

Susana Borrás and Claudio M. Radaelli

Recalibrating the Open Method of Coordination:

Towards Diverse and More Effective Usages

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Preface

The Open Method of Coordination is a relatively new form of cooperation within the European Union. It is used to adjust the policies of the member states in order to reach common goals. The method is controversial. Critics have argued that there are limited effects whereas supporters stress the achievements in terms of efficiency as well as the democratic credentials.

Two leading scholars – Susana Borrás and Claudio Radaelli – analyse in this report the merits and problems of the method and give concrete proposals on how it can be developed. Claudio Radaelli is also the author of the first ever SIEPS-report in 2003: *The Open Method of Coordination: A new governance architecture for the European Union?* The method has been closely connected to the Lisbon-strategy and in light of the new strategy for Europe 2020, SIEPS has initiated this survey of the research on the OMC. It is our hope that we thereby can contribute to the increased understanding of the decision-making mechanisms involved in the method and that the report will encourage the debate about both procedural and substantive aspects of the Europe 2020 strategy.

Stockholm, December 2010

Jörgen Hettne
Acting Director

SIEPS carries out multidisciplinary research in current European affairs. As an independent governmental agency, we connect academic analysis and policy-making at Swedish and European levels.

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Executive summary

The Open Method of Coordination (OMC) is the method of European Union (EU) policy-making that facilitates the voluntary coordination of national policies through a series of interconnected steps, including European-level definition of common goals, definition of national reform programmes implementing these goals, regular national reporting, and EU-level monitoring of national progress. It has a cyclical nature, as goals may be revised, and it is used in different policy areas, often in combination with classic EU legislation.

The OMC is part of an observable trend towards proceduralisation in EU politics. Proceduralisation refers to the situation where Member States, disagreeing on the substantive content and distribution of institutional competences, choose to establish a set of procedures that allow flexible forms of coordinated action. The Open Method of Coordination (OMC) is not the only case of a new procedure in the EU context – another case is regulatory impact assessment – but it is certainly one with major implications. This is because the OMC is at the core of the EU's strategy for competitiveness (the Europe 2020 agenda and previously the Lisbon Strategy), it is a centrepiece in the design of European economic governance, and it has now become a point of reference in setting constitutional boundaries around the competences between Member States and the EU.

The Open Method of Coordination has spawned a polarised debate among EU experts. Whereas enthusiastic supporters praise the positive effects on public policy and its democratic virtues, pessimistic observers adopt a cynical assessment in terms of accountability, and point to its limited effects on public policy.

This report argues that, instead of across-the-board propositions, we need to assess the OMC by separating out different usages of the method. We need to understand and explain why the OMC works well here but not there, and most importantly, the specific conditions for the diversity of results and effects across different countries and policy areas.

With this purpose in mind, the report has three main goals:

1. To take stock of what we know and what we do not know about the OMC.
2. To spell out the scope conditions for the different usages.
3. To formulate a series of recommendations for the re-calibration of the method.

Based on an extensive literature review, this report analyses the evidence on four different effects: on national policy performance and change, on policy paradigms at EU level, on the transformation of EU law, and on European governance (networks and participation).

The evidence shows that the record is mixed. Most of the problems come from the incoherence between a certain usage of the method and the specific instruments and mechanisms used, which often contradict the thrust of the intended usage. The potential of the OMC for experimentation and innovation has been hindered by instruments based on targets, prescriptions, and attempts to monitor from the top. At the same time, its potential for convergence and coordination has been hampered by poor mechanisms to handle problems of defection.

Given these problems, we develop a conceptual framework to define when and how different usages of the OMC are most appropriate. We single out the following possible usages of the OMC, namely:

- policy convergence,
- learning,
- the OMC as ancillary method, and
- no use of the OMC at all.

We argue that the different usages should be defined by taking as the point of departure the nature of the policy problems that need to be solved. We identify two important dimensions in this regard, namely, the level of uncertainty around the policy problem (high or low uncertainty – if it is known what needs to be done or not); and the level of policy externalities

(high or low – if there are potential gains from EU-level coordination). These two dimensions result in a matrix that indicates the scope conditions for the various usages of the OMC.

On the basis of the review of the evidence and of our conceptual framework, we make the following recommendations:

About the instrumentation of the OMC:

- 1) **Tune the diversity of OMC usages to the nature of problems at hand**, giving way to a more diversified and targeted usage according to the nature of the problems.
- 2) **Recalibrate the OMC instruments for learning** by institutionalising multilateral thematic OMC learning cycles, by advanced databases of national policy instruments, and by intelligent indicators.
- 3) **Recalibrate the OMC for convergence** with coherent instrumentation, tighter national reporting, independent evaluations of national reports, and with co-existence of bilateral and multilateral monitoring procedures. New mechanisms must ensure that non-compliers are encouraged vigorously to adopt necessary reforms.
- 4) **Address the need for administrative capacity-building at the national level** as the OMC is very demanding in terms of administrative capacity.

About the OMC as an element in European economic governance:

- 5) **Streamline diverse OMCs for economic policy coordination** because they are only superficially related to each other.

- 6) **Explore the use of the OMC in the Single Market**, as national reform programmes could include an assessment of Single Market-related regulatory issues that have not been properly dealt with at the national level.
- 7) **Develop OMC mechanisms to align other policy areas within Europe 2020**, by means of the national reform programmes.

About the governance properties:

- 8) **Increase the incentives for participation through mobilisation of networks of stakeholders**, as this aspect continues to be deficient in most Member States.
- 9) **Build capacity in national stakeholder organisations** because this is missing in many EU Member States.
- 10) **Raise awareness of what is at stake in Europe**: The current economic problems speak volumes about the concrete meaning of the mutual European interest, yet political leaders recoil from commitments that would eradicate the apprehensions behind the crisis of the Euro.

1 Introduction: The OMC in the big picture¹

The Open Method of Coordination lies at the very heart of the European Union in at least four core themes, namely; the strategy for economic growth and competitiveness, the transformation of the economic governance, the unfolding of the institutional framework and competence catalogue of the new Treaty, and the growth of so-called new modes of governance, particularly of a non-legislative nature. For the reasons explained below, since its creation in the 1990s and subsequent expansion in the 2000s, the OMC has had a role in each of these four themes in the European Union. Therefore, seen from this angle, the OMC has had a large stake in the particular path that the process of European integration has taken during the past decade. Most importantly, though, the OMC seems to be at the core of the current debates about the future of the Union.

- The first theme is the strategy for economic growth, job creation and competitiveness as defined in the Lisbon Strategy of 2000–10, and more recently in debates regarding the **Europe 2020 agenda**. Since its creation, the OMC has been a central procedure in the Lisbon Strategy as governance architecture (for details, see Borrás and Radaelli (2011)). Tholoniati (2010), for example, sees the OMC as a lever for an effective operation of the meta-level, represented by the Lisbon Strategy. Indeed, the recent debates leading to the formulation of the Agenda 2020 have not only focused on the substantive elements (such as goals and targets) of the meta-level, but also on the governance model that should inform the new 2020 agenda, aiming at synchronising further the different macro-economic elements (European Commission 2010a; b).

¹ Acknowledgements: The authors are grateful to Mr Samuele Dossi and Dr Theofanis Exadaktylos (both at the University of Exeter) for their research assistance. We are also grateful to Fredrik Langdal for having encouraged us to carry out this project and to Bruno Dente for inspiration and for having suggested table 4. We wish to thank for detailed comments Miriam Hartlapp, Caroline de la Porte, Renaud Dehousse, Patrick le Galés, Göran von Sydow and two anonymous reviewers. The usual disclaimer applies.

- The second theme is the financial and budgetary crisis and, consequently, **the debate on the future of European economic governance**. The rapid developments on this front have put significant pressure on economic governance in Europe, especially in relation to national coordination and the interplay between economic and fiscal governance at the EU level. Even with some inherent tensions, the Lisbon 2010 agenda has reached something of an equilibrium at the level of principles and cycles of policy-making at the EU level, between macro- and micro-economic coordination, and between economic liberalisation and social policies. To a large extent the OMC has incarnated this double equilibrium (Scharpf 2002). However, with the increasing speculative attacks on the countries of the Euro-zone, the problems associated with tighter forms of national policy coordination, fiscal consolidation and rapidly growing welfare expenditure have become very prominent, revealing important weaknesses of policy design (Majone 2010; Meyer et al. 2007; Natali 2010). There is therefore a wide political consensus on reinforcing coordination both in relation to enhancing the role of the EU in coping with the difficulties of countries like Greece, and in terms of the overall scope of the EU policy to rekindle growth and increase employment rates (European Council 2010a). The EU leaders are currently considering strengthening the preventive and corrective mechanisms of the Stability and Growth Pact, and developing an effective surveillance framework for assessing national structural imbalances and competitiveness developments (European Council 2010a;b;c)². This is in response to the calls for a better use of economic policy coordination in the treaty, in particular Articles 121 and 136 (Marzinotto et al. 210), which necessarily entails a reinforcement of the role of the OMC in macro-economic policies. These changes are taking place at a time when the Single Market is also being re-launched, to address recent episodes of failed liberalisation and disenchantment with the vision of integrated and free markets (Monti 2010).

² See in particular the decision taken by the European Council in December 2010 to amend the Treaty of Lisbon, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/118572.pdf

- **The constitutional debate and the Lisbon Treaty** is the third theme. In the long run-up to the Lisbon Treaty reform, there was a debate about the formal enshrinement of the OMC in the Treaty. The idea was to assign a wide treaty status to the method. Although full constitutionalisation has not been reached, there are articles in the Treaty of Lisbon which will impact on the operation of the OMC, although it is difficult to say how exactly they will operate. In particular, Article 5 defines the OMC within the context of the catalogue of distribution of competences between the EU and Member States, for the areas of economic, employment and social policy coordination. More importantly still, there has been a silent shift of constitutional politics during the last decade, affecting the overall approach to policy formulation in the Commission and its relations with the Member States, the European Parliament and the Council. We refer to the rise of the so-called better regulation agenda. This agenda is important because (a) it has structural similarities with the OMC in terms of proceduralisation; and (b) it has shifted regulatory philosophies (if not practice) towards evidence-based policy and systematic consultation with the stakeholders. Although the connection between the OMC and regulatory reform has been noted (Sabel & Zeitlin 2008:292, footnote 61; Schout & Jordan 2008), their interaction has not yet been exploited.
- **The debate on modes of governance** is the fourth theme. In 2010 we can no longer call the OMC ‘new’ after a decade of experience, yet the expression ‘new modes of governance’ is still used to designate a family of policy processes that work outside the classic Community Method. Within this family, the OMC is a centre-piece³. The alternatives to the classic Community Method include non-legislative policy processes, generally network-based, which do not use coercion mechanisms (at least not in a direct manner).

³ On a conceptual note, ‘modes of governance’ is a concept defining the general processes of policy-making (e.g., Community Method, or Open Method of Coordination), whereas ‘policy instruments’ is about the concrete tools that enfold those in particular mixes (e.g., regulatory practices, benchmarking, best practices etc.). Having said that, however, the distinction between both these concepts might be difficult to pin down in the day-to-day practice of policy-making.

There has been a particularly heated academic debate regarding the extent to which modes of governance in the EU, and in particular the OMC, are changing the nature of European integration (Treib et al 2007). On an empirical level, though, research projects on the OMC have tended to focus on individual policy areas (De la Porte and Pochet 2003; Zeitlin et al. 2005), with less attempts to analyse comparatively the overall performance in terms of policy change and governance of the method across policy areas. More comprehensively, Héritier and Rhodes (2010) and Sabel and Zeitlin (2010) report on recent empirical research connected to the OMC but not entirely focused on it⁴. The activity of think-tanks has been limited as far as recent empirical studies of the OMC are concerned. The emphasis has mainly been on the substantive matters of the Lisbon Strategy, and less so on the OMC itself (Martens & Zuleeg 2009; Natali 2010; Zgajewski & Hajjar 2005). The impression is that the OMC caught the attention of scholars and policy institutes when it emerged, and has since then become one of the topics in broader debates about Lisbon and governance. For the large part, however, in spite of sporadic review essays (Kröger 2009b; Radaelli 2008), scholars have studied the OMC in individual policy areas rather than its overall properties and performance.

The Open Method of Coordination (OMC) has spawned a polarised debate. Whereas enthusiastic supporters praise its democratic virtues and the positive effects on public policy, pessimistic observers propose a cynical assessment in terms of accountability, and provide evidence of its limited effects on public policy. In between this polarised debate there has been little room for a balanced appraisal of the method.

Instead of across-the-board propositions, we need to identify situations where the open method has generated positive effects and has proved to be really useful to policymakers. We need to understand and explain why the

⁴ These two recent publications are the result of two research projects, namely, the NewGov project (<http://www.eu-newgov.org/>) led by the European University Institute; and the transatlantic project led by Sabel and Zeitlin on experimental modes of governance in Europe.

method works well here but not there, and most importantly, what are the specific conditions for the diversity of results and effects across different countries and policy areas.

As the European Union seems to find itself at an important crossroads today, particularly on these four central themes, many questions about the OMC remain unaddressed. These have to do mainly with its future role in shaping forms of European national policy coordination, its ability to create reliable EU institutional frameworks for a stable economy, its effectiveness in terms of accomplishing what it aims at, and its nature in terms of changing state–society relations.

With this purpose in mind, the current report has three main goals:

- To take stock of what we know and what we do not know about the OMC, reviewing the academic and non-academic literature on the effects of the OMC.
- The second goal is to spell out the scope conditions for the effectiveness of the OMC. We will argue that the OMC can and should be used for different purposes, and depending on the specific usage its instrumentation should be re-calibrated accordingly.
- The third goal is to formulate a series of recommendations for the re-calibration of the OMC.

This report is mainly written for policy-makers, as the critical review and assessment of the accomplishments of the OMC provides the evidence needed for further policy-making. This report is also written for EU scholars interested in European politics and in new modes of governance more generally as it proposes a specific analytical perspective about the conditions for policy effectiveness and legitimacy. In order to carry out a systematic appraisal of the Open Method of Coordination, this report is based on the following methodological considerations. Firstly, regarding the overall research design, one fundamental point of departure is to distinguish between different types of OMC effects. This report has structured the analysis in four distinct dimensions of effects of the OMC, namely; effects on national policy performance and change (here distinguishing

several possible effects on Member States), effects on the overall policy ideas and rationales at the EU level, effects on the transformation of EU law, and last but not least, effects on the state–society forms of governance (here referring to networks and societal participation). The reason for this distinction is a combination of analytical and pragmatic issues, the most important being the fact that the OMC has potential effects at the national and/or the EU level.

