



Department of Political and Social Sciences

**To Prevent a Shift of Competences?
Developing the Open Method of
Coordination: Education, Research and
Development, Social Inclusion and e-Europe**

Rik de Ruiter

Thesis submitted for assessment with a view to obtaining
the degree of Doctor of Political and Social Sciences of the
European University Institute

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Abstract

This thesis addresses the questions of why national governments choose the OMC and, especially, which factors explain the degree of development of its infrastructure (i.e. the presence of guidelines, indicators, benchmarks, National Action Plans, and peer review). The positive correlation between the development of the infrastructure of an OMC on an issue, and the saliency of this issue in the eyes of the public is taken as a starting point for answering these questions. It is claimed that national governments opt for an OMC with a highly developed infrastructure when they have an incentive to act on an issue on the European level, and at the same time fear a shift of competences because of the saliency of this issue. This conflict is reinforced when the particular issue forms part of the electoral profile of a political party in government and there is public support for more EU involvement with regard to this issue. The stronger the reluctance of member states to act on the European level, the more member states see a necessity to erect a barrier against a shift of competences, and the more the infrastructure of the OMC will be developed in order to prevent a shift to a less intergovernmental governance mode. In this way, the degree of development of the OMC is expected to be positively linked with the capacity of the OMC to function as a barrier against a shift of competences. For assessing these claims, four policy fields on which the Lisbon Council decided to adopt an OMC are selected: education, research and development, social inclusion, and the e-Europe initiative.

List of abbreviations

BEPG	Broad Economic Policy Guidelines
CEC	Commission of the European Communities
CDA	Christen Democratisch Appèl
CREST	Comité de la Recherche Scientifique et Technique (Scientific and Technical Research Committee)
CSU	Christlich-Soziale Union in Bayern
DG	Directorate General
EAPN	European Anti-Poverty Network
ECJ	European Court of Justice
EcoFin	Economic and Financial Affairs Council
EES	European Employment Strategy
EMU	European Monetary Union
EP	European Parliament
EPP	European People's Party
ERA	European Research Area
ETUC	European Trade Union Confederation
EU	European Union
FP	Framework Programme
GDP	Gross Domestic Product
GIP	Global Inventory Project
Greens/EFA	The Greens - European Free Alliance
ICT	Information and Communications Technology
IGC	Inter-Governmental Conference
ISDN	Integrated Services Digital Network
LPF	Lijst Pim Fortuyn
MEP	Member of European Parliament
MRG	Manifesto Research Group
MP	Member of Parliament
NAP	National Action Plan
NASDAQ	National Association of Securities Dealers Automated Quotations
NGO	Non-governmental Organisation
NRP	National Reform Programme
NSR	National Strategy Report
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Coordination
PES	Party of the European Socialists
PISA	Programme for International Student Assessment
PS	Parti Socialiste
R&D	Research and Development
SME	Small and medium-sized enterprises
SPC	Social Protection Committee
SPD	Sozialdemokratische Partei Deutschlands
SEA	Single European Act
TEU	Treaty of European Union
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICE	Union of Industrial and Employers' Confederations of Europe
VVD	Volkspartij voor Vrijheid en Democratie

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Chapter 1

Introduction

Since the use of benchmarking models in the OECD context, and the Open Method of Coordination (OMC) on the EU level, scholars are increasingly interested in studying policy instruments based on the multilateral surveillance of national policies (Schäfer 2006b; Jachtenfuchs and Kohler-Koch 2004: 101; Kohler-Koch and Rittberger 2006). This thesis will focus on the OMC, one of the most prominent multilateral surveillance tools in use in the EU.

The potential advantages and disadvantages of the method have been widely discussed in the literature on the OMC (see for reviews of this debate Trubek and Trubek 2005; Zeitlin 2005a: 22-23), but other points have been addressed to a much lesser extent. Examples of such points are (i) the specific political circumstances under which the method was adopted, (ii) the ideological background of the proponents of the OMC, and (iii) the strategic function of the OMC in the multi-level EU structure. Very little attention has been paid to these questions across policy fields (Goetschy 1999; Gornitzka 2005; Schäfer 2004, 2006a).

By concentrating on the latter three points, this research aims to address a gap in the literature. Schäfer states that the largest part of the literature on the OMC focuses on the policy impact, instead of on the politics of choosing policy instruments (Schäfer 2004: 2). In order to take this into account, this research is centered on the following question:

Why do national governments choose to develop the infrastructure of an OMC on a policy field?

This research also aims at providing policymakers with an insight into the question of which policy field is most suitable for adopting an OMC with the potential to foster mutual learning. It is claimed in this thesis that this potential is dependent on the degree of development of the infrastructure of an OMC.

Before reviewing the literature that touches upon the research question, and introducing the hypothesis I aim to assess in this thesis, some background information on the OMC will be given.

1.1 Background information on the OMC

The OMC can be defined as a form of transnationalising target-setting between national governments of the member states of the European Union, with the ultimate aim of starting a learning process between national governments about how to respond with national policies to universal political and social challenges (Chalmers and Lodge 2003: 17). At Lisbon, the national governments of the member states of the EU decided to apply the OMC to a range of policy fields.¹ Each of these were supposed to contribute to the goals of economic competitiveness and social cohesion. Although often seen as the birth of the OMC, the Lisbon Council summit of 2000 did no more than label an already existing practice. The Lisbon strategy was strongly inspired on the Luxembourg process - designed in 1997 to establish the European Employment Strategy (EES) - which already contained the four elements of the 'OMC-lite', i.e. the OMC template that was codified in Lisbon (see box 1.1). The Luxembourg process had roots that went further back in time. It attempted to transpose the techniques that characterised the primary project of the 1990s, i.e. Economic and Monetary Union (EMU) to the framework of employment policy (Dehousse 2002: 4).

1. Fixing guidelines for the Union, combined with specific timetables for achieving the goals which they set in the short, medium and long term;
2. Establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different member states and sectors as a means of comparing best practices;
3. Translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
4. Periodic monitoring, evaluation and peer review organised as mutual learning processes.

Box 1.1: The infrastructure of the Open Method of Co-ordination (European Council 2000).

National governments in the European Council play the central role in the OMC.² They approve the guidelines and indicators by qualified majority (element 1 and 2 in box 1.1) according to which the different national policies are scored, and formulate National Action

¹ The e-Europe initiative, research and development (R&D), company policy, education, social inclusion, pensions, health care.

² I refer in this paragraph to the OMC functioning in the context of the European Employment Strategy. As we will see below, there are considerable variations across policy fields with regard to the infrastructure of OMCs.

Plans (NAPs) (element 3 and 4³) in which it is specified how they plan to improve their policies. According to the architects of the OMC, the drafting process of these plans should be preceded by the mobilization of a broad range of actors in order to guarantee the input legitimacy of the OMC. The more technical work of translating guidelines into indicators and ranking the member states from best performing to worst performing is done by the European Commission. Experts play an important role in the OMC. Not only do they identify the factors that cause a national policy to perform best, they also review the National Action Plans of the member states (element 4 in box 1.1.). When the above specified elements are in place, the infrastructure of an OMC is expected to facilitate mutual learning, which can give national governments insight into how - taking into consideration their national context - they can best respond with their national policies to political and social challenges.

1.2 The literature on the OMC

In an article on the significance of 'new governance', Eberlein and Kerwer make a distinction in the literature on the OMC between three lines of inquiry (Eberlein and Kerwer 2004). Although only two of these lines of inquiry are relevant for this research, the distinction of Eberlein and Kerwer helps to categorise the literature that is useful for answering the question of why national governments choose to develop the infrastructure of an OMC on a policy field. The relevant lines of inquiry are the strategic and programmatic role of new modes of governance, and the empirical evaluation of the implications of the OMC. The literature discussed under these headings will be used as the basis for formulating hypotheses on the choice to develop the infrastructure of the OMC. These hypotheses will be discussed in chapter 2 and will lead to the formulation of a more complex hypothesis that takes into account both the problem-solving potential of the OMC and the role of OMCs in two-level games involving the domestic and European arena.

Eberlein and Kerwer also examine a third line of inquiry, namely theorising EU governance. This more normative strand of inquiry focuses on how the OMC can be seen from a non-aggregative notion of democracy. In these theories of democracy, political decisions are reached through a deliberative process in which participants scrutinise heterogeneous interests and justify their position in view of the common good. In all non-aggregative accounts of the OMC, the mutual learning process is seen as the phase of the

³ Note that the drawing up of a NAP is considered in this research to fall under element 3, while the review of the NAP by the Commission and experts is considered to fall under element 4.

OMC in which deliberation between different levels of governance can/should take place (De La Porte and Nanz 2004; Eberlein and Kerwer 2004: 133; Friedrich 2006; Smismans 2004). This third line of inquiry will be left aside in this research.

The strategic and programmatic role of new modes of governance

The first line of inquiry seeks to assess the importance of new modes of governance on the basis of the strategic and programmatic role they play in the repertoire of actors (Eberlein and Kerwer 2004: 124). An early example of this line of inquiry can be found in the literature on the White Paper on Governance (European Commission 2001b). According to various scholars, the initial rejection of the OMC and the proposal for a reinvigorated Community Method in the White Paper on Governance was motivated by the wish of the Commission to regain lost ground vis-à-vis other institutional actors (Heritier 2001; Scharpf 2001; Wincott 2001). A second example of this line of inquiry is the view of the OMC as part of a strategy of member states to prevent institutional and policy reforms from transforming their own position in ways that are unanticipated and/or undesired (Chalmers and Lodge 2003: 17).⁴ Scholars have linked this strategic role of the OMC with the question of why the OMC was chosen in the first place. Gornitzka, for example, states that the OMC is backed up by a ‘winning coalition’ whose interests are served by the introduction of such a method (Gornitzka 2005: 14). According to Schäfer, this winning coalition consists mainly of social democratic government actors (Schäfer 2004).

The claim that the OMC can be seen as part of a strategy to prevent gaps in control from emerging is not the only answer to the question of why member states make the choice for the OMC and decide to develop its infrastructure. A second answer relates to a trend in the member states of the European Union towards welfare policies that attempt to integrate efficiency and redistribution (Becker 2000; Torfing 1999; Wincott 2003). These ‘active’ welfare policies aim at decreasing welfare dependency and getting people back to work. Because of the occurrence of this trend in almost all the member states of the European Union, it is reasoned that social policy initiatives on the European level will be influenced by it. In this reasoning the OMC is viewed as the only instrument through which social policy issues can gain legitimate presence at the EU level - because of the non-binding character of

⁴ This perspective on the OMC can be related to notions in the work of Pierson (Pierson 1996) and Knight. In the theory of bargaining and distribution of Knight, social actors produce social institutions in the process of seeking distributional advantage in the conflict over substantive benefits (Knight 1992, 1995). Below I will elaborate on how the article of Pierson relates to my research.

the OMC - and, hence, through which the 'active' welfare trend can be transferred to the European level (Wincott 2003).

A third answer departs from the notion - more explicitly than the previous one - that the OMC is able to accommodate diversity and can solve problems that cannot be solved by an exclusive focus on the national level. Scharpf states that by using the OMC on the European level, member states are able to respond to the specific problems with solutions that are compatible with their policy legacies and that can be implemented within their existing institutional framework (Scharpf 2001: 17). In more concrete terms this means that the choice for the OMC by national governments is related to the capacity of the OMC to generate solutions that are less vulnerable to the legal and economic challenges of EMU, while still maintaining the legitimate diversity of existing welfare state institutions at the national level (Gornitzka 2005: 14-15; Pochet 2005: 52; Scharpf 2002: 653). Scharpf does not consider the OMC able to generate these solutions autonomously, and sees more potential in combining the OMC with other policy instruments, such as differentiated framework directives and closer cooperation (Scharpf 2002: 666; Trubek and Trubek 2005). Others have indicated that the political capacity and policy effectiveness of a new mode of governance such as the OMC is dependent on the particular type of problem that is dealt with. Redistributive and institutionally deeply entrenched problems are less likely to be solved by soft modes of policy-making, while distributive, coordinative, network good problems, and high complex/uncertain issues are more amenable to treatment by new modes of governance (Heritier 2003: 124).

A fourth answer to the question of why the OMC is chosen has its roots in diffusion theory. Concepts such as policy transfer⁵ and isomorphic⁶ change are developed to indicate that imitating the perceived most successful model is an important explanation for why institutions emerge (Radaelli 2000). It is argued that the choice for the OMC is also a form of imitation and that similar benchmarking models were used by the OECD for the same strategic and programmatic reasons that led to the adoption of the OMC in the EU context (Gornitzka 2005; Knill and Lenschow 2005: 589; Wallace 2001). Another diffusion phenomenon that is identified in the literature on the OMC consists of the link between the

⁵ A process in which knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting (Radaelli 2000).

⁶ The tendency to become alike.

codification of the OMC at the Lisbon summit and earlier coordination practices within the EU context, i.e. EMU and the EES (De La Porte and Pochet 2002: 34, 38-39; Regent 2003).⁷

Empirical evaluation of the implications of the OMC

The second strand of inquiry Eberlein and Kerwer identify seeks to empirically evaluate the OMC with regard to the impact of the method on national political systems.⁸ Eberlein and Kerwer consider the EU experience with the new modes of governance too short-lived to draw clear-cut and definite conclusions (Eberlein and Kerwer 2004: 126). Moreover, the OMC has to be understood as a frame for national policies instead of as a European policy with a direct influence on national policies. This makes it difficult to assess the causal impact of the OMC on national policies. Zeitlin adds to this list of difficulties the variety of distinct processes subsumed under the OMC rubric and the horizontal (i.e. multiple policy dimensions) and vertical (i.e. EU, national, subnational) complexity of OMC processes (Zeitlin 2005a: 26).

I am aware of these limits and will therefore - as far as it is relevant for this research - adopt a modest perspective on the possible impact of the OMC. The OMC will be viewed in this thesis as a frame for national policies with an indirect effect on certain phases of the national policy cycle, through which tensions between actors within the multi-level EU structure can arise (Jacobsson 2005: 133; Lopez-Santana 2006). Because this research touches only marginally upon the impact of the OMC and adopts a modest perspective on its possible impact, the above listed difficulties for assessing the impact of the OMC on national political systems are circumvented.

1.3 The puzzle

Two observations related with the OMC form the point of departure of this research. First, national governments perform a leading role with regard to the choice and development of the OMC. A striking fact to take into account in this context is that at the time of the codification

⁷ A third diffusion phenomenon that can be identified in the literature relates to the question of how best practices are spread through the OMC (Armstrong 2006: 85; Bulmer and Padgett 2004). This part of the OMC-literature looks at the policy impact of the OMC, and does not touch upon the question of the choice for the OMC and the development of its infrastructure. This is the reason why this diffusion phenomenon is not discussed here.

⁸ An example of a publication that tries to evaluate the policy impact of the OMC is 'The Open Method of Coordination in Action: The Employment and Social Inclusion Strategies' (Zeitlin et al. 2005).

of the OMC, social democratic parties participated in 13 out of 15 national governments in the Council (Manow et al. 2004).

Second, there are considerable differences between OMCs with regard to the degree of development of their infrastructure (Chalmers and Lodge 2003; De La Porte 2002). As will become clear from chapter 2, the degree of development of the infrastructure of the OMC on the one hand, and the degree of saliency of the issue to which the OMC is applied on the other, are positively correlated. In other words, the infrastructure of an OMC is more developed on issues that are highly salient in the domestic arena. Strikingly, around 2000 the expectation was expressed that the degree of development of the infrastructure of the OMC and the saliency of an issue would become negatively correlated. Portuguese Prime Minister António Guterres stated in the run-up to the Lisbon Council that he would recommend a system of benchmarking for some policy fields. This was to have ‘a limited number of indicators so that comparisons may be made, emulation sparked off, and positions taken compared to the outside’. On more politically sensitive policy fields, Guterres said he would propose to the Lisbon Council - in view of the principle of subsidiarity - even ‘more flexible coordination’ or a simpler exchange of information and good practices (Agence Europe 7630, 10/01/2000). In contrast with the words of Guterres, the infrastructure of an OMC developed in practice to a higher degree on policy fields within which the principle of subsidiarity had to be respected. This counterintuitive finding plays an important role in the puzzle of this research. These points lead to the formulation of the following puzzle:

Why do national governments choose to develop the infrastructure of the OMC on policy fields that are highly salient on the national level, often considered by the electorate as closely bound up with the electoral profile of social democratic parties, and are part of the core competences of the member states?

1.4 Explaining the choice to develop the infrastructure of an OMC

This research falls primarily under the first line of inquiry identified by Eberlein and Kerwer (i.e. the strategic and programmatic role of new modes of governance) and takes actors as the unit of analysis. According to Pierson, actors can be in a strong initial position - like member states in the EU - may seek to maximize their interests, and nevertheless carry out institutional and policy reforms that fundamentally transform their own position in ways that are unexpected and/or undesired (Pierson 1996). In my view, the OMC is part of a strategy of

national governments to prevent their position from being transformed in such a way on issues that are salient in the domestic arena.

I claim that national governments only choose to develop the infrastructure of the OMC when, on the one hand, they have an incentive to act on an issue on the European level, and at the same time national governments have a strong wish to avoid unexpected consequences of decisions taken outside of their scope of control. The presence of this conflict is the reason why the national governments in the Council came up with a middle path in EU governance (i.e. the OMC) that keeps national policies national, but allows for some EU activity. The more the infrastructure of the OMC is developed, the more institutionalised this policy tool is, and the more difficult a shift is to a governance mode with a higher risk on a shift of competences. Hence, it is expected that on issues on which the Council mandated the adoption of the OMC, the infrastructure of the OMC will be more developed for those issues that are considered by the public as highly salient. On these issues politicians *can* have an incentive to act, but will *always* have a strong preference for creating a barrier that can prevent a shift of competences from the national to the European level. This leads to the following hypothesis:

The greater the saliency of an issue in the eyes of the public on the national level, the more likely it is that national governments who have an incentive to act on this issue on the European level (and of which political parties in government may be the issue owner) will clash with national governments reluctant to act. The presence of this conflict on a policy field is a condition for the infrastructure of an OMC to develop.

In the overview of the literature, a number of explanations for the choice for the OMC were identified: i) copying the perceived most successful model from a different policy field or a different international organization; ii) the capacity of the OMC to deal with the growing pressure for European solutions under conditions of politically salient diversity (Scharpf 2001) and, iii) a ‘winning coalition’ that views the OMC as the most appropriate instrument through which sensitive issues can gain legitimate presence at the EU level (Gornitzka 2005; Schafer 2004; Wincott 2001). These explanations lie at the basis of some of the alternative hypotheses that will be identified in chapter 2. The second and the third explanation provided the basis for formulating the hypothesis above and correspond with two strands in the literature on European integration, i.e. traditional functionalism and liberal

intergovernmentalism with an emphasis on the importance of the domestic politics in the member states.

First, the claim of Scharpf is in line with a traditional functionalist account of European integration, and seems to suggest that a more developed OMC is better able to solve problems that cannot be solved by an exclusive focus on the national level. Second, the ‘winning coalition’ argument is not directly related with solving a problem on the national level, but claims that the OMC is backed up by state actors whose strategic interests are served by the introduction and development of such a method. This explanation is related with the work of scholars such as Bulmer and Moravcsik who state that for explaining the emergence of EU initiatives it is necessary to focus on the domestic roots of state preferences (Rosamond 2000: 135-136).

The hypothesis formulated above combines these two explanations and takes functionalist and electoral logics into account. In chapter 2 this hypothesis will be discussed in more detail and the factors will be identified that influence the feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences.

1.5 The allocation of competences in a multi-level structure

European integration is viewed in this research as an interactive process between different levels of government, with formal powers to take decisions on specific policy fields allocated to each level. The allocation of competences between the different levels is not written in stone but is characterised by various dynamics, such as decentralisation and European integration.

The decision to transpose legislative power from the national to the subnational level is made by politicians on the national level. The reasons for this deliberate shift are related with policy efficiency and effectiveness, or with the wish of subnational entities to be more independent of the central state.

The shift of competences from the national to the European level can be a deliberate choice by member states (for example in the case of competition policy), but can also be the unforeseen and unwanted result of spill-over effects. The dynamics with regard to the allocation of competences do not only include real shifts, but also actions aimed at *preventing* a shift of competences from one level to another. The decision to prevent a shift of competences is related with a concern by politicians and the public for the sovereignty of the

nation state.⁹ This concern finds its expression in the introduction of the principle of subsidiarity¹⁰ in the Maastricht treaty, the confirmation of this principle in the treaty of Amsterdam and in the (rejected) European Constitution, and the recurring emphasis on this principle by national governments in the Council.

There are various reasons why national governments are concerned about a loss of national sovereignty to the EU, and, hence, emphasise the principle of subsidiarity. First, when taking action on the European level national governments have to respect the competence allocation in their own country. Member states with a federal structure have to take into account that on certain policy fields the formal power to take decisions is allocated to the subnational level. The importance the German government attaches to the principle of subsidiarity can often be traced back to this constraint.

Second, governments want to prevent a shift of competences from the national to the European level on policy fields that are crucial for the construction of the nation state. For example, member states will not allow the European Commission to have a competence on the education field that goes beyond the mobility programme, because this could in the long run endanger the function of education policy as an instrument to construct a national identity (Anderson 1983; Lawn 2003).

Third, transposing competences from the national to the European level can put the electoral strategy of a political party at risk (Pierson 1996). For example, assigning a significant amount of credit for a decrease in unemployment to the EU would rob a social democratic party on the national level of too great a potential asset, given that social democratic parties are the owners of the employment issue (Ladrech 2003: 120). Social democratic parties are only able to use the unemployment problem to distinguish themselves from other political competitors in the domestic arena, when the control over policies aimed to address unemployment remains at the national level. In sum, a shift of competences to the European level can have a negative effect on the electoral performance of political parties.

The above discussion could give the impression that this thesis only considers competences to be able to shift between government levels (European-national-subnational). However, shifts do also take place within one level. The literature on the

⁹ The importance an actor attaches to the loss of national sovereignty depends, of course, on whether the actor has a more federalist or nationalist approach to European integration.

¹⁰ In the protocol on the application of the principles of subsidiarity and proportionality in the rejected European Constitution it is stated that: 'Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the member states, either at central level or at regional and local level, but can rather, by reason of the scale of effects of the proposed action, be better achieved at Union level.' (Title III, article I-11 (3)).

deparliamentarisation-thesis, for example, centers around the claim that European integration enhances the power of national executives and weakens the position of national parliaments (Moravcsik 1993; Raunio and Hix 2000: 142; Rometsch and Wessels 1996; Szyszczak 2006: 495). I will return to this claim in chapter 10, in which the impact of the choice to develop the infrastructure of the OMC on the relationship between national governments and national parliaments is discussed.

1.6 Overview chapters

In chapter 2 the puzzle of this research will be further specified and alternative (rival) hypotheses will be formulated and discussed. Moreover, two sets of hypotheses will be identified that separately lack explanatory power but together can do justice to the complex reality of actors and their interests around the choice and development of OMCs. These two sets of hypotheses will be linked to theories of European integration - i.e. traditional functionalism and a 'domestic politics' account - and will ultimately result in the formulation of the hypothesis that will be assessed in this thesis. Subsequently, the motives behind the decision of a national government to act on the EU level will be discussed, together with two concepts that are expected to be crucial for answering the research question, i.e. saliency and issue ownership. After the main concepts of this thesis are elaborated on, the perspective on the OMC as an instrument that can solve the conflict between member states with an incentive and reluctance to act on the EU level will be specified. In section 2.7 the factors determining the feasibility of the strategy of national governments to use the OMC to prevent gaps in control from emerging will be elaborated on. Chapter 2 will conclude with a short discussion of the fit between the theoretical explanation and the empirical findings that will be presented in chapter 6-9. Being up front about the research results places the abstract theoretical notions of chapter 2 in a more concrete context, which - hopefully - increases the readability of this thesis.

Before elaborating on the criteria for case-selection, it is first necessary to describe the general policy context in which the choice to develop the infrastructure of the OMC is made. In chapter 3 the (domestic) roots and content of the Lisbon strategy will be discussed. Two points will be central in this chapter: (i) the introduction of social policy goals on the EU level by social democratic politicians during the 1990s and, (ii) the attempt to transpose to the EU level a 'third way' agenda that aims at combining economic competitiveness and social cohesion. From this discussion it will become clear that the dominance of third way ideas at

the Lisbon Summit was to a considerable degree the unintended result of initiatives of social democratic actors during the 1990s. Secondly, the contributions of different heads of government proved to be crucial for the outcome of the summit, leading according to some commentators to an institutional drift towards intergovernmentalism. The latter resulted in that domestic policy debates on competitiveness, social policy and the knowledge based society had a considerable influence on the content of the Lisbon strategy.

Chapter 4 will focus on the constraints and opportunities for EU level action related with the saliency and ownership of issues in the domestic arena. These constraints and opportunities are important to take into account because can hinder or facilitate actors in their attempt to use the EU level in a functionalist (i.e. to solve problems on the national level that cannot be solved by an exclusive focus on the national level) or symbolic way (i.e. through adopting a signalling strategy). Some first empirical data on the situation in the domestic arena of the member states with regard to salient issues in general and an issue related with the Lisbon strategy in particular (i.e. the employment issue) will be presented. Survey data on the most important issues in the eyes of the public show that crime and employment are the most salient issues in Europe. The remaining part of chapter 4 will focus on the employment issue, which is closely bound up with the identity of social democratic parties. Despite the fact that all social democratic parties in Europe developed an electoral profile that left Keynesianism behind, social democratic parties kept employment and social policy issues as the defining characteristics of their electoral profile. The ownership of these issues constraints social democratic parties in government when choosing policy instruments on the European level.

Chapter 5 will elaborate on the criteria for case-selection and the research methods used. Cases are selected on the basis of the following criteria: the saliency of an issue, the amount of attention in the literature for the specific case, and whether the policy field is central to reaching the Lisbon goals. On the basis of these criteria the following policy fields are selected: education, research and development (R&D), social inclusion, and the e-Europe initiative (i.e. related with the emergence of the internet). The second part of chapter 5 consists of an in-depth discussion of the data collection and analysis. The collection and analysis of the data went through six distinctive stages, with each stage asking different kind of data because of the results of the previous stage of data gathering and analysis. The extensive coding of a large amount of Agence Europe bulletin articles provided the main empirical basis for this research. To check the general insights that were obtained from the coding of these articles, persons involved in the choice and development of the OMCs with an overview

across time and across member states were interviewed. Also European Voice articles were coded in order to check the results of the coding of the Agence Europe bulletin articles.

In chapter 6 the OMC education will be central. It will be made clear that the choice for developing the infrastructure of the OMC education is a reflection of the compromise that had to be struck between member states with reluctance to act on the European level, and member states who want to act on the European level to channel the development towards a knowledge-based society. Due to the moderate strength of this incentive to act and the newness of the OMC for actors on the education field, the infrastructure of the OMC education developed to a fairly high degree over a period of 5 years. The development of the infrastructure of the OMC follows by and large a functionalist logic, i.e. a more developed OMC education is considered to be more effective in gaining insights with regard to problems member states encounter on the national level.

From chapter 7 it will become clear that member states made the choice for the OMC R&D to learn how to benefit more from the internationalisation of R&D, whilst keeping the strict treaty base intact. Although the empirical findings indicate that saliency played a role in the choice for the OMC R&D, the way in which this occurred makes it necessary to refine the hypothesis. Not saliency in the eyes of the public, but the importance attached to the R&D issue by an elite of politicians and policy makers can explain the reluctance to act on the EU level on the side of member states. Moreover, also in the case of the OMC R&D the infrastructure is developed because it is judged to favour the problem-solving potential of the OMC.

Chapter 8 will pay attention to the OMC social inclusion. As was expected on the basis of the hypothesis, the saliency of the social inclusion issue and its ownership by social democratic parties can explain willingness and reluctance to act on the European level on the part of national governments. Another point that will be discussed in this chapter is the influence of issue ownership on the speed of development of the infrastructure of the OMC social inclusion. In contrast with the OMC education and the OMC R&D, the development of the infrastructure of the OMC does not follow a functional logic, but is closely related with the domestic roots of state preferences. The infrastructure of the OMC social inclusion develops because social democratic politicians adopt social inclusion initiatives on the EU level to put emphasis on issues that are part of the electoral profile of their parties on the national level.

The empirical evidence discussed in chapter 9 indicates that the conflict between member states with an incentive to act, and member states with reluctance to act on the

European level, is absent in the case of the e-Europe initiative. This is related with the volatile saliency of the internet issue, and results in an OMC e-Europe with an underdeveloped infrastructure; an OECD-like multilateral surveillance tool is judged by the member states to be sufficient to reduce the knowledge gap on how to channel the emergence of the internet on the national level.

The central role of the interaction between the European and the national level in this thesis can lead to the impression that dynamics with regard to the allocation of competences only occur between these levels. However, chapter 10 shows that the European or national level are not impenetrable blocks and that dynamics with regard to the allocation of competences also occur *within* a government level. Through a review of the literature that deals with the impact of the OMC on the relationship between national governments and national parliaments, various dynamics are identified. This will complete the picture on the dynamics in the context of the competence allocation caused by the choice to develop the infrastructure of the OMC.

In the concluding chapter of this thesis, an assessment will be made of whether there are differences between policy fields with regard to the presence of a conflict between, on the one hand member states with a strong incentive to act on the EU level, and member states who have reluctance to act on the other. Attention will be paid to whether the presence of a conflict is caused by a functionalist logic or by factors related with symbolic politics. Subsequently, the fit between the hypothesis central in this thesis and the empirical findings will be addressed and discussed in light of some of the main European integration theories. This thesis will conclude with reflections on the generalisation of the theoretical explanation, the relationship of the OMC with 'hard' law, and the role the OMC plays in the enlargement of the European Union.

Chapter 2

Theorising the choice to develop the infrastructure of the OMC

In this chapter the assumptions from which this research departs will be made explicit and linked to European integration theories. Second, hypotheses are formulated that - at face value - provide an answer on the research question. However, an in-depth discussion of these hypotheses will make clear that they lack explanatory power and there is a need for a more complex hypothesis. In a fourth step the underlying logic of this more complex hypothesis is specified. In the concluding section some remarks are made on the fit between the theoretical framework and the empirical findings of this research. Being up front about the research results places the abstract notions introduced in this chapter in a more concrete context, which - hopefully - increases the readability of the subsequent chapters.

2.1 Theories of European integration

This research departs from the view on European integration of Andrew Moravcsik, who states that:

‘in a world in which governments are, broadly speaking, rational and instrumental, integration can be seen as a process in which they define a series of underlying objectives or preferences, bargain to substantive agreements concerning cooperation, and finally select appropriate international institutions in which to embed them’

(Moravcsik 1999: 5).

According to Moravcsik states are unitary and rational actors, which entails that each state acts in international negotiations as if with a single voice. However, this does not mean that states are unitary in their internal politics. Moravcsik claims that:

‘National preferences are shaped through contention among domestic political groups. The unitary-actor assumption maintains only that once particular objectives arise out of this domestic competition, states strategise as unitary actors vis-à-vis other states in an effort to realize them’

(Moravcsik 1999: 22).

In this research the claim is precisely that this contention in the domestic arena *can* be one of the factors in explaining the development of the infrastructure of OMCs.

Although inspired by liberal intergovernmentalism as formulated by Moravcsik, this research differs from his theory of European integration in a number of respects. First of all, Moravcsik deals with nodal 'history-making moments' such as treaty revisions, while the focus in this research is on non-IGC Council summits. The choice to develop the infrastructure of the OMC does not touch upon the question of pooling or delegation of sovereignty, but centers on the pooling of experiences of member states (Agence Europe 669, 29/03/1996). To be sure, it will become clear that although the OMC does not imply any pooling of sovereignty between member states, the development of the infrastructure of the OMC can have consequences for the autonomy of national governments in the national policy making process.

Second, although it is assumed in this research that states are rational actors - just as Moravcsik does - it is also acknowledged that occasionally actors aim at maximizing their interests and nevertheless carry out reforms that fundamentally transform their own position in ways that are unexpected and/or undesired (Pierson 1996; Schäfer 2004). Hence, this research shares the assumption with historical institutionalism that actors are not perfectly knowledgeable about the long-term implications of their institutional creativity (Rosamond 2000: 116; Schimmelfennig 2004: 92). Because principles never fully control the agent's actions, gaps in member state control can emerge (Pollack 2003). However, this research also acknowledges that principals learn about when such 'agency loss' occurs, and will try to prevent that the agent uses its power to expand its competences in the future (Pierson 1996).

2.2 Explaining the development of the OMC?

Asking the question of why national governments choose to develop the infrastructure of the OMC, is an acknowledgment of the fact that national governments are the leading actors in the OMC. To be sure, the choice for the OMC consists of two phases, namely (i) the choice by national governments in the Council to apply an OMC to a policy field, and (ii) the choice by ministers in the sectoral Council - supported by the Commission - to make an effort to develop the infrastructure of the OMC. This research is most interested in the second phase.

Next to the leading role of the member states in the choice, functioning and development of the OMC, it is also important to take into consideration that there are variations in the degree of development of the infrastructure of OMCs (Chalmers and Lodge

2003; De La Porte 2002; Radaelli 2003). To clarify this point the OMCs functioning in the context of the Lisbon strategy are assessed in light of the four elements of the OMC template that can be found in the Lisbon presidency conclusions (see box 1.1). Table 2.1 shows the degree of development of various OMCs reached in 2003. Mapping the degree of development of the infrastructure of OMCs in 2003 makes insightful how the theoretical explanation for the choice to develop the infrastructure of the OMC that is central in this thesis - formulated in 2003 - came about.

	Treaty base (*)	Specific objectives and indicators	Benchmarking	Reporting scheme	Recommendations (**)
EES	Art. 128-130	Yes: guidelines and indicators	Yes	One-yearly NAP-process and specific reviews	Yes
Social Inclusion	No	Yes: objectives and indicators	Yes	Yes, two-yearly NAP-process	No
Pensions	No	Yes: 11 broad objectives. Indicators discussed	Yes	Yes, National Strategy reports	No
Education	No	Yes: objectives and indicators	Yes	No	No
R&D	No	No	Yes	No	No
e-Europe	No	No (***)	Yes	No	No

(*) This element refers to the presence of treaty articles on the infrastructure of the particular OMC.

(**) Note that this element is not included in the Lisbon template for the OMC, and consists in the EES of the right of the Commission to give country-specific recommendations to member states with underperforming employment policies.

(***) Short term objectives are present in the e-Europe Action Plans, but these do not function as the basis for an open-ended process, i.e. the OMC e-Europe.

Table 2.1: The infrastructure of the open method of coordination in different policy areas in 2003¹¹

¹¹ This way to classify OMCs leans for a large part on the classification of Radaelli (Radaelli 2003: 31). See for other ways to classify OMC measures (Kohl and Vahlpahl 2004: 376) and (Szysczak 2006: 494). Although I use a slightly different classification scheme, I do agree with Radaelli that despite the presence of peer review across OMCs, there are still differences between OMCs how peer review takes place. National Strategy Reports (NSR) in the OMC pensions, for example, are different from National Action Plans in the EES and the OMC social inclusion. The NSR, at least till 2003, simply described the dynamics of pension policy. This applies also to other elements of the OMC template as codified by the Lisbon summit (Radaelli 2003: 33-38).

A first point that one notes when looking at table 2.1 are the differences in development between the infrastructure of the OMCs, especially with regard to the degree in which reporting is institutionalised. When an OMC requires reporting this can take place every year (EES), bi-annual (social inclusion, education) or as part of the general reporting on the Lisbon strategy (R&D, e-Europe). Hence, the h_0 - which states that there is no difference in degree of development between OMCs - can be rejected. This rejection makes insightful that although the OMCs are subject to the same environment - i.e. the EU context - there is no isomorphic development towards one dominant model for structuring OMCs. Isomorphism is one of the central concepts of diffusion theory and is based on the claim that units in a population are compelled to become more alike when faced with the same set of environmental challenges (DiMaggio and Powell 1991: 66). An hypothesis departing from the concept of isomorphism in the context of this research would state that on all policy fields on which the OMC is adopted in the EU context, the infrastructure of the OMC will develop along the lines of the dominant coordination mechanism - i.e. the EES¹² - with a similar outlook as a result. However, although the environmental conditions are the same for the policy fields included in table 2.1 - i.e. the EU context - the infrastructure of an OMC develops to a different degree on each policy field. Moreover, the same elements of the OMC template can take on different forms in OMCs on different policy fields (Radaelli 2003). In sum, the similar environmental conditions cannot account for the large differences in development between the OMCs and hint at the importance of factors that are specific to policy fields.

As a first step in formulating an hypothesis that can explain these differences, a one-dimensional scale of the degree of development of the infrastructure of OMCs in 2003 is constructed on the basis of table 2.1.

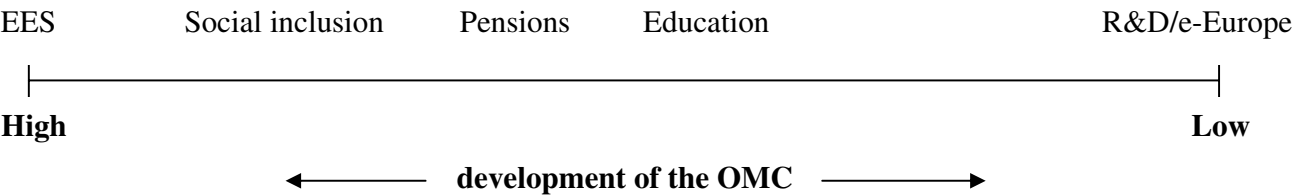


Figure 2.1: The degree of development of the infrastructure of the OMC in different policy areas in 2003

¹² One of the diffusion phenomenon that is identified in the literature consists of the link between the codification of the OMC at the Lisbon summit and the EES, the first genuine OMC in function and, hence, judged the most obvious model to copy.

From figure 2.1 and table 2.1 it follows that an hypothesis stating that the more developed the treaty base for an OMC, the more developed its infrastructure is does not hold either. As becomes clear from table 2.1, only in the case of the EES there is an explicit reference to elements of the OMC in the treaty. The other OMCs are not mentioned in the treaty but are developed on the basis of the Lisbon presidency conclusions. From figure 2.1 it shows that there are also differences in degree of development between the infrastructure of OMCs that do not have a treaty base and are based on the Lisbon presidency conclusions. In sum, also this second hypothesis cannot account for the differences in degree of development of OMCs.

In sum, a solid explanation for the choice to develop the infrastructure of OMCs cannot make use of diffusion theory or refer simply to the treaty base. The most obvious place to look for other explanations is the literature on the OMC. From this body of literature two sets of hypotheses can be derived that address the choice to develop the infrastructure of the OMC. From the discussion of these two sets of hypotheses it will become clear that each set *separately* lacks explanatory power to account for the choice to develop the infrastructure of the OMC and an hypothesis is needed that combines the two sets of hypotheses.

A first set of hypotheses that can be derived from the literature on the OMC is rooted in the view of the OMC as a problem-solving tool. According to Scharpf, member states are through the OMC able to respond to the specific problems with solutions that are compatible with their policy legacies and that can be implemented within their existing institutional framework (Scharpf 2001: 17). In more concrete terms, the choice for the OMC by national governments is related with the capacity of the OMC to generate solutions that are less vulnerable to the legal and economic challenges of EMU, whilst still maintaining the legitimate diversity of existing welfare state institutions at the national level. In a way, the choice for the OMC is in the reasoning of Scharpf what European integration is for the intergovernmentalist Milward: a way to preserve the executive capacity at the national level - not its erosion - in an environment characterised by growing interdependence and increased societal demands and disaffection (Rosamond 2000: 138). On the basis of the claim of Scharpf it can be hypothesised that when there is a need to solve problems that cannot be solved by an exclusive focus on the national level and diversity between member states needs to be respected, the OMC will be chosen and its infrastructure will develop because an OMC with a more developed infrastructure is better able to solve problems and maximise the benefits from EU level coordination. This hypothesis is in line with traditional functionalism as first defined by David Mitrany, a strand in the integration literature which doubts whether the nation state is still capable of fulfilling human needs, making necessary a search for other

ways to maximise public welfare (Rosamond 2000: 33; Schmitter 2004: 56-57). Along a traditional functionalist line of thought, a more developed OMC can be seen as a better way to solve problems on the national level than genuine European integration or staying within the strict boundaries of the national policy making process.

Because of differences in the nature of the problems to be solved, more concrete and complex hypotheses rooted in the view of the OMC as a problem-solving tool can be formulated. One example of such an hypothesis states that the more negative externalities national policies of member states generate, the more the infrastructure of the OMC will be developed in order to trace these negative externalities. This hypothesis is based on the observation that member states will lower their standards with regard to, for example, social policies, in order to stay attractive for companies and capital. The wish to prevent negative externalities of national policies motivates member states to develop the infrastructure of an OMC, because a more developed OMC can detect in a more effective way competition between national policies. But how far needs the infrastructure of an OMC to be developed to detect negative externalities? Is elaborate reporting on national policy practices and extensive reviewing by experts and the Commission necessary to find out whether, for example, social dumping occurs? No. A simple scoreboard on the financial contribution of the employers to welfare state arrangements through time and across member states is most likely to be sufficient to detect these kind of negative externalities. Hence, the infrastructure of the OMC does not need to be highly developed to identify the national policies that set a race to the bottom in motion. However, a supporter of the functionalist hypothesis on the OMC would claim that in the next phase the problem-solving capacity of the OMC comes in - which is higher when the infrastructure of the OMC is more developed - and the best solution to the problem of negative externalities will be found through comparing national policies of EU member states. But how firm is the basis to hypothesise that the OMC is viewed by actors as an effective problem-solving tool?

At the time of the setting in place of the OMC functioning in the context of the EES (1997), as well as when the OMC was codified by the Lisbon Council (2000), it was unclear whether the OMC would meet the high expectations in practice. Moreover, in subsequent years scholars did not find a clear-cut answer on the question of whether the OMC is an effective problem-solving tool (Zeitlin 2005). This raises serious doubts on whether the hypothesis based on the claim that the OMC is viewed as an effective problem-solving tool holds. Also with regard to the theoretical foundation of the hypothesis some qualifications need to be made. Traditional functionalism is criticised for assuming that the identification of

a problem and the determination of needs is an objective and technocratic exercise. This functionalist assumption also underlies the claim on the OMC as an effective problem-solving tool. In practice, however, identifying and determining a problem is a highly conflictual task, does not follow the rational-technocratic logic of functionalist accounts and confirms the continuing salience of politics (Rosamond 2000: 39). Hypotheses based on the view of the OMC as exclusively a problem-solving tool do not take the latter into account.

The doubts that existed on whether the OMC would be an effective problem-solving tool in practice, and the a-political understanding of problem identification in functionalists accounts, opens the way for additional explanations. One of the first times that it became obvious for scholars that the OMC was more than only a problem-solving tool was when the Commission rejected the OMC as an appropriate policy tool and emphasised its own role in the Community method. According to some the latter was part of a strategy of the Commission to regain lost ground vis-à-vis other institutional actors (Heritier 2001; Wincott 2001). These more strategic elements do not come into view when adopting a functionalist perspective on the OMC and hence, justifies discussing a second set of hypotheses.

A second set of hypotheses that can be derived from the literature on the OMC departs from the claim that the OMC is backed up by a 'winning coalition' of actors whose interests are served by the introduction and development of such a method (Gornitzka 2005: 14). Schäfer describes this winning coalition as mainly consisting out of social democratic government actors in the domestic arena, who wanted to ask attention on the European level for developing the social dimension of European integration, ultimately resulting in the setting in place of the EES (Schäfer 2004). A variation on this 'winning coalition' hypothesis can be derived from a claim of Wincott, who states that the OMC was judged by certain politicians on the national level to be the only feasible policy tool to transpose the 'active welfare trend' from the national level to the European level (Wincott 2003). Although not made explicit by Wincott, one could hypothesise that a more developed OMC is more effective in diffusing the activation ideas - supported by neoliberals and third way social democrats - in multi-level governance systems such as the EU.

Hypotheses departing from the notion that there is a winning coalition behind the choice and development of the OMC, are related with liberal intergovernmentalist explanations for European integration that put emphasise on the domestic politics in the member states. Theorists such as Bulmer and Moravcsik state that for explaining the emergence of EU initiatives it is necessary to focus on the domestic roots of the state preferences, through which two-level games involving the European and domestic arena can

come into view (Rosamond 2000: 135-136). These liberal intergovernmentalist accounts should be clearly distinguished from traditional, realist intergovernmentalism in integration theory, as defined by for example Hoffmann. Whereas realist intergovernmentalism starts from state preferences derived from its position in the international power structure, liberal intergovernmentalism highlights the importance of the domestic roots of state preferences (Schimmelfennig 2004: 80).

However, two qualifications need to be made with these ‘domestic politics’ explanations. First, by overstating the importance of the ‘winning coalition’ argument one wrongly suggests that there is a masterplan behind the development of the OMC, supported by a limited number of actors. Given the complex multi-level governance structure of the EU and the high number of actors involved - all with their particular interests - it is hard to imagine that such a masterplan can be put in practice.

Second, and more importantly, an exclusive focus on the ‘winning coalition’ argument would not do justice to the observation of Scharpf that a number of member states saw potential in the OMC as an instrument that can help to solve problems on the national level. Hence, a more fruitful avenue to proceed is therefore to combine explanations rooted in ‘domestic politics’ and functionalist accounts of European integration. The resulting hypothesis will do justice to the complex reality of actors and their interests on the EU level, and takes the different views on the added value of the OMC into account. In the next section an hypothesis is formulated that combines the two sets of hypotheses.

2.3 Incentives, reluctance, and the OMC as a middle path

Figure 2.1 and table 2.1¹³ are the starting points for developing an hypothesis that takes into account both the perspective on the OMC as a straightforward problem-solving tool to increase the executive capacity on the national level, and the notion of the OMC as playing a role in a two-level game through which domestic politics can gain presence in the European arena. On the basis of figure 2.1 and table 2.1 a positive correlation can be identified between the degree of development of the infrastructure of an OMC, and the degree of saliency in the eyes of the public of issues to which the OMC measure is applied. In other words, a highly

¹³ Both table 2.1 and figure 2.1 are based on Radaelli (2003), and a first assessment of Commission documents published in the period 1999-2003 (see table 5.1). On the basis of these tentative findings the hypothesis was formulated. These findings were checked with other empirical material in a later stage of the research. See figure 2.2 for a sketch of the development of the infrastructure of OMCs during the period 2000-2005. More data will be provided in the chapters on the individual OMCs.

salient policy field in the domestic arena (for example, employment, social inclusion, pensions, education) is more likely to have an OMC with a more developed infrastructure. This positive link, and the observation that at the moment of the codification of the OMC social democratic parties participated in 13 out of 15 governments in the Council (Manow et al. 2004), lead to the formulation of the following puzzle:

Why do national governments make the choice for developing the infrastructure of the OMC on policy fields that are highly salient on the national level, are often considered by the electorate as closely bound up with the electoral profile of social democratic parties, and are part of the core competences of the member states?

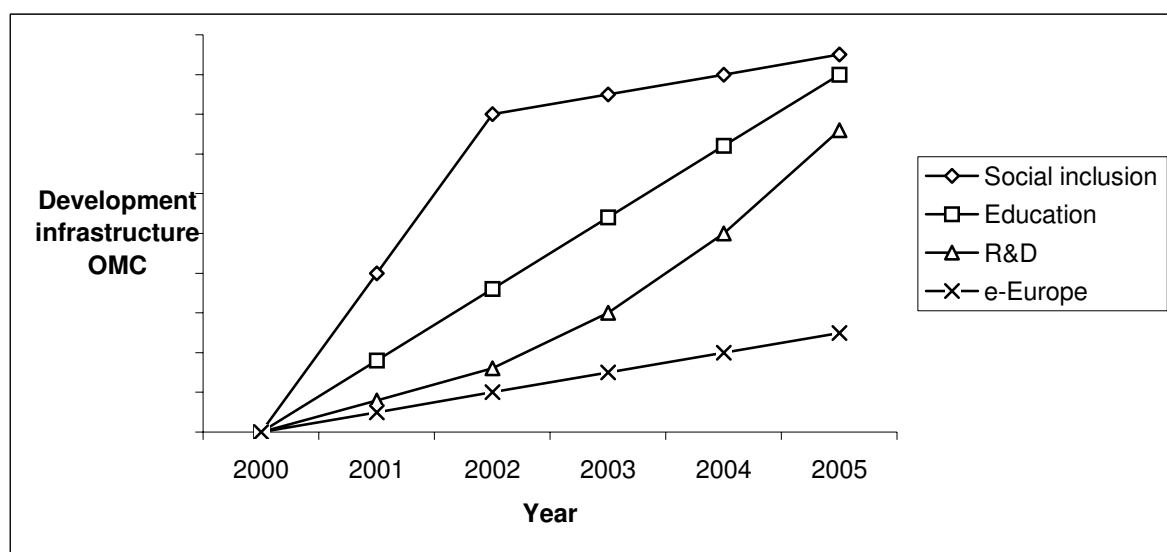


Figure 2.2: A sketch of the development of the infrastructure of four OMCs.

After a first glance at the empirical material collected in the context of this thesis, it soon became clear that - as stated earlier - there are differences between OMCs with regard to the degree of development of their infrastructure. However, there were also some unexpected results. At the time that the hypothesis of this thesis was formulated (end 2003), the OMC social inclusion was considerably more developed than the other OMCs studied. Two years later, however, the infrastructure of the OMC education and the OMC R&D reached a degree of development that lies much closer to the OMC social inclusion. In figure 2.2 these rough impressions on the basis of a first glance at the empirical material are visualised. Although tentative, these impressions do make clear that the speed of development of the infrastructure

of the OMC also needs to be taken into account. In sum, next to the original puzzle,¹⁴ an additional puzzle has emerged:

Why did national governments choose to develop the infrastructure of the OMC social inclusion directly after the Lisbon mandate, while the infrastructure of the OMC education and the OMC R&D developed in a slower, but much more steady pace?

In the following sections it will be claimed that national governments only make the choice to develop the infrastructure of the OMC when they have an incentive to act on an issue on the European level, whilst at the same time the issue is highly salient in the eyes of the public (see figure 2.3). For the choice for an OMC with a highly developed infrastructure there has to be next to the incentive to act, a strong wish of national governments to keep control on the national level and avoid unexpected consequences.¹⁵ Hence, in this research the OMC is viewed as the result of a search for a solution to a conflict between an incentive and reluctance to act on the EU level. The high degree of saliency of a policy field can engender this conflict between an incentive and reluctance to act on the EU level. On issues that are salient in the eyes of the public on the national level, politicians want to prevent a shift of competences from the national to the European level. The resulting reluctance to act on the EU level can be related with various factors, among which concerns for the national/cultural identity, and/or electoral strategies of political parties on the national level. On the other hand, politicians are expected to be more willing to act on issues that are salient in the eyes of the public because on these issues the actions of politicians and policy results are most noted, with possible positive consequences for the public support of politicians or the political system as a whole.

In the above reasoning the OMC is viewed as a middle path in EU governance; i.e. a solution to a conflict between an incentive and reluctance to act that cannot be solved by another EU policy instrument. The term ‘middle path’ hints at the presence of governance modes below and above this policy tool. These other policy tools are not judged appropriate because they offer too much EU - which would not respect the reluctance to act on the EU level of member states - or offer not enough EU - which would not address the incentive to

¹⁴ In figure 2.2 the original puzzle refers to the difference in degree of development on time point ‘2005’ between on the one hand the OMC social inclusion, and the OMC e-Europe on the other.

¹⁵ Note that it is not expected that there has to be a certain balance between member states with a willingness/reluctance to act before the OMC can be considered an option. It is expected that for a developed OMC to be an option, most member states have to agree on the EU level action, while the opposition of only a single member states can be sufficient to limit the choice for a policy instrument to the OMC.

act on the EU level of member states. Hence, the term ‘middle path’ implies that a hierarchy between EU policy instruments can be identified and that there is a most appropriate policy instrument which is by definition not the lowest in rank. The OMC can be labeled a middle path in EU governance on a policy field when it is judged ‘European’ enough to address the incentives to act, and ‘national’ enough to prevent an undesired shift of competences from the national to the EU level. To be more concrete, in the case of the EES the OMC functions as an instrument that: i) allows for the setting in place of a coherent framework to discuss employment concerns on the EU level and - potentially - generate solutions that are less vulnerable to the legal and economic challenges of EMU (Gornitzka, 2005: 14-15; Scharpf, 2002: 653), ii) allows for agreeing to disagree on the best approach to the unemployment problem (Meyer, 2005: 140; Schäfer, 2004; Pochet, 2005: 58), iii) and prevents institutional and policy reforms from transforming the position of member states in ways that are undesired (Chalmers and Lodge, 2003: 17; Wincott, 2003). A multi-lateral surveillance tool less elaborate than the OMC or an OMC with an underdeveloped infrastructure would have meant that, for example, less mutual learning can take place between member states on how to address certain unemployment problems on the national level. A more binding governance mode than the OMC - such as the Community method - would have led to a loss of control over national employment policies, which all heads of government in the Council want to prevent (Ladrech 2003: 120). Hence, the middle path in EU governance for the EES consisted of an OMC with country specific Commission recommendations, elaborate reporting and structured mutual learning sessions. In sum, below and above this middle path there were also other EU policy instruments available, which both were not able to address the incentive and reluctance to act on the EU level at the same time. A multilateral surveillance tool as used in the context of the OECD can be situated below the middle path, whilst the community method is a governance mode that would not respect the reluctance to act on the EU level with regard to the unemployment problem of member states and hence, is situated above the middle path.

As will become clear from the chapter on e-Europe, when there is no conflict to be solved on a policy field between an incentive and a reluctance to act, a search for a middle path in EU governance is not considered necessary and a less elaborate multilateral surveillance tool than the OMC is implemented. The multilateral surveillance tool in function on the e-Europe field cannot be considered a middle path in EU governance because it is not used to solve a conflict between an incentive and reluctance to act and no EU governance mode lower in rank can be identified. To be sure, a type of multilateral surveillance is still considered the most appropriate policy tool for e-Europe but this tool is not as advanced as

the OMC template codified by the Lisbon Council and lies closer to an OECD-like multilateral surveillance tool.

The other three OMCs studied in this thesis were used to address the incentive and reluctance to act of member states. Moreover, the OMC developed on the R&D, education and social inclusion fields goes beyond a OECD-like multilateral surveillance tool. In other words, the OMCs in function on these three policy fields can be labeled middle paths in EU governance. However, the OMCs that are developed on these three policy fields differ from each other. While on the education and social inclusion field the OMC includes NAPs, the reporting taking place in the context of the OMC R&D is less elaborate. As will become clear from the chapters on the OMC education, OMC R&D and the OMC social inclusion, the governance mode situated above the middle paths is an OMC with country specific Commission recommendations.

It is expected that the degree of development of the infrastructure of the OMC correlates positively with the degree to which the OMC can form a barrier against a shift of competences. The more the infrastructure of the OMC is developed, the more institutionalised the method is, and the more difficult a shift to a less intergovernmental governance mode (Kohl and Vahlpahl 2004: 375-76). I expect therefore that the infrastructure of the OMC will be more developed on issues that are salient on the national level, because on these issues *some* member states can have an incentive to act on the European level, but *all* member states will want to prevent a shift of competences. In sum, the stronger the reluctance of member states to act on the European level with regard to issues on which the Council mandated the adoption of an OMC, the more the member states see a necessity to erect a barrier against a shift of competences and the more developed the infrastructure of the OMC will be to prevent that a shift to a different governance mode occurs. In this way the degree of development of the OMC will satisfy both member states with willingness to act and member states with reluctance to act on the European level. It is expected that the reluctant member states are most fiercely pushing for the development of the infrastructure of the OMC. These claims lead to the formulation of the following hypothesis:

The greater the saliency of an issue in the eyes of the public on the national level, the more likely it is that national governments who have an incentive to act on this issue on the European level (and of which political parties in government may be the issue owner) will clash with national governments reluctant to act. The presence of this conflict on a policy field is a condition¹⁶ for the infrastructure of an OMC to develop.

This hypothesis brings together the functionalist and ‘domestic politics’ hypotheses that were identified earlier. When dealt with separately these sets of hypotheses lack explanatory power but - so it is claimed in this thesis - when combined in one hypothesis can account for the differences in institutionalisation of OMCs. The dynamics the two sets of hypotheses touch upon are included in the concepts of an incentive and reluctance to act on the EU level. This shows, for example, from the various incentives to act on the EU level member states can have; i.e. to solve problems that cannot be solved by an exclusive focus on the national level but for which diversity between member states needs to be respected (functionalist hypothesis), or the emphasis put by social democratic politicians on the importance of job creation after the setting in place of EMU (‘domestic politics’ hypothesis). It will be the aim of this research to assess whether the combination of these two hypotheses in a single hypothesis can provide an answer on the research question of this thesis. Figure 2.3 summarises the reasoning that underlies the hypothesis.

¹⁶ When there is a mandate of the Council to adopt an OMC on a policy field, the presence of the conflict is considered in this hypothesis a necessary and sufficient condition for the sectoral Council and the Commission to take up the mandate and develop the infrastructure of the OMC.

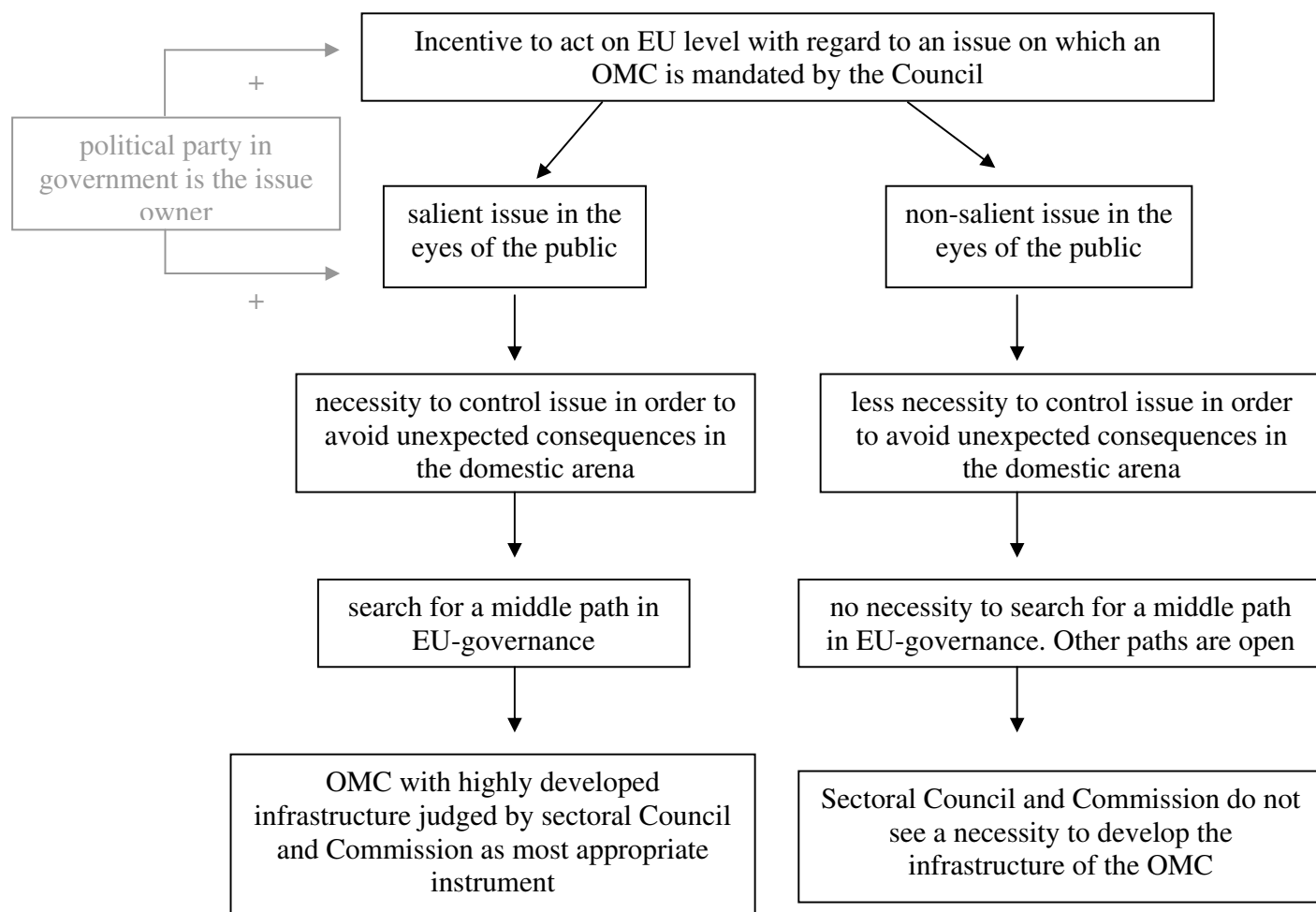


Figure 2.3: Theorising the choice to develop the infrastructure of OMCs

An important point to emphasise is that the hypothesis assessed in this thesis claims that the choice to develop the infrastructure of the OMC is about timing and not about time. It is claimed that it is not a question of time before the infrastructure of all OMCs develops to the same degree, but that there are different elements coming together at a certain point in time that make that the infrastructure of the OMC develops. The structural underdevelopment of, for example, the OMC e-Europe indicates that this claim is not far fetched. The question of whether it is a matter of time or timing will be raised again in the concluding chapter of this thesis.

2.4 An incentive to act on the European level

National governments can have two reasons to act on the EU level, relating to the two sets of hypotheses that were identified previously and combined in the concept of the incentive to act

on the EU level. First, a national government has an incentive to act on the European level if it has to solve a problem that cannot be solved by an exclusive focus on the national level. In section 2.3 it was hypothesised that negative externalities of national policies can be a reason to coordinate policies on the European level. When more insights are gained on the occurrence of negative externalities, solutions can be proposed for this problem. One of the ways to identify these solutions is the further coordination of national policies in the EU context through an OMC with a developed infrastructure.

Apart from solving problems that cannot be solved by an exclusive focus on the national level, national governments can judge it necessary to signal to the public that something is being done on the European level with regard to an issue that is one of the major concerns of the national electorate. This type of incentive to act on the European level is related with the ‘winning coalition’ argument and is primarily aimed at reassuring voters on the national level that the political party or parties in government take(s) them seriously. This signalling strategy is in line with the ‘domestic politics’ strand in the integration literature.¹⁷ A signalling strategy will only occur on issues that are salient in the eyes of the electorate and regarding which the electorate is in favour of more EU involvement. In general, political parties use highly salient issues to construct their electoral profile, but do not put equal emphasis on all salient issues. By giving more attention to certain issues, political parties try to come up with a unique selling point in order to distinguish themselves from other political parties. As a result, the electorate will over the years come to view the identity of a political party as more closely bound up with the issues that the political party tries to make its ownership.

By emphasising on the European level the issue that a political party owns - and on which the electorate is in favour of more EU involvement - a party can highlight its unique selling point. Hence, the incentive to act of political parties can be stronger on issues that they own. Of crucial importance in this two-level game is that the signal the national government sends by acting on the EU level is picked up by the national media and communicated to the

¹⁷ The tension between the incentive to act related with a problem-solving strategy on the one hand, and the incentive to act more closely related with the electoral strategy of political parties in government on the other, comes to the fore in comments of the president of the European Investment Bank Phillipe Maystadt. According to Maystadt it is not easy for a government of a member state to implement structural reforms because ‘these only have a small impact in the short term’. Maystadt added that it was essential to convince citizens of the Lisbon strategy’s long-term benefits. By referring to the words of the Luxembourg Prime Minister Jean-Claude Juncker (‘we all know what we must do, but we do not know how to win the elections once we have done it’), Mr Maystadt pointed at the problem of the ‘political unattractiveness of the structural reforms for politicians looking to be re-elected’. He called on the governments to go beyond the objective of returning to office, and focus on implementing reforms and making citizens understand why these reforms are so badly needed (Agence Europe 8914, 22/03/2005).

public. Without this link with the mass media, the signal does not reach further than a small group of politicians and policy makers on the European and national level.¹⁸

With both types of incentive to act on the European level, the credibility of the government in the eyes of the electorate is crucial. In the case of the first type of incentive to act - in line with a traditional functionalist strand in the integration literature - the government puts the European option forward (e.g. the OMC with a highly developed infrastructure) to solve a problem through which the parties in government - when the problem is solved - are more likely to be considered by the electorate as political parties that deserve votes in the next elections. With regard to the second type of incentive to act, not the functionalist logic but the electoral logic plays a central role. With this type of incentive the government does not aim for solving a problem in the short term, but only signals that it takes the concerns of the electorate seriously. This strategy can be especially rewarding - in terms of vote-gains - for political parties who are the owner of the issue to which attention is paid on the EU level. For both types of incentive to act the saliency of the issue is vital to take into account. On issues that are highly salient in the eyes of the public, politicians will be more eager to act because actions of politicians are more noted when touching upon issues that are salient in the eyes of the public.

Although the initial direction of the thesis required an elaboration on the incentive to act of national governments, it is more accurate to focus on the constitutive elements of governments, i.e. political parties (Schäfer 2004). This is not only because in most member states national governments consist of more than one political party,¹⁹ but also because of the role the electoral competition between political parties in the domestic arena plays - next to the problem-solving potential of the OMC - in the theoretical explanation put forward in this thesis.

¹⁸ The limited success of the attempts to instrumentalise the European arena for domestic use through a signalling strategy, are related with the fact that the EU does not play a large role in public debates on member state level. This is caused by little attention for Europe in the media and an underdeveloped media sphere on the European level (Meyer 2005). When it does play a role in public debates it is most of the time in a eurosceptic way, because there is often only weak public support for more EU involvement on issues that are highly salient in the eyes of the public. Below I will give two examples of a signalling strategy. From these examples it will become clear that the following elements have to be present for the occurrence of a signalling strategy: an incentive to act on the European level; the non-volatile saliency of an issue in the eyes of the public; public support for more EU involvement; an issue owning political party; and the participation of this issue owning party in a national government in a member state.

¹⁹ The freedom of a political party in government to take a position in the (sectoral) Council in favour or against an EU initiative is larger in the case of one-party governments than in the case of coalition governments.

When focusing on political parties operating in a government, various sub-categories of the two types of incentive to act on the European level come into view. According to Strøm political parties can combine three strategies:

- Vote-seeking: parties try to maximize their amount of votes
- Office-seeking: parties try to maximize their control over political office
- Policy-seeking: parties try to maximize their effect on public policy (Strøm 1990).

Strøm argues that pure vote, office, or policy-seekers are unlikely to exist, and that party objectives are most of the time a mix of the above three strategies. There is always a potential conflict between the different objectives, which often boils down to a trade-off between short-term and longer-term benefits (Pennings et al. 1999: 238-39). An example of such a trade-off is the stress put on the issue of the integration of migrants in Dutch society by a coalition government (2003-2006) consisting of Christian-democrats (CDA), liberals (VVD) and social-liberals (D'66). The rapid emergence of the Lijst Pim Fortuyn (LPF) - one of the winners of the 2002-elections - is often seen as the result of the lack of attention in the past to immigration and integration issues by the more established political parties (Pennings and Keman 2003). To address these concerns of the electorate with regard to immigration and integration matters, the CDA-VVD-D'66 government started to pay attention to these issues. One of the initiatives in this context was the organisation of a meeting between the ministers of the member states responsible for the integration of migrants during the Dutch presidency of the European Council. The aim of this meeting was to agree on a set of guidelines that could function as the basis for an exchange of experience. In the presidency conclusions of the December Council it is stated that these principles 'are to be the basis of a comprehensive framework on immigrant integration, taking into account the legal, political, economic, social and cultural diversity of member states.' The European Council noted that 'effective integration policies and exchange of best practices within the Union can contribute to this', and in this context 'welcomed the outcome of the Ministerial Conference on integration which paid special attention to youth susceptible to radical influences' (European Council 2004).

By putting the integration issue on the agenda of the European Council, the CDA and the VVD wanted - among other things - to send a signal to the Dutch electorate that their concerns are taken seriously. This signal consisted of discussing guidelines on the EU level in order to start-up a mutual learning process between member states on how to solve problems with regard to the integration of migrants. With this initiative the Dutch presidency of the Council also wanted to teach other national governments how to structure an effective integration policy. The above specified instrumentalisation of the European arena is in line

with the CDA and VVD election campaign, in which these parties highlighted the integration-issue. Next to this vote-seeking strategy, the CDA also pursued an office-seeking strategy in order to end their years spend in opposition. The more centrist D'66 accepted the 'tough-on-immigration' government pact, in the hope of realising some of their own policy-goals (policy-seeking). The necessary presence of D'66 for forming a majority government allowed this party to pursue a policy-seeking strategy and, hence, to influence government policy - given the relative small amount of votes they received in the elections - in a disproportionate way.

In some cases the European option is put forward by political parties to lead the attention away from policy failure on the national level and, hence, to maximise the amount of votes and control over political office on the national level.²⁰ Illustrative in this context is the U-turn of President Mitterrand at the beginning of the 1980s after the failure of his Keynesian experiment. Because Mitterrand ran out of national options in macroeconomic matters, the European option was put forward and support was given to the development of EMU. Because of this move, Mitterrand remained credible in the eyes of the French electorate with regard to macroeconomic matters - despite the fact that he had to abandon his policy-seeking strategy - and was rewarded another term in office (Ross 2001). In sum, a trade-off occurred between a policy-seeking strategy on the one hand, and vote/office-seeking strategies on the other.

Two of the three party strategies identified by Strøm can be linked with the two types of incentive to act mentioned above.²¹ A policy-seeking strategy shows the most parallels with the first type of incentive to act. By acting on the European level, national governments can fulfil promises they made to the national electorate about solving particular problems which could not be solved solely by developing new policies on the national level. From the example of the support for EMU by French President Mitterrand it became clear that the EU level can also help politicians/parties to stay in office on the national level. Crucial here was

²⁰ I refer here to the French example that follows. In Presidential elections a vote-seeking strategy is at the same time an office-seeking strategy because the President has to gain more than 50% of the votes.

²¹ The link with the two types of incentive to act is absent in the case of a vote-seeking strategy. A vote-seeking strategy focuses on the maximalisation of votes and can be found in its purest form in a situation in which a new party is entering the electoral market. The emergence of the LPF in the Netherlands is a prime example of this. Given that most of the time these new parties do not directly join a government - and are thus unable to influence the strategy of the national government in the European Council directly - the vote-seeking strategy cannot be related with the two types of incentive to act on the European level. When a new party with a strong vote-seeking strategy does join a government coalition, it is highly likely that the new party will have to drop a large part of its programme due to opposition of the coalition partners. This was the case with the LPF in 2002. After the LPF joined a CDA-VVD government coalition, the LPF had to change its exclusive vote-seeking strategy in order to be able to govern with the other two parties.

the capacity to remain credible in the eyes of the electorate while in office. This can either be achieved by solving a problem (first type of incentive to act) or signalling to the electorate in the domestic arena that attention is paid to an important issue (second type of incentive to act). In sum, these two types of incentives to act on the EU level bring together the two sets of hypotheses on the development of the infrastructure of the OMC that can be derived from the literature on the OMC. The incentive to act concept is *janus*-faced, combining a traditional functionalist strand in the integration literature with a ‘domestic politics’ account.

2.5 Saliency and issue ownership

One of the key concepts in the theoretical explanation put forward in this thesis is the saliency of issues. As became clear from the previous section, government actors are more likely to address problems that touch upon issues that are salient in the eyes of the public - either on the national or on the European level - because on these issues the public will notice the most when problems are solved or attention is paid to these problems. Originally, the term saliency was used by voting behaviour scholars to bring to the fore the importance that individual voters attach to different issues when evaluating political candidates (Wlezien 2003). A different use of the concept developed when saliency started to be measured by looking at which issues received media coverage (Behr and Iyengar 1985). Scholarly attention focused on the agenda-setting power of the media and it was hypothesised that media coverage raises the public awareness of issues. Next to these schools, a substantial amount of literature has been written on the issue of which issues are salient in the eyes of politicians. More quantitative-oriented scholars who are working in this field, study the manifestos of political parties in order to identify what they define as important issues (Budge et al. 2001).

In this thesis a more bottom-up approach towards saliency will be adopted, which centers around the question of how the preferences of citizens impact on the electoral strategies of politicians (Manza and Cook 2002). This stance is related with the discussion on the leading-lagging question, i.e. whether the masses are leading or following policy decisions. According to the ‘leading’-hypothesis, public opinion is ahead of the decisions taken, and consequently serves as a constraint on policy makers. In contrast, ‘trickle-down’ or permissive-consensus’ theories understand public opinion to be lagging, i.e. reflecting or following elite decisions (Lahav 2004: 73). Because of the focus - among other things - on the impact of public opinion on electoral strategies of politicians, this research is more in line with the leading-hypothesis.

Scholars who adopt a bottom-up approach to saliency try to understand that which is central to democratic theory and practice, namely, the capacity of a political system to respond to the preferences of its citizens. The view that politicians, state managers, or the political system as a whole is responsive to public opinion rests on the argument that political elites derive benefit from pursuing policies that are (or appear to be) in accordance with the wishes of citizens. Politicians and state managers are rational actors who perceive it to be in their interest to minimize the distance between their own position and that of the public because they periodically have to be elected or re-elected (Manza and Cook 2002). Hence, it will be assumed in this research that politicians are not responsive to citizens because they think it is the 'right thing to do' in democratic terms, but are driven by gaining electoral support to stay or get into power. The role of politicians is to detect what the public finds important and translate this into policy. Politicians are motivated to do this detecting because it helps them to identify those issues upon which they should concentrate in order to attract votes in the next elections.

When measured public opinion expresses a coherent view on a particular issue in a way that is recognizable by political elites, it is more likely that politicians will respond to the preferences of citizens. Because of the high volatility of public awareness on most of the issues, this direct relation between opinions of the public and actions of the politicians is difficult to find most of the time (Behr and Iyengar 1985: 52). However, survey data on issues that are salient in the eyes of the European public indicate that some issues stay salient over time. On these non-volatile salient issues it is highly likely that political elites will respond to the preferences of their citizens and address these problems on either the national level or the European level. In chapter 4 survey data on the saliency of issues in the eyes of the European public will be presented.

As stated earlier, on issues that are salient in the eyes of the public politicians are more eager to act because their initiatives will be more noted by the public, with positive consequences for the public support of politicians or the political system as a whole. This plays a role both in the problem-solving strategy as well as in the more symbolic strategy of signalling to the electorate that attention is paid to an issue. With regard to the latter it is important to take into account that politicians will be more keen to act on an issue in order to win votes, when they expect that the public views their political party as the owner of the issue. Budge and Farlie were the first scholars to take the ownership of issues by political parties into consideration. With the aim of explaining and predicting elections, the authors asked the question which parties 'own' which areas and may expect to gain votes when these

areas become prominent (Budge and Farlie 1983: 26). According to the group of scholars organised in the Manifesto Research Group (MRG), election programmes try to promote a party's 'proprietary' issues and priorities, and to downgrade other issues and priorities (Budge et al. 2001: 7). The MRG-dataset allows for the assessment of which issues receive greatest emphasis in the party manifestos of political parties in member states of the European Union and, hence, which parties expect to own certain issues in the eyes of the electorate. Political parties expect to gain the most votes in national elections on the basis of those issues most emphasized in their election programmes (Petrocik 1996: 830-31). Hence, political parties have to make sure that their issue is central to the public debate during an election campaign. This will increase the likelihood that the electorate will think positively about the political party, and, hence, increases its chance of electoral success. In the next section the saliency and issue ownership concept will be linked to the choice to develop the infrastructure of OMCs.

2.6 The OMC as a solution to a conflict

The choice to develop the infrastructure of an OMC is viewed in this thesis as a response of member states on the conflict between on the one hand an incentive to act on the European level with regard to certain salient issues, and the necessity to prevent gaps in control from emerging on these salient issues on the other. This conflict is present for all governments around Europe with regard to issues that are salient in the eyes of the public in a non-volatile way, but is especially pressing for a political party in government which considers itself the owner of these issues.²² In line with this is the claim of Schäfer that the choice for the OMC in the context of the EES is an attempt of social democratic governments - who inherited institutions built by their center-right predecessors - to craft an employment policy onto the existing framework 'without unduly restricting their own room for manoeuvre' (Schäfer 2004: 13).

As we saw in the previous section, on non-volatile salient issues national politicians can gain (and lose) a large number of votes. Hence, politicians want to act on these issues but at the same time want to keep these issues under control in order to avoid unexpected consequences. In other words, there is a need to preserve the executive capacity on the

²² To be sure, on issues on which the public has a positive attitude towards more EU involvement, issue ownership is considered a sufficient condition for fostering a conflict between an incentive and reluctance to act on the European level, but it is not a necessary condition. The saliency of an issue in the eyes of the public is considered by the hypothesis a necessary condition for fostering this conflict.

national level, because it is judged that through this problems can be solved more effectively and/or electoral gains can be secured.²³ With regard to the latter it has to be noted that when issues are viewed as being owned by a particular party, the politicians of this party are even keener to prevent gaps in control from emerging. It is on these issues that parties/politicians can potentially gain the most votes through solving problems or signalling to the public that they take the concerns of the electorate seriously. As a consequence, activities on the EU level with regard to such sensitive issues - for example unemployment - could not take place in the form of delegation to supranational institutions.²⁴ This forced member states to come up with an alternative that could reduce the possibility of unexpected consequences. This alternative was found in the OMC, a form of transnational target-setting with limited enforcement powers with a potential to solve problems and/or address the wish of a coalition of actors in the domestic arena to adopt a signalling strategy (Chalmers and Lodge 2003: 17; Schäfer 2004, 2006a). Moreover, it is reasoned that the more the infrastructure of the OMC is developed, the more institutionalised the method is. This raises the barrier to change to a less intergovernmental governance mode, and increases the capacity of the OMC to block a shift of competences. I expect therefore that on issues on which the Council mandated the adoption of the OMC, the infrastructure of the OMC will be more developed on issues that are salient in the eyes of the public in a non-volatile way (and may be owned by a political party in government), because on these issues all national governments (and issue owning parties in particular) are highly motivated to prevent a shift of competences from the national to the European level. In other words, it is expected that the member states with a reluctance to act will push for the development of the infrastructure of the OMC.

The adoption of the OMC on a policy field and the development of its infrastructure results in some coordination of national politics on the European level, but does not result in community legislation. Hence, the risk for the harmonisation of issues that are highly salient in the domestic political arena is neutralised and national governments prevent the loss of control (possibly resulting in a loss of votes in elections) through a decision taken outside of

²³ Note that here the two sets of hypotheses identified in section 2.2. come in with regard to reluctance to act on the EU level of member states. This reluctance can be rooted in the necessity to solve problems on the *national* level, and/or the wish to strengthen the electoral position of a political party on the *national* level.

²⁴ Note that this claim shows parallels with the claim of Hoffmann. He states that in areas of key importance, where national interests were deemed to be at stake, nations prefer the certainty of national self-reliance instead of genuine European integration (Rosamond 2000: 77). His distinction between high and low politics is not often used in this research because of the rather narrow definition of issues falling under the high politics category. For example, unemployment is strictly speaking not an issue of high politics as defined by Hoffmann, but it is highly salient on the national level in the eyes of the public and, hence, national governments do not want to lose any control over this issue. The saliency concept captures in a better way the reluctance to act on the EU level of member states in the case of employment policy than the high/low politics distinction.

their scope of control. In sum, the OMC allows national governments with a strong incentive to act on the European level to put salient issues on the EU agenda - to reach solutions for problems on the national level or for more symbolic reasons - without risking a shift of competences from the national to the European level due to spill-over effects (Szyszczak 2006: 489). When an OMC is adopted on a policy field, national governments remain in full control on the national level, and, for example, political parties in government are still able to emphasise the issues that they own with the aim of creating the conditions for their continued domestic political success. This can be either through claiming that the political party in government solved a problem, or through signalling to the electorate that the political party in government pays attention to a particular highly salient issue in the eyes of the public and has the intention to do so in future office terms. As stated before, the latter instrumentalisation of the EU level for domestic purposes - with the OMC playing a pivotal role in this strategy - will only occur when the following elements are present: an incentive to act on the European level, touching upon a non-volatile salient issue, on which the public is in favour of more EU involvement, and of which a political party in government is the issue owner. In the chapters on the OMCs selected for study these elements will be discussed in an in-depth way. Through this it will be assessed whether the hypothesis on the development of the infrastructure of the OMC based on notions derived from traditional functionalism and the 'domestic politics' strand in the integration literature holds.

2.7 Feasibility of the OMC as a conflict resolution instrument

Although the preferences of national governments on the national and European level play a vital role in the hypothesis formulated in section 2.3, the variable involvement of the European Commission and the European Parliament across policy areas needs also to be factored in. As stated earlier, national governments engaging in acts of institutional creativity - such as designing and developing the OMC - may not understand the long-term implications of that act (Rosamond 2000: 116) and the possible agency-loss it can result in. These claims are derived from historical institutionalism and make clear how unexpected and undesired gaps in member state control emerge through rational actions of national governments. An example of this is the right of the Commission in the context of the EES to give country-specific recommendations to member states with badly performing national employment policies. Although national governments did not want to create any gap in control over their national employment policies, by allowing the Commission to give country-specific

recommendations DG employment and social affairs gained a role that in the following years was judged by member states as inappropriate. The role of the Commission in the EES – despite being designed as such by the member states – soon came to be viewed by national governments as leading to too much interference of the Commission in the dealings of the member states. In sum, national governments were not perfectly knowledgeable about the full implications of the EES from the beginning, and the ‘blaming’ function of the Commission circumscribed in practice the autonomy of member states.

Although the above described development is very much in line with notions introduced by historical institutionalists, the setting in place of the EES – with the Commission giving country-specific recommendations to bad performing member states – did not create path dependencies for the development of OMCs on other policy fields. The OMC was created in the context of the EES and could not be applied to other policy fields as long as there was not an explicit codification of the OMC by the member states as a widely applicable policy tool. This codification took place in 2000 at the Lisbon summit. Hence, the heads of government present at Lisbon learned from these mistakes and redesigned the OMC to limit the role of the Commission in the OMC. As a result, the OMC template included in the Lisbon presidency conclusions is often referred to as the OMC-lite, because lacks the country-specific recommendations of the Commission.

Although skeptical, historical institutionalists such as Pierson admit that there is a possibility that national governments will learn about gaps in control and how to address them (Pierson 1996: 142). Pierson states that member states can gradually become aware of undesired or unanticipated outcomes on the big issues (i.e. highly salient issues on the national level), and will be able to develop effective responses over time. As became clear from the discussion of the EES case, in this research the codification of the OMC at Lisbon is seen as the result of a learning process by member states, relating to the emergence of gaps in control. However, the OMC is not an attempt to close a gap, but has to be viewed as part of a strategy to prevent gaps in control from emerging in the future on domestically salient policy fields (Schäfer 2004: 13-14). I claim – loosely based on the article of Pierson – that redesigning the OMC in function in the EES to an OMC template without country-specific recommendations – which means a limiting of the possible interference of the Commission – and adopting this OMC template on policy fields, can only take place when two factors are absent: (i) the successful resistance of European institutional actors to actions of national governments and, (ii) institutional obstacles.

Pierson claims that the Court, the Commission and the European Parliament have accumulated significant political resources to resist member states efforts to exercise greater control over their activities. However, because the OMC is a relatively new policy tool and covers policy fields to which until recently not much attention was paid on the European level, it can be expected that European institutional actors have not (yet) accumulated a large amount of knowledge, either about the policy-field or about the new method. Hence, it is expected that it will be difficult for these European institutional actors to resist to the strategy of national governments to prevent gaps in control from emerging in the future by redesigning the OMC.

The second factor that determines the feasibility of the strategy of national governments to redesign the OMC is related with the institutional obstacles for reform within the European Union. These obstacles consist of the pressure placed on national governments to include institutional bodies and electorates in newly created schemes to manage the EU polity (Pierson 1996). With regard to issues on which the Commission and the European Parliament were only marginally involved before, these European institutional actors will not have accumulated sufficient knowledge on how to put pressure on national governments to include institutional bodies and electorates in the OMC. Moreover, national governments are not likely to be subject to high pressure to include institutional bodies and electorates in a scheme that is as new as the OMC. European institutional actors are not likely to have sufficient knowledge about this policy tool to erect institutional obstacles. In sum, it is expected that national governments can decide freely which actors should be included in the OMC and which tasks they have to perform.

On the basis of the above discussion, it can be expected that on policy fields on which an OMC-lite is adopted, institutional obstacles are low and European institutional actors lack sufficient resources to organise successful resistance against the actions of national governments. This enables national governments to redesign the OMC in function in the context of the EES, and apply the OMC template without country-specific recommendations as it was codified in the Lisbon presidency conclusions to a wide range of policy fields. These expectations will be empirically assessed by a study of the role of the Commission and the EP in various OMCs, and will result in an assessment of the feasibility of redesigning the OMC into an OMC-lite.²⁵

²⁵ Note that the assessment of the feasibility claim is not phrased in the form of an hypothesis. Because of the absence of variance on the side of the type of policy fields - all policy fields on which the OMC is adopted are

2.8 Conclusion

From the discussion of two sets of hypotheses derived from the literature on the OMC, it became clear that a more complex hypothesis was needed in order to answer the research question. It is hypothesised in this thesis that national governments are likely to turn to the EU for solutions when they consider that action on the European level is necessary to solve problems on the national level, or to signal to the electorate that the government takes their concerns seriously. For both types of incentive to act - related with traditional functionalism and the 'domestic politics' strand in the integration literature - political parties in government are more willing to act on issues that are highly salient in the eyes of the public. However, political parties do not want to harmonise national policies that touch upon salient issues in the domestic arena, since there is a widespread wish to preserve the executive capacity on the national level. This reluctance to act is related with the wish to solve problems on the national level, and/or with safeguarding electoral gains in the domestic arena. The main claim underlying the hypothesis that will be assessed in this research is that an OMC with a developed infrastructure provides a solution to the by the high saliency of an issue generated conflict between member states with an incentive and reluctance to act on the European level.

Although a more detailed discussion will take place in the chapters on the four OMCs, some points will be mentioned in this section on how the theoretical explanation holds in light of the empirical findings. Knowledge on the fit between the theoretical explanation and the four cases in an early stage of this thesis, increases its readability because places the abstract notions introduced in this chapter in a more concrete context.

From the discussion of the empirical findings in chapter 6-9 it will become clear that a conflict between member states with an incentive to act and member states with reluctance to act on the European level, played a role in the development of the infrastructure of the OMC. On three out of four policy fields a conflict is present consisting of the parallel occurrence of reluctance and an incentive to act on the European level on the side of the member states. On the policy fields where such a conflict is present (social inclusion, education, and R&D), the Council and the Commission considered it necessary to adopt a policy instrument that can strike a compromise between a willingness to act on the European level and a fear for a shift of competences. The presence of this conflict on a policy field leads to the view of the

only recently exposed to Europeanisation - it is an empirical question that should be answered, not an hypothesis to be assessed.

national governments in the Council, that an OMC is the most appropriate instrument to adopt on the EU level. This judgement opened the way for the development of the infrastructure of the OMC. Only with regard to the e-Europe initiative a conflict between an incentive and a reluctance to act was absent. Hence, the sectoral Council and the Commission did not identify a conflict situation to be solved by a compromise instrument such as the OMC and, hence, judged that the OMC did not have any added value against the background of the e-Europe Action Plan. Because both the Commission and the Council did not view the OMC as the most appropriate instrument for the e-Europe initiative, the infrastructure of the OMC remained underdeveloped.

The variation in the speed of development of the infrastructure of OMCs - the second puzzle that was identified in this chapter - can be explained by the ownership of social policy issues by social democratic parties, and the dominance of these parties in the Council at the turn of the century. Together with the public support for greater EU involvement with regard to the social inclusion theme, this resulted in the adoption of a signalling strategy by some member states in the European Council. This strong incentive to act on the EU level speeded up the development of the infrastructure of the OMC social inclusion in the years 2000-2002. Because an issue ownership element was absent on the education and R&D field, the member states had directly after the Lisbon summit a weaker incentive to act then on the social inclusion field and the OMC R&D and OMC education did not receive the kick-start of the OMC social inclusion. However, the conflict between an incentive to act and reluctance to act was still present on the education and R&D fields, and led to the judgement of the respective sectoral Council and DG that the OMC was the most appropriate instrument to be adopted.

The analysis of the empirical data also made clear that a number of aspects were not taken sufficiently into account in the theoretical explanation specified in this chapter. First, next to public saliency also other types of saliency can foster a conflict between an incentive and reluctance to act on the European level. The claim that politicians will only be responsive to the concerns of citizens with regard to issues that are salient in a non-volatile way still holds. However, the findings with regard to the OMC R&D make a further distinction between various types of non-volatile salient issues necessary. Not only are politicians taking the concerns of the public into account when the issue is the ownership of their political party (i.e. with social inclusion), or when it directly touches upon the future life plans of citizens (i.e. with education), but also when the issue is judged by an elite of politicians to be vital for the welfare of citizens and the continuing existence of the country in general (i.e. with R&D). In sum, next to the saliency of an issue in the eyes of the public, the saliency of an issue in the

eyes of a national elite of politicians and policy makers should also be taken into account. The latter finding confirms the continuing importance of the ‘high politics’ category as defined by Hoffmann.

A second finding that stands in tension with the theoretical explanation is related with the claim that the development of the infrastructure of the OMC is positively correlated with the degree in which the OMC can form a barrier against a shift of competences. In contrast to what was expected, the member states more reluctant to act on the European level do not view the OMC as a barrier against a shift of competences, but merely want to ensure that the OMC-lite does not develop towards an EES-like measure. Instead, it are the member states with an incentive to act who want to develop the infrastructure of the OMC, because they believe in the OMC as an instrument that can address their need to solve problems on the national level or adopt a signalling strategy. This push-pull effect – despite being related with traditional functionalist, ‘domestic politics’ and pure intergovernmentalist strands in the integration literature - was not accounted for by the hypothesis. In this dynamic, the by the saliency of an issue fostered reluctance to act on the EU level prevents that a different governance mode than the OMC is chosen because all other governance modes are judged as too binding. At the same time, the incentive to act on the EU level of member states ensures that there is an interest on the side of the member states to develop the infrastructure of the OMC; a more developed infrastructure is judged to be better able to generate solutions on the national level and/or to signal to the national electorate that attention is paid to an issue that is highly salient in the eyes of the public. The push-pull dynamics sets also the limits for the development of the infrastructure of the OMC beyond the OMC template codified in the Lisbon presidency conclusions; member states which are more willing to act on the EU level will be vetoed by member states reluctant to act when the former propose to develop an OMC along the lines of the EES.

With this short overview of the strong and weak points of the theoretical explanation specified in this chapter, the abstract notions introduced in this chapter are placed in a more concrete context. A more detailed discussion can be found in chapter 6-9 and 11.

Chapter 3

The Lisbon strategy

In this chapter the general policy context in which the codification of the OMC took place will be presented. Given that the Lisbon summit made the application of the OMC outside EMU and the EES possible, an understanding of the Lisbon strategy is crucial for answering the research question of this thesis. From the discussion of the roots and content of the Lisbon strategy it will become clear that the contributions of different heads of government proved to be crucial for the outcome of the summit, leading according to some commentators to an institutional drift towards intergovernmentalism (Agence Europe 7685, 27/03/2000; Agence Europe 7711, 05/05/2000). The latter resulted in that domestic policy debates on competitiveness, social policy and the knowledge based society had a considerable influence on the outcome of the Lisbon summit. This finding is in accordance with liberal intergovernmentalism, a theory of European integration that puts emphasis on the importance of domestic politics in the member states to understand state preferences for EU activity.

In March 2000 the European Council held a special meeting in Lisbon to agree a new strategic goal for the Union in order to build knowledge infrastructures, enhance innovation and economic reform, and modernise social welfare and education (see box 3.1). According to the Lisbon Council, the European Union is confronted with major challenges such as globalisation and the emergence of the knowledge-based economy. A new strategic goal is considered necessary because despite successes, the European Union has also a number of weaknesses; 15 million unemployed Europeans, insufficient participation in the labour market by women and older workers, a widening skills gap, and an underdeveloped service sector (European Council 2000).

The Union has today set itself a strategic goal for the next decade: 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. Achieving this goal requires an overall strategy aimed at:

- preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation by completing the internal market;
- modernising the European social model, investing in people and combating social exclusion;
- sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.

(...)

Implementing this strategy will be achieved by improving the existing processes, introducing a new open method of coordination at all levels, coupled with a stronger guiding and coordinating role for the European Council to ensure more coherent strategic direction and effective monitoring of progress. A meeting of the European Council to be held every spring will define the relevant mandates and ensure that they are followed up.

Box 3.1: Fragments from the presidency conclusions of the Lisbon Council (2000)

The attempt made in the Lisbon strategy to reconcile the goals of economic competitiveness and social cohesion added a new element to the European integration project. The competitiveness and social cohesion goals have been for decades considered as oppositional (Hopkin and Wincott 2006). While the competitiveness goal focused on efficiency concerns and was favoured by free market oriented politicians, the social cohesion goal addresses questions of equity and counted on greater support from social democratic politicians. An explanation of why the Lisbon Council combined the competitiveness and cohesion goals must take three elements into account:

- (i) the rise in saliency of the concern for the economic competitiveness of the EU²⁶
- (ii) the introduction of social policy goals on the EU level by social democratic politicians during the 1990s
- (iii) the attempt to transpose to the EU level a ‘third way’ programme that aims at combining economic competitiveness and social cohesion

The first point is labelled by Radaelli as the ‘master discourse’ in which the OMC is embedded (Radaelli 2003: 19-20). In the chapters on the various OMCs the role of economic

²⁶ The reason for highlighting the concept of competitiveness in the Lisbon strategy is related with the fact that economic cooperation between member states is the backbone of European integration. The term indicates - more than other economic concepts - that the EU finds itself in an increasingly globalised world that forces politicians and policymakers to streamline policy in order not to fall behind its direct competitors, i.e. the US, Japan, China, and India.

competitiveness will receive abundant attention. This chapter will deal with the second and the third element that lie at the origin of the Lisbon strategy. Subsequently, the negotiations at the Lisbon summit will be discussed, and more recent policy developments with regard to the Lisbon strategy will be addressed.

3.1 A social democratic agenda

During the 1990s initiatives were undertaken on the EU level that would shape the outlook of the Lisbon strategy to a considerable extent. As we will see below, these initiatives were launched as a response to the setting in place of EMU, and related to the observation that the main concerns of citizens were not sufficiently taken into account by the European Union. Having largely lost the capacity/political willingness for socio-economic ‘steering’ at the national level, social democratic politicians became over the years convinced that their economic and social effectiveness presupposes national *and* European co-ordinated action (Favretto 2003: 135; Ladrech 2000: 50; Manow et al. 2004). Although one cannot speak of a coherent social democratic EU agenda - i.e. proposing a major alternative to globalization of the neoliberal variety (Moschonas 2002: 267) - it will become clear from the discussion below that some initiatives taken on the European level do have a social democratic imprint (Ladrech 2003; Marliere 1998: 75-76; Van Riel and Van der Meer 2002).

