

Policy Learning and its Limits in the Open Method of Co-ordination

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The Achilles Heel of the OMC: Its Impact on the Domestic Level

1. Can national employment and social regimes be influenced at all by transnational organisations?
2. How are external interventions in domestic institutions possible?
3. How did the EES intervene in German labour market reforms?

1. Institutional Change and Policy Learning

The Debate on the OMC

- a) *OMC as learning device*: OMC as soft, deliberative, „post-regulatory regulation“ facilitating learning due to benchmarking, „naming and shaming“, „peer pressure“
- b) *OMC-sceptical view*: OMC as soft law; no sanctions, no „shadow of the law“ => fundamental asymmetry between positive and negative integration (Scharpf) => OMC as „red herring“ (Idema/Keleman)
- c) *OMC as intervention*: Empirical limits and difficulties to attain the common goals; implementation difficulties; „long and vulnerable implementation chain“

a) Neoinstitutional and learning theories

- *Neo-institutional approaches*: Social systems adjust by force, imitation or normative pressure to demands of institutional environment => isomorphism (“a constraining process that forces one unit in a population to resemble other units”)
- *Globalizing impact on nation-states*: “the rise of global models of nationally organized progress and justice“ (Meyer), spread by transnational organisations, professions and social movements, which expose the nation-state to the pressure of global models
- *OMC as learning*: Learning as acquisition of new interests and preferences. „contextual, fuzzy and 'bottom-up' benchmarking, as in the EES is more effective in influencing the operating conditions of policies, especially when combined with measurable indicators and quantitative targets, and efficient monitoring agencies.“ (Hemerijck/Visser)

b) Labour market and welfare regimes as relative closed systems

- „*Institutions* are socially constructed, routine-reproduced (ceteris paribus), program or rule systems. They operate as relative fixtures of constraining environments and are accompanied by taken-for-granted accounts.“ (Jepperson 1991)
 - *Institutional complementarity*: „One set of institutions is complementary to another when its presence raises the returns available from the other“ (Hall/Gingerich 2002)
 - Path dependencies: „historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties“ (Mahoney 2000)
- ⇒ *Punctuated equilibrium* model of institutional change: Distinction between long periods of institutional stasis periodically interrupted by some sort of exogenous shock that opens things up, allowing for more or less radical reorganization (Streeck/Thelen 2005)
- ⇒ Minimal impact of the OMC on the change of domestic employment and welfare reforms

c) Institutional change as gradual process

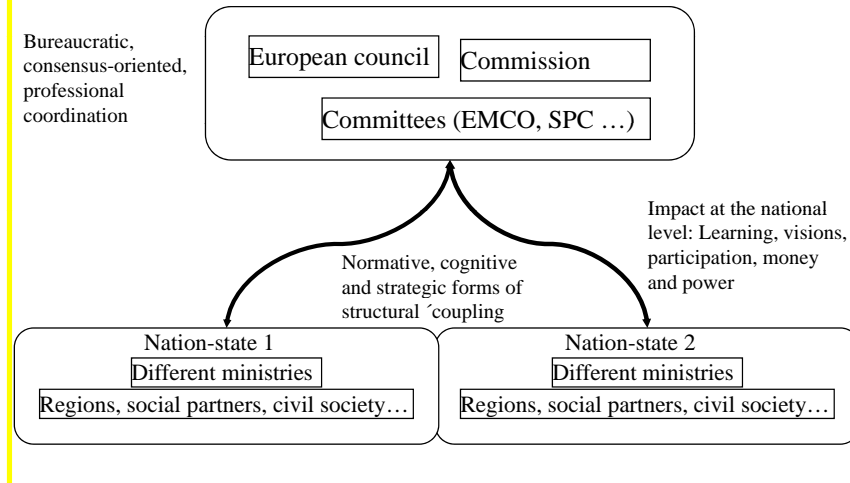
- Change not as a sequence of different equilibria but as a continuous process
 - Institutional orders are not consistent, coherent, consensually-shared, but a provisional compromise between divergent, potentially conflicting interests and perceptions.
 - Institutional regimes are *hybrid connections* of different logics and regulatory principles
 - Institutional change by the mobilisation of the internal heterogeneity of institutional orders and hitherto peripheral or marginal interests, actors and rules
 - Five types of gradual change: Displacement, layering, drift, conversion, exhaustion
 - Institutions as arenas for social action, for bargaining, power and exchange relations
- ⇒ External factors may shape internal distribution of power, of interests and of ideas