Secondly, we have paid more attention to comparative material. As mentioned above, most empirical studies of the OMC focus on a single policy area (e.g., employment, social policy etc.) as they are interested in cross-country comparison. Whenever possible we have tried to extract the lessons derived across policy areas. This brings us to the third methodological consideration, namely, the selection of the literature about the OMC that is to be included in the literature review. Our choice has been to start from articles published in journals indexed in the Social Sciences Citation Index (SSCI – the Web of Science) with at least one citation. The sample of articles with these characteristics is 52 (data gathered in early June 2010). The criterion for this choice has been that peer-reviewed articles in international journals in the SSCI (Social Sciences Citation Index) offer the highest standards of scientific excellence. Complementing this sample, we have also decided to take into consideration other forms of publications (mostly books and some PhD dissertations) in cases where authors are acclaimed experts in this field and have extensive records of citations in the same field. Last but not least, the grey literature produced by think tanks, policy research institutes and consulting firms has been included only when such documents offered substantial and novel empirical material not covered by the sampled literature mentioned above. Apart from the reviewed literature, we have also used primary documents about the Open Method of Coordination and the Lisbon Strategy from 2000 to 2010, including the official reports of the Commission on national reforms. We have carried out two semi-structured interviews at the European Commission at the beginning of our project to gain a better sense of the changing context surrounding the formulation of the Europe 2020 agenda. Although we have been in contact with a couple of national teams looking at the OMC in individual countries, such as the Slovenian team we met in video-conference in September 2010, we have not been able to examine the rich literature on specific countries, often published in the original language.

2 Short historical background of the OMC

A standard description of the Open Method of Coordination reads as follows. It is the method of EU policy-making that promotes the voluntary coordination of national policies through a series of interconnected steps. Firstly, the Member States define a set of common policy targets or guidelines (qualitative or quantitative) which are typically decided at Council level and which aim at setting a collective course of action. Secondly, each Member State sets up its own national (reform) programme for action, defining more specific national targets, and aligning its national policies to the common targets. Thirdly, national progress is periodically reported, monitored and assessed by peer reviewers and bilateral/multilateral interactions in view of encouraging the national enforcement of the necessary actions aiming at those targets. Fourthly, the cycle starts again with the change and definition of new common guidelines.

National policy coordination has always existed in the EU, in one way or another. The founding treaties in the 1950s and the Single European Act envisaged the use of national coordination as a means of promoting common action in the European Communities⁵. However, as this form of coordination was too vaguely defined and political attention was mainly devoted to legal forms of integration, coordination was only used piecemeal in EU policy-making. The Maastricht Treaty constituted an important watershed in the way coordination is envisaged today in the EU. The Treaty expanded significantly the number of policy areas in which national coordination was mentioned, but most importantly it established the Broad Economic Policy Guidelines (BEPG) under the Economic and Monetary Union, a form of

⁵ Article 105.1. EEC 1957: 'In order to facilitate the attainment of the objectives stated in Article 104, Member States shall co-ordinate their economic policies. They shall for this purpose institute a collaboration between the competent services of their administrative departments and between their central banks.' In the Single European Act of 1986, national policy coordination is explicitly mentioned in the fields of economic and social cohesion (art 130b SEA) and in research and technological development (art. 130h SEA).

coordination that was far tighter than before⁶. From many perspectives, the BEPG mechanism can be seen as the first true form of what later would be named the Open Method of Coordination (Hodson and Maher 2001).

The specific features that distinguish the OMC from previous and generic forms of national policy coordination in the EU are essentially three. The first is its output-oriented nature through open-ended/revisable goals and guidelines, which were absent in previous appeals to coordination. Secondly, the designers of the OMC have given priority to procedural aspects. Procedural elements and their re-design have been key to the establishment and development of the method. Thirdly, the OMC has introduced a new array of instruments and tools (i.e., benchmarking, best practices etc.). None of these three features were present in previous conventional forms of national policy coordination.

The history of the creation and development of the OMC, as we know it today, begins in the early 1990s with a rapidly changing political and economic context. Firstly, national policy coordination became a central focus of attention in the Economic and Monetary Union enshrined in the Maastricht Treaty. The then prevalent view that a monetary union among the highly heterogeneous European economies was impossible was tackled by a relatively strict form of economic policy coordination mechanism. Most of the efforts in the early 1990s aimed at setting up such a coordination mechanism through the Broad Economic Policy Guidelines (BEPG).

Secondly, in the aftermath of the successful single market project, the Delors Commission started considering the next steps for the socio-economic strategy of the Union. The ‘economies of scale’ and ‘more competition’ logic of the single market project (1985–92) was complemented by a vision of a model of economic growth based on environmental sustainability, the information society, and job creation (European Commission 2003). The key word became ‘competitiveness’, a term focusing on a wide set of framework conditions shaping the institutional context for

⁶ Coordination figures very prominently in the Maastricht Treaty, extending further to areas such as the Broad Economic Policy Guidelines (art. 103 Maastricht), public health (art 129 Maastricht), Trans-European Networks (art 129c Maastricht), industrial policy (art 130 Maastricht) and the policy area of cooperation on development (art 130x).

economic activity. Admittedly, the 1993 White Paper on competitiveness had little political impact at the time it was published; nor did it have any specific focus on policy instruments or modes of governance. Nevertheless, it struck a chord in many of the academic discussions addressing the ‘knowledge based economy’ and ‘green economy’ which were drawn into the centre of political discussions in the late 1990s.

Thirdly, the crisis surrounding the ratification of the Maastricht Treaty put massive pressure on EU elites in order to bring the Union closer to the citizens. Employment, economic growth and environmental protection became three fundamental dimensions in that political effort, which transpired at the highest political level, later enshrined in the Amsterdam Treaty. This formed the backdrop against which a series of pragmatic voluntary coordination ‘processes’ were created at the Council meetings held in Essen (1994), Luxembourg (1997), Cardiff (1998), Cologne (1999), Lisbon (2000) and Gothenburg (2001). Parallel processes for coordinating national environmental, employment and economic policies were developed in these various ‘processes’ and rapidly integrated into each other.

The most decisive moment in the creation of the voluntary coordination as an EU governance method, however, was the launch of the ‘Lisbon Strategy’ in March 2000 and its subsequent procedural reform in 2005. The Lisbon Council meeting articulated much of the ongoing effort into a more encompassing ‘Lisbon Strategy’, a single, unified political agenda for growth and jobs in the EU. The vision was very ambitious, namely, that the EU was ‘to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010’⁷. This political statement, however overambitious and wide, undoubtedly helped provide overall content to otherwise obscure and scattered sector-oriented views in the respective Council ‘processes’ in the 1990s. The Lisbon Council of 2000 introduced two further important novelties: the official definition of the OMC – clarifying its general terms – and the institutionalisation of the annual ‘Spring Councils’ dedicated to the overall socio-economic EU agenda.

⁷ European Council, ‘Presidency Conclusions. Lisbon European Council 23-24 March 2000’, p.2.

Major dissatisfaction with the implementation of the Lisbon Agenda shortly thereafter (Kok 2004) triggered an important reform in 2005 introducing further important procedural innovations (Borrás 2009). Firstly, it streamlined the numerous processes, articulating them in three sets of ‘macro-economic, micro-economic and employment’ integrated guidelines, thereby integrating the economic coordination under EMU to the Lisbon Agenda. Secondly, it synchronised these processes so that their goals and mechanisms could interact better with each other. Thirdly, it introduced a three-year (rather than one-year) political cycle of target-setting and national policy programming. Fourthly, it re-defined the procedures into more bilateral modes of interaction, thereby compressing the multilateral dimension of ‘peer reviewing’.

The recently ratified Lisbon Treaty has introduced an interesting novelty. In the catalogue determining the competences of the Union and of Member States (art. 2 TFEU), the Open Method is implicitly referred to as a way of coordinating Member States’ policies in the areas of economic policy, employment and social policy (art. 5 TFEU). Hence, Article 5 is the closest that the OMC comes to being enshrined in the Treaty in a generic way. This is the end point of the otherwise intense debates about constitutionalising the OMC that took place during the Convention debates and in the negotiations leading to the failed Constitutional Treaty (Búrca and Zeitlin 2003).

In the Treaty, the open method of coordination is implicitly mentioned in the following articles:

- Economic governance: Article 121 TFEU for broad economic policy coordination (previous art. 99), Article 126 (ex art. 104) on budgetary discipline and the Stability and Growth Pact and Article 136 for Euro-zone budgetary discipline
- Employment policy (art. 148)
- Social policy (art. 156)
- Research policy (art. 181)
- Not seen in environment, information society, pensions, taxation, immigration or health...

The OMC is a rapidly moving target. Beyond its specific legal enshrinement in the Lisbon Treaty, several EU policies have developed OMC-like activities, stretching the original concept. One example of this is in the field of research policy. Apart from the 3% of R&D expenditure targeted in the Lisbon Strategy and forming part of the national reform plans, the committee of national representatives in EU research policy (CREST) set up a four-round OMC exercise in the period 2003–08⁸. This OMC CREST exercise is not exactly designed in accordance with the description above regarding target-based procedures and national implementation programmes. Instead, it has been focused on a combination of tools for enhancing mutual learning among civil servants and experts, including best-practice identification, exchange of information, individual country peer reviews, and reporting. *Strictu sensu*, this procedure would not fall under OMC definition provided above. However, its recursive and cyclical nature, its intensity in learning mechanisms, and its open-ended nature, render it part of the OMC methodology and philosophy. Hence, the OMC has been experiencing a sort of ‘conceptual expansion’ during the past few years, and this expansion has had some implications in terms of the ‘orthodoxy’ of its original methodology. As time goes by, this conceptual expansion implies a stronger emphasis on learning as much as on coordination.

In spite of this double expansion (in policy areas and conceptually), we still do not know whether the OMC has also become a pivotal method in EU policy-making. On the one hand, this method is more visible in EU politics, as it appears to balance the opposing trends in the willingness to act in a synchronised and common way in Europe, and in the legal-political constitutive framework of the principle of subsidiarity seeking the greatest possible national autonomy. On the other hand, its effectiveness and legitimacy remain largely unproved⁹. Learning and coordination need time to bear fruit, as the reforms and direction of change promoted by OMC instruments do touch upon core national institutional frameworks in sensitive policy areas like employment and social policies.

⁸ http://ec.europa.eu/invest-in-research/coordination/coordination01_en.htm#1

⁹ See section 4 of this report for a review about the evidence on different dimensions of OMC effects.

3 Exploring the nature of the beast: Analytical perspectives

To understand what the OMC is, one has to put it in the right conceptual box. The question, therefore, is: **what is the OMC a case of?** There is no shortage of suggestions. Rhodes and Visser (2010) note that:

Regarding the emergence of new modes of socio-economic governance, different disciplines have identified different causal influences. Much of the political science literature has linked the emergence of new modes of governance to the growing complexity of public policy problems, the search for new technical expertise, increased demands by interest groups for consultation and participation, and the need to compensate for deficits in public sector management and funding. The core argument in the political economy and sociological literature is more structural, suggesting that changes in industrial and economic organisation – namely the arrival of a service or knowledge economy, and the shift from Fordism to post-Fordism – have made older, centralised, hierarchical and standardised solutions to policy challenges obsolete, for both governments and firms.

If we move to specific analytical perspectives, we can narrow down the most-cited literature to these options about the nature of the OMC:

- The OMC as a case of **experimental governance** (Sabel & Zeitlin, 2008). In this approach, the OMC is used to explore coordination in policy problems characterised by high uncertainty about 'what should be done'. Knowledge about the solution to the policy problems is not available at the centre, hence approaches such as the Community method would be inefficient. However, the solution may originate somewhere within dense multi-level networks dealing with the problems. Coordination is used to appraise innovation (via benchmarking, peer review, and other learning-based tools). The whole network is a laboratory where policy experiments take place every day in a trial and error fashion. Once found, the possible solution is diffused through the network. The network thus becomes a learning architecture. The OMC is not simply a technique to diffuse innovation. More importantly, it encourages deliberation

about the right solutions by using expertise, socialisation, and trial and error.

- Another interpretation of the OMC looks at **principal-agent theory**, arguing that the OMC is a device that shapes the interaction between the principal (the Member States) and the agent (the Commission)(De la Porte 2011 forthcoming). In this model, the focus is on the continuous power struggle between the agent and the principal. De la Porte argues that the Commission is more influential in the stage of emergence of the method, whilst the Member States have the upper hand in the evolution and reconfiguration phases. Although not exclusively concerned with principal-agent theory, Héritier has made use of **rational-choice theory** to make predictions about the policy effectiveness and the consensus-building capacity of 'new modes' – of which the OMC is an example (Héritier 2002). In particular, De la Porte draws attention to the types of policy problems, arguing the soft modes of governance are less efficient when there are deeply-entrenched problems and 'prisoner's dilemma' configurations (we will return to this point and explore its implications in Section 6). Another extension of rational-choice theory is to consider the OMC a case of **two-level game** (Büchs 2008).
- Other authors see the OMC as an example of **post-regulatory** politics. (Lodge 2007:344) among others reminds us that "the OMC represented a key example of 'non-hierarchical governance' that has received considerable interest in the wider literature on the 'post-regulatory state' (Scott, 2004), namely that intended and converging policy outcomes can be generated through non-coercive and voluntary devices". Natali (2009) explains that the OMC is post-regulatory for two reasons. First, whilst regulation seeks to correct markets and preserve their efficiency, the post-regulatory modes seek to couple different autonomous social systems, such as economy and law. Second, whilst regulation controls business and citizens' behaviour, post-regulation controls public agencies and the state. As such, it belongs to the inner phase of the regulatory state – a phase in which the political system regulates itself.

These three major interpretations shed light on some aspects of the OMC. Experimental governance provides a normative standard with observable implications. It is not derived from the empirical analysis of the method. If anything, the current state of debate on what the OMC has produced is characterised by disappointment and frustration. A related problem with the experimentalist standard is that it raises expectations. Thus, it contributes to the expectations-capability gap that has already affected the OMC.

Rational choice theory is very useful, although the characterisation of the Member States and the Commission as unitary actors is a restriction (duly acknowledged by De la Porte (2011)). The theory provides observable implications that can be tested, albeit at a fairly general and abstract level. We will suggest below that the rational-choice insights of authors like Héri-tier are more productive when situated within policy theory and the literature on policy instruments (Section 6). Now we observe that there is nothing specific to learn about the OMC in this theory – indeed, one can interpret most of EU politics through the lenses of principal-agent models and two-level game. It is useful to consider the OMC as a case of two-level games, but most bargaining and negotiation theories would add that all major EU decisions are the product of two-level games.

As for the post-regulatory nature of the OMC, this approach puts the method in the same category of better regulation tools. They are both used to steer and meta-regulate the bureaucracy (in our case the European Commission). They are both procedural. But it is difficult to explain why the OMC couples the economy and the law. It is not clear if the coupling proposition is normative or positive. Natali and others do not explain how coupling occurs and what are the actors involved.

