common indicators for poverty, homelessness, and pensions, see Nivière (2005); Brousse (2005). See also the regular reports of the EMCO and SPC indicators groups, available on the DGEMPL website.

and practices to fit their own local contexts. Thus the same interviewees who praise the benefits of mutual learning are no less insistent that ‘other countries’ experiences cannot simply be transferred “exactly as they are” without taking the target country’s specific situation and level of development into account’ (OPTEM 2007: 70; cf. Euréval/Rambøll 2008: 27). But as discussed earlier, this behavior is a natural and appropriate response to the reflexive learning through ‘contextualized benchmarking’ which the OMC is designed to promote, in contrast to the ‘one-size-fits-all’ reform models pushed by ‘expertocratic’ bodies like the OECD, the IMF, and the World Bank.²⁸

In terms of identifying what works and what doesn’t work in specific policy areas such as labour-market activation and reducing child poverty, there has been significant progress at EU level, mainly through the Mutual Learning Programmes associated with the EES and the social OMCs, which have been upgraded significantly over the past five years (EMCO 2006; SPC 2007). But despite the growth of horizontal networking among non-state and subnational actors, there are still few examples of bottom-up learning from innovative local practices through the OMC, largely because of continuing limitations on participation in national social and employment policy making in many Member States (Zeitlin 2005b: 473-5). Yet the flow of creative ideas visible in the reports of European roundtables, networking conferences, transnational exchange projects, and ‘shadow peer reviews’ conducted by NGO federations provides abundant evidence of the OMC’s incompletely tapped potential to stimulate such cross-national learning from below on focused themes such as combating homelessness or mainstreaming social inclusion (FEANTSA 2007; O’Kelley 2006; EAPN-EUROCITIES 2003).

Both EMCO and the SPC have conducted external evaluations and internal debates in recent years on how to improve mutual learning within the OMC. A number of core principles and procedural innovations have emerged from these deliberations, some of which have already been implemented. Thus peer review/mutual surveillance of national plans and strategy reports within both committees now concentrates on key transversal themes such as flexicurity and active inclusion (selected each year in line with European priorities) in order to foster a more open and focused policy debate. Both groups are also committed to developing a more context and process-oriented approach to peer review of both good and bad practices; stronger analytical frameworks for understanding the relationship between policies and outcomes; and better linkages between EU and national debates through improved dissemination of results, wider stakeholder participation, and development of transnational ‘learning networks’ (Bischoff 2008; SPC 2007; EMCO 2006).²⁹

E. Creative Appropriation by Domestic Actors

The strongest mechanism of OMC influence on national social and employment policies, as the chapters in this volume confirm, operates through creative appropriation by domestic actors (Zeitlin 2005b: 480-81). This ‘leverage effect’ (Barbier 2005; Ehrel et al. 2005) involves the strategic use of European concepts, objectives, guidelines, targets, indicators, performance comparisons, and recommendations by national and subnational actors as a resource for their

²⁸ Both the OECD and the World Bank have moved a long way in recent years towards acknowledging the need for a more contextualized approach to national policy reforms: see for example OECD (2005); Rodrik (forthcoming).

²⁹ The main issue which remains controversial is the participation of non-state actors in peer reviews, which is supported by the Commission and the leadership of the OMC committees, but opposed by some Member States.

own purposes. Here again, the OMC illustrates in extreme form a key finding of recent empirical research on Europeanization more generally: that there is ‘no impact of Europe without usage by domestic actors’ (Jacquot and Woll 2003, 2004; Palier et al. 2007).

Thus Member State governments may use OMC processes as a ‘selective amplifier’ (Visser 2005) to legitimate and push through contested domestic reforms, as for example with the Hartz package in Germany or Berlusconi’s 2003 labour-market legislation in Italy (Preunkert and Zirra, this volume). In some cases, governments may even deliberately press for sensitive issues to be placed on the European agenda, in order to ‘download’ them subsequently into national reform debates, as in the case of Belgium’s support for launching the OMC pensions process (Natali 2007: 11-12). But overly crude efforts to instrumentalize EU guidelines to advance controversial domestic agendas can also backfire, as with the Aznar government’s invocation of the EES in support of its failed attempt to cut Spanish unemployment benefits by decree in 2002 (López-Santana, this volume).