Structural coupling between the European and national fields

- How can European policies shape national discourses, identities and policies? => *Structural coupling*: Creation of systematic forms of “irritation” between two relatively autonomous social fields (“Europeanization”)
- **Strategic dimension** (rational calculation of the consequences of action): *Financial incentives*: structural funds, new programmes for employment and social solidarity; *Power*: Enhancement of the Member States’ ownership of the reform processes: “political ownership” at the highest levels (Mr./Ms. Lisbon)
 - **Normative dimension** (logic of appropriateness): No legal obligations; recognition of the limited role of sanctions
 - **Cognitive dimension** (patterns of interpretation and perception): **Mutual learning limited to high-ranking national and European officials; change of policy outlooks and analyses; provision of convincing examples; bureaucratically-administered processes of participation; only limited involvement of national parliaments, social partners, civil society**

Structural coupling between European and national fields

Bureaucratic,
consensus-oriented,
professional
coordination



The influence of the OMC on domestic reform policies.

Empirical results

1. Learning with the OMC (cognitive dimension)
 - “a learning process for a limited community of labour market technicians and experts.” (Casey/Gold)
 - „limited evidence of direct policy transfer” (Zeitlin)
 - But: reframing of national discourses
 2. Financial incentives and participation (strategic dimension)
 - European Social Fund: Impact not clear
 - Strengthening of hitherto marginal perspectives and actors by required involvement of regions, communes, social partners, NGOs integrate multiple perspectives: Mainly in the field of social inclusion
 3. The OMC as a challenge for existing administrative procedures and rules (normative dimension)
 - New policies require new forms of administration and policy making
 - The OMC „have stimulated improvements in horizontal or cross-sectoral integration across formally separated but practically interdependent policy fields.” (Zeitlin 2005: 457)
 - Better interministerial coordination
- => The OMC have initiated processes of domestic institutional change in the cognitive, strategic and normative dimension

2. An Example for the Possibilities and Limits of Learning within the EES: The German Hartz Reforms

Hartz I (effective 1 January 2003)

Cluster 1 (Placement) - *Personal-Service-Agentur* (temporary work agency)
- Training voucher

Cluster 2 (Benefits) - Tighter definitions of suitable work
- More flexible sanction regime

Hartz II (effective 1 January 2003)

Cluster 3 (Activation) - Tax/Benefit incentives through *Mini-Jobs*
- Self-employment *Ich-AG* ('Me plc')

Hartz III (effective 1 January 2004)

Cluster 1 (Placement) - Internal organisational reform of the German PES

Hartz IV (effective 1 January 2005)

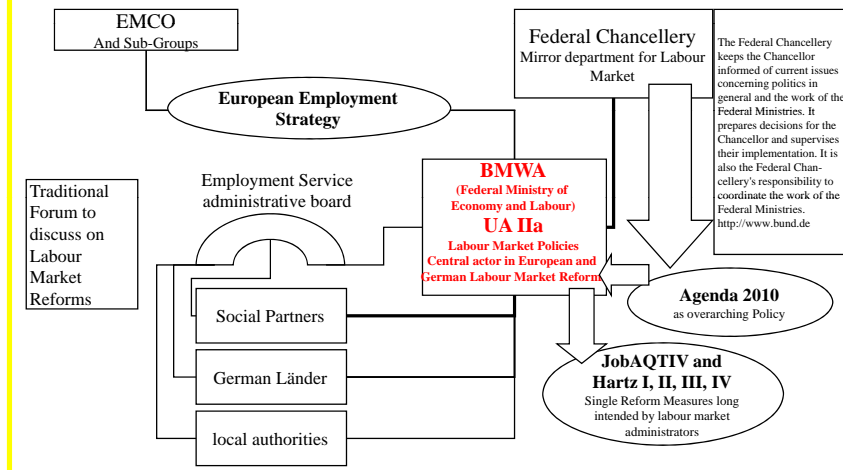
Cluster 2 (Benefits) - Reform of unemployment benefit and social assistance system