Let us take stock of this discussion. By combining the rational-choice literature with some insights of the post-regulatory state debate, we argue that the OMC is essentially a procedure that establishes who does what and when, without establishing ex-ante the substantive policy contents. The characteristics of the OMC as procedure can be seen by taking into account the broader dimensions of proceduralisation in EU politics (Radaelli & Meuwese 2010):

- At the outset, we observe that the OMC is part of a **trend towards proceduralisation in EU politics**, as shown by Ra-

daelli and Meuwese (2010). The OMC is not the only case of major procedure that has emerged in the last decade. Another case is the institutionalisation of better regulation procedures on simplification, consultation, and regulatory impact assessment.

- Procedures are typically chosen by constellations of actors when there is **disagreement on the substantive policy outcomes and institutional competence**. Since the Member States cannot agree ex-ante on the substantive policy goals in terms of employment, social inclusion, and whether there should be new competences of the EU in sensitive policy areas, they activate a procedure that enables them to keep on discussing, exploring solutions, and possibly disagreeing. Hence the choice of the OMC, as an open procedure-based method, is defined by the level of policy saliency of some topics at the domestic level (de Ruiter 2008).
- Procedures often generate an element of **ambiguity**. Practically this ambiguity works by defining agreement on the broader level (of procedure in our case), and making it ‘easier to secure agreement at more detailed levels’ at later stages (Gibson & Goodin 1999:363). This is to say that the ambiguity and openness in terms of content defines a corridor for future political agreements. It creates irreversibility in the process because future agreements can at least not go against or fall behind what has been broadly agreed at the outset. Theoretically, this ambiguity might have different consequences. Under a rationalist paradigm, it locks actors into a process and increases the costs of exit (violation of the initial agreement). Under a constructivist paradigm, it generates possibilities for deliberation and the socialisation of actors.
- Procedures are **opportunity structures**. They stack the deck. A procedure like regulatory impact assessment stacks the deck in favour of evidence-based arguments and economic analysis. A procedure like the OMC comes with in-built carrots and sticks via the instruments of guidelines, peer review, benchmarking, reporting and indicators. The principal-agent relationship is looser and more complicated (Coen and Thatcher 2008; Kassim and Menon 2003). The OMC does not necessarily increase the political control of the

Council on the Commission – even if this may be the main motivation behind its adoption. Political control is one of the outcomes, but there is also the possibility of the bureaucracy at the EU level and in the governments of the Member States making creative usage of procedures. These responses of the bureaucratic agent are indeed well known to principal-agent theorists who have looked at post-delegation politics (Kerwin 2003).

- The OMC procedures require a certain degree of **administrative capacity** at the national level. The unfolding of specific common ambitions for policy coordination can make high administrative demands at the national level (Schout & Jordan 2008), particularly when dealing with complex problems that require substantial outreach and alignment of other governmental units/levels and a wide variety of policy stakeholders. As a response to that pressure, most countries have empowered their core executives, with trends towards the centralisation and politicisation of administrative structures, in the belief that this move will strengthen that capacity (Borrás and Peters forthcoming). Yet, above all, the organisational impact of OMC procedures is unveiling a set of important deficiencies in the administrative capacity at the national level (Schout et al. 2010).
- Relating to the previous two points, procedures like the OMC have their own **political effects** (Kröger 2009a;b). The literature argues that the way in which these procedures are unfolded in specific mixes of policy instruments is deeply embedded in organisational traditions, and hence they affect policy-making and policy. In consequence, we need to consider both the OMC as ‘mode of governance’ and the OMC as ‘instrumentation’ to understand its nature and its effects.
- Procedures have **constitutional implications** because they alter the relationship between institutions. If the constitution is not only a matter of writing articles and clauses in a major document, a procedure like the OMC is used by institutional actors to re-define their power relations (Borrás 2009). This (for institutions like the Council, the European Parliament, and the Commission)

is as important as, if not more important than, finding substantive policy agreement. This constitutional dimension describes the initial reluctance of the Commission towards the OMC at the time of the White Paper on Governance (European Commission 2001), the tone of the reports of the European Parliament on new modes of governance, and the power struggles surrounding the relationship between the Community method and the OMC.

To sum up then, by defining the OMC as procedure one can see and explore the dimensions highlighted above. This notion is compatible with the concept of ‘mode of governance’ but it draws our attention to specific dimensions and is not contingent on any property such as ‘new’ or ‘novel’. We argue that the trend towards procedures and veils of vagueness is not unique to the OMC, indeed there are interesting connections with the institutionalisation of better regulatory procedures over the last decade of EU politics. The idea of choosing procedure when there is disagreement on substantive outcomes is as old as the art of diplomacy, so there is nothing new in this respect. We finally argue that the OMC instrumentation has its own effects; administrative/organisational, constitutional, and at the level of public policies.

4 Appraising the effects of the OMC

There are different options for appraisal. We will first look at the 52 most highly-cited academic articles, and then proceed more qualitatively by identifying four different overall dimensions of the effects of the OMC. In so doing, we review the empirical findings of these articles and combine them with the findings of other prominent academic and non-academic literature. The overall aim is to conduct a systematic literature review about the empirical evidence available at the time of writing.

An overview of the academic literature

A sample of articles from the SSCI (Appendix 1) shows that researchers have concentrated their effort on some of the OMCs but not others. There are 19 articles covering the European Employment Strategy, 15 the social policy/social inclusion issues, 4 each for pensions and R&D, 3 for the Broad Economic Policy Guidelines, and the rest scattered over all the other OMCs. The framework used for appraisal is also quite diverse, with a bias towards learning-socialisation and ideational variables (see Table 1).

Table 1: Framework adopted in a sample of 52 articles

Framework	Number of cases
Europeanisation	4
Learning/Socialisation/Ideas/Discourse	13
Multilevel Governance	5
Political Economy	4
Rational Choice – Rat. Choice	5
Institutionalism – Principal/Agent	
Regulatory frameworks	4
Deliberative democratic theories	4
Institutionalism (except Rational Choice Institutionalism)	3
Other	5
None	5

Out of 52 articles, only 11 were specific studies of certain Member States. The other 41 were an all-inclusive study of the EU-12/15 or EU-25/27, where the Member States were used as illustrative examples rather than case studies. The sample is biased: looking at large countries, France received almost double the attention given to Germany (9 versus 5 articles), the UK is considered in 2 articles, and there is no article on Italy, yet there are 3 articles on Sweden. There were 21 articles using original data or a documentary survey, and 29 articles that did not include any original data. There were also two missing cases. The vast majority used qualitative methods, either descriptive or narrative (43), with only 3 using a qualitative process-tracing, 2 using qualitative-normative methods. Only 1 draws on explicit quantitative methods, and 3 deploy mixed methods.

Getting closer to appraisal, the sample shows that diffusion of information, learning and socialisation are the most frequent effects (Table 2), but there is also a large number of studies that did not find effects other than ‘cheap talk’ or that did not report any finding. The total in Table 2 is greater than 52 because some papers report more than one effect.

Table 2: Effects of the OMC (N= 68)	
Effect	Number of cases
Cheap talk	14
Diffusion of info/learning	25
Convergence	8
Complement to hard law	6
No findings of these types	15

Turning to more normative appraisal, we measured whether any of the following were actively referred to in the study as conditions for effectiveness of the OMC. Table 3 reports on these conditions concerning normative aspects of governance, the total is greater than 52 since several studies report more than one condition.

Table 3: Normative appraisal

Condition	Number of cases
EP control of OMC goals	6
Open public debate of OMC goals	15
Equal access and participation of citizens and stakeholders	19
Responsiveness to societal demands	18
Argumentation/deliberative mode among decision-makers	15
Democratisation of expert input	13

Overall, the 52 articles illustrate the main dimensions for appraisal, including cheap talk, effects on policy, learning, as well as more normative conditions concerning governance. Let us now proceed more systematically and look at the broader academic and grey literature, since the sample of 52 articles has its own biases and cannot be trusted to be representative of the overall knowledge produced by the researchers.

As mentioned above, there are several ways of appraising the effects of the OMC. In her excellent review of the literature on the OMC in social policy, Caroline de la Porte has chosen to focus on the effectiveness of communication, coordination at EU level, features of the OMC process, substantive policy change at national level, and process at the national level (De la Porte 2010). Her review shows important variation in the empirical evidence of the effects of that particular OMC. This report has chosen to use a different approach based on different dimensions of the effects of the OMC. Our approach takes into account the national and the EU level effects from a policy and governance system perspective, namely:

- (a) effects on the national policy performance and change,
- (b) effects over EU-level policy paradigms and the policy rationale,
- (c) effects on the transformation in EU law, and
- (d) effects on governance patterns.

The first dimension is concerned with the effects of the OMC on policy performance in terms of domestic policy change. This perspective examines issues of policy convergence and diffusion of information and learning across Member States, and is evidently interested in what happens at the national level. The second dimension looks at the EU level, examining whether the OMC and the wider Lisbon agenda have diffused specific ideas about economic and social policies, and, in terms of appraisal, whether these ideas are adequate given the current economic scenario. The third perspective deals with the impact of the OMC on EU law, and the overall nature and dynamics of legal integration in Europe. Last, the fourth perspective is about the effects in terms of governance – here we focus on policy networks, participation and responsiveness.

National policy performance and policy change

Has the OMC fostered domestic policy change and reform? The literature has identified different types of national policy performance, and considerable variance across countries and across time. There are obvious methodological problems, specifically the following three difficulties: (i) establishing the causal relation of procedures and defining their impact, that is, the problem of causal assignation, i.e., if we observe policy change, how can we be sure that it is due to OMC and not other variables (Citi and Rhodes 2007: 7:10)? (ii) the classic counter-factual problem (what could have happened without the OMC?), and (iii) an appreciation of the political context in which the EU operates. Regarding (i), the OMC is only one of the causes of policy reform, and our research methods cannot establish beyond carefully controlled small-n studies if it contributes to reform by bringing domestic pressure for change to a tipping point, or by triggering sequences of change, or by exerting independent causal effects on the outcomes. It has also been argued that substantive policy outcomes are only one way to look at the causal impact question. Another is to assess the contribution of the OMC to shifts in cognitive and normative frameworks of public policy (Citi and Rhodes 2007). Concerning (ii), we observe that the counterfactual of what could have happened without the OMC is virtually impossible to determine. It is worth noticing, though, that the role of the OMC runs parallel to other similar international fora for policy coordination and mutual learning, such as the OECD, multilateral surveillance by the IMF, or the Nordic Council (Schäfer 2006). The effects of the OMC on national policy change could be defined comparatively vis-à-vis those

of other international mechanisms (Duina & Nedergaard 2010).

On (iii), the wider political context for the effectiveness of the OMC, for example, one comment often heard among a specific segment of scholars is that the effect of the OMC on policy is limited since the method has no binding power and not enough sanctions. But in some cases it has proved to be politically impossible to escalate on sanctions, either because the type of the problem/policy area does not lean to that (i.e., it does not make sense to sanction Member States because they fail to reach the broad target of 3% of GDP expenditure in R&D), or simply because the EU-level lacks regulatory powers precisely in that area, making conditionality useless (i.e., the social policy area is not even a ‘shared competence’ between the EU and the Member States – as defined by the Treaty of Lisbon). Besides, ‘naming and shaming’ of non-compliers has been vigorously rejected by the Member States as a general approach to monitoring progress with policy reforms at the domestic level (European Commission 2006), as well as any attempt to impose conditionality to specific coordination outcomes. An example of the latter is the case of R&D, where attempts by the Commission to make the European Charter for Researchers and the Code of Conduct on Recruitment conditional for access to the funding streams met ‘with a significant backlash from the Member States. This resulted in a milder formulation of the funding criteria.’ (McGuinness and O’Carroll 2010: 309). Further, the argument ‘OMC has no teeth’ is flawed in that it judges it with the same criteria we use for EU law. These problems have plagued the empirical studies about the effects of the OMC on national policy change, and for that reason, results have to be carefully considered.

Thus, the issue of effectiveness continues to be a crucial one. In general terms, the literature has looked at policy performance in four ways: (1) ‘cheap talk’, meaning no real action beyond words, (2) ‘diffusion of information and mutual learning’ among countries; (3) policy transformation, in turn connected to institutional reform when there is evidence that there has been national policy change following generally the common guidelines/targets; (4) transformation of EU law; and (5) broad governance effects.

a) Cheap talk/no effect

The effectiveness of the OMC is arguably one of the hottest issues of dis-

cussion among EU scholars interested in policy change, and in particular, in welfare policy change, in Europe. The ‘pessimists’ side has tended to underline the failures of the OMC in terms of its defective design and in terms of its negative ability to stimulate change at the national level. This runs somehow opposite to the ‘optimists’ side, which sees some limited but identifiable effects (Büchs 2009).

One set of ‘pessimistic’ scholars have approached the subject mainly from a normative analytical perspective, examining the extent to which the design of the OMC as an instrument does (or does not) comply with a pre-defined set of normative criteria for successful instrumental effect. This focus on the design of the OMC has followed the criteria traditionally associated with conventional hierarchical law-making instrumentation. In his study of how the OMC has been designed and put into action in the areas of information society and social policy, Martin Lodge finds that the OMC has a rather defective regime because it has not put in place an effective system of control mechanisms. To be effective such a control system must be based on clear standards, on accurate information, and on the willingness of actors to change their behaviour (Lodge 2007: 348). The problem is that the OMC does not comply with any of these three demanding prerequisites. Idema and Kelemen (2006) have similar findings regarding the OMC’s inherent ‘failure by design’. The normative conditions for effectiveness are however different from Lodge’s. For these two authors, effectiveness depends on the ability of the Commission to detect transgressions by Member States; the Commission’s exercise of discretion to react to Member States’ transgressions so that the threat of shaming is credible; and the Commission’s authority not being discredited by Member States. Since the OMC does not fulfil any of these three criteria, this ‘new’ mode of governance is defective by design. Furthermore, and perhaps most problematic from the viewpoint of these authors, is that the OMC is a ‘red herring’, and is distracting attention from the more important and pervasive increase in the formality of EU policy making (Idema & Kelemen 2006:108).

Another set of ‘pessimistic’ scholars is more focused on the issue of the actual nature of change that is taking place at the national level as a result of OMC-induced dynamics. In her study of the impact of the OMC social inclusion in the reforms and changes of social policy in France

and Germany, Sandra Kröger finds that there was no effect taking place (Kröger 2009a). The reason for this was that only a small minority of national actors were aware of the National Action Plans (the implementation mechanism of the OMC before the 2005 reform), and because lack of knowledge of foreign languages stands in the way of the OMC's impact. Most importantly, the major policy changes mentioned in the French and German action plans were already taking place before the introduction of the OMC. There might be one side-effect that this author finds in her study, however, namely, that topics such as homelessness, over-indebtedness and ethnic minorities have gained more attention in the French and German contexts as a result of the dynamics of the OMC. Similar arguments are put forward by Milena Büchs, who argues that the OMC in social policy has not had any noticeable effect at the national level, as, on average during the period from late 1990s and late 2000s, the levels of national social spending have decreased, the levels of poverty and inequality increased, and the passive and active labour market policies have remained unchanged. The only dimension that has changed is the discursive level, consolidating the national policy use of notions like 'activation' or 'flexicurity' (Büchs 2007).