The acceptance of EMU

In the 1980s the idea for EMU began to take shape and would lead politics in the whole of Europe away from Keynesian economic policy (Aust 2004: 182). EMU institutionalised a neo-liberal form of economic policy-making, which was foreign to traditional social democratic concepts. However, social democratic elites came to see EMU as an inevitable response to the internationalisation of economic relations. The convergence around this view is seen by scholars as the culmination of a long process of social democratic reorientation (Aust 2004; Notermans 2001: 10). The link between an ideological reorientation on the one hand and the acceptance of EMU on the other is most clearly visible in France. As referred to earlier, at the beginning of the 1980s President Mitterand had to change economic course after the failure of his Keynesian experiment. To shift attention away from this policy failure, the European option was put forward and support was given to the development of EMU. Because of this action, Mitterand remained credible in the eyes of the electorate with regard to macroeconomic policy and was rewarded another term in office. By the time of the Maastricht

treaty, EMU was already endogenised by the French electorate and became a constraint on what the party of Mitterand (i.e. the Parti Socialiste) could do domestically. The endogenisation of EMU obliged the party to develop new political strategies and discourses (Ross 2001: 32).²⁷

In the work programme established at the founding congress of the Party of European Socialists (PES), a social democratic response to EMU was considered with the employment-issue as the main priority (Ladrech 2003; Notermans 2001: 7). However, with regard to the contents of EMU itself, the leaders had to accept a neoliberal economic constitution (Aust 2004: 186). Next to their wish to balance economic and social issues on the EU level, social democratic actors judged that the EU should pay more attention to direct concerns of European citizens instead of only focusing on economic cooperation. After the Danish refusal to ratify the Maastricht treaty and the *petit oui* of the French EMU referendum, the European integration process slowed down. According to social democrats, this crisis was closely related to the policies of the European Union, that did not contribute to the fight against unemployment and social disintegration. This view was shared by the Commission, the European Parliament, and - increasingly - by national governments. As a result, Commission president Jacques Delors was commissioned by the European Council to prepare a white paper on growth, competitiveness and employment (Aust 2004: 187; Ross 1995). In this paper Delors included arguments on the need for greater flexibility and competitiveness but combined this with a desire to defend what he called 'the European model of society' - a model that valued solidarity and cohesion. Delors also proposed the adoption of a European 'social pact', a reform of the labour market to increase the employment intensity of economic growth, and a European recovery programme consisting of an investment programme in European infrastructure (Aust 2004: 187). However, this 'Keynes-plus' recovery programme created resistance among a number of member states because of its ideological underpinnings (Callaghan 2000: 150).

The Amsterdam treaty

In the second half of the 1990s, social democratic actors succeeded in giving a legal foundation to their strategy aimed at countering the neo-liberal bias of EMU. In the negotiations leading to the Amsterdam treaty, the idea of a chapter on employment was initially opposed by the British, the German and the French governments. It was only after the

²⁷ As we will see below, a more recent example of such a new strategy is the attempt of French socialist Prime Minister Jospin to include clauses in the Amsterdam treaty on employment and social protection.

electoral victories of Blair and Jospin shortly before the Amsterdam summit, that the German Christian-democratic government finally agreed to an employment chapter that was limited to the incorporation of the Essen-process²⁸ into the treaty (Aust 2004: 190; Van Riel and Van der Meer 2002; Zeitlin 2005b: 454).

French Prime Minister Jospin played an important role in getting the employment chapter accepted by the Council. In his national election campaign for Prime Minister, Jospin used rhetoric on an EMU that would serve the interests of 'people rather than bankers' with an emphasis on growth, employment and democracy instead of on price stability. Shortly after Jospin was elected Prime Minister, he obtained a victory in the negotiations on the Amsterdam treaty. Employment became a new EU priority to accompany EMU and the other heads of government in the Council promised to Jospin to hold a special 'Jobs Summit' in Luxembourg four months later.²⁹ In the short term these events were a signal to citizens - particularly the French - that the EU might not be a completely neo-liberal affair (Ross 2001: 40) Agence Europe 6990, 06/06/1997, Agence Europe 7050, 03/09/1997).³⁰

Although the social democrats did not invent employment policy at the EU level, without the electoral swing to the left it would not have become part of the treaties (Manow et al. 2004: 30). As a result, the EU could be used by social democrats to stress the importance of job creation - an issue which may provide social democratic parties with legitimacy in their national arena. Although all national actors agreed that the real work of fighting employment needs to be done at home, it has become accepted - first among social democratic governments and then among governments with a different ideological background - that governments should campaign in Brussels for an EU-wide expansionary policy to create jobs (Coss 1999; Taylor 2000a). However, Jospin obtained very soft commitments from his

²⁸ This OMC *avant-la-lettre* consisted of a commonly agreed set of five guidelines that were to be implemented autonomously by each member state. The chapter did not provide any sanctions but relied on public blaming in the case of not achieving the targets. Benchmarking procedures were set in place to facilitate the diffusion of best practices (Aust 2004).

²⁹ Christian-democrat and Luxembourg Prime Minister Juncker was uncomfortable with the impression of a Europe that suddenly discovered its social dimension because of the socialists returning to power around Europe. Juncker stressed therefore that to hold the Luxembourg summit confirmed the will of the heads of government to address more closely and directly the subjects of interest to citizens and to improve public opinion's image of the Union. For others, however, it was essentially a gesture towards Prime Minister Jospin in exchange for the acceptance of the Stability and Growth pact (Agence Europe 7050, 03/09/1997).

³⁰ Another example of a strategy to signal to the public that social concerns are taken into account on the European level is a comment by social democratic MEP Barbara Weiler on the employment issue, speaking at the second European Convention for Full Employment: 'It is important to provide a ray of hope and say to people that something is happening at the European level' (Agence Europe 7400, 08/02/1999). Some traces of a similar kind of signalling strategy can be detected in the initiatives of the Blair government under its 2005 EU presidency when it paid attention to the European Social Model and child poverty. It shows that in the run-up to the UK parliamentary elections it was necessary for Blair to show his 'social face' (Agence Europe 8982, 01/07/2005, Agence Europe 9058, 27/10/2005) (Hopkin and Wincott 2006: 64).

European partners; an informal 'Euro Council' as an economic government with no well-defined tasks, and an annual summit on employment with no binding decisions (Lordon 2001: 135). Hence, the changes to the EU treaties were rather modest and bore only limited signs of a social democratic imprint, with the key provision - i.e. on employment - a weak compromise between traditional and modern social democratic attitudes (McGowan 2001: 83).³¹ As we will see in the next section, the weakening of the influence of traditional social democrats on the EU agenda continued after the signing of the Amsterdam treaty. The uploading of third way ideas from national arenas to the European arena played an important role in this.

3.2 The Third Way and the European Union

The emergence of the idea on the EU level to reconcile economic competitiveness and social cohesion goals, runs parallel to the reform of the ideological underpinnings of social democratic parties throughout Europe (Manow et al. 2004: 29). The main reason for social democratic parties to start a modernisation process has been their need to appeal to the electorate (Przeworski 2001: 312). This trend is present in all social democratic parties in Europe, but manifested itself differently in the various domestic arenas.

In the UK, the modernisation of social democratic thinking became a central element in the electoral strategy of Tony Blair, who came up with a new language to signal to the electorate that the days of 'old Labour' were over (Fairclough 2000). By rejecting socialist statism and the free market economics of the New Right, his 'third way' claims to have 'identified an alternative that cuts a path between the dichotomous choice of state versus market' (Etzioni 2000: 48) and the antagonistic positions of left and right (Bastow and Martin 2003). For Blair, globalisation is the driving force for the reorientation of the Labour Party (Bastow and Martin 2003: 47; Browne and Akbar 2001; Hirst 1999; Hopkin and Wincott 2006).³² Policy proposals connected with the New Labour programme - increased flexibility of labour markets, emphasis on education, skills provision and life-long learning, partnership

³¹ In the view of UK Prime Minister Blair, the Jobs Summit in Luxembourg opened the way for a 'Third Way' between 'laissez-faire' and the interventionism of the 'old left' (Agence Europe 7105, 21/11/1997). In line with this comment, Pochet states that the from the Luxembourg summit resulting EES, is a political compromise aiming to exclude pure neo-liberal or social democratic approaches (Pochet 2005: 58).

³² This can also clearly be seen in the actions of the Blair government on the European level. During its presidency of the Council in 2005, the Labour government directly organised a summit on the viability of the European Social Model. Blair stated that he believed in the European Union with a strong social dimension but that the European Social Model should be adapted according to the new circumstances of globalisation and the increased competitive pressure exerted on Europe (Agence Europe 8982, 01/07/2005, Agence Europe 9058, 27/01/2005; (Hopkin and Wincott 2006: 54; Smith 2005).

with the private sector - are all focused on enhancing the structural competitiveness of the economy. By adjusting to the changes brought by globalisation³³ advocates of the third way claim that a new economy can be created (Callaghan 2000: 157; Glyn and Wood 2001).

The social democratic third way of New Labour identifies several ways to tackle the new social and political challenges caused by globalisation. First, the third way renounces traditional notions of welfare and replaces welfare benefits in the form of material safeguards with the creation of employability for individuals. The notion of 'inclusion' has gained ground as one of the principal discourses of New Labour in which paid employment is a condition for social inclusion (Armstrong 2003: 256). Second, New Labour claims that, whereas nations once relied on machine power to generate wealth and jobs, they must now 'harness the brainpower of their people' (Latham 2001: 32). It is the role of policy-making not to shield individuals from the risks of globalisation, but to provide the 'social capital' which enables individuals to respond to these challenges and prosper in the global age (Callaghan 2000: 157; Merkel 2001). In many respects, education has become the 'first domino on the path to full employment' (Latham 2001: 32) and, according to the third way, investment in education will foster 'individual opportunity (i.e. social justice) and increase non-inflationary growth, inventiveness and research capacity which together bring greater social cohesion by reducing social exclusion' (Callaghan 2000; see also Driver and Martell 2000: 39; Esping-Andersen 2001; Merkel 2001: 32). The social democratic mantra of 'redistribution of income' now seems to be substituted by 'redistribution of possibilities'. In this context education and new technology skills are emphasized as part of the 'supply-side politics of the left' (Callaghan 2000: 67).

In other European countries, the modernisation of social democratic ideology was employed less frequently as a basis for electoral strategies, but is nevertheless clearly visible in policy-initiatives undertaken by social democratic actors. In France, for example, social democratic leaders were clinging on to their traditional social democratic rhetoric for electoral reasons, while in practice pushing a moderate modernisation agenda. Similar ideas as those advocated in the UK for reforming the economy and the welfare state were proposed by social democrats in the Netherlands (Van Kersbergen 1998), Germany, Italy, Sweden (Driver and Martell 2002a) and Portugal (Magone 1998: 173-74). Roughly speaking, all social democratic

³³ However, critics claim that the dilemma globalization poses functions as an excuse for politicians to change political direction (Hirst 1999; Przeworski 2001). The globalisation theme also forms the context in which the social aims of the Lisbon strategy are taken into account. In the preparation phase of the Lisbon summit, it was especially Prime Minister Blair of the UK and Prime Minister Guterres of Portugal who considered the adoption of more active politics necessary to ensure political control over the challenges globalisation poses for the social and economic spheres (Agence Europe 7577, 20/10/1999, Agence Europe 7591, 10/11/1999).

parties in Europe developed an electoral profile that left Keynesianism behind, but tried to keep social justice at the centre of their electoral profile. Although all social democratic parties saw the necessity to modernise, the degree to which these parties wanted to emphasise this shift - and use the label of the third way - varies according to national situations.

In line with the 'domestic politics' strand in the European integration literature, these developments inside social democratic circles on the national level also had an impact on the EU agenda. Social democratic leaders in the Council continued to push for initiatives aimed at job-creation, but increasingly combined this with discourses on active welfare, the contribution of education to economic competitiveness and social cohesion, and the importance of the knowledge-based society. This development took up speed directly after the Amsterdam summit.

After Amsterdam, before Lisbon

The split between schools of thought among and within social democratic parties in Europe became more visible with the publication of the PES-declaration 'Let's Make Europe Work', and the paper by the PES EcoFin group entitled 'A European Employment Pact - for a New European Way'. The former document contained most of the central elements of the New Labour programme, such as the new context of globalisation and rapid change, and an emphasis on education and training as instruments to neutralise the negative consequences of labour market flexibility. The paper by the social democratic Council of Economic and Finance ministers shared this third way focus by claiming that investing in people is the distinctive response of socialists and social democrats to globalization (Aust 2004: 190; Ladrech 2000: 125). However, by proposing a Eurokeynesian approach the paper still tried to satisfy the more traditional social democrats. With these publications, the divide between the French and German socialists on the one hand - who are fiercely pro-European but lukewarm about the market economy - and their UK counterparts - who are staunch pro-marketers but less convinced about integration - was confirmed (Harding 1999). That even this country-specific divide within the European social democratic party family was not set in stone became clear from the publication of a joint document by Blair and Schröder, entitled 'Europe: The Third Way - Die Neue Mitte'. This document aimed at reconciling the social democratic traditions of the Labour Party and the SPD with the basic tenets of the neo-liberal orthodoxy of the last decade (Lees 2001: 162). Next to a stress on the need for EU level cooperation through 'political benchmarking', a new role for the state was sketched in which the state was to 'guide, not take charge of everything'. The latter provided a rationale for a

deregulation of the economy and greater flexibility on the labour market (Agence Europe 7483, 09/06/1999, (Aust 2004: 191). In the words of one of the persons who helped with preparing the ‘Blair/Schröder’-document:

‘We wanted to explore the idea how to create an innovative economy yet underpin it solidly with social justice; how to create the conditions for a dynamic economy to flourish yet respect social justice. (...) We want Europe to catch up with the United States in the knowledge-based economy. And it offers millions of people, who presently do not have jobs, the opportunity to find jobs, learn new skills, pursue new careers, set-up new business and to realise their hopes for a better future’

(Liddle 2001: 145-46).

The decision of Schröder to be the co-author with Blair of the document was criticised by French Prime Minister Jospin (Agence Europe 7486, 15/06/1999) and - in a similar way - by French minister for European Affairs Pierre Moscovici, who stated:

‘In my way of thinking, there can be no question of seeking a third way between Social Democracy and Liberalism, i.e. a lowering of our values and ambitions. We are not and will not be Social-liberals! (..) So I would like to say to our friends: Let’s continue exchanging ideas, but let’s stay on course on the left!’

(Agence Europe 7490, 19/06/1999).

Despite the critical remarks from more traditional social democrats, third way social democrats succeeded in increasing their influence on the EU policy making process. A year later this culminated in the adoption of the Lisbon strategy, which labelled the choice between economic and social goals as ‘false’ (Agence Europe 7670, 07/03/2000).

3.3 The Lisbon summit

Acting in an environment (i.e. the EU) which for decades focused mainly on economic competitiveness, and with some recent social democratic initiatives fresh in their minds, the heads of state and government agreed in 2000 upon an agenda that would reconcile the two.

The preparation-phase of the Lisbon summit

The proposal for an extraordinary summit on employment, growth and social cohesion under Portuguese presidency was put forward by Blair and Aznar in 1999. The Blair/Aznar statement placed special emphasis on flexibility in the labour market, the reform of the goods and capital markets and the modernisation of the European social model in order to strengthen it (Agence Europe 7443, 12/04/1999). As an answer to the Blair/Aznar document, Martine Aubry, French minister of Employment and Solidarity, and Antonio Bassolino, Italian minister of Work and Social Affairs, published a 'Joint Memorandum proposing a European strategy for growth and employment in view of the European pact for Employment'. While the Blair/Aznar document emphasised the deregulation/flexibility aspect of labour markets, the Aubry/Bassolino memorandum focused on economic recovery and public investment. The latter document was fiercely criticised by UK Prime Minister Blair and Belgian Prime Minister Verhofstadt, especially with regard to the claim that Europe should set a minimum of 3% sustainable real growth (Agence Europe 7453, 26/04/1999). The more traditional orientated left-wing in the EP was particularly hostile towards the Blair/Aznar document (Agence Europe 7459, 05/05/1999).

In the run-up to the Lisbon summit, various declarations that proved to be crucial for the outcome of the Lisbon summit were published: by Blair and Italian Prime Minister D'Alema (Agence Europe 7681, 21/03/2000), by Aznar, by Blair and Verhofstadt,³⁴ and by Blair and Schröder (see previous section) (Hoop 2004; Telo 2001: 182). These direct interventions point to the large influence exercised by the heads of government on the outcome of the Lisbon summit, and indicate relatively little involvement on the part of European institutional actors and the different sectoral Councils (Smith: 711).³⁵

³⁴ Blair and Verhofstadt asserted that cooperation at the European level on social and economic issues can 'add value'. Blair and Verhofstadt noted that 'there is much to be gained by learning from each other', especially if 'the process is facilitated by independent, well-informed analysis'. According to their joint document, the Lisbon Summit must set objectives with clear benchmarking of member states' progress in achieving them, which implies the establishment of reliable performance indicators in various fields: economic and monetary policy, employment, social cohesion and innovation. Verhofstadt noted that it is no mere coincidence 'that it is precisely a social democrat from the British islands and a liberal from the old continent' making this contribution. He continued that 'Lisbon must show that opposition between the Atlantic and Rhineland models can be surmounted'. For the Belgian Prime Minister 'a new social synthesis is taking shape and this synthesis is the active welfare state' (Agence Europe 7663, 24/02/2000). Illustrative in this respect is the report prepared for the Portuguese presidency by Ferrara, Hemerijck and Rhodes (Ferrera et al. 2000).

³⁵ Because of the way the Lisbon summit was prepared, some commentators expressed their fear of an institutional drift towards intergovernmentalism (Agence Europe 7685, 27/03/2000; Agence Europe 7711, 05/05/2000). The contributions of different heads of government proved to be crucial for the outcome of the summit and did not give rise to pre-Lisbon debates within the sectoral Councils, nor in the European Parliament.

In the preparatory document for the Lisbon Council published by the Portuguese presidency, the term ‘Open Method of Coordination’ was mentioned for the first time.³⁶ At the press presentation of the document, Prime Minister Guterres elaborated on a ‘new methodology of cooperation’ based on ‘quantified indicators’. Guterres also noted that ‘the aim is not to create a new process but to take in Lisbon and after decisions which make it possible to consolidate and make the overall process consistent, beginning with a methodology which allows for greater efficacy.’ For some fields Guterres stated that he would recommend a system of benchmarking ‘with a limited number of indicators so that comparisons may be made, emulation sparked off, and positions taken compared to the outside’. Elsewhere - given the principle of subsidiarity - Guterres will propose ‘more flexible coordination, or even a simple exchange of information and good practices’ (Agence Europe 7630, 10/01/2000). Aznar commented in a document published in the run-up to Lisbon on the ideas of the Portuguese presidency and stated that open coordination can play a role in arriving at results on a variety of policy fields. He mentioned as examples the information society, the fight against social exclusion, the renewal of the European social model, and educational and training systems. According to Aznar the latter policy field is ‘an area where subsidiarity remains the most appropriate approach, matched with open coordination’ (Agence Europe 7662, 23/02/2000, see also Agence Europe 7660, 21/02/2000). Professor Maria João Rodrigues, who headed the Portuguese Task Force responsible for organising the summit, stated that:

‘the fundamental problem is that of knowing whether, in Lisbon, the Prime Ministers will be ready to make commitments, mainly concerning the new open coordination method proposed to them and the adoption of a concrete list of measures, with deadlines, as we need this list of measures with practical effect in the short term’.

(Agence Europe 7682, 22/03/2000).

Rodrigues mentioned a variety of policy fields on which this method can be adopted in the future: research and development, small and medium-sized enterprises, education, and social exclusion. Rodrigues stated that on these policy fields:

³⁶ Even the way in which the OMC was presented by the European Council as a middle path between the antagonistic approaches of ‘pure integration’ and the logic of genuine intergovernmental cooperation has been linked by some commentators with the third way discourse (Dehousse 2002: 4; Rhodes 2000: 7).

‘The European Council will be invited to define the guidelines and some priorities and it will be up to the member states to adapt them to the particular features of their own countries in the context of national plans. If these plans are initiated, we shall assess them together, with the participation of all the member states.’

(Agence Europe 7682, 22/03/2000)

Moreover, with regard to education and social exclusion she stressed that ‘national diversities will have to be respected’ (Agence Europe 7682, 22/03/2000).

The deliberations at Lisbon

A couple of days before the beginning of the Lisbon summit, only two items on the agenda were still unresolved: i.e. the timing of the different measures being considered, and the possibility of setting targets for social and education objectives (Agence Europe 7678, 16/03/2000). At Lisbon, the heads of state and government soon reached agreement on the objectives for the e-Europe initiative and a new approach to research. Entirely new was the setting in place of an annual spring summit of the European Council that should set the main economic and social policy priorities and provide a precise mandate to the sectoral Councils. It was more difficult to reach agreement on social policy issues (Agence Europe 7683, 23/03/2000). Among the national governments in the Lisbon Council there were two extremes. One pole consisted of the more neoliberal orientated heads of government - with Spanish Prime Minister Aznar and British Prime Minister Blair as the most prominent actors - insisting on structural reform and liberalisation of transport and energy. The French government belonged to the other pole, defending a more traditional social democratic agenda. The majority of the other heads of government were in between these two poles. On social issues, Blair took a middle stance between the mainstream agenda of the majority and the neoliberal position of Aznar (Hopkin and Wincott 2006; Smith: 710).

After the Lisbon summit, European Council President Guterres told the press that the EU leaves Lisbon with a ‘clear strategy, a firm political determination and an effective method of coordination’. This was to allow the EU in just one decade ‘to become the most competitive and dynamic economy in the world, an economy founded on knowledge and able to keep up sustained growth, with more jobs and greater social cohesion’. According to Guterres one of the main results of the summit was the European Council’s decision to ‘take in hand the responsibility of determining strategic priorities of the Union’s economic and social policy in close cooperation with the Commission, based on quantitative and qualitative

indicators'. Guterres continued: 'This is a completely new attitude, which affirms the primacy of politics over the economy'. The role of the European Council will be 'eminently political and strategic'. He challenged the observation that the conclusions of the summit did not take social concerns sufficiently into account: 'The whole summit was tinged with a deep social concern' (Agence Europe 7684, 24/03/2000). Prime Minister Blair presented the Lisbon summit to the press as a turning point in the European economic way of thinking; structural reforms and the modernisation of the European social model were the new focal points. Blair stated that the summit marked the changeover from a policy of preserving the rights of employees to an active employment policy. He added that the role of governments would change and 'that they will deal less with protection and more with investment in education and training' (Agence Europe 7684, 24/03/2000). According to the Swedish Prime Minister Persson the added value of Lisbon lies in the codification of the OMC. He noted that 'this summit will be of the same standing as the Maastricht Summit, which created the single currency. We have carried out a true reform of European society. We have found the working method that respects traditions and cultures.' (Agence Europe 7685, 27/03/2000).

The revision of the Lisbon strategy

In an attempt to make the Lisbon strategy more focused and easier to understand, the spring summit in 2005 was to relaunch the strategy around three axes: (1) making knowledge innovation a genuine driving force behind growth, (2) ensuring that Europe is an attractive area for business and for workers, (3) and putting growth and employment at the service of social cohesion (European Commission 2005b). These objectives were broken down into ten priority areas, including: research, innovation and technology; the information society; the environment; the internal market; reforms of the employment market; social protection; and education and life-long learning. In order to enforce the contributions of the EU and member state action to growth and employment, the European Council is suggesting a new approach based on a three years cycle to be renewed in 2008, consisting of:

- 1) a Commission synthesis document (strategic report) which will be examined by the relevant formations of the Council and discussed at the spring European Council;
- 2) adoption by the Council of integrated guidelines covering the Broad Economic Policy Guidelines and the guidelines for employment;
- 3) presentation by the member states of their National Reform Programmes;
- 4) regrouping of reports on the follow-up to the Lisbon strategy in a single document that takes stock of measures taken over the previous twelve months;

- 5) an annual Commission report on implementation of the strategy and review of progress achieved by each spring summit.

At the end of the third year of each cycle, the integrated guidelines, the national reform programmes and the Community Lisbon programme will be renewed, taking a strategic Commission report - based on an overall assessment of progress made over the previous three years - as the point of departure (Agence Europe 8915, 23/03/2005; (European Commission 2005b). Particular emphasis is put on the partnership between the member states, civil society, the social partners and the European institutions, as a necessary condition for the functioning of the new Lisbon strategy.

As became clear from above, one of the main points in the revised Lisbon strategy is the call for a simplification and streamlining of the reporting mechanisms. For the OMC e-Europe and OMC R&D this meant in practice that a reporting scheme was introduced through the National Reform Programmes. Separate reporting as part of the OMC social inclusion and the OMC education is allowed to continue under the revised Lisbon scheme, but information relevant to the Lisbon strategy goals should also be reflected in the national reform programmes (European Commission 2005g: 5-6).

3.4 Conclusion

This chapter made insightful that domestic policy debates on competitiveness, social policy and the knowledge based society had a considerable influence on the outcome of the Lisbon summit. This finding is in line with a strand in the European integration literature that puts emphasis on the importance of domestic politics in the member states, i.e. liberal intergovernmentalism.

It became clear from this chapter that at the core of the Lisbon strategy lies the promise of the third way that societies can transcend the choice between economic success and social cohesion - a claim that was prominent in political debates in a number of member states around the turn of the century (Aust 2004: 192-93; Costa Lobo and Magalhaes 2004: 83; Cuperus 2001: 161; Dehousse 2002; Telo 2001). Two points need to be mentioned in the context of this claim. First, the dominance of third way ideas at the Lisbon summit can in part be considered the unintended result of initiatives on the EU level of social democratic actors during the 1990s (Van Riel and Van der Meer 2002: 14). In order to gain the support of non-social democratic heads of government, these initiatives - primarily aimed at fighting unemployment and social exclusion - needed to come to terms with the economic bias of the

EU integration project. Hence, initiatives with a social democratic outlook became reconciled with the more free market orientation of the European Union project³⁷ and came - undeliberately - to resemble a third way programme (Aust 2004: 192-93; Pochet 2005: 43). Second, some politicians committed to the third way agenda tried to upload the main elements of the third way discourse present on the national level to the European level. The EU initiatives of government leaders such as Blair and Verhofstadt aimed to overcome the division between the social and the economic, the Rhineland model and the Atlantic model, and the left and the right. These and other actors took some social democratic initiatives of the 1990s as a starting point and combined these with proposals for economic reforms in order to address the challenges posed by globalisation.

As a result, the Lisbon strategy of 2000 expressed an outlook of a mainstream political agenda, pushed for by heads of state and government with different ideological backgrounds - i.e. Blair, Verhofstadt, Guterres and Aznar. Hence, all mainstream political tendencies were able to see their reflection in the Lisbon strategy (Agence Europe 7685, 27/03/2000, Agence Europe 7711, 05/05/2000).³⁸ This parallels the ideological character of the third way. It is often claimed that the third way lost touch with social democratic ideology, because of its convergence around a mainstream new revisionism. This has led to the fear that the form of social democracy that exists at the present time is no longer a distinctive model and is thus open to hijacking by political competitors (Thomson 2000).³⁹ According to Volkens, each of the major parties around Europe place an increasing emphasis on third way issues in their party manifestos (Volkens 2004: 37). In sum, although originating in social democratic thinking, the third way agenda can no longer be considered particular to modernised social democrats. It has become a set of issues belonging to a reform agenda for European societies to which a large part of the major mainstream parties subscribe (Visser 2005: 174-75; Volkens 2004: 38).

³⁷ This notion falls within a broader dynamic between social democracy and capitalism in general. Within this context social democracy came to terms with capitalism in the post-war period by redefining it. The modern version of social democracy has come to terms with capitalism in the post-Cold War world by being redefined by it (Manow et al. 2004: 24; McGowan 2001: 86-87).

³⁸ President of the Liberal group Mr Cox said that the Lisbon summit can be best labelled an 'enlightened liberal project'. Mr Baron (president of the PES at the time) made a comment in a plenary of the EP just before the Lisbon summit to Portuguese Prime Minister Guterres that 'your objectives for Lisbon seem to me to be a good social democratic initiative for the modernisation of European society' (Agence Europe 7676, 14/03/2000). Verhofstadt combined the position of Cox and Baron by saying that: 'It is a question of a summit of Liberal ideas, with emphasis on social democratic ideas' (Agence Europe 7683, 23/03/2000). The EPP emphasised that the Luxembourg process, that they initiated and supported (i.e. Luxembourg Prime Minister and christen-democrat Junker played a crucial role in setting up this process), was clearly present in the Lisbon strategy.

³⁹ Examples of hijacking political competitors here include Spanish Prime Minister Aznar (Bonoli and Powell 2004: 210) and the Belgian Prime Minister Verhofstadt. The latter shows more sympathy for the third way than the Belgian social democratic party (Hoop 2004: 69).

However, social democratic parties kept employment and social issues as the defining characteristics of their electoral profile. As we will see in the next chapter, the employment-issue is highly salient in the eyes of the electorate and is still closely bound up with the identity of social democratic parties. The latter constrained social democratic politicians in their choice for policy instruments on the EU level with regard to the fight against unemployment.

Chapter 4

The domestic level: saliency and ownership of issues

When national governments have an incentive to act on the European level, there are various barriers to overcome before a policy initiative can take shape on the EU level. First, a government with an incentive to act on the European level has to gain the support of the other governments in the European Council. Second, all national governments want to remain in control on the national level of as many tools for action as possible, even though the transfer of competences to Brussels ‘may command an intellectual and logical justification’ (Ladrech 2000: 128-29). This chapter focuses on the second barrier; the constraints and opportunities for EU level action that are rooted in the domestic arena of member states. These constraints and opportunities are important to take into account because can hinder or facilitate actors in their attempt to use the EU level in a functionalist (i.e. to solve problems on the national level that cannot be solved by an exclusive focus on the national level) or symbolic way (i.e. through adopting a signalling strategy).

4.1 The saliency of issues

When measured public opinion expresses a coherent view on a particular issue, it is highly likely that politicians will respond to the preferences of citizens. As already discussed in chapter 2, politicians are considered in this research to be rational actors who perceive it in their interest to minimize the distance between their own position and that of the public (Manza and Cook 2002). In line with this it is assumed that politicians are not only responsive to citizens because they think it is the 'right thing to do' in democratic terms, but are mainly driven by gaining electoral support to preserve or obtain power.

Most of the time the direct relation between opinions of the public and actions of politicians is difficult to observe because of the high volatility of public awareness on most of the issues (Behr and Iyengar 1985: 52). However, survey data indicate that some issues are salient over time in the eyes of the European public. On these issues public opinion expresses a coherent view in a way that is recognisable by political elites and, hence, it can be expected that politicians will respond in line with these trends. Figure 4.1 shows the issues cited by respondents in answer to the question ‘what do you think are the two most important issues facing (OUR COUNTRY) at the moment? (MAX. 2 ANSWERS)’. All issues in figure 4.1 are considered in this thesis as salient in the eyes of the public.

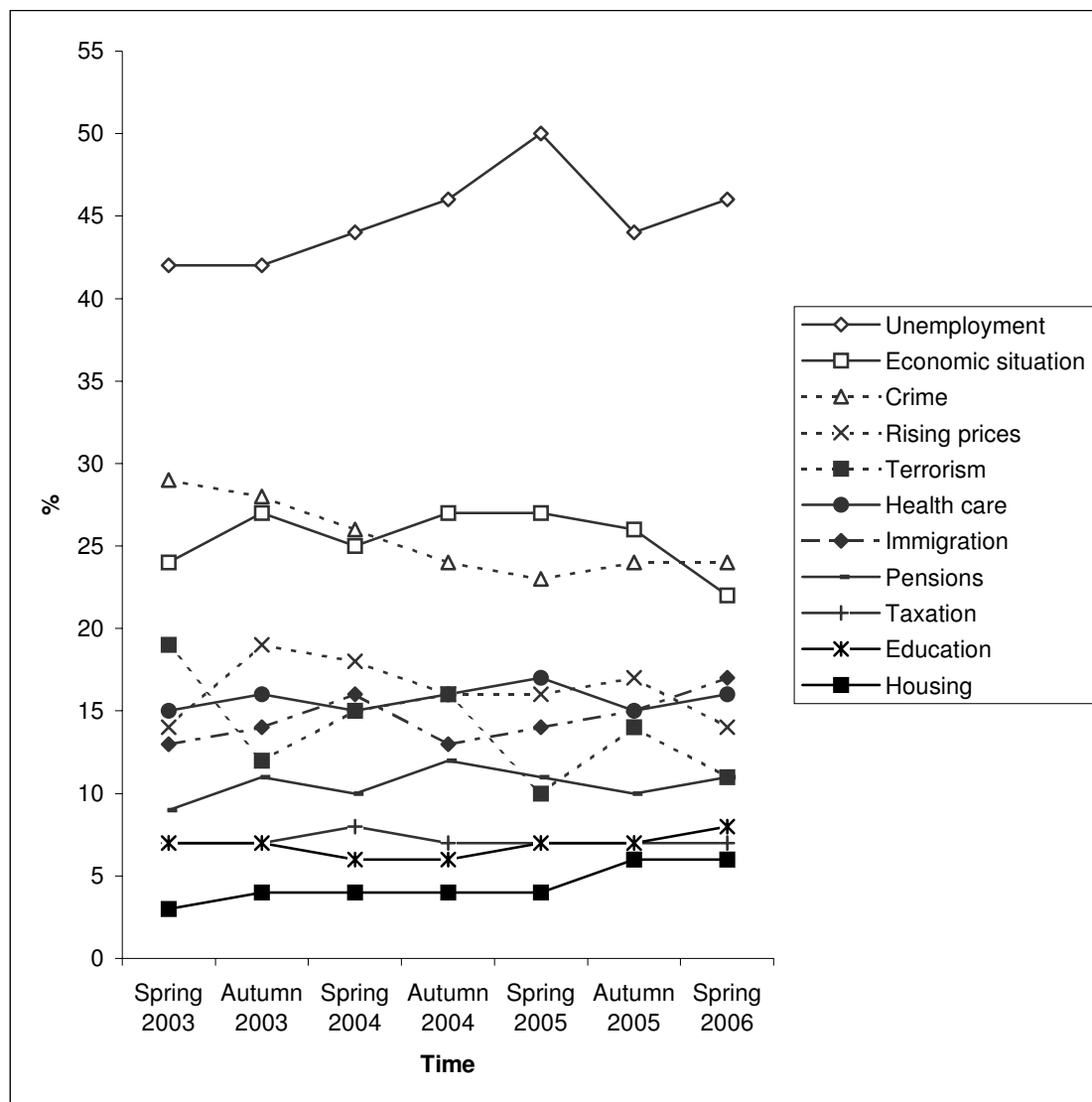


Figure 4.1: The most important problems according to European public opinion (Eurobarometer 59-65, EU-15)

From figure 4.1 it becomes clear that the unemployment-issue is by far the most salient issue in the eyes of the European public. The economic situation and crime are also highly salient issues. The volatility of some issues in terms of their saliency comes to the fore when the Eurobarometer data visualised above are compared with the European Election Studies data of 1999. If the list of the ten most salient issues of 1999⁴⁰ are compared with the 2003-2005 Eurobarometer-data⁴¹, it is evident that highly salient issues in the latter period such as terrorism and rising prices were not considered salient by the public in 1999. Moreover, the

⁴⁰ The list of the ten most salient issues in the eyes of the public in 1999 is the following (from 'high' to 'low'): 1) unemployment; 2) health care; 3) crime; 4) economic situation; 5) immigration; 6) environment; 7) drugs; 8) pensions; 9) education; 10) European Union.

⁴¹ With the data available, only these years/periods could be compared with each other.

environmental-issue is much higher on the agenda in 1999 than in the period 2003-2005. The comparison also shows that the issues unemployment, health care, crime, economic situation, immigration, pensions and education are salient in a non-volatile way.

Although the survey data indicate that the public in the member states of the European Union considers by and large the same set of issues as salient over time, there are some striking differences between countries.⁴² First, it is not the case that unemployment is considered as the most important problem in all fifteen member states. The unemployment-issue is mentioned less often as the most important problem in Spain, Ireland, the Netherlands and the UK. In these member states the public considers crime (The Netherlands, Ireland, and UK), terrorism (Spain), health care (Ireland) and the economic situation (the Netherlands) as the most important problems. Other differences are the high importance attached to the issue of protecting the environment in Nordic countries (Denmark, Sweden, Finland), the absence of a concern for rising prices in member states who are not part of EMU (UK, Sweden), and differences in the degree of saliency of the terrorism issue (*low*: Greece, Ireland, Luxembourg, Austria, Portugal, Finland, Sweden; *high*: Denmark, Spain, Italy, The Netherlands, UK).

In the case of the non-volatile salient issues mentioned above the public expresses a coherent view. This makes it highly likely that politicians will respond accordingly and, hence, will translate what the public's concerns into policy. Moreover, political parties will build their electoral profile around these non-volatile salient issues. Parties from the right to the left have to have a position towards non-volatile salient issues - for example the immigration issue - in order to be judged by the electorate as addressing questions crucial for the future of the society in which they live.

However, parties do also compete selectively. Over the years political parties have become familiarized by the electorate with certain issues which led politicians to opt for strategies aimed at ensuring that 'their' issues are prominent in the public debate, especially during election campaigns.⁴³ Once voters decide which issue is salient for them, the question of which party to support generally follows automatically (Lahav 2004: 138).

⁴² See appendix I for country-specific data on the saliency of issues in the eyes of the public.

⁴³ This can either be done by politicians through emphasising policy results related to the issue that they own (problem-solving approach), or through signalling to the electorate that their concerns are taken seriously (symbolic action). See chapter 2 for more details.

4.2 The ownership of issues

The decision of a political party to make an issue that is salient in the eyes of the electorate more prominent in its electoral strategy, hinges on the expectation of a political party to find a niche in the electoral market. When a party has found this unique selling point, the issue has to be emphasised over time by the party in order to claim ownership of the issue in the eyes of the electorate and, subsequently, gain votes when the issue becomes prominent during election campaigns.⁴⁴

With the Manifesto Research Group dataset it can be assessed which of the non-volatile salient issues of figure 4.1 are most emphasized in the manifestos of political parties in member states of the European Union. I will take two non-volatile highly salient issues as an example (i.e. crime and employment) and will indicate which party families can be considered the owners of these issues.

In all member states crime is a non-volatile salient issue and is central to the electoral profile of a number of political parties. The emphasis on ‘law-and-order’ has long been present in the manifestos of these parties, but gained greater visibility from the 1970s onwards. This can be most clearly observed in Denmark, UK, Germany, Ireland, Luxembourg, the Netherlands and Sweden, while in other countries the increased emphasis on fighting crime appeared slightly later (Belgium, France, Italy).

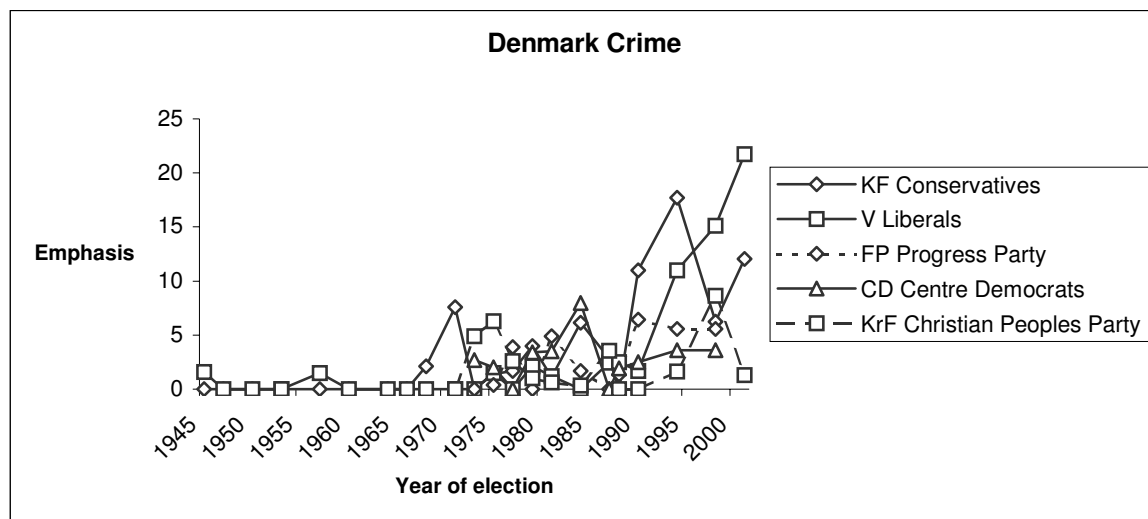


Figure 4.2: Denmark and ownership of the crime issue (Manifesto Research Group data)

⁴⁴ To be sure, on issues on which the public has a positive attitude towards more EU involvement, issue ownership is considered by the hypothesis central in this thesis to be a sufficient condition for fostering a conflict between an incentive to act and reluctance to act on the European level. It is not a necessary condition. See also chapter 2 on this.

Although in all member states there is one political party putting considerably more emphasis on crime than the other parties, there are differences between member states in overall attention for the crime issue. Especially in Denmark, Italy and the UK, some political parties spend a considerable part of their party manifestos explaining how they intend to fight crime, while in Luxembourg, Greece, Finland, Portugal and Belgium, the emphasis on law and order issues is less prominent in the manifestos of political parties.

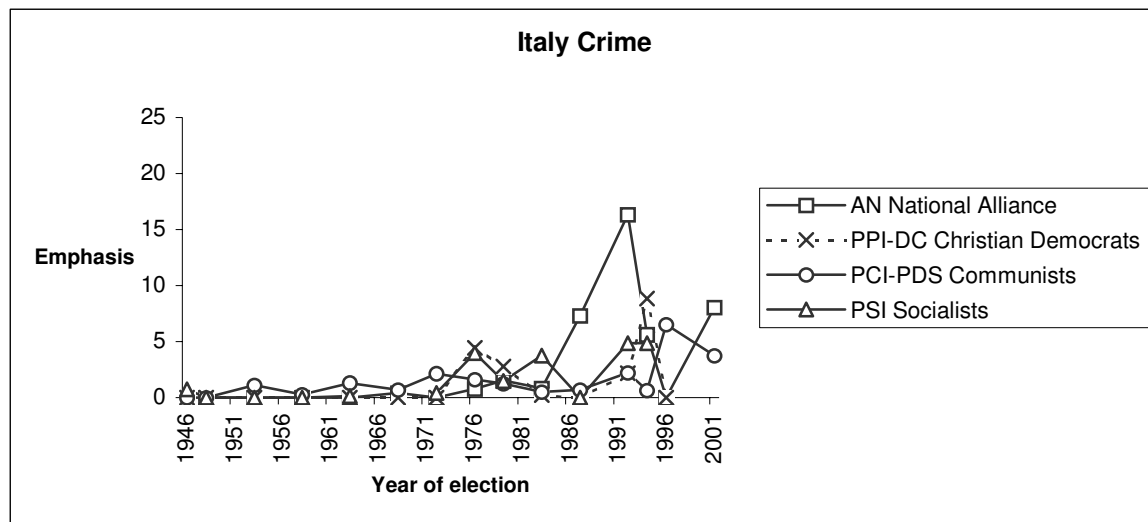


Figure 4.3: Italy and ownership of the crime issue (Manifesto Research Group data)

Although there are differences between member states with regard to the period from which the crime-issue was more emphasised and the amount of overall attention for the crime issue, a general trend for all fifteen member states can be identified. From the figures on the crime-issue in appendix II it becomes clear that parties belonging to the liberal, (Austria, Belgium, Denmark, Luxembourg, the Netherlands), conservative (Denmark, France, UK, Ireland, Italy, Spain, Sweden) and christen-democratic party families (Finland, Germany, Ireland) place considerable more emphasis on the crime issue in their party manifestos over time than the other party families.⁴⁵ Hence, parties from the above mentioned families can be considered the owners of the crime issue. Voters will directly think about these parties when the issue becomes prominent in the public debate in the run-up to elections.

⁴⁵ This is supported by the finding that the emphasis in party manifesto's on the 'law and order'-issue on the one hand, and the 'right-left' computed variable included in the MRG-dataset on the other (right = positive; left = negative), are significantly correlated with each other: $r_s = .191$, p (one-tailed) $< .001$. This means that the more right-wing a party is, the more emphasis the party puts in its manifesto on the 'law and order' issue. This holds for the majority of member states. However, there are some member states in which the two variables are not significantly correlated (Belgium, Greece, Portugal, Germany, Austria and Ireland). See appendix II for country-specific correlations between the right-left dimension on the one hand and the crime issue on the other.

A second issue for which issue owning party families can be identified is employment. In most countries it are the communist and social-democratic parties that put considerably more emphasis on the employment-issue in their manifestos.⁴⁶ In some member states social democratic parties emphasised the employment issue till the 1970s (Belgium, Finland, France), while in other member states the employment issue received more overall attention after the 1980s (UK, Ireland, Belgium, Sweden, the Netherlands, Germany). In the Netherlands and Germany the latter increase in emphasis is especially visible in the manifestos of social democratic parties.

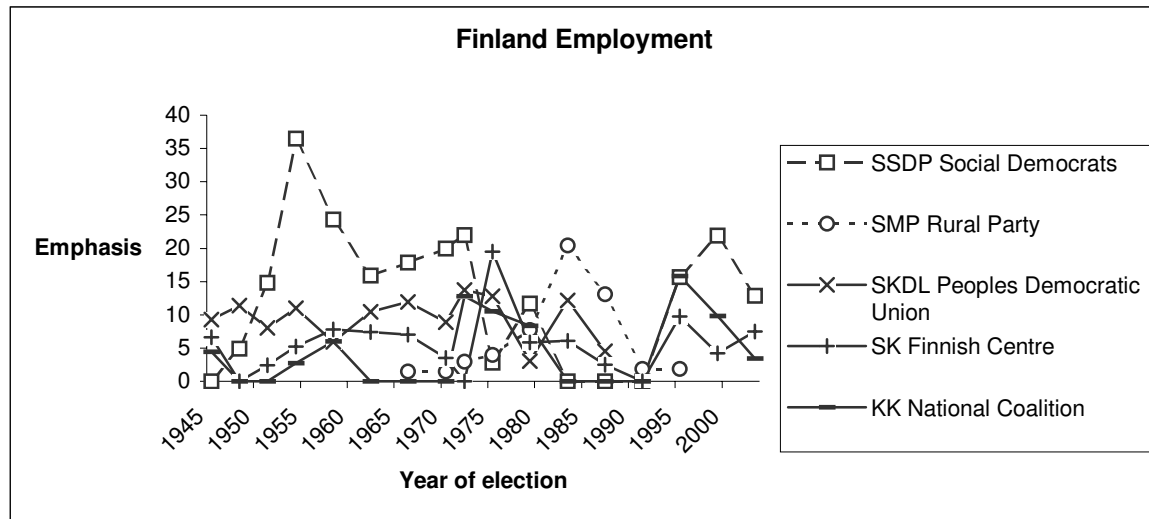


Figure 4.4: Finland and ownership of the employment issue (Manifesto Research Group data)

⁴⁶ This is supported by the finding that the emphasis in party manifesto's on the employment issue on the one hand, and the 'right-left' computed variable included in the MRG-dataset on the other (right = positive; left = negative), are significantly correlated with each other: $r_s = -.332$, p (one-tailed) $< .001$. This means that the more right-wing a party is, the less emphasis the party puts in its party manifesto on the employment issue. This holds for the majority of member states. However, there are some member states in which the two variables are not significantly correlated (Belgium, the Netherlands, Greece, Austria, UK). See appendix II for country-specific correlations between the right-left dimension on the one hand and the employment issue on the other.



Figure 4.5: Ireland and ownership of the employment issue (Manifesto Research Group data)

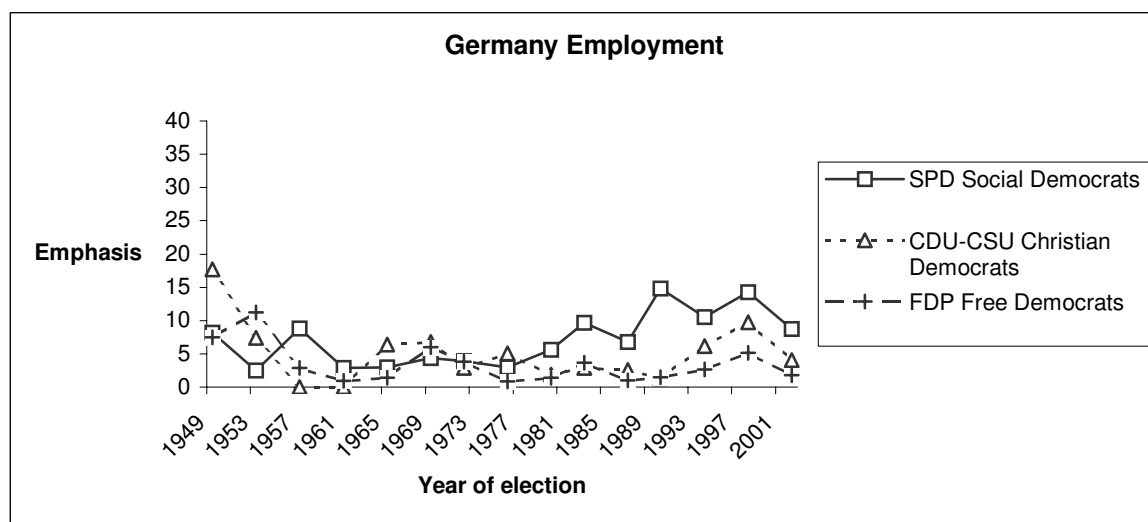


Figure 4.6: Germany and ownership of the employment issue (Manifesto Research Group data)

4.3 Saliency, issue ownership and an incentive to act: an example from the EU

As we saw above, there are political parties that put a considerably greater emphasis in their party manifestos on a non-volatile salient issue than other parties. It is claimed in this research that these issue owning parties are more likely to make ‘their’ issue a unique selling point in their electoral profile. When this political party has an incentive to act on the European level that touches upon this issue, and there is public support for more EU involvement, such a party is faced with a dilemma. On the one hand political parties can gain from giving a European dimension to ‘their’ issue. Through giving a European dimension to the issues that

the party owns and emphasising this dimension in the national arena, the issue owning political party can ensure that their issue becomes prominent in the public debate, with a positive electoral outcome as a result. On the other hand, the issue owning political party cannot shift the competence on this issue completely to the European level because of the necessity to control what happens on ‘their’ issue and to avoid unexpected consequences. An example of the latter would be the acceptance of an EU policy directive that is not in accordance with the stance of a political party in government on an issue that they own. When this receives the attention of the national media, the political party will lose credibility in the eyes of the electorate, with electoral retribution as a result. As will become clear from the discussion below, the dilemma described above was clearly present in the case of the employment issue.

At the turn of the century, social democratic parties in government had an incentive to act on the European level with regard to the employment issue, driven by their ownership of the issue and the public support for more EU involvement (see figure 4.7), but were at the same time restricted by it in their actions on the EU level.

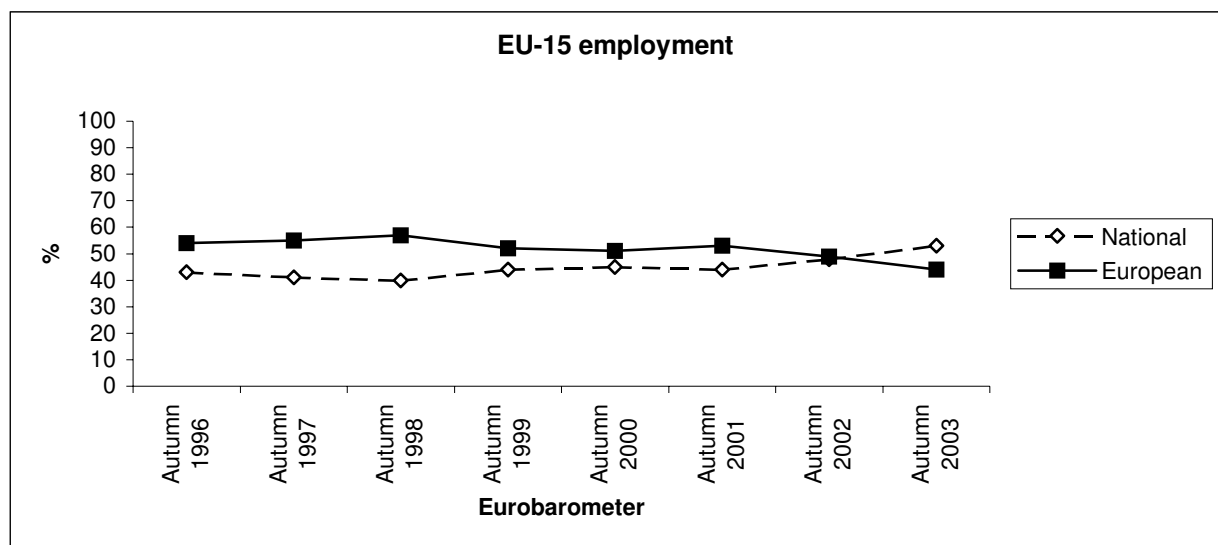


Figure 4.7: Employment policy: national competence or joint competence on EU level? (Eurobarometer 46, 48, 50, 52, 54, 56, 58, 60; EU-15).

The question that had to be addressed at the time by social democratic parties in government was how to act on the EU level without losing control over an issue that is vital in their electoral strategy. Giving over a significant amount of credit for lowered unemployment to the EU would rob social democratic parties of too great a potential asset in elections, given that they are the owners of the employment issue (Ladrech 2003: 120). Hence, social

democratic parties around Europe will not push for full harmonization on the EU level of policies aimed at fighting poverty, since they fear losing control over these policies. Such a loss of control can make it impossible for political parties to use the employment issue as a vote-gaining instrument on the national level.

A second reason why harmonisation of national employment policies was not an option for social democratic politicians is because it would not lead to the formulation of a coherent social democratic strategy for the EU. Despite convergence around the 'new revisionism' programme identified in chapter 3 and the central role of the employment issue in the electoral strategy of social democratic parties in all member states, social democratic parties do vary in their opinion on how to fight unemployment.⁴⁷ This divergence of views is mirrored in an interruption by Jacques Delors at the PES-congress in Milan in 1999:

'By dint of saying that we are in 13 governments and that we lead 11 of them, public opinion will only bear one thing in mind, that if things go wrong employment-wise, it will be our fault. And we shall pay for that politically at European and national levels. We should not boast too much, especially when one sees the spectacle of our differences, to say the least' (Agence Europe 7435, 30/03/1999).

Hence, harmonization of national employment policies on the EU level would unavoidably lead to lowest common denominator decisions, even if all governments in the Council would have been dominated by social democratic parties.⁴⁸ Merkel claims that the unwillingness of social democratic governments to concede sovereignty to the European level on social and employment issues is even a blessing for the preservation of highly developed welfare states. Merkel expresses the fear that centre-right parties in governments could use a change in the unanimity-rule on the European level with regard to social and employment issues to introduce cuts on the national level in the welfare-state arrangements:

⁴⁷ Compare for example the supply-side approach to unemployment of Blair with the proposal by Jospin for a 35 hour work week (Ladrech 2000: 127).

⁴⁸ It is interesting that especially Scandinavian social democratic politicians and Labour politicians from the UK are opposed to social policy/employment initiatives on the European level. The former fear that their national welfare state arrangements will be harmonised downwards through initiatives on the European level (see also subsequent comments of Merkel on this), while the latter fear that their national social policies will be harmonised upwards through EU initiatives on these fields.

‘social-democratic governments of the member states with highly developed welfare states would be well advised not to rashly giving up control at the national level, for even a middle-term recapturing of control in the European arena currently seems unpromising’ (Merkel 2001: 55-56).

In sum, harmonisation at the EU level of policies aimed at fighting unemployment would address the incentive to act of social democratic politicians, but does not take into account the electoral constraints in the domestic arena with which social democratic politicians around Europe are faced (Visser 2005: 175). However, leaving all policy instruments in the hands of the member states takes into account the latter, but does not allow social democratic parties in government to address their incentive to act on the European level. How can a political party in government deal with a strong incentive to act on the EU-level with regard to a salient issue that is the ownership of the party and, hence, is a core theme in its electoral strategy? In other words, is there a way by which to combine the aims of putting domestically salient issues on the EU agenda and to prevent gaps in member state control from emerging?

In order to resolve this ‘situation of deadlock’, national governments began to search for a middle path in EU governance. The result of this search is the OMC functioning in the context of the EES (Schäfer 2004).⁴⁹ It solves the conflict between not wanting to harmonise policy areas related with the employment issue because of electoral reasons. At the same time it addresses the wish of social democratic politicians in government to promote a balance between economic and social issues on the European level. Moreover, the OMC made it easier to deal with eurosceptic politicians on the national level because of its full respect for the principle of subsidiarity (Manow et al. 2004: 29).

4.4 Conclusion

When addressing the choice for policy instruments on the EU level, it is important to take the electoral constraints governments have to deal with when acting on the European level into account. In this chapter it has been made insightful that the high non-volatile saliency of an

⁴⁹ Note that in the hypothesis central in this thesis, the non-volatile saliency in the eyes of the public of an issue is a necessary condition for national governments in the Council - among which governments with an incentive to act on the European level - to start a search for a middle path in EU governance. The ownership of this issue by a political party in government can reinforce the necessity felt by national governments in the Council to start a search for such a middle path, but is not a necessary condition for this search to take place.

issue and the ownership of issues can form a constraint for political parties in government with an incentive to act on the EU level.⁵⁰

The constraints and opportunities for EU level action rooted in the domestic arena are important to take into account because can hinder or facilitate state actors in their attempts to address problems on the EU level that cannot be solved by an exclusive focus on the national level, or adopt a signalling strategy. From this chapter and chapter 2 it became clear that the development of the OMC can be related with these two types of an incentive to act on the EU level. Hence, gaining insight in the domestic roots of state preferences is vital for assessing whether the development of the infrastructure of an OMC followed a straightforward functionalist logic - i.e. a more developed OMC as a better way to address a problem - or was driven by, for example, social democratic politicians that could gain from it in electoral terms. In chapters 6 to 9 four OMCs are discussed in light of the two types of an incentive to act. In these chapters, the main actors behind the decision to raise attention for the specific policy field in the European context will be identified. Other questions that will be addressed are the role of national governments in the choice for the OMCs, and whether the conflict between an incentive and reluctance to act on the EU level played a role in the choice for developing the infrastructure of the OMCs. Before turning to these questions, chapter 5 will elaborate on the policy fields for which these questions will be asked, and which methods will be used to find answers to these questions.

⁵⁰ A constraining factor for a political party participating in a coalition government is convincing the coalition partner(s) of the necessity to act on the European level.

Chapter 5

Cases and methods

Before the hypothesis can be assessed, it is necessary to elaborate on the criteria for the selection of cases, and the methods used to collect and analyse the data. As will become clear from this chapter, the extensive coding of Agence Europe bulletin articles provided the main empirical basis for this research. To check the general insights that were obtained from the coding of these articles, persons involved in the choice and development of the OMC with an overview across time and across member states needed to be interviewed. Hence, the most obvious candidates to interview were Commission officials present at meetings with member states representatives in which EU initiatives in general and the development of the OMC in particular were discussed. Also European Voice articles were coded in order to check the results of the coding of the Agence Europe bulletin articles. A summary of the various stages of data collection and analysis, and the type and amount of material used can be found in table 5.11.

5.1 Case-selection

With regard to the selection of cases two points have been taken into account. First, the Lisbon strategy is the context in which the OMC was formally codified. Hence, the Lisbon presidency conclusions are taken as a starting point for the selection of cases. Second, cases have to be selected in such a way that there is variation on the independent variable - i.e. the degree of saliency of an issue - in order to assess whether it plays a role in the choice to develop the infrastructure of the OMC.

To realise the Lisbon goals - which all relate to the reinforcement of the economic and social infrastructure of European societies - it was judged necessary to act on a variety of policy fields. In the Lisbon presidency conclusions three goals can be identified that are linked with the mandate of the Lisbon Council to adopt OMCs on specific policy fields (see box 3.1). First, the Lisbon Council judged it necessary to prepare the transition to a knowledge-based economy:

‘by better policies for the information society and research and development, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market’.

(European Council 2000)

Obviously, the OMCs for the R&D field and the e-Europe initiative are closely linked with this goal. Other coordination measures of which the adoption was mandated by the Lisbon Council and are related with this goal are the OMC for small and medium-sized enterprises (OMC sme) and the OMC education.

A second goal formulated by the Lisbon Council consisted of ‘a modernisation of the European social model, investing in people and combating social exclusion’. Directly related with this goal was the mandate of the Council to adopt OMCs for the fields of social inclusion, pensions and health care. The Lisbon Council also send out a strong signal that education has a role to play in reaching this goal, and should therefore have its own independent OMC.

The OMC education is also linked to a third goal of the Lisbon strategy of 2000, i.e. ‘sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix’. Using education policy in order to reinforce the supply-side of the economy is presented in the Lisbon strategy as one of the few feasible economic policies to be adopted on the national level under the budgetary constraints of EMU. The latter makes the education issue relevant for all the three Lisbon goals identified here, and therefore it is vital that this should be studied. Moreover, the education issue - together with the social inclusion theme - brings to the fore the policy triangle that forms the core of the Lisbon strategy, involving the positive interaction between economic, employment and social protection policies.

Next to the OMCs previously discussed, coordination measures functioning in the context of EMU and the EES are also related with the three Lisbon goals. These practices are under way for a considerable time and, hence, are already studied in depth with respect to the questions underlying the hypotheses of this research. Hence, I decided to exclude these two measures. Also the OMC small and medium sized enterprises and the OMC health care were excluded. The latter two OMCs are relative recent measures and do not form the core of the Lisbon strategy - especially when compared with the OMC e-Europe, the OMC R&D (both related with goal 1), and the OMC social inclusion (related with goal 2). Because of my

interest in the third way agenda underlying the Lisbon strategy, I have chosen to study the social inclusion issue over the pension issue.⁵¹

With the choice for the cases education, social inclusion (both salient issues in the eyes of the public), R&D, and the e-Europe initiative (both non-salient issues in the eyes of the public) there is sufficient variance to account for a possible causal effect between the saliency of an issue on the one hand, and the choice to develop the infrastructure of an OMC on the other. I acknowledge that it is difficult to make substantial claims on the basis of four cases on sufficient/necessary conditions that can be generalised for the whole population of OMCs in function on the European level (see Szyszczak (2006) for an overview). However, by including four OMCs this research goes beyond most of the literature on the OMC, which for the largest part only looks at one or two OMCs. This research should therefore be seen as a first step towards a better understanding of the choice to develop the infrastructure of the OMC.

5.2 Data collection and analysis

As a first step in this research, all Commission communications, Commission staff/background reports, Council decisions, Council reactions to Commission communications and conclusions of Council summits published in the period 1999-2003 on the four selected policy fields were collected and analysed.⁵² This provided a preliminary idea of what happened on the European level during the years in which the OMC was codified and adopted on the selected policy fields. A considerable number of these documents were used to assess the dependent variable, i.e. the degree of development of the infrastructure of the OMC (see table 5.1). On the basis of the study of these documents table 2.1 and figure 2.2 are constructed.

⁵¹ It is claimed that the social inclusion theme is made prominent by the social democratic third way as a new way to frame discussions on fighting poverty (Lister 2000), and to keep a concept of social justice at the center of its political profile despite the downward pressure of globalisation on welfare provisions (Avis 2002: 15).

⁵² At a later stage the official documents for the remaining years (2003-2005) were studied.

	Title documents used
Education	<ul style="list-style-type: none"> - European Commission (2001a), 'Report from the Commission. The Concrete Future Objectives of Education Systems'. - European Commission and European Council (2002), 'Detailed work programme on the follow-up of the objectives of education and training systems in Europe'. - European Commission (2003b), 'Communication from the Commission. "Education and Training 2010" The success of the Lisbon strategy hinges on urgent reforms'. - European Commission (2004a), 'Commission staff working paper. Progress towards the common objectives in education and training. indicators and benchmarks'. - European Commission (2005f), 'Commission staff working paper. Progress towards the Lisbon objectives in education and training'. - European Commission and European Council (2005), 'Joint Progress report of the Council and the Commission on the implementation of the Education and Training 2010 work programme'. - Souto Otero, M. and McCoshan, A. (2005), 'Study on Access to Education and Training - Tender No EAC/38/04. Final Report for the European Commission', (ECOTEC Research and Consulting Limited).
R&D	<ul style="list-style-type: none"> - European Commission (2000b), 'Working document from the Commission services. Development of an open method of co-ordination for benchmarking national research policies - objectives, methodology and indicators'. - European Commission (2002b), 'Communication from the Commission. More research for Europe: towards 3% of GDP'. - European Commission (2002d), 'Communication from the Commission. The European Research Area: providing new momentum. strengthening - reorienting - opening up new perspectives'. - European Commission (2003c), 'Communication from the Commission. Investing in research: an action plan for Europe'. - CREST (2004), 'On the application of the open method of coordination in favour of the Barcelona research investment objective'. - European Commission (2005e), 'Communication from the Commission. More Research and Innovation - Investing for Growth and Employment: A Common Approach'.
Social Inclusion	<ul style="list-style-type: none"> - European Commission (1999), 'A Concerted Strategy for Modernising Social Protection'. - European Commission and European Council (2001), 'Joint Report on Social Inclusion'. - European Council (2001), 'Presidency Conclusions Stockholm European Council, 23-24 March'. - European Commission (2002c), 'Community Action Programme to Combat Social Exclusion 2002-2006. Annual Work Programme - 2002'. - European Commission (2005a), 'Communication from the Commission. Working together, working better: A new framework for the open coordination of social protection and inclusion policies in the European Union'.
e-Europe	<ul style="list-style-type: none"> - European Commission and European Council (2000), 'eEurope 2002: an Information Society For All. Action Plan'. - European Commission (2002a), 'Communication from the Commission. eEurope Benchmarking Report'. - European Commission (2002e), 'Communication from the Commission. eEurope 2005: An information society for all'. - European Commission (2004b), 'eEurope Advisory Group. eEurope 2005 Action Plan: An Update'. - European Commission (2004c), 'Communication from the Commission. eEurope 2005 Mid-term Review'. - European Commission (2004d), 'Communication from the Commission. Connecting Europe at High Speed: National Broadband Strategies'. - European Commission (2005c), 'Communication from the Commission. i2010 - A European Information Society for growth and employment'. - European Commission (2005g), 'Commission Staff Working Paper. Working together for growth and jobs. Next steps in implementing the revised Lisbon strategy'.

Table 5.1: Documents used to assess the degree of development of the infrastructure of OMCs.

The second stage of the data collection and analysis focused on the situation in the domestic arena of the member states. The saliency of issues on the national level, the domestic public support for EU level initiatives, and the ownership of issues by political parties were assessed. To determine which issues are salient over time and whether there is support for EU level action on these issues, Eurobarometer data were studied (see table 5.2). The ownership of issues by political parties was measured using the Manifesto Research Group (MRG) data (see table 5.2). For some issues it was possible to calculate correlations and trace linkages between issues.

	Eurobarometer data used	Variable in Manifesto Research group data used
Education	46, 48, 50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65.	<i>Education expansion (per506)</i> : need to expand and/or improve educational provision at all levels.
R&D	46, 48, 50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65.	<i>Technology and infrastructure (per411)</i> : importance of modernisation of industry and methods of transport and communication; importance of science and technological developments in industry; need for training and research (this does not imply education in general).
Social Inclusion	50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65.	<i>Social justice (per503)</i> : concept of equality; need for fair treatment of all people; special protection for underprivileged; need for fair distribution of resources; removal of class barriers; end of discrimination such as racial or sexual discrimination, etc. <i>Welfare state expansion (per504)</i> : favourable mentions of need to introduce, maintain or expand any social service or social security scheme; support for social services such as health service or social housing. This category excludes education.
e-Europe	59, 60, 61, 62, 63, 64, 65.	<i>Technology and infrastructure (per411)</i> : importance of modernisation of industry and methods of transport and communication; importance of science and technological developments in industry; need for training and research (this does not imply education in general).

Table 5.2: Eurobarometer and manifesto research group data used to assess saliency, public support for EU-level initiatives, and issue ownership

Although useful for gaining insights with regard to public opinion and the issues political parties emphasise on the national level, there are a number of problems with the Eurobarometer and Manifesto Research Group data. First, questions in the Eurobarometer surveys change sometimes in formulation between waves or are not present in every wave. This creates serious difficulties for comparing the data. When this problem occurs it is made explicit in the text and alternative data are presented - such as the European Election Studies - or limits the conclusions that can be drawn. Second, doubts can be raised on whether the Manifesto Research Group data can measure the issues that are emphasised by a political

party in the run-up to elections. Party manifestos mirror the policy positions of political parties, but cannot be considered more than a proxy for measuring the issues that are made central by a political party in the public debate in the run-up to elections. Therefore, the Manifesto Research Group data will always be interpreted in combination with data from Agence Europe bulletins and - to a lesser extent - European Voice articles and interviews with persons closely involved in the choice and development of the OMC.

Through the analyses of the Eurobarometer and the MRG data, it became clear that only in the cases of social inclusion and education the saliency of an issue in the eyes of the public was high enough to - potentially - engender a conflict between an incentive and reluctance to act on the EU level. Hence, already in this second stage of the research an idea was formed - in combination with the study of official documents of the Commission and the Council - on whether or not the hypothesis holds for the four OMCs selected for study. At face value, the social inclusion and education field (high public saliency, highly developed OMC), and the issue of the emergence of the internet (low public saliency, low developed OMC) were in line with the hypothesis. On the basis of the study of the official documents, and an analysis of the Eurobarometer and MRG-data some doubts emerged on the fit between the hypothesis and the OMC R&D (low public saliency, medium-high developed OMC). However, the data collected and analysed in the first and second stage only provided a tentative picture. To draw solid conclusions, an in-depth study of the position of the member states towards initiatives on the EU level on the four policy fields and towards the choice and development of the OMCs was necessary.

In the third stage of data collection and analysis, positions of member states towards initiatives on the EU level on the four policy fields in general and the OMC in particular were assessed through the extensive coding of articles published in Agence Europe⁵³ bulletins during the period 1999-2005. The selection of relevant articles from the Agence Europe bulletins for coding was a very time-consuming process. A keyword search selecting all Agence Europe bulletin articles referring to the 'open method of coordination' was not possible because it was - initially - unclear how the OMC would be exactly referred to in the articles.⁵⁴ Hence, a manual search of all Agence Europe articles touching upon the four policy

⁵³ Agence Europe is an international press agency that publishes daily bulletins on European economic and political integration. It is independent of all power-bases, national or other, political or economic.

⁵⁴ After analysing all the data resulting from a manual search of all Agence Europe bulletins published in the period 1999-2005, it became clear that the OMC was often not explicitly mentioned and only separate elements of the OMC were discussed. While for the social inclusion field the term 'OMC' was used on a regular basis, on the education, R&D and e-Europe field often only a reference was made to elements of the OMC, such as benchmarking, guidelines/objectives, indicators, or the exchange of good/best practices. Moreover, instead of the

fields in the context of the Lisbon strategy had to be performed in order not to omit relevant articles. After a quick scan of the selected articles it became clear that it was necessary to go a bit further back in time and to search for articles published around the Amsterdam and Luxembourg summits. This proved to be helpful for understanding the choice and development of the OMC social inclusion and the OMC functioning in the context of the EES - the OMC which was taken as an example for codifying the OMC template in the Lisbon presidency conclusions. The results of this first selection of Agence Europe bulletin articles are summarised in table 5.3.

	Period	Amount of words	Amount of pages (with same lay-out as this thesis)	Amount of articles
Lisbon summit/strategy	19/01/1999-06/12/2005	662504	1561	1052
Amsterdam summit/Luxembourg summit	05/10/1995-05/01/1998	237426	587	359
Education	26/01/1999-23/12/2005	96385	252	217
R&D	08/06/1999-12/12/2005	59831	159	121
Social Inclusion	03/02/1999-09/12/2005	102114	295	227
e-Europe	08/01/1999-17/11/2005	74864	225	188
Total		1233124	3079	2164

Table 5.3: Relevant Agence Europe bulletin articles selected for close reading

The manual search for relevant articles on the Lisbon strategy in general and the four policy fields in particular resulted in 3079 pages of - at face value - relevant articles. These articles elaborated on:

- Council reactions on Commission communications
- priorities of member states during their presidency of the Council on the four policy fields at the beginning, mid-term and ending of their presidency
- agenda's of (sectoral) Council meetings and meetings of other bodies in which member state representatives are present (e.g. the Social Protection Committee)

term 'open method of coordination', the OMC was often referred to with the terms 'open method of co-ordination', 'method of open coordination', 'method of open co-ordination', 'open co-ordination method', 'open coordination method', or 'open method'. As mentioned in the text, without this knowledge on the various ways the OMC was referred to a simply keyword search was not possible.

- summaries of the discussions of (sectoral) Council meetings and other bodies in which member state representatives are present
- decisions of the (sectoral) Council(s)
- press conferences after (sectoral) Council summits
- summaries of plenary debates of the European Parliament on Commission Communications and Council decisions.

After close reading the over 2000 articles it was decided to use the articles on the Lisbon strategy (1052 articles) and on the Amsterdam/Luxembourg summit (359 articles) as background information to contextualise the policy developments on the four policy fields and for writing chapter 3 on the origin and content of the Lisbon strategy. On the basis of the hypothesis (H)⁵⁵ and the factors that determine the feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences (F)⁵⁶, coding categories and empirical indicators were specified (see table 5.4).

⁵⁵ H: The greater the saliency of an issue in the eyes of the public on the national level, the more likely it is that national governments which have an incentive to act on this issue on the European level (and of which political parties in government may be the issue owner) will clash with national governments reluctant to act. The presence of this conflict on a policy field is a condition for the infrastructure of an OMC to develop.

⁵⁶ F: The strategy to use the OMC to prevent a shift of competences can be considered feasible when institutional obstacles are low and European institutional actors lack sufficient political resources to organise successful resistance against the actions of national governments.

Elements hypothesis	Coding category	Empirical indicators
H: incentive to act	Incentive to act on the EU level by national governments	i. priorities of a member state when holding the presidency of the EU, ii. attention given by other national governments on the EU level to issues, iii. Attention given by MEP's from political parties in government on the national level to issues.
H: saliency ⁵⁷	Expression saliency of issue on the European level and translation back to the national arena	i. priorities of a member state when holding the presidency of the EU, ii. attention given by other national governments on the EU level to issues, iii. attention given by MEP's from political parties in government on the national level to issues, iv. is there an attempt to transmit i-iii to the national arena?
H: issue ownership ⁵⁸	Expression issue ownership on the European level and translation back to the national arena	i. priorities of a member state when holding the presidency of the EU, ii. attention given by other national governments on the EU level to issues, iii. attention given by MEP's from political parties in government on the national level to issues, iv. is there an attempt to transmit i-iii to the national arena?
H: reluctance to act/avoid a shift of competences	Wish of national governments, or other actors on the national level, to avoid unexpected consequences caused by decisions taken on the EU level	i. emphasis by national government on the necessity of maintaining control on the national level, ii. emphasis on maintaining national diversity, iii. emphasis on principle of subsidiarity, iv. emphasis on strengthening of the role of the European Council
	Is the OMC developed ⁵⁹ enough to form an obstacle for a shift of competences?	presence of four elements of the OMC template codified in the Lisbon presidency conclusions
F: successful resistance	Can European institutional actors resist the initiatives of the national governments of the member states?	i. opposition from European institutional actors to decisions taken by national governments in the Council, ii. effect of this opposition
F: institutional obstacles	Is there pressure placed on national governments to include institutional bodies and electorates in newly created schemes to manage the EU polity?	i. pressure by the Commission or the EP on the Council to include institutional bodies in the OMC, ii. incentive to act on the European level of NGO's

Table 5.4: The hypothesis (H), the feasibility claim (F), coding categories and empirical indicators.

As becomes clear from table 5.5, nearly 70% percent of the articles initially identified as relevant were closely related with the coding categories constructed on the basis of the hypothesis assessed in this thesis. In total 516 articles were coded in detail.

⁵⁷ This element is also assessed with Eurobarometer data, see table 5.2.

⁵⁸ This element is also assessed with Manifesto Research Group data, see table 5.2.

⁵⁹ This element is also assessed with official documents of the Commission and the Council, see table 5.1.

	Total amount of articles selected	Amount of articles selected for coding
Education	217 (100%)	157 (72,35%)
R&D	121 (100%)	71 (58,67%)
Social Inclusion	227 (100%)	169 (74,44%)
e-Europe	188 (100%)	119 (63,29%)
Total	753 (100%)	516 (68,52%)

Table 5.5: Total amount of Agence Europe bulletin articles selected for coding as a percentage of all articles identified as relevant on the policy fields

The coding of the Agence Europe bulletin articles resulted in a wealth of information on the position of member states towards activities on the EU level on the four policy fields. Moreover, the recurring attention for the OMC by member states reported in the Agence Europe bulletin articles provided valuable information for assessing the hypothesis. See table 5.6 for the quantity of articles related with the coding categories of table 5.4.

	Education	R&D	Social Inclusion	e-Europe	Total
Amount of pages coded	178	98	215	143	634
Amount of articles coded	157	71	169	119	516
Amount of articles on presence/absence incentive to act	99	31	73	48	251
Amount of articles on presence/absence saliency	62	5	33	26	126
Amount of articles on presence/absence issue ownership	30	1	12	8	51
Amount of articles on presence/absence reluctance to act	35	10	17	11	73
Amount of articles in which OMC is explicitly mentioned	29	17	75	5	126
Amount of articles mentioning guidelines/objectives in context OMC	38	22	44	17	121
Amount of articles mentioning indicators in context OMC	18	7	40	8	73
Amount of articles mentioning benchmarking in context OMC	10	9	9	9	37
Amount of articles mentioning National Action Plans in context OMC	5	0	44	0	49
Amount of articles mentioning peer review/peer pressure in context OMC	2	0	1	0	3
Amount of articles mentioning best/good practices in context OMC	29	4	24	24	81
Amount of articles on presence/absence resistance European institutional actors/institutional obstacles	100	60	109	90	359

Table 5.6: Coded Agence Europe Bulletin articles and the coding categories.

After the third stage of the data collection and analysis, a clear-cut picture emerged on the position of member states towards initiatives on the EU level on the four policy fields. Given that member states were rather passive and most Commission proposals were accepted without amendments, it directly showed in the data when there was an initiative of the member states on the EU level, or opposition to Commission initiatives. The most clear examples are the initiatives of the French presidency of the Council in 2000 in the context of the fight against social exclusion, and the opposition of the German Länder representatives against the starting up of the OMC education. In these and other examples - mostly present on the social inclusion, education and R&D field - reasons to develop the OMC were clearly mentioned or could be derived from the Eurobarometer and MRG data. In the case of the OMC social inclusion for example, a more developed OMC meant more attention for the social exclusion problem and resulted in a sense of urgency on the national level, points that were especially valued by French social democrats in government. On the education field it were the German Länder that framed their resistance against EU-level initiatives on the education field by expressing a fear for an erosion of their competence on education issues. The OMC education was explicitly presented by the Commission and the sectoral Council as respecting the German competence allocation, while allowing for initiatives on the EU level on this sensitive policy field.

In sum, after studying more than 2000 Agence Europe bulletin articles - of which 516 could be directly linked to the empirical indicators - there was abundant information gathered on the position of member states towards initiatives on the EU level in the context of the Lisbon strategy, the European Employment Strategy, the four selected policy fields and the choice and development of OMCs on these fields. At this stage of the data collection and analysis no more detailed information on positions of member states was needed, which meant that interviews with policy officers at the member state level were redundant. However, the general insights obtained from the detailed coding of Agence Europe bulletin articles needed to be checked. For the latter, people needed to be interviewed with an overview of the policy developments on the EU level and the positions of member states during the period 1999-2005 on the four policy fields with regard to the choice and development of OMCs. Because of the need for an helicopter view across time and *across member states*, Commission officials that were present in the meetings of member state representatives in which the initiatives with regard to the development of the OMC were discussed, were the obvious candidates to interview. A careful selection of Commission officials was made and only officials that on a regular basis were present at the meetings with member states during

the period 1999-2005 - either in meetings of sectoral Councils or other meetings, such as the Social Protection Committee (social inclusion) or CREST (R&D) - were interviewed. Through the analysis of the coded Agence Europe bulletin articles it became clear that NGO's and some Members of the European Parliament played a role in the development of the OMC social inclusion. Hence, one of the most active MEP's on the social inclusion field and a representative of the most prominent NGO on the social inclusion field were interviewed. List of questions were prepared - in line with table 5.4 - in which the central elements of the hypothesis were touched upon, i.e. the incentive to act on the European level of national governments, the saliency of an issue, the reluctance to act on the European level, the role of the OMC in the policy-making process, the infrastructure of the OMC, and the role of the Commission and the EP.

It has to be emphasised that the interviews no more than served to check the results of the extensive coding of the Agence Europe bulletin articles on when and why member states had an incentive/reluctance to act on the EU level related with the choice and development of the OMC. The interview data did not contest these general insights, and were instructive to further interpret the coded Agence Europe bulletin articles. Although not an aim of the interviews and not necessary after the analysis of the Agence Europe bulletin articles, further country-specific information on the opposition to/support for the development of the OMC was collected through the interviews. Because most Commission officials interviewed were in the past civil servants in their home countries and still have links with these countries, they used many national examples to answer the interview questions. The home countries of the Commission officials interviewed were: France, UK, Belgium, Denmark, and Spain.

Policy field	Date, time start interview, place interview	Referred to in text
Education	Interview official DG education, 9 November 2005, 14.00, Brussels.	Interview CEC 9 November 2005, I
	Interview official Eurydice ⁶⁰ , 16 November 2005, 11.00, Brussels.	Interview Eurydice 16 November 2005
	Interview official DG education, 16 November 2005, 14.00, Brussels.	Interview 16 November 2005
R&D	Interview official DG research, 10 November 2005, 11.00, Brussels.	Interview CEC 10 November 2005, I
	Interview official DG research, 10 November 2005, 13.30, Brussels.	Interview CEC 10 November 2005, II
	Interview official DG research, 14 November 2005, 14.00, Brussels.	Interview CEC 14 November 2005, I
	Interview official DG research, 14 November 2005, 17.00, Brussels.	Interview CEC 14 November 2005, II
Social Inclusion	Interview representative of European Anti-Poverty Network ⁶¹ , 15 November 2005, 11.00, Brussels.	Interview EAPN 15 November 2005
	Interview official DG employment and social affairs, 9 November 2005, 12.00, Brussels.	Interview CEC 9 November 2005, II
	Interview Member of European Parliament, 9 November 2005, 10.00 Brussels.	Interview EP 9 November 2005
e-Europe	Interview official DG information society, 15 November 2005, 11.00, Brussels.	Interview CEC 15 November 2005

Table 5.7: The interviews

The major difficulty in preparing the interview-phase was to find people involved in the development of the OMC e-Europe with an overview across time and across member states. Due to the marginal developments in the context of the e-Europe initiative with regard to the OMC, only one official in DG information society could be selected for an interview. This person was the only official closely involved in the development of the OMC for the e-Europe Action Plan during the whole period 1999-2005, and present at meetings in which the choice for policy tools was discussed between member states.

⁶⁰ Eurydice - the information network on education in Europe - has since 1980 been one of the strategic mechanisms established by the European Commission and member states to boost cooperation, by improving understanding of systems and policies. Eurydice is an institutional network for gathering, monitoring, processing and circulating reliable and readily comparable information on education systems and policies throughout Europe.

⁶¹ The European Anti-Poverty Network is a representative network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the member states of the European Union. EAPN is supported by the European Commission.

	Number of interviews, amount of words of transcription used for coding between brackets
Education	3 (10921)
R&D	4 (9304)
Social Inclusion	3 (15231)
e-Europe	1 (5000)
Total	11 (40456) = +/- 15 hours

Table 5.8: Number of interviews and duration

Although the interview with the official of DG information society lasted for about 3 hours, it was decided not to rely on a single interview to check the insights obtained from the coding of the Agence Europe bulletin articles. In the fifth stage of the data collection and analysis, additional data were collected on the incentive/reluctance to act of member states in the context of the e-Europe initiative. Next to the study of an internal document of DG information society in which a comparison is made between the OMC e-Europe and other OMCs functioning under the umbrella of the Lisbon strategy (The Tavistock Institute et al. 2005), articles from the European Voice⁶² published in the period 1999-2005 were selected for coding. The European Voice published extensively on the e-Europe Action Plans in the first years of the period under study in this thesis (1999-2005). These articles were coded with the same coding structure that was used for the Agence Europe bulletin articles and the transcription of the interviews (see table 5.4), and provided additional information on why member states only had during a short period of time an incentive to act on the EU level with regard to the emergence of the internet (see table 5.10).

	Total amount of articles select	Amount of articles selected for coding
Education	23 (100%)	10 (43,47%)
R&D	26 (100%)	9 (34,61%)
Social Inclusion	29 (100%)	12 (41,37%)
e-Europe	62 (100%)	24 (38,71%)
Total	140 (100%)	55 (39,28%)

Table 5.9: Total amount of European Voice articles selected for coding as a percentage of all articles identified as relevant on the respective policy field

Although less needed to check the results of the coding of Agence Europe bulletin articles, in the sixth and concluding stage of the data collection and analysis, also for the social inclusion,

⁶² European Voice is an independent weakly newspaper, published by The Economist Group since 1995. European Voice's mission is to promote informed debate, openness and progress in the EU through coverage of the latest EU news and analysis.

R&D and education fields European Voice articles published in the period 1999-2005 were coded (see table 5.9 and 5.10). Moreover, 39 European Voice articles on the Lisbon strategy were used as background information.

	Education	R&D	Social Inclusion	e-Europe	Total
Amount of articles coded	10	9	12	24	55
Articles on presence/absence incentive to act	5	2	9	15	31
Articles on presence/absence reluctance to act	3	1	7	2	13
Articles mentioning OMC or elements OMC	2	1	3	5	11

Table 5.10: Coded European Voice articles and the coding categories

5.3 Conclusion

After having carefully selected the cases on the basis of the Lisbon presidency conclusions and the variation on the independent variable, a broad range of material was collected and analysed. The collection and analysis of data went through various stages, with each stage asking different kind of data because of the results of the previous stage of data gathering and analysis. In the first two stages, official documents of European institutional actors and the saliency and issue ownership of the policy fields were studied. This led to a tentative idea on the fit between the hypothesis and the four OMCs under study. Through the extensive coding of Agence Europe bulletin articles insights were obtained on the positions of member states towards initiatives on the EU level on the four policy fields and the development of the OMCs. Because of the detailed information on the positions of member states collected and analysed in this third stage no more country-specific information was needed, which meant that interviews with national policy officers were redundant. Subsequently, it was decided to check the general insights derived from the extensive coding of Agence Europe bulletins by interviewing people with an overview of the developments on each policy field across time and across member states. For this, mostly Commission officials were interviewed that had been present during meetings of member states representatives in which the development of the infrastructure of OMCs was discussed during the period 1999-2005. Because of difficulties finding people involved in the choice and development of the OMC e-Europe with an overview across time and across member states, additional material was collected and

analysed to check the general insights. In table 5.11 one can find a summary of the different stages in the collection and analysis of the data and the type/amount of material used.

	Title Stage	Type material used	Education	R&D	Social Inclusion	e-Europe
Stage 1	Assessing the degree of development of the infrastructure of the OMC	Documents of European Commission and European Council	European Commission (2001a); European Commission and European Council (2002); European Commission (2003b); European Commission (2004a); European Commission (2005f); European Commission and European Council (2005); Souto Otero, M. and McCoshan, A. (2005).	European Commission (2000b); European Commission (2002b); European Commission (2002d); European Commission (2003c); CREST (2004); European Commission (2005e).	European Commission (1999); European Commission and European Council (2001); European Council (2001); European Commission (2002c); European Commission (2005a).	European Commission and European Council (2000); European Commission (2002a), European Commission (2002e); European Commission (2004b); European Commission (2004c); European Commission (2004d); European Commission (2005c); European Commission (2005g).
Stage 2	Assessing saliency and issue ownership at the national level	Eurobarometer (EB), Manifesto Research Group (MRG)	EB: 46, 48, 50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65. MRG: Budge, I., et al. 2001; Klingeman, H.D., et al. 2006.	EB: 46, 48, 50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65. MRG: Budge, I., et al. 2001; Klingeman, H.D., et al. 2006.	EB: 50, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65. MRG: Budge, I., et al. 2001; Klingeman, H.D., et al. 2006.	EB: 59, 60, 61, 62, 63, 64, 65. MRG: Budge, I., et al. 2001; Klingeman, H.D., et al. 2006.
Stage 3	Assessing positions of member states on incentive/reluctance to act on EU level and the OMC	Agence Europe bulletin articles	157 Agence Europe bulletin articles coded, 178 pages.	71 Agence Europe bulletin articles coded, 98 pages.	169 Agence Europe bulletin articles coded, 215 pages.	119 Agence Europe bulletin articles coded, 143 pages.
Stage 4	Checking data collected and analysed in stage 3 on positions of member states on incentive/reluctance to act on EU level and the OMC	Interviews with people with overview across time and across member states	3 interviews, 10921 words transcription interviews	4 interviews, 9304 words transcription interviews	3 interview, 15231 words transcription interviews	1 interview, 5000 words transcription interview
Stage 5	Checking data collected and analysed in stage 3 on e-Europe initiative	European Voice articles, Internal document DG information society				24 European Voice articles coded, analysis of internal document DG information society
Stage 6	Checking data collected and analysed in stage 3 on Education, Social Inclusion, and R&D fields	European Voice articles	10 European Voice articles coded	9 European Voice articles coded	12 European Voice articles coded	

Table 5.11: stages of the collection and analysis of data and type/amount of material used.

Chapter 6

The knowledge-based society and the OMC education

6.1 Introduction

Since the 1970s co-operation between member states with regard to education and vocational training has been encouraged. A first result of this has been the creation of mobility programmes for students and staff. Articles 149 and 150 of the treaty on European Union (TEU) provided the legal basis for these programmes and explicitly excluded any harmonisation of member states' legislation. Subsequently, the Lisbon Council worked around this constraint in order to be able to pay attention to the knowledge-based society theme on the European level.

Before elaborating on these policy developments, the expected values on the variables of the hypothesis central in this thesis will be presented. At the Lisbon summit the heads of state and government expressed a clear willingness to act on the European level with regard to their national education policies. From the data presented in chapter 4 and in appendix 1 it became clear that in all fifteen old member states the public continues to consider education as a salient issue over time. In light of this, political parties in member states could have attempted to gain ownership of the education issue by putting emphasis on it in their party manifestos. Moreover, in the presidency conclusions of the Lisbon summit cooperation with regard to the education issue is not seen as a goal on its own, but as an instrument to provide people with the skills that enable them to compete with success for a job and avoid social exclusion. As we saw before, employment is an issue that is bound up with the identity of social democratic parties and largely determines their electoral success. Hence, when social democratic parties form part of a national government, they have a strong wish to control what happens on the European level with regard to the employment issue. Because the Lisbon Council established a link between the education and the employment issue through its emphasis on the knowledge-based society theme, it is expected that the ownership of the employment issue by social democratic parties - resulting in a stronger incentive and/or reluctance to act on the European level of these parties - can also be observed in some way on the education field.

However, the role of issue ownership on the education field should not be exaggerated. No reasoning could be identified why a certain party family would put considerably more stress on the education issue as such (i.e. independently from the

employment issue) than other party families. Hence, the role of issue ownership is expected to be marginal on the education field, and can only come into play in an indirect way, i.e. through the link between employment and education.

While a genuine owner of the education issue is expected to be absent, the saliency of the education issue in the eyes of the public on the national level is expected to play a crucial role in the choice to develop the infrastructure of the OMC. I expect that the OMC education is used as an instrument to explore the EU level to address their incentive to act, while at the same time the instrument is chosen because it can neutralise the risk of a shift of competences from the national to the European level. Member states want to prevent such a shift because of the function of education policies in the construction of a national culture and identity, and the role it plays in determining the future life plans of citizens. Hence, member states have an interest in erecting a barrier against a shift of competences and, I claim, view the OMC as the best policy instrument to do this. By the time the infrastructure of the OMC reaches a developed stage, the measure is firmly institutionalised, which makes a change from the OMC to a governance mode with a higher risk on a shift of competences more difficult.

Given the absence of an owner of the education issue, I do not expect that a signalling strategy from political parties in national governments to the national electorate can be detected. The incentive and reluctance to act on the EU level on the side of national governments are more likely to be related with a wish to solve problems that cannot be solved by an exclusive focus on the national level, or with non-electoral factors in the domestic arena. In line with the hypothesis, the absence of the electoral factor will give national governments less of an incentive and reluctance to act on the European level, and will weaken the conflict between an incentive to act and reluctance to act. It is hypothesised that the presence of this conflict will lead national governments to search for a policy instrument in order to solve it. I claim that because of the weaker conflict due to the absence of the issue ownership element, the Council will push less for the development of the OMC, resulting in a medium-high developed infrastructure of the OMC education.

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Education	High	Absent	Yes	Medium-high

Table 6.1: The expected values for the education field

As a first step in the assessment of the hypothesis, an overview will be given of the policy developments on the European level in the period 1999-2005.⁶³ Subsequently, the various elements of the hypothesis will be discussed in relation to the empirical material collected. The feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences will be assessed in the third section. The concluding section of this chapter will deal with the question of the extent to which the theoretical explanation put forward in this thesis can explain the choice to develop the infrastructure of the OMC education. Attention will also be paid to the role of the ownership of the employment issue by social democratic parties.

6.2 Overview policy developments

The willingness of member states to act on the European level with regard to their national education policies, began to be evident parallel to the creation of mobility programmes for students and staff. The European Commission and the member states realised that sending students and teachers to another European country, requires a good knowledge base. This meant that information on a national education system had to be made fully understandable for someone coming from another system in Europe. Eurydice was specifically created in 1980 to improve mutual understanding of education policies and systems throughout Europe (Interview Eurydice 16 November 2005).

During the 1990, apart from the mobility programmes, there was little activity at the European level with regard to education and training.⁶⁴ The general view was that articles 149 and 150 of the TEU did not provide a basis for further action. Member states were even reluctant to adopt recommendations, despite the fact that the treaty allows these to be adopted on the education field.⁶⁵

⁶³ See for an overview of policy developments from 1970 till 1999: (Ertl 2003), (Field 1997; Phillips and Ertl 2003).