Quelle: Kemmerling, Achim and Oliver Bruttel. New Politics in German Labour Market Policy? WZB discussion paper, February 2005, S. 3

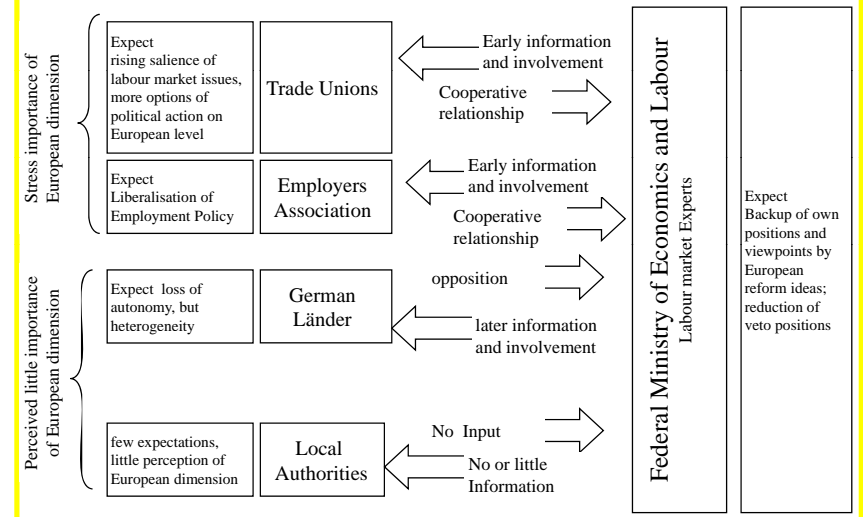
Normative dimension: The co-ordination of the German NAP/employment until 2004

- Employment policy is still coordinated within the confines of the domestically evolved field of labour-market policy
 - Labour-market instead of employment policy (education, family ...)
 - Stability of former patterns of communication (FMEL, BA, social partners, Länder ...)
 - Coordination within the epistemic community of labour market experts
 - Consultation with actors from outside the field remains an exception.
 - Three core associations of municipalities unable to provide the organizational capacities for a stronger participation
 - Reduction of veto positions (with the exception of social partners); no involvement of a wider circle of actors in a broader employment strategy; lower involvement of municipalities and regions
- 2005 NRP: Domestic coordination only at the governmental level, no involvement of NGOs and social partners (better again in 2006. But: NRP as a strategic, i.e. a governmental document)

Europeanization of visions and monopolization of national decision making (until 2004)



The Europeanization of German Corporatism



Cognitive Dimension: Reorientation of the Labour Market Policy

- JobAQTIV law 2001 (activation, qualification, training, investment and placement)
 - Reorientation of passive labour-market policy to a preventive and enabling policy: Better guidance on career choices for jobseekers and development of individual strategies for job placement
 - Used in interviews to demonstrate the influence of the EES in Germany
- “Laws for modern services in the labour market” (Hartz-laws 2003-2005)
 - Especially Hartz I and II: continuation of the JobAQTIV law.
 - Hartz III – organizational reform of the German Employment Agency
 - Hartz IV (2005) – The Key Reform of the unemployment benefit system: Direct reference to EES in the summary of the law