All in all, the authors who find no effects of the OMC at the national level, and therefore find it to be overall 'cheap talk' and a 'red herring', point to two fundamental aspects. One is the structural weaknesses of the OMC design in terms of control mechanisms (here including the high demands that this method makes at the EU and at the national levels). The second one is the relative political irrelevance of the OMC guidelines and targets in the national contexts (as they appear to be disregarded or used residually for specific interests). It is worth noting, however, that recent scholarship, reflected in PhD dissertations, is moving beyond this 'pessimist'/'optimist' dimension, as new and more nuanced aspects of the effects of the OMC on national policy-making are coming to the fore, particularly in relation to cognitive dimensions and learning at the national level (Norris 2007; Weishaupt 2008).

b) National policy learning

In spite of the remarks above, the largest bulk of the literature devoted to the national effects of the OMC tends to agree that there is some degree of effect in terms of the transnational diffusion of information and mutual learning. This is particularly evident in studies that summarise the litera-

ture on various OMC processes (Hartlapp 2009; Kröger 2009a;b; Radaelli 2008). Radaelli (2008) distinguishes between (a) learning at the top or EU-level learning; (b) compliance in the Member States with the EU-level instructions or learning from the top; and (c) social learning or learning at the EU level as a result of innovations produced in the Member States and at the local-regional level – the latter being the kind of reflexivity evoked by the theorists of deliberative-experimentalist governance. By reviewing a large number of empirical studies, Radaelli finds some evidence of learning at the top, limited but not trivial evidence of cognitive convergence driven by the top (concerning economic policy paradigms and the constitutional boundary-drawing we mentioned earlier on), and almost no evidence of learning from below or ‘bottom-up’ learning.

These results correlate to the findings of other authors about the OMC. Nedergaard, for example, finds forms of EU-level learning among the individual national participants of different European level OMC committees (Nedergaard 2007). This is most probably linked to the fact that at this EU level, the OMC is developing a form of common language among national elites, allowing a ‘subtle cognitive transformation’ (Jacobsson 2004), intensive forms of committee-level deliberation (Jacobsson & Vifell 2007a;b) and the development of epistemic communities internalising new public management techniques (Weishaupt 2010). Likewise, recent studies have found that the OMC seems to support the development of new intra-governmental routines and subnational governance structures, but that differences across countries in terms of learning and change depend largely on the previous degree of ideational and institutional misfit with the principles put forward by the OMC (Lopez-Santana 2009). Another interesting related aspect of learning is what Caroline de la Porte defines as ‘institutional spin-offs’, or mechanisms which created institutional frameworks for experts’ cross-national learning (De la Porte 2008).

Hartlapp (2009) looks at the instruments used by the OMC, namely guidelines, benchmarking, peer-review, reporting, and indicators. The focus on these five instruments is useful to understand the different contribution to three types of learning: (a) learning from one’s experience; (b) learning from the experience of others; and (c) learning with others in deliberative problem-solving setting, a concept reminiscent of reflexive social learning and Radaelli’s ‘learning from the bottom’. Hartlapp cites evidence to show

that, looking at the five instruments one by one, the instruments are designed and used in ways that often tilt interaction towards negotiation and bargaining. This attitude, she concludes, is incompatible with learning, since learning arises out of processes of communication, trust, and open argumentation in a problem-solving setting. However, the instruments of the OMC do contribute to learning processes, in different ways: learning from experience is facilitated by guidelines and indicators; learning from others is found in benchmarking and peer review; learning with others appears in the national reform programmes (reporting) but not in the other four instruments. The role of learning and other mechanisms should not be appraised in relation to a single notion of the OMC or one single set of specific OMC instruments. Naturally, since the OMC operates in different policy domains, this author predicts that its effects in terms of learning and diffusion mechanisms should vary depending on the specific nature of the policy area at stake.

OMC-induced diffusion and learning processes are also dependent on the particular features of the cognitive dimensions and political dynamics at the national level. This is what Heidenreich and Bischoff identify as the effect of the OMC as ‘cognitive amplifier’ of some topics at the national level, by coupling the OMC structurally with particular national institutional processes (Heidenreich & Bischoff 2008). Perhaps the widest set of evidence regarding effects on national learning and information diffusion is found in a recent collective work about the influence of the OMC in the national employment policies (Heidenreich & Zeitlin 2009). The empirical findings again show diversity in terms of learning effects and in terms of procedural aspects at the national level. Most interesting in these findings is that learning processes have been related to EU membership conditionality, like in the Baltic countries (Jacobsson & West 2009), and to the degree of political and economic dependence on the EU of countries like Spain and Poland (Mailand 2009). When compared with the OECD’s Job Strategy, the OMC has been most effective in terms of inducing the process of learning through ‘cognitive infiltration’ (van Gerven & Beckers 2009), although showing different views in terms of the labour market and welfare state (Casey 2004). Other than creating a ‘shared mental map’ defining the nature of the problem at hand, cross-national learning through the OMC seems to be mainly based on stimulating national identification and recognition of one’s own policy failures (Visser 2009), a crucial ele-

ment in national learning processes.

c) National policy transformation as institutional reform

Another fundamental dimension of the effect of the OMC at national level is the transformation of policies as institutional reform. This refers to substantive policy change in terms of the major priorities, of the contents and forms of public action, and most important, of the formal and informal institutions defining the actors' interactions in that particular policy field of open coordination.

This type of OMC effect was associated with pressures transforming Member States' policies and institutional idiosyncrasies into one single policy approach and European social model. In the area of employment and social policy, this has triggered a heated debate and criticism about the feasibility and legitimacy of pulling very different welfare state models and social models in one single direction, as well as the (in)consistency of the targets conveyed through the OMC, particularly in the Lisbon Strategy (Amable et al. 2009). Yet, for all the furore against the allegedly 'one-size-fits-all' pressure of the OMC, a growing body of empirical evidence shows that there is considerable cross-country diversity regarding the nature and the degree of national reforms (Heidenreich 2009). This does not only have to do with the diversity of national self-defined goals in the national reform plans pursuing the broadly and output-oriented defined European guidelines (de la Porte 2002), but essentially, with the diversified nature of national institutional frameworks and their particular paths of transformation. Along those lines, but following the 'multiple streams' theoretical approach, Bart Vanhercke sees the OMC as a selective amplifier in the national context (Vanhercke 2009). His case study of pension reforms in Belgium shows how key actors at national level have had important leverage in pushing for specific forms of reform as a consequence of the influence of the OMC on the policy, politics and problem streams of policy-making.

The above points underline two very important dimensions in the study of the OMC's effects on national policy transformation, namely, its variation across countries and its variation across time. Cross-country variation is mainly explained by the degree of fit or misfit between the pre-existing national institutional frameworks, on the one hand, and the specific OMC

goals, on the other. This Europeanisation hypothesis expects the OMC to have the highest impact in cases when there is a high degree of institutional misfit, as this would generate the strongest pressure for national policy change. This has been largely confirmed in the field of employment policies (Graziano 2009; Heidenreich & Bischoff 2008; Mosher & Trubek 2003), in the field of social policy (European Commission 2010c), in the field of health policy (Hervey 2008), and in the field of research and technology policy (Borrás et al. 2009). Yet, even if institutional national variables are important, they might not be all determinant, as cross-national variation and uneven impact seems to be explained as well by actor-based variables (Graziano 2009), such as the above ‘selective amplifier’ hypothesis, as well as the ‘consensus hypothesis’, stating that the higher the degree of national political consensus about the content of policies, the lower the impact of the OMC (Mailand 2008). National political controversies about the content of these policies opens opportunities for some domestic policy actors and/or entrepreneurs to lever specific notions in pursue of particular reform agendas.

Variation across time is another fundamental dimension in explaining the uneven impact of the OMC. Focused on the ‘politics’ side, Büchs argues that the diversified national effectiveness of the OMC to induce policy and institutional reform depends largely on a two-level game performed by national governments (Büchs 2008). In this two-level game, national governments’ strategies are an important variable explaining temporary differences in the pace, content and direction of policy reform. Recent empirical findings seem to confirm partly these cross-temporary variations of impact within countries. Gwiazda shows that changes in the pro-European/Euro-sceptic ideology of the political parties in power in Italy (from the Prodi government to the Berlusconi government) and in Poland (from the Tusk government to the PiS-LPR-SO government) were determinant in explaining the stop-go nature of labour market policy reforms towards ‘flexicurity’ in these two countries (Gwiazda 2011).

Policy paradigms at the EU level

A fundamental way to appraise the OMC is to establish whether it is anchored to policy ideas (more precisely, paradigms of public policy (Hall 1993)) that are adequate to support the aims of the Lisbon Strategy given the current economic conditions in Europe. In this mode of appraisal, we

have to consider the Lisbon Strategy and the OMC jointly, as the latter is a fundamental instrument for unfolding the former. We also have to consider that the Lisbon Strategy has changed at least three times: from the original approach set in 2000, to the Growth and Jobs dimension of the 2005 re-launch, up to the current Europe 2020.

Two fundamental questions addressed by the literature are whether there is an adequate economic rationale for the Lisbon Strategy, and if there is a case for the coordination of national structural reforms. Starting with the first, there is considerable debate in Europe about the rationale of the Lisbon Strategy, which is based on specific ideas concerning the macro-economy, economic policy sectors (for example, market regulation, in short, the micro-economic dimension), and employment. At the core of this debate is whether the philosophy put forward by the Lisbon Strategy is compatible with the Economic and Monetary Union (EMU), and what economic effects that might have. Some authors point at the implicit tensions and negative economic consequences of conducting simultaneously the processes of fiscal consolidation (EMU's Stability and Growth Pact) and of structural reform (Lisbon Strategy). Proponents of this view put forward arguments running from technical issues, that permanent fiscal austerity might jeopardise the stabilising qualities of fiscal systems (Mabbett & Schelkle 2007); to political issues, that it might limit political consensus for reforms; to social issues, namely the implicit difficulties of fighting against poverty (Natali 2010). Opposed to this critical view is the dominant one that the sluggish European economic performance is largely related to important structural weaknesses reflected in low productivity ratios, employment bottlenecks (simultaneous problems of unemployment and lack of highly skilled workers), and a generalised failure to grasp the opportunities of globalisation (Marzinotto et al. 2010). These competitiveness problems are indeed aggravated by an ageing society and by a (still) incomplete single market (Monti 2010). The recent recession, coupled with moral hazard problems concerning domestic budgets in Euroland, has shown that the risk of unsustainable and unaffordable welfare expenditure is a real one. On balance, there is no strong case for delaying or abandoning the market reforms advocated by the Lisbon Agenda. As for the social-employment dimension, governments cannot deliver in this direction if they are afflicted by macro-economic instability, with persistent attacks from financial markets and an increasing cost of servicing their debts. The fiscal strains

generated by the recent crisis, and its repercussions in international credit markets (particularly of sovereign debt), have brought this debate to the street level. Yet, while governments are struggling to redress the problems by strengthening European economic governance and by engaging in rapid (yet still sometimes piecemeal) structural reforms, the overall rationale for reform and fiscal consolidation has not remained uncontested.

If competitiveness remains the major rationale, the expansion of the Lisbon strategy witnessed by Europe 2020 has led to several rationales, almost a list of highly desirable aims, yet all very difficult to achieve. This expansion of rationales flies in the face of the implementation deficit experience during the last ten years. Instead of learning from the difficulties encountered in delivering on the 2010 targets, and narrowing down initiatives to the core, essential business, the EU has launched an even more ambitious cross-cutting programme with Europe 2020¹⁰. This is partly explained by the necessity to respond to external events like political pressure on climate change, the Millennium development goal, and the financial-regulatory crisis, but it is also explained by endogenous causes. The EU as a complex political organisation is rarely judged on its policy outcomes – if there is success, it will pay off for the governments of the Member States, not Brussels. And in any case the EU level (Council formations, Commission, European Court of Justice) cannot control implementation and delivery of the OMC's substantive policy goals.

By contrast, the EU is judged on the mobilising power of its initiatives, or, put differently, on its success in setting the agenda. The Commission perceives success as moves towards more integration and political attention for EU-level coordination (Majone 2005) not necessarily as solution to policy problems. This is not a criticism of the Commission, it is a reality of all political organisations that do not control directly their output and do not benefit from delivery in terms of popularity, reputation, and chances of being re-elected. In these circumstances it makes sense to re-ignite political attention and mobilise activities around (perhaps excessively am-

¹⁰ Europe 2020 builds from the Lisbon Strategy, but expands it by extending to new areas (reintroducing environmental issues, for example) and by creating specific initiatives (or thematic strategies) like the 'Innovation Union'.

bitious) new rationales for Europe 2020. In conclusion, the expansion of the rationale(s) does not bode well in terms of chances of delivery, but realistically this is the way the EU can generate commitment for integration in the Member States.

In this context, the OMC runs the risk of falling into the trap of escalating expectations. For this reason one of our main recommendations at the end of the report will be to re-calibrate the OMC rather than using it as a single method to achieve different aims. Linked to this possible trap is also the risk of a widening gap between OMC capabilities and expectations. Indeed, we can also examine the OMC in terms of the rationale for coordinating national reforms through the Lisbon Strategy. One of the most traditional rationales for national policy coordination in Europe is the issue of economic interdependence and the avoidance of possible (negative) spill-over effects on other countries. Steering economies towards a similar direction is particularly important within the Euro area, as the large heterogeneity of the European economy runs the risk of asymmetric shocks. Furthermore, as Debrun and Pisani-Ferry put it:

Coordination between governments would open the possibility for monetary policy to accommodate an expected increase in the area's potential output. (...) By the same token, a coordinated approach to reforms and the associated response of the ECB could alleviate the pressure on fiscal policies to be more supportive of reforms, which is important given the sorry state of public finances in many countries. (Debrun & Pisani-Ferry 2006:8).

These authors suggest a stronger 'pillar' of coordinated reforms for the Euro-zone within the Lisbon Strategy, with 'softer' pillars for non-Euro members. A second overall rationale for policy coordination is more political in nature, namely, the political leverage intrinsic in a common and politically visible programme of reforms. The recent trend of new forms of European economic coordination within the EMU, with emphasis on strengthening broad economic policy coordination (art. 121 TFEU), new Treaty instruments within the Euro-zone for further economic coordination (art. 136 TFEU), and the stricter enforcement mechanisms of the Stability and Growth Pact agreed in the autumn of 2010, following the task force set up by Herman van Rompuy, President of the European Council,

are certainly going in this direction.