⁶⁴ In the second part of the 1990s however, the European Commission raised the idea of developing a set of indicators related to quality education, later known as the 'indicators and benchmarks of quality of school education'. It was only after the Lisbon Council that this initiative received more attention. The 'European Report on Quality of Education' was presented by the European Commission in May 2000, and shortly after discussed at a conference of ministers of Education of the EU and acceding countries in Bucharest (Fredriksson 2003: 529). A proposal for an EU-wide system of quality assurance in higher education was put forward by the Commission in 2005. The Commission proposed to set up a register of recognised and reliable quality assurance and accreditation agencies which will supervise the quality of universities according to an agreed set of standards, procedures and guidelines (Mundell 2005). The recommendation based on this communication was adopted on 15 February 2006.

⁶⁵ More recently, the initiatives undertaken in the context of the OMC education have led to some recommendations in the areas of mobility and basic skills. These recommendations function as instruments to

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During the period 1999-2005 the focus of the Council with regard to education and training shifted from a narrow job-creation perspective to the broader knowledge-based society theme.⁶⁶ In the aftermath of the special job summit of November 1997, debates in the Council focused on the contribution of education and vocational training to the EES. In particular the German and French governments emphasized the importance of education and training for fighting youth unemployment (Agence Europe 7479, 04/06/1999; Agence Europe 7480, 07/06/1999). These governments - both dominated by social democratic parties at the time - viewed education policy as an instrument to provide young people with the skills that would enable them to compete with success for a job and avoid social exclusion.

During the Finnish presidency, the Education Council started to look beyond the EES and discussed the role of education in the context of the job opportunities which opened (and closed) due to the emergence of the internet (Agence Europe 7600, 25/11/1999, Agence Europe 7601, 26/11/1999, Agence Europe 7602, 29/11/1999).

At the Lisbon summit of March 2000, the heads of state and government explicitly asked the EU education ministers to begin an in-depth reflection on the future of education systems. The aim of this reflection should not only be to contribute to the EES, but also to the programme of structural reforms of the economy - i.e. the Cardiff process - and the social cohesion of European societies (Agence Europe 7644, 28/01/2000, Agence Europe 7685, 28/03/2000, (European Council 2000; Room 2002; Van der Wende 2000: 308).

The heads of state and government realised that member states are confronted with the same structural problems, without knowing how to address these problems (Interview CEC 16 November 2005; Interview CEC 9 November 2005, I; Interview Eurydice 16 November 2005). In the presidency conclusions of the Lisbon Council it is stated that:

inspire member states to improve their national education policies (Interview CEC 9 November 2005, I). It is claimed that the adoption of the OMC education led to the creation of circumstances in which it became possible to get recommendations adopted on the education field. I will elaborate on these circumstances below (Interview CEC 16 November 2005).

⁶⁶ The theme of the knowledge-based society was introduced by the Commission in the white paper on 'Growth, Competitiveness and employment' (European Commission 1993) and in the white paper 'Teaching and Learning - towards a learning society' (European Commission 1995).

‘Europe’s education and training systems need to adapt both to the demands of the knowledge society and to the need for an improved level and quality of employment. They will have to offer learning and training opportunities tailored to target groups at different stages of their lives: young people, unemployed adults and those in employment that are at risk of seeing their skills overtaken by rapid change’

(European Council 2000).

Despite the mandate of the heads of state and government present at Lisbon, the ministers of education did not directly pick up the broader theme of the knowledge-based society.⁶⁷ Illustrative for this is the statement by the Education Council after one of its meetings - in which the follow-up of the Lisbon Summit was the main point on the agenda - that ‘the Education Council is now on the same level as the Ecofin and Social Council in the Luxembourg process’ (i.e. the EES) (Agence Europe 7734, 08/06/2000). There was no reference to the knowledge-based society theme. After the Economic and Social Committee (The Economic and Social Committee 2000) and the European Commission (European Commission 2000a) stressed the role of education and training in tackling the challenges posed by new technologies, the theme of the knowledge-based society gained prominence in the discussions of the Education Council (Agence Europe 7841, 14/11/2000, Agence Europe 7917, 06/03/2001).

In January 2001, on the request of the Lisbon Council the Commission published a report on the concrete objectives of education systems. The Commission was fully aware of the sensitivity surrounding national education policies and, hence, considered a mutual learning approach most appropriate for the EU. The Commission states in this report that:

‘While we must preserve the differences of structures and systems which reflect the identities of the countries and regions of Europe, we must also recognise that our main objectives, and the results we seek, are strikingly similar. (...) If the knowledge society is to become a reality, all actors in the education and training process have to be ready to learn: and mutual learning between member states, as implicit within an “open method of coordination” is a way of increasing the quality of service delivered to the citizen’

(European Commission 2001a: 15-16).

⁶⁷ This is probably related with the fact that ministers of education are often more reluctant to act on the European level than their heads of government. See also footnote 78 on this.

In March 2001, the Commission report was approved by the Stockholm Council. Subsequently, the Commission started to work together with the Education Council on a detailed work programme. This led to the adoption of a ten year action plan in February 2002. The key objectives of the plan consist of improving the quality and efficiency of education systems, facilitating access to education and opening up the EU educational establishment to the outside world. In the work programme these three key objectives are split into concrete objectives and key issues. For every concrete objective it is indicated how the follow-up is organised, as well as detailing the indicators for measuring the progress, and the themes for exchanging experience and good practice (European Commission and European Council 2002: 43). For the implementation of the programme, 'objective groups' are created, each working on one specific objective. The participants in these groups are experts of the member states, with the Commission as organiser, initiator of proposals and source of expertise. The mandate of each objective group is to make an inventory of activities in their area, contribute to the development of policy objectives, formulate opinions concerning suitable indicators and benchmarks, and organise the mutual learning exercise (European Commission and European Council 2002; Standing Group on Indicators and Benchmarks 2003).

Under the Greek presidency, the Education Council emphasised the role of national education policies with regard to employability, social cohesion, citizenship, linguistic diversity and e-learning. Attention was also paid to the growing need for greater coherence between the education and training policies on the one hand and the EES and the EU social inclusion programme on the other (Agence Europe 8393, 04/02/2003). This broader approach on the European level with regard to education issues, led Greek education minister Petros Efthymiou to conclude after a meeting of the Education Council that:

'Education is a lever that will allow us to get things moving in the context of the Lisbon process. Today, on the basis of our shared values, there is a Europe of Education' (Agence Europe 8396, 07/02/2003).

More recently, worries are beginning to develop with regard to the progress the EU is making towards the goals specified in the Lisbon strategy. According to the Commission, the Lisbon goals will be more difficult to achieve because of raised European ambitions, stronger competition and the challenges related to demographic developments and enlargement. Hence, the Commission expressed a concern that the goal of more and better investment in education and training might not be achieved by 2010 (European Commission 2003b: 25).

According to the Commission, the urgent nature of the challenges to be faced means that ‘the OMC has to be used to the full – while fully complying with the principle of subsidiarity’. Through the revision of the Lisbon strategy, member states tried to address these points. In the context of this revision, Education Commissioner Jan Figel stated that

‘If we are serious about reviving the Lisbon agenda, we should create the best conditions to help our people increase their knowledge and develop their skills. Investing in the knowledge economy is a prerequisite for growth’
(Agence Europe 8890, 16/02/2005).

6.3 Explaining the choice and development of the OMC education

Before turning to the discussion of the observed values on the independent and dependent variables of the hypothesis central in this thesis, it is necessary to assess the nature of the motivations of national governments behind the decision to act on the European level. Subsequently, attention will be paid to the conflict between an incentive and a reluctance to act. According to the hypothesis, this conflict is fostered by the non-volatile saliency of an issue in the eyes of the public on the national level, and can explain the choice to develop the infrastructure of an OMC.

The incentive to act of national governments

Towards the end of the 1990s, the Council started to realise that member states are faced with similar structural problems, while at the same time lacking the knowledge on the national level how to address these new challenges. According to a Commission official working in DG education:

‘The member states see that they have common problems, common issues that they are confronted with, and because of this they see an advantage in being able to exchange information and experiences on how other countries are tackling more or less the same problems. They think that through this exchange they can enhance their own policy practices’
(Interview CEC 9 November 2005, I).

Next to the ‘old’ challenge of facilitating the exchange of students and teachers between education systems of the member states, heads of state and government identified a number of

new common challenges around 2000. First, education is increasingly seen as a lever to enhance the cohesion of societies. Through upgrading the skills of the population it is judged possible to allow people - immigrants and non-immigrants alike - to take active part on the labour market and in the democratic process. Education is seen as an instrument to strengthen the social cohesion of societies through preventing social exclusion caused by unemployment.⁶⁸ Moreover, the unemployment problem was redefined as a learning problem that should be resolved by each individual through lifelong training and education (see figure 6.1).^{69 70}

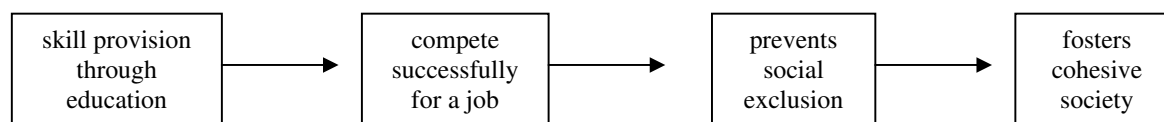


Figure 6.1: education, employment and social inclusion in the European Union

Concrete problems related with these general notions include the high proportion of early school leavers, and problems related to reading and literacy. To take the latter example, 20% of young Europeans do not reach a level of literacy considered sufficient by the member states to be able to take active part in society (Interview CEC 9 November 2005, I).

A second common challenge relates to the view that education policy can contribute to increase the economic performance of the member states of the EU. Because of the setting in place of EMU, member states can no longer use macro-economic instruments on the national

⁶⁸ Especially France (Agence Europe 7481, 07/06/1999; Agence Europe 7839, 09/11/2000), Germany (Agence Europe 7479, 04/06/1999), and Portugal (Agence Europe 7644, 28/01/2000; Agence Europe 7680, 20/03/2000) emphasised the link between education and job creation on the EU level. However, it was the Portuguese presidency who for the first time put forward the broad view on education policy as contributing to a knowledge-based society that can boost the economic competitiveness and social cohesion of Europe. See for a critique on the linking of education and employment: (Jacobsson 2004: 55).

⁶⁹ Support for lifelong learning initiatives on the European level (see CEC 2004) is widespread among national governments in the Council. The national governments of Greece (Agence Europe 8393, 04/02/2003), Italy (Agence Europe 8574, 28/10/2003, 8593, Agence Europe 8593, 26/11/2003), Ireland (Agence Europe 8626, 19/01/2004) and the Netherlands (Agence Europe 8827, 15/11/2004) made explicit comments on this topic. For academic accounts on lifelong learning policies in the EU context see Lawn (2003) and Murphy (2003).

⁷⁰ This reasoning is especially present in the programme of New Labour in the UK. This approach - in which education is seen as the 'first domino on the path to full employment' (Latham 2001: 32) - is labelled by Callaghan 'the supply-side policies of the left' (Callaghan 2000: 67). New Labour views education as the main means for delivering economic competitiveness, and in so doing, combating social exclusion (Lister 2000). While the Conservative Party views learning for improving the economic competitiveness as an end in itself, the New Labour policies - though accepting the economic imperative - consistently make connections between economic aims and the further end of fostering the personal development of individuals and wider social cohesion (Hyland 2002: 251). In practice this led to the replacement of the long standing Labour Party objective of creating equality by the concept of social inclusion. Hyland states that if we add to this the fact that models of social inclusion are almost always constructed in terms of knowledge, skills, values and cultural deficiencies of excluded groups, the importance of the educational stand of third way politics becomes clear (Hyland 2002: 248). See for other academic contributions on the role of education in the agenda of third way social democrats (Driver and Martell 2002b; Esping-Andersen 2001; Latham 2001; Merkel 2001).

level to stimulate demand. As a result, national governments started to think about alternative ways to influence socio-economic developments. One of these alternatives is the reinforcement of the supply-side of the economy through investing in education (Interview CEC 9 November 2005, I).

Third, one of the most problematic demographic developments in the European Union is its ageing population. This makes it vital to raise the participation levels on the labour market, which can be achieved by increasing the fit between demand and supply of labour through investing in the education of the labour force (Munk 2003; Van der Wende 2000: 308; Interview CEC 16 November 2005).

Although the problems discussed above have occupied political minds for years now, their importance and the attitude towards the possible solutions has changed in the last decade. This relates not only to deliberate choices on the European level (i.e. the adoption of EMU), but also to the increased competition between countries which has resulted from globalisation,⁷¹ and bottlenecks for financing national welfare systems (Kaiser and Prange 2005: 249; Sapir 2006). To be sure, member states mainly focus their attention on the national level when addressing the challenges described above.⁷² However, over the last 5-6 years it has become commonly accepted that the European level provides an extra dimension to support member states with this (Interview CEC 16 November 2005).⁷³ Clearly, the incentive to act of member states is rooted in a functionalist logic, i.e. EU level action was considered necessary to solve problems that cannot be solved by an exclusive focus on the national level. However, this incentive to act on the EU level could only be addressed when the initiatives at the EU level are sensitive to the key constraints of member states.

⁷¹ Education is not only expected to play a role in dealing with globalisation - i.e. using education to raise the skills level of the labour force through which economies remain competitive in a globalised world - but education systems are also influenced by the globalisation phenomenon. For academic contributions to the debate on the effects of globalisation/internationalisation on national education policies, see (Aaviksoo 2001; Scott 2003; Kohler 2003; Munk 2003). See for an opposing trend to globalisation of education systems - i.e. regionalisation - (Mitter 2004a). EU policymakers also pay attention to this theme. An example is the attention to the globalising environment in which European universities need to operate in the communication entitled 'The Role of Universities in the Europe of Knowledge' (European Commission 2003a). See also the Commission communication 'Mobilising the Brainpower of Europe: Enabling Universities to Make Their Full Contribution to the Lisbon Strategy' (European Commission 2005d).

⁷² It has to be kept in mind that these challenges were first and foremost present among the heads of state and government in the Council. The overview of policy developments made clear that at the end of 2000 the idea to cooperate on the EU level with regard to national education policies in order to channel the move to the knowledge-based society was fully taken on board by the Education Council.

⁷³ Some member states are interested in the Lisbon agenda in the field of education and training for internal reasons, i.e. the Lisbon strategy is used as a kind of lever for initiating national reforms and to create political platforms. For example, in some countries there would not be political backing to develop lifelong learning strategies if a kind of urgency on the European level was not emphasised. Especially in member states where there is a low level of regulation, the Lisbon process can be used as a lever for initiating national legislation in areas where no initiatives have been taken so far (Interview CEC 16 November 2005).

Although an incentive to act on the European level with regard to national education policies can be clearly identified on the side of the member states, it should not be overstated. The Lisbon process is only present in the minds of few politicians (Interview CEC 16 November 2005). Hence, this somewhat downplays the role education is supposed to play on the national and European level with regard to the strengthening of the competitiveness and cohesion of societies. The relatively low priority given to the knowledge-based society theme on the EU level is indicated by the low number of people in DG education working on this theme.⁷⁴

The choice for the OMC

As stated earlier, the heads of state and government were the first to pick up on the knowledge-based society theme - which was introduced on the European level by the Commission - and mandated the adoption of the OMC education in this context.⁷⁵ It was some time before the Education Council took on board this theme and mandate. The latter will be discussed in the section on the development of the infrastructure of the OMC education. In this section I will look at the motives behind the choice for the OMC education. The following quote of an official working in DG education is taken as a starting point:

‘The OMC is a good instrument in terms of creating a balance in sensitive policy areas between a European wish to go forward and a wish on the part of member states to get help with structural problems while at the same time maintaining control of the political initiatives. So, it (i.e. the OMC) provides political actors with the necessary level of flexibility, and - I would say - deniability’⁷⁶

(Interview CEC 16 November 2005).

⁷⁴ At the end of 2005, around 30 people inside DG education are working on the knowledge-based society theme, of which 15 people are working on the OMC education. The mobility programmes remains the most important activity of DG education (Interview CEC, 9 November 2005, II).

⁷⁵ The adoption of the OMC education at Lisbon - which ran parallel to the adoption of the knowledge-based society theme - is marked by Novoa and de Jong-Lambert as the point of transition to a solid state of politics. This solid state is confirmed by ‘the systematic use of benchmarking as a strategy to implement the OMC, creating instruments that will allow for monitoring and evaluation of processes’ (Novoa and deJong-Lambert 2003: 55).

⁷⁶ Novoa and de Jong-Lambert state that the popularity of the OMC resides precisely in the ‘deniability’ to which the Commission official refers. The authors view the OMC as a way out of an impasse, because a depoliticisation occurs through the delegation to policy networks. In the words of Novoa and de Jong-Lambert: ‘a diversity of strategies - benchmarking, target-setting, peer review, expert networks, performance indicators etc. - are mobilized in order to distract discussion from political issues, and reorient them towards the more diffuse level of governance’ (Novoa and deJong-Lambert 2003: 46; see for a similar reasoning (Gornitzka 2005). Novoa and de Jong-Lambert derive these claims from the study of the OMC education.

The core elements of the hypothesis central in this thesis are present in this quote: saliency, reluctance to shift competences, and an incentive to act by member states. Only the issue ownership-element is absent. I will elaborate on these points below.

First, as discussed in the previous section, the incentive to act on the European level with regard to national education policies is related to a search for solutions to common structural problems regarding which knowledge is lacking on the national level. Second, the saliency of the education issue in the eyes of the public played a role in the decision by the Lisbon Council to give a mandate to the Commission and the Education Council to implement the OMC education. Eurobarometer data show that people in the member states of the European Union view education as a salient issue that lies close to their national identity.⁷⁷ A large majority believe that the formulation of educational policies should remain at the level of the member states (Lahav 2004: 104)(see figure 6.2 and appendix III).

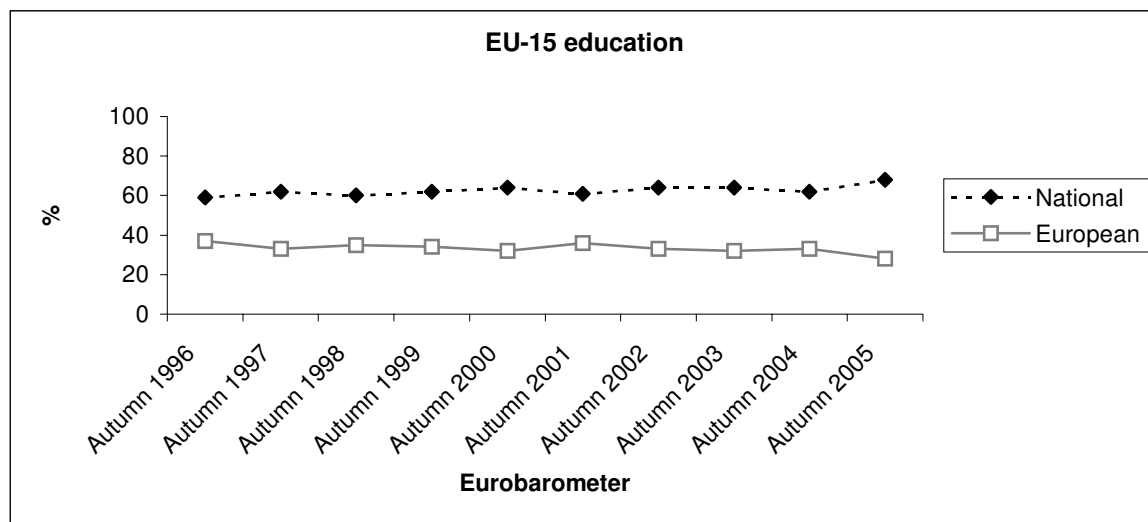


Figure 6.2: Education policy: national competence or joint competence on EU level? (Eurobarometer 46, 48, 50, 52, 54, 56, 58, 60, 62, 64; EU-15)

Moreover, the fact that member states spent between 5% and 8% of their GDP on education and training means that governments, political parties and electorates consider it an important issue (Interview CEC 9 November 2005, I). Hence, it would be considered a weakness in

⁷⁷ Parallel to the development of national identity, mass schooling rose. As a result, the purpose of schooling was not only to teach people how to write or read, but also to impart a notion of what it means to be a citizen of a given nation-state. Hence, education came to play a role in state building and political unification and the school came to serve as the institution responsible for the integration of the individual into the wider society (Novoa and de Jong Lambert 2003: 49; De Wit 2003: 166-67; Mitter 2004b). The Commission is aware of this state-building function of education. Former Commission president Jacques Delors stated that: 'education is a matter which touches the heart of our societies, which are all different and which are all the result of their history' (Agence Europe 7552, 16/09/1999). Also illustrative in this context is the report 'Indicators for Monitoring Active Citizenship and Citizenship Education'. This report aims 'to ensure that the learning of democratic values and democratic participation by all is effectively promoted in order to prepare people for active citizenship' (De Weerd et al. 2005: I). See also Lawn (Lawn 2003).

most member states if governments failed to take responsibility for their own education and training systems (Interview CEC 16 November 2005). In sum, although national governments are willing to set in place a framework on the European level through which to derive inspiration on how to use education policy to address new policy challenges, there is at the same time reluctance on the side of politicians and citizens to shift competences to the European level. The reluctance to act on the EU level is related with the wish to leave all executive capacity at the national level and to continue to solve problems related with education matters at the national level. This is in line with a traditional functionalist account of European integration and links up with factors that touch upon the competence allocation in the domestic arena of member states. From the discussion of three expressions of reluctance of member states to act on the EU level it will become clear that in the context of the choice for a policy instrument on the European level for the education field, it was necessary to take various sensitivities into account, among which the competence allocation in the member states.

First, articles 149 and 150 of the treaty codify a hands-off approach for education issues by only allowing room for the use of soft instruments, such as recommendations and, more recently, the OMC. The principle of subsidiarity guides all EU initiatives on the education field, which in practice excludes all forms of harmonisation (Van der Wende 2000: 307). In particular before 1999 member states put a strong emphasis on the principle of subsidiarity in order to clarify that education policies should remain national. One of the latter expressions of this can be seen in the run-up to the Lisbon summit. In the Spanish three-stage plan for the Lisbon Strategy it is stated that education is ‘an area where subsidiarity remains the most appropriate approach, matched with open coordination’ (Agence Europe 7662, 23/02/2000). Similarly, the ministers of education stated on several occasions - more before than after the Lisbon summit - that there should not be European harmonisation but instead that each member state will remain free to do what it considers adequate on the education field (Agence Europe 7680, 20/03/2000, Agence Europe 7732, 06/06/2000, Agence Europe 8593, 26/11/2003).⁷⁸ According to Portuguese education minister d’Oliveira Martins:

⁷⁸ There are indications that ministers of education are more reluctant to act on the European level than their heads of state and government. One Commission official stated: ‘If you are becoming a minister of education you can have all sorts of ideas when you are entering into office, but you very soon realise that education is like a super-tanker which is very, very difficult to control, because of inter-institutional logics, because of stakeholders, because of history, because of culture...which all limit the room for manoeuvre that you have. Heads of State can sometimes take the liberty of actually meaning something that could be seen as controversial by the sector as such’ (Interview CEC 16 November 2005).

‘It is indispensable for education to remain under the responsibility of member states. We are speaking of convergence and not harmonisation. We want to make comparisons to see what is being done elsewhere and under no circumstances do we want to impose any sort of model’ (Agence Europe 7736, 13/06/2000, see also Agence Europe 7682, 22/03/2000).

A second expression of the reluctance to cooperate on the European level relates to the allocation of competences to the sub-national level (Mitter 2004a). Such reluctance to act on the European level is most clearly visible in the case of Germany. Because the German Länder do not want the federal government to use the European level to take on competences that the Länder have acquired, the range of options to which the government can opt for at the EU level is limited (Interview CEC 9 November 2005, I; Interview CEC 16 November 2005). In 2000, German MEP Markus Ferber (CSU) stated that he considers the Lisbon Summit’s ‘vain promises’ on education as dangerous. He viewed the adoption of the Lisbon presidency conclusions as a ‘frontal attack’ on the German Länder’s power in the area of education (Agence Europe 7740, 20/06/2000).⁷⁹ However, the majority of the representatives of the German Länder on the European level are well aware that the currently employed policy instruments (i.e. recommendations and the OMC) will not lead to an unwanted shift of competences. Next to the Länder representatives based in Brussels, the Bundesrat is using many resources to follow the developments in the field of education and training. Moreover, a representative of the Länder is present at each level of the political negotiations in Brussels (Interview CEC 16 November 2005). It seems that politicians of the Länder who are claiming that the OMC education leads to a shift of competences, are not well informed on how the OMC education functions (Interview CEC 9 November 2005, I).

Despite some opposition on the Länder level, the German federal government plays a constructive role in the OMC-process. I claim that it is the acceptance of a soft measure like the OMC that allows the German federal government to play this role. Empirical backing for this claim is provided below.

In 2001 the German government expressed its hesitation concerning the exchange of good practices between member states within the context of the OMC education. Despite the fact that the German delegation in the Council considered action on the EU level necessary in order to construct the knowledge-based society, it initially viewed the OMC education as

⁷⁹ See on the use of the OMC in the context of social policy as a by-passing mechanism (Obinger et al. 2005: 567). These authors state that the OMC is used as a means to by-pass the joint-decision trap on the European level due to, among other things, too many veto-points.

somewhat too binding with respect the competence allocation between its national and sub-national level.

After discussions in the Education Council, the German federal government became convinced that the OMC is indeed keeping all competences on the national level, and lifted all its reservations (Agence Europe 7902, 13/02/2001). However, the OMC education remained an issue in Germany, especially in the Bundesrat, where there was a perception of a ‘danger that it could open the way to coordination of education policy by the Community’ (Rosenau 2002). In 2003, the German federal government again raised doubts on the OMC, this time about the legal and political consequences of the adoption of benchmarks in the field of education and training. For the second time, Germany was reassured that the EU would not interfere in national education policies (Agence Europe 8393, 04/02/2003; Agence Europe 8396, 07/02/2003; Agence Europe 8593, 26/11/2003). Commissioner Reding made the following statement on this issue:

‘Germany, with its Länder for education policy, does not wish to be excluded from international comparisons.⁸⁰ But the Länder believe there is a problem when comparison entails decisions. What Germany fears here is EU interference with regard education’ (Agence Europe 8396, 07/02/2003).

Along similar lines, the Greek deputy permanent representative, speaking for the Greek presidency of the Council, stated that:

‘The Council always tries to find the road to progress. In this specific case, we have followed different paths, including the bottom up path on a voluntary basis in each of the countries. At this stage, there are no more difficulties and the presidency hopes to achieve the adoption of the conclusions. This should satisfy everyone, including Germany’.

(Agence Europe 8454, 02/05/2003).

⁸⁰ This is also the reason why member states agree to participate in the PISA-studies of the OECD (Dostal 2004; Livingston 2003). They want to know how their education systems are performing vis-à-vis other national education systems and find out if it is necessary to take action to improve their education programmes. Due to poor results in the PISA-studies, a debate started in Germany on the reform of its education system. This was fuelled by media-attention for the PISA-results (Livingston 2003: 596). As a consequence, new concepts about teaching capacities, organisation of schools and the content of the syllabus have been on the agenda of the German Ministry of Education and Research (Martens and Balzer 2004: 6).

In sum, on at least two occasions during the last five years the German government was reassured that the competence allocation between the national and sub-national level is fully respected by the OMC education.

A third expression of the reluctance of member states to cooperate in the EU context is related with the Bologna-process. This initiative has its origins outside of the EU framework - is still not formally included - and is the only process in Europe that leads to a harmonisation of national higher education policies.⁸¹ At the moment of the signing of the Bologna declaration, the participating EU countries feared the interference of the European Commission (De Wit 2003).⁸² In addition to assigning a larger role to the European Commission, the harmonisation of national education curricula in an EU context would also require a change in the treaty base. This could open a Pandora-box, with consequences for the allocation of competences on the education field within the EU (Interview CEC 16 November 2005). Hence, the EU member states signing the Bologna-declaration had a preference for keeping the harmonisation of their national higher education curricula outside of the EU framework.⁸³

As mentioned before, in the period 1999-2005 the reluctance of member states to take initiatives on the European level that would touch upon their national education policies did come less to the surface. Member states realised - especially after 1999 - that they had common problems to solve and considered exploring the European level as one of the solutions. Moreover, the OMC education proved that action could be taken on the European level, without the risk of a shift of competences. Hence, the OMC education can be viewed as a 'mechanism for implementing a joint European policy that does not officially exist' (Livingston 2003: 590-91). In sum, the OMC education accommodated the fear for a shift of competences to such an extent that there was less reason for national politicians to refer openly to their reluctance to cooperate on the EU level. As previously discussed, this reluctance is related with factors in the domestic arena.

⁸¹ Although the aim of the Bologna-process is the harmonisation of higher education curricula, its implementation follows an OMC-logic (Veiga and Amaral 2006).

⁸² Currently, the Commission plays an important role in the Bologna process. Member states no longer fear its interference, and realise the complexity entailed by a cooperation scheme such as the Bologna process, when unsupported by an institutional body such as the European Commission functioning as an interface (Balzer and Rusconi; Keeling 2006).

⁸³ Another reason for keeping the Bologna-process outside the EU framework is that the process extends beyond the 25 EU countries (Interview 9 November 2005, I). The Bologna process is not the only cooperation scheme on education policies between EU and non-EU countries in Europe. Another example is the Nordic cooperation in higher education (Maassen and Uppstrom 2004).

Although no reason could be identified *ex-ante* why certain party families may be considered genuine owners of the education issue, I did expect to find that the link between education and employment was more often emphasised by social democratic parties in government. The empirical findings confirm the expectation that no issue owning party family for the education issue can be identified. All parties - from left to right - consider the education issue as important. However, their approach to the issue differs. In Denmark for example, conservative and social democratic governments put equal emphasis on the education issue, with the conservative governments prioritising discipline and an increase in hours spent in school, and social democratic governments more emphasising the role of education in fighting unemployment and social exclusion (Interview CEC 9 November 2005, I). This consensus between political parties on the importance of education also comes to the fore when one studies the emphasis on the education issue in party manifestos.

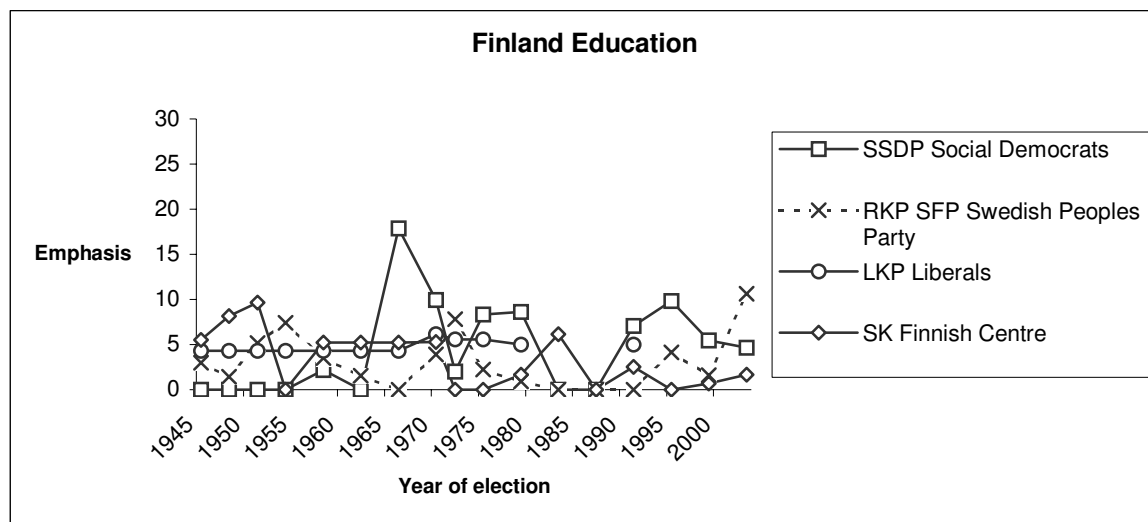


Figure 6.3: Finland and ownership of the education issue (Manifesto Research Group data)

In several countries a peak in the emphasis in party manifestos on the education issue occurred during the 1960s (Austria, Denmark, Finland, Germany, and Luxembourg). In Luxembourg, Finland and Denmark, the social democratic parties were responsible for this peak (see figure 6.3 for an example).

After the 1980s, a steady increase in the interest of political parties for the education issue can be observed. In most member states a consensus⁸⁴ between party families was

⁸⁴ Although there is a consensus among party families on the importance of education policy for a society, a correlation is found between the score of a party on the left-right scale and the emphasis it puts on the importance of education in its manifesto. When one correlates the emphasis on 'education expansion' with the political 'right-left' dimension included in the MRG-dataset, it shows that the variables are negatively correlated ($r_s = -.254$, $p < .001$; EU-15). This means that the more right-wing a party is, the less it emphasises the need 'to

formed with regard to the importance of education policy (see for example figure 6.4). To be sure, there are differences between political parties in *how* education should be used in order to create a better society, but all party families agree on that education policy *should* be used to create a better society.

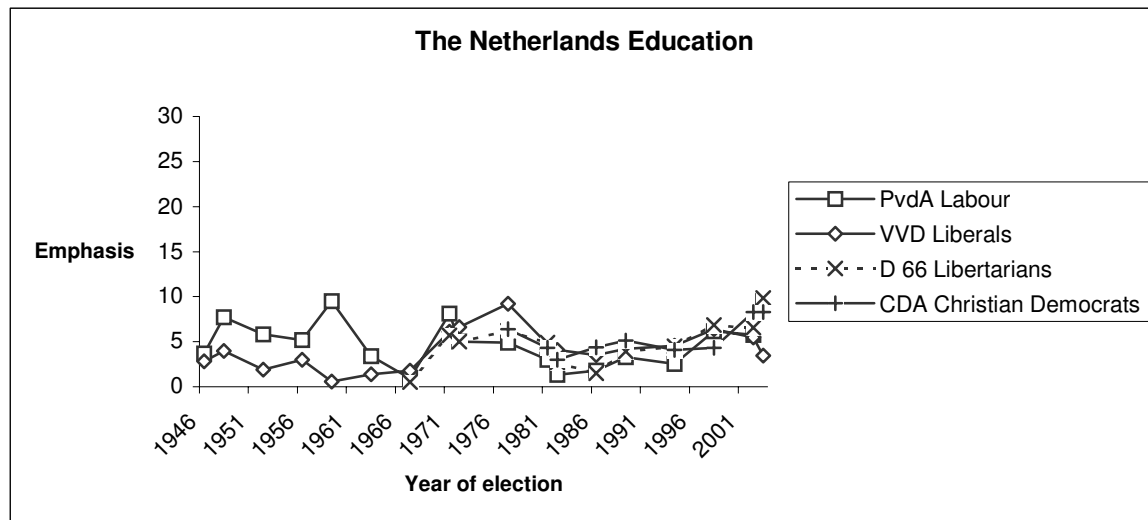


Figure 6.4: The Netherlands and ownership of the education issue (Manifesto Research Group data)

In the conclusion of this chapter I will return to the concept of issue ownership and the link between the education issue and the employment issue. On the basis of the above discussion it can be concluded that - despite the absence of an issue owning party family - member states are confronted with a conflict between an incentive to act and reluctance to act on the European level. Whether this conflict played a role in the development of the infrastructure of the OMC education will be assessed in the next section.

The development of the OMC

The infrastructure of the OMC education is developing in a steady pace towards the OMC template that was drawn up by the Lisbon Council in 2000. In this section, the degree of

expand and/or improve educational provision at all levels' (i.e. the variable included in the MRG-dataset). To be sure, this does not mean that a genuine owner of the education issue can be identified among the European party families. In the interviews and news bulletins (i.e. Agence Europe bulletins and the European Voice), no indication for issue ownership could be found. The significant correlation does make clear, however, that parties belonging to the left part of the political spectrum put more emphasis on the need to expand the state budget. To 'expand and/or improve educational provision at all levels' costs money. Leftist political parties are traditionally less hesitant to push for an increase in the state budget, compared to political parties on the (centre-) right. Hence, left-wing parties are more likely to stress the importance of expanding and/or improving educational provision. Right-wing parties are less likely to push for an increase in the state budget for education, but are more likely to emphasise, for example, discipline in school. The latter approach to education issues does not come to the fore when one uses the MRG-dataset. See appendix II for country-specific correlations.

development of the infrastructure of the OMC education will be assessed. Subsequently, the question will be addressed which actors are responsible for the current degree⁸⁵ and speed⁸⁶ of development of the infrastructure of the OMC education. I will conclude with a discussion on whether the degree of development of the infrastructure of the OMC education is related with the capacity of the OMC to function as a barrier against a shift of competences. With regard to the latter it is important to assess whether the development of the infrastructure of the OMC education is pushed for by the member states who are reluctant to act on the European level with regard to education issues, or by the member states who are more willing to act. If the latter is found, this would mean that a part of the expectations derived from the hypotheses cannot be confirmed in light of the empirical findings.

The first step in the development of the infrastructure of the OMC education was the mandate from the Lisbon Council to the ministers of education and the Commission, to draw up an objectives-framework. Subsequently, the Commission proposed a detailed work programme, which was swiftly adopted by the Education Council. Five benchmarks were defined, with a time schedule running till 2010. Following from the work programme, nine objective groups were set up. Their work consisted of starting up the exchange of best practices, defining themes and objectives more closely, and an overview of the policy field. In sum, two years after the mandate provided by the heads of state and government, the Education Council and the Commission established the rules of the game with regard to the OMC education (Interview CEC 9 November 2005, I).

Towards the end of 2005, initiatives aimed at facilitating mutual learning between member states undertaken in previous years were reinforced with the organisation of peer learning activities⁸⁷ (Interview CEC 16 November 2005). Because peer learning is gaining an

⁸⁵ In chapter 2 this point is identified as the original puzzle of this research, and is summarized by the following question: Why do national governments make the choice for developing the infrastructure of the OMC on policy fields that are highly salient on the national level, are often considered by the electorate as closely bound up with the electoral profile of social democratic parties, and are part of the core competences of the member states?

⁸⁶ In chapter 2 this point is identified as the additional puzzle of this research, and is summarized by the following question: Why did national governments choose to develop the infrastructure of the OMC social inclusion directly after the Lisbon mandate, while the infrastructure of the OMC education and the OMC R&D developed in a much more steady pace?

⁸⁷ See for an example the report 'Study on Access to Education and Training' (Souto Otero and McCoshan 2005). This report was commissioned by the European Commission to undertake a study on access to education and training in Europe and to take stock of the progress since the Lisbon summit of 2000. Although this report does not come from the member states (i.e. no joint reports on the basis of by member states submitted NAPs), it does review the member states programmes and monitors development. As such it contributes to peer review and mutual learning. Other examples of publications that aim to facilitate mutual learning are the Commission staff working papers 'Progress towards the Common Objectives in Education and Training: Indicators and Benchmarks' (European Commission 2004a) and 'progress towards the Lisbon objectives in education and training' (European Commission 2005f). In 2006 this report took the different form of a joint progress report of the Council and the Commission on the implementation of the 'Education and Training 2010 work programme'

important role in the OMC education, more recently the focus has shifted from the objective groups to countries, their specific interests, and the concrete implementation of new policies (Interview CEC 9 November 2005: I).

Although more and more elements of the OMC template are present, the infrastructure of the OMC education is still somewhat underdeveloped (see table 6.2 for a summary). First, there are no guidelines on the European level specifically for education and training matters. It was only through the revision of the Lisbon strategy that two guidelines touching upon education and training matters were included in the new integrated guidelines (Interview CEC 16 November 2005; Interview CEC 9 November 2005, I). Before this, there was some attention for education and training in the employment guidelines.

Second, the translation of the education indicators to the sub-national level is becoming more important due to a decentralisation trend in various member states. However, the attention for the sub-national level in the OMC education has been marginal so far (Interview CEC 9 November 2005, I).⁸⁸ Moreover, when discussing indicators in the context of the OMC education member states have the tendency to passively accept what the Commission proposes and often do not take active part in the discussions (Interview CEC 9 November 2005, I).

Third, the introduction of NAPs education and the drawing up of joint reports is very recent. In 2003 DG education proposed to monitor the progress with regard to the Lisbon aims through annual reports forwarded by the member states (European Commission 2003b: 4). There were long discussions in the Education Council on whether a reporting procedure in the context of the objectives process was necessary at all. Member states feared that it would degenerate into a bureaucratic vehicle (Interview CEC 9 November 2005, I; Agence Europe 7813, 04/10/2000, Agence Europe 8593, 26/11/2003, Agence Europe 8715, 28/05/2004). In the end, member states reacted positively to the idea, and agreed to publish a report every two years (Interview CEC 9 November 2005, I). Based on the 2005 national reports of member states, a first joint report was published in November 2005.⁸⁹ In this report, the Commission

(European Commission and European Council 2005) This joint report (published in November 2005) is comparable to the joint reports drawn up in the context of the EES and the OMC social inclusion.

⁸⁸ The Commission is stressing the importance of involving stakeholders - regions and non-state actors - in the coordination of national education policies on the European level (on citizens/civil society see Agence Europe 7902, 13/02/2001; Agence Europe 8575, 29/10/2003; on regions see Agence Europe 8436, 03/04/2003; on companies see Agence Europe 8118, 20/12/2001; Agence Europe 8201, 26/04/2002; Agence Europe 7921, 12/03/2001, Agence Europe 8814, 25/10/2004). So far this has had only a limited effect.

⁸⁹ This reporting scheme has remained intact after the revision of the Lisbon strategy. In a meeting two months after the Summit that revised the Lisbon strategy, the Education Council reaffirmed the importance of education for growth and employment in the framework of the revised Lisbon strategy. According to the (Education) Council, the crucial role of education in the Lisbon strategy justifies the maintenance of a parallel reporting

indicated which countries perform best, and discussed best practices (European Commission and European Council 2005). However, the joint report does not provide much detail for specific countries and did not identify what the bad policy practices are. Moreover, the national reports are not presented by the member states in such a way as to provide input for a discussion with the other member states. In practice, member states have sent in their reports and the Commission presented its framework for the joint report in a meeting in September 2005. There was no individual discussion between country desk officers⁹⁰ and member states (Interview CEC 9 November 2005, I). However, it is expected that the above mentioned shift in focus from the objective groups to ‘clusters of countries’ should make the OMC education reporting process more focused on mutual learning (European Commission and European Council 2005: 9).

Elements OMC	Degree of development	Comments
1. fixing guidelines, specific timetable for achieving the goals which they set in the short, medium and long terms	+	Two guidelines present in the integrated guidelines, non-binding timetable till 2010.
2. indicators and benchmarks	+	Benchmarks are in place. Indicator existed already, but were not used before the adoption of the OMC at Lisbon. Indicators on the sub-national level are underdeveloped.
3. translating European guidelines into national and sub-national policies (NAPs)	+	NAPs very recent. Not (yet) country-specific. No translation to sub-national level.
4. periodic monitoring, evaluation and peer review organised as mutual learning processes	+	On a voluntary basis, without naming and shaming. Recently more country-specific with more involvement of internal experts instead of only representatives of the member states.

++ = highly developed; + = developed; +/- = underdeveloped; - = absent

Table 6.2: The degree of development of the OMC education and OMC template

Next to describing the development of the OMC education, other points that need to be addressed in order to assess the hypothesis include; an explanation of the degree (puzzle 1) and speed (puzzle 2) of development of the infrastructure of the OMC education. Below those actors responsible for the current degree and past speed of development of the infrastructure of the OMC education will be identified.

process for education next to the National Reform Programmes of the revised Lisbon strategy (Agence Europe 8954, 25/05/2005).

⁹⁰ DG education does not have the resources to set in place country desk offices, like those functioning in DG employment and social affairs.

After the mandate of the Lisbon Council to adopt an OMC on the education field, a second phase in the development of the OMC infrastructure started. During this phase, the partnership between the Commission and the Education Council proved to be vital⁹¹ (Interview CEC 16 November 2005). To allow the infrastructure of the OMC education to develop in line with the Lisbon-timetable, both the Commission and the Education Council had to see the added value of the OMC. Without this, the Commission would not have made a serious effort to develop the infrastructure of the OMC, and the Education Council would not have agreed with its proposals. Indeed, the Education Council is in the driver seat and allows the infrastructure of the OMC education to develop at a speed and to a degree it considers appropriate. At the same time, the proposals of the Commission provide the impetus for the OMC education to develop. Hence, in the words of a Commission official working in DG education, the two institutions form ‘a dynamic duo’ (Interview CEC 16 November 2005).

Directly after the Lisbon summit there was some initial reluctance on the side of the ministers of education to pick up the mandate to adopt the OMC.⁹² Soon after, however, the Education Council came to view the OMC as a policy instrument that could grant its long time wish to make the work of the Education Council more coherent. The Education Council was searching for ways that could prevent the general themes on its agenda from changing drastically each time the presidency of the Council was rotated (Gornitzka 2005: 22, 32). In practice, the OMC and the reporting system have indeed ensured that the work of the Education Council is more coherent (Interview CEC 9 November 2005, I). In addition, and more importantly, there was considerable overlap between the interests and wishes of the heads of state and government, and the Education Council. Both saw that the OMC provided potential to improve the national policy performance on issues that are salient in the eyes of the public in the domestic arena (i.e. education policies), without risking a shift of competences from the national to the European level. Moreover, the Commission is motivated to contribute to the development of the infrastructure of the OMC education. The OMC allows the Commission to enter a policy area that is outside its competence and on which it

⁹¹ The importance of this partnership was further emphasised through the revision of the Lisbon strategy. Odile Quintin, Director General of DG employment and social affairs at the Commission stated that: ‘Lisbon is not just a collection of favourable reports, it is a partnership with the member states and the social partners’ (Agence Europe 8877, 28/01/2005). While addressing the EP, Commission president Barroso invited the EP ‘to join the growth and employment partnership’ (Agence Europe 8977, 17/03/2005). This stress on partnership may also be attributed to the fact that all actors realised that the Lisbon strategy could only be a success when member states started to move on the national level (Agence Europe 8913, 22/03/2005). In sum, next to the role of the partnership in the development of the infrastructure of the OMC education, it is also judged crucial for the overall success of the Lisbon strategy.

⁹² According to a Commission official in DG education, the Education Council was even ‘pushed in to it’ by the Lisbon Council (Interview CEC 9 November 2005, I). See also footnote 67 and 78.

considers EU action important. However, the Commission can only play a catalytic role in the OMC education (Agence Europe 7673, 09/03/2000; Agence Europe 7893, 31/01/2001; Agence Europe 8400, 13/02/2003, Agence Europe 8890, 16/02/2005). In sum, the good fit between on the one hand the interests and wishes of the 'dynamic duo' (i.e. Commission and Education Council), and the way the OMC functions on the other (i.e. respect for the principle of subsidiarity), opened the way for the development of the OMC education in accordance with the timetable set by the Lisbon Council. This is in line with the hypothesis central in this thesis, which viewed the presence of a conflict between an incentive to act and reluctance to act on the European level on the side of the member states, as a condition necessary for the sectoral Council to make the choice to develop the infrastructure of an OMC.

It is unlikely that the development of the infrastructure of the OMC education will extend beyond the Lisbon OMC template. When compared with the EES, the OMC education lacks Commission-based country-specific desks to make evaluations of individual country policies and to give country-specific recommendations. Moreover, the NAPs education have only recently been introduced and are of a much lighter nature than the NAPs employment. After some years of experience with the EES, the member states came to view country-specific recommendations as engendering too much interference by the Commission in their national policies. Heads of state and government took this into account with the codification of the OMC template in the Lisbon presidency conclusions, which is occasionally also referred to - in order to distinguish it from the 'harder' EES - as the OMC-lite. This meant that the infrastructure of the OMC education cannot develop beyond this OMC-lite, and that the EES could not even be hinted at by DG education as an example to follow for developing the infrastructure of the OMC education. Illustrative of this situation is that there are no references to the EES in official documents of European institutional actors that touch upon education policy. According to an official in DG education, a reference to the OMC employment could not be made because:

'The OMC employment is much stronger and much heavier than ours. If we would make a reference to employment, then we would say, in a sense, that this process is going to be more heavy than it is'

(Interview CEC 9 November 2005, I).

In sum, the Commission judged that member states might view an OMC education that would develop along the lines of the EES as having consequences for the competence allocation

between the national and the European level. Member states learned from the EES-experience that the diffusion of the infrastructure of this hard coordination measure to other sensitive policy fields should be prevented. As a result, the infrastructure of the OMC education did not develop along the lines of the EES, but remained close to the OMC template codified by the Lisbon Council.

The empirical findings do not indicate that the more developed the infrastructure of the OMC is, the better it can function as a barrier against a shift of competences. There is no push on the side of the more reluctant member states to develop the infrastructure of the OMC education in order to allow the OMC to become more institutionalised and, through this, function as a barrier against a shift to a less intergovernmental governance mode. It are rather the governments with an incentive to act on the European level (i.e. who want to learn from each other) and, especially, the Commission who contributed to the setting in place of the infrastructure of the OMC education. Subsequently, all national governments gained trust in the OMC education as a 'safe choice' and no longer find it necessary to refer constantly to the principle of subsidiarity. To be sure, member states still do not want any shift of competence on the education field, but they realise that the OMC-lite is not 'hard' enough to undermine the strict treaty base (Interview CEC 9 November 2005, I; Interview CEC 16 November 2005). In practice, instead of the OMC education with a highly developed infrastructure, it is treaty articles 149 and 150 that form the real barrier against a shift of competences. Moreover, the infrastructure of the OMC education was not allowed to develop beyond the OMC-lite (and towards the EES), because this was judged by the member states to lead to too much interference of the Commission in their national policies. It seems that the correlation between the degree of development of the infrastructure of the OMC, and its capacity to prevent a shift of competences, turns negative when the development of the infrastructure of the OMC education crosses the limits of the Lisbon template. This manifests itself in the opposition of member states against the development of the OMC education along the lines of the EES. These findings are contrary to what was expected on the basis of the hypothesis central in this thesis. In sum, the relationship between the capacity of the OMC to prevent a shift of competences and the degree of development of the infrastructure of the OMC is not - as was hypothesised - linear and positive.

6.4 Feasibility of the OMC as a conflict resolution instrument

As we have seen above, the OMC creates opportunities for national governments to learn from other member states' policy practices and through this improve their national policies. Although the degree of development of the infrastructure of the OMC education is not related with the capacity of the OMC education to prevent a shift of competences (see previous section), the member states' wish to exclude any harmonisation of education policies is taken into account in the design of the OMC education. Following the framework of Pierson (1996), and on the basis of the empirical findings, it can be claimed that this wish could be fully granted in the context of the OMC education because of the absence of two factors: i) the successful resistance of European institutional actors, and ii) institutional obstacles (i.e. the pressure placed on national governments to include institutional bodies and electorates in newly created schemes to manage the EU polity).

The resistance of European institutional actors

The European institutional actors that could question the choice for the OMC education were the European Commission and the European Parliament. The Commission did not view the choice for the OMC education as an opportunity to gain powers,⁹³ but on the other hand it did not hesitate to get on board (Keeling 2006: 209). The Commission started to actively support the use of the OMC in order to enter a policy area outside its competence. However, member states kept their foot on the brake (Interview CEC 16 November 2005). Thus, in order to avoid a blocking of the initiatives aimed at the development of the European education space, the Commission stressed with every initiative the responsibility of national authorities for education policy. Illustrative for this is a comment by education Commissioner Viviane Reding that 'we are in the process of making an education Europe by a step-by-step evolution rather than by revolution'. Reding continued to state that no education minister is willing to give up national prerogatives but declared herself ready 'to cooperate with European colleagues and to copy the best of what they practice' (Agence Europe 7839, 09/11/2000; see

⁹³ From the development of the infrastructure of the OMC education in the last 5-6 years, it is clear that the Commission has no intention to go beyond the treaty base. In fact, this would not be feasible because of the modest size of the unit in DG education responsible for the OMC education and the large amount of resources that has to be put in the management of the mobility programmes (Interview CEC 9 November 2005, I; Keeling 2006: 204).

also Agence Europe 8412, 03/03/2003; Agence Europe 8589, 20/11/2003). In order to avoid stepping on the toes of the member states, she proposed an approach that treads the middle ground between the Community method and intergovernmentalism, which she labeled 'community guided' action (Agence Europe 7767, 27/07/2000).

From the outset, the European Parliament was excluded from the OMC process. According to a Commission official in DG education, MEPs

'Are not at the pitch, not at the bench, not even substitutes. It makes the whole thing difficult in that you largely ignored a whole institution in the European ball-game'
(Interview CEC 16 November 2005).

According to the same official, the OMC functions counter to the institutional role of the European Parliament in the EU structure. Were the EP to be fully involved in the OMC,

'The European Parliament would of course have a tendency to highlight the institutional dynamics and the institutional powers,⁹⁴ and that would run counter to the need for member states to be in total control of the thing. Every time we are discussing the OMC with the European Parliament, there is an attempt by the EP to reduce the level of influence of member states. But this [i.e. the dominant position of the member states] lies in the very nature of the use of the OMC'

(Interview CEC 16 November 2005).

In sum, whereas the Commission was able to align its interests with the OMC education - and, hence, did not resist it - the European Parliament was not able to do this because of a tension between the non-binding character of the OMC education and the institutional role the EP performs in the 'European ball-game'. Hence, the European Parliament was denied a voice in the OMC education and found no ally in the European Commission. This made the resistance of the EP ineffective.

⁹⁴ Examples are comments made by German MEP Mr. Ferber (see above), and general claims of the EP as a whole that it was not implicated in the general thought process over the setting in place of the future aims of the education and training systems (Agence Europe 7971, 23/05/2001; see for similar critical remarks by the EP: Agence Europe 8079, 25/10/2001, Agence Europe 8290, 04/09/2002, Agence Europe 8292, 06/09/2002).

Institutional obstacles

The second factor that determines the feasibility of the strategy to design the OMC education in order to prevent gaps in control consists of institutional obstacles for reform within the European Union. From the empirical findings it follows that there is no institution or group of people involved in the OMC education whose inclusion required that pressure be exerted on member states. This is related with the fact that peer pressure - through which blaming and shaming can occur - is still very weak in the OMC education. Once the peer review process becomes more firmly established, it is not unimaginable that the Commission will try to involve the European-based teacher- and student unions more in the peer review process in order to hold the member states to their commitments (Interview Eurydice 16 November 2005). Currently, these actors are only involved in the implementation of the detailed work programme or are asked for their opinion on the role of education in the knowledge based society. They do not function as watchdogs, i.e. supporting the Commission in holding member states to their commitments (Interview CEC 16 November 2005, Agence Europe 8393, 04/02/2003; Agence Europe 8396, 07/02/2003; Agence Europe 8575, 29/10/2003; Agence Europe 8827, 15/11/2004, Agence Europe 8851, 17/12/2004). In sum, because attention for the education issue on the European level is fairly recent, the institutional obstacles are low. This means that the infrastructure of the OMC education can develop along the lines the member states prefer, without being forced to take certain institutions into account.

6.5 Conclusion

It has now been a matter of decades that the mobility programmes for students and staff have been the major activities of DG education. This had a large impact on the way DG education was organised, and hindered a swift implementation of the OMC education (Interview CEC, 9 November 2005, I). However, the empirical findings discussed above also indicate that around 2000 the Education Council and the Commission *were* in a position to take up the Lisbon mandate and develop an OMC for the education field. First, at the end of the 1990s member states adopted the knowledge-based society concept as the cognitive framework for finding answers to common challenges on the education field. The codification of the OMC at the Lisbon Council arrived during a period in which the Education Council needed to make a decision about the policy instrument through which these answers should be found (Novoa and de Jong-Lambert 2003: 55). Second, at the end of the 1990s DG education got involved in

the EES through the setting in place of employment guidelines touching upon educational issues. Through this link, the Education Council and DG education had gained some experience of the way in which the OMC worked (Interview CEC, 9 November 2005, I).

In addition to the preferences of the member states with regard to the coordination of national education policies around 2000, it is also important for the assessment of the hypothesis to look at the conflict between an incentive to act and reluctance to act on the education field. From the empirical findings it followed that the OMC education can be considered a middle path in EU governance, creating a balance in sensitive policy areas (Interview CEC 16 November 2005) between European convergence and national diversity (Dion 2005). This community-guided action treads the middle ground between the Community method and intergovernmentalism (Agence Europe 7767, 27/07/2000), goes beyond a multilateral surveillance tool as in function in the context of the OECD, while the upper limit consists of the EES-like OMC with country specific recommendations. In other words, the choice and development for the OMC education is a reflection of the compromise that had to be struck between reluctance to act on the European level, and the incentive felt by all governments to learn from each other how to build the knowledge-based society. This mutual learning process needed to address common challenges such as reinforcing the supply-side of the economy, strengthening the economic competitiveness and social cohesion, and dealing with an ageing population. The lack of knowledge in member states on how education policy can play a role in addressing these challenges turned the eyes of the member states to the EU as a platform for mutual learning (Interview CEC 16 November 2005). As a consequence, the (Education) Council took on board the knowledge-based society theme and the Open Method of Coordination. Hence, the cognitive framework within which solutions for the problems were sought, and the method through which member states could find the solutions was set in place.

Regarding the design of the OMC, the heads of state and government took into account that the latter was supposed to be applied to sensitive policy areas over which member states wanted to preserve their control on the national level.⁹⁵ Because of a good fit between the interests of the Education Council and the Commission, and the way the OMC functions, the ministers of education and DG education - after their initial reluctance - saw an added value in the OMC education and, hence, allowed its infrastructure to develop. This

⁹⁵ From the assessment of the feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences it became clear that the member states were free to design the OMC education in such a way that it would prevent a shift of competences.

added value consisted for the member states first and foremost of a potential to improve national education policies through an exchange of policy practices, while at the same time no risk of a shift of competences could emerge. As expected, neither the incentive to act nor the reluctance to act on the European level was reinforced by the ownership of the education issue by a specific party family in the member states. These findings support the hypothesis (see table 6.3).

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected	High	Absent	Yes	Medium-high
Observed	High	Absent	Yes	High

Table 6.3: Expected and observed values for the social inclusion field

However, not all empirical results on the OMC education are in line with the expectations. First, I expected the ownership of the employment issue to play a larger indirect role on the education field in the period 1999-2005 than it actually did. To be sure, there are traces on the EU level of a third way agenda for education policy, linking up with the issues of employment and social cohesion.⁹⁶ However, this modernised version of social democracy was only present on an elite-level at the time of the Lisbon Council, and cannot be traced back exclusively to the manifestos of social democratic parties.

Second, instead of the degree of development of the infrastructure of the OMC education, in practice it is rather articles 149 and 150 of the treaty that form the real barrier against a shift of competences. The more reluctant member states - for example Germany - do not push for the development of the infrastructure of the OMC as a barrier against a shift to a less intergovernmental governance mode. Hence, the degree to which the infrastructure of an OMC is developed is not considered by the member states to be related with the capacity of the OMC to function as a barrier against a shift of competences. Reluctant member states wanted to be sure that the OMC would not lead to a shift of competences. Once they were convinced of this, they allowed the infrastructure of the OMC education to develop within the limits of the OMC template codified by the Lisbon Council. However, the member states had

⁹⁶ The importance of the educational strand of third way politics has been emphasised by Hyland (Hyland 2002). For a critique on the linking of employment and education by social democrats see Esping-Andersen, 2001. Whether this link between employment and education can be traced in the party manifestos of political parties who made the turn to the Third Way can only be assessed when the new MRG-data is released. What is clear for the period 1945-1998 (EU-15) is that education is significantly correlated with employment. $r_s = .106$, $p < .001$. This means that the more a party emphasises the employment-issue in its manifesto, the more it emphasises the education-issue. This positive link between the emphasis on employment and the emphasis on education does not exist in manifestos of parties in Germany ($r_s = -.293$; $p < .05$). In the case of Germany, the more a party emphasises employment in its party manifesto, the less the emphasis is put on education issues. See appendix II for more details.

their foot on the brake, and did not allow the OMC education to develop along the lines of the EES. An EES-like infrastructure for the OMC education was judged by the member states as engendering too great a level of interference in their national education policies.

Clearly, a functionalist logic lies behind the decision to act on the EU level *and* behind the development of the infrastructure of the OMC education. This is in line with the first set of hypotheses that were derived from a claim of Scharpf and rooted in a traditional functionalist strand in the literature on European integration. Hence, the infrastructure of the OMC education developed because a more developed infrastructure was judged to be better able to address problems that could not be solved by an exclusive focus on the national level, but for which the diversity between member states needed to be respected. In other words, the reluctance to act of member states limited the choice for a policy tool to the OMC-lite, while the incentive to act on the EU level on the side of member states - rooted in a wish to solve problems on the national level - was the main driver behind the development of the infrastructure of the OMC education. However, the functionalist logic is linked with factors in the domestic arena of member state. While member states want to act on the EU level to increase the executive capacity on the national level with regard to problems touching upon education issues, the reasons why they want to leave the executive capacity on the national level are related with circumstances in the domestic arena. Next to the dynamic between the German federal level and the Länder, also concerns for preserving the national character of the education issue and the role education plays in engendering a national identity play a role in this reluctance to act on the EU level. In sum, both traditional functionalism and liberal intergovernmentalism - with an emphasis on the importance of 'domestic politics' factors in the member states - can explain the emergence of a conflict on the education field between an incentive and reluctance to act on the EU level. The latter opened the way for the development of the infrastructure of the OMC education.

Chapter 7

The European Research Area and the OMC R&D

7.1 Introduction

Until the end of the 1990s, attention on the European level for research and development (R&D) issues was limited to the Framework Programme (FP). With the setting in place of the European Research Area (ERA), a broader framework was created in which there was also room for an OMC R&D aimed at channelling the internationalisation of national R&D policies. Before listing the policy developments on the European level with regard to R&D issues, the values I expect to find on the variables of the hypothesis central in this thesis will be presented.

Around the year 2000, member states showed a willingness to go beyond the FP and move towards a transnational research area. In the Lisbon presidency conclusions it is stated that:

‘Given the significant role played by research and development in generating economic growth, employment and social cohesion, the Union must work towards the objectives set out in the Commission’s communication “Towards a European Research Area”. Research activities at national and Union level must be better integrated and coordinated to make them as efficient and innovative as possible and to ensure that Europe offers attractive prospects to its best brains’

(European Council 2000).

The fear that the European Union will lose out in the competition with the US and Japan, underlies the wish of member states to create the European Research Area.⁹⁷ The central assumption in the Lisbon strategy with respect to R&D issues - which is similar to the one with regard to education matters - is that greater investment in R&D can increase the

⁹⁷ According to Corley et.al, R&D forms the decisive factor that enables the US to increase productivity in manufacturing while simultaneously increasing employment. This is due to the performance of high-tech industries and the fact that in the US the contribution of these industries to total manufacturing has been sufficient to outweigh negative growth in employment in low-tech industries. Corley et. al. claim on the basis of the US-experience that if the EU is to close the competitiveness gap with the US as measured by income per capita, it must increase productivity while maintaining or increasing employment levels. Particularly in high-tech industries - where there are greater possibilities to increase both productivity and employment - raising the level of investment is likely to show positive returns, especially if it includes appropriate investment in R&D and human capital (Corley et al. 2002: 274).

competitiveness of the European economy, and will allow the EU to catch up with its leading competitors.

R&D is a technical issue, and citizens do not consider it as part of their daily life. Because of this low saliency, an owner of the R&D issue among European party families is expected to be absent. Moreover, due to the restricted saliency politicians do not have to act with regard to R&D issues because citizens want them to. Therefore they have a great capacity to take action on the EU level or renounce from doing so. Because of these weak constraints, reluctance to act on the EU level on the side of the member states is also expected to be weak. Hence, there will be less need in the eyes of the member states for a policy instrument that can neutralise a conflict between member states with an incentive to act and member states with reluctance to act on the European level. Because member states do not see a necessity to erect a barrier against a shift of competences on the R&D field, member states are expected to push less for the development of the infrastructure of the OMC R&D. As a result, the degree of development of the infrastructure of the OMC R&D is expected to be low (see table 7.1).

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
R&D	Low	Absent	No	Low

Table 7.1: The expected values for the R&D field

After an overview of the policy developments on the European level in the period 1999-2005, there will follow some elaboration of the incentive of national governments to act on the EU level. Subsequently, other elements of the hypothesis will be discussed in light of the empirical findings. This chapter will conclude with some remarks on how the hypothesis central in this thesis needs to be refined to fit the empirical findings of the R&D case.

7.2 Overview policy developments

During the 1980s, the Community gradually emerged as an important source of funds for transnational networks of researchers, public laboratories and universities (Banchoff 2002: 8). The Single European Act provided a legal base for a multi-annual Framework Programme for R&D in support of international economic competitiveness. Five years later, the Maastricht treaty granted the European Parliament powers of co-decision, but maintained the unanimity requirements in the Council for the adoption of the Framework Programmes.

Building the European Research Area: 1999-2005

After the resignation of the Santer Commission in 1999, Phillipe Busquin took up the job of Research Commissioner. Busquin drew heavily on the ideas of the earlier Commissioners Dahrendorf (1970-1974) and Ruberti (1993-1995), and proposed the construction of a European Research Area. Although the 6th FP was chosen as point of reference, Busquin also tried to broaden the European approach to R&D by reviving the idea of sharing information on national R&D programmes, comparing best practices, and lowering barriers to researcher mobility (Banchoff 2003: 86).

With the publication of the Commission communication ‘Towards a European Research Area’,⁹⁸ a first step towards the construction of the ERA was taken (European Commission 2000d). In March 2000 the Commission was given a mandate by the European Council to go ahead with its ambitious project to create a European Research Area. As a result, the Lisbon goal of becoming ‘the most competitive and dynamic knowledge-based economy in the world’ was linked to the establishment of a ‘European Area of Research and Innovation’ (De Elera 2006; Edler 2003: 120).

In contrast to earlier Commission initiatives aimed at the creation of an ERA, the proposals by Commissioner Busquin stood in the shadow of a hierarchy because the European Council backed up the ERA-initiative at the very beginning of the mobilisation (Banchoff 2003: 95). For this ‘revolution with green light from above’ (Edler 2003: 120), the Commission could count on the support of the Portuguese presidency of the Council. Jose Mariano Gago, Portugal’s minister for Science and Technology at the time of the Lisbon Council, stated that the EU never managed to establish real priorities for research at a high political level ‘as is done in the United States, where the impetus is given at the federal level’. According to Gago:

‘There is a need for a decision at political level on the pace of coordination and the opening up of national research programmes and this is a job for the heads of government in the European Council’

(Agence Europe 7654, 11/02/2000; see also Agence Europe 7737, 14/06/2000).

⁹⁸ This communication centred around three points: 1) better and more flexible co-ordination of national R&D policies; 2) networks of excellence, multi-partner projects aimed at strengthening excellence on a research topic by networking the critical mass of resources and expertise around a joint programme of activities; 3) integrated projects, multi-partner projects to support objective-driven research by bringing together a critical mass of resources to reach ambitions and goals (European Commission 2000d; Kuhlmann and Edler 2003: 3).

The aim of creating better and more flexible co-ordination of national R&D policies played a major role in the aim of the ERA to go beyond the static structure of '15+1'⁹⁹ of the previous FPs. After the Lisbon Summit, Commissioner Busquin convened a High Level Group of nominated representatives from the member states to elaborate on the Lisbon mandate to adopt an OMC R&D. The Group focused its discussions on benchmarking, one of the main elements of the OMC. The High Level Group stated that benchmarking is not aimed at ranking member states but that 'it will facilitate the identification and diffusion of best policy and practice across the Union, while taking into account its adaptability in different national contexts'. Moreover, by being open to all actors in a cycle of collective self-assessment and improvement, 'benchmarking lies at the core of the open method of coordination of policies' (European Commission 2000b: 4). However, the High Level Group did not go beyond these general claims on the role of benchmarking in the OMC R&D and, hence, did not reach consensus on how a full-blown OMC R&D should take shape (Banchoff 2003: 95).

Despite the lack of clarity on how the OMC R&D should be structured and on which themes it should focus, the Commission was allowed to start coordinating the work of four expert groups on benchmarking. This exercise lasted from September 2000 until January 2003. In 2000, under the French presidency of the Council, Research ministers welcomed the work undertaken by the Commission on the benchmarking of national policies. They called on the Commission to come forward with a full set of indicators and a performance assessment method (Banchoff 2003: 93)(Agence Europe 7738, 15/06/2000).

Towards the end of the first cycle of benchmarking, the – until this point unrealised – idea for an OMC R&D was linked to the problem of underinvestment in R&D. In the communication 'More research for Europe', the Commission stated that attention should be paid to the 'massive and growing gap of R&D investment between the European Union and its major competitors, first and foremost the United States' (European Commission 2002b: 4). In a communication published in the same year, the Commission stressed that the potential of the OMC has so far not been 'fully utilised for the creation of the European Research Area, with activities undertaken often being limited to exchanges of information and experience' (European Commission 2002d: 19). The concern about underinvestment was picked up by national governments and led to the adoption of the 3%-objective by the Barcelona Council. The Council agreed on two goals: i) an increase in R&D investment in all member states from 1.9% of GDP in 2000, to 3% in 2010 and, ii) an increased share of business funding that

⁹⁹ This refers to the lack of synergy within the ERA, i.e. the simple addition of the individual research efforts of the 15 member states and the European Union.

should reach $\frac{2}{3}$ of total R&D expenditure. As a response to the mandate that was given by the Barcelona Council, the Commission presented the communication ‘Investing in research: an action plan for Europe’. In its action plan the Commission elaborated on the elements of the OMC R&D, following the model for the infrastructure of the OMC as codified by the Lisbon Council (see box 1.1 and box 7.1).

- 1) the goals for the Union are the 3% and $\frac{2}{3}$ objectives fixed by all member states in Barcelona; guidelines for the Union are, in effect, proposed by the action plan.
- 2) A limited set of existing indicators is proposed as reference indicators for the member states for the monitoring of progress towards the objectives.
- 3) member states (and the regions that so wish) should be invited to set national (and regional) targets for R&D intensity and the share of business funding, as well as, where appropriate and on a voluntary basis, for other reference indicators, and to adopt the policy measures they deem appropriate.
- 4) Monitoring, reporting and mutual learning should be organised at two levels: an overall monitoring and reporting process, to which all member states should participate, and focused benchmarking exercises in which member states will be invited to take part on a voluntary basis.

Box 7.1: The elements of the OMC R&D (European Commission 2003c: 51)

Around the same time of the publication of the Action Plan, the Council decided to assign the task of developing the infrastructure of the OMC R&D to CREST.¹⁰⁰ The member states considered this advisory body better placed than the Commission in order to give direction to a purely member state-led process. Subsequently, CREST took up the task of developing the infrastructure of the OMC R&D on the basis of its ‘Modus Operandi’-report (CREST 2004).

Through the revision of the Lisbon strategy in 2005, member states committed themselves to the annual publication of a National Reform Programme (NRP). In its NRP-report each member state has also to pay attention to R&D issues. On the basis of these

¹⁰⁰ CREST is a member state-led advisory body whose function is to assist the Council and the Commission in performing the tasks incumbent on them in the sphere of R&D. The coordination of the national research policies was part of the original 1974 mandate of CREST, and of its revised mandate of 1995. The application of the OMC R&D has revitalised a function of CREST, which produced few results during its 30 years of existence (Gornitzka 2005: 26).

national reports, DG research draws up the part of the Commission report on the contribution of R&D to growth and jobs, which is subsequently presented to the spring Council.

7.3 Explaining the choice and development of the OMC R&D

As a first step in the presentation of the empirical findings of the R&D case, the reasons behind the decision to explore the European level will be listed. Secondly, attention will be paid to how the saliency of the R&D issue among a national elite of policy makers and politicians fosters a conflict on the side of the member states between an incentive to act and reluctance to act on the European level. As a third step, the development of the infrastructure of the OMC will be discussed and it will be assessed whether, next to the choice for the OMC, the degree of development of the infrastructure of the OMC R&D is also related with a wish to create a barrier against a shift of competences.

The incentive to act of national governments

The willingness to act on the European level of national governments should be seen in the context of the internationalisation of national R&D and innovation systems and is in line with the functionalist perspective on the added value of the OMC.¹⁰¹ In 2000 the widening gap in research and innovation output between Europe on the one hand and the US, Japan, India and China on the other, was linked by Commissioner Busquin to the absence of a European research policy (Interview CEC 10 November 2005, II; Interview CEC 14 November 2005, I). The Commission stated in one of its communications that:

‘The European research effort as it stands today is no more than the simple addition of the efforts of the 15 member states and the Union. This fragmentation, isolation and compartmentalisation of national research efforts and systems and the disparity of administrative systems only serve to compound the impact of lower global investment in knowledge’

(European Commission 2000d: 7).

¹⁰¹ The hypothesis on the choice to develop the infrastructure of the OMC that was derived from this perspective states that an OMC with a more developed infrastructure is better able to solve problems on the national level that cannot be solved by an exclusive focus on the national level.

In the years before the Lisbon summit, the research ministers in the sectoral Council did not consider it possible to coordinate national R&D policies on the European level and remain at the same time within the limits of the treaty. In 2000, however, the member states recognised that there was a need to act on the European level to address common challenges, and that this could be done without a change in the treaty base (Interview CEC 10 November 2005, II). This led in 2002 to the setting of goals on the European level with regard to R&D matters, i.e. the 3% investment goal, and the $\frac{2}{3}$ business-share goal. These goals could only be reached by action on the member state level.

The decision to explore the European level in order to find ways to boost economic growth by using R&D more efficiently can be explained by three points. First, member states have to deal with an increasing internationalisation of research and want to benefit more from this development. This requires a reduction of the fragmentation of the European research effort. An example is research into genetic diseases, where individual member states do not have enough critical mass to achieve - against the background what is done in the US and Japan - groundbreaking research results. Another example is research on the environment. This is a topic that is not particular to a country but crosses boundaries, making it a European and even a global problem (Interview CEC 14 November 2005, I).¹⁰²

Second, there is general agreement among all member states that R&D and innovation are key issues for competitiveness and that knowledge is a *sine qua non* for economic growth (Interview CEC 14 November 2005, II). In debates on the European level between ministers responsible for R&D issues it is recognised that the US is more efficient in absorbing new knowledge and technology, and forms a good practice from which the European Union can learn (Interview CEC 10 November 2005, I; see also quote Portuguese minister for Research Mariano Gago above). To allow this good practice to spread to all the member states of the European Union, a framework had to be set in place that facilitates learning between member states. The member states considered the EU the appropriate organisation to set in place such a framework for mutual learning.

Third, national governments do sometimes use the arguments of the Commission to put into practice R&D policies that do not directly have the support from actors on the national level. In this way, the EU can help national governments to introduce changes on the

¹⁰² The fact that a large majority of the public considers that the EU should play a larger role in the decision making process on R&D matters shows that also the European citizens consider the R&D issue an international issue (see appendix III). To be sure, the incentive to act is not reinforced by this preference of the public to involve the EU more in decisions on R&D matters. Because of the low saliency of the R&D issue in the eyes of the public, politicians do not have an electoral interest to follow this preference of the public. For this sort of political responsiveness, the saliency of the R&D issue in the eyes of the public should increase considerably.

national level that otherwise would have been more difficult to achieve (Interview CEC 10 November 2005, II).

The first two points are directly related with the use of the EU level to address problems on the national level in a more effective way, while the third point is more directly related with a two-level game involving the national and the European arena. The three points together turned the attention of national governments towards the European level and were addressed through the construction of the ERA. In particular, the wish of member states to learn from other member states how best to use R&D as a motor for growth is relevant for the choice for the OMC and the development of its infrastructure.

The choice for the OMC

Although the Lisbon Council explicitly mandated the adoption of the OMC R&D, it took some time before it was picked up by the Commission and the Research Council. It was only after the Barcelona summit (2002) that the OMC was included as an instrument in the policy toolkit of the European Research Area. However, neither of these moments - Lisbon or Barcelona - can be seen as the uncontested moment of choice for the OMC R&D. From the reasoning behind the decision of the Council to act on the European level that were central in the discussions at these Council summits, two requirements are distilled that had to be fulfilled by a policy instrument for the R&D field in order to obtain the support of all member states.

First, the restrictive legal framework on the European level with regard to R&D issues had to remain intact. This member state preference is closely related with matters such as defence and the energy supply (Interview CEC 14 November 2005, II). Although the budgets for defence are much lower in Europe than in the US, this matter is constraining France and the UK in their decisions to act on the European level with regard to R&D issues (Agence Europe 8930, 18/04/2005, Agence Europe 8931, 19/04/2005). Moreover, national research policies generated networks of bureaucrats and researchers attached to the status quo. Together with the strategic importance of R&D policies, these entrenched interests fostered a resistance among a national elite of politicians, bureaucrats and stakeholders against a greater degree of involvement of the EU in national R&D programmes (Banchoff 2003: 83). Another reason for keeping the EU legal framework intact is related with the economic competitiveness of a country. According to a Commission official working in DG research:

‘There is a national interest in member states to keep the legal framework in place. Although there is a need for internationalisation and cooperation, research is a platform to trigger competitiveness, growth and employment, which leads to that member states are interested in - somehow - keeping control over this issue. Because it would help them to keep their competitiveness vis-à-vis others. So, there is an interest to keep control, at the same time recognising that there is also a recognised need for cooperation’

(Interview CEC 10 November 2005, II).

This quotation illustrates that member states are confronted with a conflict between an incentive to act and reluctance to act on the European level. Because of the low saliency of the R&D issue in the eyes of the public, it was not expected on the basis of the hypothesis that such a conflict would be present on the R&D field. However, the empirical evidence indicates that saliency does play a role in fostering this conflict on the R&D field, but is of a different nature than the type of saliency central in the reasoning underlying the hypothesis. To be sure, citizens do not consider R&D as part of their daily life, and R&D matters do not play a role in the run-up to elections.¹⁰³ According to an official working in DG Research:

‘I think the theme of the knowledge-based society is present in the heads of national politicians, but in terms of communicating it to the broader electorate, I don’t think it will have a high profile. It is in this sense, not a highly visible area.¹⁰⁴ When you go into detail, it is also very difficult and gets really fast complex. For example, intellectual property right-issues in universities are difficult to understand, including for myself. In this sense, I do not think that it will have the same exposure if compared with, for example, employment’

(Interview CEC 10 November 2005, I).

¹⁰³ De Elera states that many of the political parties in power in the different member states included research policy as one of the main points in their electoral manifestos. According to De Elera ‘it is an issue that appeals to the electorate’ (De Elera 2006: 571). However, the author does not mention the data on which this claim is based. The empirical data used in this research points exactly contrary to that stated by De Elera: R&D is a technical issue that is not salient in the eyes of the public and is considered by politicians as only important for strategic and economic reasons. It does not form part of an electoral strategy of a political party to distinguish itself from other political parties.

¹⁰⁴ The R&D issue may not be a highly visible issue, its saliency among an elite is stable over time. News hypes such as occurred in the case of the e-Europe initiative (see chapter 9) did not occur in the R&D case. This shows from the difference between on the one hand the number of articles on the R&D issue published in the European Voice in the period 1999-2005 - ranges from 2 to 7 articles a year - and the number of articles published on the e-Europe initiative in the same period on the other - ranges from 3 to 22 articles a year.

More strikingly, citizens do not express a preference for keeping competences with regard to R&D on the national level. According to a large majority of citizens, the EU should play a stronger role in improving the R&D output in Europe (see figure 7.1 and appendix III). However, because of the low saliency of this issue in the eyes of the public around Europe (see chapter 4) and the resulting low visibility in public debates, politicians can ignore the preference of the public for greater EU involvement, without electoral retribution. Because there are in practice valid reasons to keep the decision-making process on R&D matters national - i.e. strategic and economic interests - national politicians are reluctant to allow the EU to play a stronger role and, hence, ignored the preference of the public for more EU involvement in national R&D matters.

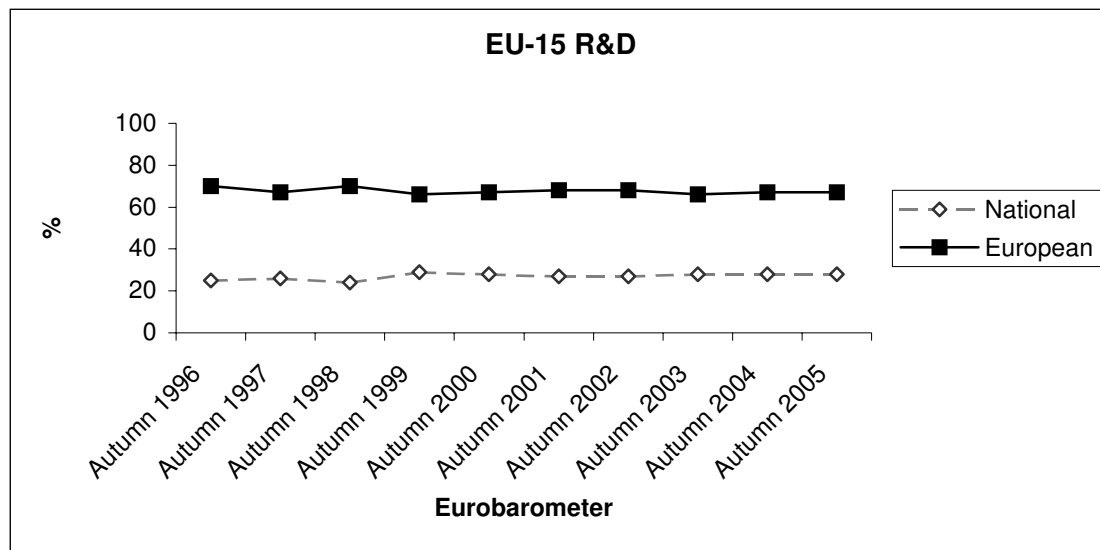


Figure 7.1: R&D: national competence or joint competence on EU level? (Eurobarometer 46, 48, 50, 52, 54, 56, 58, 60, 62, 64; EU-15).

However, the R&D issue *is* salient among a national elite of bureaucrats and politicians. This elite identified a link between the economic competitiveness and the strategic interests of a country, and its research and innovation output. Hence, political parties do emphasise the importance of developing and implementing new technologies for the development of their country in their party manifestos. From the empirical evidence presented in appendix II (see also figure 7.2 and 9.1) it follows that no owner of the R&D issue can be identified among the various party families in Europe.¹⁰⁵ All party families consider, by and large, the R&D issue equally important.

¹⁰⁵ Although no ownership of the R&D issue by a party family can be identified, there are indications that a weak link between the employment issue - owned by the social democratic parties around Europe - and the R&D issue exists. Because employment is recognised as one of the main worries of Europe, investment in research is also

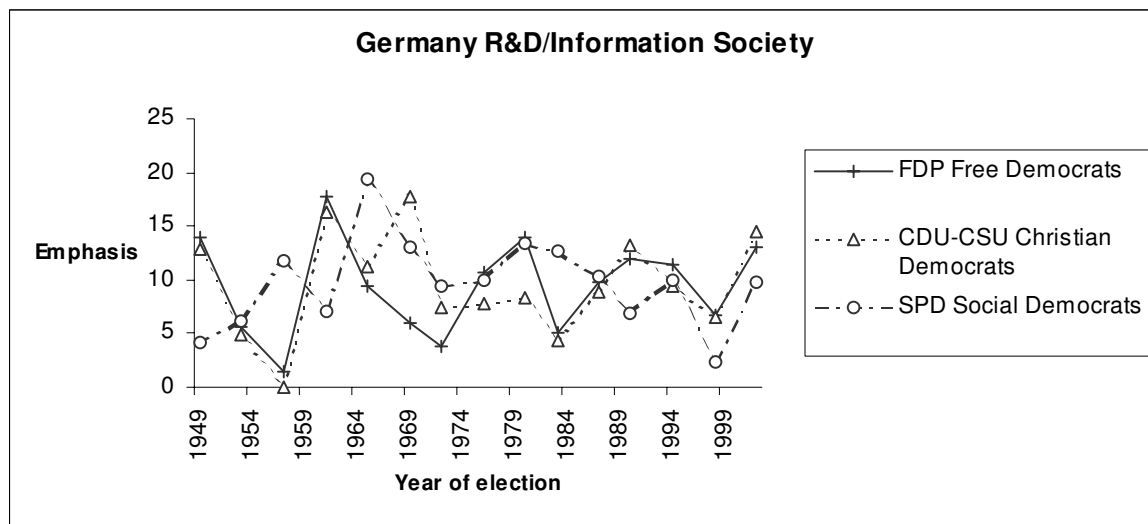


Figure 7.2: Germany and ownership of the R&D/information society issue (Manifesto Research Group data).

Despite the fact that member states want to be in full control over the activities that are taking place in the EU context, member states also have a genuine interest in internationalisation and, hence, do not want to keep their R&D policies exclusively national (Interview CEC 10 November 2005, I; Kaiser and Prange 2005: 249). The second requirement that has to be fulfilled by a policy instrument to be accepted on the R&D field by all member states is related with this. The internationalisation of R&D creates opportunities and risks, while member states lack knowledge on how to benefit from the former and neutralise the latter. Hence, the policy instrument chosen at the EU-level should reduce the uncertainty created by the internationalisation of R&D (Eberlein and Kerwer 2004) and avoid the costs of ‘trial and error’ learning (Szysczak 2006).

Without a full knowledge of all the characteristics of the R&D field, the heads of state and government at Lisbon decided to mandate the adoption of the OMC also for the R&D

linked to the problem of unemployment (Interview CEC 10 November 2005, II). Research Commissioner Busquin emphasised that the investment in R&D has a positive impact on the creation of jobs (Agence Europe 7635, 17/01/2000; Agence Europe 7646, 01/02/2000; Agence Europe 7654, 11/02/2000; Agence Europe 8668, 17/03/2004). However, the link between R&D and employment should not be exaggerated. This becomes clear from an analysis of the MRG-data. The two variables do not correlate significantly (EU-15). Only for some countries a significant correlation can be found. Employment and R&D correlate positively in the case of Denmark and Ireland. This means that the more a party emphasises employment, the more it emphasises the R&D/information society issue. This seems to provide support for the claim that political parties in these countries had already developed a ‘Lisbon’ approach to R&D during the period 1945-1998. For Spain and Finland the two variables correlate negatively. This means that the greater emphasis a party from these member states puts on the employment issue, the less it emphasises on the R&D/information society issue. Convincing politicians that there is a link between new technologies and promoting employment will probably be more difficult in these countries. Illustrative in this context is that the Finnish presidency of the Council in 1999 warned for job losses due to a lack of information and technology skills among workers in Europe (see also chapter 9). See appendix II for more information on country-specific correlations.

field. Given that one of the main results of the Lisbon Council was the codification of the OMC, the decision of the Lisbon Council to adopt the OMC on as much policy fields as possible is far from striking. Moreover, the OMC was a 'safe choice' for the Council, i.e. it opened up possibilities for member states to learn from each other without a loss of control on the national level as a result. Subsequently, the sectoral Council and the Commission saw a clear added value of the OMC against the background of the policy instruments that already existed on the R&D field. The added value of the OMC for the R&D field consisted of its potential to facilitate the exchange of best practices. Through this the uncertainty about the costs and benefits of the internationalisation of R&D could be reduced for member states. Moreover, the OMC aims at the convergence of national policy practices - while leaving the treaty base intact and fully respecting the principle of subsidiarity. This in turn contributes to reduce the fragmentation of research performed in the EU (European Commission 2000d: 23).

In sum, the OMC was judged by the member states as an appropriate instrument for the R&D field because it fulfilled the two requirements discussed above. Member states with an incentive to act viewed it as an instrument that could channel the internationalisation of R&D matters, while member states with reluctance to act on the European level considered it a safe choice because of its non-binding character. In the years following the Barcelona summit, the OMC gained prominence and more energy was put in developing the infrastructure of the OMC.¹⁰⁶

However, some empirical evidence contrasts with the claim that both the heads of state and government and the ministers in the Research Council viewed the OMC as an appropriate instrument for the R&D field because of its capacity to maintain control on the national level. According to a Commission official working in DG research, the decision to apply the OMC R&D was not a political choice but exclusively a technical matter:

'There is an interest in keeping control on the national level. But I view the choice for the OMC not related with this interest. I view the choice for the OMC as a legal issue. If you do not have a competence, you need to change the treaty base to use a different method. So, in a way the OMC was what you could do in order to increase cooperation (...). It is all a matter of where the competence is most suitable placed. If there is no need to put it on the

¹⁰⁶ De Elera states that in the initial plans of the Commission the OMC was just one of the tools to construct the ERA. In practice, the OMC is the main instrument used to construct the ERA. According to the author, however, stronger legal instruments should have been used if the aim was to create a real common research area (De Elera 2006: 567).

Community level because you can achieve whatever you want with the OMC, then you do not want to give it to the Community’

(Interview CEC 10 November 2005, I).

This analysis is sound from a bureaucratic point of view. However, when motivations from national politicians behind the decision not to change the treaty base are taken into account, this view has to be judged as too narrow. The above quote shows that a Commission official on the European level takes the treaty as an uncontested point of departure. Bureaucrats - either on the national or European level - cannot change the treaty. Therefore they do not consider it as an option to reach the goals that are set. Politicians on the national level do have the power to change the treaty with regard to R&D matters, but decided to keep the EU legal base intact because of economic and strategic interests. The latter interests do not come into view when adopting a narrow bureaucratic viewpoint. In sum, when motivations of national politicians are taken into account, the claim that the interest to keep control on the national level is related with the choice for the OMC receives confirmation.

The development of the OMC

To assess the hypothesis central in this thesis, three points related with the development of the infrastructure of the OMC need to be addressed. These include, firstly; the degree of development of the infrastructure of the OMC R&D. Second, an answer needs to be formulated on the question of why the OMC R&D developed slowly into a fairly advanced coordination measure. Finally, it is necessary to elaborate on whether member states identified a link between the degree of development of the infrastructure of the OMC R&D and the capacity of the OMC to block harmonisation.

Before CREST was assigned its role as interface for the OMC R&D, publications of the Commission did not use the wording ‘OMC’, but referred only to one of its constituent elements, namely ‘benchmarking’. On the initiative of CREST, the first cycle of the OMC R&D was started up in December 2003. Already after a couple of months, trust began to develop between the representatives of the member states and the Commission. This facilitated the development of the OMC R&D from a platform for discussion to a mutual learning exercise with a role for peer review (Interview CEC 14 November, II).

The second cycle of the OMC was launched in December 2004 and based on the ‘Modus Operandi’, a document in which the elements of the OMC with regard to the 3% investment objective were specified. CREST decided to continue with the already existing

member state-led expert groups and asked them to deliver general policy recommendations by March 2006. In order to increase the political impact of the recommendations, the expert groups focus on only a limited number of topics (Interview CEC 10 November 2005, II).

Soon after, CREST launched the idea for a voluntary reporting-scheme. This proposal ran parallel to the revision of the Lisbon strategy,¹⁰⁷ in which a general need for more reporting was recognised. In the revised Lisbon strategy member states are asked to adopt National Reform Programmes, on the basis of which the Commission draws up a report to the spring Council (Interview CEC 10 November 2005, II). Because of the overlap with the revision of the Lisbon strategy, the CREST-proposal for a R&D reporting scheme was considered redundant, and a lighter version of reporting was introduced in the OMC R&D through the National Reform Programmes (European Commission 2005e: 19-20; Interview CEC 10 November 2005, II).

There are some gaps¹⁰⁸ in the infrastructure of the OMC R&D when compared with the template OMC of the Lisbon presidency conclusions. First, benchmarking of national R&D policies suffers from a lack of qualitative indicators. In the context of innovation policy, Kaiser and Prange note that qualitative indicators have to be integrated in the OMC R&D in order to take into account the complexity of the institutional environment in which innovation processes are embedded (Kaiser and Prange 2004: 253; 2005: 254).

Second, the OMC R&D does not notably involve regional or local actors. The benchmarking workshops with regard to innovation policy for example, are comprised of EU and national senior officials, which turns the OMC R&D into more of a top-down policy tool (Kaiser and Prange 2004: 262). On this, a Commission official working in DG research stated that:

¹⁰⁷ Because of the stronger focus on growth and jobs through the revision of the Lisbon strategy, the position of R&D policy vis-à-vis other policy fields within the strategy was strengthened (Interview CEC 10 November 2005, I).

¹⁰⁸ The slow development of the OMC R&D led Kuhlmann and Edler to conclude that there is a 'governance gap' emerging on the R&D field in Europe. R&D and innovation policy initiatives are pursued in parallel on the national, the transnational and the subnational level. This layer structure has left open a governance gap of poor integration and co-ordination (Kuhlmann and Edler 2003: 11). Since the publication of the article of Kuhlmann and Edler, the infrastructure of the OMC R&D developed considerably, but - see the text - not sufficiently to close this 'governance gap'.

‘In R&D, the OMC is very new, it is just two years. In the first year we managed to put it in place and to start. Also to start making CREST aware that it was a process for which they had the responsibility and to benefit out of it. And I think now, in the second cycle we have tried to pay attention to make the OMC more open.¹⁰⁹ Nevertheless, always keeping in mind that it is a member state-led process. So, it are the member states to decide when and how to make the OMC more open’.

(Interview CEC 10 November 2005, II).

Third, there is no structure present through which ‘naming and shaming’ can occur. In its current form, the OMC R&D aims at mutual learning between member states on a voluntary basis, without pressure on member states that could lead to a convergence of national R&D policies. Although ‘naming and shaming’ is not the same as a shift of competences, member states still consider that it engenders too much involvement of the EU in their national R&D policies (Interview CEC 10 November 2005, I).

Elements OMC	Degree of development	Comments
1. fixing guidelines, specific timetable for achieving the goals which they set in the short, medium and long terms	+	General objectives (3% and 2/3) are present but are under-specified. No link with the employment guidelines or BEPG.
2. indicators and benchmarks	+	Benchmarking is strongly developed but qualitative indicators are lacking. Indicators are used that were already in existence
3. translating European guidelines into national and sub-national policies (NAPs)	+/-	No own NAP. Introduction reporting (NRP) recent and fairly light. Lack of involvement local and regional actors.
4. periodic monitoring, evaluation and peer review organised as mutual learning processes	+/-	Voluntary mutual learning process between member states without naming and shaming. Very recent. Joint report in context of NRP.