“The necessity to develop better advisory services for young job seekers - the official-customer ratio which now is codified in the SGB II 1:75 - this is, for example, also a development which became clear in the employment policy thanks to the EU.” (Department head labour market policy, FMEL)

New Frame of Reference for Domestic Discourse

- Mainly cognitive changes as the result of the EES: Reorientation from passive to active labour market policies
 - Intensified advisory services for jobseekers and
 - Individual strategies for job placement
 - Means tested long term unemployment benefits (ALG II)
 - Increased responsibility of job seekers
- But: The EES was not able to affect independently domestic institutions
- The labour-market department of the FMEL as the dominant actor
 - Responsibility for the coordination of the NAP. Contact for the social partners and other actors
 - Represented in the relevant European committees of the EES
 - Involvement in all labour-market reforms: Guidelines also a means for strengthening its own position within the domestic discourse
- EES was used to influence the course of ongoing reform debates: EES relies on a responsive domestic arena where it can be taken up by “agents of change” and actively used as a supportive argument. It is used as an argument for legitimising and supporting the intended reforms

An example for the limitations of labour market (instead of employment) reforms

- Guidelines on lifelong learning and education
 - The demand to actively seek a job is closely linked with the requirement to train young people
 - Prevention of early school leaving
 - ⇒ Education as a field of distributed (or fragmented) national competences at the national and regional level
- Job rotation (paid off time for further education, replacement by long-term unemployed)
 - ⇒ Competence of the social partners
- Gender equality in employment
 - Requires better child-care (role model: Sweden)
 - ⇒ Distributed responsibilities between the national, the regional and the municipal levels
- National labour market reforms react to national perceptions of problems, discourses and power relations. Change is legitimated by reference to the EES

Conclusion: The impact of the EES on German labour market reforms

- Greatest success
 - Rethinking from “passive” to “active” labour-market policy
 - Fundamental reform of the benefit system: “From Bismarck to Beveridge”
- Limitations
 - No coherent, inclusive employment policy.
 - The EES has been recognized and incorporated predominantly within the current field of labour market policy.
 - Reforms remained limited to the field of labour-market policy. Educational, family and fiscal policies were not included.
 - Complementary, supportive policies are becoming more important (e.g. childcare, family income tax, later retirement)
 - Best-Practice-Concepts
 - “taking the pick of the bunch” failed
 - Did not take complementary institutions into account

Germany - Comparing the Impact of EES and OMC/Incl.

Dimension	EES	OMC/Inclusion
<i>cognitive effects</i>	<i>strong</i> questioning existing mindsets and classical approach by all actors; Introducing new concepts - gender mainstreaming - entitlements and obligations for jobseekers - obligation to enhance employability of the PES - lifelong learning	<i>medium to low</i> - introduction of the concept of social inclusion at the non-state level - development of a European comparison framework by the NGOs - individual experiences within the government, no connection to national discussions at state level
<i>effects on the domestic approach/ set of instruments</i>	<i>strong with many failures of implementation</i> adopting individual solutions perceived as best practice from other Member States to match new goals	no need for reform seen by the government
<i>effects on governance</i>	<i>medium</i> - Strengthening inter-ministerial cooperation, - Strengthening evaluation and steering capacity of the ministry - empowering pro-reform coalition	<i>low to none</i> - stronger cooperation between NGOs - self-assessment of the government: there are enough cooperation within the government and between the state and the non-state sector

3. How to Improve Mutual Learning. Initiatives During the German Presidency

The former Peer Review Programme and its Limitations

- Launched in 1999 by the Commission
- Main objective: Encouragement of mutual learning, enhanced transferability of successful policies, involvement of stakeholders
- Participants: Representatives from national ministries, researchers, officials from COM, until 2005: 8-10 seminars.
- KOK (2003): „the number of good practices reviewed each year is limited and conclusions are not widely debated. More needs to be done by the EU and national authorities to support the exchange of information between all stakeholders concerned.”