Transformation of EU law

A third major perspective assessing the effects of the OMC is its ability to transform EU law. One first step into this discussion is the overall nature of the OMC in terms of its legal dimension, a topic which has received some attention among legal scholars. Whereas some of them argue the intrinsic relationship of the OMC with law, given the OMC's soft-law and experimental nature (Sabel & Zeitlin 2008), others emphasise a clear separation of both. This latter view argues that the OMC represents a radical departure from the classical form of the Community Method, as the OMC does not seem to follow the traditional elements of legal logic (De Búrca 2003; Scott & Trubek 2002). The 'para-law' or 'extra-law' nature of the OMC (Senden 2005) means that the OMC is not soft law because: (a) it has an intergovernmental approach rather than the supranational approach of soft law, (b) it is monitored at the highest political level (Spring Council) rather than administratively as soft law, (c) it has an iterative process rather than the ad-hoc procedures of the legal interpretation focus of soft law, and (d) it aims at linking systematically different policy areas rather than the traditional single-policy focus of soft law (Borrás & Jacobsson 2004).

As the legal literature has advanced on these discussions, the focus is now turning away from the debates about the legal or non-legal nature of the OMC or about the risk that the OMC erodes the basis of the 'rule of law'. Instead, the attention among legal scholars seems to be turning into studying the extent to which (and how) the OMC affects EU law and the overall form of the EU's legal integration (Trubek & Trubek 2005), mainly by examining the evidence of the actual interactions between the two (Smismans 2011).

One way of approaching such interactions analytically is by examining the 'strong' or 'weak' integration capacity of the OMC in relation to five parameters of legal integration dynamics, namely: transfer of competences from the national level to the EU level; integration technique; decision-making capacity of the actors involved; the incidence of legal instrument on the national legal order, and how compliance is ensured (Haar 2009). Haar's findings are quite positive, showing that since the introduction of the OMC the integration capacities of each of these five dimensions of the

acquis have become stronger, thereby strengthening the EU's ability to construct a European Social Model. The OMC might also have a similar effect in the policy field of immigration policy, with a positive impact on a more integral immigration policy within the Union (Velluti 2007).

Another way of analysing the interaction between EU law and the OMC is to look at the way in which the OMC has been referred to in EU case law. Recent studies have shown that, in the field of employment and social policy, the OMC is having some (limited) effect on EU law and EU legal integration dynamics. Looking at its uptake in EU case law, Smismans finds that the OMC guidelines and the OMC procedural dimensions have not been mentioned in the jurisprudence, and hence they seem to remain separated from traditional hard law. However, in relation to the wider and normative-laden Lisbon Strategy ideational repertoire, with notions like 'competitiveness' or 'employability', the OMC does seem to have had some impact in case law (Smismans 2011).

Legal scholars have also examined the political constitutional dimension of the OMC vis-à-vis the traditional forms of accountability and of subsidiarity as embodied in the structure of the EU legal integration (Dawson 2009). Here, the results are also limited because, even if the OMC has more dynamic elements of accountability and subsidiarity, the OMC's lack of transparency and scarce involvement of social and sub-national actors limits its ability to act as a replacement for the accountability present in traditional legislative mechanisms. This brings us to the next point regarding the impact of the OMC, namely, its legitimacy, democratic credentials and network-nature.

Governance effects: networks and participation

Originally the OMC was designed to be an open, participatory and network-based procedure aiming to be socially responsive. In fact, the of-

ficial rhetoric was to involve different governmental levels (regional and local), social partners, NGOs and civil society (European Council 2000)¹¹ in variable forms of partnership. This followed the general thrust in the EU to introduce some elements of participatory democracy in European governance, as put forward by the White Paper on governance (Commission 2001) and in the debates on the constitutional Treaty. For this reason, assessing the ‘governance’ effects of the OMC in those normative terms has attracted considerable scholarly attention.

The literature provides different perspectives on the governance effects of the OMC. The most common one has been a focus on the network-like characteristics of the OMC in terms of its participatory dimension, deliberation, responsiveness to social needs and open debate. Other aspects, like the control of the European Parliament, or the democratisation of expert input, have been less examined. Most of this literature is concerned with democratic legitimacy, particularly in terms of the public support based on representation or participation.

The growing interest in assessing the governance effect of the OMC arises out of concerns with state-society interactions. It has been observed that instruments are not value-free and neutral in political terms (Lascombes & Le Galès 2007). Despite their non-binding nature, alternatives to the classic Community Method entail a process of choice, selection and interpretation of specific norms and values. This is the reason why the modes of governance outside the Community Method are in need of democratic legitimacy, just as any other form of public action is. In the case of the OMC, this need is particularly high because it has an explicit expectation that various actors will shape policy content, and because it follows an institutional logic that is alternative to law, and hence not subject to conventional parliamentary scrutiny and other forms of representative democratic mechanisms (Borrás & Conzelmann 2007). The literature assessing the

¹¹ Point 38: ‘A fully decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using variable forms of partnership. A method of benchmarking best practices on managing change will be devised by the European Commission networking with different providers and users, namely the social partners, companies and NGOs.’ (European Council 2000: 13).

governance effects of the OMC, and especially the democratic governance effects, has been particularly aware of the issue of legitimisation. Failure to fulfil the participatory ideal would invariably mean a bureaucratic and executive-controlled process which runs the risk of undermining values and norms decided through democratic channels. It would invariably mean, also, that the OMC has fallen short of delivering the promise of a renewed democratic approach to state-society relations put forward by these new instruments during the past decades. In other words, the stakes concerning the governance effects are quite high, not only because failure to gain societal acceptance might jeopardise the credibility of the OMC as such, but also because it might affect negatively the OMC's ability to put forward effective policy solutions.

However, the empirical evidence is rather negative. Expectations about the participation and inclusion of local and social actors in the OMC have not been met (Kröger 2007). Naturally, there are important differences across OMC-related policy areas and countries. The OMC for social inclusion seems to be a partial exception. More precisely, and reflecting the more general trend towards stakeholder participation at the stage of policy formulation, the OMC has been relatively more open in the phase of decision-making at the EU level: the doors for participation are opened during formulation and shut in implementation – a sort of ‘participation control mechanism that perhaps delivers on conflict management but not on the participatory expectations of deliberative governance’ (de la Porte and Nanz 2004; Natali 2009). Likewise, Dawson concludes that ‘where there is not exclusion, participation often comes at a point where its practical effect is limited’ (Dawson 2009: 11). Therefore, ‘[t]he process – in the field of the OMC SPSI (social protection and social inclusion) – remains one dominated by the bilateral negotiations of national and European executives, rather than influenced by a wider set of local or “bottom-up” participation’. This leads to the issue of networks in relation to the OMC. Governance networks formed by active and dense interconnected social and public partners are a central notion upon which the participation ideal of the OMC is based. Governance networks might represent ways of approaching the dual nature of problems in contemporary societies, namely,

the solution to complex problems and the need for a legitimate form of common action (Sørensen & Torfing 2005).

The network approach has been particularly important in EU governance in the past decades, and the EU is increasingly being portrayed as multi-level network governance (Eising & Kohler-Koch 1999). Whereas for some authors, the OMC is not included within the network type of governance (Börzel 2010), for others its voluntaristic nature is essentially unfolded through the mobilisation of networks (Jordan & Schout 2006; Treib et al. 2007). When it comes to empirical evidence regarding the way in which those networks have been actively integrated within the OMC procedures at the national level, the results are very diverse, as pointed out above in relation to social participation. One aspect of this has to do with the administrative capacities at the national level, not only in terms of reporting and horizontal coordination, but most importantly to lever and manage the integration of those networks into OMC governance procedures (Schout & Jordan 2008), and to engage national parliaments (de Ruiter 2010a;b). The previous articulation of policy communities is another important variable regarding the integration of those networks and their participation in decision-making, as seen in an in-depth comparative study in social inclusion OMC (Brandsen et al. 2005).

In between the issue of participation and networks lies the impact on forms of governance and coordination at the domestic level. The Lisbon agenda and the OMC have created more synchronisation of EU-level decision-making activities that cut across different policies. The Spring Council, the merging of BEPG (Broad Economic Policy Guidelines) and ESS (European Employment Strategy) guidelines, the evaluation of progress on three dimensions (i.e., micro-macro-social) have been mirrored by more integrated reporting at the domestic level. We stress ‘reporting’ at the domestic level since there is no evidence to suggest that reporting on the Lisbon Strategy in the Member States also means more general coordination of overall domestic policy activity. Indeed, the national programming and reporting under the Lisbon Strategy are part of national-EU policy coordination, which in many Member States is de-coupled from more gen-

eral forms of domestic coordination. Besides, EU policy coordination is becoming increasingly centralised and managed from the Prime Minister's offices (Borrás & Peters 2011). In a sense, this is an indicator of new power centres that have emerged in EU politics – as the Spring Council seems to be highly related to the recent empowerment of core executives in Europe (James 2010; Johansson & Tallberg 2010).

Jacobsson and Vifell (2007a;b) and Tholoniati (2010) refer to a governance infrastructure that has enabled bureaucrats and experts – if not civil society organisations and private actors – to articulate, discuss and arbitrate among different policy options and 'political views' (Tholoniati, 2010:113). Undoubtedly, there are now policy fora that did not exist ten years ago. Areas that were previously the exclusive domain of Member States have also witnessed a more diffuse learning process: in these areas, the OMC has provided the opportunity to explore EU-level coordination and gradually learn about the type of coordination, its intensity, whether indicators should be used or not, and so on. This is important because, whilst the OMC has not been constitutionalised, it has contributed to constitutional politics in a very concrete way. In fact, the EU institutions and the Member States have used the OMC to set the boundaries between exclusive domestic action and EU-level coordination, and also to define the contents of coordination. Since constitutional politics is not only about writing Treaties but also about drawing boundaries between political institutions, this learning effect has some constitutional relevance.

The question that remains is whether the OMC has endemic 'tensions' because it contains incentives generating mechanisms that contradict each other (Radaelli 2003). This is important both for governance and for policy appraisals (that is, both points c and b): if mechanisms are contradictory, the policy and governance performance of the OMC will be poor. To sum up a rich body of studies, and limiting our attention to empirical studies; learning as exploration, experimentation and innovation has been hindered by targets, prescriptions, and attempts to monitor from the top. Mechanisms of diffusion of discourses and ideas about public policy have perhaps socialised policy-makers at the EU level, but this effect has been counteracted by the lack of effective participatory-deliberative mechanisms at the domestic level. In a simpler form, in many countries there is de-coupling between the EU networks operating in the OMC processes

and the domestic networks that decide on policy reforms. Processes of peer review, setting indicators, and engagement with benchmarking sessions have been affected by tensions between competition and open learning, and between the technical assessment of policy standards and the legitimate interest of government officers to defend their national policy models (Atkinson 2002; Casey & Gold 2005; Radaelli & De Francesco 2007).

Although tensions exist, two points mitigate their dangerous effects. First, recent work on conflict management in regulatory policy in the EU (Eberlein & Radaelli 2010) shows that effective mechanisms operate at the edges of arguing and bargaining – indeed, they often seem to make the most of the two logics. In consequence, one should not be too concerned with the fact that the OMC on the one hand contains incentives towards participation and deliberation, and on the other tries to push actors towards compliance and convergence. Second, it is important to keep in mind the inherent flexibility of the method when it comes to setting up specific national targets. This is a fundamental step in the OMC process where the European common guidelines are accommodated to the specific national situation and conditions. It is at this point that the participation of national stakeholders becomes determinant in shaping the substance of national reforms, and when the OMC exercise is legitimised or not. Recent empirical evidence shows that both dimensions are fundamental, as the higher the participation of national stakeholders in OMC processes defining those national targets, the higher their endorsement to the OMC as a legitimate mechanism (Borrás & Ejrnaes 2011). Other than corroborating the importance of ownership, these findings point to the pivotal role of sub-elites in the EU's multi-level governance as represented by the OMC.

5 Multiple OMCs and cross-policy variation

To some extent, the studies examining the effects of the OMC have tended to disregard the remarkable differences across policy areas. However, the few existing comparative analyses studying the OMC in a cross-policy perspective tell us about a significant diversity in the institutionalisation processes (De Ruiter 2010a;b), as well as their different designs and effects (Radaelli 2008). At the same time, we should keep in mind the considerable modifications through time on these different OMCs. For example, important OMC-related mechanisms like ‘naming and shaming’ were introduced in earlier phases of some OMCs, to be dismissed later on due to national distaste for them, and to be reconsidered in some specific policy areas – mostly in the macro-economic policy coordination.

Other than denoting a taste for experimental governance in the EU (Sabel & Zeitlin 2010), this large and rapid variation of OMC designs points to a high level of instability, largely the fruit of a lack of clarity regarding the meta-goals or overall purposes to be achieved by the OMC. To be sure, the OMC seeks to generate a form of voluntary coordination in policy areas where Member States retain their competences. However, the general ambiguity of the notion ‘coordination’ has been operationally translated in many different ways. Hence, the different OMC designs have had very different meta-goals, whether mutual learning and inspiration, convergence of policy outputs, or normative endorsement. In many cases, such meta-goals have been overlapping, in others they have been seen as interchangeable, and in others they have not been even mentioned explicitly.

It is our argument that this lack of clarity of the meta-goals of the OMC, combined with its rapid expansion to different policy areas in different guises, is part of the reason why the effects of the OMC have so far been rather limited. In order to sustain that argument, we need to look at the way in which the OMC has unfolded across the different policy areas. There are two ways at looking at this cross-policy variation in OMC design. The first one is to distinguish between ‘large-OMC’ and the ‘small-OMC’ by looking at the way in which the different OMC designs have been linked to the Lisbon Strategy/Europe 2020, and those which are not. Overall, the

Lisbon Strategy/Europe 2020 is a governance architecture largely enfolded by an encompassing large-OMC that builds on a set of integrated guidelines with items covering different policy areas, namely macro-economy, micro-economy and employment¹². These large-OMCs enjoy a high political visibility, and are focused mainly on the attainment of these guidelines through specifically required national reform programmes. Concerns with the coordination of fiscal policies have triggered a tighter form of coordination mechanisms recently. Therefore, the Stability and Growth Pact, a discernable large-OMC, has been recently more tightly aligned into this overall governance architecture in the Europe 2020 framework. The overreaching goal of this is to synchronise processes of national institutional reform and of fiscal discipline under a set of specific overall normative targets and procedures. The emphasis is on coordination by convergence and on synchronisation of national political action; but the goals of learning and mutual exchange of experiences have been repeatedly underlined as a fundamental meta-goal.