++ = highly developed, + = developed, +/- = underdeveloped, - = absent

Table 7.2: The degree of development of the OMC R&D and the OMC template

¹⁰⁹ The Commission launched a call for proposals in the context of the OMC R&D, which aimed at involving national and regional authorities as well as other stakeholders (i.e. the RTD OMC-NET). In 2005 an information event was organised in the Catalan regional office, together with the Stockholm regions and the Slovenian Business association. The Commission participated and informed the regions in Europe about this call for proposals. Moreover, CREST has tried to stimulate through their expert groups the participation of regions and business associations (Interview EC 10 November 2005, II; CEC 2005: 20, 21)

With regard to the possible explanation for the development of the infrastructure of the OMC R&D, two phases have to be distinguished. In the first phase, the heads of state and government gave a mandate to the sectoral Council and the Commission to adopt an OMC on the R&D field. The second phase began when the mandate was picked up by the sectoral Council and the Commission,¹¹⁰ and the infrastructure of the OMC began to develop.¹¹¹ As a result, the infrastructure of the OMC R&D developed to a fairly high degree. This was not expected on the basis of the hypothesis. Before addressing this point, the delay in the implementation of the OMC R&D will be discussed.

First, the lacking treaty base can account for part of the almost 2 years between the Council mandate and the genuine implementation of the OMC R&D. In the case of the EES, the treaty clearly states what the process is about and that, for example, the Commission can make recommendations to individual member states. Because the OMC R&D has no legal base, the exact roles of the various actors in the OMC were not clear at the beginning of the process. A comment from a Commission official working in DG research is illustrative in this context:

‘member states saw the need to cooperate, to achieve a better coherence among member state policies, but how to do it? It was not clear. Even though they had experiences in employment and economic policies. And this is maybe shown by the fact that the different OMC processes have evolved in quite different ways’

(Interview CEC 10 November 2005, II).

The lack of treaty base led initially to confusion on the roles of the sectoral Council and the Commission in the OMC R&D.¹¹² It took some time to overcome this confusion, define the roles of the various actors, and initiate a partnership between the Commission and the Council

¹¹⁰ As we saw above, it took some time before this mandate was picked up by the Research ministers and the Commission. The commitment of applying a full-blown OMC to R&D policy - a proposal dating back to the Lisbon Council of 2000 - did not become more concrete until 2003 with the Commission action plan and the mandate to CREST to function as the interface for the OMC R&D.

¹¹¹ Caracostas states that after an initial period of experimentation (2000-2003), a similar formalisation as happened to the OMC in the context of the EES may be proven necessary for R&D policies. Particularly ‘in order to better prioritize issues for mutual learning and joint action at European level well beyond the FP instrument’. According to Caracostas this should be relatively easy on the R&D field, where a strong competence is widely accepted because of the FP instrument (Caracostas 2003: 58). Below I will claim that such formalization is not likely to happen in the case of the OMC R&D.

¹¹² Note that the influence of a lacking treaty base on the development of the infrastructure of the OMC in the first two years after the Lisbon Council is in line with the second basic hypothesis introduced in chapter 2. This hypothesis states that the more developed the treaty base is for an OMC, the more developed its infrastructure. However, this hypothesis can only account for some delay in the development of the infrastructure of the OMC R&D not for its development over a period of five years.

through which the development of the infrastructure of the OMC R&D could be facilitated. With regard to the role of the partnership in the OMC R&D, a Commission official working in DG research stated:

‘It is very much a partnership. We are there, we have a catalytic function, a function as the secretariat in a sense, but we don’t drive the process. But if we do not do our job, it would derail the process. And if member states do not do their bit, it will not function either’

(Interview CEC 10 November 2005, I).

The main role of the Commission is to compare the situation of the member states with the main competitors outside of Europe. This comparison revealed that only Finland and Sweden fulfil the 3% objective. On this a Commission official stated:

‘This in itself makes it very easy for everybody to recognise that they need to make an effort and that some a bigger one than others. Especially the new member states, where the R&D and innovations systems are very weak’

(Interview CEC 10 November 2005, I)

It took some time for the Commission to find out how to play this catalytic role. First, in one of the CREST meetings (December 2003) the Commission presented a document in which it specified how the expert groups should work in the OMC R&D. CREST looked at the Commission proposal but refused to accept it as the basis for discussion because judged that this would undermine the mandate of CREST (Interview CEC 10 November 2005, II).

Second, the Commission was hindered in playing a catalytic role because of the internal organisation of DG research. Until 2004, no organisational structure existed that could facilitate the implementation of the OMC R&D. For decades DG research was organised around the FPs, and, hence, its main activities consisted of allocating grants and subsidies, and reviewing research proposals (Banchoff 2002: 11). In the first two years of the 6th FP, it was recognised that new FP-initiatives (networks of excellence, ERA-NET, Integrated Projects) and the OMC R&D did not fit with the way in which DG research was organised (Interview CEC 14 November 2005, I). Hence, in 2004, DG research was reorganised and a special unit for the OMC R&D was created (Interview CEC 14 November 2005, II). Through this reorganisation, the Commission could play its catalytic role in the

partnership¹¹³ more effectively, and started to support CREST in implementing the OMC R&D.

Next to confusion about the role of CREST and the Commission in the OMC R&D, the lacking treaty base also fostered a fear on the side of the Research Council that the infrastructure of the OMC R&D would develop along the lines of the EES. Research ministers judged the EES too elaborate to be appropriate to coordinate national R&D policies in the context of the 3%-objective with regard to investment in R&D. Because of this fear, the Commission refrained from referring to the EES as a model for the OMC R&D. Only in the communication 'Providing new momentum for the European Research Area', did the Commission propose to define a formal coordination mechanism which could be based on annual national reports like the mechanism used in the economic and employment fields (Agence Europe 8321, 17/10/2002). Member states did not build further on this proposal, and references in Commission communications to the EES did not occur afterwards. Because of the fear among Research ministers for an EES-like process on the R&D field, the infrastructure of the OMC R&D did not develop along the lines of the EES but rather took its own distinct course, with CREST as the interface for the OMC R&D. Because in 2003 DG research was still organised around the allocation of research grants and member states had a preference for a member state-led process, CREST was the most obvious choice as the interface for the OMC R&D (Interview CEC 10 November, II; Gornitzka 2005).

In addition to a lacking treaty base, there are two other elements that can explain the delay in the development of the infrastructure of the OMC R&D. First, at the time that a decision had to be taken on a R&D coordination agenda, the European economy was booming. Only when the US economy picked up, did national governments realise that structural reforms were necessary if they hoped to remain competitive. Hence, it took some time before the Lisbon strategy received the political attention that was needed to allow the infrastructure of the OMC R&D to develop (Interview CEC 14 November 2005, II). In sum, the incentive to act on the European level with regard to R&D issues was reinforced due to fluctuations in economic forecasts on both sides of the Atlantic. However, the economic downturn did not only boost the setting in place of the infrastructure of the OMC R&D, it also meant that due to budgetary cuts in the member states as a response to the economic downturn, the main objective of the OMC R&D (i.e. the 3% investment objective) was more difficult to reach (Agence Europe 8637, 03/02/2004; Agence Europe 8668, 17/03/2004).

¹¹³ The partnership between the Council and the Commission was further strengthened by the review of the Lisbon strategy (Interview CEC 10 November 2005, II).

Moreover, the budgetary straitjacket of EMU hindered investment in research, innovation and education (Chapman 2002).

Second, there are indications that the time and resources invested in getting the new 6th FP-initiatives accepted,¹¹⁴ hindered DG research from providing a worked-out plan for the OMC R&D (Gornitzka 2005: 27). Under the co-decision procedure set out in the Maastricht treaty, Framework Programme approval requires an unanimous Council vote and a Parliamentary majority, first on the programme as a whole and then on its specific provisions. According to Banchoff, this cumbersome procedure absorbed political resources of the Commission that might otherwise have been applied to reform (Banchoff 2002: 17; see also (Banchoff 2003; Edler 2003)).¹¹⁵ Following this line of reasoning, the Commission could only start thinking about the setting in place of the infrastructure for the OMC R&D after the 6th FP was adopted.

Despite these notions in the academic literature, the interview data only partly confirm that there was a relationship between the 6th FP and the OMC R&D (Interview CEC 10 November 2005, I) or simply reject the existence of it (Interview CEC 14 November 2005, I). This rejection is rooted in the argument that the decisions with regard to the OMC R&D take place on a different level than those on the Framework Programmes. The choice for the OMC and the decision to develop its infrastructure is taken on the highest political level, by heads of state and government and - with regard to the development of the infrastructure of the OMC - by ministers in the sectoral Councils. In contrast, the discussions on the 6th FP took place on the level of universities and research institutes (Interview CEC 14 November 2005, I).

Next to explaining the delay in the implementation of the OMC R&D, another point that needs to be explained in this section is the fairly high degree of development of the infrastructure of the OMC R&D. Together with the presence of a conflict between member states with an incentive to act and member states with reluctance to act on the EU level, this high degree to which the infrastructure of the OMC R&D was developed was not expected on the basis of the hypothesis. As stated before, the OMC R&D is considered by the member states (and the Commission) as the most appropriate instrument for EU action because the OMC is able to make learning on the European level possible, without a shift of competences.

¹¹⁴ The major new initiatives in the context of FP6 - networks of excellence and integrated projects - were a clear break with the past and were expected to require all the entrepreneurial skills of the Commission to get them through the European Parliament and the (Research) Council (Banchoff 2003; Edler 2003).

¹¹⁵ In a similar way, the requirements of co-decision with the EP and unanimity within the Council 'spawned protracted negotiations over FP IV' that dragged through most of 1993 and 1994. Research Commissioner Ruberti and his staff - preoccupied with securing the legislative approval of the 4th FP - could devote little political energy to the co-ordination through co-operation strategy, an initiative outside of the Framework Programme (Banchoff 2002: 12).

However, from the empirical evidence it follows that the degree of development of the infrastructure of the OMC R&D is not related with the capacity of the OMC to block a shift of competences. All national governments consider the OMC R&D a safe choice, while an OMC with more elements of the Lisbon template can more efficiently facilitate mutual learning between member states on how to improve their national R&D policies in light of an increasing internationalisation. However, there are clear limits to the development of the infrastructure of the OMC R&D. Besides the low likelihood that the infrastructure of the OMC R&D will develop along the lines of the EES (see above), nor is it likely that the OMC R&D will come to function as a stepping stone for harmonisation. Only when the member states conclude that mutual learning cannot lead to the set goals, do actors opt for the choice of a stronger instrument.¹¹⁶ However, policy harmonisation is not a general objective (Interview CEC 10 November 2005, I; Interview CEC 10 November 2005, II). According to a Commission official working in DG research:

‘We are not going to replace the OMC for the Community method. The OMC will probably die the day member states see no use of it anymore. And, at that moment it will be difficult to say whether (...) there will be a need for a Community method or not’
(Interview CEC 10 November 2005, I).

Despite these limits for the development of the infrastructure of the OMC R&D, there are indications that the OMC R&D will become more important in the future. First, there is a growing trust in the OMC among actors on the R&D field. As a consequence, the measure has recently been considerably strengthened through the introduction of peer review, bilateral meetings and visits to member states in the context of the national reform programmes. Second, a significant increase in the budget for research in Europe is blocked and it is unlikely that this will change before 2013. This makes policy coordination through the OMC R&D the only road for progress (Interview CEC 10 November 2005, I).

From the above discussion it can be concluded that the infrastructure of the OMC R&D is as developed as the member states allow it to be, and that the degree of development of its infrastructure is not viewed by the member states as positively related with the capacity

¹¹⁶ An illustration of this is the directive with regard to the visas for researchers coming from third countries. In this case there was a concrete need for a directive and, hence, the OMC R&D was judged not to be sufficient (Interview EC 10 November 2005, II). Hence, there is no empirical evidence in the R&D case for what Zängle calls ‘benchmarking fatigue’, leading ‘to disillusionment and abandonment’ of goals set in the context of the Lisbon strategy (Zängle 2004: 13).

of the OMC to block a shift of competences. The treaty forms the real barrier for the harmonisation of the national R&D budgets. Moreover, member states do not allow the infrastructure of the OMC R&D to develop beyond certain limits, because they are keen to reduce the bureaucratic burden¹¹⁷ and maintain control on the national level. Hence, the claim that the more developed the infrastructure of the OMC R&D is, the better it is able to form a barrier against a shift of competences, does not hold. In sum, the direction of the correlation between the degree of development of the infrastructure of the OMC, and its capacity to prevent a shift of competences is not, as hypothesized, positive, but is in fact negative. This follows from the finding that the development of an OMC R&D beyond the Lisbon template and towards the EES is judged by national governments as leading to too much interference of the EU in their national dealings. Moreover, the fact that an EES-like OMC with country specific recommendations is judged to be a bridge too far for the R&D field, and the OMC R&D is more developed than an OECD-like multilateral surveillance tool, leads to the conclusion that the OMC R&D keeps the middle between various governance modes. Because it is also a solution to a conflict between member states with an incentive to act and reluctance to act, it can be considered a middle path in EU governance.

7.4 Feasibility of the OMC as a conflict resolution instrument

With regard to the feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences, it can be expected that European institutional actors¹¹⁸ will not resist the choices made by the member states in the context of the OMC R&D. The Commission will be happy to jump on the bandwagon and play a role in a domain that it was previously unable to play. Moreover, the institutional obstacles will be low because of the new way in which R&D issues are approached on the European level through the OMC R&D, i.e. focused on the 3% objective. Because of the absence of resistance of the Commission and the EP and the low institutional obstacles, it is expected that the OMC R&D can come to function as an instrument that makes action on the EU level possible - through which member states can learn from each other how to improve their national R&D policies - without the danger that the Commission or the EP gains control over national R&D issues.

¹¹⁷ On this bureaucratic burden an official working in DG research stated: 'Sometimes, I think, you have to ask yourself whether it was really necessary in some cases to have the reporting to this extent. So, I think member states have some valid questions there. I think it is more of a question of organisation, to organise it as efficient as possible' (Interview CEC 10 November 2005, I).

¹¹⁸ Only the role of the European Commission will be analysed in this section. The empirical findings indicate that the EP was barely involved in the choice and development of the OMC R&D, and did not resist against this.

From the empirical evidence presented below, it follows that the choice by the member states for the OMC R&D and the decision to develop its infrastructure in a specific way could be taken without any resistance of European institutional actors or institutional obstacles. This is - as expected - related with the fact that the OMC R&D touches upon parts of the R&D field that have only in a minor way been exposed to European integration before. Hence, the Commission and the EP did not collect sufficient knowledge on whether it is necessary to resist member states' choices, and how to put pressure on member states to include certain actors in the OMC scheme (i.e. the creation of institutional obstacles). The Commission fully recognises that even though R&D activities are increasingly international, the national and sub-national R&D and innovation infrastructures exercise the greatest influence upon the production of new knowledge and technologies (Dolata 2003: 85). The Commission has no intention to change this (Interview CEC 10 November 2005, I).

The resistance of European institutional actors

Although at face value the Commission proposal with regard to the development of the infrastructure of the OMC R&D could be seen as an underhand attempt to gain power,¹¹⁹ a more in-depth evaluation of the empirical evidence indicates that it should be interpreted differently. The Commission proposal - considered inappropriate by CREST (see above) - was part of a process in which the various actors had to define their roles (Interview CEC 10 November 2005, I). After the rejection of the Commission proposal by CREST in 2003, the European Commission realised the limits of the catalytic role it was allowed to play in the OMC R&D. Commissioner Busquin persisted in trying to strengthen this role by commenting to the press that 'member states show insufficient commitment' and 'mechanisms should be put in place to help improve the coordination of national research policies' (Agence Europe 8321, 17/10/2002; see for similar comments Agence Europe 8349, 27/11/2002). Occasionally, Commissioner Busquin even tried to name and shame¹²⁰ specific countries:

¹¹⁹ It is important to note in this context that the Commission played a successful entrepreneurial role, especially in the period 1999-2001. The urgency to create a genuine policy on the European level for R&D developed slowly on the side of the member states, and was driven by Commissioner Busquin and his idea of a European Research Area (Interview EC 14 November 2005, I; Agence Europe 8691, 23/04/2004).

¹²⁰ Commissioner Busquin is aware of the limitations of this naming and shaming strategy. This is mirrored by a comment of Busquin after being asked by a journalist why he did not take greater action when it became clear that Italy was falling behind other countries in investment in R&D: 'there is no one as deaf as those that won't hear' (Agence Europe 8668, 17/03/2004). See Agence Europe 8994, 19/07/2005 and Agence Europe 9047, 12/10/2005 for more recent examples of a soft form of shaming - exercised by Research Commissioner Janez Potocnik - on the underinvestment in Europe vis-à-vis countries outside the EU.

‘When Chirac, Schröder and Blair write to Prodi to say that research efforts should be developed we applaud, but we say: do it. (...) Tax reductions might win votes in the short term, but they don’t prepare for the future’
(Agence Europe 8668, 17/03/2004).

However, the efforts of Commissioner Busquin to strengthen the catalytic role of the Commission should not be viewed as a full-fledged resistance against decisions of the member states in the context of the development of the infrastructure of the OMC R&D. Busquin criticised the member states for not investing more in R&D, but did not criticise the choice of member states to use the OMC in order to increase investment in R&D.

Institutional obstacles

The fact that member states could freely make the choice for CREST - an advisory body led by member states - as the interface for implementing the OMC R&D mirrors the low pressure on member states to include certain institutions or electorates to manage the OMC R&D. The Commission¹²¹ is organising meetings with stakeholders to make the OMC R&D more open, but these meetings are not aimed at creating institutional obstacles for member states. The organisation of meetings with regional authorities and non-state actors is in line with the mandate given to the Commission to facilitate the implementation of the OMC R&D (Interview CEC 10 November 2005, II; Agence Europe 7591, 10/11/1999; Agence Europe 7629, 07/01/2000; Agence Europe 7636, 18/01/2000; Agence Europe 7838, 08/11/2000; Agence Europe 8109, 10/12/2001; Agence Europe 8324, 22/10/2002; Agence Europe 8420, 13/03/2003).

7.5 Conclusion

Contrary to the expectations of the hypothesis central in this thesis, the saliency of an issue among a national elite of politicians and policy makers, can lead to a push on the side of the Council to develop the infrastructure of the OMC R&D. This finding makes it necessary to refine the theoretical explanation put forward in this thesis.

¹²¹ The EP is the other European institutional actor that could put pressure on member states to include certain institutional actors or electorates in the OMC R&D. In practice, its role was very marginal (Agence Europe 7714, 10/05/2000; Agence Europe 7814, 05/10/2000; Agence Europe 8684, 13/04/2004).

The empirical findings indicate that a national elite of politicians and bureaucrats in the member states, views R&D as vital for defence, energy supply and economic growth and competitiveness. At the same time this elite has an interest in learning from other member states on how to use R&D more effectively on the national level in light of an increasing internationalisation. This generated a conflict between member states with an incentive to act and member states with reluctance to act on the EU level with regard to R&D issues. On the one hand, member states turned to the European level to learn how to benefit more from the increasing internationalisation of R&D, in order to diminish the gap with the US and Japan in research output (Interview CEC 14 November 2005, I). On the other hand, the R&D output is viewed as of strategic importance for the member states - especially related with defence matters and the energy supply - and is considered a motor for the economic growth and competitiveness of countries (Interview CEC 10 November 2005, I; Interview CEC 14 November 2005, II). Renouncing this potential by allowing competences to shift to the EU-level, would result in a loss of member state control over one of the tools through which countries can increase their competitive advantage vis-à-vis other countries (Kaiser and Prange 2005: 259). The capacity of the OMC to neutralise the risk to lose control while at the same time facilitating mutual learning, led to the judgement by the sectoral Council that the OMC is the most appropriate instrument to be adopted on the R&D field. This gave a boost to the development of the infrastructure. In sum, the development of the infrastructure of the OMC R&D is in line with the functionalist logic underlying the hypothesis; a more developed infrastructure of the OMC R&D is judged to be better able to improve the executive capacity at the national level to deal with the increased internationalisation of R&D policies. However, the reason why national governments want to leave the executive capacity at the national level is more closely related with matters of ‘high politics’ - e.g. defence and energy supply - and in line with traditional intergovernmentalism as developed by Hoffmann.

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected	Low	Absent	No	Low
Observed	Low	Absent	Yes	Medium-high

Table 7.3: Expected and observed values for the social inclusion field

The empirical evidence shows that political responsiveness does not only matter with issues that are salient in the eyes of the public, but can also play a role in an indirect way through issues that are salient in the eyes of a national elite of politicians and policymakers. According

to this elite, investment in R&D can increase the economic competitiveness of economies through which the economic growth can be increased and, for example, social policy can be financed. By using R&D with such an aim in mind, politicians can try to ensure the welfare of citizens and, hence, are indirectly responsive to the concerns of citizens. In sum, in addition to the saliency of an issue in the eyes of the public, the saliency of an issue in the eyes of a national elite of politicians and policy makers should also be taken into account in the theoretical explanation put forward in this thesis.

In addition to the role of the elite-based saliency of the R&D issue in fostering the conflict, it is also the case that the empirical evidence with regard to the development of the infrastructure of the OMC R&D is not in line with the hypothesis. For policy fields in which a conflict is present between an incentive to act and reluctance to act on the European level, it was expected that the infrastructure of the respective OMC would be more developed in order to provide a stronger barrier against a shift of competences. However, the empirical findings on the R&D field do not confirm the expectation that there is a positive correlation between the degree of development of the infrastructure of an OMC and its capacity to prevent a shift of competences. The infrastructure of the OMC R&D developed - although with some delay - to a fairly high degree because of the interest member states showed in learning how to use R&D more effectively as a motor for economic growth and competitiveness (De Elera 2006: 565). Although in line with the functionalist logic underlying the hypothesis, member states did not just want to solve problems but also wanted to keep the executive capacity with regard to R&D matters on the national level. While the latter restricted the choice for a policy instrument to the OMC, the incentive to act on the EU level of member states is the main driver behind the development of the infrastructure of the OMC R&D. Moreover, the member states which were reluctant to act on the EU level with regard to R&D issues, prevented the infrastructure of the OMC R&D from developing along the lines of the EES. From the latter it follows that when the infrastructure of the OMC R&D develops beyond the Lisbon template and towards the EES, the correlation between the degree of development of the infrastructure of the OMC R&D and the capacity of the OMC to prevent a shift of competences turns negative.

Chapter 8

The OMC social inclusion: a bridge between social democratic visions

8.1 Introduction

Begg and Berghmann argue that the OMC is the most likely avenue for developments on the European level in the area of social policy (Begg and Berghman 2001). According to the authors it provides the means to move towards solutions to common problems without demanding harmonisation. Moreover, it can be implemented by governments without any - potentially contested - legislative change.¹²² Begg and Berghman also attach a symbolic value to the OMC. They state that ‘politically, the mere fact of being seen to “do something” [original emphasis] is likely to be appealing to governments’ (Begg and Berghman 2001: 317). The empirical evidence presented in this chapter supports the above claims, and shows that these claims play a prominent role in the choice to develop the infrastructure of the OMC social inclusion.

On the basis of the hypothesis and taking into account the characteristics of the social inclusion issue, it can be expected that the saliency in the eyes of the public plays a crucial role in the choice to develop the infrastructure of the OMC social inclusion. From the data presented in chapter 4 it becomes clear that the social inclusion theme includes many salient issues, such as pensions, immigration, housing and health care. Moreover, the social inclusion theme has close links with the problem of unemployment, which is the most salient problem in the eyes of the European public. Many themes that fall under the umbrella of the social inclusion theme are linked with the electoral profile of social democratic parties around Europe, while these parties are the owners of the unemployment issue. Because around the year 2000, the Council was dominated by social democratic political parties, the ownership of social and employment issues by these parties is expected to strengthen the incentive to act of the Council with regard to the social inclusion theme.

As well as a strong willingness to act, I expect also to find reluctance on the side of the member states to act on the European level with regard to their national social inclusion policies. Liebfried and Pierson claim that because of ‘the electoral significance of most social programmes, national executives have usually resisted losses of social policy authority’

¹²² A similar comment is made by Carmichael: ‘soft laws have been used as the main instrument of social policy integration because they offer the flexibility necessary to rally member states to EU policies without tense political debate overshadowing fundamental economic and social issues’ (Carmichael 2001: 252)

(Liebfried and Pierson 2000: 270). In line with this claim, I expect that national politicians do not want to shift competences to the European level with regard to the fight against social exclusion. Moreover, because of their ownership of the issue social democratic politicians have an even stronger interest in remaining in control over social policies on the national level over social policies. These policies form a central element in the electoral strategy of social democratic parties. A shift of competences to the EU level would mean a loss of control over main points in their electoral strategy, with the possible consequence of electoral retribution. Hence, those social democratic parties in government in particular needed a middle path in EU governance to address their incentive to act on the European level, without the threat of a shift of competences from the national to the European level. I claim that here the OMC comes in as a compromise instrument that can solve this conflict. Furthermore, it is expected that the OMC social inclusion will have a highly developed infrastructure because of a necessity identified by national governments to create a barrier against a shift of competences. The reasoning behind this claim - which underlies the hypothesis - is that the more the infrastructure of the OMC social inclusion is developed, the more it is institutionalised and the more difficult it is to change to a mode of governance with a high risk of a shift of competences. Clearly, it is expected that both the incentive and reluctance to act on the EU level on the side of member states are largely determined by electoral dynamics on the national level. This is fully in line with the strand in the literature on European integration that emphasises the importance of domestic politics factors to understand EU level action of national governments. The functionalist logic - derived from a claim by Scharpf (see chapter 2) - is expected to play a marginal role in the development of the infrastructure of the OMC social inclusion.

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected values	High	Present	Yes	High

Table 8.1: The expected values for the social inclusion field

As an introductory step in the assessment of the hypothesis, an overview is given of the policy developments on the European level with regard to the social inclusion theme. Subsequently, the expectation that around 2000 national governments had a genuine incentive to act on the European level with regard to their national social inclusion policies will be discussed in light of the empirical findings. Attention will also be paid to the role of saliency and issue

ownership in fostering a conflict between an incentive to act and reluctance to act on the European level.

8.2 Overview policy developments

Attention on the European level for the fight against social exclusion emerged slowly in the 1980s through the introduction of poverty programmes by the Commission. These programmes aimed to integrate excluded persons into the labour market and/or society through the use of redistributive policies (Schoukens and Carmichael 2001: 81). In the late 1980s, the Commission began to emphasise the importance of a social dimension to economic integration in Europe. In the Delors report on Economic and Monetary Union it was stressed that ‘a lack of social cohesion might bring down the system’ and that ‘citizens would turn against integration if large portions of the EU citizens felt that they were not benefiting adequately’ (cited from Mayes 2001: 9). The social inclusion theme gained further prominence on the European level through the 1989 Council resolution on social exclusion and the establishment of the European Observatory on Policies to Combat Social Exclusion, (Armstrong 2006: 81).

In the early 1990s, the Commission issued a recommendation which considered the fight against social exclusion¹²³ ‘as an important part of the social dimension of the internal market, to be conducted in a spirit of solidarity’ cited from (Schoukens and Carmichael 2001: 81). Member states were invited to agree on common objectives concerning sufficient resources and social assistance, which would act as guiding principles in the development of

¹²³ The Commission defines social exclusion as ‘the accumulation and combination of several types of deprivation: lack of education, deteriorating health conditions, homelessness, loss of family support, non-participation in the regular life of society, and lack of job opportunities’. The result is a vicious circle, leading from long-term unemployment to the break of family ties and eventually marginality and delinquency (European Commission 1997: 9). The origin of the social inclusion/exclusion concept lies in the French philosophical tradition, within which the concept was linked with social rights and citizenship (Fergusson 2002: 175). Traces of this can still be seen in the way scholars link anti-poverty strategies with the idea of citizenship by claiming that social exclusion equals the inability of citizens to fully exercise their social, economic and political rights as citizens (Geddes 2000: 782-83; Keating 2003; Lister 2000; Room 1999). According to Keating, the social inclusion concept still lends itself to a range of interpretations and may be linked to various different policy recommendations (Keating 2003: 431). This characteristic of the social inclusion concept renders it better suited to the European level than the poverty concept, because the latter has a connotation with the redistributive politics of the (old) left. Instead, the social inclusion concept allows policymakers to cherry-pick those aspects of the concept and policies that best suit their domestic situation, priorities and political outlook (Fawcett 2003: 441-42; Ferrera et al.: 232). The use on the European level of the social inclusion concept instead of poverty was crucial in gaining the support of non-social democratic governments in the Council who do not support the redistributive discourse. An illustration of this is the four Nice objectives that are purposely rather loosely defined and can be interpreted in different ways by each member state. Hence, these objectives can accommodate the ‘well-entrenched heterogeneity in domestic ways of doing things as regards this highly sensitive policy area’ (Ferrera et al. 2002: 232).

welfare systems. At the same time, member states remained free to determine how their national systems should be financed and organised.

After the approval of the Maastricht treaty, the Commission attempted to fund a series of social exclusion projects through the technique of funding 'non-significant actions'. This led to resistance of the UK and Germany who claimed that there was no legal base for the European Commission to spend money on projects intended to combat social exclusion (Agence Europe 6578, 05/10/1995; Agence Europe 6579, 06/10/1995; Agence Europe 6658, 01/02/1996). The UK asked for the annulment of the Commission decision, resulting in a provisional ruling issued by the European Court of Justice suspending all payment for social actions (Agence Europe 6819, 25/09/1996; Agence Europe 6829, 09/10/1996). In 1998, the European Court of Justice judged the projects as significant and annulled the financial commitment to the projects, and with that the projects as a whole (Schoukens and Carmichael 2001: 81-83).

The first indications that some national governments felt a need to act on the European level with regard to their national social inclusion policies became visible in the run-up to the Amsterdam treaty. The dominant idea in the Council at the time of the Amsterdam summit was that through focusing on the direct concerns of the population on the European level, the EU could gain credibility in the eyes of the public and thus reconcile citizens with Europe.¹²⁴ In this context it was decided to address one of the most important concerns of citizens, i.e. unemployment. The emphasis on the role of the EU in the fight against poverty and social exclusion in Europe also aimed to bridge the gap between the EU and its citizens. Social democratic parties in government gave the role of social inclusion issues and employment issues in bridging this gap greater emphasis than other government parties (Van Riel and Van der Meer 2002: 14).

MEP Elisabeth Guigou (PES, France), one of the EP representatives at the IGC negotiations in 1996 and 1997, was among the first to emphasise the need for a treaty article on the fight against social exclusion and poverty. Guigou proposed the inclusion of a European social contract in the Amsterdam treaty, consisting of a chapter on employment and a legal foundation for the EU programme to fight social exclusion (Agence Europe 6677,

¹²⁴ This type of political language occurs on many occasions between the years 1996 and 1997. See for examples: Agence Europe 6835, 17/10/1996; Agence Europe 6839, 23/10/1996; Agence Europe 6872, 11/12/1996; Agence Europe 6908, 05/02/1997; Agence Europe 6978, 21/05/1997; Agence Europe 6988, 04/06/1997; Agence Europe 6993, 11/06/1997; Agence Europe 6994, 12/06/1997; Agence Europe 6995, 13/06/1997; Agence Europe 7104, 20/11/1997; Agence Europe 7106, 24/11/1997.

28/02/1996).¹²⁵ Subsequently, the centre-right government of French Prime Minister Juppé - with backing of President Chirac - published a social memorandum in which the fight against social exclusion was explicitly mentioned (Agence Europe 6698, 28/03/1996). The ministers in the Social affairs Council also saw a need to give a European dimension to combat social exclusion (Agence Europe 6699, 29/03/1996). This window of opportunity opened further because of the election of a Labour Prime Minister in the UK (Tony Blair) and a socialist Prime Minister in France (Lionel Jospin).

However, the articles in the Amsterdam treaty¹²⁶ with regard to social inclusion do not go much beyond previously undertaken actions on the European level. The only real break with the past was the explicit reference to social exclusion instead of the exclusive use of the term poverty (Schoukens and Carmichael 2001: 86). This led to disappointment among the NGO's pushing for a coherent European anti-poverty policy (Agence Europe 7024, 25/07/1997; Agence Europe 7048, 01/09/1997). As a consequence, the only imprint of the Amsterdam treaty that was still present at the time when a new window of opportunity opened on the European level for the social inclusion theme was the acceptance of the concept of social inclusion/exclusion, and the strong linkage between employment and social inclusion.

The Lisbon strategy: 1999-2005

In its social policy agenda, the Commission invited the Council to endorse the objective to promote social inclusion and proposed a strategy based on exchanging experience and monitoring ongoing political developments in order to identify best practices. The Portuguese presidency of the European Council elaborated on this invitation and tried to break with the notion that having a job is a necessary and sufficient condition for social inclusion (Agence Europe 7652, 09/02/2000). Moreover, according to the Portuguese presidency the problem of social exclusion and poverty should not only number among the EU's priorities out of concern for social cohesion c, but should also aim to strengthen productivity (Agence Europe 7623, 28/12/1999; Agence Europe 7652, 09/02/2000).¹²⁷

¹²⁵ The necessity for this legal foundation had become obvious through the - at that time provisional - ruling of the ECJ in the case of the UK vs the Commission (see above).

¹²⁶ The original draft of article 137 was broadly stipulated. It also mentioned the exclusion of 'elderly and disabled people'. Due to the demand by some member states, this diversified approach towards social exclusion was dropped under the Dutch presidency and in the end a narrower phrasing was accepted. From this, Schoukens and Carmichael conclude that lifting social exclusion to the European constitutional level was only acceptable under the condition that it was not too broadly formulated (2001: 88).

¹²⁷ This is in line with policy triangle, involving the positive interaction between economic, employment and social protection policies (European Commission 2000c: 6). The view of social policy as a productive factor is rooted in the efforts by the Dutch presidency in 1997, with an entrepreneurial role for the social democratic social affairs minister Ad Melkert (Interview CEC 9 November 2005, II). Seen thus social inclusion policy is not

Because of the initiatives and statements of the Portuguese presidency of the Council, other national governments started to form an opinion on how the European Union can help member states to combat poverty and social exclusion among its citizens. In a joint position paper published just before the Lisbon Summit, the social affairs ministers of Belgium, France and Italy (all social democrats) expressed their support for the multi-dimensional approach to the social exclusion problem put forward by the Portuguese presidency (Agence Europe 7660, 21/02/2000). Others, like Belgian Prime Minister Verhofstadt and UK Prime Minister Blair, opted for a less ambitious approach and only emphasised the link between employment and social inclusion. Both Verhofstadt and Blair considered the strengthening of the European Employment Strategy the most effective instrument to combat social exclusion, and turn national welfare systems into 'a springboard for employment rather than simply a safety net' (Agence Europe 7663, 24/02/2000). Both the multi-dimensionality of the social inclusion concept and the importance of employment for social inclusion were addressed by the Lisbon summit. Moreover, the social inclusion theme was linked by the Lisbon Council to the shift towards a knowledge based society.

'The new knowledge-based society offers tremendous potential for reducing social exclusion, both by creating the economic conditions for greater prosperity through higher levels of growth and employment, and by opening up new ways of participating in society. At the same time, it brings a risk of an ever-widening gap between those who have access to the new knowledge, and those who are excluded. To avoid this risk and maximise this new potential, efforts must be made to improve skills, promote wider access to knowledge and opportunity and fight unemployment: the best safeguard against social exclusion is a job' (European Council 2000).¹²⁸

understood as a drain on the productive economy or an explicit transfer from producers to consumers, but rather a contribution to strengthening the social fabric and enhancing competitive potential (Keating 2003). In line with this, a social democratic MEP stated: 'In a way, the social inclusion strategy was a sort of political statement that Europe made the choice for a different approach to reach the goal of becoming the most competitive economy in the world, and not like the American society which thinks it can decide to go forward with only a part of the population. Europe wanted to claim that everyone had to participate and that everyone was to be included' (Interview EP 9 November 2005).

¹²⁸ The role social inclusion policy is supposed to play in fostering competition and social cohesion in Europe, shows similarities to the academic debate on the (re)introduction of a Durkheimian social cohesion concept in Europe (Fergusson 2002). A central claim in this debate is that by absence of a clear idea of what social justice means in a globalised world, politicians have shifted the emphasis to a Durkheimian approach that views full participation in the division of labour as central to the maintenance of social cohesion. In this approach, waged labour is pivotal in the sense that 'skilled and creative workers deliver the competitiveness that generates resources that are to be re-distributed and that will sustain a coherent and inclusive social formation' (Avis 2002: 15). Moreover, the Durkheimian approach to social cohesion seeks to balance the goals of full-employment and

Governments did not only reflect on the multi-dimensionality of the social inclusion concept, they also addressed the question of what the most appropriate policy instrument is for giving a European dimension to national social inclusion policies. In the run-up to the Lisbon summit, the Portuguese presidency stated that it considered ‘Open Coordination’ the most appropriate instrument for social policy (Agence Europe 7652, 09/02/2000; Agence Europe 7682, 22/03/2000). This opinion was shared by Verhofstadt and Blair (Agence Europe 7663, 24/02/2000), and Danish Prime Minister Poul Nyrup Rasmussen (Agence Europe 7685, 27/03/2000). Moreover, the Spanish government stated in its three-stage plan for the Lisbon strategy that on the social inclusion and education field the OMC is to be preferred over other policy instruments because of its respect for the principle of subsidiarity (Agence Europe 7662, 23/02/2000). This consensus around the OMC as the most appropriate instrument for the social inclusion field was confirmed in the Lisbon presidency conclusions.

The French government made combating poverty and social exclusion one of its main priorities during its time at the EU helm. In the second half of 2000 the French government stressed the multi-dimensionality of the fight against poverty and social exclusion by paying attention to a range of policy fields: employment policies, social protection, housing, education,¹²⁹ health, information and communication, security and justice, leisure and culture (Agence Europe 7813, 04/10/2000). Through this, the French government wanted to counter the claim that fighting unemployment equals fighting social exclusion (Agence Europe 7726, 26/05/2000; Agence Europe 7805, 22/09/2000). The French presidency put considerable effort into the development of the infrastructure of the OMC, which led to the adoption of the Nice-objectives on the fight against poverty and social exclusion (Agence Europe 7726, 26/05/2000; Agence Europe 7752, 05/07/2000; Agence Europe 7766, 26/09/2000; Agence Europe 7813, 04/10/2000; Agence Europe 7823, 17/10/2000; Agence Europe 7851, 28/11/2000).

According to a French official involved in drafting the French NAP social inclusion, France was at the origin of the European approach to social exclusion problems:

a high level of welfare state provision, while remaining attractive to capital (Hudson 2002: 318). For a critique of the Durkheimian approach adopted by New Labour see (Cook et al. 2001).

¹²⁹ The link between education, employment and social inclusion - already touched upon in the chapter on the OMC education - also plays a role in the literature on social inclusion. According to Preece, the economic need to maximise the nation’s wealth-creating resources and minimise the demands from its loss-making dependency population, has led to an increasing political interest in the causal relationship between education and the labour market. The strategy of fighting social exclusion by increasing work capacity made it necessary according to Preece, to ‘generate a lifelong learning culture whereby individuals develop an expectation that they are bound to return to formal skills and knowledge training throughout their lives’ (Preece 2001: 203).

‘France had the presidency of the EU after July. We created an informal group, it was our role to define the OMC concerning social inclusion. For this policy field, it was inspired by the French initiatives, we based our work on the law of 1998.¹³⁰ It was very important for Martine Aubry, the minister of Employment and Social Affairs, to get this program accepted at the EU level.’

(quoted from Ehrel et al. 2005: 232-33).

After the Stockholm Council laid exclusive emphasis on the importance of National Action Plans in the fight against poverty and social exclusion (European Council 2001), it was the Belgian presidency which genuinely re-introduced the social inclusion theme to the agenda of the Council meetings. Before the Belgian government took over the EU helm, there were some differences of opinion inside the Belgian coalition government with regard to the approach to the social exclusion problem. The Liberal Prime minister Verhofstadt stated in a joint position paper with UK Prime Minister Blair that having a job is both a sufficient and necessary condition for social inclusion (Agence Europe 7663, 24/02/2000). In contrast, Belgian minister for Employment and Equal opportunities, Laurette Onkelinx, and the Belgian minister for Social Affairs and Pensions, Frank Vandenbroucke - both social democrats - supported the claim that it is crucial to view social exclusion as a multi-dimensional problem (Agence Europe 7660, 21/02/2000). Under its EU presidency these differences of opinion inside the Belgian government faded into the background, and the Belgian government started to push for a coherent multi-dimensional EU programme to fight social exclusion and poverty (Agence Europe 7752, 05/07/2000; Agence Europe 7799, 14/09/2000; Agence Europe 7902, 13/02/2001; Agence Europe 7983, 13/06/2001)

At the start of the Belgian presidency in the second half of 2001, the UK government expressed the fear that the Belgians would - as was the case under the French presidency - push for an ambitious social agenda aimed at introducing ‘oppressive labour-market laws which can restrict business’. According to a commentator, ‘it will be Belgium’s job in the second part of 2001 to convince other member states that the attention for social issues is neither simply hot air, nor a dangerous intervention in their national sovereignty’ (Shelly

¹³⁰ In 1997, the dissolution of the French parliament occurred during the discussion on a bill on social cohesion, presented by the Juppé government. In the run-up to the elections, Lionel Jospin promised to pass a new bill against social exclusion. This bill was accepted in July 1998 and guaranteed access to existing social rights, especially in the fields of health care, employment, housing and culture, and to prevent all forms of exclusion (Ehrel et al. 2005: 232-33).

2000c, 2000d, 2001b; Taylor 2000b). The choice of Belgian ministers Onkelinx and Vandenbroucke to focus on the development of social inclusion indicators in the context of the OMC social inclusion (Agence Europe 7836, 06/11/2000; Agence Europe 8046, 12/09/2001; Agence Europe 8106, 05/12/2001), reassured other national governments that the Belgian social policy initiatives would not lead to an intervention in their national sovereignty. At the Laeken summit a list of social inclusion indicators was agreed upon (Agence Europe 8106, 05/12/2001). The Belgian presidency also strengthened the participatory dimension of the OMC social inclusion by organising the first annual meeting of people experiencing poverty (Interview EAPN 15 November 2005; Interview EP 9 November 2005).

At the end of the Belgian presidency, Belgian social affairs minister Vandenbroucke expressed the hope that ‘future presidencies can live up to the expectations created in the past six months and before’ (Banks 2001). This hope did not materialise. During its time at the EU helm, the Aznar government did not put energy into the further development of the programme to fight social exclusion and poverty. The Spanish presidency only occasionally stressed the importance of fighting social exclusion through the creation of jobs - regardless of the quality of these jobs (Ferrera and Sacchi 2005: 169).¹³¹ This led Belgian Prime minister Verhofstadt to express his disappointment with Spain’s response to his plea to put more emphasis on social concerns (Agence Europe 8171, 14/03/2002).

Through the revision of the Lisbon strategy in 2005 the social inclusion theme was relegated in importance. Under the label ‘Growth and Jobs’, the new strategy puts the social and environmental dimensions in second place, and focuses first on economic goals such as growth and competitiveness (Agence Europe 8817, 28/10/2004). Especially the new member states are viewing the economy as the first priority of the new Lisbon agenda. Illustrative in this respect is a statement by Czech Deputy Prime Minister Martin Jahn: ‘I am not against a welfare state and environmental protection, but first we have to have a strong economy. The EU’s lavish social model can only be as social as we can afford’ (Chapman 2004).

¹³¹ Contrary to the national governments of the UK, Italy (Berlusconi-government) and Spain (Aznar-government), the governments of Belgium (Verhofstadt-government) and France (Jospin-government) were concerned to get high-quality jobs from the start. For the latter two governments, the existence of a class of ‘working poor’ proves that social exclusion is a multi-dimensional problem, and necessitates the study of more factors than only job-creation (Agence Europe 8125, 09/01/2002, Interview EAPN 15 November 2005).

After the publication of the Kok-report¹³² in 2004, a protest of the NGO-world emerged - linking up with the French, Belgian¹³³ and Luxembourg governments - against refocusing the Lisbon strategy on growth and jobs (Agence Europe 8909, 15/03/2005).¹³⁴ According to the European Anti-Poverty Network, the vision that social inclusion policy should only serve economic goals, had to disappear from the revised version of the Lisbon strategy and the communications of the Barroso Commission (Agence Europe 8884, 08/02/2005; Agence Europe 8892, 18/02/2005; Agence Europe 8916, 24/03/2005; Agence Europe 8952, 23/05/2005; Agence Europe 9086, 09/12/2005). The left-wing in the EP also highlighted that the revised Lisbon strategy neglects the social inclusion theme (Interview EP 9 November 2005; Agence Europe 8927, 13/04/2005 and Agence Europe 9055, 24/10/2005). However, these protests did not lead to a stronger role for the social inclusion theme in the revised Lisbon strategy (Interview CEC 9 November 2005, II).

8.3 Explaining the choice and development of the OMC social inclusion

This section will look in more detail at some points with regard to the incentive to act of national governments that were touched upon in the overview of the policy developments. Attention will also be paid to the conflict between reluctance to act and an incentive to act on the European level in relation to national social inclusion policies. The presence of this conflict will be linked to the development of the infrastructure of the OMC social inclusion.

¹³² The European Council held in Brussels in March 2004 invited the Commission to establish a High Level Group headed by Wim Kok, to carry out an independent review to contribute to the mid-term review of the Lisbon strategy. In the Kok-report it is stated that 'Europe has built a distinctive economic and social model that has combined productivity, social cohesion and a growing commitment to environmental sustainability. The Lisbon strategy, refocused on growth and employment in the way this report suggests, offers Europe a new frontier for that economic and social model' (High Level Group 2004: 7).

¹³³ Belgian Prime Minister Verhofstadt tried - unsuccessfully - to balance economic and social concerns in the new Lisbon agenda by proposing the setting in place of minimum levels for the broad socio-economic indicators in order to ensure that the European Social Model would not be plagued by social dumping.

¹³⁴ Already in the run-up to the spring summit in 2005, concerns were expressed that the revision of the Lisbon strategy would lead to overbearing attention upon economic concerns. The Luxembourg presidency was very much committed to maintain the three different planks - economic, social and environmental - on an equal level (Agence Europe 8885, 09/02/2005; Agence Europe 8867, 14/01/2005; Agence Europe 8910, 16/03/2005). However, according to Green/EFA group MEP Cohn-Bendit, 'it is a different story at the European Commission, which seems to want to 'sacrifice a bit of social and environmental on the altar of the economy (Agence Europe 8864, 11/01/2005, see for other critical remarks on the 'neo-liberal' stance of the Barroso Commission in the context of the revision of the Lisbon strategy: Agence Europe 8880, 02/02/2005, Agence Europe 8881, 03/02/2005, Agence Europe 8901, 03/03/2005, Agence Europe 8891, 17/02/2005, Agence Europe 8894, 23/02/2005, Agence Europe 8908, 14/03/2005). The EAPN and ETUC expressed themselves along the lines of Cohn-Bendit, while Eurochambres and UNICE were more in favour of the by the Barroso Commission proposed focus on growth and jobs (Agence Europe 8869, 19/01/2005, Agence Europe 8880, 02/02/2005, Agence Europe 8881, 03/02/2005; Agence Europe 8901, 03/03/2005; Agence Europe 8918, 31/03/2005).

The incentive to act of national governments

There is a consensus among scholars on why member states decided to act on the EU level in the context of the social inclusion theme. Member states started to realise at the end of the 1990s that they had common problems regarding social inclusion. At the same time there was an understanding that the knowledge required to solve these problems was not present on the national level (Begg and Berghman 2001; Schelkle 2003).¹³⁵ As will become clear, this does not mean that a straightforward functionalist logic underlies the activities of the member states on the EU level in the context of the social inclusion theme. Instead, the main reasons to act on the EU level are related with electoral strategies in the domestic arena of member states and, hence, are in line with the liberal intergovernmentalist strand in the European integration literature that puts emphasis on ‘domestic politics’ factors in the member states. On the basis of the empirical evidence collected in the context of this thesis, three motivations of national governments to act on the EU level with regard to the social inclusion theme can be identified. The third motivation is closest related with the domestic roots of state preferences and proved to be crucial for the development of the infrastructure of the OMC social inclusion in the first year after the Lisbon summit.

First, during the negotiations on the Amsterdam treaty heads of government identified a need to address the legitimacy gap between the European Union and its citizens. The Council decided to address this problem by paying attention on the European level to issues that the public considers important, are part of their daily life, and on which the public expressed support for more EU involvement. It was judged by the member states that attention on the EU level for the unemployment and social exclusion problems - both salient issues in the eyes of the public¹³⁶ - would help to bridge the gap between the EU and its citizens.

¹³⁵ Begg and Berghmann identify a number of common problems: i) the exclusion created by conventional welfare policies that is not captured by looking at either poverty or unemployment, ii) the undermining through social exclusion of the fundamental social rights by which Europe has sought to build its policy legitimacy and make it persuasive for Europeans, iii) the phenomenon of jobless growth and, iv) social protection systems are lagging behind the transformation of work, that is increasingly based on knowledge, initiative, autonomy and own responsibility (Begg and Berghman 2001). In the text some of the points identified by these authors will be touched upon, but it will be stressed that solving problems was not the main driver behind the development of the infrastructure of the OMC social inclusion. Instead, being seen to “do something” plays a much larger role (Begg and Berghman 2001: 317).

¹³⁶ The saliency of the social inclusion issue in the eyes of the public is illustrated in two findings. First, Eurobarometer and European Election Study data indicate that citizens are concerned about issues related with the social inclusion theme, such as pensions, immigration, housing and health care (see chapter 4). Second, the problem of social exclusion is closely related with the fight against unemployment, which is the most salient issue in the eyes of the European public. The existence of a link between social exclusion and unemployment increases the saliency of the social exclusion problem. The presence of this link shows from MRG-data; the emphasis on employment issues in the manifestos of political parties is positively correlated with an emphasis on

A second reason for national governments to become active on the European level with regard to the social inclusion theme is related with the impact of economic integration on social policy expenditure. With the acceptance of EMU, traditional methods of macroeconomic adjustment were replaced by a focus on strict budgetary controls (Mayes 2001: 11). According to Carmichael this poses a challenge for the EU ‘to operate a balancing act between labour market activation and pro-enterprise fiscal policies, while offering reasonable social security provisions for the unemployed’ (Carmichael 2001: 237; see also (Schoukens and Carmichael 2001: 77). For this balancing act to materialise, it was necessary for national governments in the Council to break with the shadow of harmonisation that was hanging over discussions on social issues until the middle of the 1990s. This shadow emerged through the idea that European economic integration results in a downward pressure on social policy, which makes it necessary to harmonise national social policies in order to uphold them (Interview CEC 9 November 2005, II). Because of resistance to harmonisation of social policies by a number of member states, the focus in the Council shifted to a discussion of ‘common objectives’, to be set in place on the European level. Through this shift, resistance diminished and the balancing act could be put in practice.

Moreover, through the the introduction of EMU, finance ministries were given a role on the European level that they did not have before. Because of the focus of EMU on public deficits and the stronger involvement of finance ministers on the EU level through the setting in place of EMU, Finance ministers could propose a reduction of public spending with greater legitimacy. Because social policy is one of the major national public spending categories, it became a target of the finance ministers in their strategy to reduce public spending (Interview CEC 9 November 2005, II). The reaction on the dominance of finance ministers in socio-economic debates on the national and European level took off in the second half of the 1990s. In this period, social affairs and employment ministers started to meet more often in an EU context. As a result, issues such as employment, social inclusion and pensions¹³⁷ were put on the European agenda. According to a Commission official:

social policy issues (EU-15: $r_s = .079$; $p < .005$). This is most clearly visible in the case of France ($r_s = .382$; $p < .001$), Austria ($r_s = .244$; $p < .05$), Belgium ($r_s = .233$; $p < .005$), Denmark ($r_s = .278$; $p < .001$), Ireland ($r_s = .334$; $p < .005$) and Italy ($r_s = .460$; $p < .001$). Moreover, the graphs made on the basis of the MRG-data make clear that among mainstream political parties around Europe, social democratic parties can be considered the owners of social policy issues (see appendix II). A correlation analysis between the emphasis in party manifestos on ‘welfare’ on the one hand and, the political ‘right-left dimension on the other, provides further support for this: the more left-wing a party is, the more it puts emphasis on upholding social policy measures (EU-15: $r_s = -.438$, $p < .001$). The only countries in which this positive correlation is not significant are Finland, Luxembourg and Spain (see appendix II).

¹³⁷ Note that the interaction between the social ministries and finance ministries comes more explicitly into play in relation with pensions than it does with social inclusion. The pension issue carried too much political weight

‘Social affairs ministers are willing to allow Europe to interfere in this [i.e. in their national social inclusion policies] because it gives them a voice to stand up at the European level and occasionally say to their colleagues - i.e. the finance ministers - “it is not as simple as you say it is, there is a social dimension which we must have regard to”

(Interview CEC 9 November 2005, II).

A third motivation of national governments to act on the EU level with regard to their national social inclusion policies is related with a party political factor. The graphs made on the basis of the Manifesto Research Group data indicate that of the mainstream political parties in Europe, the social democratic parties are the owners of employment and social policy issues (see appendix II). Hence, attention on the European level for employment and social inclusion can not only be interpreted as an attempt to bridge the gap between the EU and its citizens, or as a result of inter-ministerial turf-wars, but also as part of a strategy of social democratic parties to increase their visibility in public debates on the European and national level. The presence of this party political factor on the EU level comes clearly to the fore in a comment by a representative of the European Anti-Poverty Network (EAPN):

‘(...) these social agreements on working together on social inclusion and social policy would not be possible now, because in 2000 there was a political momentum at the time with some of the socialist governments having the power of putting social issues on the agenda’

(Interview EAPN 15 November 2005).¹³⁸

Below I will elaborate on this party political factor by discussing the role of three national governments (i.e. the Portuguese, French and Belgian governments), each of which had a clear incentive to act on the EU level with regard to social inclusion. The role of the public

be left to the sole attention of social ministries. This led to the early involvement of finance ministers. Social inclusion policy falls under a less powerful ‘radar’ than finance and treasure ministers. The Commission and social affairs ministers enjoyed a slightly greater degree of freedom when it came to setting their own agenda in relation to the social inclusion theme. The consequence was ‘that you are free to do it, but nobody cares what you do’ (Interview CEC 9 November 2005, II). With regard to the pension issue there was far less freedom for the supporters of a stronger social dimension to European integration to set the terms of the EU debate. This caused some start-up problems for the OMC pensions, while it increased the political profile of the measure (Interview CEC 9 November 2005, II).

¹³⁸ A similar comment was made by an MEP interviewed in the context of this research (Interview EP 9 November 2005).

support for more EU involvement with regard to the fight against social exclusion and poverty will be touched upon in the next section (see also next section and appendix III).

For the Portuguese government the social inclusion issue formed one of the issues through which it could make clear that the Lisbon agenda would not be restricted to a purely economic focus, but was envisaged as a balanced agenda for the EU aimed at the modernisation and strengthening of the European Social Model. The Portuguese presidency of the Council was committed to the social dimension and wanted to ensure that the strategy that would take the name from the capital of Portugal, would not come to be viewed as a purely neo-liberal agenda.

Because of a strong focus on the social dimension of European integration during their presidencies, the French and the Belgian governments are the most interesting to look at in order to assess whether a political party in government used the social inclusion issue as part of a strategy to increase its visibility in public debates and, ultimately, secure votes on the national level. By adopting such a 'signalling strategy', a political party in government tries to ensure that initiatives are adopted on the EU level with regard to issues that are highly salient on the national level and are owned by the party. By making it known on the national level that these initiatives are undertaken, the ultimate goal of a political party is to strengthen its legitimacy in the domestic arena through a vote-, policy-, and/or office-seeking strategy.

Although the Belgian coalition government was headed by the liberal Prime Minister Verhofstadt, the attention by the Belgian presidency of the Council for the social inclusion issue was foremost a project of the socialist ministers Onkelinx and Vandenbroucke. Verhofstadt intervened occasionally to emphasise the importance of the social dimension of European integration 'in a nod to his socialist coalition partners' (Jones 2000b).¹³⁹ Moreover, the Walloon Liberal coalition party (PLR) of the Verhofstadt government (with the ministers Michel and Reynders) had an interest in showing their 'social face'. Through an emphasis on social issues, the PLR tried to move itself in a strong centre position on the subnational level between the weak francophone christian-democrats and the corruption-tainted Parti Socialiste (Jones 2000b).

¹³⁹ Because of the physical presence of the European institutions in Brussels, the Belgian national media are reporting extensively on both national and European matters. This makes it more likely that a signalling strategy involving the EU level is picked up by the Belgian media and, hence, gets through to the public (Interview CEC 9 November 2005, II).

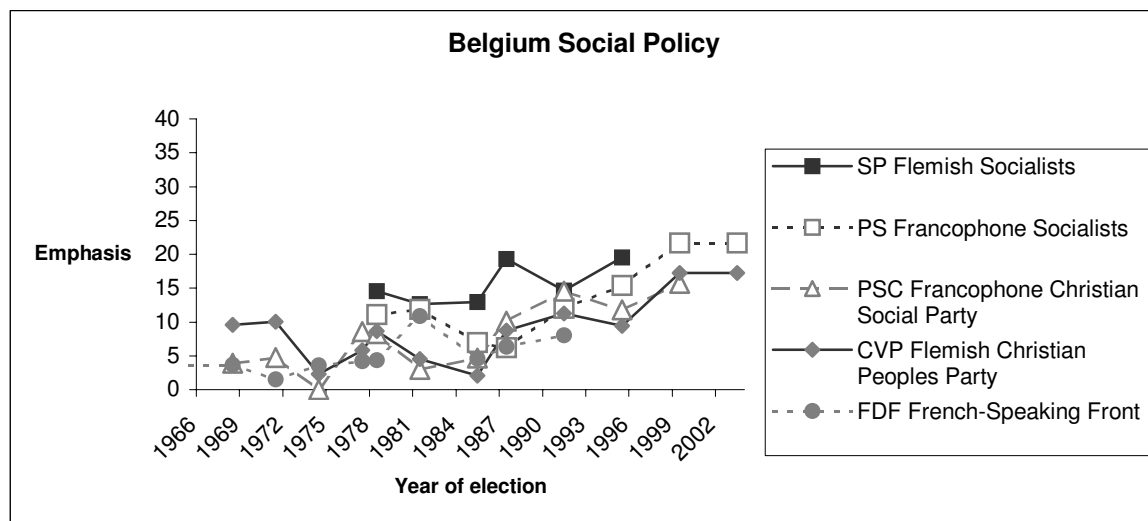


Figure 8.1: Belgium and ownership of social policy issues (Manifesto Research Group data)

Of the three governments discussed in this section, it was the French, led by Jospin which made the most significant efforts to get across a message to their national electorate. It too was in favour of more EU involvement with regard to the fight against social exclusion and poverty. In this signalling strategy, the social inclusion theme was used to divert attention away from the economic bias of European integration. From the empirical evidence presented below it will become clear that the Jospin government wanted to make a difference during its time at the EU helm with respect to the social dimension of the European integration project.

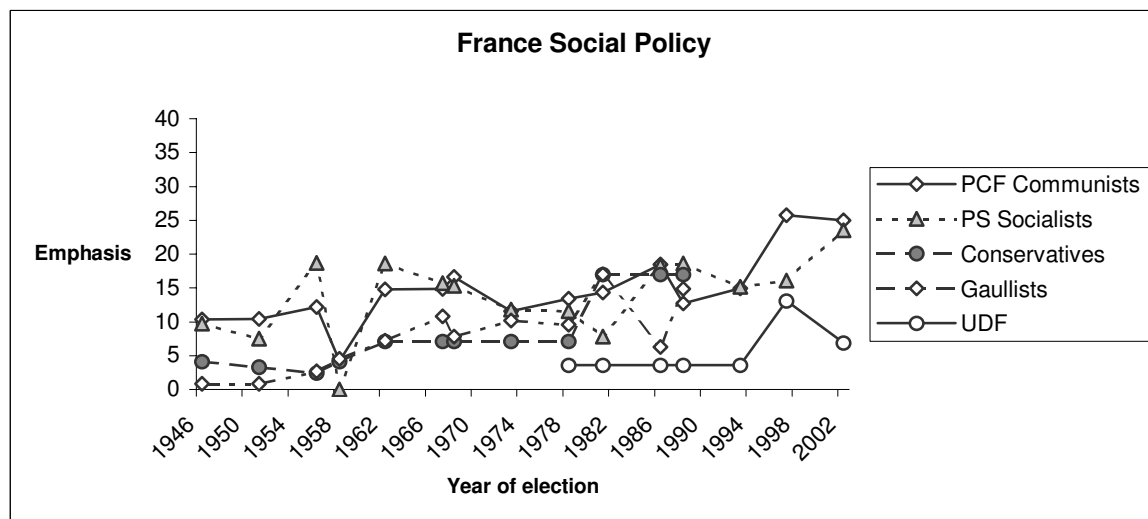


Figure 8.2: France and ownership of social policy issues (Manifesto Research Group data)

During the French presidency of the Council, Martine Aubry, the French minister for employment and solidarity, stated - while addressing French MPs and MEPs - that the fight

against social exclusion will be addressed by a summit that is equivalent to the Luxembourg Summit on jobs held in 1997 (Agence Europe 7726, 26/05/2000). Another indication that the Jospin government was prioritising social issues during its time at the EU helm, is a statement of minister Aubry that the same energy has to be put in 'building social Europe, as the EU had put into creating the single market and the euro' (Agence Europe 7757, 12/07/2000). A couple of months later, the effort of 'building social Europe' was explicitly linked by Aubry to the social exclusion problem:

'At the time when the euro has been put in place, EMU is up and running and employment policy bearing its fruit, it is essential to pass on a clear message to citizens that there are also structural policies aimed at combating exclusion which will become active policies at the European level. (...) For us, it is a question of concrete progress for Social Europe' (Agence Europe 7823, 17/10/2000).

The Jospin government also tried on other occasions to use the European level in order to emphasise social issues and, through this, distinguish itself from political competitors in the domestic arena. Such a strategy was judged necessary by Jospin in order to stand a chance in the 2002 French presidential elections. With the French proposal for a European social agenda, for example, the French presidential elections gave an impetus to the actions of the Jospin government on the European level.¹⁴⁰ From the outset it was clear that this proposal was viewed as too ambitious by a large number of national governments in the Council. The fact that Jospin nevertheless continued to push for the adoption of the French proposal, led EU officials to state that Jospin is 'playing to the home crowd first' (Shelly 2000a) and that domestic political reasons make Jospin first turn to his 'national audience' and then to his fellow EU leaders (Crossick 2001). The strategy of Jospin is nicely summarised by an EU insider:

'I think that the French Prime Minister is possibly under such pressure at home on social affairs that he would rather have his own agenda put forward and see it shot down so that he can at least say that he tried'

¹⁴⁰ The initiatives of the French EU presidency have a clear policy-seeking imprint because the programme of the French EU presidency aimed to adopt policies that are ideologically close to the centre-left. With the French presidential elections of 2002 influencing the activities on the European level of the Jospin government, an office-seeking strategy can also be identified.

(Shelly 2000a).¹⁴¹

However, some qualifications with regard to the signalling strategy of the Jospin government are in place. First, despite the attempts of the Jospin government to use the national media to signal to the French electorate that attention was paid to social issues on the European level, there was little public recognition for this in France (Atkinson 2002: 627).¹⁴² Second, it has to be taken into account that this signalling strategy cannot only be related with party politics, but also with the way how French politics deals with the EU. Illustrative in this respect is a comment by an official working in DG employment:

‘An initiative in the hands of France is always going to be France asserting the primacy of France. They have always stressed - right through the history of the EU - the national interest when they wanted or needed to. (...) They are Europe-minded, but they will always stress the French within it’

(Interview CEC 9 November 2005, II).

This is why the division between the political left and right is not always so clear-cut in the case of France. In the period of the referendum on the European Constitution, for example, it was a center-right government who pushed for developing the social dimension of the European Union (Interview CEC 9 November 2005, II).

The above discussion seems to indicate that the amount of attention paid by the member states to the social inclusion theme depends heavily on the political constellation of the Council. Illustrative in this context is that a treaty article on social inclusion was adopted by a Council which became more and more dominated during the negotiations of the Amsterdam treaty, by governments in which social democratic parties participated. Moreover, the social cohesion goal of the Lisbon strategy was adopted by a Council with a clear social democratic majority. However, as we will see below, because of the exit of social democratic

¹⁴¹ As we will see below, this collision-course strategy did not hinder the French EU presidency from achievements on the European level on the social inclusion field.

¹⁴² A Commission official stated more in general on this that: ‘sometimes it comes through that social democratic governments would like to do something on the European level to typical social democratic problems, such as the problem of poverty. (...) And as time goes on with this method (i.e. the OMC), at least it is coming through - maybe not to a public audience - [but] a little bit more to an audience of interest groups through the NGO-movement. But, it hasn’t come through very strongly, we are clear on that’ (Interview CEC 9 November 2005, II). The reason that the European level is not often used in domestic politics in this way is probably related with the fact that the European Union is more regularly used as a place to off-load difficulties, instead of for claiming credit (Interview CEC 9 November 2005, II).

parties from national governments after 2001, the amount of attention paid to the social dimension of European integration diminished. As will become clear from the next two sections, these changes in the political constellation of the Council played an important role in the development of the infrastructure of the OMC social inclusion, and confirm the importance of factors related with the domestic politics of member states for understanding the actions of national governments in the Council.

The choice for the OMC

The empirical evidence discussed below indicates that the OMC social inclusion was acceptable for all member states because of its capacity to solve the conflict between reluctance to act and an incentive to act on the European level. In this section, I will first discuss some of the expressions of the reluctance of member states to act on the European level with regard to the social inclusion theme. These expressions of a reluctance to act are all related with the domestic roots of state preferences. Second, attention will be paid to a reassuring tactic employed by the Commission and member states with an incentive to act. Finally, the three motivations behind the incentive to act of member states will be linked to the choice for the OMC.

The most open act of resistance against the introduction of an EU dimension to national social inclusion and anti-poverty policies occurred in the mid-1990s. Germany and the UK asked the European Court of Justice (ECJ) to annul the decision of the European Commission to spend part of its budget on projects aimed at the fight against social exclusion. The resistance of Germany and the UK was fuelled by the language used in the EU debates on social policy matters. During the 1990s, ‘harmonisation’ was still central in the discourse of many actors who wanted to develop the social dimension of European integration. Because of the failure to obtain the support of all member states for harmonisation, the focus shifted towards discussing possibilities for convergence towards common objectives. On this transitional period a Commission official stated:

‘When a dialogue starts on the European level between ministries on issues of common interest, that is when the thing starts, a momentum can grow. The problems of doing something on the European level disappear in the face of the fact that they have a lot of things to talk about with each other on the European level’

(Interview CEC 9 November 2005, II).

With a central role in the debates on the European level for ‘soft’ (i.e. convergence of objectives) instead of ‘hard’ law (i.e. harmonisation), representatives of national governments became increasingly aware that it was possible to act on the European level with regard to sensitive issues - such as employment and social inclusion - without this resulting in a shift of competences. Illustrative of this awareness was the decreasing number of references to the principle of subsidiarity on the European level. On this a Commission official stated:

‘Nobody has to say it about subsidiarity anymore with regard to social inclusion because we said that year’s ago. Everybody knows that. There is trust, if you like. (..) This is necessary. The Commission learned this over the years. You have to begin with building trust. And now, in the inclusion process, the Commission is more comfortable with it. We moved beyond the idea of thinking purely in terms of harmonisation’

(Interview CEC 9 November 2005, II).

The transitional period ended with the adoption of the European Employment Strategy and the codification of the OMC at Lisbon. Subsequently, national governments with an incentive to act on the EU level with regard to social issues (i.e. France and Belgium) started to push for the development of the infrastructure of the OMC social inclusion. However, some time passed before all reluctant member states were convinced that the OMC would not interfere with their national sovereignty. In this period, resistance from member states towards the OMC social inclusion emerged on various occasions.

A first example of this resistance has its roots on the subnational level. After the adoption of the OMC social inclusion and the efforts by the French presidency to develop its infrastructure, the German Länder stated in a resolution adopted by the Bundesrat that EU coordination of policies aimed at the fight against poverty interferes with the powers of the Länder (Agence Europe 7994, 27/06/2001). Second, despite a change of government in the UK, the Anglo-Saxon/neo-liberal viewpoint on socio-economic matters did not disappear from government discourses in the period 1997-2005. Hence, the UK remained fearful of being ‘harmonised upwards’ through EU social policy initiatives,¹⁴³ and was often joined in

¹⁴³ Armstrong states that this mechanism can also work in the reverse way, i.e. ‘uploading’ of neo-liberal UK policy to the European level, and ‘downloading’ through the OMC of this policy by continental member states (Armstrong 2006: 98; Boerzel 2002). However, the empirical findings collected in the context of this thesis indicate that in the case of the OMC this downloading and uploading from or to the EU level of national policies is not the result of an incontrollable spill-over effect but, instead, is more likely to be the result of a reasoned decision of a national government to learn from policy practices in other member states, and adjust national policies accordingly.

its critique by the Aznar- and Berlusconi-governments. A third type of resistance can be found on the side of the national governments of Scandinavian member states. These governments - dominated by social democratic parties - feared downward harmonisation through EU social policy initiatives. Most of the time, Scandinavian governments and MEPs emphasise that they can deal with social issues in a better way on the national level (Interview EP 9 November 2005). As result, when social issues are discussed on the European level, these actors stress the excellence of their social democratic welfare state model, and the necessity to respect the principle of subsidiarity (Interview CEC 9 November 2005, II; Jacobsson 2005: 127-129).

In the member states with national governments which are reluctant to act on the European level with regard to their social inclusion policy, public opinion is split on whether the EU should play a larger role on this field (see figure 8.3, figure 8.4 and appendix III).

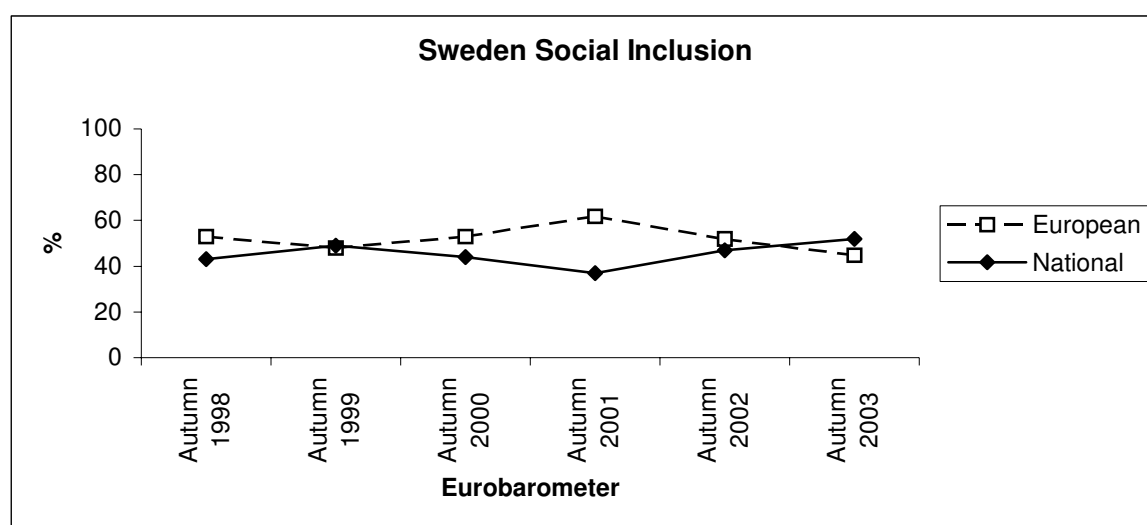


Figure 8.3: Social inclusion: national competence or joint competence on EU level? (Eurobarometer 50, 52, 54, 56, 58, 60)

In member states with a national government which has an incentive to act on the European level in the context of the social inclusion theme - i.e. France and Belgium - there is much stronger popular support for more EU involvement in the fight against social exclusion and poverty (Schelkle 2003; Agence Europe 8809, 18/10/2004; De La Porte and Pochet 2005: 372).

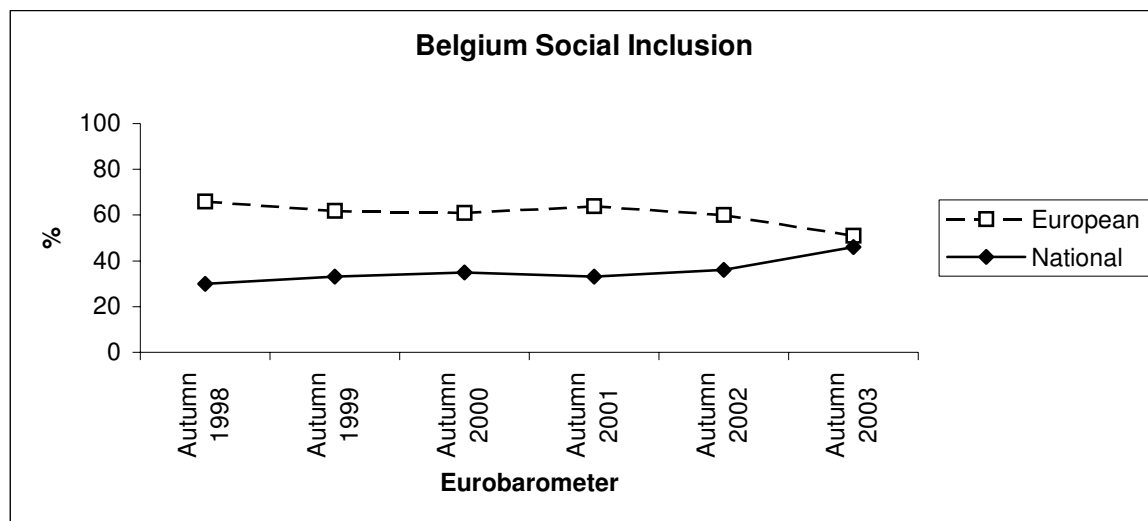


Figure 8.4: Social inclusion: national competence or joint competence on EU level? (Eurobarometer 50, 52, 54, 56, 58, 60)

At Lisbon, the national governments with a strong incentive to act were well aware of the resistance of certain member states against social policy initiatives on the EU level. Representatives of the Portuguese presidency openly expressed doubts in the run-up to the Lisbon summit on whether an OMC applied to social issues would be capable of taking away the fear of certain member states for an intervention in their national sovereignty (Agence Europe 7682, 22/03/2000). Subsequently, the French presidency of the Council in 2000 tried to convince other member states that the OMC social inclusion would not intervene in their national sovereignty. In a note from the French presidency it is claimed that:

‘The fight against social exclusion reveals above all the responsibility of member states and the national, regional and local authorities in cooperation with all the social actors concerned, notably the social partners and NGO’s. The opened coordination method, in accordance with the principles defined in the conclusions of the Lisbon summit, enable the coupling of coherence and national diversity’

(Agence Europe 7813, 04/10/2000, see also Agence Europe 7823, 17/10/2000).

Hence, the French government opted for a ‘reassuring’ tactic, consisting of emphasising the ‘softness’ of the OMC social inclusion. This measure can be attributed to the French government’s fear that its time at the EU helm might produce no achievement at all in the social field. During the French presidency it became clear from a debate in the European Parliament on the social agenda, that there was no majority in the EP for an ambitious

approach that would go beyond the OMC social inclusion (Agence Europe 7826, 20/10/2000; Agence Europe 7830, 26/10/2000; Agence Europe 8074, 19/10/2001). Hence, the French presidency concluded that it was better to settle for the OMC social inclusion, instead of proposing an ambitious social inclusion agenda and risking ending up with no reinforcement of the social dimension of the EU at all.¹⁴⁴ On this a MEP stated:

‘Since 1992 it was clear that there was absolutely no political willingness in the Council to move towards harmonisation proposals or the right on a minimum income. They said in 1992 that they wanted to evaluate - and maybe coordinate - the evolution of the minimum incomes in the different member states, but much further than that it did not go. The French presidency realised very well what was feasible and where the consensus was’
(Interview EP 9 November 2005).

Although the above reasoning holds for the OMC social inclusion, over half of the term of the French presidency the Jospin government changed strategy and - as mentioned before - proposed an ambitious social agenda. The majority of member states were swift to condemn the plans as a shift towards a kind of harmonisation which they had agreed at the Lisbon Summit to avoid.¹⁴⁵ This opposition forced the French to propose a watered-down version of their social agenda,¹⁴⁶ much more in line with the agenda of Commissioner Diamantopoulou.¹⁴⁷ This version was adopted by the Nice Council in December 2000, with the objectives for social inclusion (adopted earlier under French EU presidency by the Employment and Social affairs Council) making their way into the final version of the social agenda.

In addition to the French government, the Prodi Commission tried to reassure reluctant member states that the OMC social inclusion would not lead to an intervention in their

¹⁴⁴ According to a Commission official working in DG employment and social affairs it can be assumed that there is a link between this discussion in the EP and the lowered ambitions of the French presidency with regard to the social inclusion theme (Interview CEC 9 November 2005, II). As we saw above, for other parts of the social agenda the French presidency did not lower its ambitions. See also below.

¹⁴⁵ The most contested points of the French social agenda for the EU were the proposals to coordinate labour costs and guard the EU against the danger of jobs moving to countries with lower social standards.

¹⁴⁶ As stated earlier, according to some commentators, the French government knew all along that it would be impossible to get the original version of its paper through but pushed it for domestic reasons, i.e. the French presidential elections of 2002 (Crossick 2001; Shelly 2000a).

¹⁴⁷ Diamantopoulou considered the Social Agenda of the European Commission as the perfect blueprint, acceptable both to member states which are firmly opposed to giving up any of their responsibility for social protection policy - such as the UK - as well as those, like the Jospin government, which are keen to increase the role of the EU on this field (Shelly 2000d).

national sovereignty.¹⁴⁸ With this tactic, the Commission wanted to counter the impression of some national governments that every initiative of the Commission on the social field is an underhand attempt to gain new powers. In this context a Commission official stated:

‘Look at what happened with the harmonisation agenda. We can now avoid this discussion, because we say: “we do not propose harmonisation, we have OMC”. At least for now, it is an alternative. It is a kind of resolution of the question of “what is the appropriate way to deal with these things at the European level”

(Interview CEC 9 November 2005, II).

As part of its reassuring tactic, the Commission emphasised the capacity of the OMC social inclusion to solve the conflict between member states with an incentive to act and member states with reluctance to act on the European level. In a statement of Commission president Prodi this clearly comes to the fore:

‘There is no and there will be no single model of social inclusion in the enlarged Union. Each member state will make its own choices according to its own traditions, its culture and the determination of its population. Nonetheless, the general framework must be sound. And this can only be the case at Union level’

(Agence Europe 7924, 15/03/2001).

Whether as a result of these reassuring words or not, all governments which could be expected to object to a European dimension to their national social inclusion policies, agreed with the choice for the OMC social inclusion. Hence, in practice the OMC proved to be ‘the only method valid at the technical and political level’ for EU social policy initiatives (Agence Europe 7902, 13/02/2001). A method that is judged to be valid at the technical and political level is able to reach the goals that are set, and is accepted by all member states because it lies closest to their political preferences. With regard to the latter, a distinction can be made between two groups of member states. More reluctant member states have, first, a preference for preventing a shift of competences, while the preference of member states with a clear

¹⁴⁸ There are indications that the Barroso Commission did not take this reassuring tactic on board. When the Barroso Commission stresses the principle of subsidiarity in relation with social issues, this is done because the Commission views social policy on the European level of secondary importance, and not - like the Prodi Commission - because it wants to prevent the shutting down of EU initiatives on the social field. According to a social democratic MEP: ‘The Commission states that the social agenda is still an intrinsic part of the Lisbon Agenda, but in the facts it proves that it is not’ (Interview EP 9 November 2005).

willingness to act on the European level consists mainly of having the possibility to discuss the social inclusion issue on the European level. With regard to the former group of member states, the adoption of the OMC social inclusion meant in practice that, for example, the resistance of the German Länder¹⁴⁹ was not taken over by the German federal government. Even when a budget was set for the Commission to spend on social inclusion initiatives this did not lead to explicit opposition by the German federal government (Shelly 2000b). However, German government representatives still tried to downplay the OMC social inclusion by stating that it is nothing more than a framework for exchange. According to a Commission official this hindered a real engagement with the OMC social inclusion in Germany (Interview CEC 9 November 2005, II, see also on this Buchs and Friedrich 2005: 250).

Other reluctant member states viewed the OMC social inclusion as an instrument that respects the principle of subsidiarity (Agence Europe 7662, 23/02/2000). UK Prime Minister Blair, for example, stated that the OMC is capable of dealing with national diversity, while at the same time opening the possibility of improving national social inclusion policies (Agence Europe 7663, 24/02/2000). A further illustration of how the OMC social inclusion can neutralise the fear for a shift of competences, is that the expectation expressed by diplomats that the UK 'almost certainly' would not accept the Nice-objectives for the programme to fight poverty - which included references to providing decent housing and health care - did not materialise (Anonymous 2000b, 2000a).

As we saw from the discussion of the French and the Belgian EU presidencies, the OMC social inclusion was also in line with the preference of member states with a clear incentive to act on the European level in the context of the social inclusion theme. In sum, the OMC social inclusion functions as a middle path in EU governance that solved the conflict between member states with an incentive to act and reluctance to act on the EU level. In practice the way in which the Nice objectives on social inclusion were set in place, shows how the OMC social inclusion functions as a compromise instrument. According to a Commission official there was no underlying logic to the distinction in the first Nice-objective, because:

¹⁴⁹ Such resistance led Germany - in a period (mid-1990s) with a federal government led by christen-democrats and no instrument such as the OMC to neutralise the fear for a shift of competences - to ask the European Court of Justice for annulment of the programme to fight social exclusion.

‘Objective number one is “have a job, and access to rights and services”. And that objective is a pure political compromise, between two positions: French versus Anglo-Saxon. And a right bureaucratic solution to reach such a compromise is to put them on an equal footing’ (Interview CEC 9 November 2005, II).

To conclude, some points discussed in this section will be linked to the three motivations of national governments to act on the European level that were introduced in the previous section. First, for granting the wish of heads of state and government to bridge the gap between Europe and its citizens, it was necessary for the debate on the European level with regard to employment and social issues to turn away from the harmonisation-language, and move towards discussing the convergence towards common objectives. The setting in place of the EES and the adoption of the OMC social inclusion were facilitated by this change in language of the social policy debates on the European level.

Second, the wish of social affairs and employment ministers to have a voice on the European level in order to counter the discourse of finance and treasure ministers, can be directly linked with the choice for the OMC social inclusion. From the following quote of a Commission official it becomes clear that the employment and social affairs ministers considered the OMC to be the most appropriate instrument to gain such a voice:

‘Social affairs ministers gather at social affairs Councils a few times a year and at informal meetings, and they say “yes, we are quite pleased we have this mechanism (i.e. the OMC) which gives us permanent presence at the European level”. It is a mechanism to correct what otherwise would be an unbalanced policy formation process here’ (Interview CEC 9 November 2005, II).

Within this dynamic, it does matter whether a social affairs minister in a country is a right-wing conservative or a social democrat. In general the latter are more enthusiastic than the former about giving a role to the social affairs and employment ministers on the European level (Visser 2005: 199-200). This point brings the discussion to another motivation that is related with the domestic roots of state preferences, i.e. the party political factor.

The French and Belgian Presidencies wanted to pay attention on the European level to the social inclusion theme in order to signal to those actors in favour of more EU involvement with regard to the fight against social exclusion and poverty in the domestic arena that the government has a social face. However, this signal could only be sent if the other national

governments in the Council were to approve the French and Belgian EU initiatives. Given the reluctance of member states to shift competences with regard to their national social policies, the EU social inclusion programme had to have a character of compromise. The adoption of the OMC social inclusion proved to be the ‘obvious solution’ (Begg et al. 2002: 337) for this conflict, and accommodated the differences between the various social democratic visions in the Council - i.e. between New Labour, the Scandinavian social democrats, and the French social democrats.

The development of the OMC

For the further assessment of the hypothesis central in this thesis, it is necessary to look at a possible link between the degree of development of the infrastructure of the OMC social inclusion and the strength of a barrier against a shift of competences. According to the hypothesis, member states want to develop such a barrier especially on policy fields that are salient in the eyes of the public. This wish is even reinforced when the issue forms part of the electoral profile of political parties in government on the national level. The question to be answered is whether member states viewed the degree of development of the infrastructure of the OMC as positively related with the capacity of the OMC to function as a barrier against a shift of competences. The reasoning behind this view is that the more developed the infrastructure of the OMC is, the more institutionalised the policy instrument, and the more difficult a shift to a less intergovernmental mode of governance will be. Before answering this question, the degree of development of the infrastructure of the OMC social inclusion will be described.

After the Lisbon Council mandated the adoption of an OMC for national social inclusion policies, the social affairs Council agreed in October 2000 on a set of European-level objectives for the fight against poverty and social exclusion. These objectives formed the basis for the first round of two-yearly National Action Plans, which in turn contributed to the Joint report on social inclusion of the Commission and the Council (European Commission and European Council 2001). At the spring summit in Stockholm, the Council stated that priority should be given to the implementation of NAPs social inclusion, in order to progress ‘on the basis of the common objectives agreed under the French presidency, and assessed by commonly agreed indicators’ (European Council 2001). Subsequently, the Laeken summit agreed upon a list of social inclusion indicators, and the Belgian presidency organised the first time annual meeting of people experiencing poverty. During the Belgian presidency, the member states expressed an interest in developing the peer review process

further. These peer review sessions would ‘assess the effectiveness of particular social inclusion policies or programmes, to contribute to their further improvement and to promote their dissemination across member states’ (European Commission 2002c: 5).

In 2002 the social inclusion objectives were revised in order to contribute to the second round of NAPs and the new Joint Report. More recent proposals for improving the OMC social inclusion focus on streamlining the social protection OMCs. It is envisaged that linking the OMC social inclusion with the OMC pensions and the OMC health care will lead to a stronger process and a better integration with the Broad Economic Policy Guidelines, and the European Employment Strategy. Moreover, the OMC social inclusion should interact closely with the revised Lisbon strategy by addressing the implementation gap challenge, and contributing more directly to growth and employment objectives (European Commission 2005a: 4).

Despite the above described developments there are still some gaps in the infrastructure of the OMC social inclusion when compared with the Lisbon-template. First, the indicators used to measure poverty and social inclusion are imperfect. This hinders the mobilization and involvement of regional actors in the OMC social inclusion (Interview CEC 9 November 2005, II, Interview EAPN 15 November 2005). Second, in 2003 the Commission attempted to set in place a European-level target with regard to the reduction of the *risk-of-poverty* level. Member states objected to this because of the measurement of poverty and the definition of the poverty concept used. As a result, target-setting exclusively takes place on the national level instead of - as was envisaged by the template of the OMC codified at Lisbon - on the European level (Interview CEC 9 November 2005, II; Armstrong 2006). Third, the precise nature of the OMC social inclusion is still interpreted in different ways in the various member states. For some member states it is only a tool to exchange information on issues of common interest (for example for Germany), while in the Lisbon presidency conclusions it is stated that it should be a tool for helping member states to improve their national policies (Interview CEC 9 November 2005, II). Fourth, although the current degree of development of the infrastructure of the OMC social inclusion can provide a basis for blaming and shaming - despite the fact that the Commission is not allowed to give country-specific recommendations like in the case of the EES - national governments lost interest in the social inclusion issue and, hence, it is often the case that they do not care sufficiently about the social inclusion issue to feel ashamed about their dis-functioning national policy practices. The effectiveness of the blaming and shaming exercise requires that the National Action Plans for social inclusion are drawn up in a serious way by the member states (i.e. elaborating on past, present

and future national policies) and are not just summaries of existing national policies. In the last 4 years, there were always some member states that did not draw up a proper National Action Plan for social inclusion. However, from 2004 onwards this number has increased (Interview EAPN 15 November 2005). This trend is even visible in a member state that was initially very enthusiastic about the OMC and the social inclusion theme, i.e. the Belgian government. According to a Belgian MEP:

‘Since then [i.e. since the Belgian EU presidency of 2001] not much has been heard anymore in Belgium from this European agenda. We have in Belgium a yearly poverty-report resulting from cooperation between universities and poverty organisations, which raises the attention of ministries in Belgium to poverty problems. But only because of some reference in this poverty report to the European strategy for social inclusion, is the European agenda still visible in Belgium. Otherwise this agenda would have disappeared from discussions in Belgium’ (Interview EP 15 November 2005).

Moreover, Belgian Prime Minister Verhofstadt, no longer considers the OMC an effective policy instrument. He stated that the Open Method of Coordination failed to deliver results, because of the only moderate pressure this policy instruments puts on member states to converge (Spinant 2005; Agence Europe 8891, 17/02/2005; Agence Europe 8894, 23/02/2005; Agence Europe 8908, 14/03/2005; Agence Europe 8915, 23/03/2005).

Elements OMC	Degree of development	Comments
1. fixing guidelines, specific timetable for achieving the goals which they set in the short, medium and long terms	++	Clear objectives present. Reflection takes place and led to the revision of some of the objectives. No targets at EU level.
2. indicators and benchmarks	+	Benchmarks and indicators in place. Indicators are partly used and do not take the subnational level sufficiently into account.
3. translating European guidelines into national and sub-national policies (NAPs)	++	Two two-yearly NAP-rounds have taken place that gave input to the Joint Reports of 2001 and 2003.
4. periodic monitoring, evaluation and peer review organised as mutual learning processes	+	Peer review sufficiently organised to allow for mutual learning. Very limited naming and shaming. No country-specific recommendations.

++ = highly developed; + = developed; +/- = underdeveloped; - = absent

Table 8.2: The degree of development of the OMC social inclusion and the OMC template

A first point that needs to be taken into account when explaining the degree of development of the infrastructure of the OMC social inclusion is that EU initiatives in the context of the fight against social exclusion and poverty had been under way since the beginning of the 1990s. This longer policy legacy - compared to other policy fields on which the OMC was adopted by the Lisbon Council - shaped the preferences of the member states to a considerable extent and gave the development of the infrastructure of the OMC social inclusion a kick-start. Especially the developments in 1999 and 2000 are crucial to understand why the infrastructure of the OMC social inclusion was allowed to develop directly after the mandate of the Lisbon Council.

In July 1999 the Commission proposed a ‘concerted strategy for social protection’. The main ideas in the communication were to set up a Social Protection Committee (SPC) - consisting of national representatives of the member states - with focus on four themes for action: 1) fighting poverty and social exclusion, 2) pensions, 3) health care, 4) making work pay (European Commission 1999). A Commission official working in DG employment stated of these four themes:

‘(...) what was interesting, is that two of those are picked up immediately in Lisbon as issues to be dealt with – social inclusion and pensions – and a third one – health care – gets picked up in June 2001 under the Swedish presidency. So, you had a certain preparedness’

(Interview CEC 9 November 2005, II; see for a similar reasoning Pochet 2005: 68).

As a result of the 1999 communication, the SPC was set up and met for the first time in an interim form in January 2000. Although it had to wait for an official mandate of the Council, the SPC decided provisionally to first concentrate on social inclusion. According to a Commission official:

‘Then, out of nowhere’¹⁵⁰ come the Lisbon conclusions in March, telling us exactly what we had to do: “Concentrate on social inclusion and pensions”. So, the SPC was in a position then to work on social inclusion. (...) Everybody was ready for it. Important is the softening up period of the 1990s, during which people got out from behind the sort of mistrust for harmonisation and were prepared to talk about common challenges. (...) All of that had already begun to take place. So by the time Lisbon comes down from heaven with these major demands it is not so strange’

(Interview CEC 9 November 2005, II).

Another element that has to be taken into account in the explanation for why the infrastructure of the OMC social inclusion directly developed after the Lisbon mandate is the functioning of the partnership between the Commission and the Social affairs Council. Both institutional actors were ideally placed to perform their role in the partnership that underlies the development of the infrastructure of OMCs. DG employment and social affairs was able to directly come up with focused proposals for the setting in place of the infrastructure of the OMC social inclusion because of its experience with the EES.¹⁵¹ Moreover, in the first years of the OMC social inclusion (2000-2002), a majority of the national governments in the Council were dominated by social democratic parties. These governments were on the whole more enthusiastic about putting social issues on the European agenda.

Whereas the ideal starting position and the partnership between the Commission and the sectoral Council allowed the infrastructure of the OMC social inclusion to develop, there are also some points that have put a brake on its development. First, although there are still some gaps in the infrastructure of the OMC social inclusion, there is not much room left to develop it further within the limits of the Lisbon template for the OMC. Second, it is not highly likely that the infrastructure of the OMC social inclusion will develop towards an EES-like OMC. Some MEPs tried to make the OMC social inclusion more binding by proposing to sanction member states who are not doing enough in the context of the OMC social inclusion. One of the sanctions that was discussed in this context was to cut the amount of structural funds member states receive (Interview EP 9 November 2005). However, it is very unlikely that member states will take this proposal on board. Heads of state and government designed

¹⁵⁰ When one takes into account that the political parties in government in the Council that can be considered the owners of social policy issues were in a majority (i.e. social democratic parties), the idea to concentrate on social inclusion does not seem to come ‘out of nowhere’.

¹⁵¹ This point is mentioned by some interviewed Commission officials from other DG’s than DG employment and social affairs, when asked to compare the degree of development of the infrastructure of their OMC with the degree of development of the infrastructure of the OMC social inclusion.

the OMC specifically as a non-binding policy instrument, with the ultimate aim to foster mutual learning between member states. Given that any change in the set up of the OMC has to be approved by the Council, the non-binding character of the OMC is not likely to change. On the contrary, some member states even viewed the OMC social inclusion as too binding because of the by the Commission created annoyance when it criticises member states' policy performances in the joint report on social inclusion (Interview CEC 9 November 2005, II; Interview EP 9 November 2005).

Moreover, due to a shift in the Council to the (centre-) right, the heads of state and government are not expected to push for a stronger process for the social inclusion theme. As a consequence of this shift, a consensus formed around the claim that economic growth and job-creation will lead automatically to more social inclusion and less poverty (Interview EP 9 November 2005). Hence, the social inclusion theme was not as high on the agenda of the Council as it had been, and the drawing up of National Action Plans became even more of a routine. According to Armstrong these events indicate the vulnerability of the OMC social inclusion to changes in the political wind (Armstrong 2006: 83; Daly 2006: 471).

From the above discussion it shows that national governments in the Council did not push for the development of the infrastructure of the OMC social inclusion in order to create a stronger barrier against a shift of competences. Instead, national governments allowed the infrastructure of the OMC social inclusion to develop, as long as it stayed within the limits of the Lisbon template. This degree of development of the OMC social inclusion gave social affairs ministers a voice on the European level in order to balance the socio-economic debate and, on the other hand, prevented any loss of control on the national level. A move beyond the Lisbon template and towards an EES-like measure was judged inappropriate by a number of member states, because of their wish to stay in full control on the national level and their judgement that the EES had led to too much interference of the Commission in their national dealings. In sum, the expectation that there is a positive causal relationship between the degree of development of the infrastructure of the OMC, and the capacity of the OMC to form a barrier against a shift of competences, is not confirmed. This is in contrast with the hypothesis.