Constraints to Transferability

- Institutional constraints:
 - Country's legal, industrial relations, political, social security or tax systems might require overhaul if a particular programme were to be transferred
 - Lack of the supporting infrastructure (e.g. information and resource centres for young people in the French case)
 - Attitudinal constraints (e.g. social responsibility of enterprises)
 - Administrative and financial constraints
 - e.g. British lifelong learning Program required a common ministry covering both employment and education and training
 - e.g. no history of in-house training or of apprenticeships in Spain
- => High level of inertia. Little or no diffusion occurred => peer review as a learning process for a limited community of labour market technicians and experts

Source: Casey/Gold, 2005: Peer review of labour market programmes in the EU. Journal of European Public Policy.

Luxemburg Presidency 2005 Indicators and Benchmarks:

... saw few signs, that mutual learning is being actively pursued in a systematic way.

Conclusion: context-based approach necessary.

The broader institutional policy structure or intervention in which it is set may be critical to understand why it is effective.

Developed ideas/proposals how to improve work with indicators to improve mutual learning:

“Good (and bad) practices in terms of processes should be more systematically identified, especially in areas of social policy monitoring and statistical capacity building.”

(245f. in: “Taking Forward the EU Social Inclusion process”,...

EMCO: 2006 First Evaluation of Mutual Learning Program (MLP):

- Peer Reviews (PR) as core element and well regarded,
- Thematic Seminars (TS) less well regarded, proposals how to improve TS (more focused, wider groups)
- Follow-up: still weak point, needs to be improved
- Proposed as next step: concentrate on „learning“ itself

Stocktaking of MLP: note from the contractors consortium (ÖSB/IES/BICEPS)

18 Month Program Trio-Presidency

- The three Presidencies are convinced that there is a need, in general, to improve the process of learning from each other within the framework of the employment strategy and the OMC.
- These instruments have not been sufficiently exploited so far and their efficiency should be improved. The new streamlined procedure should be used to avoid a bureaucratization of the process and facilitate the interlink between experts and practitioners. The involvement & information of social partners and civil society will also need to be improved.

German Presidency:

More coherence between economic, employment and social policies

- Stronger, more binding goals
- Improve the ML within OMC
- Special role of social partners in the context of employment and social policies

1. Context of a Political Measure Needs to be Taken Better into Account - Proposals

- Direct policy transfer neither possible nor useful.
- To better understand good examples, they should be placed in overall political context (macroeconomic policy mix, tax policy etc).
- Tools: analytical framework, with help of core indicators relying to overall context, experts to explain/assess specific national context.

(Informal Meeting of SPC: 22./23. Mai 2007 in Erfurt: Ways how to improve ML between MS)

2. More Process Oriented Presentations of Good Practice is Needed - Proposals

- To enlarge learning area for all actors, focus should not be given mainly on outcomes but integrate whole process of implementation of measure and narrate successful and less successful policies.
- Learn about conditions how certain solutions were developed, exchange of experiences on obstacles, problems and compromises which led to certain outcomes.

(Informal Meeting of SPC: 22./23. Mai 2007 in Erfurt: Ways how to improve ML between MS)

3. Role of the Different Players in OMC has to be Reassessed - Proposals

- More national „ownership“ and visibility. Achieved through concrete definition of national objective and stronger problem oriented reporting.
- Follow up process on European seminars, embedding results in national policy-making debate.
- Role COM: more focussed on analysing and feed back. Stronger COM-input in analytical framework and context analysis when proposing seminar groups. Strengthen participation of SP/scientists, NP.