On the other hand, we have a series of ‘small’ OMCs which are not explicitly or procedurally linked to the Lisbon Strategy/Europe 2020, but are nonetheless following a similar OMC philosophy and similar normative logic. This is the case of the OMC in the Research and Technology policy area, in education policy, or in the Information Society policy area. These small designs of OMC are different from the above in the sense that they do not operate in relation to large political governance architecture, but are rather less visible politically and more ad-hoc in design. Here the emphasis is on learning from the exchange of experiences, yet the objectives of coordination as a means to reach convergence of outputs have also been put up front. There is evidence in the field of education (De Ruiter 2010b) and in the field of research and technology policy (Borrás et al. 2009) that these OMCs work on the basis of small clusters of national experts, who are brought together according to their interests and national political priorities. The distinction between these large-Lisbon Strategy-related OMCs and the more specialised small-OMCs is interesting as it allows understanding that policy areas might have generated coordination at dif-

¹² Whereas the Lisbon Strategy Integrated Guidelines for 2008-10 were 24 in number, the new Europe 2020 has reduced them to 10 guidelines, plus 5 headlines.

ferent levels and different forms. For example, the guideline and target of achieving 3% of GDP expenditure in RTD, which was part of the Lisbon Strategy/Europe 2020 and has been developed in national reform plans, is quite different from the ‘small’ OMC designed to coordinate R&D national policies through separate clusters of countries exchanging information in a variety of R&D policy topics, i.e., how to foster university-industry relations for the dissemination of research-based knowledge in the economy.

A second way to look at OMC cross-policy variation is to examine the combination of specific tools of which each of the OMCs have made use, and assess their different levels of ‘hardness’ when it comes to implementing mechanisms. Borrás and Greve (2004) have singled out three criteria regarding this, namely, the degree of precision of and demand for qualitative and quantitative guidelines, the possibility to link non-compliance to explicit forms of economic sanctions, and thirdly the degree of definition of the different actors’ roles envisaged by the procedure, in particular in the peer-review step of the processes. The cases of hard forms of OMC tend to be those enshrined in the Treaty, mostly the ones on macro-economic coordination and employment policy, where issues of policy coordination are linked to learning as much as to stringent procedures of coordination (Zeitlin 2009). However, there is also large variation among them, as sanctions in OMC procedures and clarity in the actor’s roles are more the exception than the rule. Less ‘hard’ are policy areas like social policy, research, or the information society, where clearly designed OMCs are in full operation, yet with less clear traits than those above. Last but not least, at the ‘softer’ end of the spectrum are policy areas like education (Gornitzka 2005; Lange & Alexiadou 2007), environmental policy (Jordan & Schout 2006), regulatory reform (Radaelli 2007), health care (Flear 2009; Hervey 2008) or migration and asylum (Velluti 2007), where few of the features that typically characterise the OMC are present. However, again, this picture is far less neat in the real world. Areas like employment and social policy might pursue meta-goals of convergence and learning at once and with different emphasis according to specific policy sub-areas. The preparation of legislation as a meta-goal of the OMC in some policy areas, as in the information society, social policy or employment policy (through the social dialogue), might not be precluded, and might in fact be a ‘testing ground’ for the reframing of debates about common public action in Europe.

All this shows that there remains a lack of clarity about the overall meta-goals and usages of the OMC. The rapid development of different varieties of the OMC seems to have been the response to a series of ad-hoc needs, which have not been clearly spelled out. The result is a multitude of different OMCs with very mixed overall purposes developed on a trial-and-error basis. From this we can conclude that the OMC has been used as a sort of Swiss-army knife used for addressing quite different needs with a single method. The beauty of a Swiss knife is that it is flexible and it provides rapid solutions in unexpected and precarious situations. However, it is less practical when it comes to addressing more permanent and large issues, as it is too limited for the task at hand. As the European integration process continues to advance beyond the strictly supranational division of powers and into more international and transnational dimensions, the question that remains for the OMC is whether this ‘multipurpose’ nature is still suitable for the many different tasks at hand. After all, coordination for what specific purpose? This requires a careful consideration of when and how the OMC should be used.

6 When and how should we use the OMC?

The OMC should be rescued from its supporters as well as from its enemies. The literature is polarised between those who argue that the OMC is an architecture for reflexive learning in the EU (Sabel & Zeitlin 2008), and those who think it is just another red herring (Idema & Kelemen 2006). However, practically all recent studies acknowledge the diversity of OMC processes in the various policy domains. There is plenty of evidence to support this.

We make a claim in two parts. First, instead of considering the OMC as a single, coherent approach to governance, we examine the properties of different policy areas first, and then formulate propositions about the type of OMC that suits them best. These properties lead to different usages of the OMC, including cases where the OMC should not be used at all. The second part of our claim focuses on the instrumentation of the OMC; guidelines, peer review, benchmarking, reporting-monitoring, and indicators (de Ruyter 2008; Hartlapp 2009). These instruments, we argue, should be calibrated depending on the OMC usages. To illustrate, indicators and peer review have some purposes and features if the OMC is used to steer the Member States towards convergence, and other purposes and features if the main usage is exploratory and learning-oriented.

What is the argument that would lead us to think that the claim is correct? It is partly an argument grounded in theoretical policy analysis, specifically the argument that policy content and properties determine the structural elements of politics (Lowi 1964). For the other part, our argument is rooted in the theory of policy instruments (Hood & Margetts 2007; Lascoumes & Le Galès 2007; Salamon 2002). This body of literature argues that policy instruments have effects on political interaction and policy outcomes, so if we want to get policy results we have to manipulate instruments. Since Europe 2020 is not particularly detailed on modes of governance, a better understanding of what the OMC can realistically do in different policy domains is also a valuable contribution to this agenda. Let us build our claim. We have already noted that rational-choice theory provides some useful conjectures. Adrienne Héritier (2004) has examined

two dimensions of what she calls ‘modes of governance’, that is, political capacity and policy effectiveness. The former relates to high consensus and an acceptable time-frame to agree on solutions; the latter is the problem-solving capacity of modes.

Working from the assumption that the characteristics of problems and social interactions determine political capacity and policy effectiveness, she argues that, with ‘prisoner’s dilemma’ (PD) configurations (i.e., with high probability of defection during implementation)¹³, redistributive policies and deeply entrenched problems, so-called new modes of governance secure the political consensus of all actors only if they operate in combination with hierarchy.

A possible consequence of this general proposition is that in this type of problem, high political capacity is achieved by the OMC buttressed by the Community Method. Another implication is that the political capacity of the OMC is higher when coordinative problems are at stake, lower in ‘prisoners’ dilemma’ (PD) configurations. As for policy effectiveness, Héritier found that PD, redistributive and deeply entrenched problems are less suitable for new modes than coordinative, distributive, and network-good problems.

We develop this way of reasoning and construct the first part of our claim by considering the following variables:

- (i) The nature of **social interaction and policy problems**. Like Héritier, we focus on ‘prisoner dilemma’ problems, redistribution and deeply entrenched problems versus coordinative, distributive, network-goods problems.

- (ii) The **gains from EU-level cooperation**, this being the main

¹³ The ‘prisoner’s dilemma’ is a classic problem in game theory when two people may not coordinate even if coordination would be in their best interest. It is possible to extend the prisoner’s dilemma to EU integration by observing that n-Member States may not agree on coordination of policies that would make them better off because it would be difficult to monitor and/or punish defection from the agreement by individual Member States. To illustrate, it is commonly said that direct tax coordination is a prisoner’s dilemma: all Member States would be better off if they could stabilise their revenue by setting a floor to tax competition, yet individual Member States have an incentive to defect and offer lower tax rates.

rationale for engaging in EU-level governance. The Commission has been blamed for trying to achieve integration by stealth (Majone 2005), that is, seeking EU-level coordination for political reasons even in cases when there is no objective rationale for coordination. We can label this variable policy **externality**, since externalities are the major source of EU-level gains from cooperation – although not the only source. We measure externalities as high, medium and low. Externalities are difficult to judge since there may be some externalities but cooperation has its own costs, and these costs in terms of suppressing diversity can be higher than the benefit of governing externalities.

- (iii) The level of **uncertainty**. In this report, ‘uncertainty’ means that no-one has a pre-defined solution, that the system’s reactions to policy cannot be predicted in direction and magnitude, and that there may be more than one solution that works given certain conditions (equivocality). This is a fundamental variable in the OMC. The logic of experimentalism, discovery and open-ended learning is contingent on the assumption that the ‘solution’ to policy problems is not known. It has to be discovered via network-like activities at different levels of governance. By contrast, if uncertainty is low, the problem is relatively tractable, and the ‘solution’ is somewhat known. In this circumstance, it makes sense to talk about convergence towards the ‘solution’. The OMC can therefore be used in different ways depending on the level of uncertainty.

This leads us to the different usages of the OMC. Whilst the literature is polarised between those who think that using the OMC is a good thing and those who do not, the evidence shows that it can be used in different ways. We measure usage on the following scale:

- **No usage**: the OMC is no panacea and there are circumstances under which it cannot deliver on political capacity and policy effectiveness
- Usage of the OMC to **explore**, identify good practice, and generate reflexivity. We can call this open-ended learning (in short, ‘learning’ in Table 4). This is essentially a usage oriented to ‘learning

how' in a process where there is no pre-defined teacher (Freeman 2006).

- The OMC can be used for something different than open-ended learning. When actors know of a 'solution' that can be taught, we operate under conditions of 'learning that' and the OMC can be used to **converge** with the EU solution.
- OMC used in combination with the Community Method, to create a balance of incentives for learning and incentives for compliance.
- OMC in an **ancillary** position when only the Community Method can deliver. In some policy areas, we may find that the Community Method should be used, but for reasons of conflict about the competence of the EU there is no usage yet. In this circumstance, the OMC can be used to **pave the way for legislation** in the future.

By combining our variables we come to Table 4 below, which portrays different types of usages. Since externalities are a fundamental rationale for EU-level coordination, neither the OMC nor more hierarchical methods should be used when there is no clear justification for action at the EU level – otherwise we would end up in the situation of integration by stealth in the sense of Majone (2005). If there is a possible usage of the OMC here, it is to assist in a process of scaling back from EU competence to re-nationalisation of policies. It has long been shown that the EU fisheries regime does not solve any externality problem – if anything, it aggravates the problem. Yet the transition to a regime based on the responsibility of Member States could be assisted by open coordination.

When externalities are high and the solution is not known in advance (because the problem is not tractable), the OMC should be eminently used for open-ended learning. The OMC can assist EU policy makers in exploring areas where there is not EU competence yet, but perhaps, as soon as solutions become available, uncontested, and stable over time, EU competence should be recognised.

However, the presence of the prisoner's dilemma (PD) brings in the issues of defection and lack of cooperation. In these circumstances, the OMC

should be accompanied by incentives to engage with cooperation – otherwise the processes of learning could degenerate into a race to the bottom. When externalities are high and uncertainty low, we are most likely to find EU competence already. The best way to proceed is via the classic Community Method if there are PD configurations. If major disagreement about competence and subsidiary hinders the Community Method, the OMC can pave the way for legislation that may emerge in the future, building on the results of open coordination.

If gains from cooperation are neither particularly high nor particularly low but the solution is known ex-ante, the main usage of the OMC is for convergence purposes. The presence of PD configurations makes it necessary to build on the sticks of the OMC.

What are the implications for policy instrumentation? This is the second

Table 4: Scope conditions for the various usages of the OMC

		Externalities				
		High		Medium		Low
		Prisoner's Dilemma	Co-ordination	Prisoner's Dilemma	Co-ordination	
Uncertainty	High	OMC to learn and incentives/sanctions	OMC to learn	OMC to learn + incentives to cooperate	OMC to learn	NO OMC + No Community Method
	Low	Community method	Community method + OMC to converge	OMC to converge + sanctions on defection	OMC to converge	NO OMC No Community Method

part of our claim. Up until now the instruments of the OMC have been assessed by the literature as a whole. Instead, instruments are contingent on important scope conditions about the usages of the OMC. Let us consider the main scope condition: whether the OMC is used for learning-exploration or for convergence.

If the OMC has to assist in learning, this is because the solution is not known *ex-ante*. This is the condition described by the theorists of experimentalist governance like Sabel and Zeitlin. We argue, however, that theirs is not a general prescription for the instruments of the OMC, but a prescription conditional on high uncertainty and low-to-moderate PD problems.

What are the implications for instruments? To begin with, guidelines should not be too prescriptive and concrete. Final outcomes and targets are not particularly important in this learning-oriented mode, indeed they can be counterproductive. Benchmarking should be cooperative rather than competitive (see Radaelli (2003) on this difference) and it should also be designed intelligently (Lundvall & Tomlinson 2002). Peer review should have the function of discovering lessons and examining the conditions for extrapolation of innovations from one country to another. It should not be used to appraise the quality of reforms in one country and give, as it were, high or low marks to policymakers.

Turning to two other instruments, reporting and indicators, they should play a special role. A common set of indicators is important, but not for the purpose of pressing convergence and monitoring who makes progress towards the EU goals and who doesn't. There is in fact the risk of hindering learning with the wrong approach to monitoring. Monitoring is based on predictability and tasks well specified in advance. This makes sense if uncertainty is low. Otherwise it is better to focus on learning. Learning, however, is essentially disruptive of regularity and does not require high levels of 'monitorability' (Sabel 1994). To ease this problem, policymakers should use OMC indicators as a way to clarify and re-interpret their own preference. Gradually, a common understanding of what the EU 'wants' would emerge. The selection of common baseline indicators is a formidable opportunity for learning. To achieve that, one has to dispose of targets and design a process in which the actors have incentives

to re-elaborate their preferences and to re-define their priorities as their joint experience ‘outpaces their initial understanding’ (Sabel, 1994: 155-156). In this experimental approach to indicators and reporting, the discussion each year should not be about league tables and who is leading on reform programmes. Rather, each Member State should focus on the ‘story’ behind the variations of the indicators. Thus the framework of facilitated coordination would assist in developing a common understanding. A policy conversation of what sort of convergence is being produced by open coordination could still take place, especially if discussion is ‘the process by which parties come to reinterpret themselves and their relation to each other by elaborating a common understanding of the world’ (Sabel 1994: 138). By focusing on bottom-up convergence, rather than artificial convergence imposed from the top, the trade-off between monitoring and learning would be eased.

The case of OMC used for convergence pushes us towards the pole of monitoring rather than learning. The implications for the design of instruments and their utilisation are different. Indicators and reporting should be used to measure compliance with the EU goals. Targets could play a role, although we have to acknowledge the limitations of causally relating a policy reform to a final economic outcome. Benchmarking should trigger competition among policy models as well as the spread of innovations. Guidelines should make clear what the ‘solution’ is, given that this mode of OMC usage works under conditions of low uncertainty.

In both cases – learning and convergence – the OMC should improve on the mechanisms to diffuse reform. There has been a lot of talking about ‘lessons’ and ‘innovations’. The reality is that political systems are institutionally sticky and that drawing lessons from the experience of others is a delicate process. The challenge for cross-national learning is one of intelligent adaptation, not imitation or replication. To illustrate, if we say that country X should adopt a reform or a policy innovation used in Z and Y, say a reform that has features A, B and C, the OMC should help X in understanding what is it that makes A, B and C desirable, and how A, B and C are produced. One option to go about this difficult process is to consider extrapolation models. Extrapolation is a term introduced by Eugene Bardach (2004) and developed by Michael Barzelay (2007). In extrapolation problems, the emphasis shifts from defining successful features to

understanding their logic, functions and purposes and to design reform accordingly. Mechanisms that make innovations work are more important than their description.