The combination of saliency of the social inclusion issue in the eyes of the public, the public support for more EU involvement, and the issue ownership by social democratic parties, is in line with the strand in the European integration literature that emphasises the importance of the domestic roots of state preferences, and can explain the speed of development of the infrastructure of the OMC social inclusion. Due to the ownership of social

policy issues by the French social democratic party in government, the French EU presidency wanted to show its social face to the national public - which was in support for more EU involvement - by taking initiatives on the European level. Hence, the Jospin government had an interest in developing the infrastructure of the OMC social inclusion. Moreover, because of the large majority of social democratic parties in the Council, Commission proposals with regard to the social inclusion theme were swiftly adopted. Together with the efforts of the Belgian presidency, as early as 2000-2002 this led to the setting in place of a highly developed infrastructure for the OMC social inclusion. However, as we saw above, due to a change in political wind the Council lost interest in the social inclusion theme, through which the development of the infrastructure of the OMC social inclusion came to a stop. The resulting status quo - i.e. close to the upper limit of the OMC template of the Lisbon presidency conclusions - can be labeled a middle path in EU governance. The term middle path hints at the presence of governance modes below and above the chosen policy tool. The policy tools situated above and below the middle path are not judged appropriate because they offer too much EU - which would not respect reluctance to act on the EU level of member states - or not enough EU - which would not address the incentive to act on the EU level of member states. The OMC social inclusion is used to strike a compromise between member states with an incentive and reluctance to act, its infrastructure is more developed than an OECD-like multilateral surveillance tool, while it will not develop along the lines of the EES. The latter is judged to result in too much interference of the Commission in national dealings.

8.4 Feasibility of the OMC as a conflict resolution instrument

From the above discussion it became clear that member states, next to their willingness to act on the European level, hoped to prevent gaps in their control over the social inclusion theme. Whether they were fully able to prevent these gaps in control from opening by opting for the OMC depends on¹⁵²: i) the resistance of the European Commission and the European Parliament against the choice for the OMC and, ii) the pressure placed on national governments to include institutional actors and electorates in the OMC (i.e. the institutional obstacles). It is expected that because of the new approach to the social inclusion issue on the European level, European institutional actors have not collected sufficient information on

¹⁵² This question builds on the empirical finding that the OMC social inclusion does not lead to a shift of competences and was designed as such. To be sure, the question that was addressed in the previous section was a different one, namely whether the degree of development of the infrastructure of the OMC is related with the *degree* in which the OMC can form a barrier against a shift of competences.

whether it is necessary to resist the choice for the OMC or whether and how to create institutional obstacles.

From the empirical findings presented below it will become clear that the resistance of European institutional actors was weak. At the time of the Lisbon Summit, the preferences of the Council, DG employment and social affairs, the EP and non-governmental actors such as the EAPN, overlapped considerably. This led to the smooth adoption and internalisation of the OMC social inclusion. By the time the EP and NGO's realised that the OMC social inclusion was too soft for their liking, it was already firmly institutionalised. Moreover, although DG employment and social affairs had experience with the EES of institutional obstacles, they remained low for the OMC social inclusion. Hence, the member states were not hindered in their choice to develop the infrastructure of the OMC social inclusion in a way that prevented gaps in control from emerging.

The resistance of European institutional actors

Directly after the mandate of the Lisbon Council, DG employment and social affairs came up with proposals for developing the infrastructure of the OMC social inclusion. The Commission thought that the latter was the sole instrument through which it can play a role on this field (Interview CEC 9 November 2005, II). Hence, DG employment and social affairs did not resist the choices of the Council with regard to the development of the infrastructure of the OMC social inclusion. More recently, a change in approach of the Commission with regard to the OMC social inclusion can be identified. According to a representative of the EAPN, DG employment is losing its capacity to initiate and push for political initiatives in the social inclusion field. The respondent links this change in approach to the shift to the right in the Council and the Commission (Interview EAPN 15 November 2005).

From the very outset of the OMC social inclusion in 2000, the EP played a marginal role. According to a MEP closely involved in the discussions on the social inclusion theme:

‘The EP is a very weak partner in the OMC social inclusion. We are barely listened to in the whole method. So, I think that the EP thinks “the OMC is better than nothing”. But it is a very weak instrument and the involvement of the EP with the whole thing is so little that we have barely any capacity to steer the process’
(Interview EP 9 November 2005).

The same MEP stated that the ‘EP was clearly not the partner that would hinder the process’ (Interview EP 9 November 2005). However, with its attempts to make the OMC social inclusion more binding, it went against the nature of the OMC; a method that member states judged appropriate for the social inclusion field because of its flexible character. With regard to the latter, it has to be noted that the legislative role of the EP does not fit with the time-scales that DG employment and social affairs has to work with in the OMC social inclusion. A Commission official noted on this:

‘(...) in the EP coming up in a few weeks time, there will be the rapporteur putting together a report, that will be signed, sealed and adopted by the Council in March. Now, what is the point of having that? It is an interesting intellectual exercise but it is just not the way how it works!’

(Interview CEC 9 November 2005, II).

Institutional obstacles

In the last five years some pressure was put on member states to involve actors on the (sub)national level in the OMC social inclusion. In particular, the European Commission emphasises the importance of involving actors such as the European Parliament,¹⁵³ the Committee of the Regions, the social partners, and NGO’s.¹⁵⁴ However, this mobilization is hindered by the low degree of development of the social inclusion indicators on the subnational level. Hence, efforts of the Commission to develop these indicators are not just to develop better ways of measuring, but serve also participatory-goals (Interview CEC 9 November 2005, II).

The European Anti-Poverty Network is one of the NGO’s involved in the OMC social inclusion. The Brussels-based branch of the EAPN is supported financially by the European Commission to bring together stakeholders and people experiencing poverty. The EAPN is

¹⁵³ The European Parliament stresses its own role in the OMC social inclusion (Agence Europe 7971, 23/05/2001, Agence Europe 8238, 21/06/2002), and the mobilisation of all players concerned (Agence Europe 8074, 19/10/2001, Agence Europe 8135, 23/01/2002). With regard to the latter, the EP laid particular emphasis on the importance of involving national parliaments around Europe, because of their role in convincing the public opinion of the importance of the fight against social exclusion (Agence Europe 8074, 19/10/2001, Agence Europe 8135, 23/01/2002, Interview CEC 9 November 2005, II).

¹⁵⁴ In general: Agence Europe 7397, 03/02/1999, Agence Europe 7508, 14/07/1999; on NGO’s: Agence Europe 7807, 26/09/2000, Agence Europe 8419, 12/03/2003; on regions and local authorities: Agence Europe 7811, 02/10/2000, Agence Europe 7994, 27/06/2001, Agence Europe 8408, 25/02/2003, Agence Europe 8419, 12/03/2003, on social partners: Agence Europe 7757, 12/07/2000, Agence Europe 7911, 26/02/2001, Agence Europe 7972, 28/05/2001, Agence Europe 8544, 17/09/2003, Agence Europe 8133, 21/01/2002, Agence Europe 7757, 12/07/2000, on candidate countries: Agence Europe 8231, 12/06/2002.

striving for a more ambitious approach¹⁵⁵ to social exclusion problems, but considers the OMC social inclusion better than nothing (Interview EAPN 15 November 2005; Agence Europe 7752, 05/07/2000; Edquist 2006: 514).

The empirical findings indicate that in the beginning of the OMC social inclusion process, the Commission wanted to involve the EAPN to pressure member states to develop more effective social inclusion strategies on the national level. On this a representative of the EAPN states:

‘There are a lot of things said and agreed to by national governments on the European level in the European Council and are not implemented in reality. (...) And that is where we play a role in performing a watchdog function, to hold them to their commitment. (...) My feeling is that there was an awareness of DG employment to get actors of the civil society involved, to establish a tool creating pressure on the member states to keep them to their political commitment. There is no direct recommendation by the Commission to do so, but we are performing the role as a watchdog’

(Interview EAPN 15 November 2005; see also Edquist 2006: 516).

In sum, through the involvement of an NGO like the EAPN, the Commission tried to introduce a stronger naming and shaming component in the OMC social inclusion. DG employment and social affairs tried to use its experience with the EES for this. According to a Commission official:

‘The inspiration of the EES for social inclusion was conscious among the member states. And the Commission in seeking to develop NAP’s inclusion used the model of the stronger process as a way to make sure to strengthen the process. (...) well, there was not an alternative model you see. It was easy enough to see it in those terms.’

(Interview CEC 9 November 2005, II; see also Agence Europe 8473, 30/05/2003).

¹⁵⁵ Examples of more ambitious EAPN-proposals are: making article 137 of the Amsterdam treaty more binding (Agence Europe 7653, 03/02/1999), giving the Commission more means in budgetary and human resource terms (Agence Europe 7745, 26/06/2000, on this see also Agence Europe 8153, 18/02/2002), and set up a European Monitoring Centre for the phenomena of poverty and social exclusion in member states (Agence Europe 7752, 12/07/2000). The EAPN sees also a necessity to include more associations in the OMC in which people who are experiencing poverty personally are more directly involved (Agence Europe 7858, 07/12/2000, Agence Europe 8251, 09/07/2002). Recently - because of the weaker entrepreneurial role of the Commission - the Brussels-based branch of the EAPN has changed its strategy, and focuses more on influencing national state authorities and coordinating the EAPN-branches on the national level (Interview EAPN 15 November 2005).

However, the strategy of the Commission to strengthen naming and shaming in the OMC social inclusion by taking the EES as a model was not effective. The Lisbon Council deliberately codified the OMC template in a softer way than the already existing EES, and, hence, a strong naming and shaming process could not be set in place on the social inclusion field. This made the experience of DG employment and social affairs with the EES less useful for creating institutional obstacles in the case of the OMC social inclusion. Moreover, because of the lower political weight attached to the social inclusion theme by the Council in recent years, a naming and shaming component of the OMC social inclusion - even one within the limits of the Lisbon template for the OMC - could not get fully off the ground. In sum, the strategy of the Commission to erect institutional obstacles by involving NGO's as watchdogs in the naming and shaming process was not effective in the case of social inclusion due to factors external to the Commission and NGO's.¹⁵⁶

8.5 Conclusion

The empirical findings presented in this chapter show that the Council and the Commission were around 2000 in a position to implement an OMC for the social inclusion field. A first point to be noted in this context is that the shadow of harmonisation hanging over EU social policy initiatives disappeared through a change in focus of the Council debates on social policy. Towards the end of the 1990s, the goal of 'harmonisation' was replaced by 'convergence towards common objectives'. This took away the fear of member states of an intervention in their national sovereignty in the context of social policy initiatives on the EU level. Second, because of the experience of DG employment and social affairs with the EES, the Commission could directly come up with focused proposals for developing the infrastructure of the OMC social inclusion (Interview CEC 9 November 2005, I). Moreover, because of the presence of social democratic parties in governments around Europe at the turn of the century, the Council was more willing to undertake action on the EU level with regard to employment and social policy issues (Interview EAPN 15 November 2005).

Next to the favourable environment for initiating an OMC social inclusion, the conflict between member states who are willing to act and member states who are more reluctant to act on the European level should also be taken into account. As was expected on the basis of

¹⁵⁶ As will become clear from chapter 10, the mobilisation of actors on the national level through the OMC social inclusion did prevent national governments in some member states from performing a gate-keeping function between the European and the domestic arena.

the hypothesis, the saliency of the social inclusion issue and its ownership by social democratic parties fostered a conflict between national governments with an incentive to act on the European level, and national governments with reluctance to act. On the one hand, the French and Belgian governments had an interest in putting the social inclusion theme on the EU agenda, because it allowed them to signal to the national public - which was in support for more EU involvement on this issue - that attention was being paid to an issue of which political parties in government are the owners. On the other hand, some national governments were more reluctant to act on the EU level because they did not want their social policies to be either harmonised downwards or upwards through initiatives on the EU level, while there was less public support for more EU involvement with regard to social inclusion policy in these countries. The OMC social inclusion provided the solution to this conflict and, hence, was considered by all national governments as the most appropriate instrument to be adopted on the European level. Because of the OMC, reluctant member states were reassured that there would be no interventionist agenda set in place on the EU level, while member states with an incentive to act accepted the OMC social inclusion because - among other advantages - it gave social affairs ministers a voice on the European level to counter the dominant discourse of finance and treasury ministers.

In line with the theoretical explanation put forward in this thesis, the Council and the Commission judged that a developed OMC social inclusion would be best able to solve the above mentioned conflict. This conflict was even reinforced because of the presence of issue ownership. Whereas the French and Belgium governments had a stronger incentive to act because of the ownership of social policy issues by social democratic parties in these governments, Scandinavian social democratic governments were more reluctant to act on the European level because of their ownership of these issues. Moreover, the combination of the saliency of the social inclusion issue in the eyes of the public, public support for more EU involvement, and the ownership of the social inclusion issue by social democratic parties, can explain the speed of development of the infrastructure of the OMC social inclusion. Due to the ownership of the social inclusion issue by the French and Belgian social democratic parties in government, the public support for greater EU involvement, and the willingness of these governments to act on the European level, the adoption by the Council of proposals with regard to the fight against social exclusion and poverty was facilitated. Already in the period 2000-2002 this resulted in the setting in place of a highly developed infrastructure for the OMC social inclusion. In sum, the 'winning coalition' hypothesis of Schäfer and Gornitzka - in line with liberal intergovernmentalism as developed by Bulmer and Moravcsik (see chapter

2) - can best account for the degree and speed of development of the infrastructure of the OMC social inclusion. The hypothesis derived from a claim of Scharpf - which states that the more developed the infrastructure is of an OMC, the better it is able to solve problems on the national level - and rooted in traditional functionalism, plays a role in the background but cannot account for the most important dynamics on the social inclusion field (Begg and Berghman 2001: 317).

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected	High	Present	Yes	High
Observed	High	Present	Yes	High

Table 8.3: Expected and observed values for the social inclusion field

After the political constellation of the Council and the Commission changed, the social inclusion theme was taken off the agenda. As a consequence, the infrastructure of the OMC social inclusion did not develop beyond the template for the OMC as codified in Lisbon. The latter is also related with the judgement of national governments that the EES (i.e. an OMC with a more developed infrastructure) resulted in too much interference of the Commission in national policies to function as a model for the OMC social inclusion. From this finding it becomes clear that the degree of development of the infrastructure of the OMC social inclusion, is not positively correlated with the capacity of the OMC to form a barrier against a shift of competences. This finding contrasts with the hypothesis central in this thesis.

Chapter 9

e-Europe and the OMC

‘The global interactive network will transform our culture as dramatically as Gutenberg’s press did the Middle Ages’
(Bill Gates)

‘Like a force of nature, the digital age cannot be stopped’
(Nicholas Negroponte)

9.1 Introduction

Although the above quotes refer to the recent emergence of the internet, the development of the information society concept¹⁵⁷ - the broader context of the e-Europe initiative - had already begun by the late 1960s in the US and Japan. The US considered the application of information technology in both the private and the public sectors as solution to the falling rates of productivity growth and the change to a service dominated economy. In Japan, electronic based information services were developed because of their low energy consumption. Subsequently, because of the wish of the European Union to compete with Japan and the US, the industrial policy of the Commission came to be heavily influenced by these countries in the 1990s (Garnham 1997: 32).

On the basis of the hypothesis formulated in chapter 2 it can be expected that the conflict between reluctance to act and an incentive to act will be absent, with a low degree of development of the infrastructure of the OMC e-Europe as a result. Two highly visible - but contrasting - events lead to the expectation that the incentive to act of national governments on the European level with regard to the e-Europe initiative will be unstable. First, the Lisbon and Feira summits of 2000 placed the impact of the emergence of the internet on societies high on its agenda. This was contrasted by a second point; i.e. after 2001 governments lost interest in the e-Europe issue because of falling stocks of internet related companies. With no stable strategic or economic importance attached to the e-Europe issue over time, the saliency of this issue is low and it can be expected that the conflict between an incentive to act and

¹⁵⁷ The economist Fritz Machlup was the first to pay attention to the information society issue, by analysing the change caused by the transformation from an industrial to a post-industrial society since the 1950s and 1960s. The essence of Machlup’s argument was that the production of knowledge had an economic significance comparable to the production of goods (Dearnley and Feather 2001: 11). Other influential authors are Drucker, Porat and Bell (see Dearnley and Feather 2001; May 2002).

reluctance¹⁵⁸ to act will be absent on the e-Europe field. Because there was no need to start a search for a policy instrument to solve such a conflict, there was no willingness on the part of either the Council or the Commission to take up the Lisbon mandate to develop the infrastructure of the OMC e-Europe as an answer on this conflict. Hence, I expect to find that the Commission and the sectoral Council will consider the OMC as an instrument the added value of which is insufficient for the e-Europe field to develop its infrastructure. I also expect that this low degree of development of the infrastructure of the OMC e-Europe reflects the absence of a necessity to create a barrier on the European level against a shift of competences on the e-Europe field.

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected values	Low	Absent	No	Low

Table 9.1: The expected values for the e-Europe field

In the next section, attention will be paid to policy developments on the EU level with regard to information society matters in the last 15 years. After the context in which the OMC e-Europe was chosen is sketched, the incentive to act on the side of national governments will be linked to the choice for the OMC e-Europe and the development of its infrastructure.¹⁵⁹ It will become clear that the reasons for member states to act on the EU level with regard to the emergence of the internet are in line with a traditional functionalist strand in the European integration literature - which would view the OMC as an instrument to solve problems that cannot be solved by an exclusive focus on the national level - but are decreasing in

¹⁵⁸ Because of the restricted saliency of the internet issue, politicians do not have to act with regard to internet issues because citizens want them to, and therefore have more room for manoeuvre to take action on the EU level or renounce from doing so. These expectations are similar to the expectations expressed for the R&D case.

¹⁵⁹ As stated in chapter 5, the collection and analysis of the data to check the insights on the e-Europe initiative obtained from the coding of Agence Europe data went through various stages and had to overcome a number of difficulties. Also for the e-Europe case it was envisaged to use interviews with people which had an overview across time and across member states, to check the general insights derived from the extensive coding of Agence Europe articles (119 articles, 143 pages). However, some difficulties were encountered. The major difficulty was to find people involved in the choice for the OMC e-Europe and the development of its infrastructure. Due to the marginal developments in the context of the e-Europe initiative with regard to the OMC, only one official in DG information society could be selected to be interviewed. This interviewee was the only official closely involved during the whole period 1999-2005 in the process of developing the OMC for the e-Europe Action Plan after the Lisbon Council mandated its implementation. Although the interview lasted for about 3 hours, it was decided not to rely on only one interviewee for checking the results of the coding of the Agence Europe bulletin articles. Next to an internal document in which a comparison is made between the OMC e-Europe and other OMCs functioning under the umbrella of the Lisbon strategy (The Tavistock Institute et al. 2005), articles from the European Voice published in the period 1999-2005 were selected (62 articles). The European Voice published extensively on the e-Europe Action Plans in the first years of the period under study in this thesis (1999-2005). The coding of these articles (24 articles coded) provided additional information on why member states only had during a short period of time an incentive to act on the EU level with regard to the emergence of the internet.

importance during the period 1999-2005. As a result, national governments accept what the Commission proposes on facilitating the exchange of information on policy practices, but after 2001 do not anymore actively push for the development of the e-Europe initiative in general and the infrastructure of the OMC e-Europe in particular.

9.2 Overview policy developments

The Commission's decision in the 1990s to promote the construction of the information society was a response to high levels of unemployment, which were in part related with the decline of primary and secondary heavy industries and the increasing importance of knowledge-based activities (Dearnley and Feather 2001: 101).¹⁶⁰ With regard to the latter challenge, the term 'information society' became fashionable to indicate that a development had started with an impact comparable to the industrial revolution of the 19th century (Jordana 2002: 4).

As a follow-up to the White Paper on Growth, the Task Force on European Information infrastructures - chaired by Martin Bangemann - published a report entitled 'Europe and the global Information Society'. With the adoption of this 'Bangemann Report', the European Council marked the start of the European Union's information society initiative (Dearnly and Feather 2001: 107; Jordana 2002: 4). According to the report, the 'dead hand' of telecommunications monopolies was one of the main reasons why the EU had made so little progress towards the information society (Bauer 2002: 129; Werle 2002: 144).

The adoption of the Bangemann report was followed by the Commission communication; 'Europe's way to the information society: an action plan'. Shortly afterwards, a High Level Group of Experts was set up to investigate how to ensure economic, social and

¹⁶⁰ While in the early 1990s interest seemed to be on the wane, the emergence of the internet prompted an expansion of interest in the information society. This led to opposing camps of 'new economy' believers and non-believers. A first distinction can be made between academics/commentators who believe that the information society is radically new (Castells, Negroponte) and those who see it 'as the present manifestation of a long period of continuous and continuing change', such as Webster (Dearnley and Feather 2001: 17). A second distinction can be made between analysts who see the information revolution as a positive development and those who consider it as a threat to the organization of societies. According to the latter, the introduction of the information society excludes people who do not have the skills or financial resources to know how to use computers and other information resources (Kaitatzi-Whitlock 2000). At the other extreme are the optimists or the evangelists of the 'new era' such as Negroponte and R. Freeman. They see the information society as a panacea for speeding up growth, competitiveness, employment and social cohesion. The thinking of the latter group of analysts shows similarities with the thinking going on during the Lisbon and Feira summits of 2000 (Kaitatzi-Whitlock 2000; Van Winden 2001: 861, Gibbs 2001: 74). In between these two camps, a more moderate school views the situation broadly as a mixed blessing and examines ways in which the negative effects can be neutralised (C. Freeman, Soete, De Rosnay, Johnston). This last group of analysts propose a stronger state policy intervention to prevent that the unemployed and older aged people will be the victims of ICT (Kaitatzi-Whitlock 2000: 61).

cultural benefits from the uptake of ICT (Dearnly and Feather 2001: 110). In its conclusions, the High Level Group argued that the technological focus of the EU's information society initiative worked counterproductive, and greater emphasis should be placed on the integration of people and organisations into the information society.¹⁶¹

The first major revision of the Commission's Action Plan took place in November 1996 with the adoption of the communication 'Europe at the forefront of the information society'. Through this revision, multilateral surveillance of national policies was introduced on the information society field, resulting in the specification of benchmarks for society's uptake of ICT and a limited exchange of best practices (Dearnly and Feather 2001: 110).

The e-Europe Action Plans: 1999-2005

In 1999, the Commission led by Romano Prodi gave a new impulse to the e-Europe initiative by launching the first e-Europe action plan (Alabau 2002: 166).¹⁶² For the first time on the e-Europe field, specific objectives¹⁶³ with measurable outcomes and deadlines were considered (European Commission and European Council 2000: 3). The key aim of the 1999 e-Europe Action Plan was to obtain a political commitment from the member states to the e-Europe theme, and to keep it on the agenda.

At the same time that the first e-Europe Action Plan was presented to the Helsinki summit,¹⁶⁴ the Finnish presidency of the Council warned against the risk of exporting jobs and wealth from the EU because workers are not sufficiently equipped with information and technology skills. This concern gained importance in Council debates through the publication of the Commission communication 'Jobs in the information society: exploiting the potential of the information revolution' (Agence Europe 7437, 31/03/1999; Agence Europe 7631, 11/01/2000).

¹⁶¹ The 5th Framework Programme (1998-2002) allocated funding in order to develop a user-friendly information society. However, the fast technological developments overtook the problems that the EU had intended to address with its 5th Framework Programme (Dearnly and Feather 2001: 114). As we will see below, this problem plagues information society initiatives more often.

¹⁶² In addition to Commissioner Liikanen (responsible for telecommunications and the information society), other Commissioners of the Prodi Commission also had an interest in the information society issue. Commissioner Diamantopoulou (Employment and Social Affairs) stressed that 'the internet generation is taking over the employment market' and that getting a job becomes more and more dependent on skills and the capacity to adapt (Agence Europe 7650, 07/02/2000). Commissioner Reding (Education and Training) adopted a more pessimistic tone, stating that the deficit in qualified people in the information technology and communication sector will be 1.6 million people in 2000 (Agence Europe 7673, 09/03/2000).

¹⁶³ The three prime objectives of the 1999 action plan were: 1) access to the internet for all EU citizens, homes and business; 2) digital literacy for all EU citizens; and 3) social inclusion as a characteristic of the information society.

¹⁶⁴ At the Helsinki summit the Council decided to postpone approval of the 1999 e-Europe Action Plan and to include it in the agenda of the Lisbon summit that would take place in March 2000.

In the Spanish three-stage plan for the Lisbon strategy, proposals were made to pay more attention to e-commerce, e-government, and e-democracy, and to define targets for information technology skills in the NAPs Employment. Moreover, the Spanish government stressed the importance of benchmarking and the exchange of best practices for the development of e-Europe.¹⁶⁵

A full-blown commitment to the development of e-Europe was expressed at the Lisbon summit. The Council identified an ‘urgent need for Europe to quickly exploit the opportunities of the new economy, in particular the internet’ (European Council 2000; Werle 2002: 150). According to the Lisbon strategy, the shift to a digital knowledge-based economy ‘will be a powerful engine for growth, competitiveness and jobs’. In such an economy:

‘Business and citizens must have access to an inexpensive, world-class communications infrastructure and a wide range of services. Every citizen must be equipped with the skills needed to live and work in this new information society. Different means of access must prevent info-exclusion’

(European Council 2000).

The heads of state and government asked the Commission to make proposals to include its e-Europe initiative into the Lisbon strategy, and adopt an Open Method of Coordination based on the benchmarking of national initiatives. With the latter mandate the Council confirmed the need identified by the Commission for an exchange of policy practices between member states (European Council 2000). The difference was that the Council viewed the OMC as an open-ended umbrella-initiative for the e-Europe initiative, while the Commission envisaged the e-Europe Action Plan to be more narrow in focus and not to run longer than two or three years.

In response to the mandate of the Lisbon Council, the Commission developed a revised Action Plan for e-Europe, clustered around three objectives: i) a cheaper internet; ii) investment in people and skills; iii) stimulation of the use of the internet. In June 2000 this ‘e-Europe Action Plan 2002’ was adopted by the Feira Council. An update of the communication was presented by the Commission to the Nice Council. In this last version of the e-Europe Action Plan 2002, the Commission states that there lies a challenge in linking benchmarks and

¹⁶⁵ It is striking that for the other policy fields (social inclusion, education) for which the Spanish government proposed these instruments, stress was put on the respect of these instruments for the principle of subsidiarity. With regard to the proposed e-Europe benchmarking and exchanges of best practice-scheme, there was no reference to a necessity to respect the principle of subsidiarity included in the Spanish document.

best practices to policy implementation, ‘which can be addressed by the Open Method of Coordination’ (European Commission and European Council 2000: 5).

At the beginning of 2001, the climate for the new economy changed; stocks for internet-related companies fell and there followed a wave of sackings by information technology firms and the failure of many ‘dot-com’ companies. At the Stockholm summit the heads of state and government also realised that the bottom had fallen out of the ICT market (Chapman 2001; Coss 2001; Jones 2000a). However, the Stockholm Council confirmed the added value of the e-Europe Action Plan (Agence Europe 7929, 22/03/2001; Anonymous 2001) and paid attention to the problematic position of the digital have-nots on the labour market (Agence Europe 7894, 01/02/2001; Shelly 2001a). The latter was taken up in a joint meeting between ministers responsible for telecommunications and employment (Agence Europe 7906, 19/02/2001).

After the Stockholm Summit the European Commission published a communication on e-learning.¹⁶⁶ Because of the relatively unambitious content, the European Council adopted the communication without much discussion (Agence Europe 7971, 23/05/2001; Agence Europe 8370, 02/01/2003). Also the EES and the report on the concrete future objectives of education systems paid attention to e-learning (European Commission and European Council 2002).

In the second e-Europe Action Plan (covering the period 2002-2005) the Commission wanted to move beyond the objective of cheaper internet and launched a broadband initiative. Subsequently, the member states agreed to publish national broadband strategies, adopt objectives and exchange best practices with the aim of rolling out broadband services in their countries (Agence Europe 8637, 03/02/2004; Agence Europe 8688, 19/04/2004). Other objectives of the e-Europe Action Plan 2005 were the development of online public services (e-government, e-learning, and e-health), a dynamic e-business environment, and a secure information infrastructure. The main multilateral surveillance instruments proposed for the attainment of these objectives were the exchange of experiences, monitoring of policy measures and benchmarking (European Commission 2002e: 9). It is striking to see that the term ‘open method of coordination’ is not used as such in the e-Europe Action Plan 2005.¹⁶⁷

In a report published in 2004, the e-Europe advisory group of the Commission proposed the revision of some elements of the action plan. With regard to the OMC, the advisory group

¹⁶⁶ The development of the internet has highlighted the need for education and training. The basic skill of computer use is one of the educational gaps that have been opened up by the development of information and communications technologies and the demands of an information society (Dearnly and Feather 2001: 82).

¹⁶⁷ The OMC is only mentioned in Commission documents published in the period 1999-2005 in the mid-term review of the e-Europe 2005 Action Plan (European Commission 2004c: 10) and in the benchmarking report of 2002 (European Commission 2002a: 3).

emphasised the importance of stakeholder dialogue and exchange of good practice ‘in order to identify pathways towards progress’ (European Commission 2004b: 20). This advice was taken into account by the Commission in the new e-Europe Action plan that was proposed to the 2005 spring summit. This initiative was labeled in 2010 and builds on the two former e-Europe Action Plans and the revised Lisbon strategy (European Commission 2005c; Agence Europe 8959, 01/06/2005). Further details on the consequences of the revision of the Lisbon strategy for the e-Europe initiative are provided in the section on the degree of development of the infrastructure of the OMC e-Europe.

9.3 Explaining the choice and development of the OMC e-Europe

This second section discusses why member states passively accepted the Commission proposals without insisting on the development of the infrastructure of the OMC. From this discussion it will become clear that there is no conflict on the e-Europe field between member states with an incentive to act, and member states with reluctance to act on the European level. Hence, the OMC could not perform its role as a compromise instrument and remained restricted to an OECD-like multilateral surveillance tool with benchmarking and a limited exchange of policy practices.

The incentive to act of national governments

There are several reasons why member states agreed with the proposals of the Commission to act on the European level with regard to the emergence of the internet. These reasons to act on the EU level are primarily related with a wish to solve problems on the national level, i.e. in line with functionalism. First, as an offshoot of the Commission responsibility for telecommunication legislation, member states allowed DG information society to play a catalytic role with regard to the emergence of the internet in the EU (Interview CEC 15 November 2005). As a result, the Commission remained in its 1999 e-Europe Action Plan fairly close to the telecommunication-issue (European Commission and European Council 2000).

A second reason why member states accepted the e-Europe proposals of the Commission relates to improving the performance of the European information society as a whole vis-à-vis the US. This concern was most clearly visible around 2000 with the setting in place of the new Union goal to become the most competitive economy of the world with a

high degree of social cohesion.¹⁶⁸ Next to the idea that Europe could offer an alternative way to come to economic growth by ensuring a higher social welfare than exists in the US, also many comparisons were drawn between the US experience with the emergence of the internet and the way the EU should go with its e-Europe initiative. According to a Commission official who was closely involved in the writing of the e-Europe Action Plans:

‘1999 it was useful time for us, because the whole *dotcom*-boom made internet-related policy politically attractive. (...) What we wanted to do was to get politicians on board. In the US it was clear that Clinton and Gore were pushing this very strongly. (...) They were pushing ahead and America was a long way ahead. But not all European politicians seemed to have got the point. Companies have been investing in technology for 20 years. But it was only about the mid-nineties that it seemed to make a difference. And in our analysis the reason for that was that the internet made the key difference, connecting these things together’¹⁶⁹ (Interview CEC 15 November 2005).

Whether or not as a consequence of the e-Europe initiatives of the Commission, towards the end of the 1990s a large number of national governments recognised that ICTs are crucial for economic competitiveness, sustainable development and social cohesion (Dearnly and Feather 2001: 63-64; The Tavistock Institute et al. 2005: 27).¹⁷⁰ Hence, it is not surprising that the Council wanted to include the e-Europe initiative of the Commission into the Lisbon strategy

¹⁶⁸ As well as the Lisbon strategy, there are also some practical issues related with the emergence of the internet on which member states see that they have to act collectively on the European level. Examples are the fight against harmful and illegal content on the internet, and the overall administration of the internet. With regard to the latter, the member states judge that they can have a greater impact on the United States when they speak with one EU-voice (Mann and Harbour 2005).

¹⁶⁹ The EU way to build the information society deviates substantially from information society policies evolving in North America or East Asia (Venturelli 2002). There is a fairly high degree of agreement between the information society visions of the member states and the EU institutions. This is related with 1) the fact that the level of abstraction is so high in various visions on the information society that there is no basis for disagreement; 2) the low controversy around the area of information technology (i.e. no ethical or environmental concerns related with it); 3) the hegemony of neo-liberal discourses’ and 4) the role of the EU in harmonising the information society *visions* of its member states (Henten and Kristensen 2000). Despite similarities between member states within the European Union, there are indications that some European countries are better situated to push for the development of the information society than others (Dang Nguyen and Jolles 2005: 20). During their time at the EU helm, Finland (second part of 1999) and Sweden (first part of 2001) made the information society one of the main priorities during their presidencies. This raises the question whether a distinct Nordic vision for the information society exists. However, a detailed analysis shows that Finland and Sweden are not ‘issue owning’ countries with regard to the emergence of the internet, and that the Nordic vision is very similar to the thinking taking place on the EU level and in other member states (Henten and Kristensen 2000).

¹⁷⁰ The use of ICTs accounted for 40% of the productivity growth in the EU between 1995 and 2000. Moreover, it is claimed that ICTs provide a boost to citizenship and to the quality of life (The Tavistock Institute et al. 2005: 37). This does not differ significantly from advantages assigned to R&D issues. However, the R&D field is - in contrast to the e-Europe initiative - a well established issue on the European level since the 1980s.

- which aimed at making the EU the most economic competitive and socially cohesive society in the world by 2010. The political attractiveness of the e-Europe issue around the turn of the century was fuelled by a booming stock market for internet related companies and the auctioning of 'third generation' licenses by national governments around Europe. Moreover, the American economy was going through the longest period of economic growth in its history, which was viewed to be related with the emergence of the internet.

A third reason why member states agreed with the proposals of the Commission to act on the EU level with regard to e-Europe, is that doing so contributes to getting and keeping the issue of the emergence of the internet on the national political agenda.¹⁷¹ Through the e-Europe benchmarking process political visibility and leverage with regard to e-Europe issues are enhanced in the member states (The Tavistock Institute et al. 2005: 16, 54). For example, during its time at the EU helm the Finnish government paid attention to e-Europe matters in the EU context in order to 'fame' its own policy performance vis-à-vis other member states and made this known to actors on the domestic level (The Tavistock Institute et al. 2005: 4).

A fourth reason why member states accepted the e-Europe proposals of the Commission is related with the relative recent emergence of the internet. Because of the latter, member states lack knowledge on how to channel these new developments on the national level. Hence, member states needed to learn from each others policy practices. This need was already recognised by the Commission in 1996 when it introduced benchmarking and a limited exchange of best practices, and was confirmed by the Lisbon Council in 2000.

These four reasons facilitated member state approval of the proposals put forward by the Commission. Moreover, in the eyes of the member states the latter three reasons were sufficiently addressed by the e-Europe framework, making it unnecessary for member states to propose 'e'-initiatives for the EU themselves, or insist on the development of the infrastructure of the OMC e-Europe (see below). However, the incentive of member states to act on the European level with regard to e-Europe issues should not be exaggerated. The position of member states with regard to e-Europe initiatives is also characterised by

¹⁷¹ This is echoed in the e-Europe Action Plan that was adopted by the Nice Council. The OMC was seen here as an instrument that could 'ensure that actions are carried out efficiently, have the intended impact and achieve the required high profile in all member states' (European Commission and European Council 2000: 13). An example of the latter is a statement by a Danish civil servant that with regard to information society matters: 'our ministers love to go to the media and say that Denmark is number 1 in an area'. Another example is of a Dutch civil servant who reported that if the Netherlands did worse in an area with respect to the previous year, ministers were quick to ask why and to approve remedial action (The Tavistock Institute et al. 2005: 31). A Swedish policy maker described e-Europe as follows: 'it is a great motivator, gives us internal leverage'. An Austrian policy maker said that e-Europe has put information society issues back on the national agenda (The Tavistock Institute et al. 2005: 13).

disinterest and a mild reluctance to act on the European level. Four points are worth mentioning in this respect.

First, the initial enthusiasm of the Council for the emergence of the internet did not last long. According to some commentators, the EU leaders in Lisbon - with the technology dominated NASDAQ market at its peak during the Lisbon summit - appeared to be mesmerised by the 'new economy' (Barnard 2000).¹⁷² However, after the adoption of the Lisbon strategy and the Council meeting at Feira, the internet bubble burst on both sides of the Atlantic and stock markets turned against ICT companies. According to the European Voice, this provided a timely reminder to European policy makers that the unfashionable 'old economy' is still intact and remains the motor for economic growth (Barnard 2000; see also Dearnly and Feather 2001: 142).

From the above discussion it seems that a new issue such as the emergence of the internet is vulnerable to hype,¹⁷³ i.e. a steep, temporarily increase in the saliency of an issue. Because no one knows what the new development is exactly about, it is highly likely that the potential impact will initially be undervalued or exaggerated. In the case of the e-Europe initiative this meant that the 'new revolution' happened much slower than internet-guru's had predicted, leading to a loss of interest in the e-Europe issue by politicians and policy-makers that had considered it in 2000 an important issue. Moreover, the bursting of the internet-bubble prevented the emergence of the internet from becoming salient in the eyes of the public. However, the building of the European information society continued - although in a lower gear than scheduled in Lisbon - and the member states asked the Commission in 2002 to come up with a second e-Europe Action Plan (European Council 2000; European Commission 2002e).

A second point that indicates that member states had overall only a weak incentive to act on the European level with regard to e-Europe matters also relates to the relatively recent emergence of the internet. Because of the latter, the emergence of the internet is largely

¹⁷² The book 'Living on Thin Air: the New Economy' written by Leadbeater - a supporter of the thesis that the information society is radically new - shows many parallels with the thinking that was going on in the European Councils of Lisbon and Feira in 2000. It is illustrative that Tony Blair openly declared himself a supporter of the analysis of Leadbeater. Leadbeater claims that a 'weightless economy' is taking shape. In such an economy products are not physical but rather informational: 'these days most people in most advanced economies produce nothing that can be weighted: communications, software, advertising, financial services. They trade, write, design, talk, spin and create: rarely do they make anything' (cited from May 2002: 14).

¹⁷³ Evidence for such hype is the number of European Voice articles published in the period 1999-2005 on the emergence of the internet; 1999: 9, 2000: 22, 2001: 16, 2002: 7, 2003: 3, 2004: 5. These numbers indicate that the (news) hype occurred around 2000-2001. Although these numbers run parallel to the attention given to the Lisbon strategy, the decrease in attention after 2001 is much steeper for the internet issue than for the other issues studied.

unknown territory for member states, and, hence, they do not yet know at which level policy competencies are best allocated. Before member states were ready to turn to the EU level and invest time and energy in the e-Europe initiative, the role of different actors on the national level with regard to e-Europe initiatives had to be defined. This ‘terra incognita’ problem manifests itself in practice through the struggle to effectively engage the broader private sector,¹⁷⁴ the difficulties of some countries to establish their own independent competence and capacity in ICT matters because of too close links with the ICT industry, and problems to effect convergence across different national ministries (The Tavistock Institute et al. 2005: 29).

Third, the member states with a more advanced internet policy on the national level are more likely to focus their search for best policy practices on the OECD¹⁷⁵ instead of on the EU (The Tavistock Institute et al. 2005: 29). Member states who are among the best performing countries on ICT in the EU view that they have to look at policy practices in the US, Canada, Japan and Korea, in order to remain high performers in Europe (The Tavistock Institute et al. 2005: 28). For these member states the e-Europe initiative can - by and large - only lead to ‘unreciprocal learning’ (The Tavistock Institute et al. 2005: 49, 55, 67). In sum, with regard to internet policy a global web of international exchanges¹⁷⁶ is created, in which e-Europe only plays a small part (The Tavistock Institute et al. 2005: 30).

A fourth reason why the interest of member states in internet policy matters and its European Union dimension should not be exaggerated, is related with reluctance of member

¹⁷⁴ Information society developments are largely private sector driven and reflect and react to global trends. Although such developments may be enabled or hindered by governmental action, their dynamics are largely independent of government (The Tavistock Institute et al. 2005: 25). In the academic literature it is even claimed that the rise of the information society will weaken the state. As ICT became more and more widely available in the 1990s, more and more believers in the ‘new economy’ argued that thanks to the rise of the information society civil society is able to confront the state, which is judged as outdated and no longer - if it ever was - the most efficient way to organise society (Dearnly and Feather 2001: 53). May is sceptical of this view, stating that not only have some states been very successful at organising their economies to respond to the information revolution (he gives as an example the e-Europe Action Plans), ‘the supposition that such a revolution can take place without a central role for the state is mistaken.’ According to May, the argument that the state is in decline due to the emergence of the internet ignores the state’s role as guardian of the legislative infrastructure that underpins market activity and the state’s role in protecting intellectual property. Furthermore, the crucial and central technologies of the information age were not developed exclusively by market actors but rather stem from major governmental investments in the past (May 2002: 127-128).

¹⁷⁵ The choice by the OECD to highlight the information society issue is in line with the claim of Dostal that due to a shrinking resource base, additional pressure is put on the OECD to pick ‘winning issues’ and ‘to campaign only in cases that appear to have been previously under-exploited by others’. The PISA-studies already proved to be such a ‘winning issue’ for the OECD (Dostal 2004: 456-57).

¹⁷⁶ An example of such an exchange scheme is the initiative of the European Commission and Japan to set in place the Global Inventory Project (GIP), which was designed to catalogue all information society projects carried out in the EU and Japan. The GIP aims to disseminate examples through the internet of best practices and to ‘foster international alliances’ in future information society projects. Another example is the UNESCO information society Barometer website, which provides information on virtually all information society initiatives around the world (Dearnly and Feather 2001: 122).

states to let the EU interfere in their national health care policies. According to a Commission official working in DG information society:

‘(...) national governments are absolutely clear with health. health is a national issue. It is not in any sense a European issue. We are specifically excluded by the treaty. (...) Now, the reason for this is in part because the member states need to be able to make their own planning and they hate the idea of there ever being a single market legislation encroaching on health. Because if it were the case that any European could go to any European country for their health services then it would be a nightmare to plan and budget for this. So, they want to keep health for themselves’

(Interview CEC 15 November 2005).

At the same time, the importance of information for the health industry combined with the electronic means currently available, are radically changing national health systems. For example, the electronic means are available to introduce a European Health Card which ensures health coverage for European citizens in every EU member state. However, the possibilities created by new technologies for EU level initiatives are not used optimally because of reluctance of member states to lose control over their health care policies. This reluctance shows parallels with the fear for a shift of competences in the context of social policy initiatives.

In sum, the four reasons that led member states to accept the e-Europe-proposals, and the four reasons that underlie the disinterest of member states in internet policy and its EU dimension, did not lead to a conflict between member states with an incentive to act, and member states with reluctance to act on the European level. Instead, the first three reasons that underlie the disinterest of member states in e-Europe initiatives weakened the incentive to act of member states with regard to e-Europe. The fourth reason (i.e. the reluctance to act on the EU level with regard to health issues) is not representative for the whole e-Europe initiative, and, hence, was too weak to lead to a widely shared reluctance to act on the EU level with regard to e-Europe initiatives.¹⁷⁷ In practice, the e-Europe action plans of the Commission provided some advantages for the member states - such as exchanging policy practices - which encouraged them to agree with these plans. However, no conflict between member states with reluctance to act and an incentive to act could be identified. As will become clear

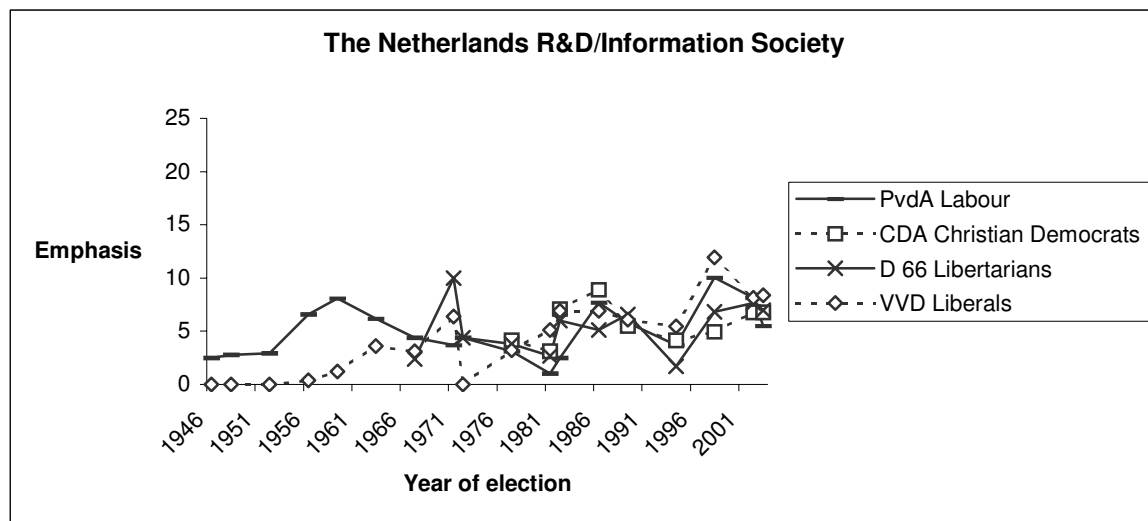
¹⁷⁷ Illustrative in this context is that references by member states to the treaty base or the principle of subsidiarity are rare in the field of the information society (Interview CEC 15 November 2005).

from the following discussion, the absence of such a conflict meant that the OMC could not perform a compromise function with regard to internet policies, and, hence, the Commission and the Council did not see the added value of developing the infrastructure of the OMC e-Europe.

The choice for the OMC

On the education, R&D and social inclusion field, the choice for the OMC followed from a necessity to find a policy instrument that could strike a compromise between member states who were willing to act on the European level, and more reluctant member states. Although the vague contours of such a conflict are visible in the case of e-health,¹⁷⁸ in general no national government identified a pressing reason to act on the EU level, and no national government had electoral, strategic or economic interests to oppose an e-Europe initiative.

Internet policies are non-salient through time in the eyes of the public (see chapter 4), and are therefore unattractive for political parties to develop an issue ownership on (see figure 9.1). However, the overall attention in the manifestos of political parties for the R&D/information society issue increased somewhat from the middle of the 1990s (see appendix II).



¹⁷⁸ It is not unlikely that the e-health component of the e-Europe initiative in the future will be treated under the OMC health care, for which DG employment and social affairs is responsible (Jost 2006; Szyszczyk 2006: 491). The OMC is seen by this DG as the most appropriate instrument to deal with the health care issue because it can give health ministers a voice on the European level. This is judged necessary by DG employment and social affairs. The stronger involvement of finance ministers on the EU level through the setting in place of EMU and the focus of EMU on strict public deficits created a situation in which, a sizing down of the national health care systems can be proposed with more legitimacy. In the eyes of DG employment and social affairs, giving a voice on the EU level to health care ministers through the OMC could counter this. Hence, it seems that the choice for the OMC in the case of health care and the development of its infrastructure will proceed more along the line of the OMC social inclusion.

Figure 9.1: The Netherlands and ownership of the R&D/Information Society issue (Manifesto Research Group data)

Despite the low saliency of internet policy in the eyes of the public, attempts were made by the Commission and some member states to link the e-Europe initiative to more salient issues. Examples are general statements on the information society as a powerful engine for growth, competitiveness and jobs (Agence Europe 7650, 07/02/2000; Agence Europe 7670, 06/03/2000; Agence Europe 7906, 19/02/2001), and the attempts of the Commission to link e-Europe with the employment issue. The latter manifested itself through the communication 'jobs in the information society: exploiting the potential of the information revolution', the e-learning initiative of 2001, and the attention for e-inclusion¹⁷⁹ through skill-training in the e-Europe Action Plan 2005 (Agence Europe 8153, 18/02/2002; Agence Europe 7903, 14/02/2001). However, this did not lead member states or the public to come to view internet policy as of strategic or economic importance.

In sum, no electoral, strategic or economic interests can be identified that might lead to an increase in the saliency of internet policy in the eyes of the public or of a national elite of politicians and bureaucrats on the national level. As we saw previously, because of the high volatility of the saliency of the e-Europe initiative among an elite of politicians and bureaucrats, both the incentive and reluctance to act on the European level of national governments are weakened. This led to a situation in which no conflict could be identified that made a search for a middle path in EU governance necessary. Hence, there was no need for a policy tool (i.e. the OMC) that could solve such a conflict. In sum, the answers to the questions of why the OMC is chosen and what can explain the degree of development of its infrastructure, have to be distinctly different from the answers given for the education, R&D and social inclusion policy fields.

With regard to the choice for the OMC e-Europe, two points are important to take into account. First, around the turn of the century member states recognised that they needed to learn from each other how to address challenges related with internet policies. As early as 1996 the Commission proposed a benchmarking exercise and a limited exchange of policy practices in order to increase insights into how state authorities can best channel the

¹⁷⁹ See for the inclusion of women through the new information technologies: Agence Europe 8458, 08/05/2003; on the inclusion of disadvantaged regions through the new information technologies: Agence Europe 8651, 23/02/2004; on the inclusion of disadvantaged people through the new information technologies: Agence Europe 8651, 23/02/2004; Agence Europe 8654, 26/02/2004. The European Parliament backs the Commission in its stress on e-inclusion in general (Agence Europe 7659, 18/02/2000) and of women and regions in particular (on women: Agence Europe 8583, 12/11/2003; Agence Europe 8700, 05/05/2004).

emergence of the internet. The Commission reasoned that because of the relatively recent emergence of the internet, member states lack knowledge on how to address issues such as e-commerce, broadband penetration, public services on the internet, and the skill level of the population (Tsipouri 2000). Moreover, it is still an open question whether EU regulation, self-regulation, public-private co-regulation or no regulation at all, will provide the most appropriate approach to deal on the EU level with the emergence of the internet (Werle 2002: 152). When no one knows the right approach, the only thing that stands is consensus on the need to learn from each others policy practices (The Tavistock Institute et al. 2005: 34). In line with the functional logic underlying the hypothesis derived from the claim of Scharpf,¹⁸⁰ it was reasoned by national governments and the Commission that a multilateral surveillance tool through which mutual learning would be engendered, was most appropriate to close these knowledge gaps on the national level. However, to close these gaps it was not necessary to develop the infrastructure of the OMC e-Europe to a high degree. The section on the development of the infrastructure of the OMC will elaborate on the latter point.

A second point that can explain the choice for the OMC e-Europe is related with the postponement of member state adoption of the 1999 e-Europe Action Plan, and the integration of the plan in the Lisbon strategy. Because member states around the turn of the century recognised that the information society can be an engine for growth, competitiveness and jobs, it is not surprising that the Council wanted to include the e-Europe Action Plan into the Lisbon strategy - which aimed at making the EU the most economic competitive and social cohesive society of the world by 2010. Moreover, because of the codification in Lisbon of a policy instrument which should come to function as a framework for mutual learning (i.e. the OMC), and the e-Europe Action Plan on the agenda - which included a benchmarking exercise and exchange of experiences that should lead to mutual learning - the decision to link the OMC with e-Europe was obvious in the eyes of the heads of state and government at Lisbon. It is striking to see that the decision to establish this link was taken autonomously by the heads of state and government present at Lisbon. In relation to this a Commission official closely involved in the writing of the e-Europe Action Plans stated:

‘(...) when it [i.e. the OMC] was applied, it was a real shock to us. We wrote the e-Europe Action plan. We wrote the first communication on e-Europe in 1999 for Helsinki. There was

¹⁸⁰ The hypothesis on the choice to develop the infrastructure of the OMC that was derived from this perspective states that an OMC with a more developed infrastructure is better able to solve problems on the national level that cannot be solved by an exclusive focus on the national level.

then a decision that it wouldn't go to Helsinki but would rather be postponed and go to Lisbon. In the Lisbon presidency conclusions it could be read that the Commission and member states should develop an e-Europe Action Plan by the Open Method of Coordination. (...) So even when something like that, where I was one of the authors, of e-Europe, I was involved in every aspect of the process, I went to Councils, I went to Council working groups, the conclusions were just totally unexpected. (...) I read it when the conclusions came out, I was like "what is the Open Method of Coordination"!' (Interview CEC 15 November 2005).

Because the Commission already recognised in 1996 and 1999 the need for multilateral surveillance of national internet policies, officials in DG information society did not see - after finding out what the OMC exactly was about - the added value of the OMC template against the background of what had already been proposed by them. Because national governments reacted positively to the proposal of the Commission in 1999 to step up the exchange of best practices, officials of DG information society were surprised that these same national governments mandated a few months later the adoption of a much more ambitious multilateral surveillance tool (i.e. the OMC) with an open-ended character (Interview CEC 15 November 2005). The surprise of DG information society soon turned into the conviction that the OMC was not appropriate for the e-Europe initiative. Especially the open-endedness of the OMC was in the eyes of Commission officials out of place. DG information society judged an action plan running for two years as more appropriate, did not schedule a follow-up nor develop a detailed plan for an OMC e-Europe. The mandate of the heads of state and government to adopt an OMC for the e-Europe initiative field was therefore only formally implemented, with the Commission dropping the term 'OMC' now and then in the revised e-Europe Action Plan 2002 (European Commission and European Council 2000). In practice, that which was implemented was the benchmarking exercise as envisaged by the Commission in its 1999 e-Europe Action Plan.

The development of the OMC

Only at the time of the Lisbon summit did member states show willingness to develop the e-Europe benchmarking exercise into a full-blown OMC e-Europe. In the following years, the invitation of the Council to draw up 'a comprehensive e-Europe Action Plan using an Open Method of Co-ordination' was not taken up by the member states. As a result, the infrastructure of the OMC e-Europe remained underdeveloped. Before turning to the

explanation for why this invitation was not taken up by the sectoral Council, it is first necessary to assess the degree of development of the infrastructure of the OMC e-Europe in more detail.

A first point to be mentioned with regard to the development of the infrastructure of the OMC e-Europe is that the OMC is not systematically applied to all matters related with the emergence of the internet. For example, it does not take into account differences between member states in degree of liberalisation of their telecommunication sectors. Another important aspect related with the emergence of the internet that is not covered by the OMC e-Europe is the crucial role of R&D (The Tavistock Institute et al. 2005: 14). Third, the OMC e-Europe largely covers issues that are centralised by state authorities. These issues are most easy to address, but are not necessarily the most important issues to address (The Tavistock Institute et al. 2005: 15). Moreover, on a sub-field of the e-Europe initiative a reporting scheme was introduced before the revision of the Lisbon strategy (i.e. the National Broadband Strategies), but this was not centralised under the umbrella of the OMC e-Europe and therefore could not diffuse to other subfields of the e-Europe initiative.

Second, the exchange of best practices between member states has not taken off. In the mid-term review on the e-Europe Action Plan 2005 the Commission identifies various instruments (i.e. forums, conferences, competitions and quality awards, support networks to promote mutual learning) to step-up the exchange of best practices, but acknowledges that more thought is needed on how to use these instrument to achieve a greater impact (European Commission 2004c: 10). To facilitate mutual learning, at least some of the elements of the OMC infrastructure as codified by the Lisbon Council have to be present. However, the infrastructure of the OMC e-Europe does not include long term guidelines, peer review, or an elaborate reporting scheme, the benchmarking component does not allow for agreeing specific concrete actions with individual member states, and actors on the sub-national level are not mobilised (The Tavistock Institute et al. 2005: 4, 36, 17). These gaps in the infrastructure of the OMC e-Europe hinder the exchange of policy practices between member states, which reduces the potential for mutual learning.

Although the aforementioned gaps in development are far from closed, the infrastructure of the OMC e-Europe is slowly developing because of policy developments external to the information society field. In the context of the revised Lisbon strategy, member states have to submit National Reform Programmes in which they also have to pay some attention to the information society field. Building on the revision of the Lisbon agenda, DG information society proposed a new framework for policies related with the emergence of the

internet: i2010 (The Tavistock Institute et al. 2005: 39). This new action plan for e-Europe centres around three policy priorities: i) the creation of an open and competitive single market for information society and media services within the EU; ii) an increase in EU investment in research on information and communication technologies by 80% and; iii) the promotion of an inclusive European information society (Agence Europe 8959, 01/06/2005, Agence Europe 8973, 20/06/2005). The i2010 framework includes an annual report and improved exchange of good practices through the organisation of ministerial conferences, good practice websites, and stakeholder networks (The Tavistock Institute et al. 2005: 42). The annual i2010-report is fully part of the National Reform Programmes in which member states are asked to define information society priorities in line with the integrated guidelines for growth and jobs (European Commission 2005g: 5-6).

In the past, member states did not directly provide the national data needed for reporting. To be sure, this is not related with a reluctance to act of member states or opposition against too much EU interference in their national internet policies. Because of the recent emergence of the internet, many member states did not yet collect data on this new development and, hence, cannot provide the Commission with these data. According to Room, statistical systems are still very much geared to the 'old economy'. This means that 'all those who seek to measure these new developments are torn between what existing statistics can reveal and the data that new concepts properly require' (Room 2005a: 7). Second, member states express in general quite often objections against collecting data because see it as merely an increase of the bureaucratic burden without that the reporting has any added value.

For the development of the infrastructure of the OMC e-Europe it can be concluded that through policy developments external to the information society field (i.e. the revision of the Lisbon strategy), the OMC e-Europe is starting to move slowly from a loose model of co-ordination (with common strategies and agendas, limited exchange of good practice, and limited peer learning) to an intermediate model of coordination (with standard indicators of progress; some additional financial resources; and peer pressure) (The Tavistock Institute et al. 2005: 43).¹⁸¹

¹⁸¹ A tight (i.e. more developed) model of coordination that is identified for the e-Europe initiative consists of: clear targets, national action plans, significant additional financial resources, transparent monitoring of progress and peer review (The Tavistock Institute et al. 2005: 43).

Elements OMC	Degree of development	Comments
1. fixing guidelines, specific timetable for achieving the goals which they set in the short, medium and long terms	+	Fairly developed timetables because of e-Europe Action Plans. Strategic long term view and long-term guidelines are lacking.
2. indicators and benchmarks	+	Benchmarks and indicators present. Not very useful for member states with more advanced internet policies in place on the national level.
3. translating European guidelines into national and sub-national policies (NAPs)	+/-	No NAP. Recently a reporting scheme introduced through the revision of the Lisbon strategy (NRPs). Reporting remains light and geared to the past.
4. periodic monitoring, evaluation and peer review organised as mutual learning processes	-	Absent. Recurring proposals on how to organise the exchange of best practices effectively. Joint report in context of NRPs.

++ = highly developed; + = developed; +/- = underdeveloped; - = absent

Table 9.2: The degree of development of the OMC e-Europe and the OMC template

Further assessment of the hypothesis central in this thesis raises the question of whether the low degree of development of the infrastructure of the OMC e-Europe is related to the absence of a conflict between member states with an incentive to act and member states with reluctance to act on the EU level.

A first point that can explain why member states did not take up the invitation of the Lisbon Council to fully develop the infrastructure of the OMC e-Europe, is related with the relatively recent emergence of the internet and the rapid technological developments related with it. Because of the latter, policy instruments that are adopted on the information society field have to be able to adapt to technological advancements (Dearnly and Feather 2001: 38; Tsipouri 2000). With regard to data protection and copyright for example, law makers are always following the technologists, trying to establish an orderly regime in a rapidly changing world (Dearnly and Feather 2001: 76; McLauchlin 2005). According to a commentator:

‘The internet moves at lightning speed, so perhaps it is not surprising that the EU - which still operates under rules devised when computers ran on vacuum tubes and were the size of school buses - often has trouble keeping pace.’

(Winneker 2001).

Hence, a policy instrument for the information society field has to be flexible enough to be able to adapt to new developments with regard to information technologies (The Tavistock Institute et al. 2005: 33). The empirical findings indicate that the OMC infrastructure as it was codified in Lisbon,¹⁸² can cope with the fast technological developments with regard to the emergence of the internet.¹⁸³ For example, in the case of national broadband policies the Commission proposed to keep national approaches under review and encourage member states to update them continuously.¹⁸⁴ Through the latter, new ways of delivering high speed access of the internet are taken into account (Agence Europe 8738, 30/06/2004).

However, the capacity of the OMC to adapt to new technological developments and at the same time allow for mutual learning should not be exaggerated. To offer a platform for mutual learning, the infrastructure of an OMC should include at least exchanges of policy practices. From other OMCs it shows that this can be especially facilitated through the drawing up of NAPs by member states. However, the empirical evidence indicates that an OMC e-Europe with NAPs and long term guidelines/objectives is judged by the member states as not flexible enough to take into account new technological developments related with the emergence of the internet, and - when proposed - risks to be viewed by the member states as a purely bureaucratic vehicle (The Tavistock Institute et al. 2005: 30, 35). For example, a best practice on a specific point in time and written down in an annual or two-yearly joint report, will not be a best practice in a near future with a higher degree of technological development. In a similar way, a static element is introduced in the OMC e-Europe through the choice for indicators (Room 2005b: 125). In this context, in 2000 some industry players questioned the point of setting deadlines for 2005 in the context of the e-Europe Action

¹⁸² Whereas the OMC is viewed as a policy instrument that can facilitate mutual learning on 'a moving target' - i.e. the emergence of the internet - the Community method is not considered appropriate for this. According to a commentator: 'In a world where the latest high-tech gizmo is obsolete in six months, the usefulness of laws of regulating the use of new technologies - that can take up to four years before the EU law makes its way into the statute books in the Union's member states - is, to say the least, debatable' (Coss 2001).

¹⁸³ It has to be noted that the OMC e-Europe is not chosen because it is considered the best policy instrument to adapt to new technological developments. It was never considered in that way by the Council or the Commission (Interview CEC 15 November 2005).

¹⁸⁴ These national broadband strategies cannot be seen as genuine National Action Plans for the whole e-Europe initiative. The National Broadband Strategies would be only one element in a NAP e-Europe, are now only addressing a small part of the e-Europe theme (i.e. broadband connections), and are geared to the past. There are some Commission communications on the e-Europe initiative that are similar to the review reports as they are published in education, social inclusion and employment, but - again - these only address broadband penetration, and report what has been done, and not what will be done. See for example the Commission communication 'Connecting Europe at High Speed: National Broadband Strategies' (European Commission 2004d). In this communication an overview is given of the different National Broadband Strategies and the Commission presented - on the basis of the by the member states submitted National Broadband Strategies - some very general points of attention for all member states.

Plan,¹⁸⁵ when in the internet-era ‘even six months is an age’ (Chapman 2000). In sum, a static element is introduced through the choice for long-term guidelines and indicators, and the requirement of drawing up NAPs. However, the wish to keep the OMC e-Europe as flexible as possible - and not to allow reporting schemes, joint reports and detailed indicators to form part of the infrastructure of the OMC e-Europe - is not the only point that can explain why the invitation of the Lisbon Council to develop a full-blown OMC for the e-Europe initiative was not taking up.

A second point that has to be taken into account in the explanation for the low degree of development of the infrastructure of the OMC e-Europe is related with the partnership between the Commission and the Council that underlies the development of the infrastructure of the OMC e-Europe.¹⁸⁶ Although this partnership seems not directly relevant for the assessment of the hypothesis, the facilitating role of the Commission proved to be vital for putting in practice the incentive to act on the EU level of member states through a developed OMC.

When focusing on the role of the Commission in this partnership, it becomes clear that the Commission considered the benchmarking exercise - as envisaged in the 1999 e-Europe Action Plan - sufficient to foster an exchange of policy experience between member states in the short term. Illustrative of this is a comment by a Commission official working in DG information society:

‘(...) OMC was plugged out of thin air, and imposed on us, without there being any model or clear structure as to how it should be used. Now, we were told that we should apply OMC to an Action Plan that seemed to me not appropriate for it. Because what the Action Plan had done and what the member states had already agreed to was a series of targets, of things to be achieved by the *end of the year* [emphasises added by author]. At what point did we need OMC and to go back to the member states to discuss this?’

(Interview CEC 15 November 2005).

¹⁸⁵ Note that the idea for longer-term deadlines came from the Lisbon and Feira Councils and not from the Commission. Initially, the Commission only envisaged that the e-Europe Action Plan would run for two-three years. However, the Lisbon Council asked for the setting in place of an open-ended process on the basis of the OMC.

¹⁸⁶ The way in which this partnership functions became clear from a comment of a Commission official working in DG education. He stated that the Education Council is in the driver seat and allows the infrastructure of the OMC education to develop to a degree and in a speed it considers appropriate. At the same time, the proposals of the Commission are the fuel for the infrastructure of the OMC education to develop. Hence, the two institutions form ‘a dynamic duo’ (Interview CEC 16 November 2005). Such a relationship between the Council and the Commission could also be identified on other policy fields studied in this thesis.

In sum, the Commission did not have any intention to set in place an open-ended process such as the OMC. DG information society did not want ‘an empire for itself’ but wanted to obtain a political commitment of the Council and then ‘to get out because this market would work itself’ (Interview CEC 15 November 2005). Hence, a follow-up to the e-Europe Action Plan 2002 was not envisaged by DG information society. The OMC - typically an open-ended instrument - clearly did not fit with the short term goals DG information society wanted to reach with its original e-Europe Action Plan. Moreover, DG information society did not have any knowledge in 2000 on what the OMC was about and how it functioned in other policy contexts. This hindered DG information society in seeing the added value¹⁸⁷ of the OMC for the e-Europe initiative against the background of what already existed. Using the terminology of Radaelli (Radaelli 2003: 51), the OMC e-Europe could not function as a legitimising discourse for the e-Europe initiative because the e-Europe Action Plans already performed such a function. The latter provided the community of policy-makers already with a common vocabulary and a legitimising project. The Commission and the member states did not need the OMC to perform such a function.

Next to the lack of interest of DG information society to develop the infrastructure of the OMC, the role of the member states in the partnership between Commission and Council - which underlied the development of the infrastructure of the OMC on the other policy fields studied - is also limited. As we saw above, the willingness of national governments to act on the European level decreased after the bursting of the internet-bubble in 2001. Because of this weak incentive to act due to a drop in saliency of the internet issue, the Commission had difficulties in getting the support of the member states for new initiatives. According to a Commission official:

‘Over the course of the last year, we wanted a new strategy. This came not so much from the member states but from the change of the Commissioner in the Commission. She asked us to produce a strategy from 2005 to 2010. (...) We proposed first the procedure of annual reports where we could take stock of development and make proposals for the next period. Politically it didn’t go down very well and it was changed along the way (...) It is unpopular because it is dull. There is no headline. We will review things and implement it in a slow, dull way.

¹⁸⁷ The differences between the OMC template of Lisbon and the 1999 e-Europe Action Plan were all related with the open-ended character of the OMC, such as long-term guidelines and deadlines, and NAPs. These long-term elements of the OMC infrastructure did not fit with the short-term goals that the Commission wanted to achieve with its 1999 e-Europe Action Plan.

Politicians do not want that, they want something that they can grab on to. We tried to write it in that way instead. But the reality is that the information society has become less newsworthy. It was not 1999 anymore’
(Interview CEC 15 November 2005).

In sum, despite the invitation of the Lisbon Council to develop a full-blown OMC for the e-Europe initiative, the Commission and the sectoral Council did not take it up. While the OMC did not fit with the intentions of DG information society, the ministers in the sectoral Council did neither insist on the development of the infrastructure of the OMC e-Europe, because of a loss of interest in the issue of the emergence of the internet. Member states passively allowed the e-Europe plan to develop, and even came to consider it as a success. With the e-Europe Action Plans viewed as sufficient to reach the goals that are set, there was no push on the side of the member states to develop the infrastructure of the OMC e-Europe. Hence, the development of the infrastructure of the OMC was not facilitated by a partnership between the Council and the Commission. For the moderate development of the infrastructure of the OMC e-Europe, policy developments external to the information society field were responsible - i.e. the revision of the Lisbon strategy.¹⁸⁸

As became clear from this chapter, when there is no conflict to be solved on a policy field between an incentive and a reluctance to act, a search for a middle path in EU governance is not considered necessary and a less elaborate multilateral surveillance tool than the OMC is implemented. The multilateral surveillance tool in function on the e-Europe field cannot be considered a middle path in EU governance because it is not used to solve a conflict between an incentive and reluctance to act, and no EU governance mode which is more non-binding than the multilateral surveillance tool that is in function on the e-Europe field can be identified. To be sure, a type of multilateral surveillance is still considered the most appropriate policy tool for e-Europe - especially because of the need for learning on such a

¹⁸⁸ Because there are not even vague indications that member states used the OMC e-Europe as an instrument to prevent gaps in control from emerging, it is, first, not relevant to ask whether the degree of development of the infrastructure of the OMC e-Europe is related with the degree in which it can prevent gaps in control from opening. In the introduction of this chapter the expectation was expressed that the expected low degree of development of the infrastructure of the OMC e-Europe reflects the absence of a need to create a barrier against a shift of competences on this field. As became clear from this chapter, this was not the reason why the infrastructure of the OMC e-Europe remained underdeveloped. Instead, due to a weak and unstable incentive to act on the EU level of the member states, the infrastructure of the OMC e-Europe remained underdeveloped. Second, nor is it relevant to look at whether the strategy of using the OMC to prevent a gap in control from emerging is feasible in the context of the e-Europe initiative. Because the OMC e-Europe was not used as a response to the risk of an emerging gap in member state control, the feasibility of this strategy cannot be assessed.

new phenomenon as the emergence of the internet - but this tool is not as advanced as the OMC template codified by the Lisbon Council and lies closer to the OECD multilateral surveillance tools.

9.4 Conclusion

From the empirical findings presented in this chapter it became clear that DG information society already had some experience with elements of the OMC before it was codified by the Lisbon summit in 2000. Since 1996 a benchmarking-scheme was under way and in 1999 the Commission proposed in its first e-Europe Action Plan to step up the exchange of best practices (European Commission and European Council 2000). However, DG information society did not aim to set in place an open-ended structure, but only wanted the recognition of the Council in the short term that the emergence of the internet is important for economic growth. The Commission asked national governments to take this commitment home and start acting in line with it (Interview CEC 15 November 2005). However, with its mandate to implement an OMC for the e-Europe initiative, the Lisbon Council forced DG information society to go beyond this short term strategy, and address the question of the choice for a policy instrument. The Lisbon Council already provided an answer on this question; an answer with which DG information society was completely unfamiliar, i.e. the OMC (Interview CEC 15 November 2005).

A second point that raises doubts on whether the Commission and the sectoral Council were in a position to take up the mandate to implement the OMC is related with the speed of technological developments. As we saw above, forecasts on the contribution of the internet to economic growth are changing on a regular basis because of new technological developments. As a result, the impact of the internet on the longer term remains unclear and can lead to an underestimation or overestimation of the importance of the emergence of the internet. This hindered the formation of preferences about on which level policy action should be undertaken, which policy instrument is most suitable to channel new developments, and to what degree it has to be developed to be efficient/effective (Coss 1999, 2001; Dearnley and Feather 2001: 76; The Tavistock Institute et al. 2005; Tsipouri 2000; Winneker 2001).

With regard to the conflict between an incentive to act and reluctance to act on the European level on the side of the member states, it is first necessary to note that the incentive to act of member states was highly unstable due to the bursting of the internet-bubble in 2001. Hence, the enthusiasm about the emergence of the internet at the Lisbon and Feira Councils in

less than 2 years turned into disinterest and passive behaviour on the side of the member states. Moreover, because of the high uncertainty with regard to the effects of the emergence of the internet - caused by its relative recent emergence - member states do not yet know whether they have to fear a shift of competences or to encourage the Commission to take on a stronger role on this field. In sum, because of the high volatility of the saliency of the internet issue among an elite of politicians and bureaucrats, both the incentive and reluctance to act on the European level of member states are weak. This led to a situation in which neither the sectoral Council nor the Commission identified a conflict that justified a search for a middle path in EU governance. As a result, the OMC could not perform its compromise function, was judged inappropriate for the e-Europe initiative and, hence, its infrastructure remained underdeveloped. These findings are in accordance with the hypothesis (see table 9.3).

	Saliency	Issue ownership	Conflict	Development infrastructure OMC
Expected	Low	Absent	No	Low
Observed	Low	Absent	No	Low

Table 9.3: Expected and observed values for the e-Europe case.

By and large the above reasoning on the volatility of the saliency of the internet issue holds for the entire period 1999-2005. At the turn of the century it looked as if internet issues would become salient in a non-volatile way among politicians and policymakers. However, because of the bursting of the internet-bubble the internet issue was not for long considered of strategic or economic importance by a national elite of politicians and policymakers. A hype - i.e. a steep, temporary increase in the saliency of an issue - as happened around the emergence of the internet, is more likely to occur on issues that are relatively new. On these issues policymakers lack information to make a reasoned judgment on what the impact of the new development on society will be. Moreover, because of the relative recent emergence of the internet, the time was too short for political parties to absorb the internet issue into their electoral profile and develop an ownership of the issue.

Despite the absence of a conflict that could be solved by the choice for an OMC with a developed infrastructure, the Lisbon Council nevertheless mandated the adoption of an OMC for the e-Europe initiative. Two points can explain this choice. First, there was a need to learn on the side of the member states how to channel the emergence of the internet and solve related problems on the national level. This need - rooted in a functionalist logic - was already recognised by the Commission in 1996, confirmed in its 1999 e-Europe Action Plan, and pushed even further by the heads of state and government in 2000 with the choice for an

OMC e-Europe. Second, because of the codification in Lisbon of a policy instrument which aimed to set in place a framework for mutual learning (i.e. the OMC), and the e-Europe Action Plan on the agenda - which included a benchmarking exercise aimed at mutual learning - the decision to link the OMC with e-Europe was obvious in the eyes of the heads of state and government present at Lisbon. Subsequently, the member states lost interest in the e-Europe initiative because of the bursting of the internet-bubble and, hence, started to consider the benchmarking exercise proposed by the Commission as sufficient to address their need for mutual learning with respect to an issue of decreasing importance to them. Member states even came to view the e-Europe initiative as successful and did not insist on developing the infrastructure of the OMC. Recently, with the introduction of a reporting scheme through the i2010-initiative, the OMC e-Europe is slowly moving from a loose to an intermediate model of coordination. However, the proposal to introduce OMC-elements did not come from actors in the information society field, but - just as happened in 2000 with the Lisbon mandate - was rather imposed on them through developments external to the policy field, i.e. the revision of the Lisbon strategy. To be sure, the infrastructure of the OMC e-Europe remains rather underdeveloped, justifying to label the e-Europe multilateral surveillance tool as OECD-like - i.e. restricted to benchmarking and a limited exchange of best practices. The continuing underdevelopment of the OMC e-Europe confirms the claim underlying the hypothesis that it is not a matter of time before the infrastructure of all OMCs develops to the same degree, but that it is about timing; i.e. different elements come together at a certain point in time that facilitate the development of the infrastructure of the OMC.

Chapter 10

The structural impact of the OMC: opening the black box

For answering the research question of this thesis, it did not prove necessary to look deeply into institutional dynamics between actors on the national level. This might give the impression that this thesis deals with the national level as a black box, immune to the choice of the OMC and the development of its infrastructure. To take away this impression, chapter 10 will review the literature on the structural impact of the OMC on the national level. This will lead to a claim about the effect of the choice to develop the infrastructure of the OMC on the relationships between institutional actors in the (sub)national arena.

The previous four chapters have already paid some attention to the dynamics between actors on the national level caused by the choice for the OMC. First, the European level was used by national social affairs and employment ministries to counter the dominance of national finance and treasure ministries. Second, the German Länder looked with suspicion at the actions of the federal government in the European arena with regard to OMCs on policy fields that fall under the competence of the Länder. Through these two points some insights were gained on how the choice and development of the OMC influences the relationships between institutional actors on the national level. However, because of a lack of attention for the influence of the choice to develop the infrastructure of the OMC on the relationship between national parliaments and the national government, this picture has remained incomplete. In my view, this black box of executive-legislative relationships needs to be opened in order to give a more complete picture of the institutional dynamics resulting from the choice to develop the infrastructure of the OMC. The necessity becomes even more obvious when one considers that the literature on the structural impact of the OMC focuses primarily on the link between the executive and legislative branch of government in the member states. By paying attention to this relationship, a tentative answer to the question whether relationships between state authorities on the national level are affected by the choice to develop the infrastructure of the OMC can be formulated.

10.1 The executive and legislative branch of government in the OMC

Behind the literature on the structural impact of the OMC lies the view that it is necessary to answer the question of whether the democratic legitimacy of the political system is being undermined or, instead, enhanced by the OMC. In theory, the OMC is designed to keep

national policies national, leaving the decisions to the national political arena and allowing parliaments to decide on the policy proposals made to them, irrespective of the functioning of the OMC. However, many scholars have raised doubts on this supposed neutral functioning of the OMC (Dehousse 2002: 19; Radaelli 2003: 50; Smismans 2004; Tsakatika 2004: 98).

Without aiming to make a claim on the democratic legitimacy of the political system, I will review the literature on the OMC to assess whether and what sort of a dynamic is created by the choice to develop the infrastructure of the OMC between national governments and national parliaments. As a first step, the relationship between the national executive and national legislative branch of government that came about through the functioning of the OMC will be described and explained. Second, on the basis of this discussion a gate-keeping dynamic between the executive and legislative branch of government can be identified - fully in line with a liberal intergovernmentalist strand in the European integration literature and its emphasis on two-level games. The conditions under which this gate-keeping dynamic occurs will be specified. Third, an alternative answer on the question of who gains in structural terms from the functioning of an OMC with a highly developed infrastructure will be presented.

Executive-legislative relations and the functioning of the OMC

Almost all the contributions to the OMC-literature that touch upon the relationship between the executive and the legislative branch of government, share the vision that national parliaments are barely involved in the working of the OMC. Jacobbsson found for the Danish and Swedish case that the national parliaments in these member states have no decision-making capacity in relation to the NAP employment, but are merely informed in the relevant committees. This results in some limited parliamentary debate about the NAP (Jacobbsson 2005: 112). An interesting finding is that the strength of the Parliamentary EU Committee seems not to play a role. Although the European Affair Committee is considered to be stronger in Denmark than in Sweden, in both countries the committees have an advisory role with regard to the EES and the OMC social inclusion (Jacobbsson 2005: 109, 11). In the UK, a similar advisory role for the Parliamentary EU scrutiny Committees has led to the suspicion that the OMC is acting outside the traditional scrutinising structures of representative democracy (Armstrong 2005: 300-02).¹⁸⁹ In the case of Germany and the Netherlands the involvement of parliaments was marginal (Buchs and Friedrich 2005; Visser 2005).

¹⁸⁹ It is striking that this suspicion is emerging even more strongly in the UK with regard to the OMC health care (Armstrong 2006: 90).

This side-lining of national parliaments - which becomes especially visible through the drawing up of National Action Plans (De La Porte and Pochet 2005: 372; Smismans 2004: 17) - can be explained by the following points. First, the OMC process is by its very nature intergovernmental, with primarily civil servants responsible for drafting National Action Plans and presenting them in Brussels. National MPs are informed of these preparations, but often this happens too late. Second, national MPs may find it hard to follow OMC processes because - unlike normal EU legislation - the OMC does not have a clear beginning or end, or rules guiding the behaviour of actors.¹⁹⁰ Third, it appears that the policy impact of the OMC has so far been relatively modest. As a result, national parliaments have not found it worthwhile to spend time on scrutinizing such processes (Raunio 2004: 25).

The national executive as a gate-keeper?

The strengthening of the national government vis-à-vis the national parliament is seen by most scholars as the main consequence of the low degree of involvement of national parliaments in the OMC. It is claimed that because the OMC is heavily dependent on actor reception and action in the member states, the two-level game is strengthened. This provides a national government with a gate-keeping function between the European arena and the national parliamentary arena (Moravcsik 1993; Raunio and Hix 2000; Rometsch and Wessels 1996; Zeitlin 2005b: 481). In order to prevent criticism of national parliaments on government policy, national governments try to prevent that criticism voiced in the European OMC-arena percolates to the national level (Jacobsson 2005: 123). As a result, only selective learning is taking place. This is often highly conditioned by what a particular country, a particular coalition or a particular minister wants to hear, learn or teach (Visser 2005: 208-09).¹⁹¹

Through the low involvement of national parliaments in the EES in Denmark, Sweden, the Netherlands and France, national governments could perform a gate-keeping function (Ehrel et al. 2005: 229; Jacobsson 2005; Visser 2005). In the Dutch case, for example, the national government was able to allow only the downloading from the European level of the social democratic version of 'active welfare'. This was in the interest of the Dutch government at the time, because the overlap between the EES and already existing political

¹⁹⁰ Note that this reasoning is less applicable to the EES, which has a treaty based OMC.

¹⁹¹ Despite the weak gate-keeping function of the German federal government - due to the resistance of the Länder (see below) - Buchs and Friedrich find that the German federal government was able to perform a gate-keeping function through which policy actors advocating alternative strategies to the EES are side-lined (i.e. trade unions, and the left wing of the green and social democratic parties) (Buchs and Friedrich 2005: 265).

priorities on the national level reinforced the legitimacy of labour market reforms pushed for by the government (Visser 2005: 199-200).

However, the presence on a policy field of an OMC with a highly developed infrastructure does not necessarily lead to a situation in which national governments can perform a gate-keeping function between the European and the national arena. Although discussions in national parliaments on the output of the OMC social inclusion are as scarce as in the case of the EES, there are indications that in the case of the OMC social inclusion national governments are less able to perform a gate-keeping function. This is mainly related with the particular way the OMC social inclusion has been set up, i.e. with an emphasis on the involvement of civil society actors.¹⁹² In Sweden this mobilisation allowed NGO's to play a role in social inclusion policy-making, which hindered the national government in performing its gate-keeping function between the European and the national arena (Jacobbbson 2005: 109). Moreover, in the case of the social inclusion issue there is an interest in both Denmark and Sweden from the ministries' side in developing the local dimension and encouraging participation and contribution of non-state actors. The social ministries have a strong need for such external support for their policy priorities in relation to other ministries, especially vis-à-vis the ministry of finance (Jacobbbson 2005: 131, see for a similar but less strong mechanism on the social inclusion field in the French case (Ehrel et al. 2005: 238-39). The fairly high degree of mobilisation of NGO's through the OMC social inclusion - hindering the Swedish and Danish national governments to perform a gate-keeping function - could not be observed in other member states. This is said to be foremost related with a lack of transparency (i.e. closed-door debates between national and European civil servants) and a lack of public debate (on the Netherlands: Visser 2005: 206; on Germany: Buchs and Friedrich 2005: 269; on the UK: Armstrong 2005: 300-302).

Moreover, the German case makes clear that the presence of sub-national state authorities within a broad range of competences can hinder a federal government in performing a gate-keeping function (Buchs and Friedrich 2005, Van Kersbergen and Verbeek 2004: 159). Although the German Länder do not have formal decision-making power in the OMC, it seems that the German federal government is hindered in its actions on the European

¹⁹² A second reason mentioned in the literature - which is closely related with the reason mentioned in the text - focuses on the degree of saliency of an issue. It has been suggested that the more salient an issue is, the more it is shielded of by national governments from other actors on the national and European level in order to avoid criticism on this political sensitive topic. With the less salient social inclusion issue - compared with the employment issue - national governments care less about criticism and are therefore less worried about the consequences of the participation of actors who can blame and shame the national government (Buchs and Friedrich 2005: 275; De La Porte and Pochet 2002; Ferrera and Sacchi 2005: 151; Jacobbbson 2005: 26).

level with regard to the OMC due to the resistance of the Bundesrat.¹⁹³ Although the resistance at the sub-national level is both present in the case of the EES and the OMC social inclusion, it is stronger in the case of the social inclusion process. Buchs and Friedrich relate this to the more decentralised competence allocation in the case of social inclusion policies, compared to labour market policies (Buchs and Friedrich 2005: 279-80).

An alternative view: everyone is a winner!

Until recently, the claim that national parliaments do not gain from the OMC was uncontested. Duina and Oliver are so far the only scholars to raise doubts about this claim. These authors observe that the OMC may have indeed involved national executives more than parliaments, but that this need not have been to the disadvantage of the latter. According to Duina and Oliver, regardless of who is involved in the various OMC mechanisms, the production of more effective legislative frameworks¹⁹⁴ can only help national parliaments to assert themselves as the regulatory institution of society. This is claimed to be particularly the case on policy fields with weak legislative regimes (Duina and Oliver 2005: 184).

The claim of Duina and Oliver that national parliaments learned about solutions in other member states through the OMC and are thus able to produce better laws in their own countries, is heavily criticised by Raunio. According to Raunio, the OMC is a classical example of cooperative federalism. This type of federalism concentrates power in the executive branch - regardless of how effective state parliaments are in controlling their governments - and removes the decision process from the public sphere to intergovernmental meetings taking place behind closed doors. This has a negative impact on the transparency of collective decision-making and, consequently, on the accountability of the representatives (Raunio 2004: 26; 2006: 130).

In a reaction to the criticism voiced by Raunio, Duina and Oliver state that it is wrong to think - as Raunio seems to do - that a strengthening of the executive function necessarily results in a weakening of its legislative counterpart. According to Duina and Oliver it is conceivable that the OMC benefits the executive, while weakening some aspects of the legislative and strengthening others. The authors suggest that, while the OMC may have

¹⁹³ The resistance of the German Länder and their involvement in the OMC should not be exaggerated. The Länder were predominantly involved through the Conference of the Labour and Social Affairs Ministries (ASMK), which is the horizontal co-operative body among all sixteen Länder's Social and Labour Ministries. Beyond the ASMK, individual Länder hardly engage in the NAP social inclusion, except for some that participated in the consultative body at the federal level (Buchs and Friedrich 2005).

¹⁹⁴ According to Duina and Oliver national officials, observers and EU representatives alike, agree that the OMC has helped officials in a number of countries to design more robust, coherent and effective legislative approaches (2005: 186).

deprived national parliaments of access to important information - with consequences for the ability of legislators to deliberate - it has also put national parliaments in a position to produce laws of a higher quality than would otherwise have been possible. Duina and Oliver propose that in the case of the OMC, members of the executives should be seen as foot soldiers of national parliaments, i.e. members of the national executive attend meetings, produce reports, exchange information and produce policy proposals with possible legislative consequences. If the result is better legislative output, one can state, according to Duina and Oliver that national parliaments have gained. If in the process executives acquire more information and power of initiative, then one can say that the executive branch has also benefited (Duina and Oliver 2006: 132-33).

10.2 Conclusion

Through a review of the literature on the structural impact of the OMC it became clear that the national level is not immune for the OMC in function in the EES and on the social inclusion field. Because national parliaments are only marginally involved in the OMC, it was possible for national governments to perform a gate-keeping function between the national and the European level. This conditioned the mutual learning process between member states, with selective learning as the most likely outcome. In member states where competences are allocated to the sub-national level or NGO's were mobilised in a transparent and politicised policy-making process, the literature indicates that it was much harder for (federal) governments to perform a gate-keeping function.

With regard to the degree of development of the infrastructure of the OMC, it is striking to see that especially the requirement of drawing up a NAP is side-lining national parliaments. Through the drawing up of NAPs, civil servants on the national and European level take the ownership of the OMC process, resulting in less scrutiny by national parliaments. This is in line with a notion introduced by Tsakatika, who claims that the more diversity between member states the OMC accommodates, the more complex it becomes, and, hence, the more difficult participation and transparency become (Tsakatika 2004: 99). On the basis of the literature discussed in this chapter, and because this thesis focuses on the development of the infrastructure of the OMC, I would like to rephrase this claim in the following way: the more diversity between member states the OMC has to accommodate, the

more complex the OMC becomes and, hence, the more developed its infrastructure will be.¹⁹⁵ In sum, there is a causal link between the diversity an OMC has to accommodate, the complexity of the OMC, and the degree of development of the infrastructure of the OMC. In combination with the claim of Tsakatika, this leads to the conclusion that the degree of development of the infrastructure of the OMC (i.e. includes a NAP process or not), is negatively correlated with the transparency of the OMC process and the participatory potential of the OMC. In other words, the more developed an OMC measure is, the better national governments are able to perform a gate-keeping function between the European level and parliaments on the (sub)national level. Because the lesser emphasis on the mobilisation of civil society actors in the EES, this correlation will be stronger for the EES than for the OMC social inclusion.¹⁹⁶

¹⁹⁵ Note that the infrastructure of the OMC has to be more sensitive to the requirement to accommodate diversity between member states (and, hence, will be more developed) on issues that are highly salient on the national level. This is in line with the hypothesis central in this thesis and the empirical findings. The hypothesis and the empirical findings both point at a link between the degree of development of the infrastructure of an OMC, the saliency of the issue, and the capacity of the OMC to accommodate diversity and respect the competence allocation between the national and the European level. In the next chapter empirical findings of the four policy fields will be compared with each other, from which it will become clear that an OMC with a fully developed infrastructure within the limits of the Lisbon template of the OMC is able to accommodate diversity between member states. However, the empirical findings of the four policy fields are clearly in contrast with the hypothesis when a (hypothetical) development of the infrastructure of an OMC beyond the Lisbon template and towards the EES is addressed. The EES is often considered by national governments as leading to too much interference by the Commission in national dealings because of its elaborate reporting scheme and its country-specific recommendations. Hence, the EES was not taken as a model to develop the infrastructure of the OMCs on the four policy fields studied, and a lighter template for the OMC was codified at Lisbon. In sum, a trade-off occurs: the EES allows the national government to perform a gate-keeping function between the national parliamentary arena and the European level due to its highly developed reporting scheme, while at the same time national governments judge that the EES leads to too much interference of the Commission in their national dealings due to this highly developed reporting scheme and country-specific recommendations. Because the OMC social inclusion developed along the lines of the template that was codified at Lisbon (i.e. the OMC-lite), and there is a stronger emphasis on the mobilisation of civil society actors in the OMC social inclusion, this trade-off did not occur in the social inclusion case.

¹⁹⁶ Note that the development of these two OMCs are by and large in line with the strand in the integration literature that emphasises the importance of domestic politics factors. For policy fields on which the functionalist logic was the main driver behind the development of the infrastructure of the OMC – i.e. education and R&D – it can be expected that there will also be a positive correlation between the gate-keeping potential for the national government through the OMC and the development of the infrastructure of the OMC. Because of the absence of an electoral logic in the case of the education and R&D field, it can be expected that the gate-keeping function will be used less by the national government. However, it will play a larger role in the OMC education than in the OMC R&D case because of the allocation of education competences to the subnational level.

Chapter 11

Conclusion

After having discussed the empirical findings of the four OMCs individually in previous chapters, this chapter will compare the most important findings and elaborate on what can be concluded in light of the hypothesis. Various questions will be addressed: how did the preferences of the member states come into play on the policy fields? What are the differences between policy fields with regard to the presence of a conflict between member states with an incentive to act and member states with reluctance to act on the European level? Does the theoretical explanation put forward in this thesis need to be refined in light of the empirical findings? And how do the empirical findings of this research relate to European integration theories?

As a first step, the preferences of the member states and the Commission with regard to the choice to develop the infrastructure of an OMC will be discussed for the four policy fields. From this discussion it will become clear that at the time of the Lisbon summit in 2000 not every Commission DG and sectoral Council was as ready to start developing the infrastructure of the OMC. This had a crucial influence on the functioning of the partnership between the Commission and the sectoral Council that - according to the empirical evidence - lies behind the development of the infrastructure of the OMC. Secondly, an assessment will be made of whether there are differences on policy fields with regard to the presence of a conflict between, on the one hand member states with a strong incentive to act on the EU level, and member states who have reluctance to act on the EU level on the other. In this context attention will be paid to whether the presence of a conflict is caused by a functionalist logic¹⁹⁷ or by factors that are related with symbolic politics.¹⁹⁸ Thirdly, the policy fields on which such a conflict is present will be compared with each other (i.e. social inclusion, education and R&D) in order to find out which factors can explain the difference in speed of

¹⁹⁷ This logic is one of the two that underlies the hypothesis assessed in this thesis and is in line with a traditional functionalist strand in the integration literature. According to the functionalist logic member states want to act on the European level because they have to solve problems on the national level that cannot be solved by an exclusive focus on the national level. The related hypothesis on the development of the infrastructure of the OMC states that the more developed the infrastructure of the OMC is, the better it is able to solve problems.

¹⁹⁸ This second logic is closely related with the 'winning coalition' argument of Gornitzka and Schäfer and states that national governments act on the EU level because they want to show to actors in the domestic arena that they are doing 'something'. This signalling strategy is not directly related with solving problems and is in line with a liberal intergovernmentalist strand in the European integration literature emphasising the domestic roots of state preferences. The related hypothesis on the development of the infrastructure of the OMC states that the infrastructure of an OMC will develop because the domestic interests of political parties in government (e.g. gaining votes in national elections) are served by the development of the OMC.

development of the infrastructure of the respective OMCs. Subsequently, the fit between the hypothesis central in this thesis and the empirical findings will be addressed. Attention will also be paid to how the empirical findings relate to theories of European integration. In the concluding section, some remarks will be made on the generalisation of the theoretical explanation put forward in this thesis, the relationship of the OMC with ‘hard’ law, and the role the OMC plays in the enlargement of the European Union.

11.1 Comparing OMCs: choice and development

The four policy fields before the Lisbon Summit: four different starting points

The empirical evidence indicates that policy developments before 2000 had an influence on the preferences of national governments and the Commission with regard to the development of the infrastructure of an OMC. This is a crucial question to answer, because from the previous chapters it became clear that a functioning partnership between the Commission and the sectoral Council played a pivotal role in the development of the infrastructure of an OMC.

The case studies showed that the preferences of the member states and the Commission with regard to the development of the infrastructure of an OMC were influenced by: i) the amount of experience of a DG with (elements of) the OMC, and/or ii) whether the member states and the Commission are used to act on the EU level on the respective policy field. For each of the four policy fields these points will be discussed and it will be assessed whether the preferences of the respective sectoral Council and Commission DG were in line with the preferences of the heads of state and government expressed in the Lisbon presidency conclusions. The variation in preferences found indicates that not all actors were equally ready to introduce the OMC on their policy field. This hindered the formation of a partnership between the Commission and the Council and, hence, delayed or blocked the development of the infrastructure of an OMC.

e-Europe before the Lisbon summit

Some developments on the e-Europe field indicate that the Lisbon mandate to adopt an OMC e-Europe could be directly taken up by the Commission and the sectoral Council. First, DG information society already had some experience with elements of the OMC before it was codified by the Lisbon summit in 2000. Since 1996 a benchmarking exercise was under way, and in 1999 the Commission proposed in the context of this exercise to step up the exchange of best practices. Second, although the information society field is rather chaotic due to the

relatively recent emergence of the internet, the e-Europe Action Plans ensured at least some coherence between the various initiatives. The OMC could be easily integrated into the e-Europe initiatives of the Commission and would most likely - when adopted - contribute to the aim of the e-Europe Action Plan to reinforce the coherence between policy initiatives with regard to the emergence of the internet.