But such creative appropriation is by no means confined to national governments or their core executives as unitary actors. As previous research has shown, employment and social affairs ministries and specialized agencies such as public employment services and gender equality/equal opportunity bodies have successfully used OMC objectives and commitments to enhance their policy influence and expand their budgets (Zeitlin 2005b: 480; Jacobsson and West, this volume). Non-state and subnational actors such as opposition parties, social partners, civil society organizations, and local/regional authorities can likewise exploit the leverage effect of the OMC to put pressure on governments and advance their own domestic agendas. No less importantly, non-state actors can also exploit the ‘democratizing destabilization effect’ (Sabel and Zeitlin 2008) of the OMC to hold governments accountable, demand increased participation rights, and criticize official proposals on the basis of richer comparative information about feasible alternatives and their relative performance than would otherwise have been available. Recent examples of both effects include parliamentary questions about the European employment agenda and the NAPs/Inclusion in the Netherlands and Belgium, and the critical invocation of OMC targets and cross-national performance comparisons by NGOs in Belgium, Sweden, and Ireland; by trade unions in Spain, Belgium, and the Netherlands; and by employers in Belgium, Denmark, and the Netherlands (Mailand, Jacobsson and Johansson, van Gerven and Beckers, Hamel and Vanhercke, this volume; Norris 2007: ch. 3; Zeitlin 2005b: 480-81).

Thus OMC processes have not simply reinforced existing power arrangements and institutional arrangements, but have also empowered weaker actors within and beyond government. Both leverage and democratizing destabilization effects depend on domestic actors’ creative appropriation of potential opportunities opened up by OMC processes. The OMC in this sense is not just an ‘opportunity structure’ (Jacobsson and Johansson, this volume), since the opportunities it generates are shaped by what actors make of them.³⁰ The extent of such opportunities, like the effectiveness of external pressure from EU institutions and other Member States, depends partly on the nature of domestic public attitudes towards the EU, as well as on the prominence and visibility of OMC processes in national policy making, and on the availability of EU financial and institutional support for independent initiatives by non-state and

³⁰ In the second edition of his influential text on social movements, Sidney Tarrow emphasizes that external changes in political opportunities must be perceived by the actors concerned in order to serve as incentives to action, and should not therefore be interpreted as causally determinant structures (Tarrow 1998: 76-7, 221 n. 6).

subnational actors. But the scope and significance of these opportunities also depend on domestic actors' own strategies and priorities. Thus weaker and less constitutionally entrenched actors tend to be more interested in new opportunities offered by the OMC for participation and voice in national policy making, as can be seen from the contrast between the attitudes of NGOs and social partners in most countries or between the Spanish autonomous communities and the German Länder, but not the Belgian regions, which have embraced the OMC despite their extensive constitutional powers. Although parliamentary bodies in some countries like the Netherlands and Belgium have begun to make use of the OMC's democratizing destabilization potential, others like the UK House of Commons European Scrutiny Committee remain more concerned about imagined threats to domestic sovereignty than about the possibility of holding governments accountable for their relative performance against European targets and indicators (López-Santana, van Gerven and Beckers, Hamel and Vanhercke, Jacobsson and Johansson, Preunkert and Zirra, this volume; Duina and Raunio 2007; UK House of Commons European Scrutiny Committee 2005; Zeitlin 2005b: 468-70, 480-81).