7 Recommendations: The OMC in the future of the EU

The record of the OMC is mixed, depending on the perspective we adopt to measure its success. Its potential for experimentation and innovation has been hindered by targets, prescriptions and attempts to monitor from the top. Its potential for convergence and coordination has been hampered by poor mechanisms to handle defection problems and deeply-entrenched constellations of domestic actors and issues, aggravated by the recent problems of moral hazard in the Euro-zone. Mechanisms of diffusion of discourses and ideas about public policy have perhaps socialised policy-makers at the EU level, but this effect has been counteracted by limited and highly diverse participatory-deliberative mechanisms at the domestic level.

The expanding rationales of the Lisbon strategy have political sense for a complex organisation like the EU that does not control delivery and needs to re-ignite the commitment to integration by ever more ambitious and cross-cutting initiatives. The EU has not responded to the limited delivery on the 2010 goal with a more prudent approach to Europe 2020 – quite the opposite. In this context, there is a risk that the OMC will lose clarity in terms of when it is used and for what purposes. This can also aggravate the capability–expectations gap. For this reason, our set of recommendations argues for a prudent usage of the OMC in the context of Europe 2020, and for its recalibration. Specifically, our conceptual framework and the analysis contained in this report lead to the following recommendations:

Recommendations about the instrumentation of the OMC:

[1] Tune the diversity of OMC usages to the nature of problems at hand

The current ‘one-size-fits-all’ rationale of the OMC has to give way to a more diversified and targeted rationale for the usage of the OMC according to the nature of the problem. Hence, the OMC should be re-calibrated to address different problems in different policy areas. To be sure, there are currently different OMCs, but they are the product of trial-and-error, not the result of a clear rationale. Our analysis suggests that the nature

of the problems at hand must determine the specific usage, i.e., learning, convergence, or complement to hard law. Similarly, OMC instrumentation (such as guidelines, peer review, benchmarking and indicators) should be explicitly adapted and re-calibrated, in order to increase the coherence between types of usage and instruments. In contexts of high uncertainty, when solutions are largely unknown and problems are of a common nature (without zero-sum or non-cooperative games), then the OMC has to be used for learning. An example of this is R&D, as governments are still struggling to find better ways to enhance the production and use of scientific knowledge in the economy, a problem that is common and general but not of zero-sum character. Here, mutual learning about, for example, how to improve science–industry relations must be the focus. Conversely, in policy areas where there is a much clearer idea (low uncertainty) about what to do, but the problem is of a non-cooperative nature as there is a risk of negative spill-over effects on other countries, the OMC must be used for seeking policy convergence and complemented with sanctions on defection. This is the case of budgetary discipline in the EU, and the recent idea to combine the so-called ‘European Semester’ of multilateral review of draft annual national budgets with sanctions that include cutting EU pay-outs to non-compliers.

[2] Recalibrate the OMC instruments for learning

When the main purpose of the OMC is to foster the logic of probing, experimentation, and sharing experience, its instrumentation should be used for learning. Guidelines should not be too rigid but should allow for a wider room for action. Peer review should assist multi-level networks to discover and decode lessons and examine the conditions for extrapolation of innovations from one country to another. It should not be used to appraise the quality of reforms in one country and give, as it were, high or low marks to policymakers. Reporting and indicators should foster policy conversations about what has been learned from the time when the indicator was first measured and now, and outliers should be as interesting as stable patterns – the ugly duckling could be a beautiful swan. Monitoring should assist learning and enable the participants to re-interpret themselves, rather than learning being hostage to strict monitoring. Evidence from the OMC in research policy has shown that multilateral forms of learning are very important elements for a successful learning process at the national level, complementing all the more the bilateral forms of

learning based on the annual monitoring and performance assessment exercises conducted by the Commission. In the OMC research the process of learning has taken place through different thematic-oriented cycles, combined with rich information platforms that provide useful and detailed data about specific national policy instruments in this policy field (PRO INNO and ERA-watch), benchmarks and the development of indicators.

Further reinforcing and improving the instruments for learning in the OMC would require the following: firstly, the widespread institutionalisation of multilateral thematic OMC learning cycles where national policy-makers study specific thematic areas in depth (e.g. how to improve science–industry relations, or how to address problems of homelessness); secondly, the creation of advanced and actualised databases of national policy instruments, with useful and ‘hands-on’ information about individual instruments, as well as how to construct portfolios of instruments in specific mixes to address complex issues; and thirdly, a further development and actualisation of sophisticated and intelligent indicators. Whereas interesting advances have occurred in this regard in several policy areas, indicator methodologies are still in their first stages of development (e.g. indicators for measuring child poverty).

[3] Recalibrate the OMC instruments for convergence

In areas where the OMC can deliver in terms of convergence, the instrumentation should be coherent. Those are areas where solutions can be identified and agreed ex-ante. This is particularly important in the context of the Agenda 2020. National targets should be consistent with the common European targets, as convergence starts at the level of goals. Processes and contents of the national reporting exercises should be tighter. National reporting could perhaps include independent evaluations of some particularly relevant national measures at the core of the respective National Reform Programmes. There is also the issue of co-existence of bilateral monitoring procedures (by the Commission services) and multilateral monitoring procedures (mainly in the Council). It is important that the former does not overshadow the latter, as the political dimension of monitoring is a crucial mechanism for achieving convergence. This means that, without reverting to the unpopular ‘naming and shaming’, new procedural mechanisms must ensure that non-compliers are encouraged vigorously and multilaterally to adopt necessary reforms. A more active

involvement and political responsibility of national Lisbon coordinators would be a first step in this direction.

[4] Address the need for administrative capacity-building at the national level

The so-called new modes of governance are very demanding in terms of administrative capacity. They are not soft at all when considered from this perspective. It is wrong to proceed on the assumption that administrative capacity will be automatically generated to accommodate the modes of governance - atrophy of the 'new' modes is most likely to happen if there is not enough capacity at the domestic level. For this reason, capacity building at the national level is key to the success of open coordination. The OMC could benefit from the gradual institutionalisation of instruments of appraisal and coordination at the national level. Thinking of the smart regulation agenda recently endorsed by the Commission in its October 2010 Communication (European Commission 2010e), tools such as impact assessment, the standard cost model, and ex-post evaluation of regulatory regimes generate capacity for coordination across policy problems. Their diffusion has been uneven up until now, however. Open coordination, regulatory reform, and capacity building are a single ambitious project.

Recommendations about the role of the OMC within European economic governance:

[5] Streamline diverse OMCs for economic policy coordination

One of the clearest lessons of the financial and economic crisis since 2007, and particularly the sovereign debt crises of 2010, is that economic and fiscal policy coordination is fundamental for the economic stability of Europe. There are today several co-existing OMC-related mechanisms of coordination that are only superficially related to each other. This is the case of the Broad Economic and Policy Guidelines implemented through the macro-economic part of the National Reform Programmes of the Lisbon Strategy (art. 121), the Stability and Growth Pact (following art. 126 TFEU), the new Article 136 and its provisions for strengthening the latter in the Euro-zone, and the Eurogroup's de-facto monitoring of the economies. There might be organisational, and variable geometry, reasons to keep these processes separated. However, since issues of competitive-

ness, budgetary discipline and national structural reform are inextricably intertwined, they should be horizontally streamlined, with common and compatible indicators. Convergence instruments should be consistent with each other.

[6] Explore the use of the OMC in the Single Market

The Single Market is a cornerstone of the European integration process, but it is a project that remains incomplete, as evidenced by the 2010 Monti report and the new attempt of the Commission to launch a Single Market Act (European Commission 2010d). Some problems boil down to the lack of proper enforcement and compliance of existing regulatory measures by the Member States. Others have to do with the relatively limited areas covered by the single market project and the expansion of new areas which are central for economic growth. The OMC should be linked to a renewed political thrust in the completion of a single market, not just by means of the substantive areas covered by Europe 2020, but essentially by the fact that national reform programmes' strategies towards competitiveness could include an assessment of Single Market-related regulatory issues that have not been properly enforced at the national level. An example of this is in the area of the information society. Prospects for creating a digital single market regulatory framework should be matched with the information society targets of the Lisbon Strategy. Using the OMC as a complement to hard law offers many possibilities in this particularly important field.

[7] Develop OMC mechanisms to align policy areas within the Agenda 2020

The conclusions of the European Council meeting in June 2010 underlined the need to align the Common Agricultural Policy and Cohesion Policy to the Agenda 2020. The structural nature of both policies, together with their centrality in the EU budget, makes this approach particularly important for ensuring a territorially-balanced development of the goals. That policy alignment will most probably take place at the level of National Reform Programmes, putting emphasis on the regional and rural dimension of structural reforms and growth-oriented initiatives. From this point of view, the OMC can play an important role in the vertical (multi-level) and horizontal (multi-sectoral) dimension in the European economic coordination, not only in the agenda-setting phase by seeking the coher-

ence of targets, but most importantly, in the actual implementation phase, by reporting and monitoring about those policy areas too. This opens up several possibilities to the OMC as such, namely, to benefit from the long-standing tradition of partnership and participation in cohesion policy. Policymakers should explore the feasibility of linking OMC target performance with conditionality of cohesion and agricultural pay-outs.

Recommendations about the governance properties:

[8] Incentives to participation through mobilisation of networks of stakeholders

Stakeholders' involvement and participation in the OMC procedures are important. Yet, this aspect continues to be in deficit in most Member States. It is true that there is an implicit tension embedded in the OMC between the top-down defined common targets on the one hand, and bottom-up participatory ideals of deliberative normative theories of democracy. Part of this tension can be solved in the flexibility of the overall target-setting exercise, by allowing the common European targets to be re-interpreted and re-defined at the national level with national targets that respond to more specific national situations. That flexibility at the national level of goal-setting offers an opportunity for a true involvement of national stakeholders in setting specific national goals. Besides, research has also shown the importance of ownership, as the support and acceptance of the OMC increases with stakeholder participation. All this stresses, once again, the need to foster participation and mobilisation of national networks of stakeholders as a necessary condition for success. Solid networks of stakeholders press for more incisive implementation of OMC measures, raise the awareness of professional communities, and aid institutionalisation of new modes of governance beyond the layers of civil servants involved in Brussels and national capitals.

[9] Build capacity in national stakeholder organisations

The network governance approach of the OMC requires a 'strong' civil society and stakeholder organisations. This is not the case in many Member States, however. The weak organisational and social anchorage of these civil society and social partner organisations explains in part the difficulties and limitations of stakeholder participation in OMC mechanisms. Enhancing the participatory dimension of the OMC mechanisms cannot

only be achieved by strengthening the administrative capacity in Member States (recommendation 4). It also needs an empowerment of the civil society in order to allow it to take an active part in those arrangements. Network governance and the management of networks is not something that can be decided from above, however. The EU cannot empower society by decree. Much of the future depends on how civil society organisations will appropriate, use or neglect the OMC. The EU level can only assist and provide resources/incentives to citizens who are already active locally.

[10] Raise awareness of what is at stake in Europe

The OMC, together with other new modes of governance, has raised expectations of a democratic renewal in European politics. However that renewal cannot be achieved through participation alone. Classic liberal-democratic values of representation, democratic control of bureaucracies and the commitment to integration are equally important. The OMC suffers from trends that are widespread in the political system of the EU and in the Member States.

It is common to argue that the OMC needs a vibrant civil society. We observe that this cannot be reduced to direct participation, since classic liberal-democratic values of representation and commitment to European integration are equally important. The OMC cannot possibly generate a civil society that does not exist. It cannot raise the European commitment of governments torn between the attacks on the Euro-zone¹⁴ and hesitation about moving towards more effective coordination. Indeed this particular OMC deficit is yet another reason to increase the pressure on the governments of the Member States to take credible European commitments. It is reason to rekindle the movement for the key liberal-democratic values that informed the vision of the *Ventotene Manifesto*, written 70 years ago by Ernesto Rossi and Altiero Spinelli¹⁵. We refer particularly to the commitment to integration associated with the rights of citizens against the abuse of economic and political power by their

¹⁴ As the case of the bail-out of Ireland in Autumn 2010 demonstrated, the countries outside the Euro-zone are not immune to the contagion effects of speculative attacks on the Euro.

¹⁵ The manifesto was drafted in July 1941, although it is common to make reference to the 1943 or 1944 versions. All versions can be accessed at: http://www.altierospinelli.org/manifesto/manifesto_en.html.

own governments – an abuse that takes the forms of large public deficits as well as severe limitations of citizens' rights and the progressive narrowing down of the public sphere.

We wish to conclude with what strikes us as a prophetic message of the Manifesto...

The dividing line between progressive and reactionary parties no longer follows the formal line of greater or lesser democracy, or of more or less socialism to be instituted; rather the division falls along the line, very new and substantial, that separates the party members into two groups. The first is made up of those who conceive the essential purpose and goal of struggle as the ancient one, that is, the conquest of national political power – and who, although involuntarily, play into the hands of reactionary forces, letting the incandescent lava of popular passions set in the old moulds, and thus allowing old absurdities to arise once again. The second are those who see the creation of a solid international State as the main purpose; they will direct popular forces toward this goal, and, having won national power, will use it first and foremost as an instrument for achieving international unity.

...which chimes with the apprehension of a Financial Times columnist writing on new forms of economic and political nationalism in Europe:

What has been lost is the sense of mutual interest on which the Union was built. Sharing sovereignty was not so long ago seen as a multiplier of power and influence. Now the Union is treated as a zero-sum game. As they are forced to surrender power to globalisation and a rising Asia, politicians imagine they can somehow reclaim it from Brussels.¹⁶

¹⁶ Phillip Stephens, Europe's Leaders Recoil from Unity, Financial Times, 2 December 2010

Sammanfattning

Den öppna samordningsmetoden är den metod som används i Europeiska unionen för att underlätta frivillig samordning av den nationella politiken. Det sker med hjälp av ett antal åtgärder som exempelvis att definiera gemensamma mål som ska uppnås och nationella reformprogram, regelbunden nationell rapportering och övervakning på EU-nivå av hur utvecklingen framskrider på nationell nivå. Eftersom målen kan revideras är metoden till sin natur cyklisk och den används inom skilda politikområden, ofta i kombination med vanlig EU-lagstiftning.

Den öppna samordningsmetoden är en del av en tydlig trend mot vad som kan kallas proceduralisering av EU-samarbetet. Det syftar på att medlemsländer som inte kan enas om innehåll och fördelning av kompetens mellan institutionerna, väljer ett förfaringssätt som medger en mer flexibel form av samordnat agerande. Metoden är inte det enda nytillskottet i EU-samarbetet – en annan är konsekvensbedömning – men det är definitivt ett nytillskott som har haft betydande effekter. Det beror på att den öppna samordningsmetoden utgör kärnan i EU:s strategi för ökad konkurrenskraft (såväl den nuvarande Europa 2020 liksom den tidigare Lissabonstrategin), är avgörande i frågan om att åstadkomma starkare ekonomisk styrning i EU samt nu också har blivit referenspunkt i arbetet med att definiera medlemsländernas och unionens kompetenser.