However, the fit between what was already undertaken with regard to the emergence of the internet and the Lisbon mandate to adopt the OMC e-Europe should not be exaggerated. Through its first e-Europe Action Plan, DG information society expressed a preference for first obtaining the recognition of the Council that the emergence of the internet is important for economic growth. Through obtaining this recognition, the Commission wanted to ensure that national governments would start acting in line with it on the (sub)national level. Around the turn of the century, DG information society had no intention to set in place a programme that would last longer than three years (i.e. 1999-2002). Given that the OMC is typically an open-ended instrument, the exclusively short-term intentions of the Commission behind its first e-Europe action plan did not create fertile ground for the adoption of the OMC e-Europe.

A second point that raises doubts on whether the Commission and the sectoral Council were ready for the introduction of the OMC e-Europe is related with the rapid technological developments. Because of the relatively recent emergence of the internet, technological developments are fast and forecasts on the contribution of the internet to economic growth and competitiveness are changing on a regular basis. As a result, the longer-term impact of the internet remains unclear. This makes it more likely that its policy impact will be wrongly estimated. Hence, it is difficult for politicians and policy makers to form clear-cut preferences about the level (European, national, subnational) upon which policy action should be undertaken, and which policy instrument is most suitable to channel these new developments.

A third point that needs to be touched upon is the knowledge of DG information society on OMC-like measures already in function on other fields. From chapter 9 it became clear that there was no involvement of DG information society in the EES (i.e. the method on which the OMC template of Lisbon was inspired) and that this DG was not familiar with this or similar coordination processes in the EU context. Obviously, this meant that DG information society was not very ready to start the development of the infrastructure of the OMC e-Europe directly after the Lisbon mandate.

In sum, around the turn of the century neither the Commission nor the sectoral Council were ready to take up the invitation of the Lisbon Council to implement the OMC e-Europe.

The preferences of the various institutional actors diverged to too large an extent. Instead of the choice for a policy instrument, DG information society had a preference to first obtain a political commitment from all member states that the internet mattered. However, the Lisbon Council anticipated this and forced the Commission and the sectoral Council to directly address the follow-up question, i.e. the choice for a policy instrument. The Lisbon Council already provided an answer to this question, with which DG information society was completely unfamiliar, i.e. the OMC.

R&D before the Lisbon summit

In contrast to the e-Europe initiative, the Commission and the sectoral Council were used to act on the R&D field. The empirical evidence indicates that around 2000, through the Framework Programmes, member states knew on which level - subnational, national and/or European - competences with regard to R&D matters were ideally placed. Moreover, the mandate of the Lisbon Council to implement the OMC on the R&D field ran parallel to the launch of the European Research Area. The latter aimed at encompassing all R&D initiatives on the EU level. Although the Framework Programme was envisaged as the major initiative under the umbrella of the ERA, the OMC could be fitted easily into the ERA (De Elera 2006).

However, the experience of DG research with (elements of) the OMC was very marginal. Benchmarking was only introduced to the R&D field after the Lisbon Council of 2000, while knowledge on the OMC functioning in the context of the EES was limited (Bruno et al. 2006: 523). Second, because of the focus on the FP, DG research was organised around reviewing research proposals and distributing grants. This hindered the development of initiatives outside of this context, such as the OMC R&D.

In sum, despite the lack of experience on the R&D field with elements of the OMC, the respective Commission DG and the sectoral Council were more ready to implement the OMC than in the context of the e-Europe initiative. The experience with the Framework Programme played an ambiguous role in this. On the one hand, moving beyond the firmly institutionalised Framework Programme was not easy for DG research because of the previously mentioned organisational barriers. On the other hand, through the Framework Programmes the Commission and the Council were accustomed to acting on the European level.

Education before the Lisbon summit

The policy developments on the education field before 2000 did not promise much for the receptiveness of the Education Council and DG education for the Lisbon mandate to adopt an OMC education. Apart from the mobility programmes, not much was going on at the European level with regard to education and training. Article 149 and 150 did not provide a basis to do more than promote the mobility of students and staff, while member states were even reluctant to accept recommendations. As a consequence, DG education was organised around the mobility programmes, which hindered the implementation of the OMC education.

However, the empirical findings indicate that the preferences of the Education Council and DG education were to a considerable extent in line with the preferences of the heads of state and government present at Lisbon. First, through the setting in place of the mobility programmes, the Education Council and DG education were accustomed to acting on the EU level with regard to the sensitive issue of education and training. Second, during the 1990s the Commission introduced the knowledge-based society theme on the EU level. A couple of years before the Lisbon summit, member states started to use this concept as the cognitive framework in which answers to common challenges on the education field were sought. The mandate of the heads of state and government present at Lisbon to adopt an OMC for the education field arrived at a time when the Education Council was in the process of finding a policy instrument through which these answers could be found. This facilitated the adoption of the OMC. Third, before 2000 DG education became involved in the EES through the setting in place of employment guidelines touching upon education matters. Through this link, the Education Council and DG education had some experience with the OMC.

Social Inclusion before the Lisbon Summit

In 2000 the sectoral Council and DG employment and social affairs were in an excellent position to start the development of the infrastructure of the OMC social inclusion. In other words, there was a perfect fit between, on the one hand the preferences of the sectoral Council and the Commission, and the preferences of the heads of state and government present at the Lisbon Council on the other. A first point that can explain this is the rise to power around Europe of governments in which social democratic parties participated. During the 1990s, more and more supporters of a stronger social dimension to the European integration project came to power. These actors realised that it would be more fruitful - in terms of getting reluctant member states behind social policy initiatives on the EU level - to reach agreement in the Council on common objectives, instead of focusing on harmonisation of national social

policies. This change in approach took away the fear of a number of national governments for a shift of competences.

Second, just before the Lisbon summit in 2000 the Commission proposed to create the Social Protection Committee (SPC). It was envisaged by the Commission that this committee of representatives of the member states would work on social protection matters such as pensions, social inclusion and health care. The SPC twice met provisionally in January 2000 and was waiting for the official mandate from the Council to start its work. This mandate arrived with the Lisbon presidency conclusions, which indicated the issues the SPC should start to work on, i.e. social inclusion and pensions.

A third indication that DG employment and social affairs and the Social affairs Council were in a position to directly take up the invitation of the Lisbon Council to adopt the OMC social inclusion, is related with the experience of DG employment and social affairs with the EES. Because this DG is responsible for the organisation of the EES, straight after the Lisbon mandate it was able to come up with focused proposals for developing the infrastructure of the OMC social inclusion. Together with the two points mentioned above, this gave the development of the infrastructure of the OMC social inclusion a kick-start.

Concluding remarks on the different starting points

From the discussion it follows that there are differences between the four policy fields with regard to the fit between the preferences of the heads of state and government present at the Lisbon Council, and the preferences of the sectoral Council and the Commission DG. As a result, some Council formations and DG's were more ready for implementing the Lisbon mandate to develop the infrastructure of an OMC than others. The fit between the preferences of the Commission and the sectoral Council is important to take into account because it sheds light on whether a partnership between both institutional actors can emerge. The empirical findings indicate that this partnership plays a pivotal role in the development of the infrastructure of the OMC. From the previous discussion it became clear that policy developments before 2000 had an influence on the preferences of the sectoral Council and the Commission (see table 11.1).

The first thing to do for DG information society was to obtain a political commitment of the Council. A similar political commitment arrived more than a decade earlier on the R&D and education field with the adoption of, respectively, the first FP and mobility programme. The recognition that the fight against poverty and social exclusion needed a European dimension began to take shape around 1995, and materialised in 1997 with the

adoption of a treaty article on social inclusion. Through these political commitments, both the Council and the Commission were used to act on the EU level with regard to education, R&D and social inclusion policies.

	Used to act on EU level	Experience with OMC
e-Europe	Low	Low
R&D	Medium	Low
Education	Medium	Medium
Social inclusion	High	High

Table 11.1: The starting points on the four policy fields

The situation on the policy fields differs also from each other with respect to the experience with the OMC. A lack of such experience hindered DG information society and DG research in coming up directly after the Lisbon summit with focused proposals to develop the infrastructure of the OMC. Because of a link between, on the one hand the EES, and the education and the social inclusion field on the other, the preferences of the respective DG's and sectoral Councils were more in line with those of the heads of state and government present at the Lisbon Council - who used the EES as inspiration for the codification of the OMC-lite. Hence, on the education and social inclusion fields, the respective DG's and sectoral Councils were ready to take up the invitation of the Lisbon Council to adopt an OMC and develop its infrastructure. In sum, policy developments before 2000 shaped the preferences of these actors to such an extent that they came to overlap with the preferences of the heads of state and government present at Lisbon. Because of a lack of experience with the OMC, this was less the case on the R&D field and in the context of the e-Europe initiative. The chances for the setting in place of a functioning partnership as a driver behind the development of the infrastructure of the OMC were the smallest in the case of the e-Europe initiative, where the Commission and the Council had from the start different opinions on the added value of the OMC for channeling the emergence of the internet. The latter hindered the development of the infrastructure of the OMC e-Europe.

The conflict between an incentive to act and reluctance to act

Although important elements, the experience with the OMC and initiatives on the policy fields in general can only in part account for the variation in development of the infrastructure of the four OMCs. From the empirical findings discussed in previous chapters it became clear that the presence of a conflict between member states with an incentive to act and member

states with reluctance to act on the European level, also played a role in the development of the infrastructure of the OMC. I will begin the discussion by summarising the empirical findings of the case in which the conflict can be most clearly observed, i.e. social inclusion.

Social inclusion and the conflict

With regard to the incentive to act on the European level of national governments, three points have to be mentioned in the case of social inclusion. First, all governments were convinced that common action on the EU level was necessary to learn how to deal in a better way with social concerns on the national level. Second, there was a consensus among a majority of governments that EU attention for social and employment concerns could help to bridge the gap between the EU and its citizens.

A third point is related with a party-political component and is more in line with liberal intergovernmentalism than with the explanation for the development of the infrastructure of an OMC rooted in traditional functionalism. Not only were national governments in which social democratic parties participated likely to be supportive of the first and the second point mentioned above - both more in line with a functionalist understanding of European integration - there was another reason why these governments viewed it in their interest to push for a social inclusion initiative on the EU level. From the end of the 1990s onwards, representatives of social democratic parties felt the need to balance economic and social issues on the EU level as a response to the setting in place of EMU. Because of a shift in the Council to the centre-left at the end of the 1990s, this balancing act could materialise with the adoption of a treaty article on the fight against social exclusion and poverty, and the choice for the OMC.¹⁹⁹

The reason why the Council made the choice to address the above specified incentive to act with a non-binding policy instrument like the OMC instead of, for example, minimum standards, is related with the strong reluctance of member states to give up control over their social protection policies. Although the shadow of harmonisation disappeared during the 1990s, UK-governments still have a strong preference for keeping their national system of social inclusion policies intact. This preference has its roots in a neo-liberal view on socio-economic matters. Social democratic politicians in Scandinavian member states also consider that they can best deal with social policy on the national level. Because social democratic

¹⁹⁹ This balancing act is part of a signalling strategy by social democratic actors. A signalling strategy is a strategy adopted by national politicians in the Council in which the European level is used to show to voters in the national arena that attention is paid to issues that form part of the electoral profile of the political party in government.

politicians gain votes by promising to uphold national welfare state arrangements, the latter reluctance to act on the European level has a strong electoral component. In sum, not only did the electoral saliency of the social inclusion theme reinforce the incentive to act on the European level of some social democratic parties in government (i.e. in France and Belgium), the reluctance to act of Scandinavian social democratic parties in government was also reinforced by it.²⁰⁰ In sum, the domestic contention between political parties played an important role, both on the side of the member states willing to act on the European level and the member states reluctant to act.

Because of the conflict between member states with an incentive to act and member states with reluctance to act on the European level, the Council had to come up with a compromise for the social inclusion field. With the choice for the OMC social inclusion and the development of its infrastructure, the need of member states to learn how to deal on the national level with problems with regard to social policy was addressed (in line with the functionalist logic), while some social democratic government actors could adopt a signalling strategy (in line with the ‘domestic politics’ explanation). At the same time, because of the full respect of the OMC for the principle of subsidiarity, the member states with reluctance to act were reassured that it would not lead to an intervention in their national sovereignty and electoral strategies. In sum, the OMC was viewed by the national governments in the Council as the most appropriate instrument - a middle path in EU governance²⁰¹ - to solve the conflict between member states with an incentive to act and member states with reluctance to act on the European level. This judgement opened the way for the development of the infrastructure of the OMC social inclusion.

Education and the conflict

At the end of the 1990s, member states recognised that there was a need to take action on the European level in order to learn from each other how to deal with new challenges related with

²⁰⁰ For the reluctant national governments referred to here (Sweden, Denmark, and the UK), public opinion is split on whether it wants the EU to play a larger role on this field. In member states with a national government which has an incentive to act on the European level (France, Belgium), there is clear popular support for a stronger role of the EU in the fight against poverty and social exclusion. Not surprisingly, in France and Belgium there were the strongest indications for a signalling strategy on the social inclusion field of national politicians to their national electorate. See appendix III for country specific details.

²⁰¹ The term ‘middle path’ hints at the presence of governance modes below and above the chosen policy tool, which are both judged as not appropriate for the particular policy field because they offer too much or too little EU activity. The OMC social inclusion can be labeled a middle path because it is used to strike a compromise between member states with an incentive and reluctance to act, its infrastructure is more developed than an OECD-like multilateral surveillance tool, while it will not develop along the lines of the OMC in function in the context of the EES.

education and training matters. This mutual learning process needed to shed light on how education policy can counter the negative consequences of globalisation and the ageing of the population for the welfare state. Another important point that needed to be dealt with was the contribution of education to the reinforcement of the supply-side of the economy. Because it was unclear for member states how these points should be addressed, at the end of the 1990s they turned to the EU level to use it as a platform to learn from each other.

Parallel to this incentive to act on the EU level, there is a strong preference on the side of the public and politicians to keep education policy under the full competence of member states. This reluctance to act on the EU level has its roots in the allocation of competences to the subnational level, the role of education in determining the future life plans of citizens, and the contribution of education to the creation of a national identity. Hence, the specific saliency of the education issue creates pressure on national governments to act on the European level, while it also limits their room for manoeuvre on the European level. Because education is increasingly seen as a crucial issue for economic growth, competitiveness and social cohesion, member states see a need to take action on the subnational, national and European level with regard to education matters. However, the saliency of the education issue does not remain limited to a national elite of politicians and bureaucrats, also the wish of the public to keep the education issue national has to be respected, which reinforces the reluctance of national politicians to act on the European level. However, neither the incentive to act nor the reluctance to act is reinforced by a political party ownership of the education issue. Together with the public support for EU interference in the case of the social inclusion theme, this distinguishes the education case from the social inclusion case.

The decision to act on the EU level is in line with a functionalist logic, while the reluctance to act on the education field on the side of the member states can be better understood from an intergovernmentalist perspective. From chapter 6 it became clear that the traditional functionalist and intergovernmentalist perspectives are interlinked; while member states want to act on the EU level to increase the executive capacity on the national level (in line with the functionalist logic), the reasons why they want to leave the executive capacity on the *national* level are related with circumstances in the domestic arena, such as a wish to preserve the national identity and/or respect the competence allocation between the national and the subnational level (in line with the liberal intergovernmentalism).

In sum, the conflict between member states with an incentive to act and member states with reluctance to act is clearly present on the European level. In practice this meant that, on the one hand national governments were willing to set in place a framework on the EU level

through which they could derive inspiration on how to address challenges related with education policies. On the other hand, it was envisaged that this need not lead to a shift of competences from the (sub)national to the European level. The OMC was judged by the Commission and the member states as the most appropriate instrument to accommodate this conflict. Because of this judgement, the OMC education was labeled in chapter 6 a middle path in EU governance. Moreover, DG education saw the OMC as a way to enter a policy area outside its competence, but regarding which it considers EU action important. Hence, DG education took on the role of reassuring²⁰² member states that with the choice for the OMC the diversity between education systems would remain intact. This partnership between the Council and the Commission allowed the infrastructure of the OMC education to develop along the timetable set in Lisbon.

R&D and the conflict

At the end of the 1990s, member states turned to the European level to learn how to gain greater benefits from the increasing internationalisation of R&D.²⁰³ Because the R&D issue is only salient among an elite of politicians and bureaucrats, the incentive to act on the European level cannot be related in any direct way with the need of politicians to respond to the preferences of the public. Because of the low saliency of the R&D issue in the eyes of the public, politicians can ignore the preference of the public for more involvement of the EU in R&D matters without this leading to electoral retribution. The empirical findings indicate that politicians indeed ignored this preference of the public and gave preference to strategic (i.e. defence and energy supply) and economic interests related with R&D matters. The fact that R&D is viewed by politicians as vital for economic growth, competitiveness and ‘high politics’ issues such as defence and the energy supply, proved to be sufficient to foster a conflict between member states with an incentive to act and member states reluctant to act on the EU level. In other words, next to the willingness to learn from each other, there is opposition of a national elite of politicians, bureaucrats and stakeholders against too much involvement of the EU in national R&D matters, and a clear preference to keep the strict treaty base intact.

²⁰² Note that DG employment and social affairs and the French presidency of the Council (2000) also opted for such a reassuring tactic on the social inclusion field.

²⁰³ From the data in appendix III it also becomes clear that public opinion in Europe considers R&D an issue with an international dimension. To be sure, from the data included in appendix III it does not follow that the R&D issue is salient in the eyes of the public.

In sum, after a delay of two years the Commission and the sectoral Council also came to view the OMC as the most appropriate instrument on the R&D field. The OMC R&D allowed member states to learn from each other how to benefit more from the internationalisation of R&D, while at the same time it kept the strict treaty base intact. Hence, the OMC R&D is a solution to a conflict between member states with an incentive to act and reluctance to act. Because an EES-like OMC with country specific recommendations is judged to be a bridge too far for the R&D field, and the OMC R&D is more developed than an OECD-like multilateral surveillance tool, the OMC R&D functions as a middle path in EU governance. Moreover, through the OMC R&D the Commission could enter a part of the R&D field on which it does not have a competence but on which it considers EU action crucial. Hence, in a similar way as for the policy fields previously discussed, the compatibility of the interests of the sectoral Council and the Commission facilitated the development of the infrastructure of the OMC R&D. In contrast with the social inclusion and education field, the reasons why member states wanted to act on the EU level and can be reluctant, are not related with the ‘domestic politics’ dimension of the hypothesis (e.g. issue ownership by political parties or the competence allocation in a country between the national and the subnational level) but are in line with the functionalist logic. In a similar way as on the education field, there is in practice an intergovernmental twist to this logic; acting on the EU level through the OMC R&D is a way to increase the executive capacity on the national level, whilst the national governments want to leave the executive capacity at the national level to remain in control over matters related with defence, energy supply, and the economic competitiveness of countries.

e-Europe and the conflict

Of the four policy fields, it was only in the case of the e-Europe initiative where a conflict between member states with an incentive to act and member states reluctant to act on the European level could not be identified. The empirical findings indicate that the absence of this conflict is foremost related with the volatile saliency of the internet issue among a national elite of politicians and bureaucrats, hindering the functionalist logic to gain presence on the European level for more than 1-2 years. At the turn of the century the Council recognised that there was a need among member states to learn from each other on how to channel the emergence of the internet. However, due to falling stocks of internet-related companies governments quickly lost interest in the internet issue (and in solving problems related with this issue), and did not push for the development of the infrastructure of the OMC e-Europe.

With regard to the reluctance to act on the EU level in the context of the e-Europe initiative, it is worth mentioning that member states are still figuring out on which level competences are best allocated. Hence, member states do not yet fully know whether they have to fear a shift of competences from the national to the European level with regard to the e-Europe initiative, or if they should encourage the Commission to take on a stronger role on this field.

Because of the absence of the above mentioned conflict with regard to the e-Europe initiative, the OMC could not perform its function as a compromise instrument. Hence, DG information society did not see the added value of the OMC against the background of what it already had proposed in 1999 in its first e-Europe Action Plan. Moreover, because of the bursting of the internet-bubble, member states lost interest in the e-Europe initiative and did not insist on developing a full-blown OMC. In sum, the OMC was not viewed as the most appropriate policy instrument for the e-Europe initiative by the Commission and the sectoral Council because there was no conflict to be solved between an incentive and a reluctance to act. In this situation a search for a middle path in EU governance is not considered necessary. This resulted in an underdeveloped infrastructure of the OMC e-Europe, similar to an OECD-like multilateral surveillance tool with benchmarking and a limited exchange of policy practices. However, due to the revision of the Lisbon strategy in 2005 also some progress was made in the development of the infrastructure of the OMC e-Europe. Although this seems to suggest that it is only a matter of time before the infrastructure of the OMC e-Europe develops to the same degree as the infrastructure of the other OMCs, in the last five years hardly any willingness could be identified on the side of the Commission and the sectoral Council to develop the OMC infrastructure. From this passive behaviour of actors which involvement is crucial for the development of the infrastructure of OMCs, and the continuous underdevelopment of the OMC e-Europe it becomes clear that it is not a matter of time before the infrastructure of all OMCs develops to the same degree. This is in line with the hypothesis assessed in this thesis, which claims that there are different elements coming together at certain points in time that lead to a developed infrastructure. In sum, for the development of the infrastructure of OMCs timing (and not time) is crucial.

Concluding remarks on the conflict

On three out of four policy fields a conflict is present consisting of the parallel occurrence of reluctance to act and an incentive to act on the European level on the side of the member states. On the policy fields where such a conflict is present (social inclusion, education, and

R&D), the Council and the Commission consider it necessary to adopt a policy instrument that can strike a compromise between a willingness to act on the European level and a fear for a shift of competences. The incentive to act is related with a need to solve problems that cannot be solved by an exclusive focus on the national level or the wish of national governments to show to actors in the domestic arena that ‘something is being done’. The reluctance to act is related with ‘high politics’ issues (i.e. defence, energy supply), the national/cultural identity of a country, or electoral strategies of political parties on the national level. These reasons behind the incentive and reluctance to act on the EU level on the side of member states are in line with traditional functionalist and intergovernmentalist strands in the European integration literature. The empirical findings indicate that these strands cannot be seen as completely independent from each other. From the education, R&D and social inclusion case it showed that member states want to act at the EU level to increase the executive capacity on the national level, while the reasons for why they want to leave the executive capacity at the *national* level are related with circumstances in their domestic arena and matters of national interest.

The presence of the conflict on a policy field leads to the view of the national governments in the Council, that an OMC is the most appropriate instrument to adopt on the EU level. This judgement opened the way for the development of the infrastructure of the OMC (see table 11.2).²⁰⁴ The Commission goes along with this Council decision, because through the OMC it can gain a catalytic role on a policy field on which it does not have any competence. This fit between the interest of the Commission and the Council created a partnership between both institutions, which facilitated the adoption of proposals aimed at the development of the infrastructure of the OMC.

²⁰⁴ It is striking to see that just before the Lisbon summit, Prime Minister António Guterres stated that for some policy fields he will recommend a system of benchmarking ‘with a limited number of indicators so that comparisons may be made, emulation sparked off, and positions taken compared to the outside’. Elsewhere - given the principle of subsidiarity - Guterres said he would propose ‘more flexible coordination, or even a simple exchange of information and good practices’ (Agence Europe 7630, 10/01/2000). The empirical evidence collected in the context of this thesis indicates that in practice it happened just the other way around: the more the principle of subsidiarity had to be taken into account, the more developed the infrastructure of the OMC became. The reason for this is that on these sensitive issues there are also member states with a clear incentive to act on the European level and, hence, have an interest in pushing for the development of the infrastructure of the OMC. I will elaborate on this below.

	Specific objectives and indicators		Benchmarking		Reporting scheme		Recommendations (*)
	2003	2005	2003	2005	2003	2005	
Social Inclusion	Yes: objectives and indicators	Yes: objectives and indicators	Yes	Yes	Yes, two-yearly NAP-process	Yes, two-yearly NAP-process	No
Education	Yes: objectives and indicators	Yes: objectives and indicators	Yes	Yes	No	Yes, two-yearly NAP-process	No
R&D	No. objectives and indicators discussed	Yes: objectives and indicators	Yes	Yes	No	Yes, in context of NRP	No
e-Europe	No (**)	No (***)	Yes	Yes	No	Yes, in context of NRP	No

(*) Note that this element is not included in the Lisbon template for the OMC.

(**) Short term objectives are present in the e-Europe Action Plans, but these do not function as the basis for an open-ended process, i.e. the OMC e-Europe.

(***) Short term objectives and indicators are present in the e-Europe Action Plans and i2010, but form only a weak basis for the OMC e-Europe.

Table 11.2: The infrastructure of the open method of coordination in different policy areas in 2003 and end-2005.

On a policy field where the conflict is absent - i.e. in the case of the e-Europe initiative - the sectoral Council and the Commission did not identify a deadlock situation to be solved by a compromise instrument like the OMC and, hence, judged that the OMC did not have any added value against the background of the e-Europe Action Plan. Because both the Commission and the Council did not view the OMC as the most appropriate instrument for the e-Europe initiative, the infrastructure of the OMC e-Europe remained underdeveloped.

	Saliency in the eyes of the public	Issue ownership	Conflict	Development infrastructure OMC
Social inclusion	High	Present	Yes (strong)	High
Education	High	Absent	Yes (strong)	High
R&D	Low	Absent	Yes (medium)	Medium-high
e-Europe	Low	Absent	No	Low

Table 11.3: The observed values in the context of the hypothesis on the four policy fields

It is important to note that the type of saliency was not decisive in fostering a conflict between member states with an incentive to act, and those reluctant to act.²⁰⁵ The electoral saliency of an issue - of which the social inclusion issue is an example due to the presence of an issue ownership element - is neither a necessary nor a sufficient²⁰⁶ condition for the presence of the conflict. Moreover, the difference between the saliency of an issue in the eyes of the public (i.e. education, social inclusion), and the saliency of an issue that is only present among a national elite of politicians and policy makers (i.e. R&D), does not effect the presence of the conflict. The only impact this difference in saliency has - public vs. elite - is on the strength of the reluctance to act on the European level of the member states. This reluctance is stronger in the case of the education and social inclusion field, and has led to an additional role for the Commission, namely to reassure member states that their national policies remain untouched. The absence of the ‘public’ element in the saliency of the R&D issue leads to less visibility and, hence, somewhat more room for manoeuvre for politicians and bureaucrats when taking action on the national and/or European level. However, the reluctance to act on the European level of member states with regard to the R&D issue - rooted in economic interests and related with ‘high politics’ issues - is still strong enough to cause conflict with member states who want to act on the EU level and obtain greater benefits from the internationalisation of R&D. This conflict made it necessary to adopt the OMC as a compromise instrument for the R&D field and opened the way for the development of the infrastructure of the OMC R&D.

²⁰⁵ With four cases it is difficult to make substantial claims about the whole population of OMCs functioning on the European level. However, with the study of four OMCs this research goes beyond the bulk of the literature on the OMC which usually only looks at one or two OMCs. This research has therefore to be seen as a first step towards a better understanding of the choice and development of OMCs.

²⁰⁶ Next to the presence of an issue owning political party, also the participation of this party in a government of a member state, and public support for more EU involvement on this field, have to be present in order to lead a national government to adopt a signalling strategy. Such a signalling strategy led to a strong incentive to act of some national governments, while other national governments in the Council were reluctant to act on the EU level with regard to the sensitive issue of social inclusion. Hence, electoral saliency (i.e. the presence of an issue owner) is not a sufficient condition for fostering such a conflict.

The policy fields on which the conflict is present: differences in speed of development

From the comparison between the social inclusion, education and R&D field, it has become clear that the type of saliency is not decisive in fostering a conflict between member states with an incentive to act and member states with reluctance to act on the European level. However, the type of saliency of an issue does make a difference with regard to the speed of development of the infrastructure of an OMC. The explanation for the difference in speed of development that will be discussed shortly is fully in line with the intergovernmentalist strand in the European integration literature, that emphasises the importance of ‘domestic politics’ factors for explaining EU level initiatives of member states.

The speed of development of the OMC social inclusion

Because of a majority in the Council of national governments in which social democratic parties participated, the infrastructure of the OMC social inclusion was allowed to develop directly after the Lisbon summit. However, due to a shift to the right in the Council after 2001, national governments lost interest in the social inclusion issue, and the development of the infrastructure of the OMC social inclusion came to a stop. This pattern of development is related with the ownership of social policy issues by social democratic parties, and the temporary presence of social democratic parties in the Council and in the presidency of the Council. The choice by the French and Belgian EU presidencies to adopt a signalling strategy (see table 11.4) reinforced their incentive to act on the European level with regard to the social inclusion issue, and led to various proposals to develop the infrastructure of the OMC social inclusion by these member states.

	Incentive to act on European level	Non-volatile saliency	Public support for more involvement	Issue owning political party	Issue owning political party in government	Signalling strategy identified
Social inclusion	Yes	Yes	Yes	Yes	Yes	Yes
Education	Yes	Yes	No	No	n/a	No
R&D	Yes	No	Yes	No	n/a	No

Table 11.4: The five elements of a signalling strategy

Due to the social democratic majority in the Council these proposals were swiftly adopted. However, after a shift to the right in the Council there were fewer impulses from national governments to develop the infrastructure of the OMC social inclusion. Moreover, at that

point in time the infrastructure of the OMC social inclusion had already reached a degree of development close to the limits of the OMC template codified in the Lisbon presidency conclusions. Only on the basis of an unanimous decision of the Council, could the infrastructure of the OMC social inclusion develop towards a coordination measure similar to the EES, with country-specific desks, recommendations, and yearly NAPs. However, due to a shift to the right in the Council no such decision was taken. This shows that the development of the infrastructure of the OMC can be vulnerable to changing political majorities in the domestic arena (Armstrong 2006; Manow et al. 2004: 33).

The speed of development of the OMC education

The infrastructure of the OMC for the social inclusion and education field has reached an advanced degree of development, and after the revision of the Lisbon strategy in 2005 these were the only two OMCs allowed to keep an OMC reporting scheme independent from the NRPs. However, a move towards an EES-like OMC is not likely in both cases. Member states and the public have a strong preference for keeping education and social inclusion issues national and consider - due to the experience with the EES - country-specific recommendations as too much interference of the Commission in their national dealings.

The differences between the development of the infrastructure of the OMC education and the OMC social inclusion come into view when one focuses on the speed of development of the infrastructure of both OMCs. The only modest experience of DG education with elements of the OMC hindered the Commission directly after the Lisbon Council in coming up with focused proposals for developing the infrastructure of the OMC education. However, with the starting-up of the objectives process the partnership between the Council and the Commission was put on track. This opened the way for the development of the infrastructure of the OMC education. The delay in the development of the infrastructure of the OMC education can also be explained by the absence of an owner of the education issue. In the case of the OMC social inclusion, the ownership of social policy issues by social democratic parties and the public support for more EU involvement reinforced the willingness to act of the Council during the period in which social democratic parties were in a majority. Ministers in the Education Council did not have an incentive to act on the European level that was reinforced (or hindered)²⁰⁷ by factors related with domestic electoral politics. In sum, the

²⁰⁷ A factor that did hinder the further development of the infrastructure of the OMC education was the waning trust in the OMC as an efficient and effective policy tool. This change can be most clearly observed in the

development of the infrastructure of the OMC education was not vulnerable to changing political majorities in the Council.

The speed of development of the OMC R&D

The empirical findings indicate that before the invitation of the Lisbon Council to develop an OMC on the R&D field could be picked up, the role of the various actors in the process had to be defined. Two years after the Lisbon summit, the Commission, CREST and the member states found out what their limitations and preferences were, after which the development of the infrastructure of the OMC R&D could start. The specific saliency of the R&D issue played a role in this transition stage. In the beginning of the OMC process, ministers responsible for research policies were afraid that the OMC R&D would pose too great an interference with their national R&D policies, because of the supposed inclusion of an EES-like ‘naming and shaming’ component in the OMC R&D infrastructure. After the member states were reassured that the OMC R&D would have a much softer character, trust began to develop between the Commission and the Council and member states allowed the infrastructure of the OMC to start its development. In sum, the OMC R&D needed some time to mature²⁰⁸ before the Commission and the Research Council came to view the OMC as the most appropriate instrument for the R&D field and, hence, were willing to invest time and energy in the development of its infrastructure (Interview CEC 10 November 2005, II; Interview CEC 14 November 2005, I).

The pattern of development of the infrastructure of the OMC R&D shows more similarities with the OMC education than with the OMC social inclusion.²⁰⁹ On both the education field and the R&D field an issue ownership element is absent, and both DG education and DG research had to overcome organisational barriers (i.e. the mobility

position of Belgian Prime Minister Verhofstadt, changing during the period 2000-2005 from an OMC-enthusiast to an OMC-sceptic (Spinant 2005).

²⁰⁸ Four points explain the delay in the development of the infrastructure of the OMC R&D. First, because of a lacking treaty base the exact roles of the various actors in the OMC process were not clear at the beginning of the process. Second, no organisational structure existed in DG research that could facilitate the implementation of the OMC R&D. DG research was for decades organised around the task of distributing grants and revising research proposals. Third, at the time that a decision had to be taken on a coordination agenda with regard to national R&D policies, the European economy was booming. Only when the US economy took an upturn, did national governments realise that R&D reforms (with a role for the OMC) were necessary in order that they remain competitive. Fourth, there are indications that the time and resources invested in getting the new 6th FP-initiatives accepted, hindered DG research in coming up with a worked-out plan for the OMC R&D.

²⁰⁹ Note that a similarity between the R&D and social inclusion field is that there was/is broad public support for more EU involvement (see table 11.4). In the case of social inclusion this contributed to the adoption of a signalling strategy in the case of the French and Belgian governments. In the case of the R&D field, the public support for more EU involvement was ignored by the national governments because of national strategic and economic interests. Because of the low saliency of the R&D issue in the eyes of the public in the member states, ignoring the public opinion did not result in electoral retribution on the national level.

programmes and the Framework Programmes) before the OMC could be implemented. However, there are still differences between the two policy fields with regard to the speed of development of the infrastructure of the OMC.

First, DG research was less ready for the introduction of the OMC because it lacked the pre-Lisbon experience of DG education with the EES. DG research compensated for this by participating in meetings in which various DG's shared experience on how to implement the OMC. A second difference between the R&D field and the education field is related with the degree of development of the infrastructure of the OMC reached at the end of 2005. At the spring summit of 2005 it was decided that the Lisbon strategy needed revision. The Council introduced National Reform Programmes, in which each member state would specify the reforms it wanted to undertake in order to improve its economic growth and create jobs. Although CREST had already proposed an independent reporting scheme for the OMC R&D before the 2005 spring summit, the Council decided to integrate the envisaged OMC R&D reporting scheme in the NRPs.²¹⁰ The difference between the education and R&D field was that on the former the ideas for such a reporting-scheme were allowed to develop independently of the envisaged NRPs (hence, more strongly), while the CREST-proposal for an independent R&D reporting-scheme had to be integrated in the NRPs. In sum, behind the decision of the 2005 spring summit to allow the Education Council and DG education to have their own reporting scheme for the OMC education, lies the view that education is more important for economic growth and job creation than R&D.

Concluding remarks on speed of development

The variation in the speed of development of the infrastructure of the three OMCs can for the most part be explained by the ownership of social policy issues by social democratic actors, and the dominance of social democratic parties in the Council at the turn of the century. Together with the public support for greater EU involvement with regard to the social inclusion theme, this resulted in the adoption of a signalling strategy by some member states in the European Council. The resulting stronger incentive to act on the EU level speeded up the development of the infrastructure of the OMC social inclusion in the years 2000-2002. The finding is in line with liberal intergovernmentalism and confirms the importance of the

²¹⁰ This put the OMC R&D on the same level as the OMC e-Europe in the revised Lisbon strategy. However, on the R&D field the OMC has conquered a position on the agenda of the sectoral Council and has objectives and indicators that form a firm basis for the OMC. This is not the case for the OMC e-Europe.

domestic contention between political parties for explaining the member states preferences with regard to EU-level action.

Because an issue ownership element was absent on the education and R&D field, directly after the Lisbon summit the member states had a weaker incentive to act then on the social inclusion field and, hence, the sectoral Councils were less ready for the introduction of the OMC and the development of its infrastructure. In sum, due to different circumstances in the domestic political arena, the OMC R&D and OMC education did not receive a kick-start similar to that for the OMC social inclusion (see figure 11.1).

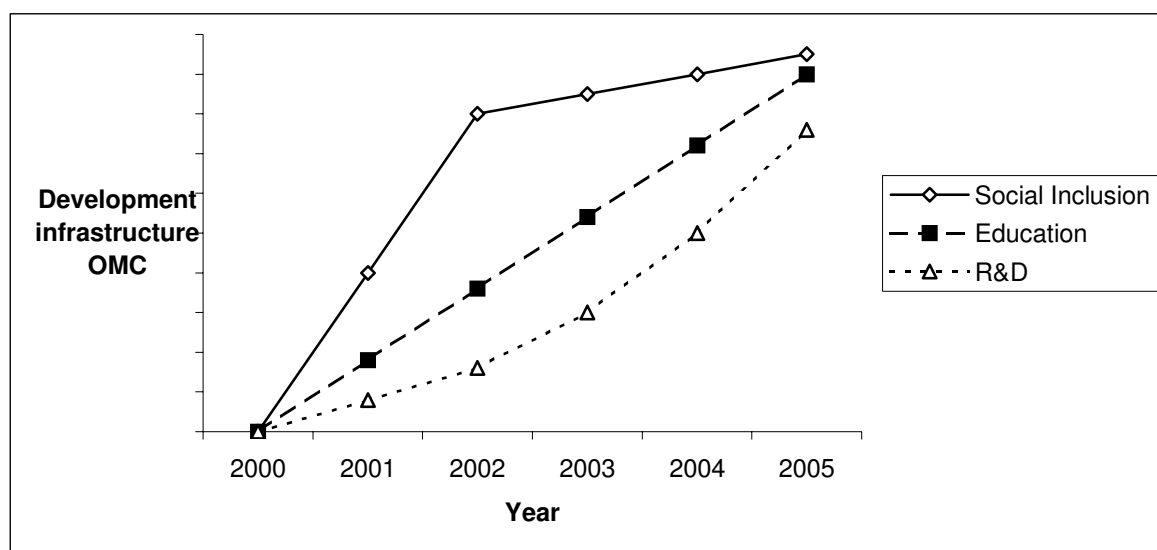


Figure 11.1: A sketch of the development of the infrastructure of three OMCs on policy fields on which a conflict was present.

Due to a shift to the right in the Council, the incentive to act on the European level with regard to social policy initiatives decreased, while the reluctance to act increased. This influence of electoral cycles in the domestic arena on the conflict underlying the choice for developing the infrastructure of an OMC was absent on the education and R&D field. However, the conflict between an incentive to act and reluctance to act was still present on these fields, and led to the judgement of the respective DG and sectoral Council that the OMC was the most appropriate instrument to be adopted. This opened the way for the infrastructure of the OMC education to develop along the timetable that was set by the member states. In the case of the OMC R&D there was some delay in the development of the infrastructure of the OMC, but member states did not lose interest in the OMC along the way. In sum, due to the absence of electoral dynamics in the domestic arena and the continuing presence of the functionalist logic, the infrastructure of the OMC education and OMC R&D continued to

develop in order to contribute to a goal that is shared by all of the mainstream party families in Europe, i.e. economic competitiveness (De Elera 2006: 565). In this way, competitiveness acts as a ‘master discourse’ (Radaelli 2003: 20, 29).

11.2 Fit between the hypothesis and the empirical findings

A second point that needs to be addressed in this concluding chapter is the correspondence between the hypothesis central in this thesis and the empirical findings. From the above comparison of the empirical findings for the four OMCs, it shows that some empirical findings are in contrast with the hypothesis. As will become clear from this section, this is most clearly visible with regard to i) the conflict between member states with an incentive to act and member states with reluctance to act on the European level, and ii) the OMC as a barrier against a shift of competences.

The conflict between an incentive to act and reluctance to act

Some expectations with regard to the conflict between an incentive to act and reluctance to act on the European level on the side of the member states were not confirmed by the empirical findings. A first empirical finding that is not in correspondence with the hypothesis is related with the expectation that the conflict between member states with an incentive to act, and member states with reluctance to act would be less pronounced for the education field. The incentive to act on the EU level with regard to education issues was expected to be weakened, because with no owner of the education issue among political parties and a lack of public support for more EU involvement with regard to education matters, it is highly unlikely that politicians will adopt a signalling strategy on the European level. Moreover, it was expected that the lack of an issue owning party family would make the electoral pressure on national politicians less, and give them somewhat more room for taking action on the European level with regard to education matters. These expectations with regard to the strength of the incentive to act and the reluctance to act on the European level on the side of member states were only partly confirmed by the empirical findings. While the incentive to act of the sectoral Council was indeed weaker in the first two years after the Lisbon Summit (when compared with the social inclusion case), the reluctance to act of member states on the European level with regard to education matters was stronger than expected. Although there was indeed no electoral pressure, the preference of the public to keep education matters national, and the importance of education for the economic competitiveness and cultural

identity of a country, did constrain national politicians in what they could sign up to at the European level.

A second empirical finding that was not accounted for by the hypothesis - this time for the R&D case - is related with the type of saliency that can foster a conflict between an incentive to act and reluctance to act on the European level. Because the R&D issue is not salient in the eyes of the public, politicians do not have to respond to the preferences of the public and, hence, it was expected that politicians would have more room to manoeuvre on the EU level and would not encounter the conflict described above. However, although the empirical findings indicate that the saliency of the R&D issue in the eyes of the public is low, politicians considered the R&D issue as crucial for increasing the economic and social welfare of citizens and ensuring their security. Investments in R&D are considered important for the defence and energy supply of countries, and can increase the economic competitiveness of economies. In sum, political responsiveness does not only matter with regard to issues that are salient in the eyes of the public, but can also play a role in an indirect way through issues that are considered of strategic or economic importance by an elite of politicians and bureaucrats. The latter view resulted in stronger reluctance to act on the European level of national politicians with regard to R&D matters than was expected.

	Education		R&D		Social inclusion		e-Europe	
	Expected	Observed	Expected	Observed	Expected	Observed	Expected	Observed
Saliency	High	High	Low	Low	High	High	Low	Low
Issue ownership	Absent	Absent	Absent	Absent	Present	Present	Absent	Absent
Conflict	Yes (medium)	Yes (strong)	No	Yes (medium)	Yes (strong)	Yes (strong)	No	No
Development infrastructure OMC	Medium-high	High	Low	Medium-high	High	High	Low	Low

Table 11.5: The fit between the expected and observed values for the four policy fields.

Third, on the basis of the hypothesis central in this thesis it was not expected that the conflict between an incentive to act and reluctance to act would take shape on the e-health field - a subfield of the e-Europe initiative. The empirical evidence indicates that because health care is a salient issue in the eyes of the public around Europe, a conflict is created between, on the one hand, the advantage of acting on the EU level to fully use new information technologies -

for example to introduce a European digital Health Card - and the wish of member states to stay in control over the health care issue on the national level on the other. To be sure, e-health is only a subfield of the e-Europe initiative and, hence, did not lead to the view that a compromise instrument (i.e. the OMC) was necessary for the whole e-Europe initiative in order merely to solve a conflict on the e-health field.

It is not unlikely that the e-health component of the e-Europe initiative will be treated under the OMC health care, which is starting to develop inside DG employment and social affairs (Jost 2006). The OMC is seen by this DG as an instrument that can give employment, social affairs and health ministers a voice on the European level. This is judged necessary by DG employment and social affairs in the case of health care because with the stronger role of finance ministers through the setting in place of EMU and its focus on strict public deficits, a sizing down of the national health care systems can be proposed with more legitimacy. However, DG employment and social affairs was at the end of 2005 still in the process of convincing the health ministers of the member states of this added value of the OMC health care.²¹¹

A barrier against a shift of competences

On the basis of the hypothesis it was expected that the degree of development of the infrastructure of the OMC would be positively correlated with the degree in which the OMC can form a barrier against a shift of competences. It was reasoned that the more developed the infrastructure of the OMC is, the more it is institutionalised and the more difficult it becomes to change to a less intergovernmental governance mode. This would explain why member states allow the infrastructure of an OMC to develop to a higher degree on issues that are highly salient on the national level and, hence, on which national governments want to prevent a shift of competences. However, from the study of the four OMCs it became clear that the degree of development of the infrastructure is not viewed by the member states as positively related with the degree in which the OMC can form a barrier against a shift of competences.

On the education field it is articles 149 and 150 of the treaty that form the real barrier against a shift of competences. The empirical findings indicate that the infrastructure of the OMC education reached its current degree of development because the Commission and the

²¹¹ According to Szyszczak the decision to adopt an OMC in health care is also related with EU consumer-citizen demands, and an ever-increasing and expansive case law of the Court of Justice that threatens the member states' sovereignty in this area (Szyszczak 2006: 491).

member states with an incentive to act on the European level pushed for it. In contrast to what was expected, those member states more reluctant to act on the European level do not view the OMC as a barrier against a shift of competences, but merely want to ensure that the OMC education does not develop towards an EES-like measure.²¹² In a similar way, neither the infrastructure of the OMC R&D is developed to form a stronger barrier against a shift of competences. The infrastructure of the OMC R&D is developed to allow for mutual learning - as supported by member states with an incentive to act - while it will not develop towards an EES-like measure due to the wish of member states to stay in complete control on the national level because of strategic and economic concerns.²¹³

Of the four cases, the empirical findings in the context of the OMC social inclusion fit best with the 'domestic politics' explanation underlying the hypothesis assessed in this thesis. The only finding that does not correspond with the hypothesis touches upon the OMC as a barrier against a shift of competences. The Commission and member states with an incentive to act contributed to the development of the infrastructure of the OMC social inclusion, while the more reluctant member states had their foot on the brake in order to prevent the OMC social inclusion from developing towards an EES-like measure.²¹⁴ In sum, all national governments allow the infrastructure of the OMC to develop within the limits of the Lisbon OMC template, but do not allow it to develop towards an EES-like measure. On the policy fields studied in this thesis the EES was viewed as leading to too much interference by the Commission in national dealings. Hence, member states consider that there is a negative

²¹² Although all heads of state and government and the ministers of education were conscious of the fact that the OMC education had its origins in the EES, there are no references in Commission documents to the EES. A reference of DG education to the EES would send the wrong signal to the member states, given that the OMC education was never intended to be as elaborate as the OMC functioning in the context of the EES (Interview CEC 9 November, I).

²¹³ From meetings between policymakers from DG research and other DG's (i.e. employment and social affairs and Ecofin) on how to approach the OMC after the revision of the Lisbon strategy, it became clear that the EES would be judged too binding by the member states, and could not function as a model for the OMC R&D (Interview 14 November 2005).

²¹⁴ The evidence for the judgement of the member states on the inappropriateness of an EES-like OMC for the social inclusion field is a bit more mixed. Already in the run-up to the Lisbon Council, various actors expressed their preference for a policy tool for the social inclusion field along the lines of the EES, to be launched through an extraordinary European Council similar to the one held on employment policy in Luxembourg in 1997 (Agence Europe 7460, 06/05/1999, Agence Europe 7663, 24/02/2000). During the French presidency of the Council, the initial intention to develop a policy tool for social inclusion along the lines of the EES was confirmed by Martine Aubry (Agence Europe 7752, 05/07/2000; Agence Europe 7807, 26/09/2000, Agence Europe 7823, 17/10/2000 and Agence Europe 7726, 26/05/2000). These linkages between the employment and the social inclusion field date back to the Amsterdam treaty, where attention for these issues on the EU level was considered to contribute to bridging the gap between the EU and its citizens. However, in subsequent years national governments did not allow the infrastructure of the OMC social inclusion to develop beyond the Lisbon template. The EES was judged by most member states as leading to too much interference of the Commission in national dealings. Hence, DG employment and social affairs had to give up on using the EES as a reference for the OMC social inclusion.

causal relationship between the degree of development of an OMC, and the capacity of the OMC to prevent a loss of member state control.

At the beginning of this research, the expectation was formulated that the expected low degree of development of the infrastructure of the OMC e-Europe reflects the absence of a need to create a barrier against a shift of competences on this field. Although in practice member states did not identify a need to set in place such a barrier, this was not the reason why the infrastructure of the OMC e-Europe remained underdeveloped. Instead, due to a weak and unstable incentive to act on the EU level of the member states, the infrastructure of the OMC e-Europe remained underdeveloped. Only because of policy developments external to the e-Europe initiative (i.e. the revision of the Lisbon strategy), did the infrastructure of its OMC develop to a limited degree, without, however, leading to a strong commitment of DG information society or the sectoral Council to take up the development of the infrastructure of the OMC e-Europe. This explanation for the underdevelopment of the infrastructure of the OMC is not related with the absence of reluctance of member states to act on the European level, and, hence, contrasts with the hypothesis.

Concluding remarks on fit with empirical findings

A first point that justifies a refinement of the theoretical explanation put forward in this thesis is related with the OMC as a barrier against a shift of competences. The degree of development of the infrastructure of the OMC is not viewed by reluctant member states as positively related with the degree in which the OMC can form a barrier against a shift of competences. Instead, it are the member states with an incentive to act who want to develop its infrastructure, because they believe in the OMC as an instrument that can address their need for mutual learning (in line with the functional logic) or can function as part of a signalling strategy (in line with a 'domestic politics' explanation). At the same time, the infrastructure of the OMCs on the education, R&D and social inclusion field does not develop towards an EES-like measure because those member states reluctant to act on the European level have their foot on the brake and want to keep the executive capacity on the national level and autonomous. This push-pull effect was not accounted for in the hypothesis. However, it can be accommodated because touches upon some of the main concepts of this thesis - i.e. the incentive to act and reluctance to act on the European level - and is related with the two sets of hypotheses that are combined in the hypothesis assessed in this thesis, based on a functionalist logic and the 'winning coalition' argument.

The push-pull dynamic has an effect on various aspects of the choice and development of OMCs. First, the by the saliency of an issue fostered reluctance to act on the EU level prevents that a different governance mode than the OMC is chosen to address the incentive to act of member states. All other governance modes are judged as too binding. At the same time, the incentive to act on the EU level of member states ensures that there is an interest on the side of the member states to develop the infrastructure of the OMC. In sum, the push-pull effect limits the choice for a governance mode to the OMC, while being a driving force behind the development of the infrastructure of the OMC. The dynamic sets also the limits for the development of the infrastructure of the OMC beyond the Lisbon template. Member states which are more willing to act on the EU level, will be vetoed by member states reluctant to act when the former propose to develop an OMC based on the Lisbon presidency conclusions along the lines of the OMC functioning in the context of the EES.

Second, the empirical findings indicate that political responsiveness does not only play a role with issues that are salient in the eyes of the public, but that it is also significant in an indirect way through issues that are judged by an elite of politicians and bureaucrats of strategic or economic importance. The claim that politicians will only be responsive to the concerns of citizens with regard to issues that are salient in a non-volatile way still holds. However, the findings with regard to the OMC R&D make a further distinction between various types of non-volatile salient issues necessary. Not only are politicians taking the concerns of the public into account when the issue is the ownership of their political party (i.e. with social inclusion), or when it directly touches upon the future life plans of citizens (i.e. with education), but also when the issue is judged by an elite of politicians to be vital for the welfare of citizens in an indirect way and falls within the 'high politics' category (i.e. with R&D). In sum, next to the saliency of an issue in the eyes of the public, the saliency of an issue in the eyes of a national elite of politicians and policy makers should also be taken into account (see figure 11.2). This finding with regard to the link between saliency and political responsiveness leads to the following reformulated hypothesis:

The greater the saliency of an issue in the eyes of the public or an elite of politicians on the national level, the more likely it is that national governments who have an incentive to act on this issue on the European level (and of which political parties in government may be the issue owner) will clash with national governments reluctant to act. The presence of this conflict on a policy fields is a condition²¹⁵ for the infrastructure of an OMC to develop.

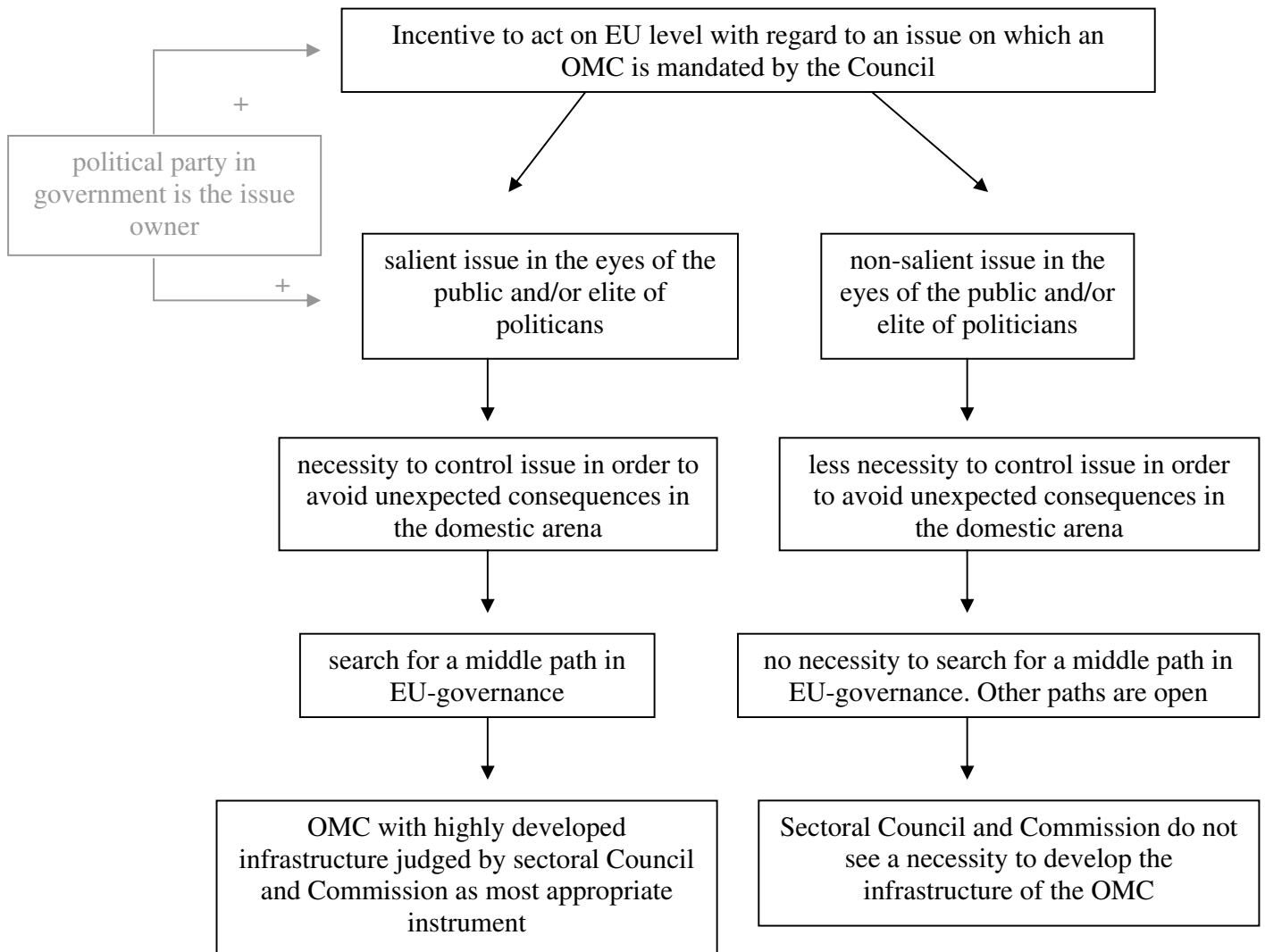


Figure 11.2: The choice to develop the infrastructure of the OMC

²¹⁵ When there is a mandate of the Council to adopt an OMC on a policy field, the presence of the conflict is a necessary and sufficient condition for the sectoral Council and the Commission to take up the mandate and develop the infrastructure of the OMC.

11.3 Feasibility of the OMC as a conflict resolution instrument

In an early stage of this research it was decided to factor in the involvement of the Commission and the European Parliament in the development of the infrastructure of the OMC. As made explicit in section 2.7, national governments engaging in acts of institutional creativity may not understand the long-term implications of that act and the possible agency-loss it can result in. However, national governments can learn when these gaps in control emerge and how to address them, through which path dependencies and lock-in effects can be prevented.

The codification of the OMC at Lisbon can be seen as the outcome of a learning process in instances where such gaps in control emerge. To be sure, the choice for the OMC is not an attempt by member states to close a gap, but to *prevent* a gap in control from emerging on domestically salient policy fields. It was claimed that redesigning the EES, resulting in the codification of the OMC-lite, could only be successful if two factors are absent: (i) resistance of European institutional actors to member state actions, and (ii) institutional obstacles (Pierson 1996).²¹⁶ In section 2.7 the expectation was expressed that policy fields on which OMCs are started up, have previously been exposed to European integration in only a minor way. Hence, the Commission and the EP could not collect sufficient information on these policy fields to organise successful resistance against actions of member states or erect institutional barriers. Moreover, both institutions lacked experience with the OMC because of its recent emergence (see table 11.1).

Resistance of European institutional actors

The empirical findings for the education, R&D, and social inclusion cases indicate that the Commission and the EP did not resist the choice for the OMC and the development of its infrastructure. Both institutions viewed the OMC as the only instrument through which they could gain a (stronger) role on the education, R&D and social inclusion fields.

²¹⁶ For three out of four policy fields it is relevant to assess the presence of these factors, i.e. education, R&D and social inclusion. One of the findings in the context of the e-Europe initiative was that there was no need to prevent a gap in member state control from opening. In contrast, for the other three policy fields the OMC was clearly seen as a way to work around the strict treaty base, which the member states wanted to keep intact because of the importance of the issues on the national level.

Especially on the social inclusion field the Commission initially played a successful entrepreneurial role in the development of the infrastructure of the OMC. In the first two years after the Lisbon mandate, DG employment and social affairs facilitated the development of the infrastructure of the OMC social inclusion by publishing communications and working documents. However, after 2002 the Council became less receptive to social policy initiatives due to a shift to the right in the Council. Because of the non-binding character of the OMC, DG employment and social affairs did not have any leverage to counter this development.

On both the education and R&D field, the Commission did not view the choice for the OMC as an opportunity to gain powers, but neither did it hesitate to get on board (Keeling 2006). At the same time, the member states kept their foot on the brake and, hence, were in full control over the development of the infrastructure of the OMC R&D and OMC education.

On several occasions the EP proposed to make the OMC social inclusion and OMC education more binding, but with these initiatives the EP went against the nature of the OMC, which was only acceptable for all member states because of its flexible character (De La Porte and Pochet 2005: 360; Noaksson 2006: 31; Tsakatika 2004: 95). In sum, neither the Commission nor the EP wanted/were able to resist the choice for the OMC and the development of its infrastructure. As expected, this is related with the minor exposure to European integration of the education, R&D and social inclusion fields, and the marginal experience with the OMC of most DG's and the EP. Hence, the Commission and the EP did not collect sufficient knowledge on whether it is in their interest to resist member states' choices, or how to put pressure on member states to include certain actors in the OMC scheme. It is to the latter that we turn now.

Institutional obstacles

With regard to the institutional obstacles, the empirical evidence indicates that only in the case of the OMC social inclusion did the Commission try to involve organisations in order to strengthen naming and shaming of member states performances. In the first two years of the OMC social inclusion, the Commission tried to involve the EAPN to create pressure on member states to develop more elaborate social inclusion strategies on the national level. However, the OMC template was set up in such a soft way by the Lisbon Council that it was difficult for the Commission to put pressure on member states to involve European institutional actors, social movements or electorates. Moreover, the chance of developing the OMC social inclusion beyond the Lisbon template (i.e. through the introduction of country-

specific recommendations) with a Council increasingly dominated by the centre-right was very low.

The main difference between on the one hand the education and R&D field and the social inclusion field on the other, is the intention of the Commission to create watchdogs that can reinforce the blaming and shaming of member states' policy performances. This intention is only present on the social inclusion field, and is related with the experience of DG employment and social affairs with the EES. On the education and R&D field, the respective DG's had neither the experience with the OMC, nor the organisational capacity to strengthen a naming and shaming mechanism. On the social inclusion field the respective DG had more experience and organisational capacity, but did neither succeed in getting the member states to accept an EES-like OMC for the social inclusion field.²¹⁷

In sum, the codification of the OMC template by the Lisbon Council can be seen as the result of a learning process in which the country specific recommendations given by the Commission in the context of the EES played a crucial role. To be sure, the EES does not lead to a gap in member state control, but results in a degree of annoyance that, in the eyes of the member states, should not be repeated for other policy fields. Hence, when the Lisbon Council codified the OMC template, it was not given a treaty base and the infrastructure was set up in a lighter way than the EES. In sum, two shifts in the development of governance modes can be identified. First, the EES was inspired on EMU,²¹⁸ but was made less binding because of a fear on the side of social democratic parties in government for a shift of competences on the for them electoral important employment issue (De La Porte and Pochet

²¹⁷ From chapter 10 it became clear that the stronger emphasis of the OMC social inclusion on the mobilisation of civil society actors, prevented national governments from performing an effective gate-keeping function between the national parliamentary arena and the European level. On the basis of chapter 10 a trade-off was identified for the EES: its highly developed reporting scheme allowed national governments to perform a gate-keeping function, while national governments judge at the same time that the EES leads to too much interference of the Commission in their national dealings. Because the reporting process of the OMC social inclusion is not as heavy as the reporting process of the EES, the OMC social inclusion was in the view of the member states fully able to accommodate the diversity between member states. Moreover, the emphasis in the OMC social inclusion on the involvement of civil society actors weakened the gate-keeping function of national governments further. Hence, the previously mentioned trade-off could not be identified for the OMC social inclusion.

²¹⁸ This link between EMU and the EES also comes clearly to the fore in various Agence Europe bulletin articles published in 1996 and 1997. Right after EMU was adopted, discussions started on whether the stability pact had the capacity to create sufficient jobs on its own, or that an employment pact was necessary that would complement the stability pact (Agence Europe 6647, 17/01/1996; Agence Europe 6668, 15/02/1996, Agence Europe 6674, 23/02/1996, Agence Europe 6687, 13/03/1996). There was a clear division between social democratic governments - supporting the latter - and the conservative/centre-right governments, supporting the claim that the stability pact on its own has the capacity to create jobs (Agence Europe 6683, 07/03/1996; Agence Europe 6659, 02/02/1996). In the run-up to the Luxembourg summit, Council President Juncker rallied for the copying of some of the soft coordination elements of EMU to the employment field (Agence Europe 7050, 03/09/1997, Agence Europe 7084, 21/10/1997, Agence Europe 7096, 07/11/1997). Juncker also stated that 'the stress on convergence that we felt during preparation of EMU must come over us again if we want to make our employment policies more energetic' (Agence Europe 7097, 10/11/1997).

2002: 34, 38-39; Regent 2003; Schäfer 2004). Second, the EES functioned as a model for the codification of the OMC template in Lisbon, but was set up in a lighter way in order to limit the annoyance of member states. Illustrative in this respect is that various Commission officials that were interviewed in the context of this research referred to 'their' OMC - all based on the Lisbon template for the OMC - as a specific version of the OMC, i.e. an OMC-lite. The next section will elaborate on the shifts in the development of non-binding governance modes in light of European integration theories.

11.4 The choice and development of the OMC and European integration theories

An appropriate question to ask in this concluding chapter is how the empirical findings of this research have to be understood in light of some of the main European integration theories. The development of the OMC in general and its infrastructure in particular follows three phases, with in each phase a different theory that can best explain the dynamics.

A first phase that can be identified in the development of the OMC runs from 1990 till 1997. In this period a spill-over effect occurred that proved to be crucial for the development of the OMC in the context of the EES. Just as occurred earlier with the single market programme, the EMU created pressure on politicians to balance social and economic issues on the EU level (Rosamond 2000: 99). As we saw in chapter 3, especially social democratic politicians judged that this pact would have uneven consequences, forcing governments to pursue neoliberal economic policies. As a response, social democratic actors - among others - started to push for initiatives that aimed at ameliorating the worst effects of the stability and growth pact, resulting in attention in the Amsterdam treaty for the unemployment and social exclusion problems, and the setting in place of the EES. The described spill-over effect is in line with a neofunctionalist account of European integration. In contrast to traditional functionalism, neofunctionalism was not often referred to in this thesis. The main reason for this is that although some functional linkages and functional and political spill-overs could be identified between the policy fields studied in this thesis - for example between the EES and the social inclusion theme - this could only in a minor way explain the development of the infrastructure of OMCs. However, the role of the Commission in the partnership with the sectoral Council - which underlies the development of the infrastructure of OMCs - is fully in line with neofunctionalism. This point will be shortly touched upon.

In a second phase of the development of the OMC - running from 1997 till 1999 - the problem that needed to be addressed was which policy instrument had to be chosen in order to

deal with the unemployment issue on the EU level. The policy instrument needed to be European enough to counter the economic bias of the European integration project, while it had to leave all control on the national level because social democratic actors in the domestic arena did not want to lose control over this vital issue in their electoral strategies. As a result the OMC was designed; a policy tool that was envisaged to generate solutions and would prevent institutional and policy reforms from transforming the position of member states in ways that are undesired. However, in 1999 it became clear that the EES did not function in the way it was envisaged by the national governments and circumscribed the autonomy of national governments in the national policy making process. It is to the latter that we turn now.

According to historical institutionalists, national governments engaging in acts of institutional creativity cannot factor in all long-term implications of that act, which hinders national governments in designing institutions in line with a functionalist logic. In functionalist approaches, political institutions are assumed to have been deliberately designed by *contemporary* actors for the efficient performance of specific functions, with marginal attention for historical legacies (Pollack 2004: 139, 141). The setting in place and development of the EES is a prime example of how a historical institutionalist logic can hinder national governments in designing institutions along a functionalist path. The role of the Commission in the EES - although explicitly designed as such by the member states - came soon after the institutionalisation to be viewed by national governments as leading to too much interference of the Commission in national dealings. By allowing the Commission to give country-specific recommendations to member states with bad performing employment policies, the Commission gained a strong 'blaming and shaming' role that subsequently was judged by member states as inappropriate. Hence, the claim derived from historical institutionalism holds: national governments were not perfectly knowledgeable about the full implications of the EES from the outset, leading to unexpected and undesired consequences. Although the EES did not lead to a formal transfer of sovereign authority from the national to the European level, through the 'blaming' function of the Commission the autonomy of national governments became somewhat circumscribed.

However, most historical institutionalists would expect that through the setting in place of the EES path dependencies are created. Although path dependencies were created within the boundaries of the EES - because the EES was codified in the treaty the Commission continued to play its 'blaming and shaming' role in subsequent years - these did not gain presence on other policy fields on which the OMC was adopted. Because the OMC

was created in the context of the EES, it could not be applied to other policy fields as long as there was not an explicit Council mandate to do so. In the third phase of the development of the OMC (1999-2005), the heads of state and government present at the Lisbon summit redesigned the OMC and limited the role of the Commission in the EU level coordination of national policies. The codification of this OMC-lite template prevented that the decrease in autonomy in the national policy making process through the OMC in function in the context of the EES would be repeated on other policy fields on which the OMC is adopted. Hence, national governments learned about how gaps in control emerge and how to address them. As a result, path dependencies were prevented from gaining presence on the EU level. In sum, whereas historical institutionalism falls short in explaining the design of the OMC-lite, a liberal intergovernmentalist perspective is more appropriate to explain the outcome of the Lisbon summit and the subsequent development of the infrastructure of OMCs on policy fields other than the employment field.

From the study of the four OMCs it became clear that the conflict between an incentive and reluctance to act on the European level - both janus-faced concepts - played an important role in the development of the OMC. Whereas on the education and R&D field the functionalist logic was the main driver behind the conflict, on the social inclusion field the political circumstances in the domestic arena of member states played an important role.

On the education field it was primarily the wish to solve problems that could not be solved by an exclusive focus on the national level that urged member states to develop the infrastructure of the OMC. An OMC with a developed infrastructure was judged to be better able to facilitate learning on how to approach these problems on the national level. On the other hand, intergovernmental dynamics played a role in restricting the choice for a policy tool to the non-binding OMC. Education is highly salient on the national level, on which the public and politicians want to keep the competence on the national level. Also factors related with the domestic politics of the member states influenced the choice and development of the OMC education. The German Länder wanted to prevent that the OMC would become a mean for the federal government to bypass the subnational level, and to ensure that the OMC would remain soft enough to keep the allocation of competences on the education field in Germany in place.

The R&D field and the e-Europe initiative are more in line with a traditional functionalist strand in the European integration literature. However, the pressure to solve problems on the national level with the help of EU level coordination was only for a short period of time present in the case of e-Europe. Along the lines of the functionalist logic -

derived from a claim of Scharpf - one can conclude that there was no reason to develop the infrastructure of the OMC e-Europe because there was no problem identified to be solved. In contrast, the infrastructure of the OMC R&D developed because it was envisaged to provide a more coherent framework for learning about how to benefit more from the internationalisation of R&D. The reluctance to act on the EU level of national governments with regard to R&D is rooted in the fear of member states to lose control over their budget for research on 'high politics' issues such as defence and energy supply. Also here the functionalist logic can account for the development of the infrastructure of the OMC, while more realist intergovernmental dynamics lie behind the development of its infrastructure within the boundaries of the OMC-lite.

A second set of hypotheses identified in chapter 2 that underlies the hypothesis assessed in this thesis, is related with the winning coalition argument of Gornitzka and Schäfer and the strand in the European integration literature that explains state preferences by looking at the domestic politics of member states. This set of hypotheses could only in the case of social inclusion fully explain why the choice for the OMC was made and its infrastructure developed. Although the wish to solve problems on the national level played a role, the infrastructure of the OMC social inclusion primarily developed because it was pushed for by French social democrats in government who wanted to emphasise the social dimension of the European integration project for domestic reasons. Another 'domestic politics' dynamic that played a role was the wish of social affairs and employment ministers to have a voice on the EU level in order to counter the dominance of the finance ministers on the EU and national level after the setting in place of the EMU. However, after most social democratic parties were voted out of office, the interest for the social inclusion theme in general and for developing the infrastructure of its OMC in particular decreased. The reluctance to act on the EU level with regard to the social inclusion theme remained intact during the whole period studied, and was formed by a coalition of social democrats and neoliberals which wanted to stay in control over social issues on the national level. Hence, whereas the political circumstances in the domestic arena of member states can explain the development of the infrastructure of the OMC social inclusion, they can also account for reluctance to act on the EU level with regard to social exclusion issues in general. Moreover, the lack of a strong functionalist logic behind the development of the infrastructure of the OMC social inclusion and the vulnerability to changing political majorities in the domestic arena, explains the current disinterest in the social inclusion theme.

Although the member states were the dominant actors in the choice and development of the infrastructure of OMCs, the Commission played a pivotal role. From the development of the OMC in function on the education, R&D and social inclusion field it became clear that a partnership between the Commission and the sectoral Council was crucial for the development of the infrastructure of the OMC. This partnership created a platform for the Commission to launch proposals for developing the infrastructure of the OMC, and for the sectoral Council to agree on these proposals. The role of the Commission in this partnership is in line with the neofunctionalist strand in the integration literature. The 'high authority' that is appointed to oversee the operations leading to European integration - i.e. the Commission - is in neofunctionalist theorising one of the key sponsors of further regional integration (Rosamond 2000: 58; Schmitter 2004: 55). The catalytic role of the Commission in the development of the OMC on the education, social inclusion and R&D field is in line with this. DG employment and social affairs even tried to sponsor the emergence of regional-level interest associations by involving the EAPN more closely in the OMC social inclusion in order to strengthen the blaming and shaming of member states policy performances.

Given the important role of two-level games in the development of the OMC social inclusion and OMC education, an interesting point to address is the distinction between the domestic arena of member states and the European arena. For Moravcsik, the domestic arena is a relatively insulated domain, whereas others see the boundary between the domestic and the external as increasingly perforated - also due to the function of the OMC (Jachtenfuchs and Kohler-Koch 2004: 109) - with national governments less able to act as the exclusive mediators between domestic groups and the global environment (Rosamond 2000: 139-140). The discussion in chapter 10 on how the NAPs allow national governments to act as gatekeepers between the national and the European level makes clear that Moravcsik's claim on the distinctiveness of the arenas still holds. Even in the case of the OMC social inclusion - where there is an explicitly stated objective to involve non-state actors on the national level - the links the Commission developed with the Brussels-based EAPN and the national organisations in the member states linked with the EAPN, did not lead to an embeddedness of the Commission in the domestic politics of the member states. As a result, the Commission was not able to bypass the gatekeeping function of national governments, and the domestic and the European arena remained distinct arenas, creating room for two-level games.

After more than 5 years of experience with the OMC-lite, many initial OMC-enthusiast lost belief in the OMC as an effective solution-generating policy tool. Moreover, many scholars doubt that the OMC can foster mutual learning, and often consider the OMC as

little more than cheap talk. Others view the impact of the OMC not in policy change terms, but identify framing-effects and the development of a common language as the primary impact of the OMC. However, all national governments continue to participate in the OMC - sometimes because they see a real added value in the OMC, often only out of routine - while no member state proposed to stop with the OMC or develop it towards an EES-like measure. The status quo in the development of the OMC shows similarities with the concept of the joint decision trap developed by Scharpf. This concept can be defined as:

‘an institutional arrangement whose policy outcomes have an inherent (non-accidental) tendency to be sub-optimal. (...) Nevertheless the arrangement represents a ‘local optimum’ in the cost-benefit calculations of all participants that might have the power to change it.’ (cited from Rosamond 2000: 141).

The current development of the OMCs on the education, social inclusion and R&D fields seems to be such a ‘local optimum’, which makes retreat, reverse or acceleration in the development of the infrastructure of the OMCs highly unlikely. This kind of inertia is according to Scharpf particularly likely in situations in which intergovernmentalism is dominant, an unanimity voting rule is in place, and a default condition in which a policy or institution would persist in the event of no agreement is present (Pollack 2004: 149). Because the situation on the education, social inclusion and R&D field is similar to the one described, the OMC-lite is likely to become locked-in on these fields, even in the face of a changing policy environment.

From the discussion of the empirical evidence in light of some European integration theories it became clear that a sequence of theories is best able to explain the choice and development of OMCs. In the first period identified (1990-1997), spill-over effects led to initiatives on the EU level in the context of employment policies, whilst national interests and electoral factors limited the choice for a policy instrument to the OMC. Although member states did not want to create any gaps in control over their national employment policies, the EES led to unexpected and undesired consequences in the second phase (1997-1999) of the development of the OMC. As a response, member states redesigned the OMC at the Lisbon summit in order to prevent this gap from emerging in the future on other policy fields. In the third phase (2000-2005) the infrastructure of OMCs developed along the lines of the OMC-

lite codified in Lisbon. In this phase functionalist, realist intergovernmentalist²¹⁹ (i.e. referring to ‘high politics’ issues such as education, defence and energy supply) and ‘domestic politics’ explanations can account for the differences in development between the infrastructure of OMCs. In sum, the expectation expressed in chapter 2 that combining these different strands in a single hypothesis can explain why member states make the choice to develop the infrastructure of the OMC holds.

11.5 Conclusion

By way of conclusion, some remarks will be made on the generalisation of the refined theoretical explanation developed in this chapter (see section 11.2), and the link between this research and some ongoing debates on the OMC, such as the relationship with ‘hard law’ and the role of the OMC in the enlargement of the EU.

The explanation put forward in this thesis can, at face value, also account for the choice to develop the infrastructure of an OMC on other policy fields then studied in this thesis. It can be expected that for terrorism (Ekengren 2006), pensions (Eckardt 2005), immigration (Caviedes 2004; Szyszczak 2006: 497-99), and health care (Jost 2006; Schreiber 2005; Sundmacher 2005), the high non-volatile saliency of these issues will generate a conflict that - sooner or later - will lead the member states and the Commission to judge that the OMC is the most appropriate instrument to be adopted. This will also be the case for an envisaged OMC with regard to the integration of migrants. For the latter issue a clear left-right divide between the mainstream political parties around Europe can be identified (Lahav 2004). As we saw earlier, during the Dutch presidency of the Council in 2004 there were indications that right-wing forces in the Council wanted to use the integration issue to signal to the public that attention to this problem is also paid on the European level (European Council 2004). Hence, with a dominance of right-wing parties in the Council, and the rise in saliency of this issue among the public, it is not unlikely that the infrastructure of the OMC ‘integration’ will develop along the lines of the OMC social inclusion.

Apart from the generalisation of the theoretical explanation central in this thesis, some remarks need to be made in this concluding section on the link between this research and recent scholarly debates on the OMC. A first theme to be addressed is the link between the

²¹⁹ Note that there is a difference between traditional, realist intergovernmentalism and liberal intergovernmentalism. The latter emphasises the importance of the domestic roots of state preferences (Schimmelfennig 2004: 80). See section 2.2 for more details.

OMC and 'hard law', such as the Community method. The results of this research indicate that both in the case of newly emerging OMCs and OMCs that have a longer history, it is unlikely that unwanted or unexpected spill-over effects emerge due to elements in the infrastructure of the OMC-lite. As became clear from the assessment of the feasibility of the OMC-lite as a conflict resolution instrument, the voluntary nature of the OMC did not erode over the years due to either resistance of European institutional actors or institutional obstacles. This strong role of the member states led a Commission official to state that the OMC will cease to exist when the member states can no longer see its use (Interview CEC 10 November 2005, I). However, this logic can also work the other way around (Obinger et al. 2005). When member states conclude that mutual learning cannot lead to the goals that are set, the choice for a stronger instrument is made and member states will allow the Commission to take action. In line with the latter, the OMC was defined by the Complementary Competencies Working Group of the Convention as 'a pre-legal step in governance processes' (Szyszczak 2006), which provides support for the claim that the OMC is a 'starting point' and not a 'resting point' for European integration (Jachtenfuchs and Kohler-Koch 2004: 108). However, the functioning of the OMC as a pre-legal step has, until now, often only led to the identification of a need for recommendations. The exchange of experience in the context of the OMC education, for example, convinced member states that recommendations were needed in the area of mobility and basic skills. Before the adoption of the OMC on the education field, member states did not consider it appropriate to adopt recommendations on the education field, despite the fact that article 149 and 150 allowed for this. To be sure, these recommendations do not more than only inspire member states to improve their national education policies (Interview CEC 9 November 2005, I; Interview CEC 16 November 2005), and are too non-binding to lead to any unwanted or unexpected spill-over effects. In the cases in which the OMC leads to EU legal action (i.e. directives) the member states also maintain control. With regard to visa's for researchers coming from third countries, for example, there was a concrete need for a directive and the OMC R&D was judged to be inappropriate to deal with this problem (Interview EC 10 November 2005, II). However, DG research is fully aware that despite the fact that the need for this directive followed from the exchange of experience between member states in the context of the OMC R&D, this does not mean that policy harmonisation is a general objective (Interview CEC 10 November 2005, I; Interview CEC 10 November 2005, II).

Next to the OMC as a stepping stone, slippery slope, or starting point for European integration - a perspective on which the previous paragraph raised serious doubts - another

crucial point for the future of the OMC is its role in the enlargement of the European Union. The OMC is considered by some to be an appropriate instrument because it has the capacity to accommodate the increasing diversity between member states in an enlarged Union (Scharpf 2001). In practice, however, through the involvement of the new member states in the OMC a hierarchical element was introduced that led to top-down learning. This can be clearly seen in the twinning-process between the old and the new member states. Twinning is designed to assist candidate countries in fulfilling the *acquis communautaire* by sending experts from EU states into the analogous institutions of third states. Tulmets identifies many similarities between the EES - established by an extraordinary Council summit in Luxembourg in November 1997 - and the enlargement strategy laid out during a summit which took place in Luxembourg on 12-13 December 1997. Both strategies mention European-wide objectives, National Action Plans, consultation with social partners and civil society, benchmarks, exchange of best practices, and evaluation of progress along a detailed list of common indicators. Because sanctions cannot be legally applied to third countries before enlargement, the OMC incorporated in the twinning process was able to complement the Community method (De La Rosa 2005: 640; Tulmets 2005: 662). However, this particular type of OMC allows only top-down learning to take place. It is an instrument in the hands of the Commission to control the fulfilment by candidate countries of the accession criteria.

In addition to the twinning process, the OMC is related in a further way with the enlargement of the European Union. In 1999, ten future member states were invited by the Commission to develop an action plan for employment policy and - a few years later - social inclusion. Under this procedure, the future member states were able to familiarise themselves with the functioning of the OMC. With regard to these processes, De la Rosa also finds a dominant role of the Commission vis-à-vis the new member states, which favoured top-down learning at the expense of mutual learning between member states (De La Rosa 2005: 636).

As we have seen from the assessment of the hypothesis and the feasibility of the strategy to use the OMC as an instrument to prevent a shift of competences, the risk of an omnipresent Commission that teaches instead of facilitates mutual learning between member states, is considerably lower in the case of OMCs that were adopted for the 'old' EU member states. The OMC has a voluntary character in which the 15 member states have to be willing to report their current and future policy plans in order to facilitate the exchange of policy experiences that can result in mutual learning. The commitment of the member states to take the reporting seriously and not just summarise their past and current policies, is a necessary condition for the OMC to be able to foster mutual learning and, hence, is one of the elements

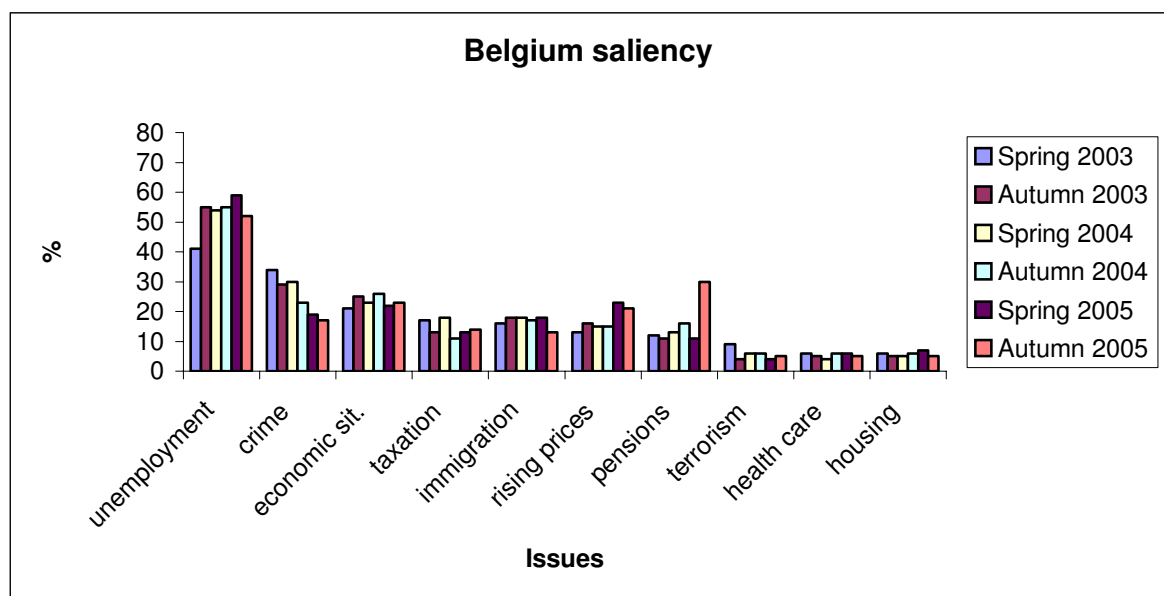
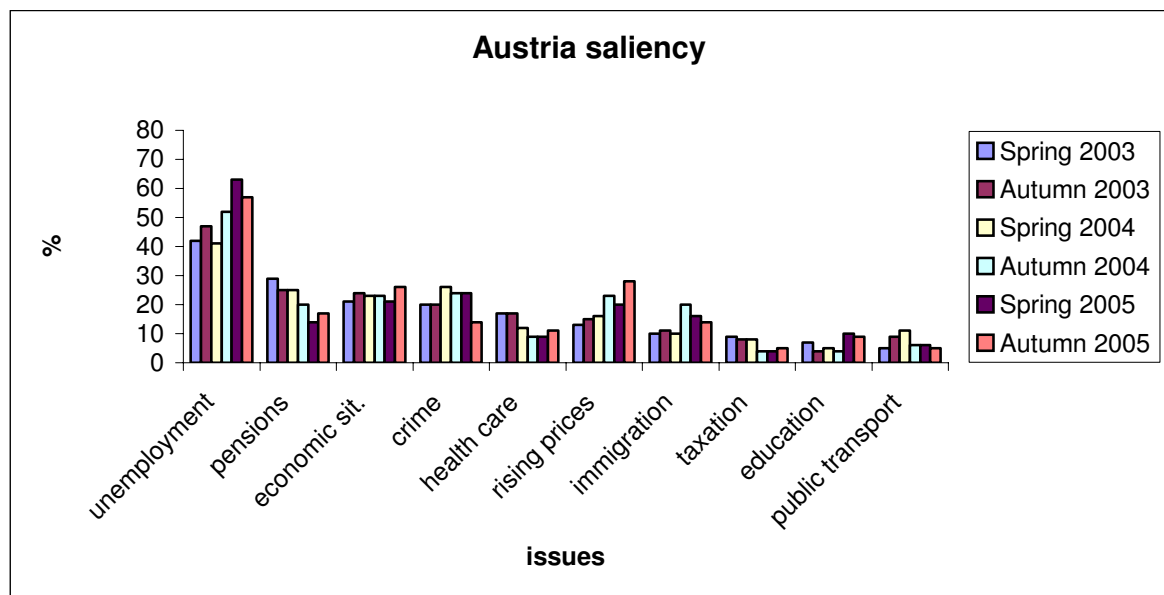
on which its future depends. However, it is still an open question whether a benchmarking fatigue is emerging on the side of the member states (Zängle 2004: 13), and whether member states will remain motivated to invest time and energy in exchanging policy practices on the EU level.

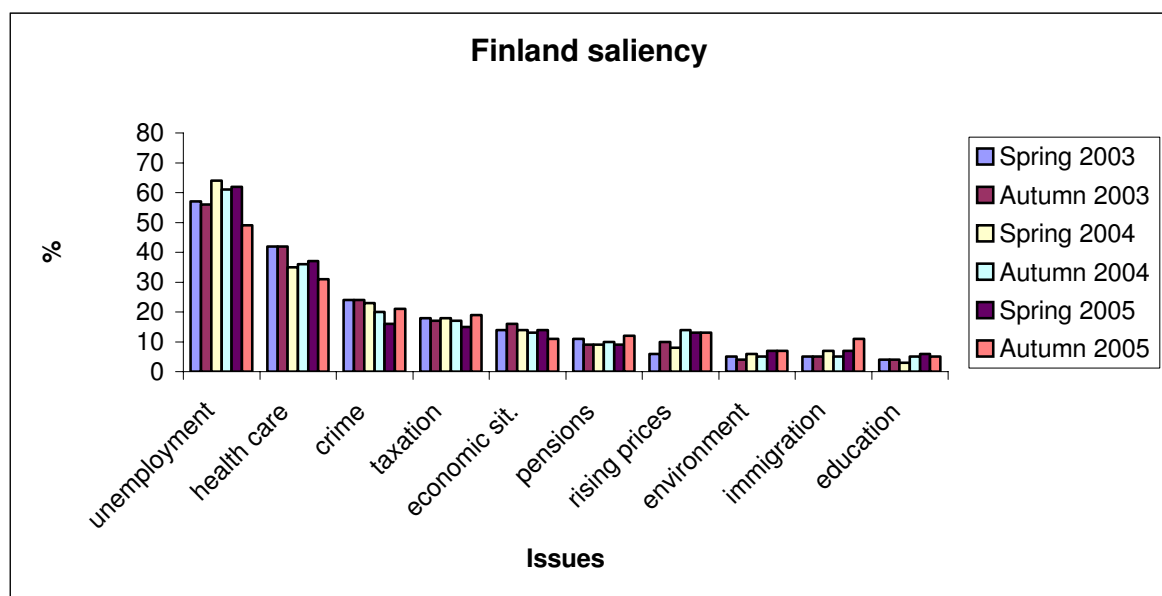
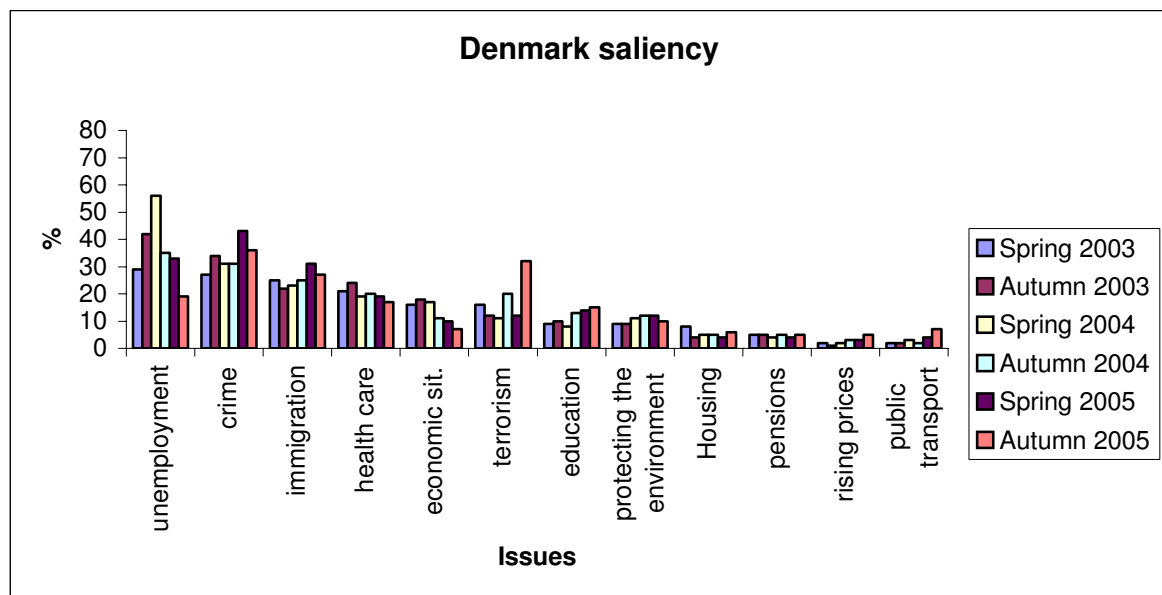
However, from this research it became clear that the commitment of the member states to an exchange of policy practices is not a sufficient condition for creating a potential for mutual learning. The infrastructure of the particular OMC should also be sufficiently developed (i.e. include NAPs and EU level discussions on these reports) to allow the exchange of policy practices between member states to focus on improving the national policy performance of member states. It became clear from this research that the infrastructure of an OMC will only develop sufficiently to create a potential for mutual learning, when there is a clear conflict on a policy field between member states with an incentive to act, and member states with reluctance to act on the European level. With this finding I go some way to providing an answer to the question of which policy fields are more appropriate for adopting an OMC with a mutual learning potential, or whether less elaborate multilateral surveillance tools or more binding modes of governance are more appropriate.