The strategic use of OMC processes by domestic actors for their own purposes may, at first blush, appear to follow a purely instrumental or rationalist logic of consequences (Mailand, this volume). But by embracing OMC concepts, categories, and metrics to advance their own goals, domestic actors at a minimum acknowledge and reinforce the discursive legitimacy of common European objectives and policy approaches. Over time, they may also subtly come to change their own preferences and even identities by linking themselves more closely with European goals, institutions, and partners (Zeitlin 2005b: 481-3). Hence, as Rosa Sanchez-Salgado has rightly observed in relation to the Europeanization of social NGOs, 'if there is no impact of Europe without usage by domestic actors', there are also 'no usages of Europe without an impact' (Sanchez-Salgado 2007a, 2007b).

IV. Conclusion: Following or Altering Domestic Regime Pathways?

As we have seen, the influence of OMC processes on national social and employment reforms depends partly on domestic institutional and political conditions, notably variations in popular/public attitudes towards the EU (integrationist/Euroskeptic); state and constitutional structures (unitary/federal/decentralized); forms of interest intermediation (corporatist/pluralist); and perceived levels of fit/misfit between European objectives, guidelines, and targets on the one hand and domestic policies and performance on the other. But OMC influence, as we have likewise seen, depends no less on its creative appropriation by domestic actors. Leverage and democratizing destabilization effects may empower weaker actors within and beyond government, not just reinforce existing power balances and institutional arrangements. Hence, as with EU legislation more generally, high levels of misfit are neither a necessary nor a sufficient condition for the OMC's domestic influence (Falkner et al. 2005; Mastenbroek and Kaeding 2006).

Nor does the OMC's domestic influence depend on Member States' prior success in 'uploading' national policies to the European level. Thus as Hamel and Vanhercke's chapter shows, countries may misjudge their own relative performance standing, as with Belgium's discovery that it was not the 'best pupil in the class' in terms of arrangements for NGO involvement in social inclusion policy. Domestic situations may also change over time, giving unanticipated

relevance to OMC processes, as with the decentralization of French social inclusion policies. Uploading in any case is never perfect, as can be seen from the fact that France had to accept 'active inclusion' despite being one of the prime movers behind the establishment of the OMC in this field. And domestic actors may be able to exploit even small misfits between European and national policies as a source of leverage and democratizing destabilization effects, as in the case of child poverty in France.

Although some European targets such as the employment rate are framed in uniform rather than relative terms, OMC processes nonetheless throw up adjustment challenges to all participating Member States, not only the worst performers or certain regime types (e.g. continental/conservative, southern/familial, central-east European/post-communist). Thus the EES has drawn attention to problems of gender segregation and immigrant integration in the Nordic states, while the OMC's multi-dimensional concept of social inclusion/exclusion, in which no country comes out top on all indicators, represents a frontal challenge to the self-image of the Swedish, Finnish, and German welfare regimes, all of which were convinced that they already had adequate domestic policies in place for fighting poverty (Mailand, Jacobsson and Johansson, Preunkert and Zirra, this volume; Saari and Kangas 2007; Marlier et al. 2007: 79-84; Zeitlin 2005b: 452-3). The OMC has likewise flagged social adequacy of pensions as a key problem for the British and Irish liberal regimes, while also highlighting the issue of low supplementary pensions for part-time women workers in the Netherlands, another EU employment paragon (Natali 2006: 19).

Cognitively, the EES and the OMC in social protection and social inclusion have helped to disseminate new European concepts and to challenge taken-for-granted assumptions in even the best-performing Member States. Politically, they have often empowered weaker actors by creating new opportunities for exploiting misfits between European and domestic policies and holding governments accountable for their relative performance in meeting agreed commitments. Procedurally, they have promoted new forms of coordination (horizontal, vertical, diagonal) among multiple types of actors (public, private, not-for-profit) and levels of governance (European, national, subnational). Programmatically, they have reinforced ongoing tendencies towards hybridization and path-shifting reforms, rather reproducing pre-existing institutional configurations and regime pathways. Like the EU more generally, these OMC processes have thus contributed to bringing Member States closer together by eroding historic institutional differences between them, while at the same stimulating the continuous emergence of new forms of practical diversity through the creative adaptation of common European principles and policy approaches by domestic actors to suit their distinct circumstances.³¹

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