(Informal Meeting of SPC: 22./23. Mai 2007 in Erfurt: Ways how to improve ML between MS)

4. Implementation Structures on National Level - Proposals

- Develop National „learning networks“, generating greater sense of ownership at national level and promote action-oriented learning cycle within national ministries.
- Exchange experiences in how to create implementing structures in MS – Questions of incentives to learn
- Exchange of civil servants on this issue

(Informal Meeting of SPC: 22./23. Mai 2007 in Erfurt: Ways how to improve ML between MS)

5. Linkage with PROGRESS has to be ensured

- PROGRESS: support exchanges on policies and processes, good practice and innovative approaches, promote ML.
- Closely link the design of annual PROGRESS-work programme with work of SPC to ensure consistency and complementarities between work programme SPC and PROGRESS programme

(Informal Meeting of SPC: 22./23. Mai 2007 in Erfurt: Ways how to improve ML between MS)

Answers: To improve mutual learning, would you consider it useful to have a more context- and process-oriented presentation of good examples?

- Support of principle that ML would be enhanced by more context- and process-oriented approach – more in-depth analysis and evaluation of good practice
- Context information – identifying casual connections between policy and outcomes
- Describing agreement and implementation process – background information on organization of policy-making process

- PR evaluated very positively, but in-depth examinations at PR should be re-evaluated within SPC
- Advantage of smaller seminars with cluster of interested MS & focus on particular policy areas
- Greater role in initiating and choosing themes for discussion/ room for ad-hoc seminars related to current issues of national reform agenda instead of just following SPC work programme
- MS information on obstacles and policies that do not work is as useful as „good practices“

Proposals to SPC

- Description how results were achieved in cooperation with all actors could include an outline of the conflicts, mistakes and obstacles encountered
- Elaboration of commonly agreed structure (questionnaire) for written presentation (including questions on context and process) should be next step
- SPC will be consulted prior to adaption work programme PROGRESS
- SPC hold in-depth examination of MS strategies with thematic focus (i.e. fight against child poverty)
- Greater role of SPC in choosing policy priorities and for MS follow-up
- Stronger analytical framework focus more on in-depth analysis of complex connections & explanations of good/bad results & incorporation of policy debates should be promoted

- Debate in SPC on main findings in PR (drafted by host MS in close cooperation with other participants and COM), also with experts invited
- Annual review of PR – possibly via evaluation of how useful participants found each PR
- **Proposals to SPC: political discussion on main results PR, main conclusions of PR and lessons learned about transferability of measures will be summarized by contractor in annual results report**

Answers: Better link learning on EU level to national level

- Exchange of good practice on OMC implementation structures: considered useful by MS (national application of knowledge, national coordination process, institutional arrangements could be used to enhance national structures on learning.
- Dissemination of outcomes is essential
- Participation of more stakeholders seen as way to improve „ownership“, while some MS want more involvement & greater transparency and visibility, others do not support stronger involvement of more stakeholders at this time.
- Support: idea to exchange personnel under PROGRESS

Proposals to SPC:

- **OMC needs more & better structured „learning networks“.** Monitoring & evaluation arrangements of policy implementation of MS systematically addressed in experts' documents prepared for PR
- **Exchange of personnel under PROGRESS will be tested**

„Learning Networks“: i.e. more coordination between EMCO, SPC, EPC EU-level & national.)

Report EMCO/SPC „Active Ageing“ good example of joint work – presents policies 27 MS

Conclusions: The Improvement of Mutual Learning

1. More focused work within EMCO/SPC, stronger analytical framework
2. Context-based presentations/debates including outline of conflicts, obstacles (questionnaire for written presentation includes questions on context and process)
3. Creation of EU & National “learning networks” and exchange of 27 MS on “how MS/ministries learn”.
4. A better structured follow up of the results, political debates in EMCO/SPC on results

4. General Conclusion

- Contribution of the OMC to the transformation of national welfare and employment regimes
1. Strengthening of new policies within national discourse arenas: flexicurity, active ageing, employability, active labour market policies and gender mainstreaming
 2. Strengthening of „new“ interests, actors and organizations: Mainly in the field of social inclusion
 3. Transformation of organizational rules: New patterns of administration and policy-making
 4. More analytical reflection and evaluation of national policies
- ⇒ Contribution to the modernisation of the institutionally strongly embedded European market economies