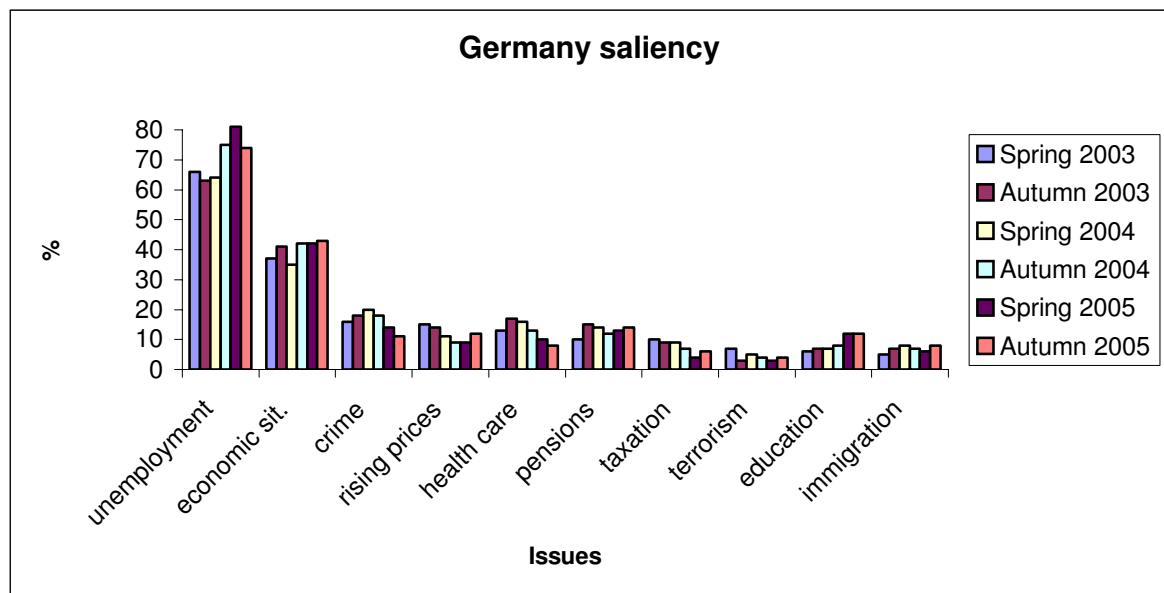
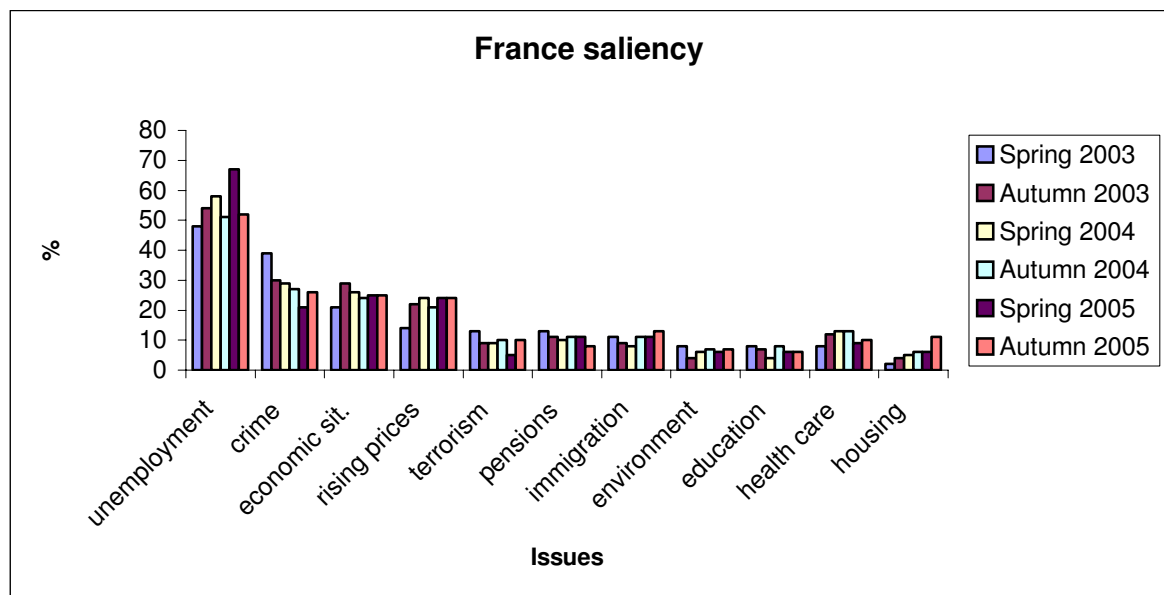
Appendix I

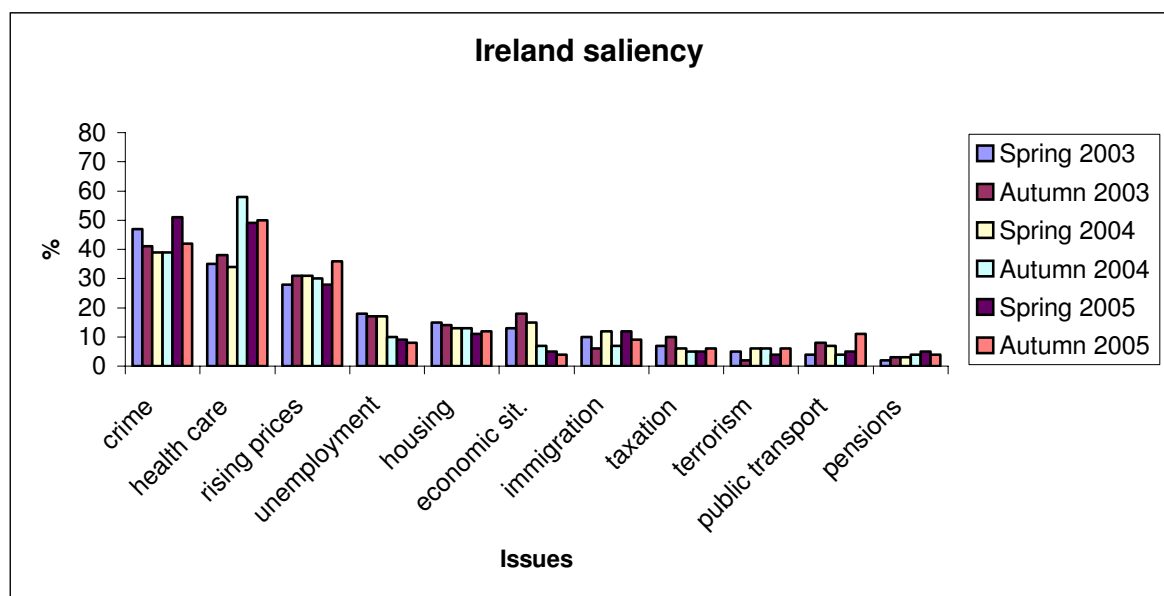
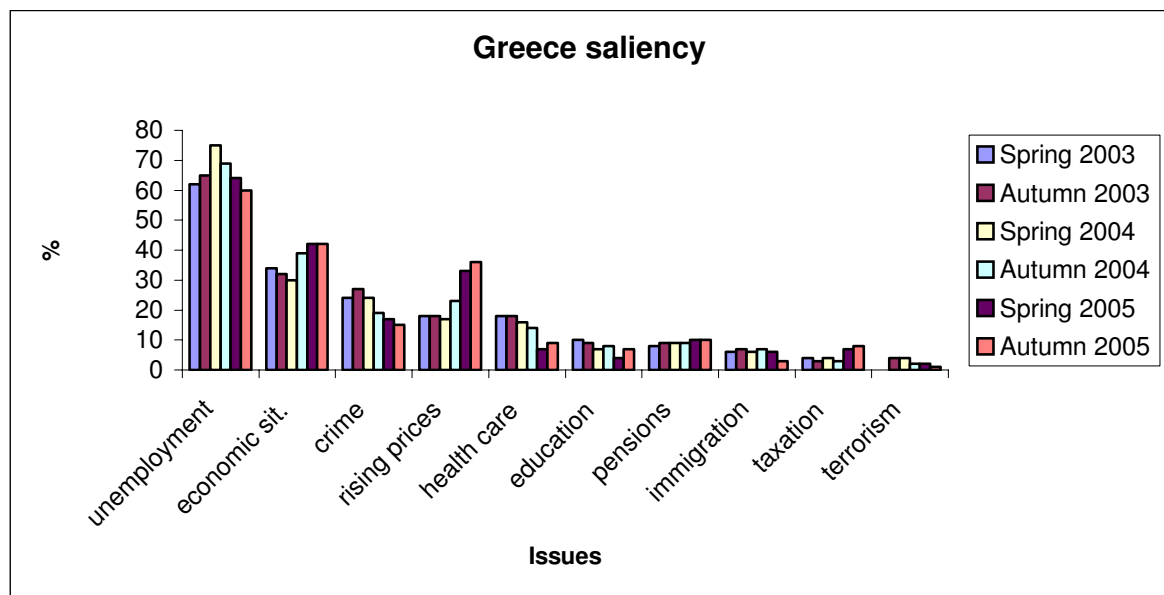
The saliency of issues in fifteen Member States

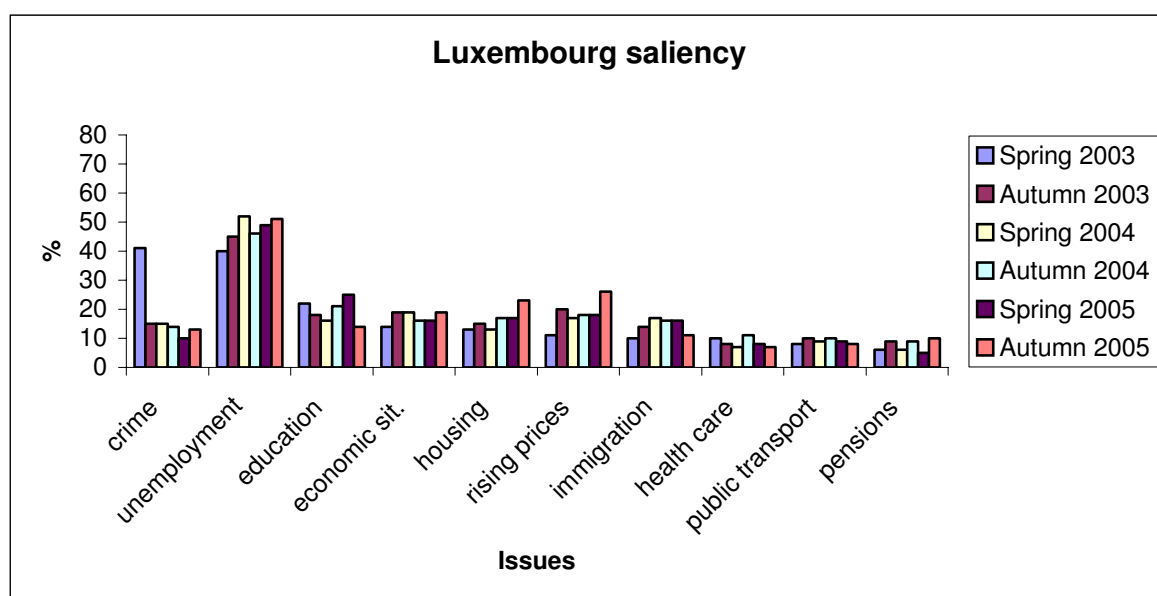
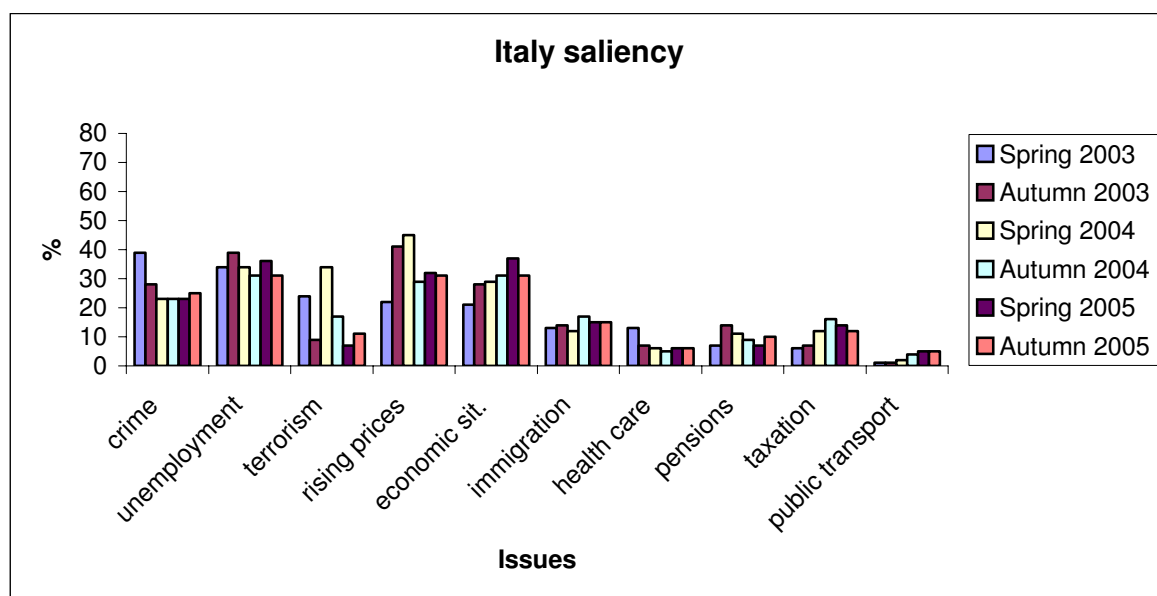
For the measurement of the saliency of issues, Eurobarometer data are used. In these surveys the following question touching upon the saliency of issues is asked (from 2003 onwards): 'What do you think are the two most important issues facing (OUR COUNTRY) at the moment? (MAX. 2 ANSWERS)'. All issues in the graphs below are considered in this thesis as highly salient in the eyes of the public. These data are compared in the chapters with the European Election Studies from 1999. Although measured in a different way, the comparison between European Election Studies data and Eurobarometer data makes clear which issues are salient in a non-volatile way.

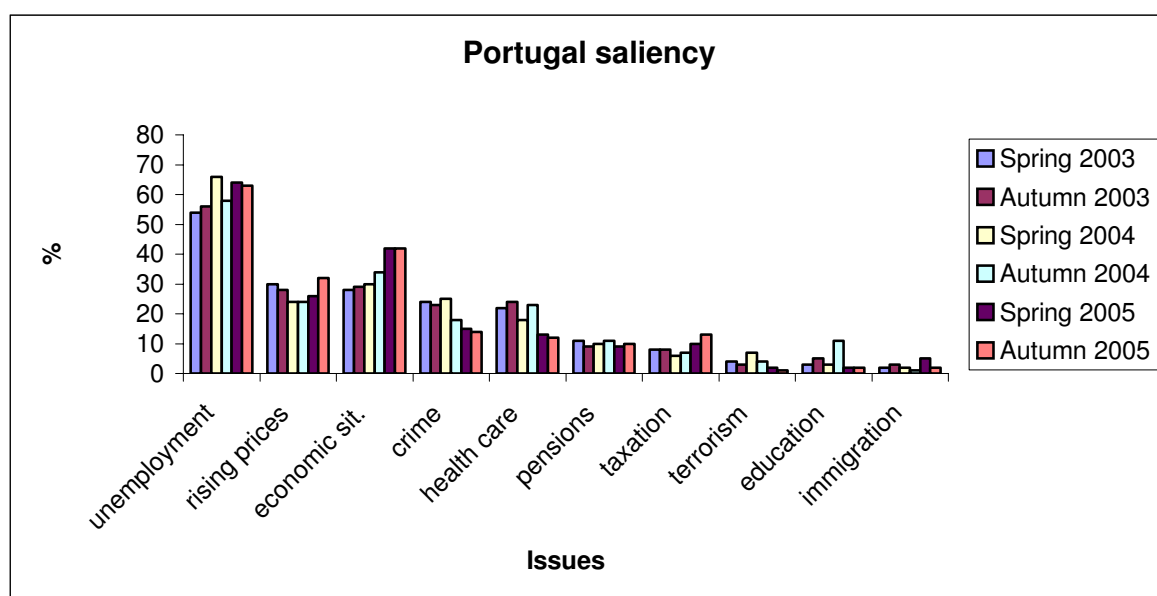
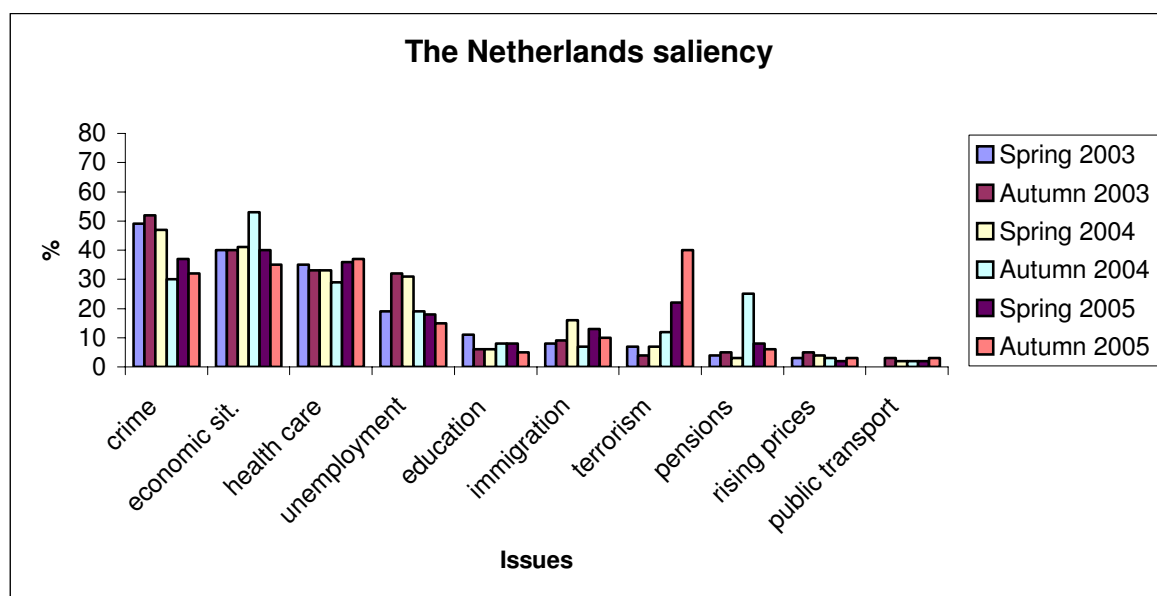


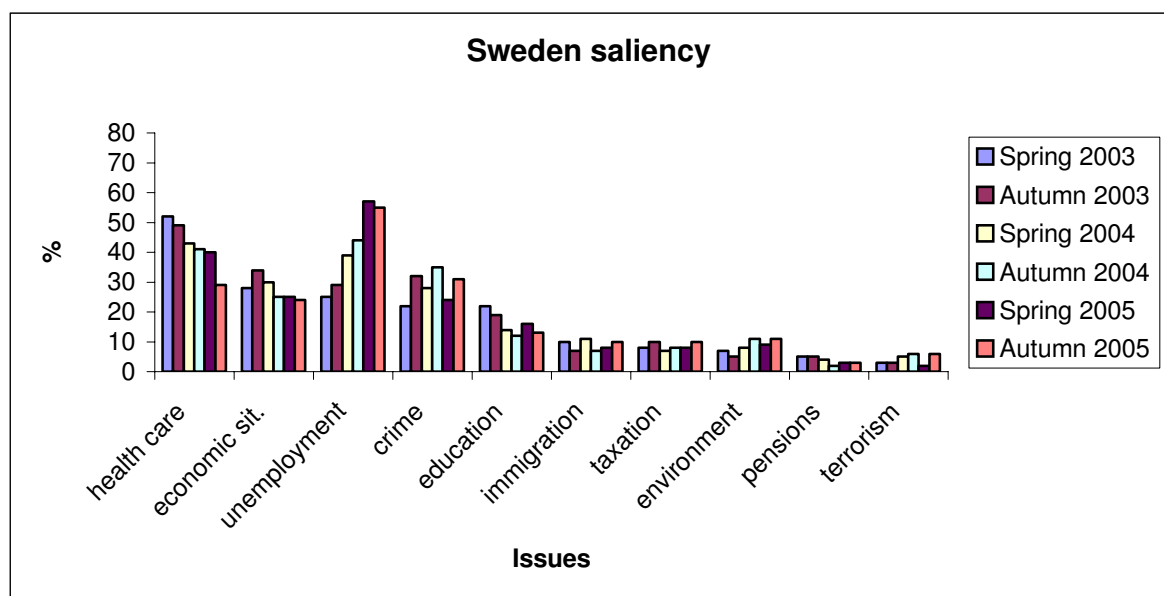
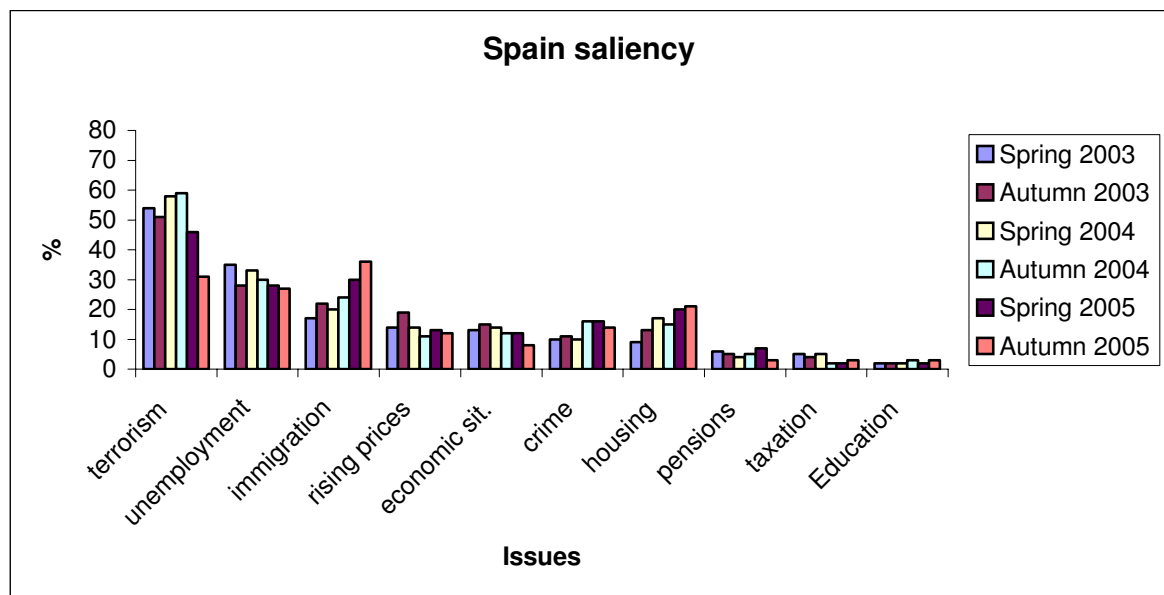


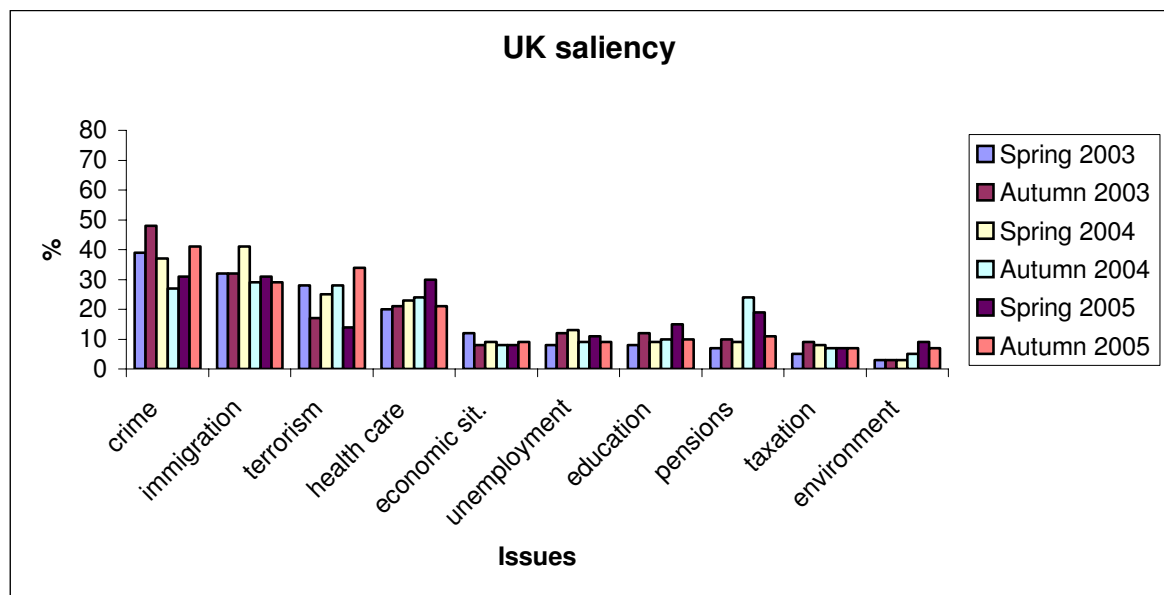












Appendix II

The ownership of issues by political parties in fifteen Member States

For the measurement of the ownership of issues by political parties, graphs²²⁰ were made on the basis of the Manifesto Research Group dataset (MRG). The MRG dataset was also used to compute correlations between various variables. Before presenting the results, I will first elaborate on how the various issues were measured.

The issues **education** and **crime** are measured directly by - respectively - per506²²¹ and per605²²². Although the R&D issue and the information society issue (the broader policy context of the e-Europe initiative) are also measured directly, they are measured together in the issue **technology and infrastructure** (per 411²²³).

For the social inclusion theme it was necessary to make use of the index **welfare**. This is a computed variable consisting of **social justice** (per503²²⁴) and **welfare state expansion** (per504²²⁵). Together these variables measure the welfare policy orientation of a political party as expressed in their party manifestos.

It is not possible with the MRG dataset to measure the ownership of the employment issue directly. Through computing **economic goals**²²⁶ (a container category of economic goals outside the already mentioned economic goals in other variables; this means that the fight against unemployment is included in this category) with **labour groups: positive**,²²⁷ it was possible to measure the emphasis on the fight against unemployment. The internal validity of this proxy was controlled by correlating it with the variable **market economy**.²²⁸ The latter index expresses the market economy policy orientation of a political party. The reason to correlate these variables to check the internal validity of the computed employment variable is the following. I assume that political parties who score high on the market economy index are more likely to consider that unemployment is exclusively a problem of disfunctioning markets. This means that they will not put stress on the employment issue in their party manifestos as such, but will present economic ‘laissez-faire’ policies as a panacea (i.e. also for solving unemployment). For the **employment**-variable to measure what it was envisaged to

²²⁰ To guarantee readability of the graphs, parties who score low on the variable are excluded. These political parties cannot be considered issue owners.

²²¹ Education expansion: need to expand and/or improve educational provision at all levels.

²²² Law and order: enforcement of all laws; against crime; support and resources for policy; tougher attitudes in courts.

²²³ Technology and infrastructure: importance of modernisation of industry and methods of transport and communication; importance of science and technological developments in industry; need for training and research (this does not imply education in general).

²²⁴ Social justice: concept of equality; need for fair treatment of all people; special protection for underprivileged; need for fair distribution of resources; removal of class barriers, end of discrimination such as racial or sexual discrimination, etc.

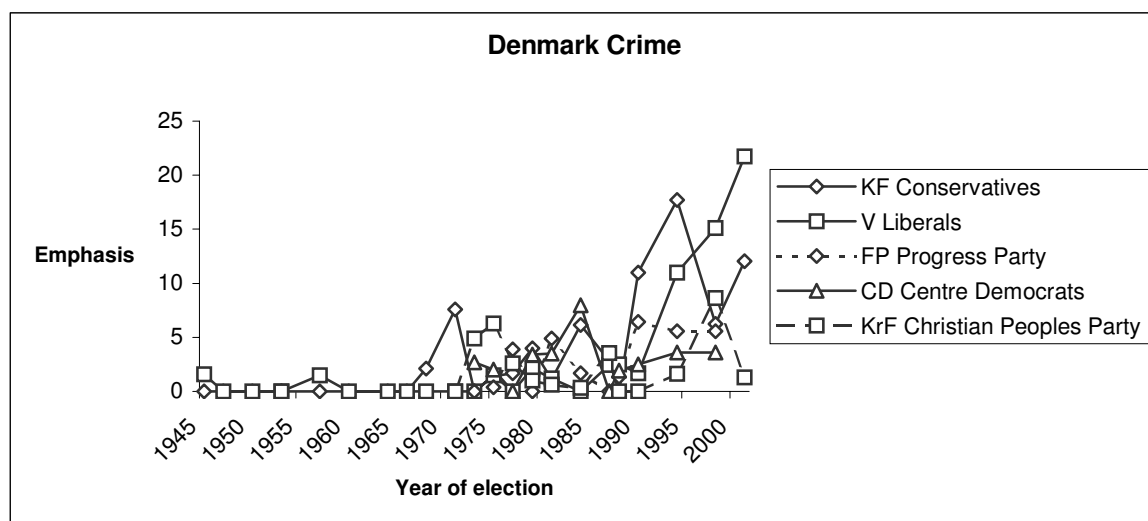
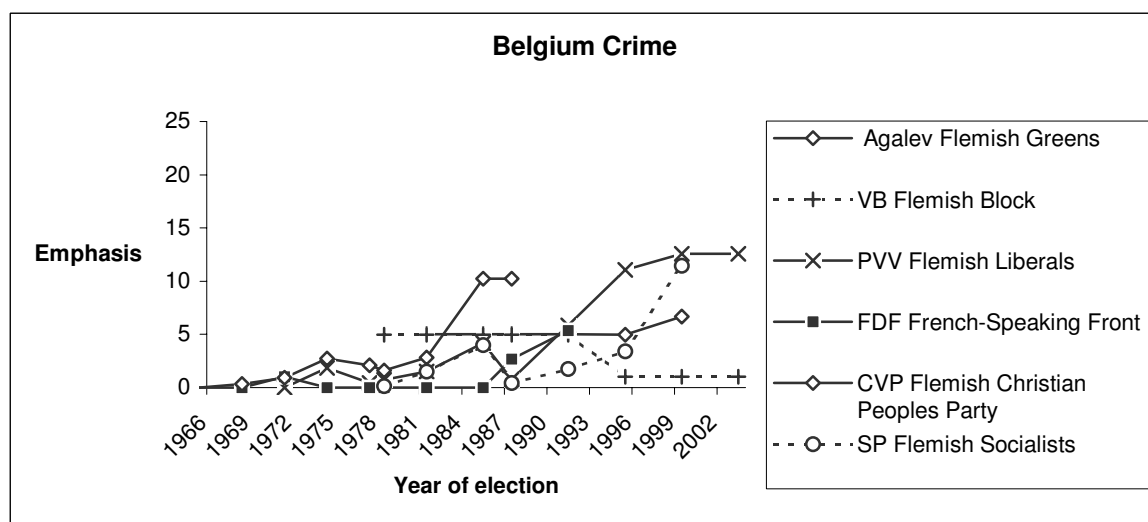
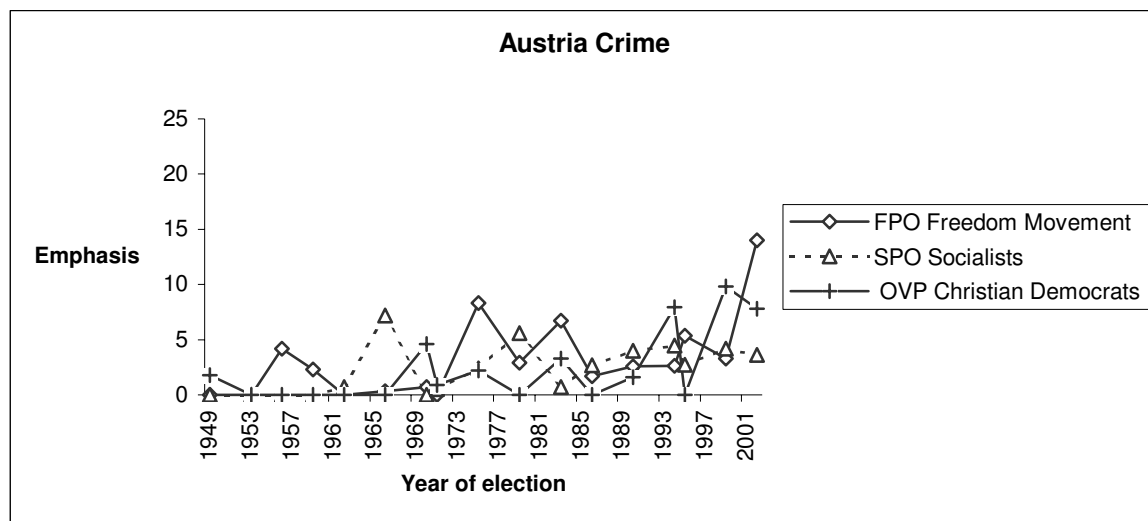
²²⁵ Welfare state expansion: favourable mentions of need to introduce, maintain or expand any social service or social security scheme; support for social services such as health service or social housing. This category excludes education.

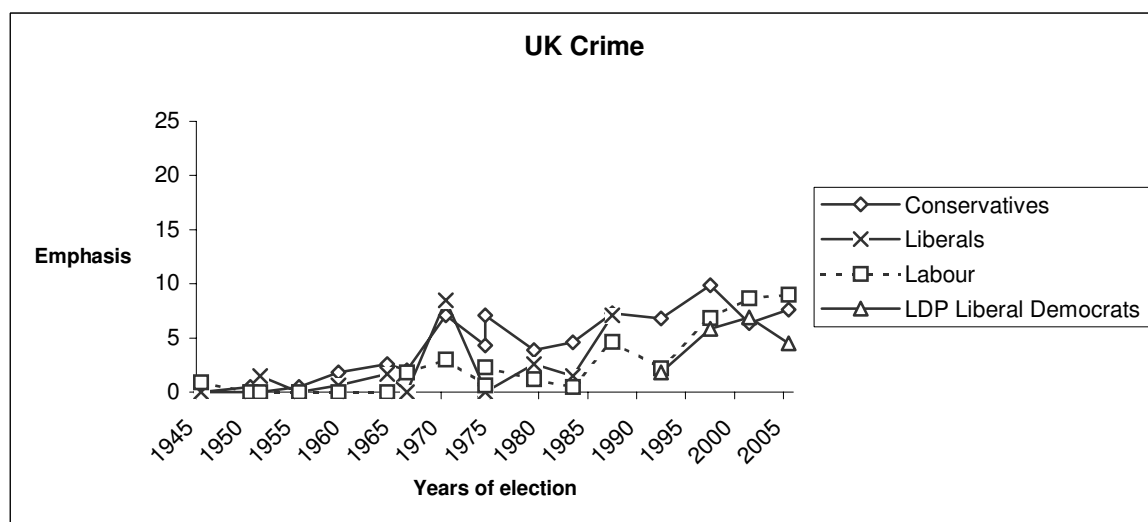
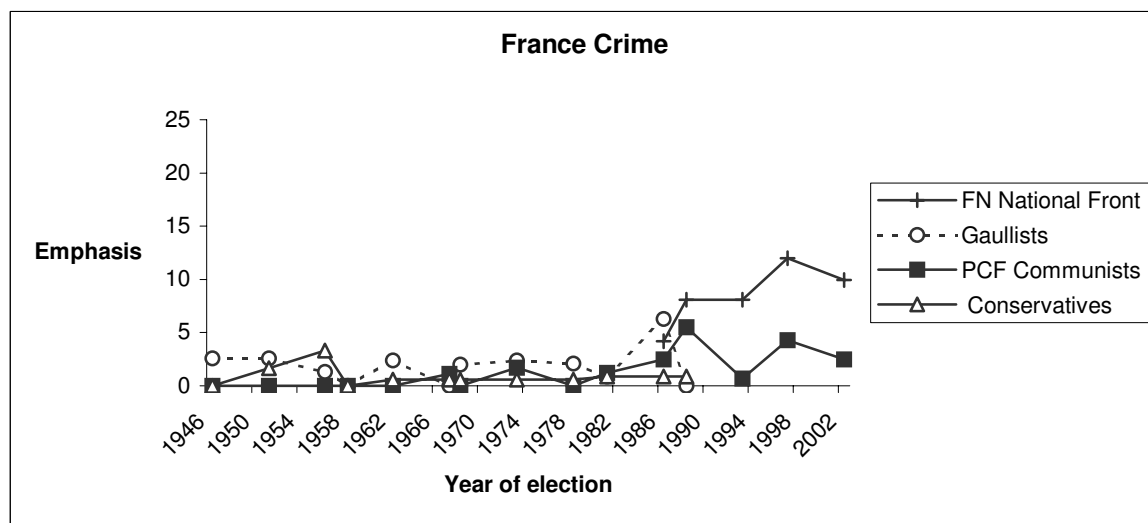
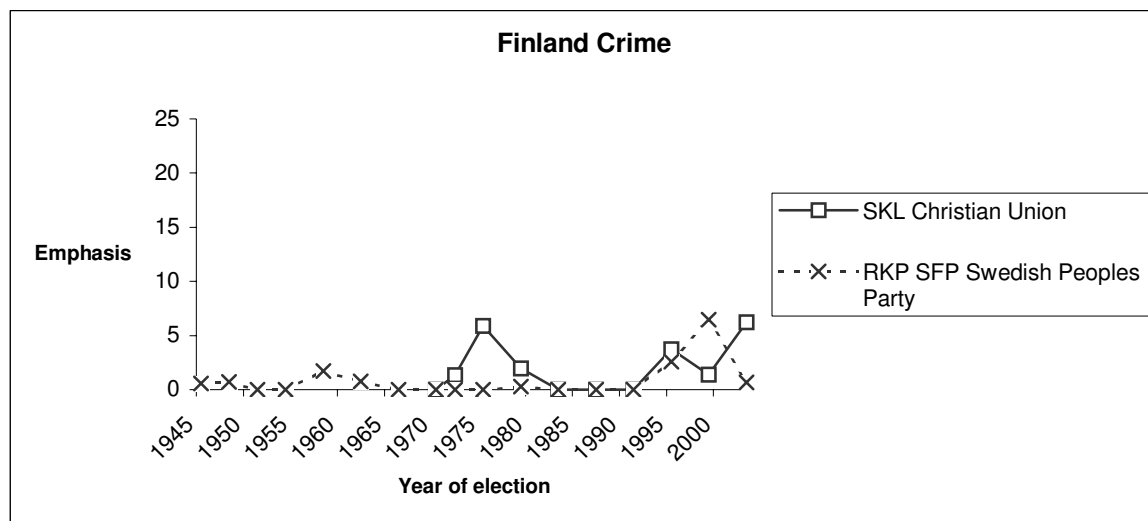
²²⁶ Economic goals: statements of intent to pursue any economic goals not covered by other categories in domain 4 (economy). This category is created to catch an overall interest of parties in economics and, therefore, covers a variety of economic goals - among which fighting unemployment.

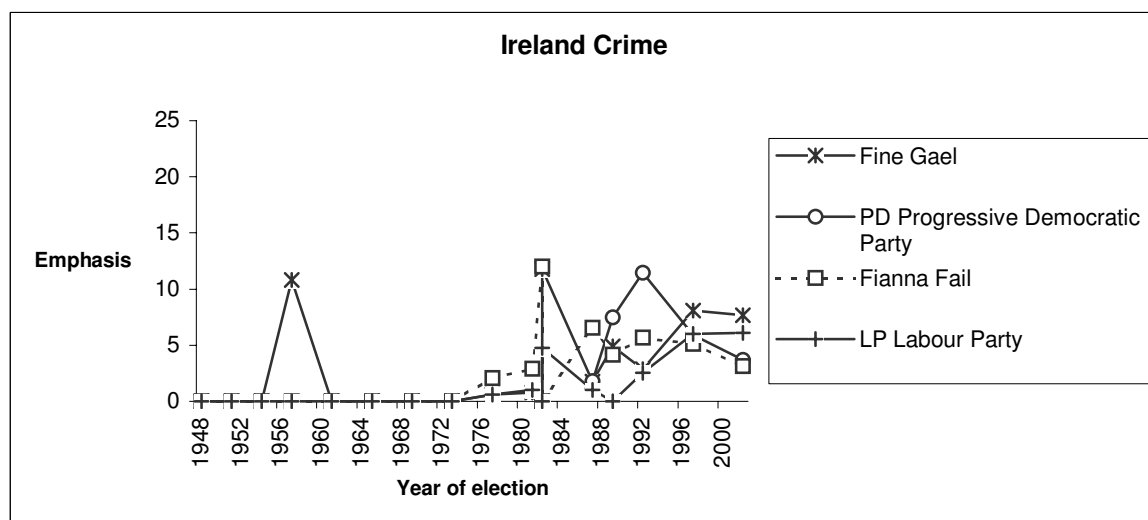
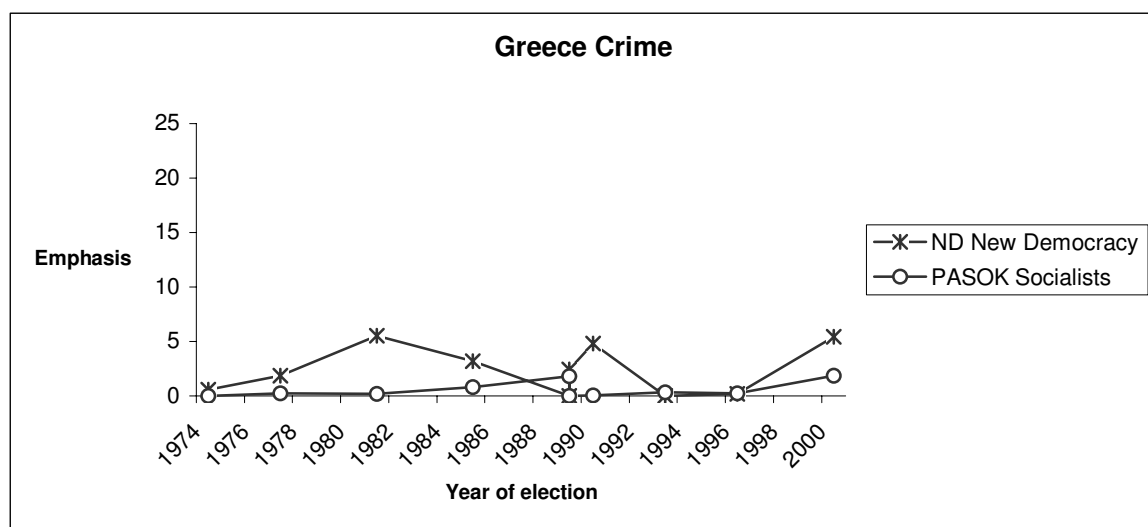
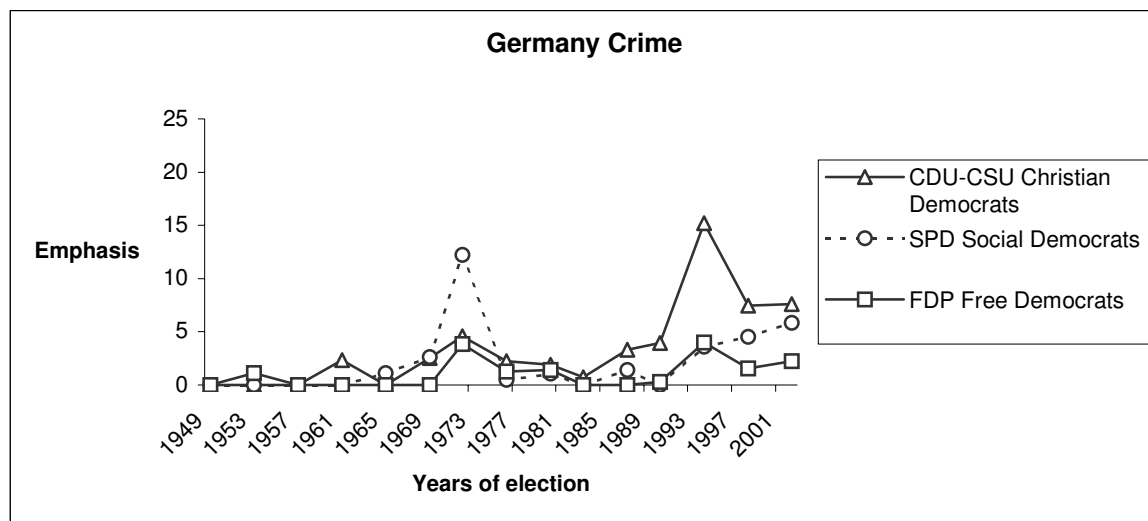
²²⁷ ‘Labour groups: positive’: favourable references to labour groups, working class, unemployed; support for trade unions; good treatment of manual and other employees.

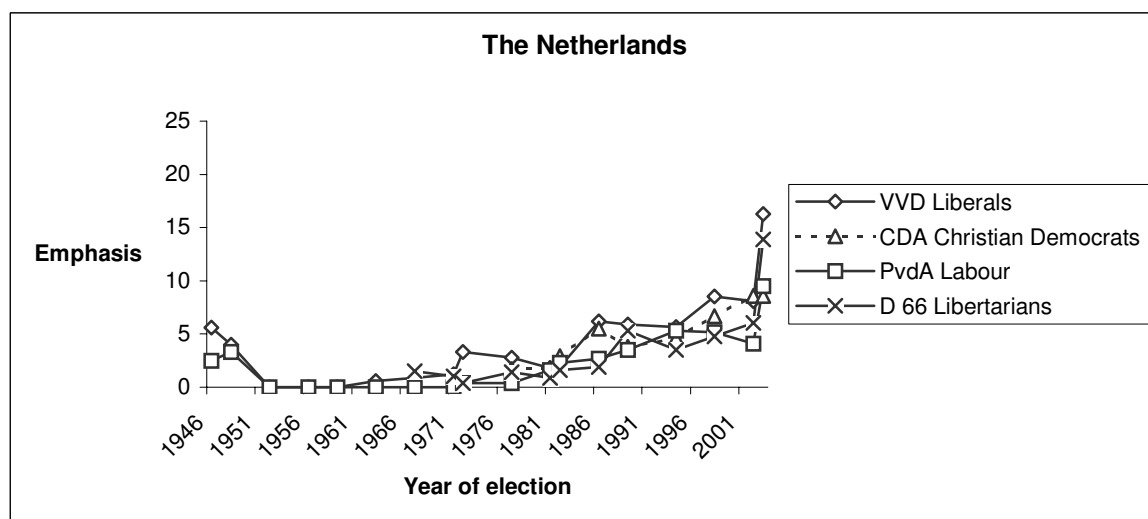
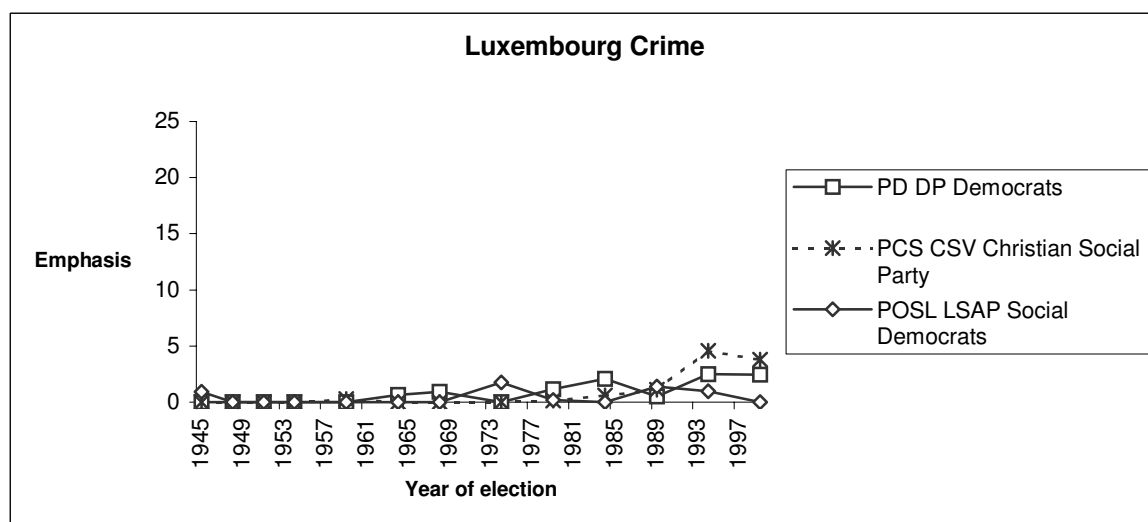
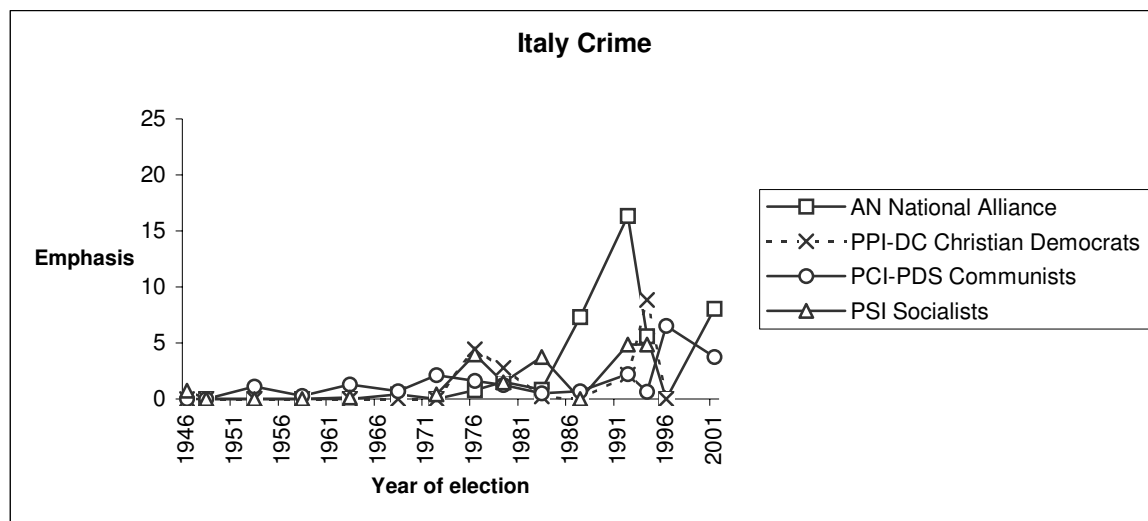
²²⁸ Market economy: computed variable of per401 and per414. Per401 touches upon ‘free enterprise’ (i.e. favourable mentions of free enterprise capitalism; superiority of individual enterprise over state and control systems; favourable mentions of private property rights, personal enterprise and initiative; need for unhampered individual enterprise). Per 414 touches upon ‘economic orthodoxy’ (i.e. need for traditional economic orthodoxy, e.g. reduction of budget deficits, retrenchment in crisis, thrift and savings; support for traditional economic institutions such as stock market and banking system; support for strong currency).

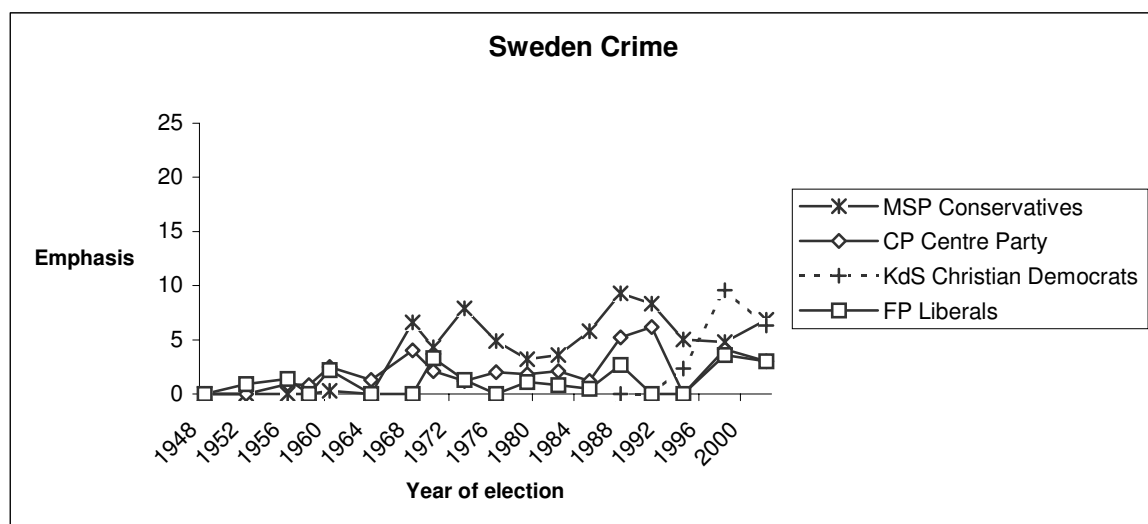
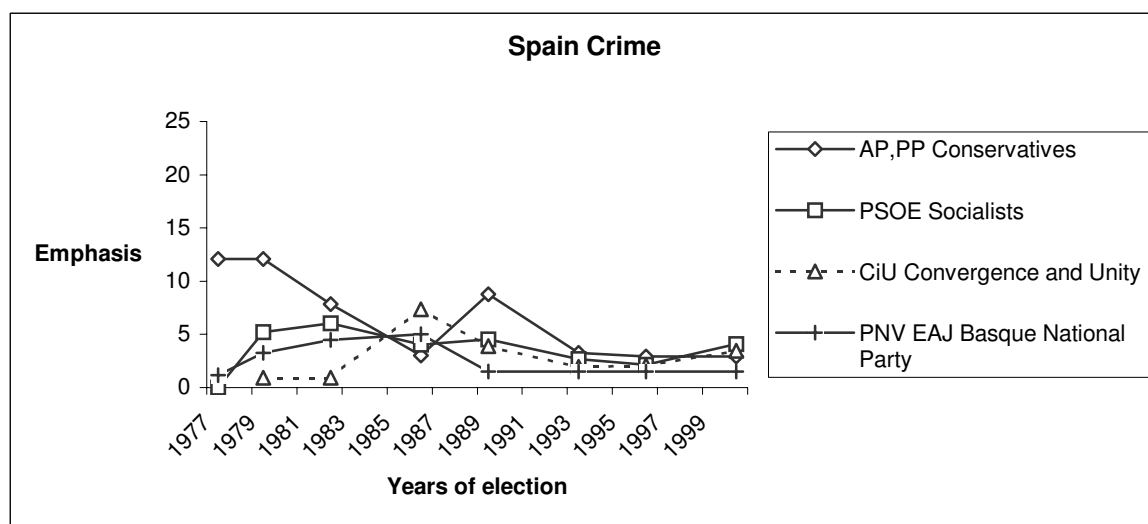
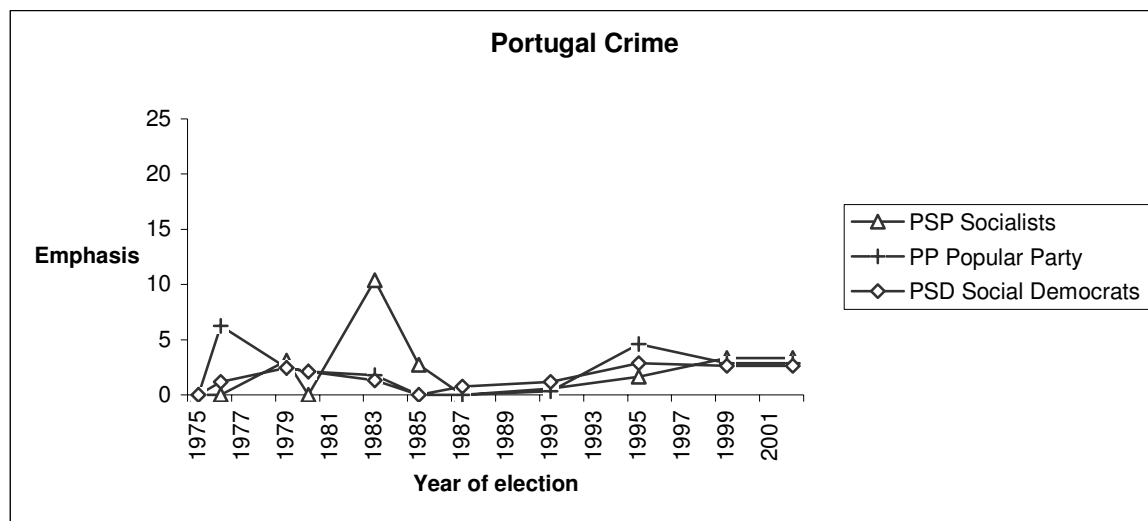
measure - i.e. the emphasis in party manifestos on the fight against unemployment - a negative correlation between the computed employment variable and the market economy index has to be significant. Evidence presented below makes clear that the internal validity of the computed variable 'employment' is sufficient in the expected direction (EU-15: $r_s = -.254$; $p < .000$).

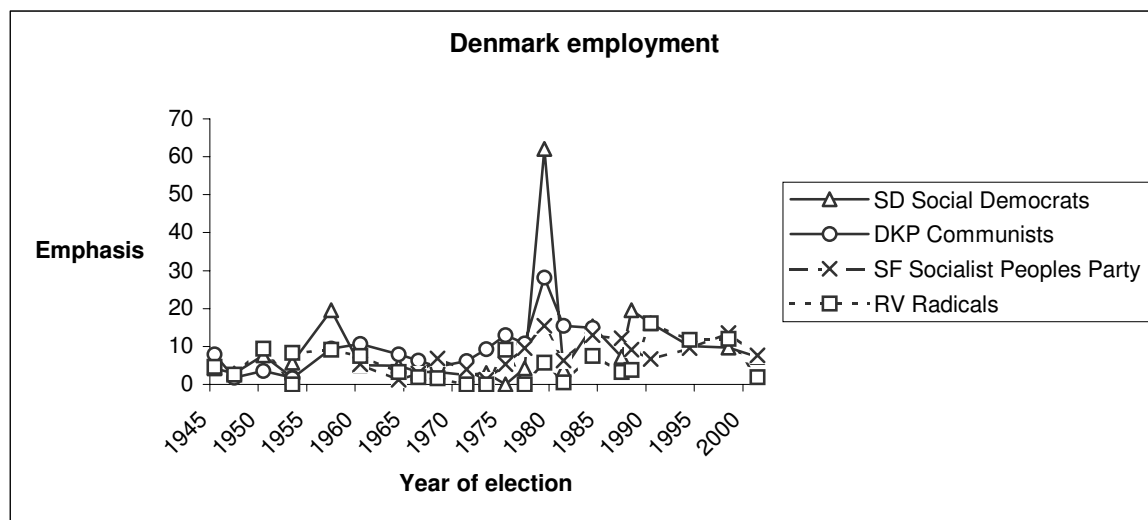
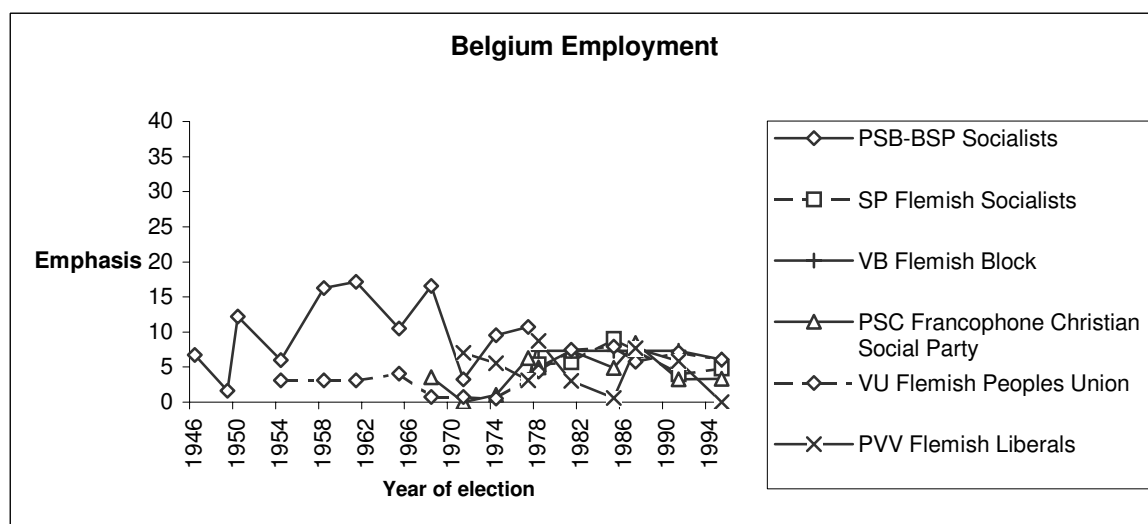
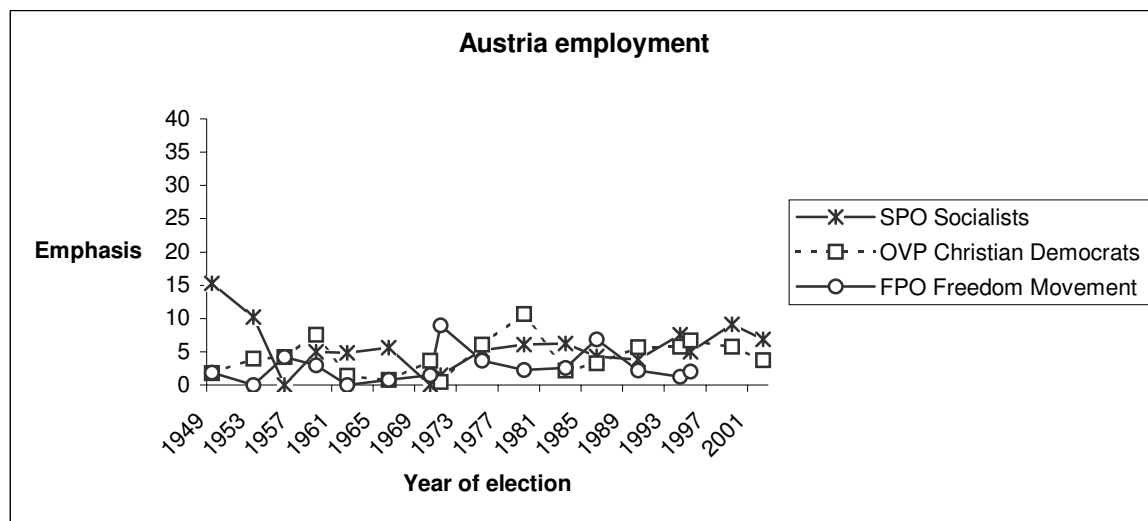


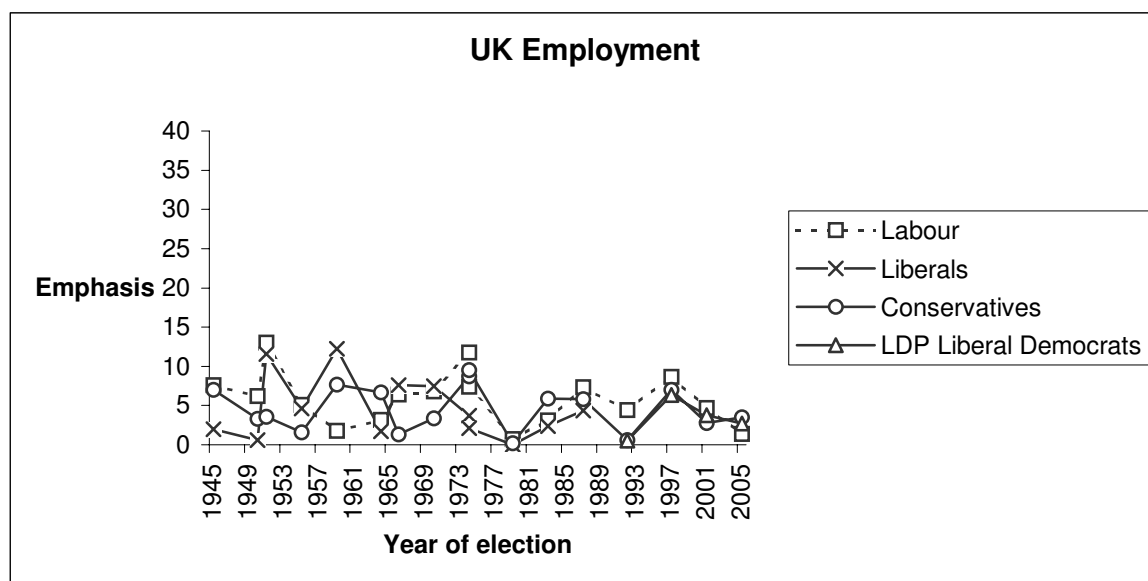
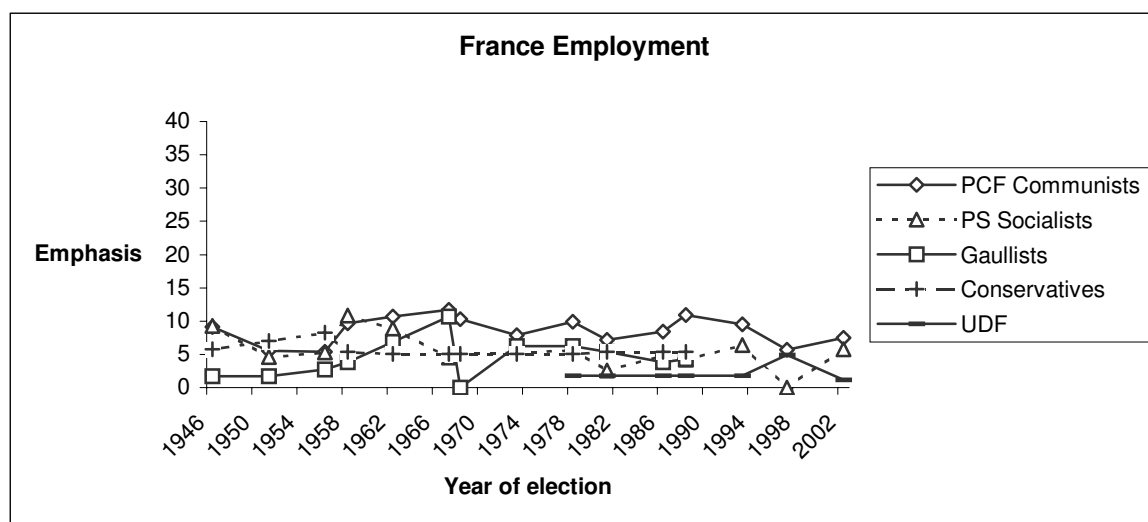
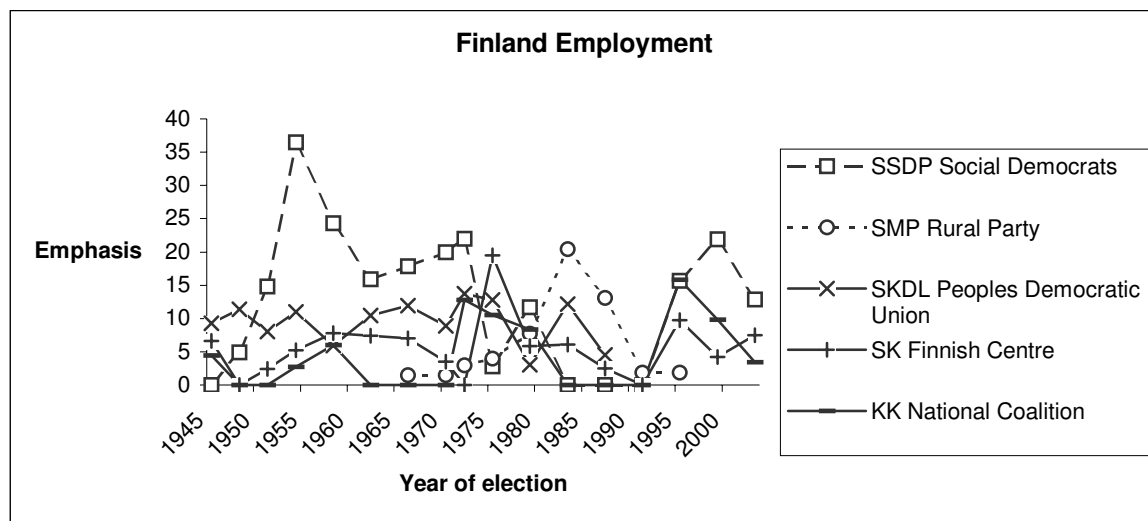


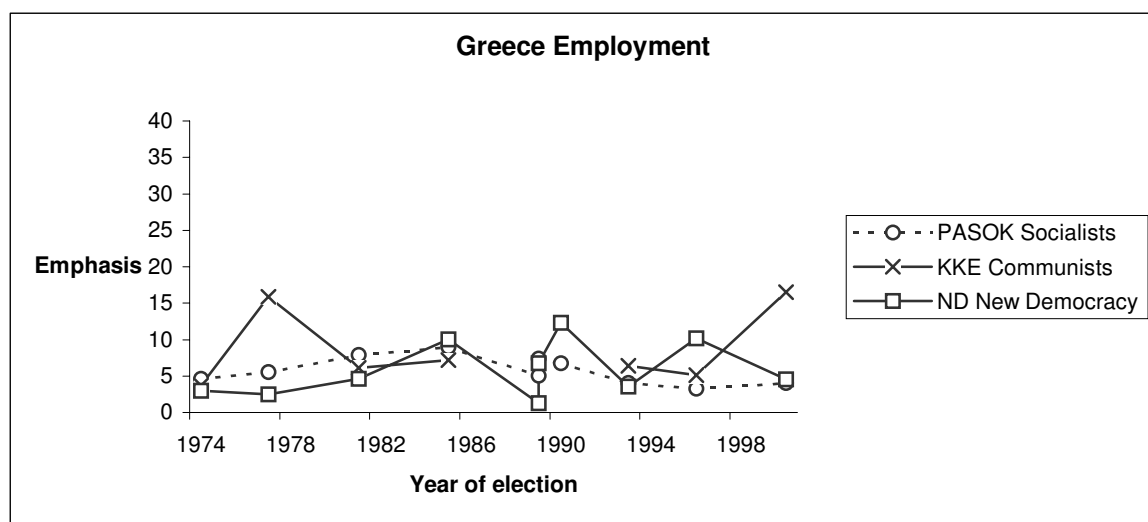
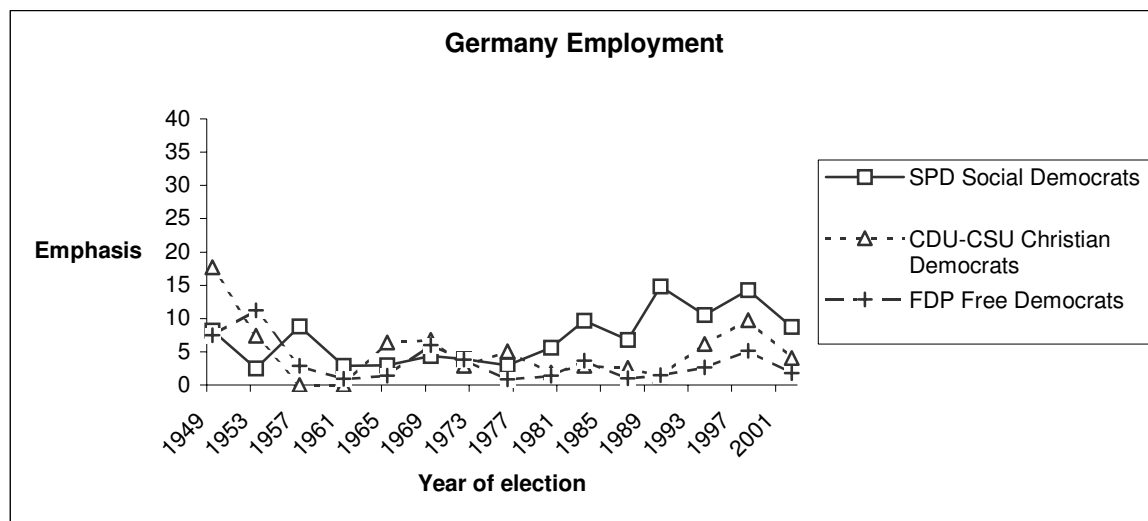


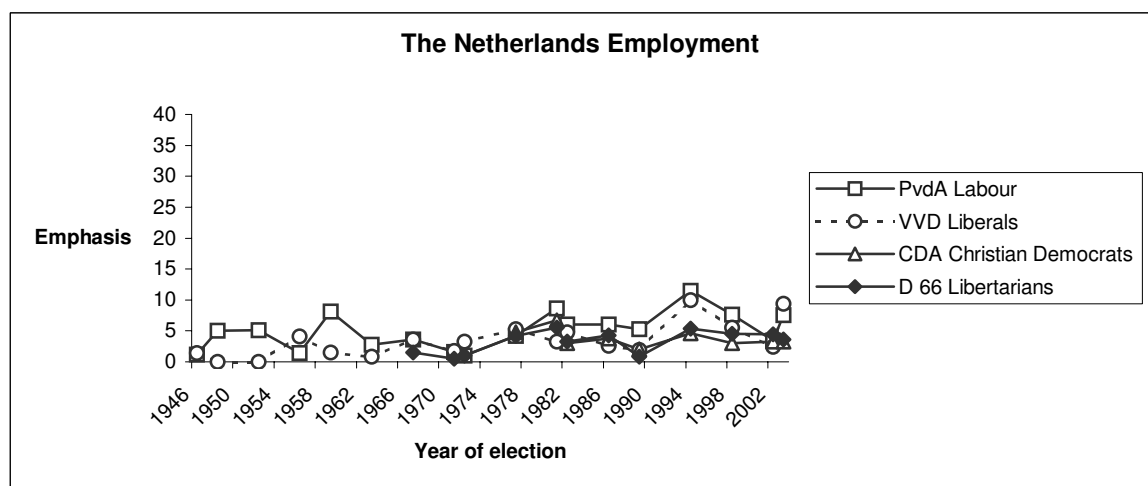
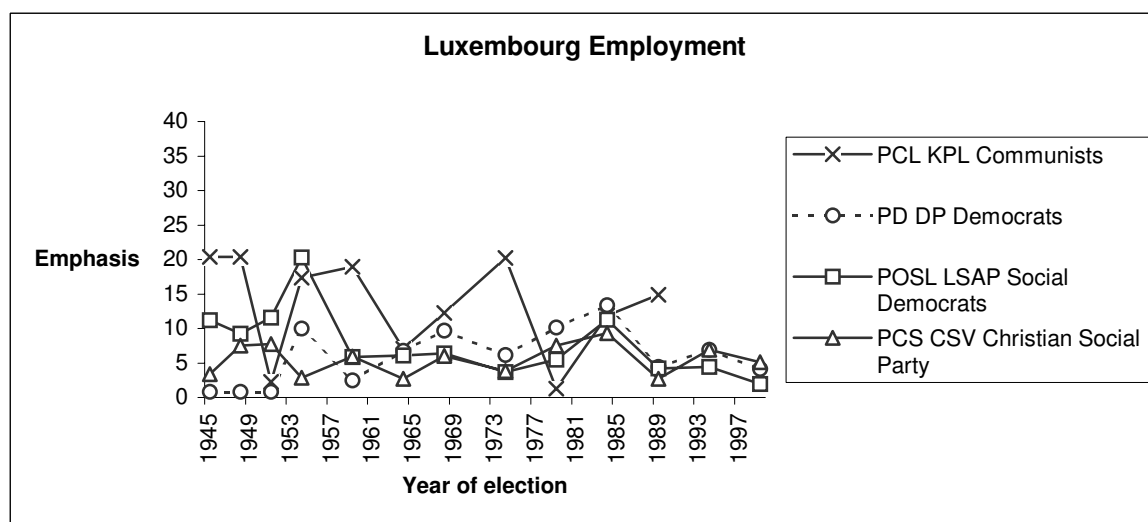
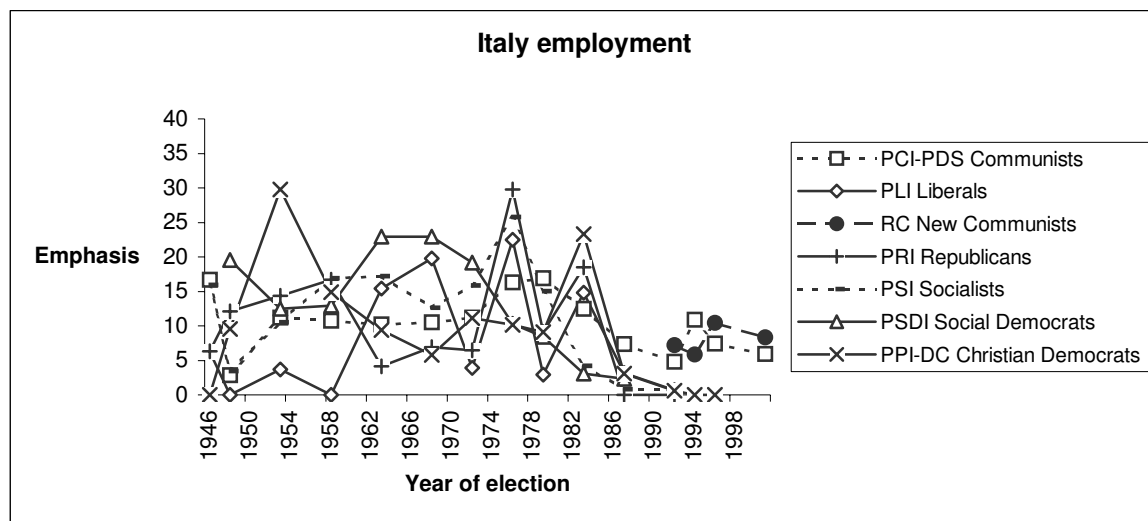


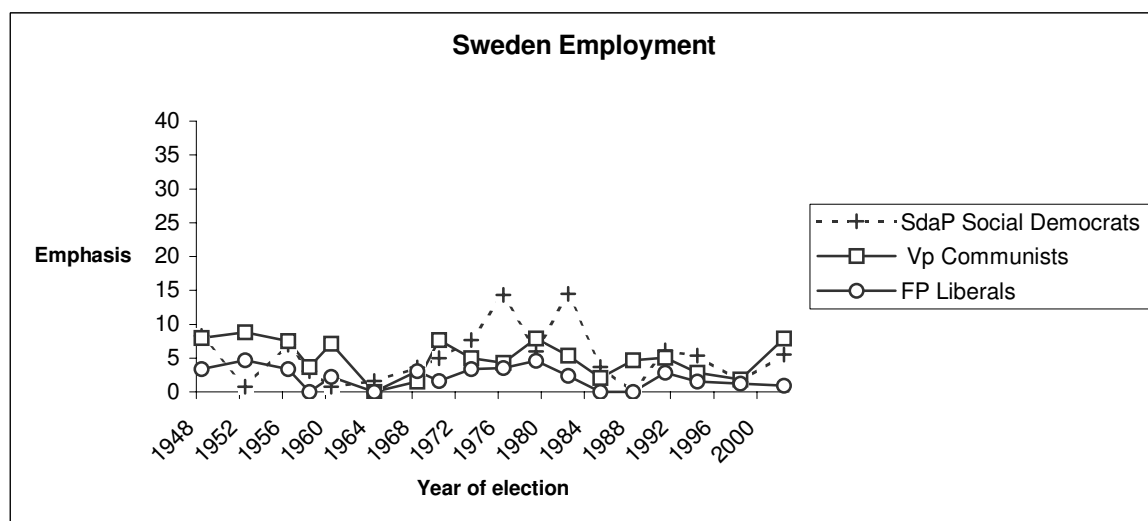
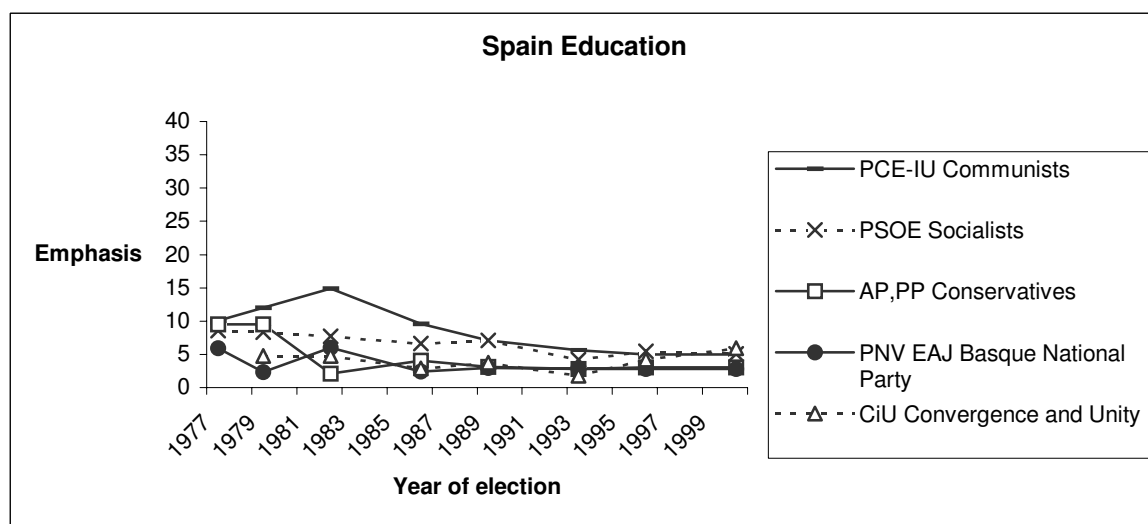
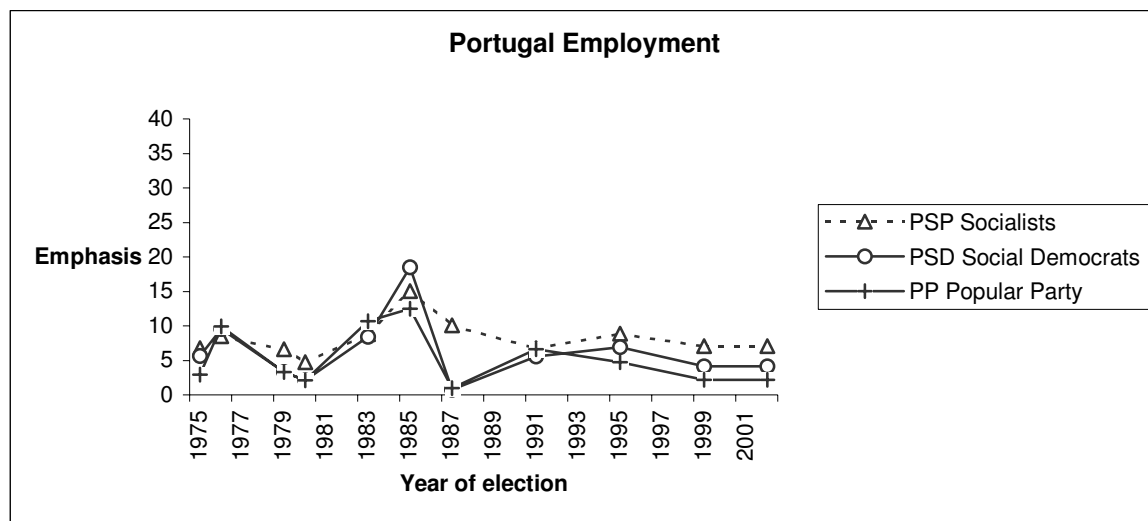


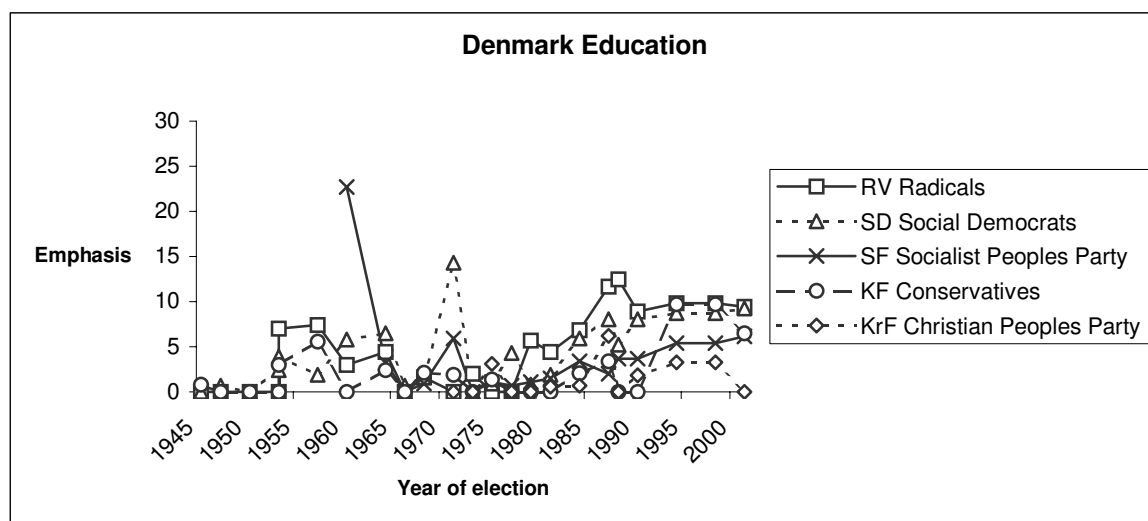
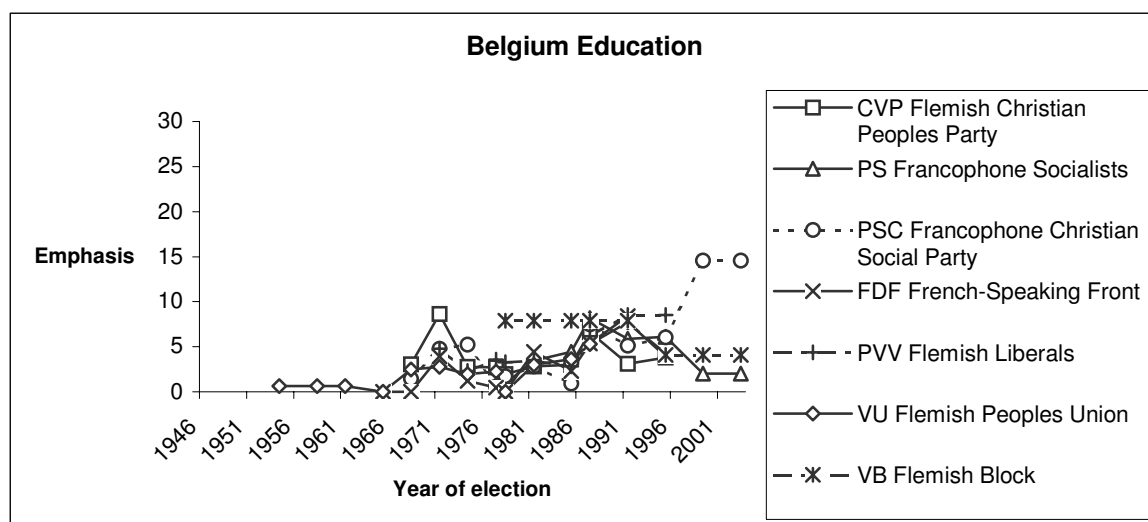
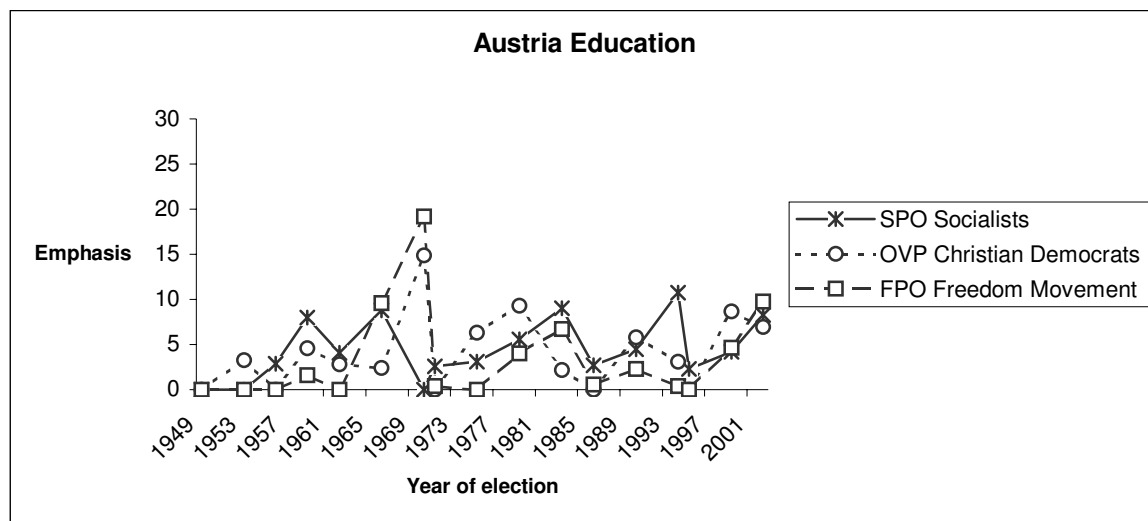


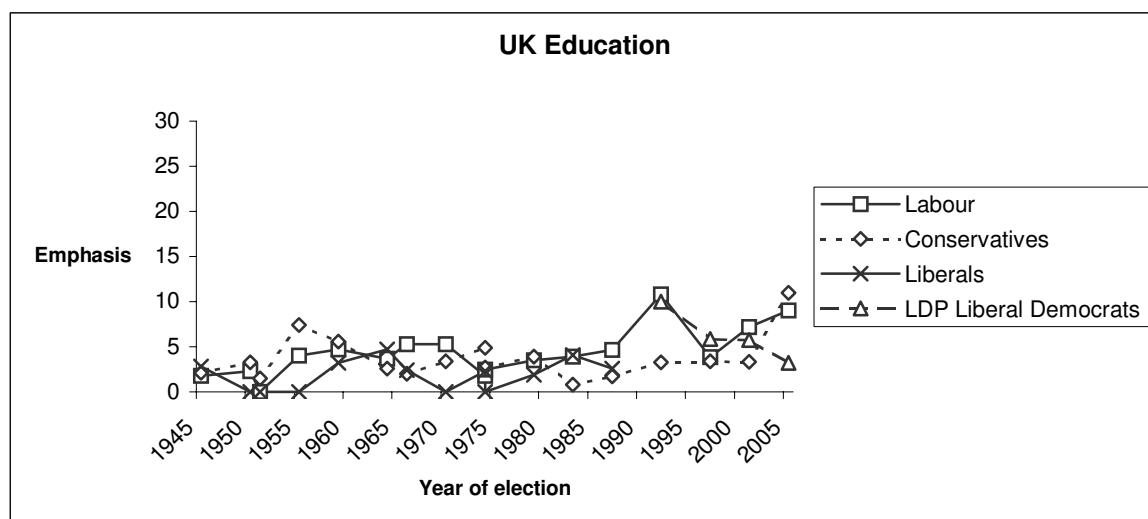
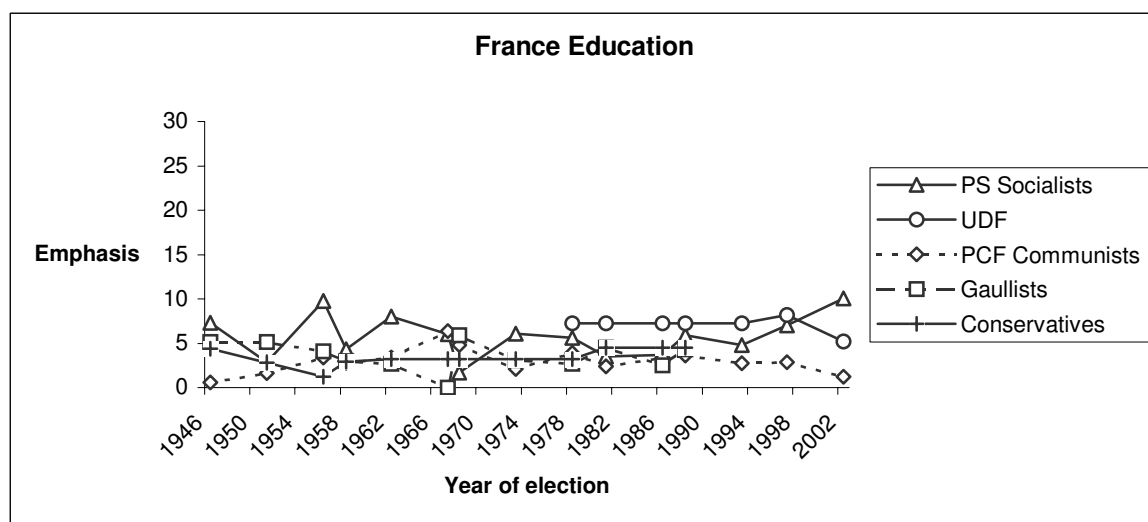
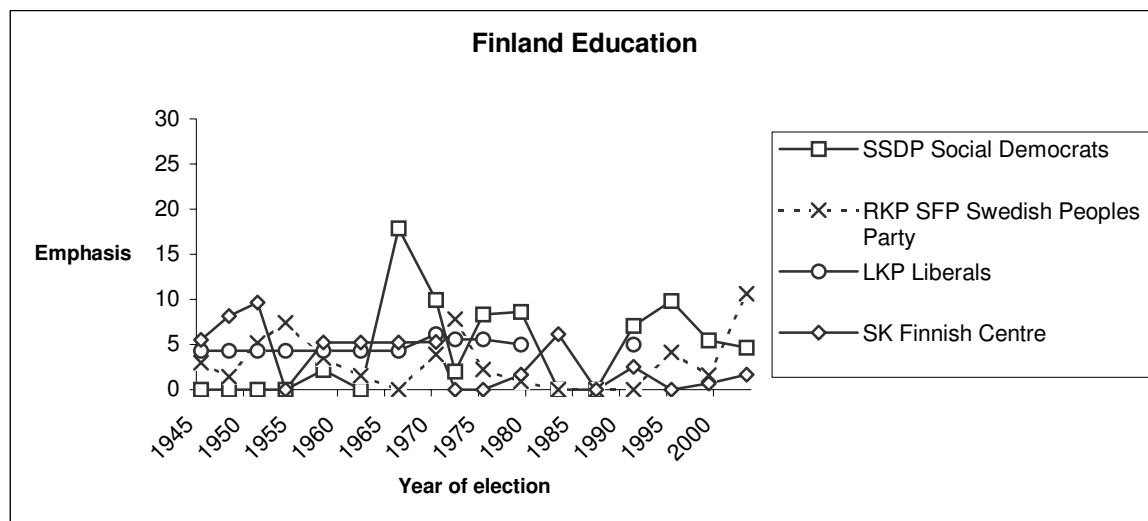


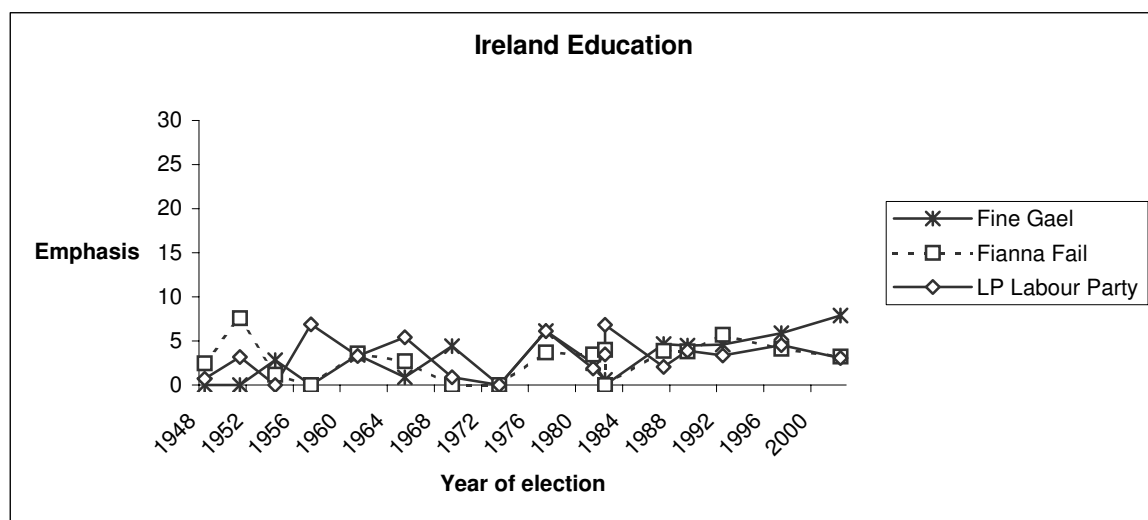
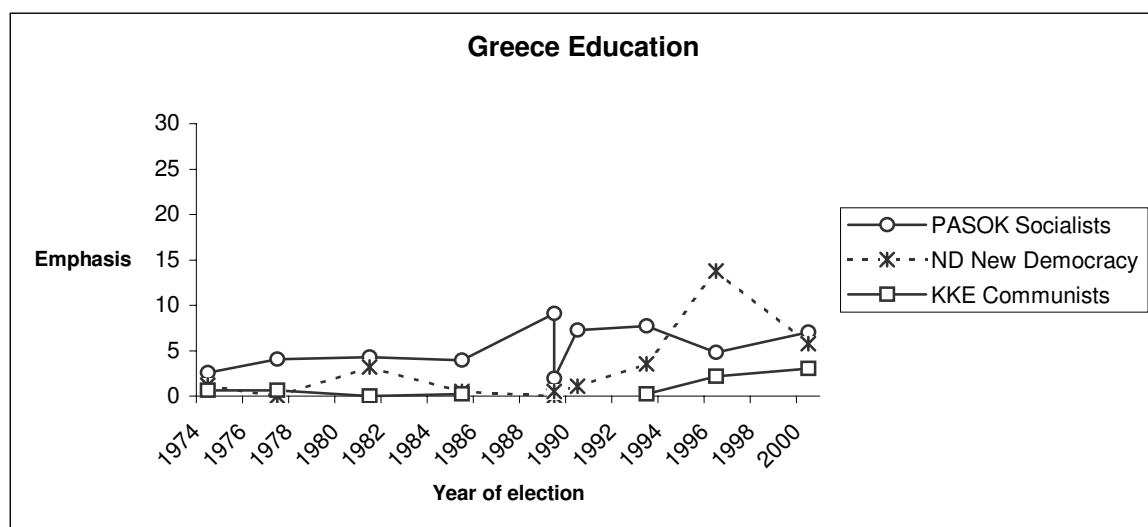
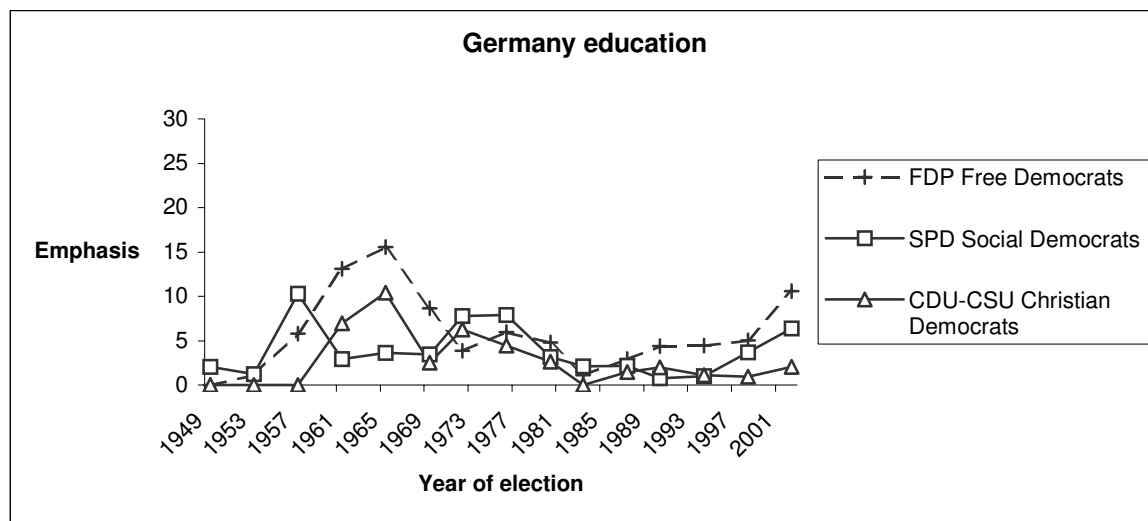