Metoden har lett till en polariserad debatt mellan EU-experter. Entusiastiska anhängare menar att den har positiva effekter för såväl politiskt beslutsfattande som demokrati, medan mer pessimistiska bedömare framhåller ansvarsfrågan och anser att metoden har haft endast begränsade effekter på beslutsfattandet.

I den här rapporten hävdas att den öppna samordningsmetoden bör bedömas genom att man skiljer dess olika användningsområden åt. Vi måste förstå och kunna förklara varför metoden fungerar utmärkt i vissa situationer men inte i andra. Och – viktigast av allt – varför den inte får samma effekt i alla medlemsländer och inom alla politikområden.

Mot bakgrund av detta resonemang kan rapporten sägas ha tre syften:

1. Att kartlägga vad vi vet och vad vi inte vet om den öppna samordningsmetoden.
2. Att tydliggöra de villkor som gäller för metodens användning.
3. Att formulera ett antal rekommendationer för förbättring av metoden.

Baserad på en omfattande genomgång av existerande litteratur analyserar rapporten effekterna av den öppna samordningsmetoden inom fyra olika områden: den nationella politiken, politiken på EU-nivå, förändringen av EU-rätten samt europeisk styrning (nätverk och deltagande).

Sammantaget visar vår undersökning på ett blandat utfall. De flesta problemen beror på bristande samband mellan hur metoden används, och de specifika instrument och mekanismer man använder, något som ofta motverkar vad man faktiskt vill uppnå. Den möjlighet som den öppna samordningsmetoden innebär för experiment och innovation, har i praktiken bromsats av sådant som mätbara mål, detaljföreskrifter och en strävan att kontrollera uppifrån. Samtidigt har möjligheten till konvergens och koordination hållits tillbaka på grund av bristande mekanismer för hantering av problem orsakade av avvikelser.

Mot bakgrund av dessa problem, utvecklar vi en begreppsmässig ram för att definiera när och hur olika former av den öppna samordningsmetoden är lämpligast. Det resulterar i följande indelning:

- för att uppnå politisk konvergens,
- för ökad kunskap,
- den öppna samordningen som understödjande metod, och
- ingen användning av den öppna samordningsmetoden över huvud taget.

Vi hävdar att användningsområdena kan definieras med utgångspunkt i de problem som ska lösas och identifierar två betydelsefulla dimensioner:

nivån av osäkerhet när det gäller problemet (hög eller låg osäkerhet – huruvida det står klart vad som behöver göras) och nivån när det gäller effekter av samarbete (hög eller låg - huruvida det finns potentiella fördelar med samordning på EU-nivå). Dessa båda dimensioner ger oss en mall som anger villkoren för olika former av användning av den öppna samordningsmetoden.

På grundval av ovanstående ger vi därför följande **rekommendationer**

Angående verktygen inom den öppna samordningsmetoden:

1. Anpassa användandet av den öppna samordningsmetoden till de problem som ska lösas.
2. Anpassa den öppna samordningsmetodens verktyg för ökad kunskap med hjälp av tematiska inlärningscykler, avancerade databaser över olika nationella politiska instrument och intelligenta indikatorer.
3. Kombinera den öppna samordningen vad gäller konvergens med en sammanhängande mätmetod, tätare nationell rapportering, oberoende utvärderingar av nationella rapporter samt såväl bilateral som multilateral övervakning. Nya mekanismer måste tillkomma som gör det möjligt att utöva påtryckning mot länder som inte vill hörsamma beslut och få dessa att genomföra nödvändiga reformer.
4. Ta hänsyn till behovet av att förstärka den administrativa kapaciteten på nationell nivå, eftersom den öppna samordningsmetoden ställer betydande krav på det området.

Angående den öppna samordningsmetoden som redskap för ekonomisk styrning:

5. Effektivisera olika delar av metoden för samordning av den ekonomiska politiken, eftersom de delarna endast är ytligt besläktade med varandra.
6. Utforska användningen av metoden på den inre marknaden. Nationella reformprogram skulle kunna omfatta en utvärdering av reglerade om-

råden som inte har hanterats rätt på den nationella nivån.

7. Utveckla metoden genom att - med hjälp av nationella reformprogram - anpassa övriga politikområden till strategin Europa 2020.

Angående funktioner för styrning:

8. Öka motiven för deltagande genom mobilisering av nätverk av intressenter. Detta är alltså en bristvara i flertalet medlemsländer.
9. Öka kapaciteten hos de nationella intresseorganisationerna. Också detta är något som fortfarande saknas i många EU-länder.
10. Öka medvetenheten om vad som står på spel i Europa: de nuvarande ekonomiska problemen säger mycket om den verkliga innebörden av vad som utgör ett gemensamt europeiskt intresse. De politiska ledarna ryggar dock för åtaganden som skulle kunna utplåna den oro som ligger bakom eurokrisen.

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Appendix I

A sample of scientific publications about the OMC

By using the social science citation index, we extracted a sample of 52 articles. We divided the sample by: policy area; framework; country; effectiveness; and, whether the articles deal with normative aspects such as accountability and democratic legitimacy. The following tables report the findings. It should be observed that 29 articles do not include any original data, hence the empirical value of this sample is somewhat limited. The vast majority employ qualitative methods either descriptive or narrative (43), with only 3 drawing on qualitative process-tracing, 2 using qualitative – normative methods, only 1 quantitative; 3 articles deploy mixed methods.

Table 1: Policy Area (n = 60 since some articles deal with more than one policy area)

	EES	SPSI	Pensions	R&D	Health	BEPPG	Env.	Other
Frequency	19	15	4	4	2	3	1	12

The social policy components of the OMC (EES and Social inclusion-Pensions-Migrations, second column) have received most of the attention in the literature.

Table 2: Framework

Field	Number of cases
Europeanization	4
Learning/Socialization/Ideas/Discourse	13
Multilevel Governance	5
Political Economy	4
Rational Choice- Principal/Agent	5
Regulatory Governance	4
Deliberative democratic theories	4
Institutionalism (except RCI)	3
Other	5
None	5

Researchers have used a wide range of frameworks, with preference for ideational-discursive approaches over rational choice.

Table 3: Country examined in the sample

Country	Number of cases
Austria	1
Belgium	2
Denmark	1
France	9
Germany	5
Greece	1
Ireland	2
Netherlands	1
Portugal	1
Spain	2
Sweden	3
UK	2

Only 11 studies were concerned with specific Member States. The other 41 were an all-inclusive study of the EU-12/15 or EU-25/27 where the member states were only used as illustrative examples rather than case studies. France, Germany, Sweden are the most studied countries, UK, Spain, Ireland and Belgium following. We did not find in this sample evidence of studies targeting the East European Member States.

SIEPS publications available in English

2010

2010:6

The Creeping Nationalisation of the EU Enlargement Policy

Author: Christophe Hillion

2010:5

A European Perspective on External Balances

Author: Philip R. Lane

2010:4

Immigration Policy for Circular Migration

Author: Per Lundborg

2010:2op

The 2010 Belgian Presidency: Driving in the EU's Back Seat

Authors: Edith Drieskens, Steven Van Hecke and Peter Bursens

2010:1op

The 2010 Spanish EU Presidency: Trying to Innovate Europe in Troubled Times

Author: Ignacio Molina

2010:14epa

Mollifying Everyone, Pleasing No-one. An Assessment of the EU Budget Review

Author: Iain Begg

2010:11epa

Social and Employment Policy in the EU and in the Great Recession

Author: Giuseppe Bertola

2010:10epa

*The Socio-Economic Asymmetries of European Integration
or Why the EU cannot be a “Social Market Economy”*

Author: Fritz W. Scharpf

2010:9epa

Strengthening the Institutional Underpinnings of the Euro

Author: Stefan Gerlach

2010:6epa

The European External Action Service: towards a common diplomacy?

Author: Christophe Hillion

2010:2epa

Rethinking How to Pay for Europe

Author: Iain Begg

2010:1epa

Internal and External EU Climate Objectives and the Future of the EU Budget

Author: Jorge Núñez Ferrer

2009

2009:8

*The Impact of the Euro on International Trade and Investment:
A Survey of Theoretical and Empirical Evidence*

Author: Harry Flam

2009:7

*Aggregate and Regional Business Cycle Synchronisation in the Nordic
Countries*

Authors: Anna Larsson, Nevena Gaco and Henrik Sikström

2009:6

*Trade in Services and in Goods with Low-Wage Countries
– How do Attitudes Differ and How are They Formed?*

Authors: Lars Calmfors, Girts Dimdins, Marie Gustafsson,
Henry Montgomery and Ulrika Stavlöt

2009:5

How to Reform the EU Budget? A Methodological Toolkit

Author: Filipa Figueira

2009:4

Climate Change and Energy Security in Europe:

Policy Integration and its Limits

Authors: Camilla Adelle, Marc Pallemmaerts and Joanna Chiavari

2009:3

Empowering National Courts in EU Law

Authors: Xavier Groussot, Christoffer Wong, Andreas Inghammar and Anette Bruzelius

2009:2

Migration as Foreign Policy?

The External Dimension of EU Action on Migration and Asylum

Author: Andrew Geddes

2009:1

Fiscal Federalism, Subsidiarity and the EU Budget Review

Author: Iain Begg

2009:4op

Which Common Policy for Agriculture and Rural Areas beyond 2013?

Editors: Nadège Chambon och Jonas Eriksson

2009:3op

The Swedish Presidency: European Perspectives

Editors: Fredrik Langdal and Göran von Sydow

2009:2op

The 2009 Czech EU Presidency: Contested Leadership at a Time of Crisis

Authors: David Král, Vladimír Bartovic and Věra Rihácková

2009:1op

Democracy Promotion in a Transatlantic Perspective

Contributions by Maria Leissner, Annika Björkdahl,

Roel von Meijenfeldt,

Tom Melia, Pavol Demeš and Michael Allen

2009:14epa

The Eastern Partnership: Time for an Eastern Policy of the EU?

Author: Anna Michalski

2009:13epa

Out in the Cold? Flexible Integration and the Political Status of Euro-Outsiders

Authors: Daniel Naurin and Rutger Lindahl

2009:12epa

From Zero-Sum to Win-Win?

The Russian Challenge to the EU's Eastern Neighbourhood Policies

Author: Hiski Haukkala

2009:11epa

The CAP and Future Challenges

Authors: Mark Brady, Sören Höjgård, Eva Kaspersson

and Ewa Rabinowicz

2009:10epa

A Legal Analysis of the Global Financial Crisis from an EU Perspective

Author: Sideek Mohamed Seyad

2009:9epa

An EU Strategy for the Baltic Sea Region:

Good Intentions Meet Complex Challenges

Author: Rikard Bengtsson

2009:8epa

What to Expect in the 2009-14 European Parliament:

Return of the Grand Coalition?

Author: Simon Hix

2009:7epa

The 2009 Swedish EU Presidency: The Setting, Priorities and Roles

Authors: Fredrik Langdal and Göran von Sydow

2009:5epa

When Lab Results are not Sufficient: On the Limitations of Science in Tackling Modern Food Regulatory Concerns

Author: Karolina Zurek

2009:2epa

Democracy Promotion in a Transatlantic Perspective: Reflections from an Expert Working Group

Author: Anna Michalski

2009:1epa

Foreign Policy Challenges for the Obama Administration

Author: John K. Glenn

2008

2008:9

Immigrants from the New EU Member States and the Swedish Welfare State

Authors: Christer Gerdes and Eskil Wadensjö

2008:8

The EU as a Global Actor in the South

Authors: Björn Hettne, Fredrik Söderbaum and Patrik Stålgren

2008:6-7

Institutional Competences in the EU External Action: Actors and Boundaries in CFSP and ESDP

Authors: Lisbeth Aggestam, Francesco Anesi, Geoffrey Edwards, Christopher Hill and David Rijks

2008:5

Transforming the European Community's Regulation of Food Safety

Author: Morten P. Broberg

2008:4

Turning the EU Budget into an Instrument to Support the Fight against Climate Change

Authors: Camilla Adelle, Marc Pallemmaerts and David Baldock

2008:3

Can Reforming Own Resources Foster Policy Quality?

Author: Jorge Núñez Ferrer

2008:2

The EU Budget Review:

Mapping the Positions of Member States

Editors: Tamás Szemlér and Jonas Eriksson

2008:1

Common Energy Policy in the EU:

The Moral Hazard of the Security of External Supply

Authors: Chloé Le Coq and Elena Paltseva

2008:3op

The French Presidency of 2008: The Unexpected Agenda

Authors: Christian Lequesne and Olivier Rozenberg

2008:2op

The 2008 Slovenian EU Presidency:

A New Synergy for Europe? A Midterm Report

Authors: Danica Fink-Hafner and Damjan Lajh

2008:1op

The Purse of the European Union:

Setting Priorities for the Future

Contributors: Iain Begg, André Sapir and Jonas Eriksson

2008:14epa

The Swedish 2009 Presidency – Possible Policy Priorities

Authors: Fredrik Langdal and Göran von Sydow

2008:11epa

EU Energy Policy in a Supply-Constrained World

Authors: Jacques de Jong and Coby van der Linde

2008:8epa

The Potential Impact of the Lisbon Treaty on European Union External Trade Policy

Author: Stephen Woolcock

2008:4epa

The Lisbon Treaty and EMU

Author: Sideek Mohamed Seyad

2008:3epa

The Lisbon Treaty and the Area of Criminal Law and Justice

Author: Ester Herlin-Karnell

2008:2epa

A Better Budget for Europe: Economically Efficient, Politically Realistic

Author: Filipa Figueira

2008:1epa

The Future of the Common European Asylum System:

In Need of a More Comprehensive Burden-Sharing Approach

Author: Eiko Thielemann

2007

2007:6

EU for the Patients: Developments, Impacts, Challenges

Author: Dorte Sindbjerg Martinsen

2007:3

Does a Family-Friendly Policy Raise Fertility Levels?

Author: Anders Björklund

2007:2

The Euro – What's in it for me?

An Economic Analysis of the Swedish Euro Referendum 2003

Authors: Lars Jonung and Jonas Vlachos

2007:1

Bargaining Power in the European Council

Author: Jonas Tallberg

2007:1u

New Criminal Law Developments in the Community Legal Order

Author: Hanna Goeters

2007:2op

Why Europe? Possibilities and Limits of European Integration

Authors: Andreas Føllesdal, Andrew Moravcsik, Jo Shaw,
Fredrik Langdal and Göran von Sydow

2007:1op

The 2007 German EU Presidency: A Midterm Report

Authors: Sebastian Kurpas och Henning Riecke

2007:6epa

Flexicurity – An Answer or a Question?

Author: Lars Calmfors

2007:5epa

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