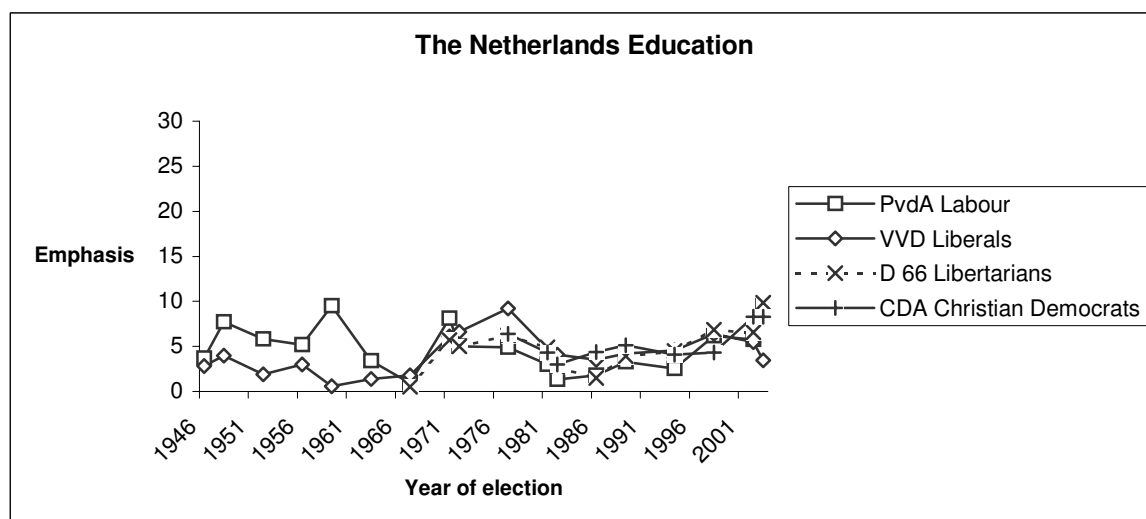
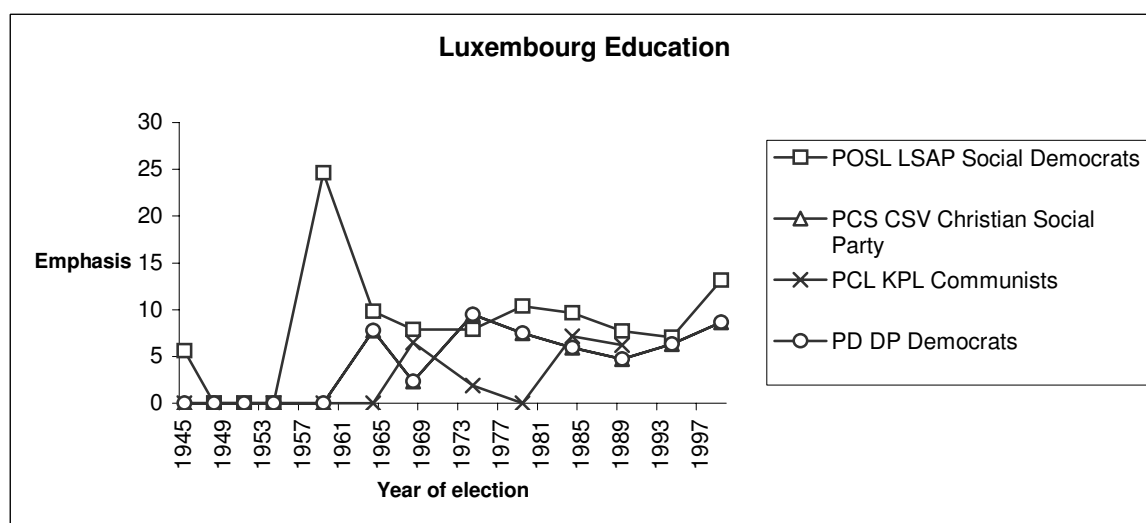
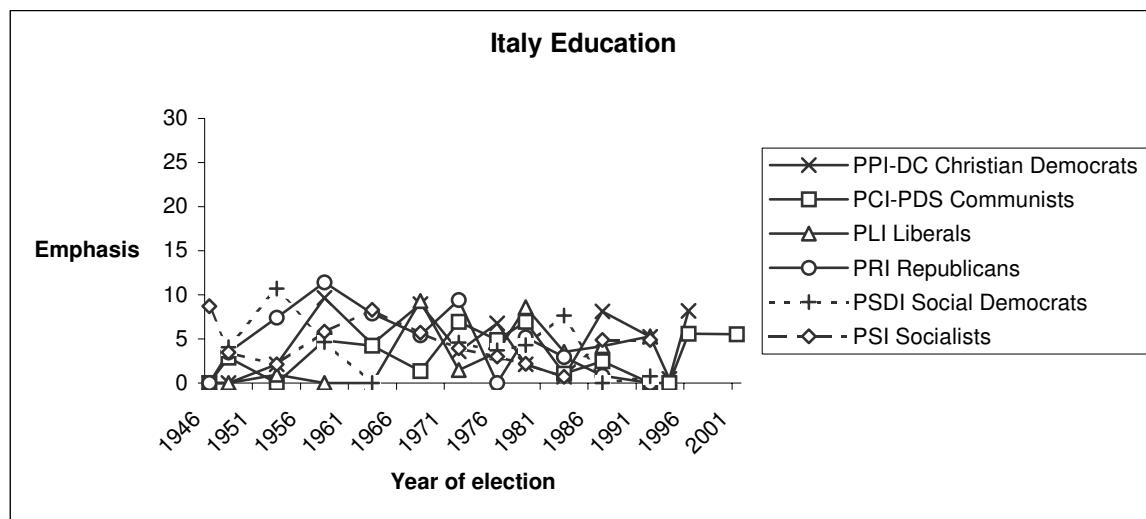


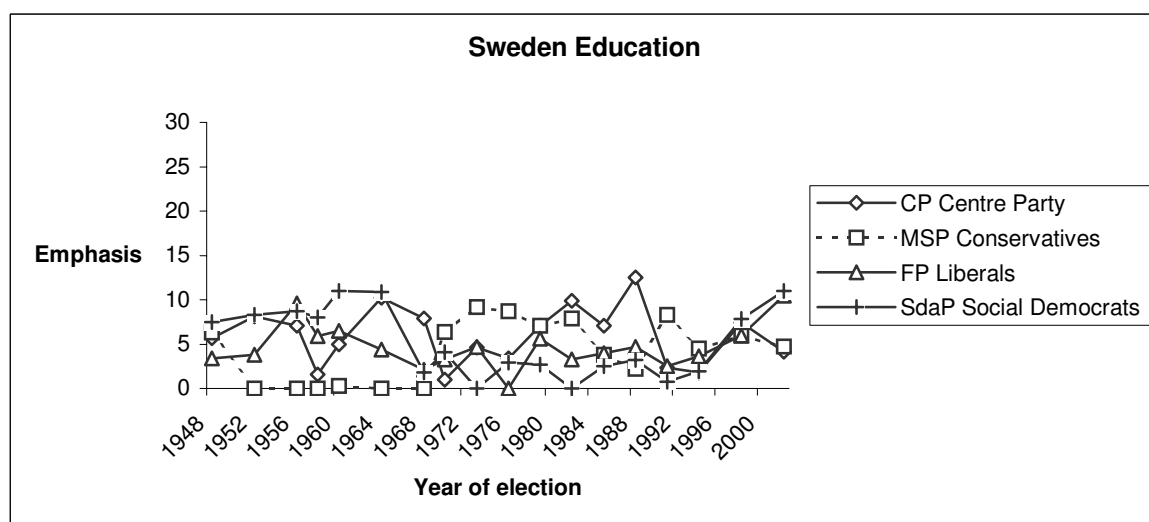
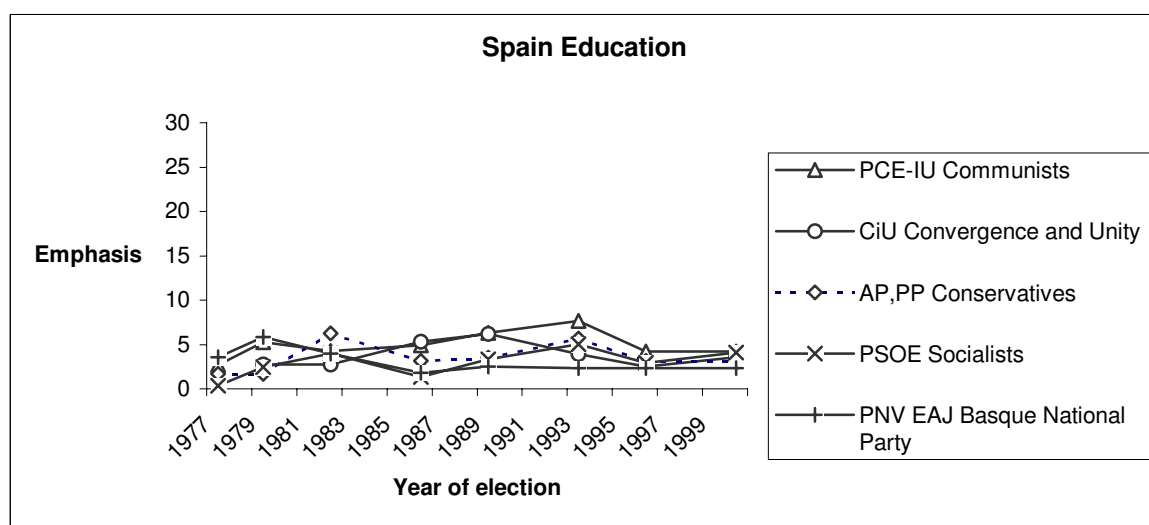
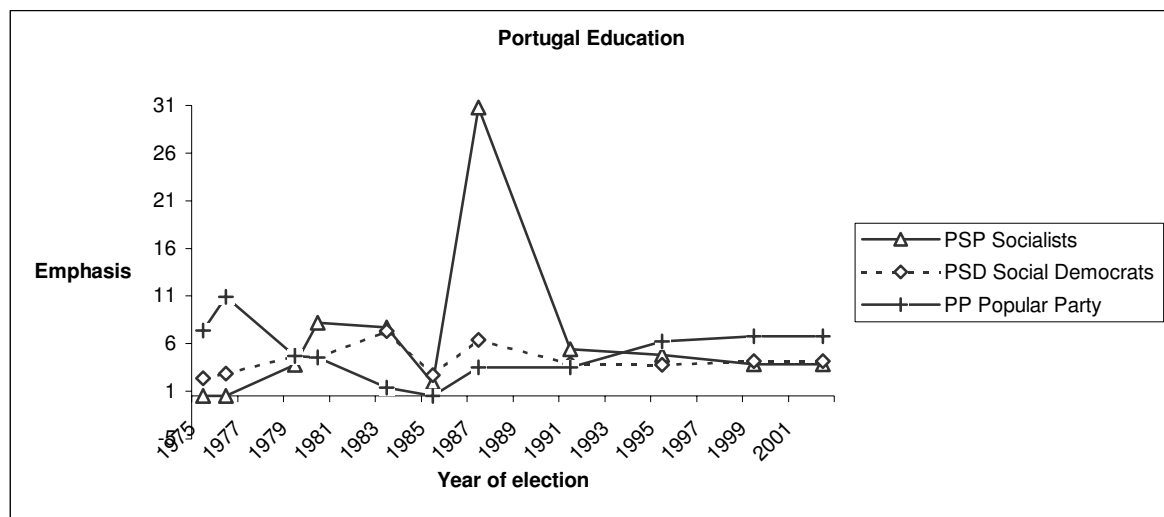


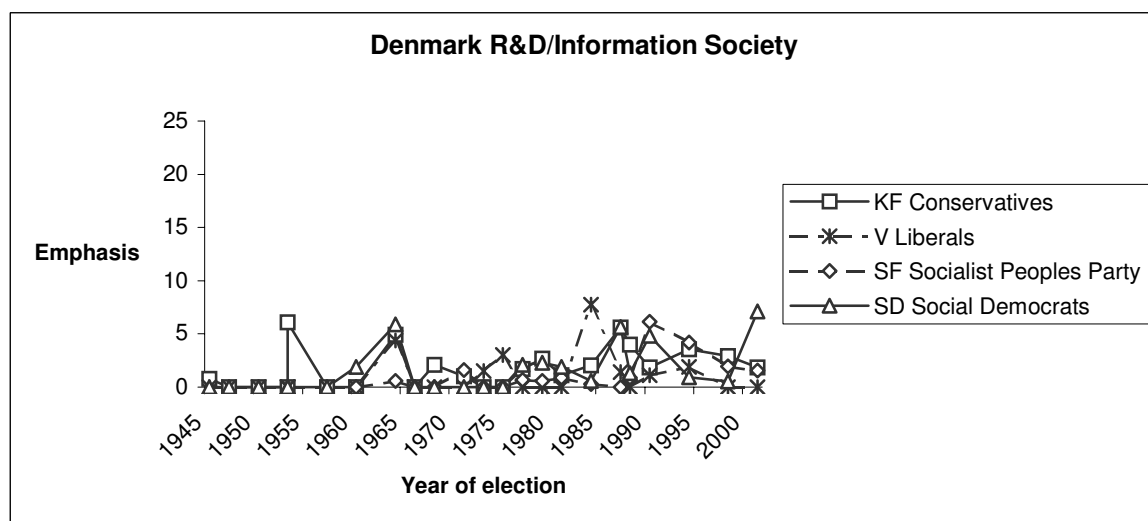
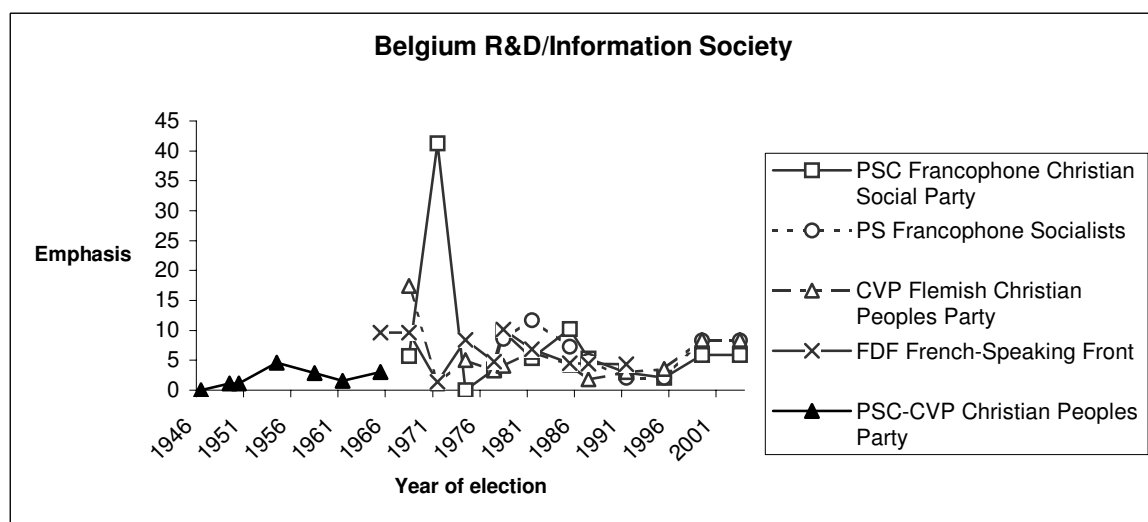
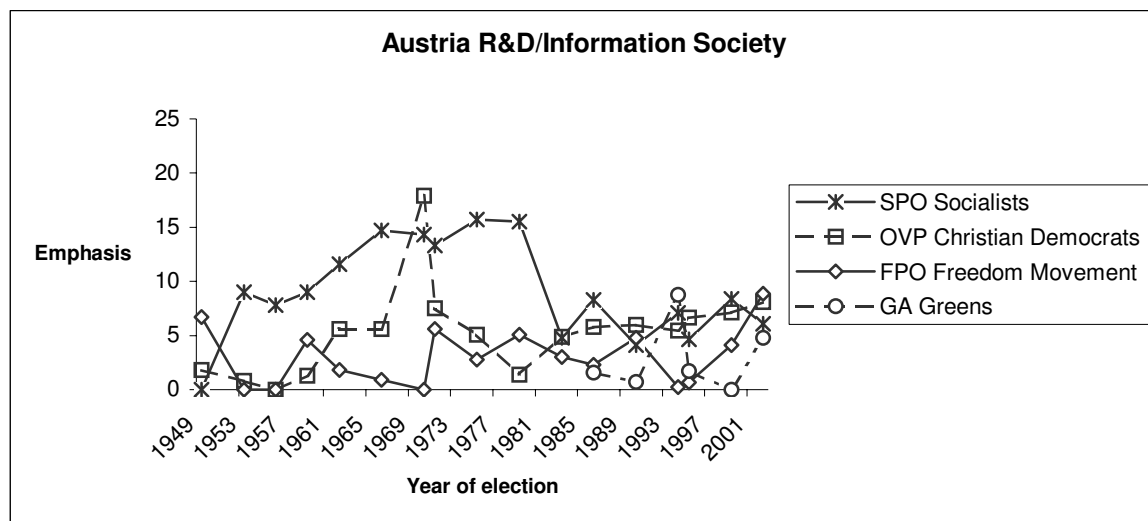


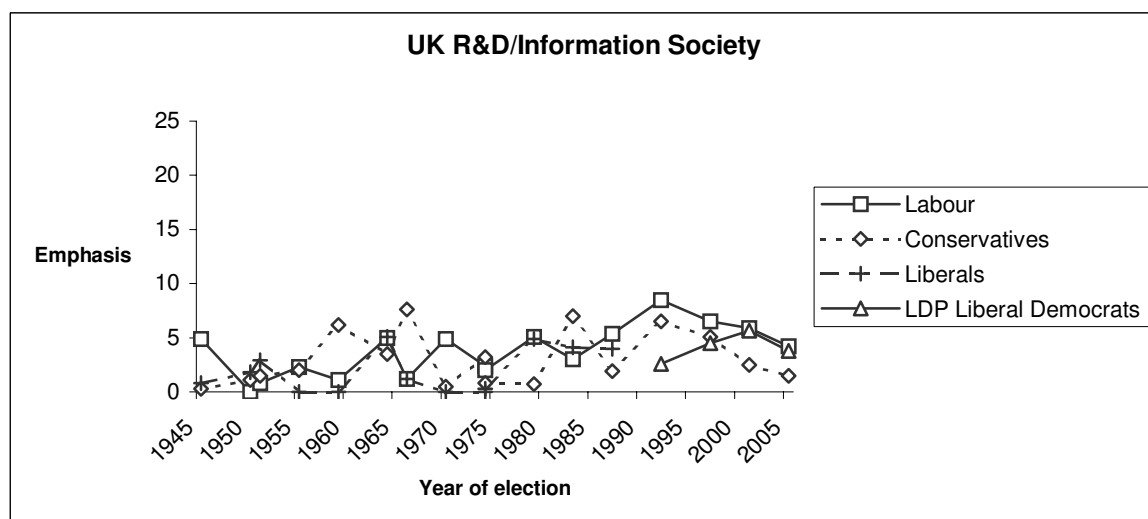
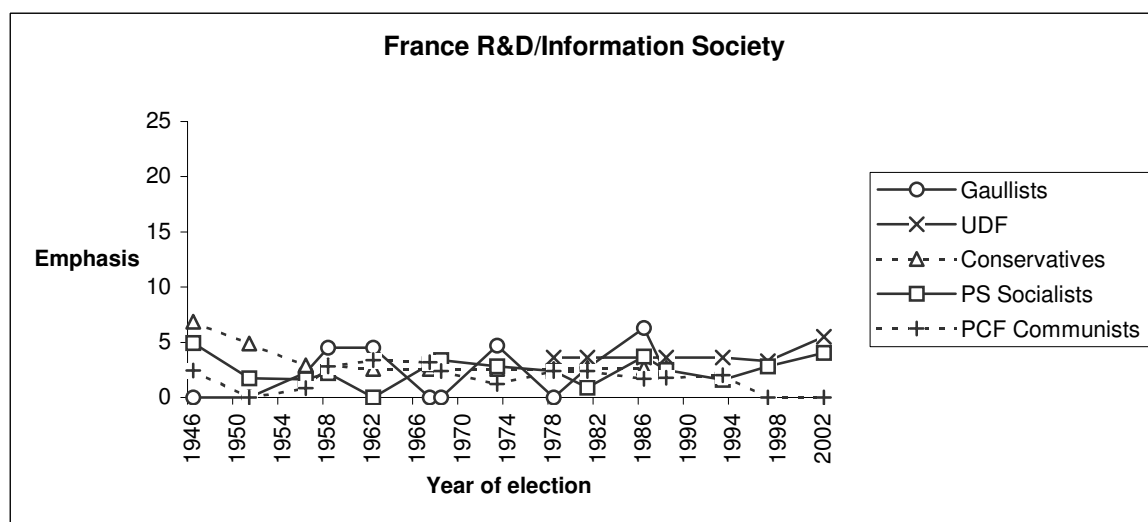
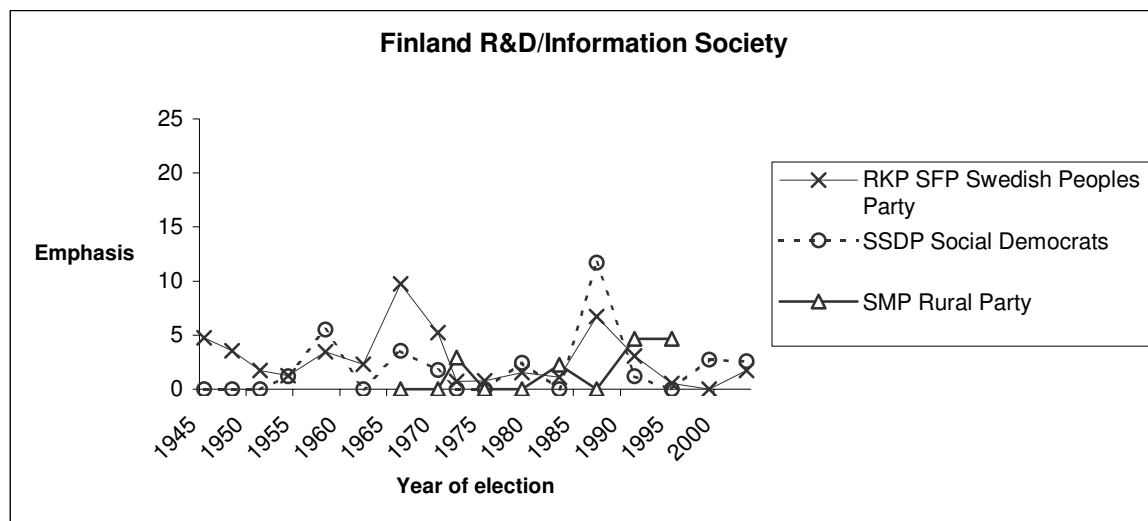


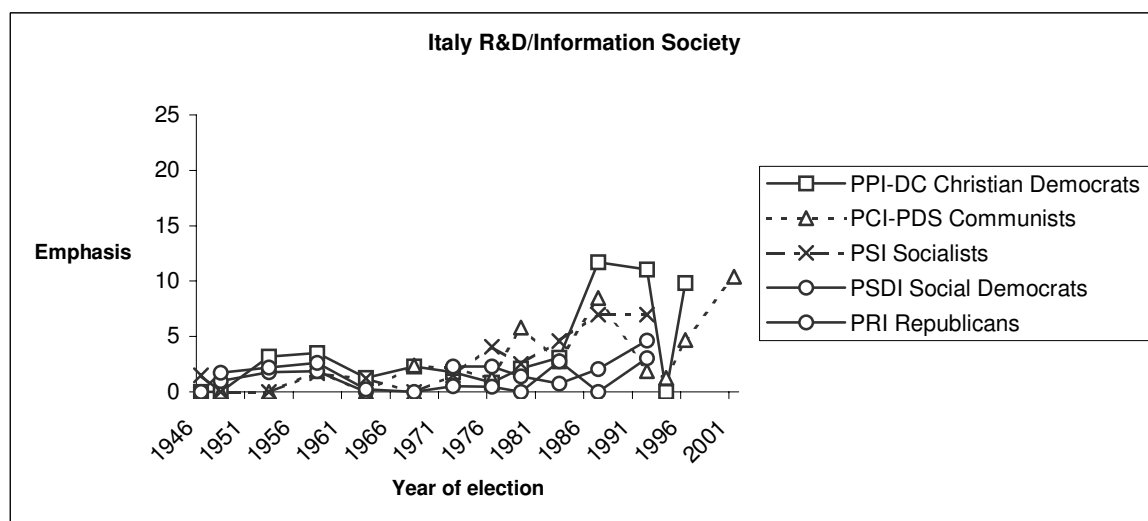
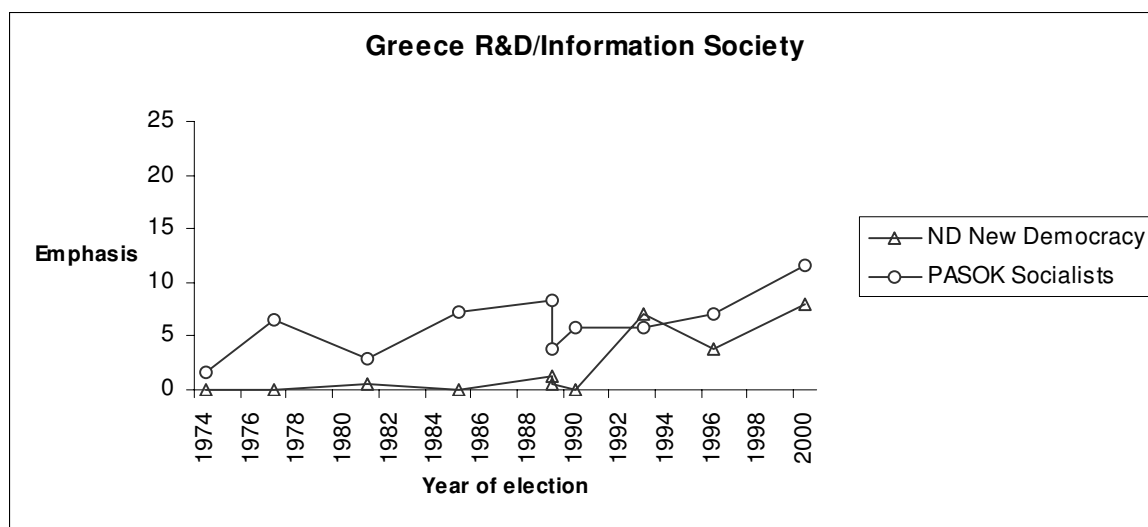
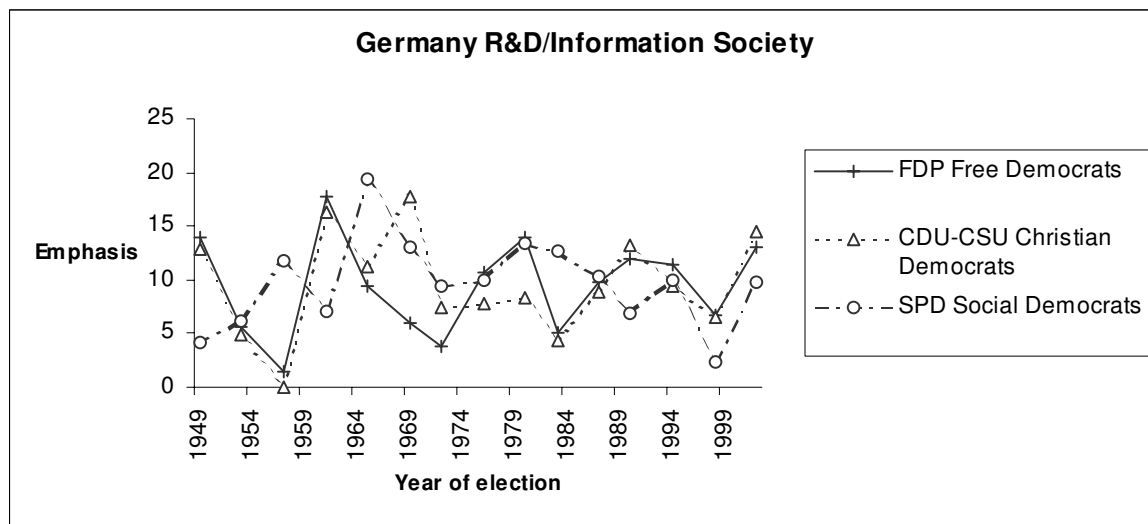


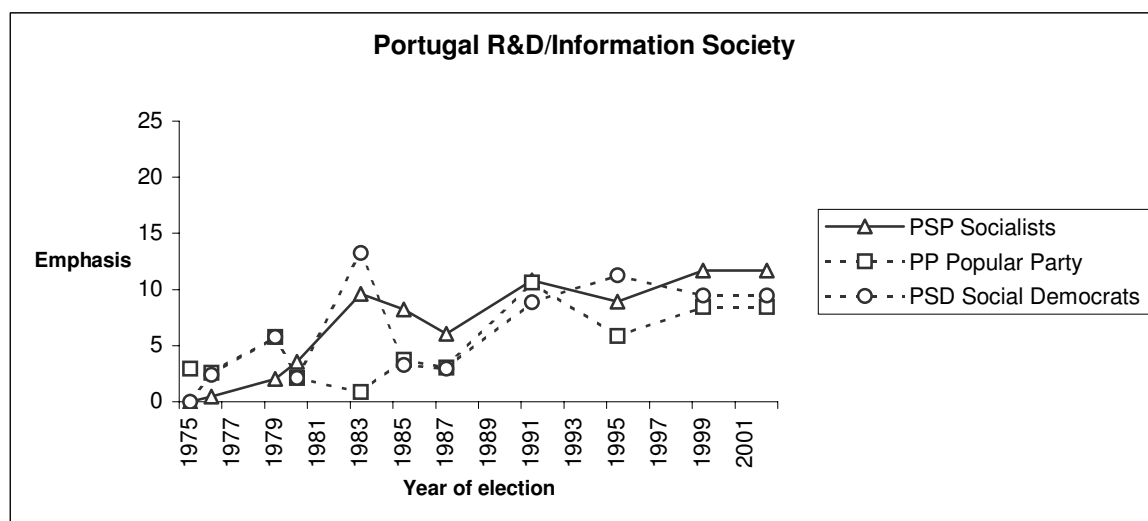
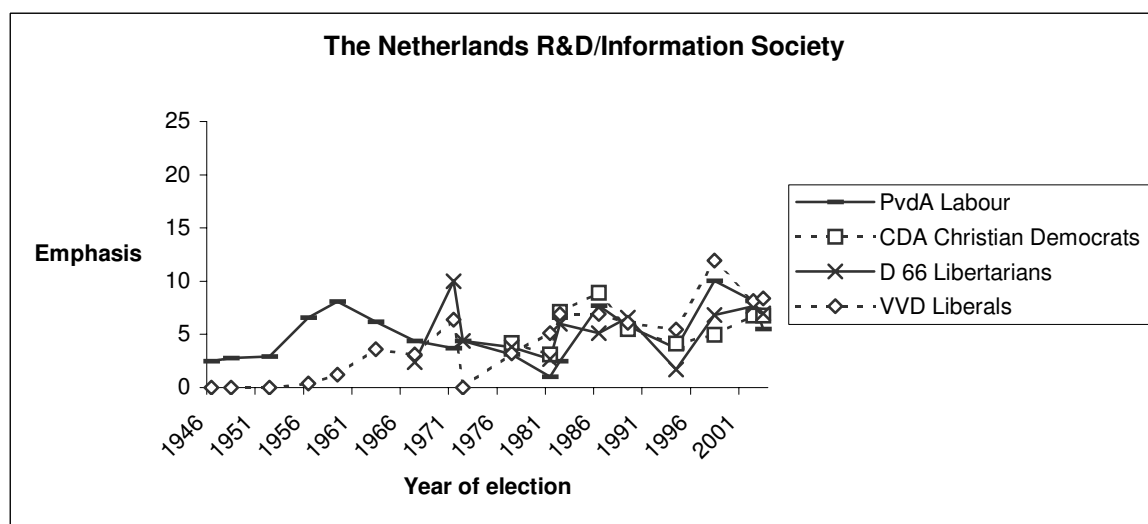
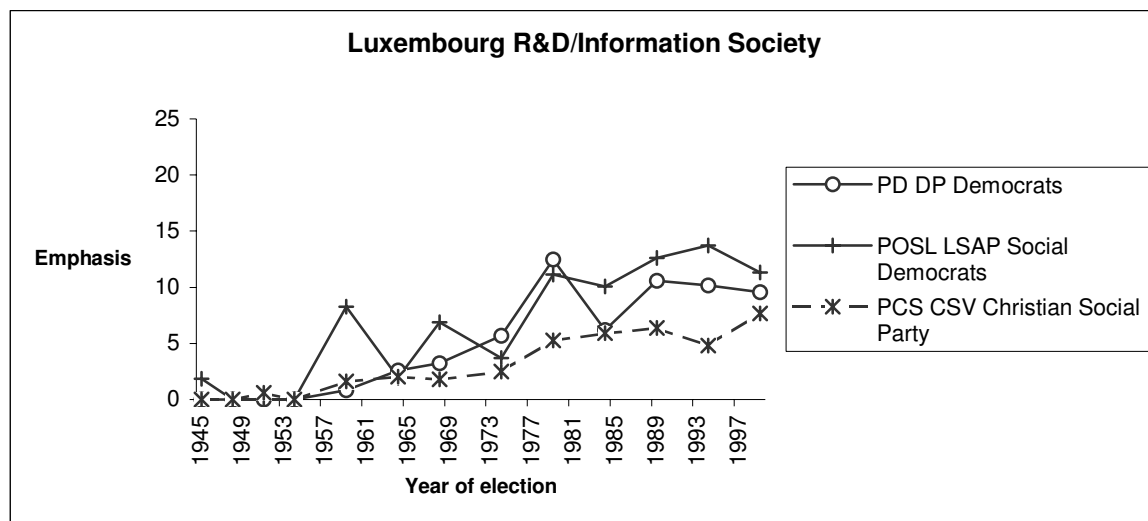


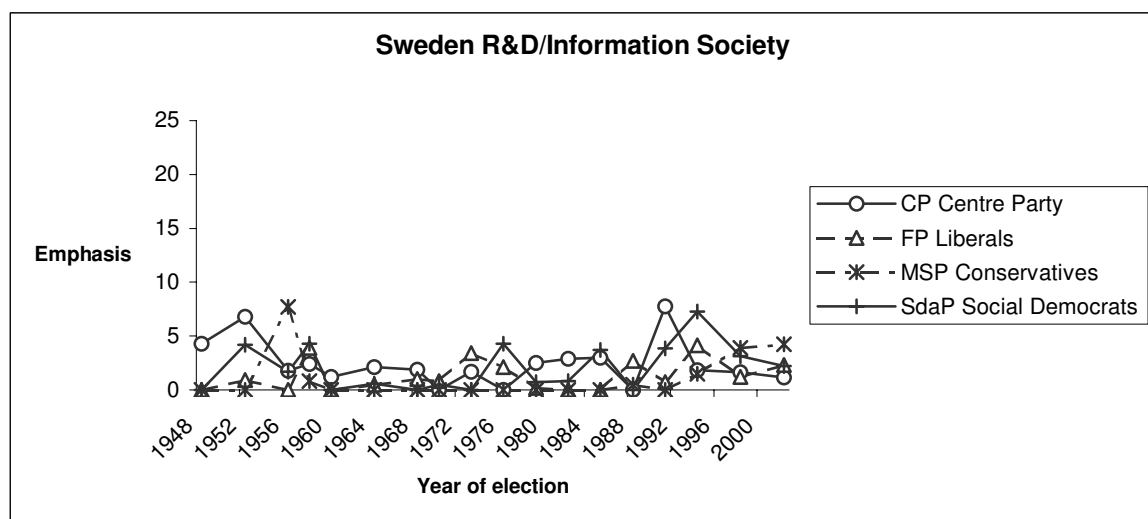
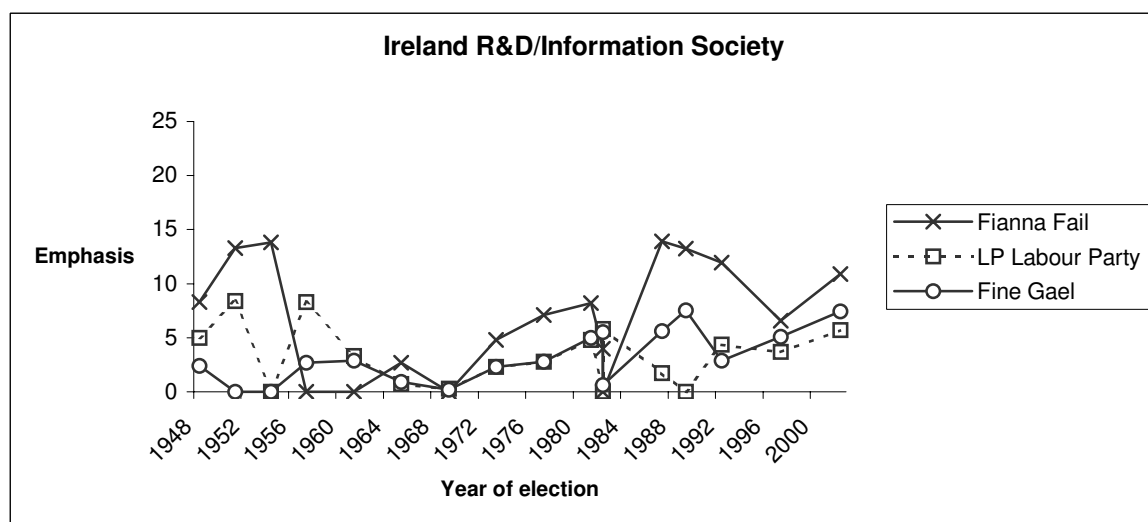
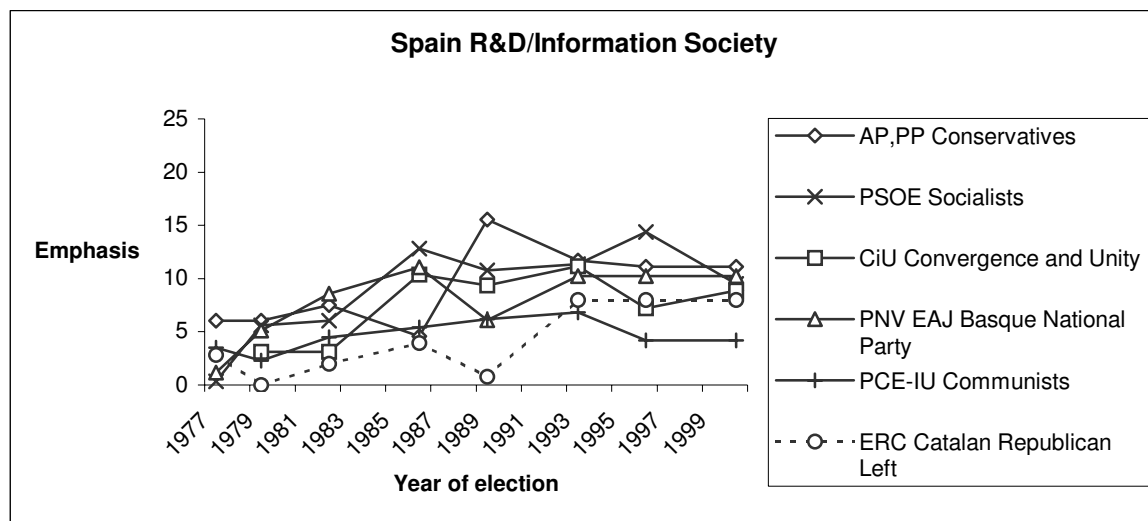


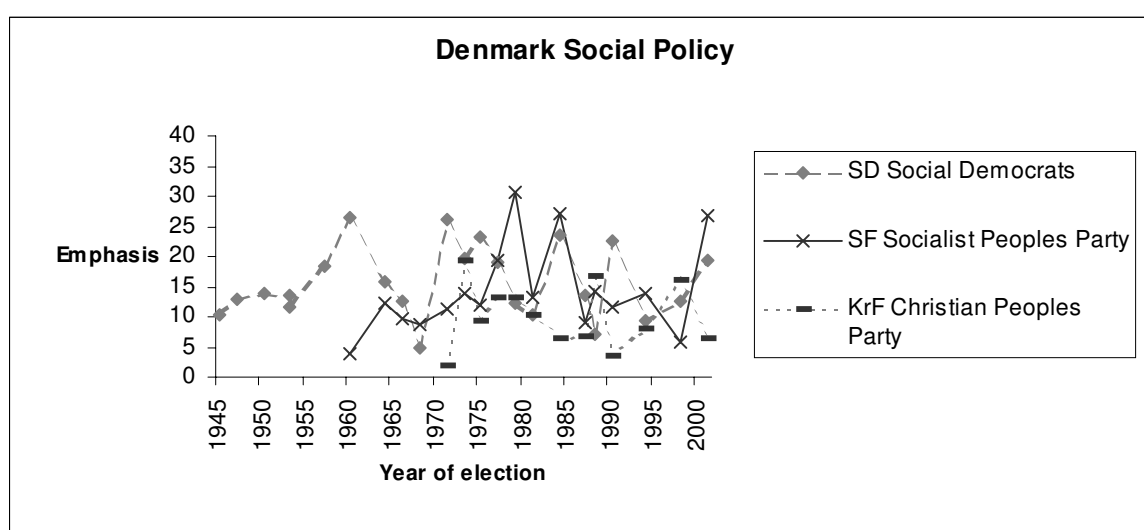
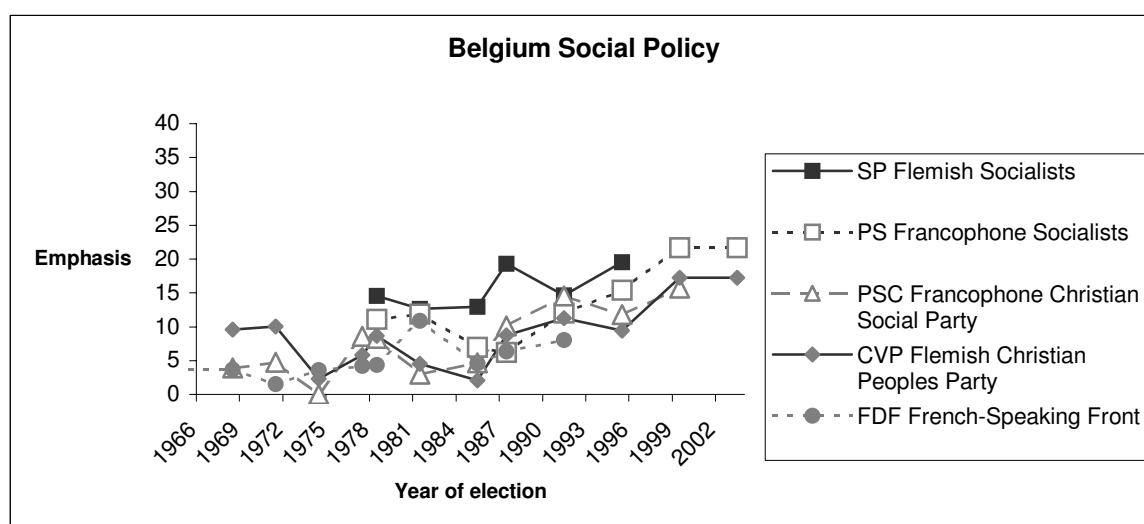
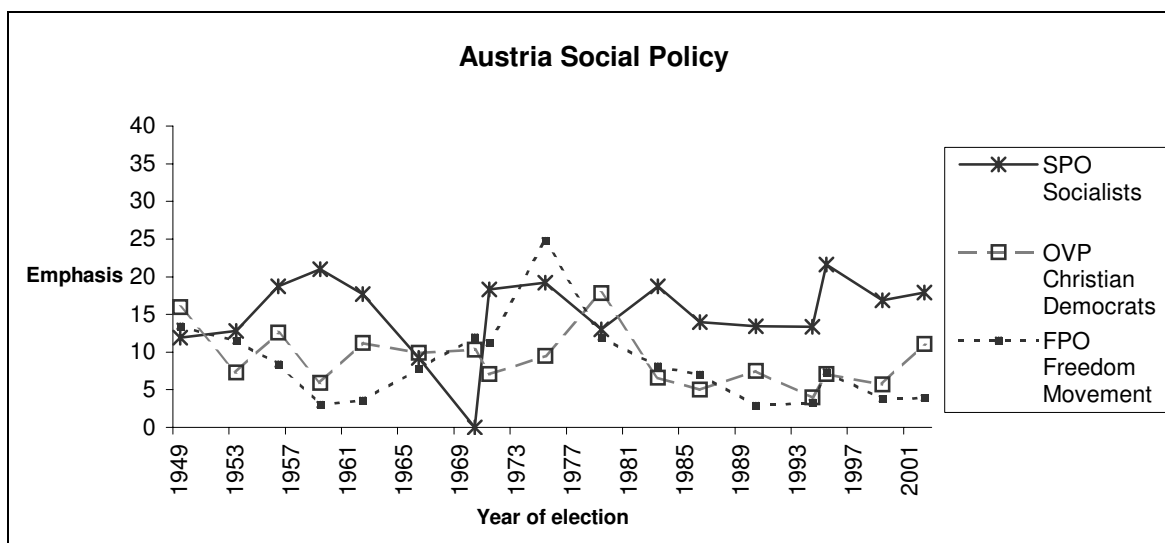


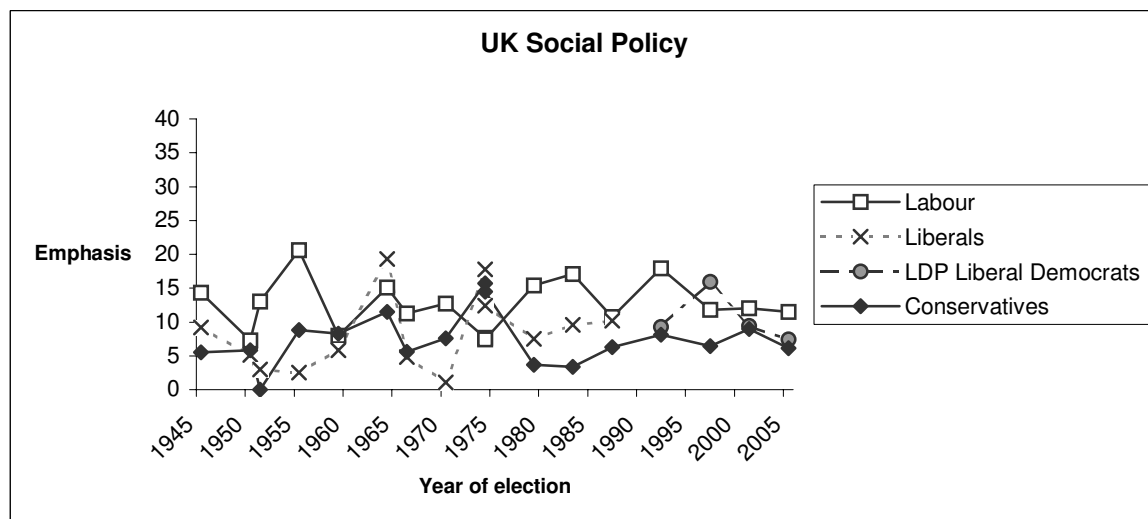
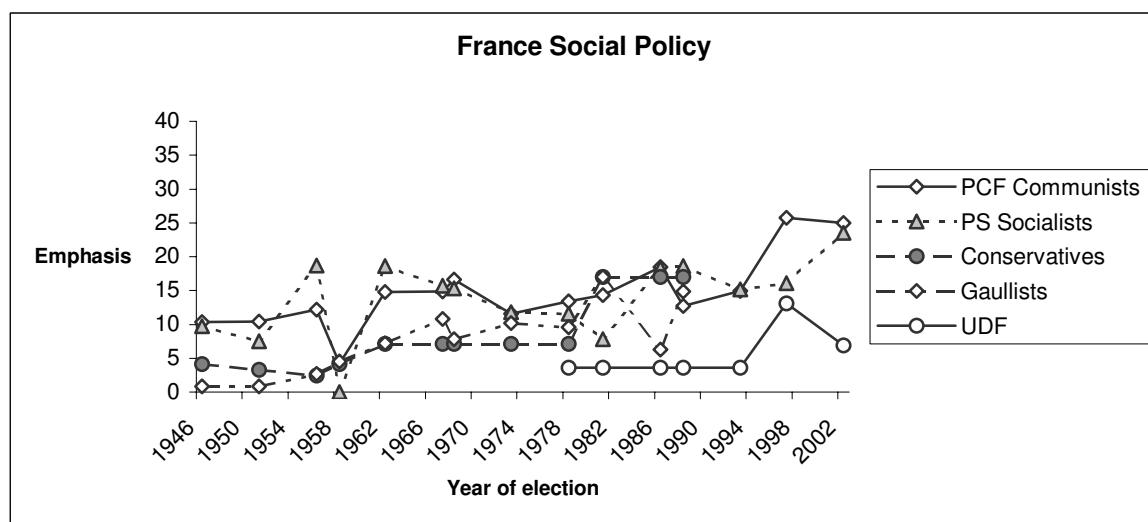
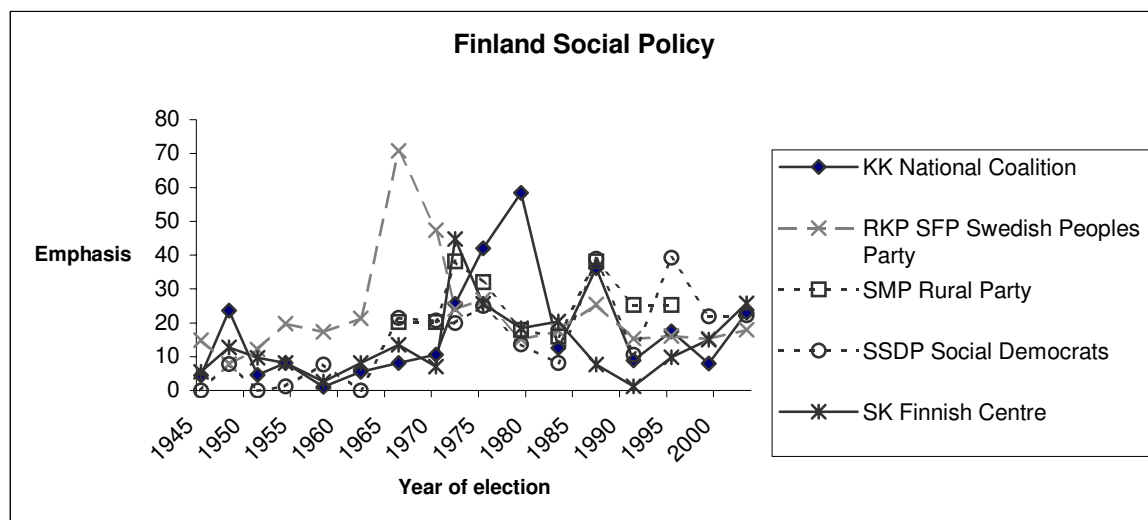


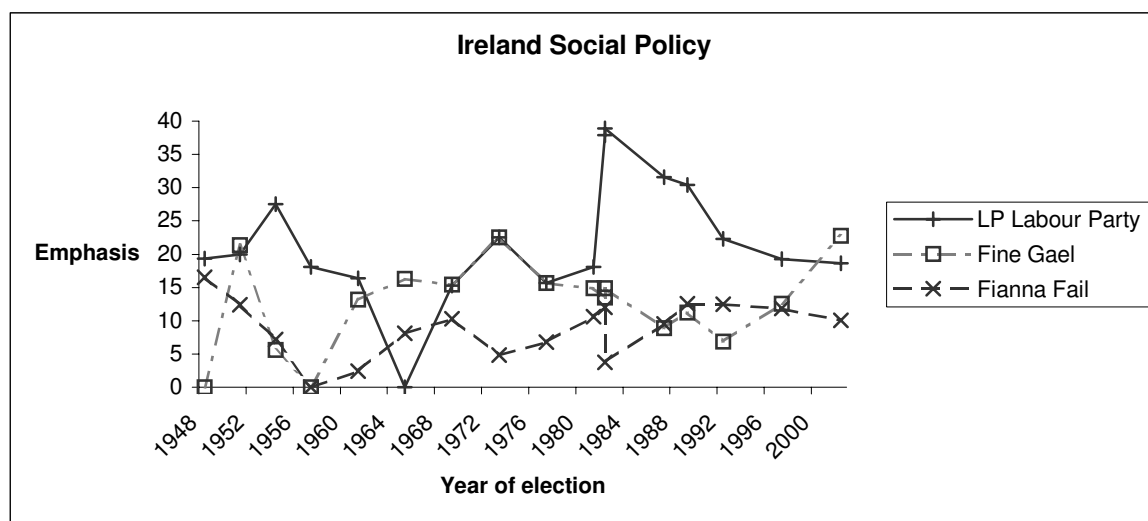
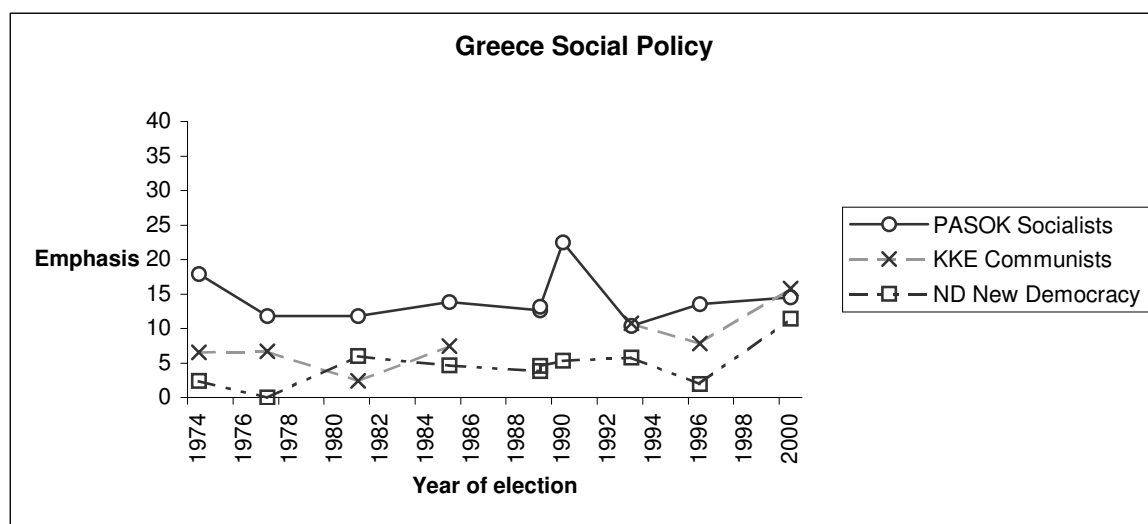
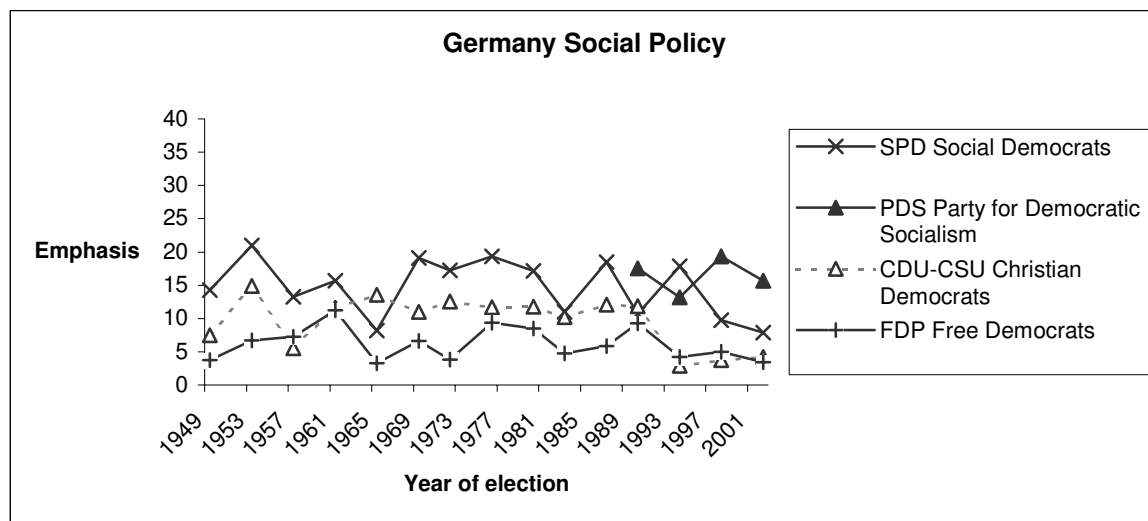


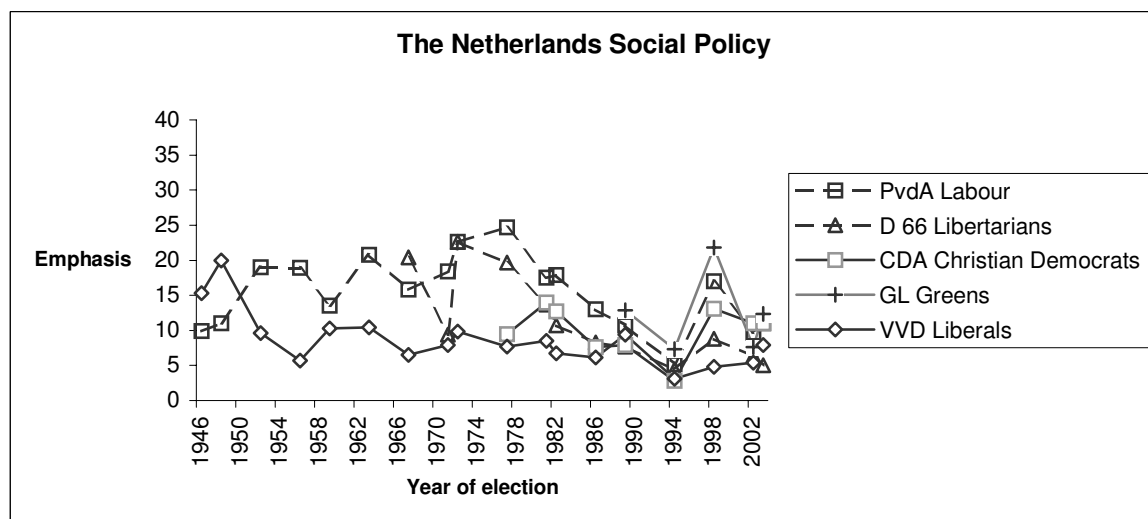
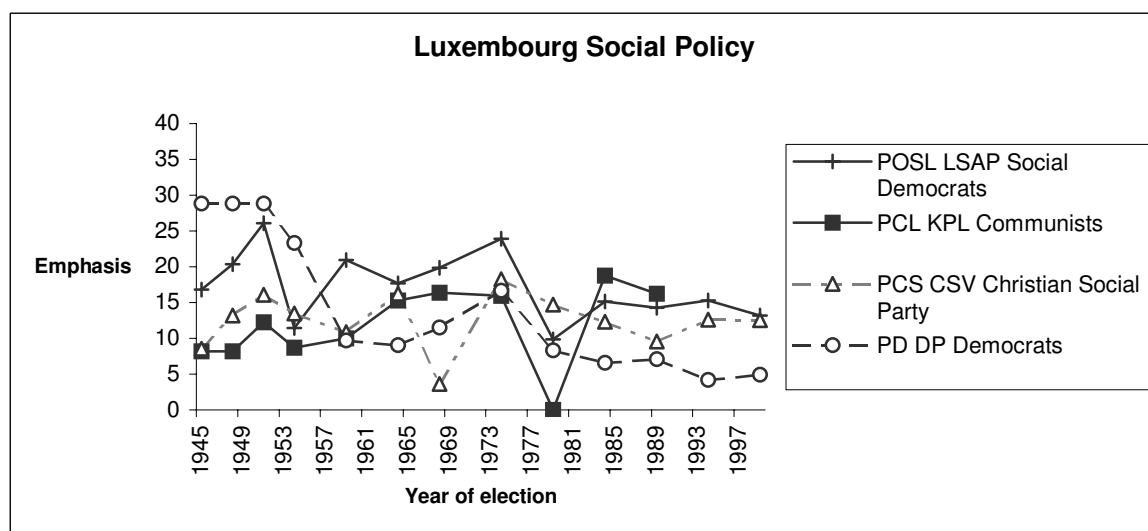
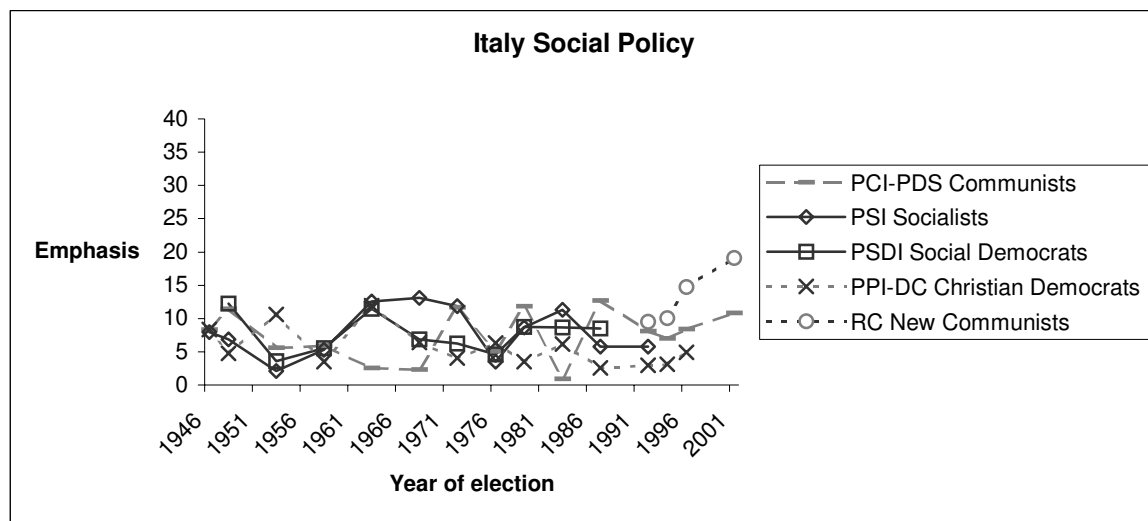


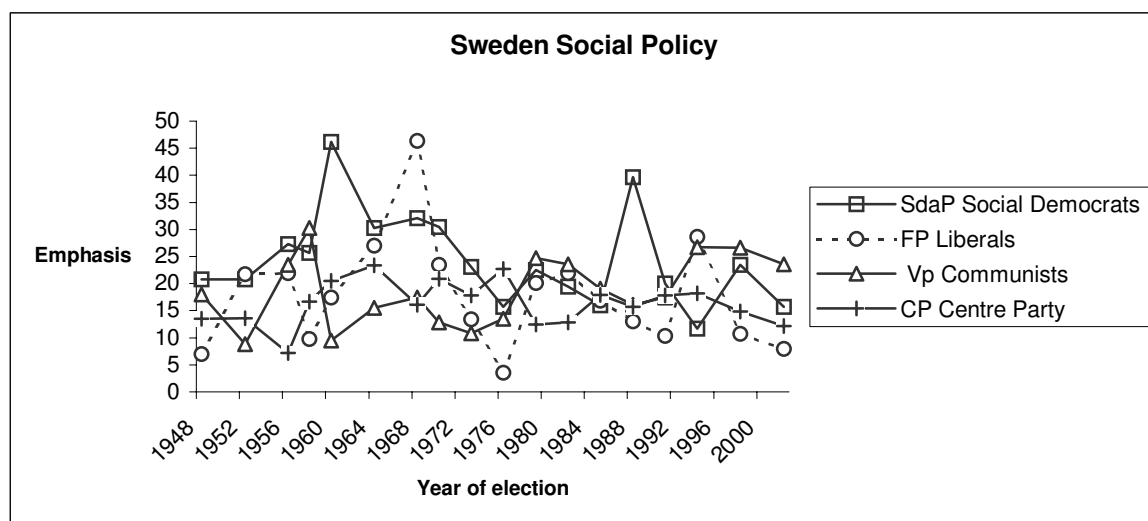
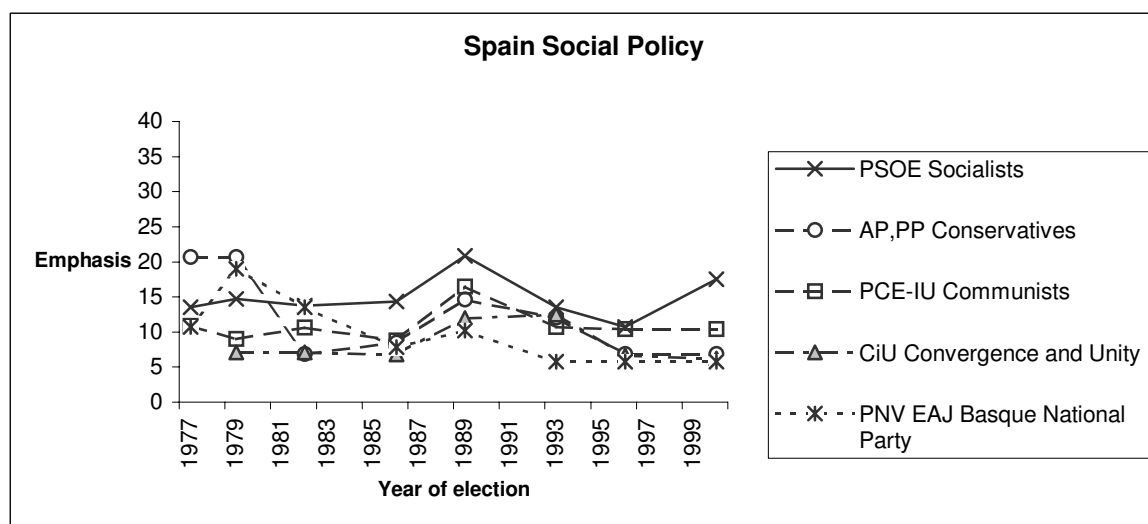
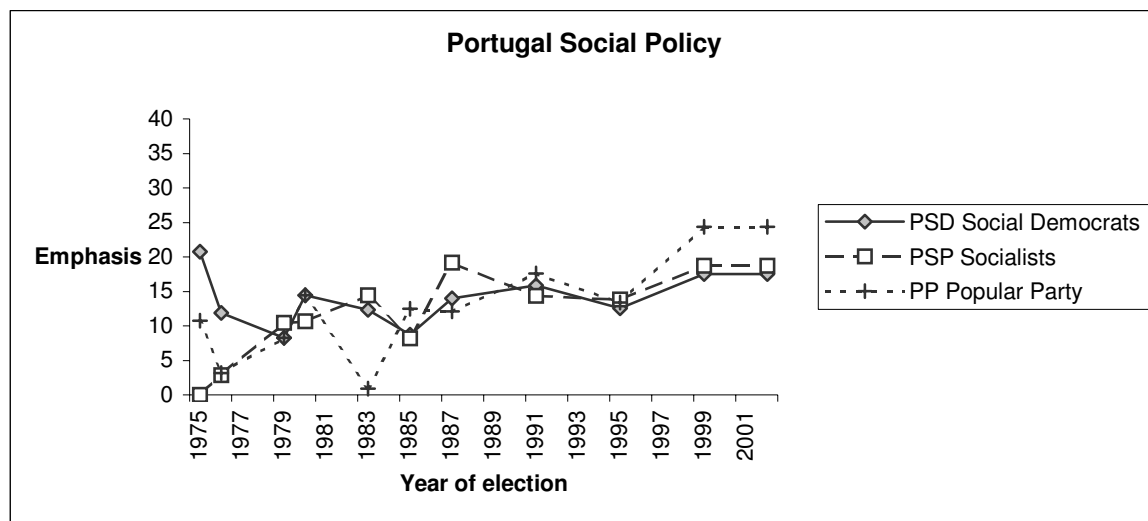












Correlations (Spearman's r) 'crime' and political 'right-left' dimension (all one-tailed)

	r_s	p	n
Austria	.011	.470	51
Belgium	.088	.165	126
Denmark	.401	.000	192
Finland	.198	.018	113
France	.320	.001	84
UK	.443	.001	47
Germany	.159	.111	61
Greece	.127	.237	34
Ireland	-.016	.447	73
Italy	.371	.000	119
Luxembourg	.298	.015	53
The Netherlands	.279	.004	88
Portugal	-.119	.181	61
Spain	.581	.000	65
Sweden	.379	.000	94
EU-15	.191	.000	1261

Correlations (Spearman's r) 'employment' and political 'right-left' dimension (all one-tailed)

	r_s	p	n
Austria	-.088	.269	51
Belgium	-.061	.249	126
Denmark	-.435	.000	192
Finland	-.324	.000	113
France	-.416	.000	84
UK	-.052	.363	47
Germany	-.381	.001	61
Greece	-.152	.195	34
Ireland	-.380	.000	73
Italy	-.729	.000	119
Luxembourg	-.367	.003	53
The Netherlands	-.108	.159	88
Portugal	-.290	.012	61
Spain	-.365	.001	65
Sweden	-.433	.000	94
EU-15	-.332	.000	1261

Correlations (Spearman's r) 'employment' and 'market economy' (all one-tailed)

	r_s	p	N
Austria	.006	.483	51
Belgium	-.020	.412	126
Denmark	-.400	.000	192
Finland	-.194	.020	113
France	-.261	.008	84
UK	-.007	.481	47
Germany	-.296	.010	61
Greece	.141	.213	34
Ireland	-.311	.004	73
Italy	-.016	.431	119
Luxembourg	-.237	.044	53
The Netherlands	-.152	.079	88
Portugal	-.025	.424	61
Spain	-.407	.000	65
Sweden	-.377	.000	94
EU-15	-.254	.000	1261

Correlations (Spearman's r) 'employment' and 'education expansion' (all one-tailed)

	r_s	p	N
Austria	.169	.118	51
Belgium	.201	.012	126
Denmark	.270	.000	192
Finland	.190	.022	113
France	-.163	.070	84
UK	-.175	.120	47
Germany	-.293	.011	61
Greece	-.036	.420	34
Ireland	.379	.000	73
Italy	.280	.001	119
Luxembourg	-.108	.221	53
The Netherlands	-.007	.475	88
Portugal	.014	.456	61
Spain	.123	.164	65
Sweden	-.077	.230	94
EU-15	.106	.000	1261

Correlations (Spearman's r) 'employment' and 'technology and infrastructure' (R&D and information society) (all one-tailed)

	r_s	p	N
Austria	.057	.345	51
Belgium	.052	.281	126

Denmark	.232	.001	192
Finland	-.229	.007	113
France	.142	.099	84
UK	-.101	.251	47
Germany	.129	.161	61
Greece	-.003	.494	34
Ireland	.249	.017	73
Italy	.097	.147	119
Luxembourg	-.079	.287	53
The Netherlands	-.005	.483	88
Portugal	.118	.183	61
Spain	-.613	.000	65
Sweden	.066	.264	94
EU-15	.037	.094	1261

Correlations (Spearman's r) 'employment' and 'welfare' (social inclusion) (all one-tailed)

	r_s	p	N
Austria	.244	.042	51
Belgium	.233	.004	126
Denmark	.278	.000	192
Finland	.043	.326	113
France	.382	.000	84
UK	.002	.494	47
Germany	.034	.399	61
Greece	.002	.496	34
Ireland	.334	.002	73
Italy	.460	.000	119
Luxembourg	-.148	.145	53
The Netherlands	-.107	.160	88
Portugal	-.015	.455	61
Spain	.133	.145	65
Sweden	.166	.055	94
EU-15	.079	.003	1261

Correlations (Spearman's r) 'education' and political 'right-left' dimension (one-tailed)

	r_s	p	N
Austria	-.303	.015	51
Belgium	-.257	.002	126
Denmark	-.389	.000	192
Finland	-.132	.082	113
France	-.199	.035	84
UK	-.311	.017	47
Germany	-.164	.103	61

Greece	-.441	.004	34
Ireland	-.335	.002	73
Italy	-.370	.000	119
Luxembourg	-.060	.335	53
The Netherlands	-.322	.001	88
Portugal	-.362	.002	61
Spain	-.456	.000	65
Sweden	.029	.391	94
EU-15	-.254	.000	1261

Correlations (Spearman's r) 'technology and infrastructure' (R&D and Information Society) and political 'right-left' dimension (two-tailed)

	r_s	P	N
Austria	-.296	.018	51
Belgium	-.128	.077	126
Denmark	-.057	.214	192
Finland	-.054	.284	113
France	-.047	.335	84
UK	-.068	.324	47
Germany	.016	.450	61
Greece	-.314	.035	34
Ireland	-.086	.236	73
Italy	-.095	.151	119
Luxembourg	.069	.312	53
The Netherlands	-.198	.032	88
Portugal	-.360	.002	61
Spain	.338	.003	65
Sweden	.052	.309	94
EU-15	-.119	.000	1261

Correlations (Spearman's r) 'welfare' (social inclusion) and political 'right-left' dimension (one-tailed)

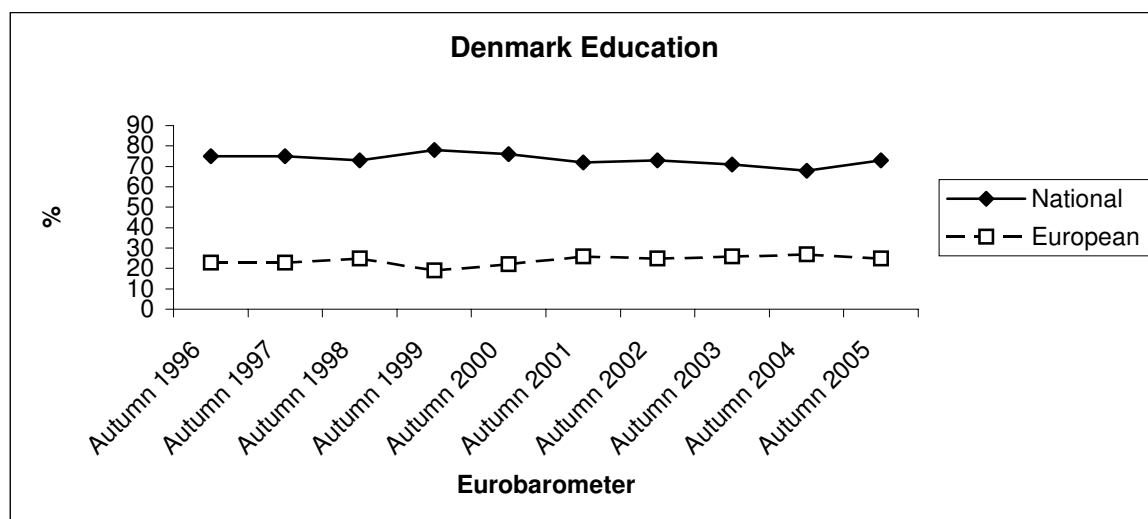
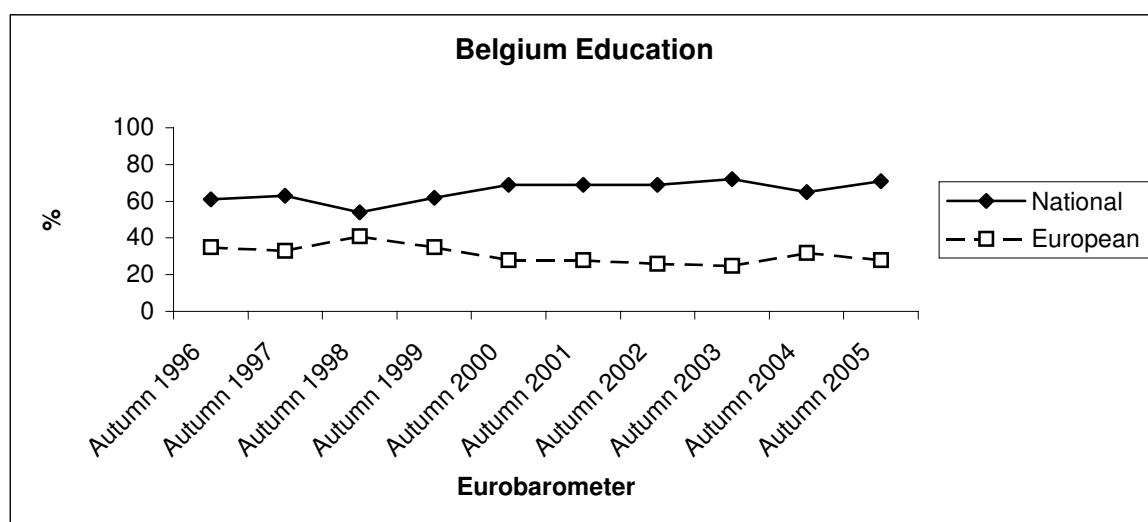
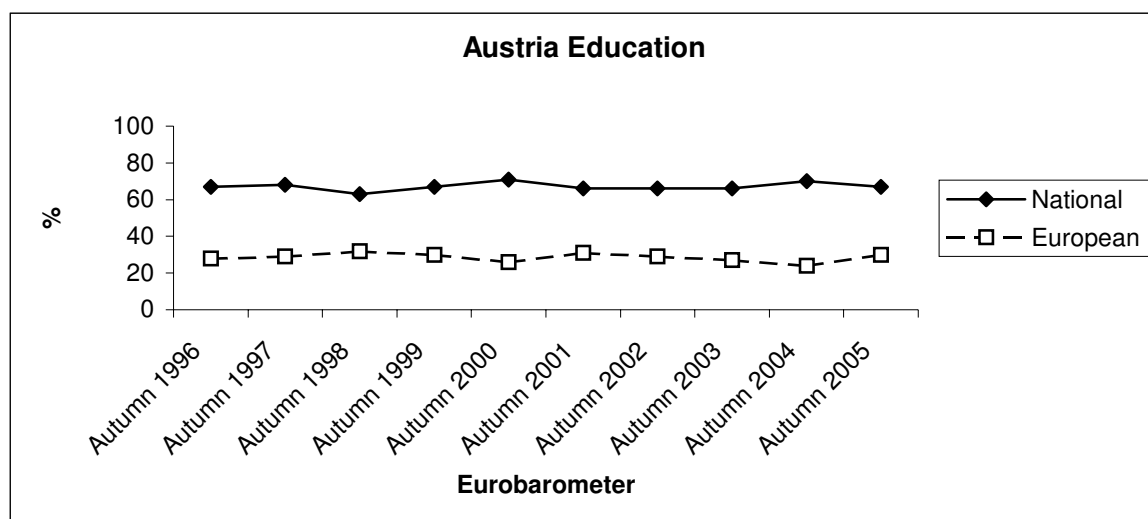
	r_s	P	N
Austria	-.326	.010	51
Belgium	-.472	.000	126
Denmark	-.529	.000	192
Finland	-.121	.100	113
France	-.594	.000	84
UK	-.516	.000	47
Germany	-.461	.000	61
Greece	-.611	.000	34
Ireland	-.697	.000	73
Italy	-.468	.000	119
Luxembourg	-.070	.308	53
The Netherlands	-.584	.000	88

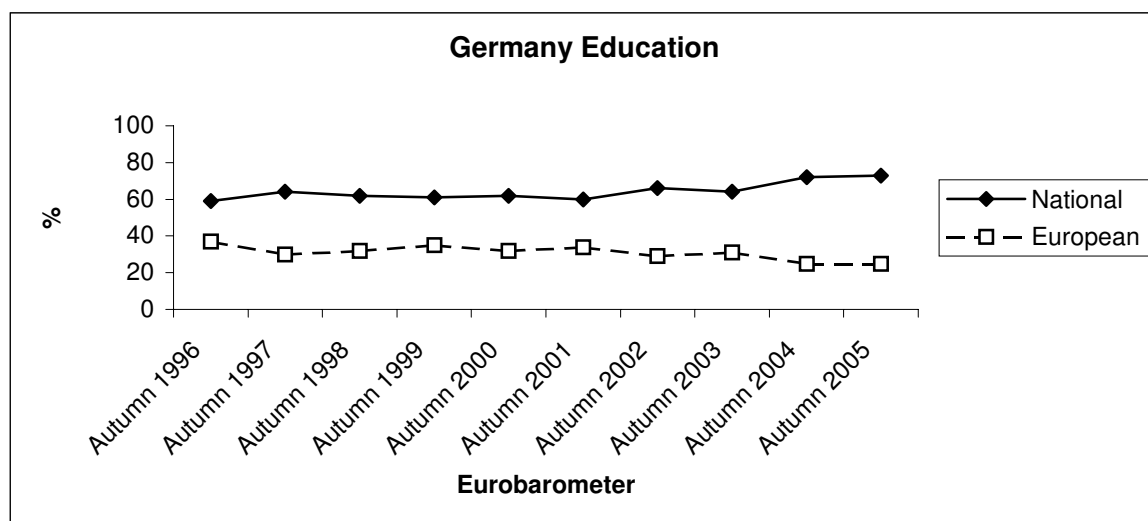
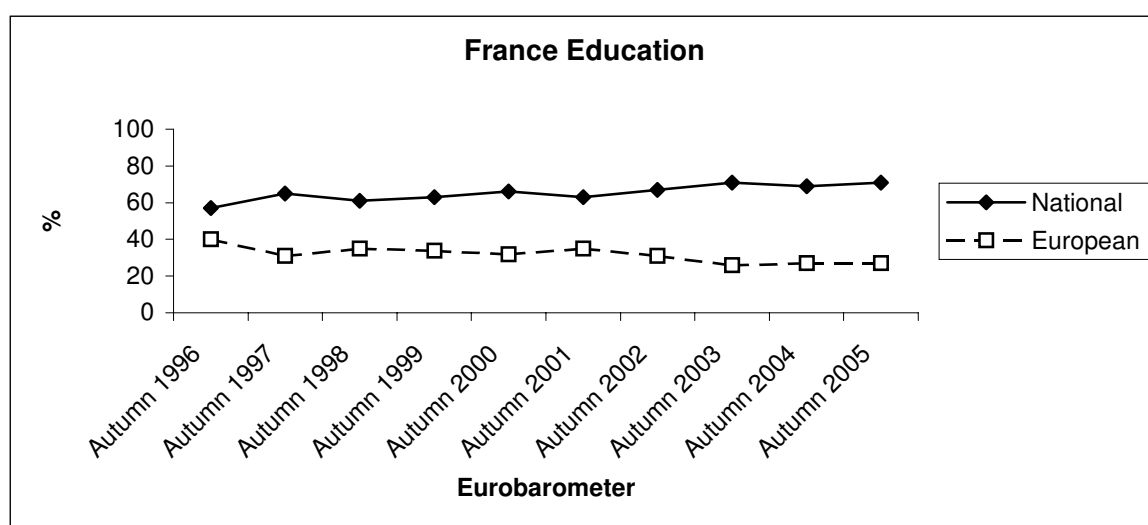
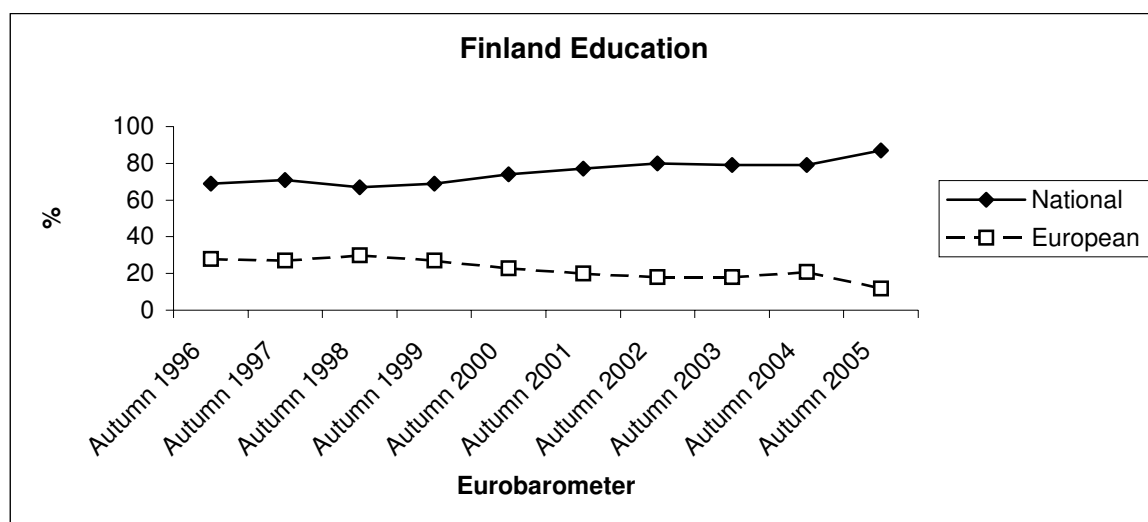
Portugal	-.333	.004	61
Spain	-.015	.453	65
Sweden	-.572	.000	94
EU-15	-.438	.000	1261

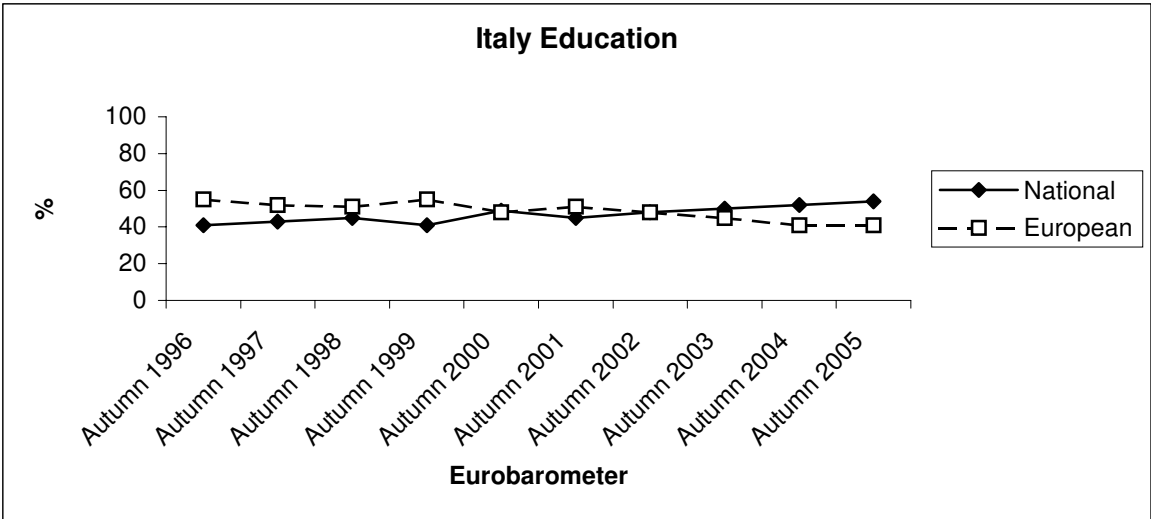
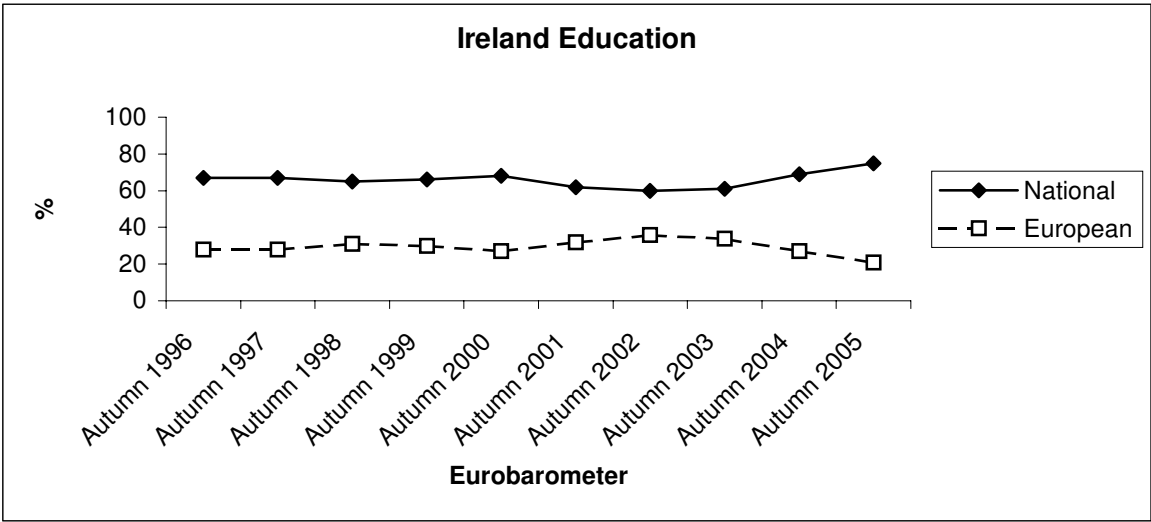
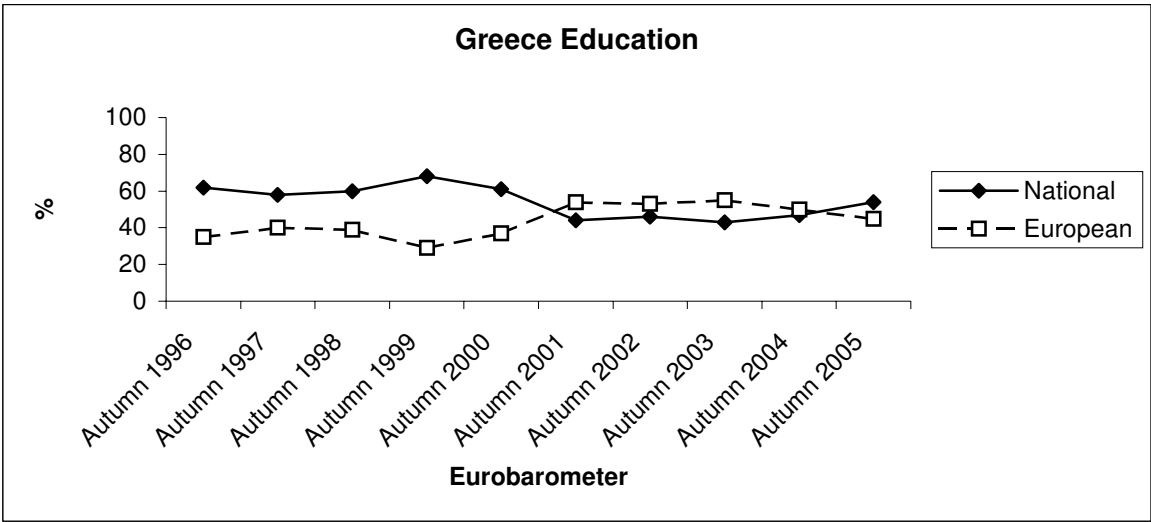
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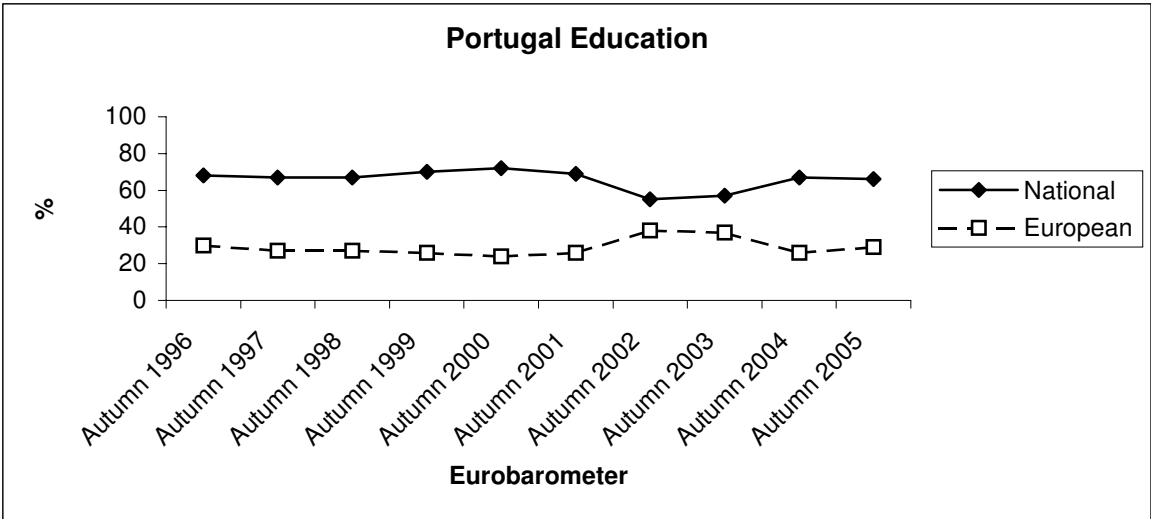
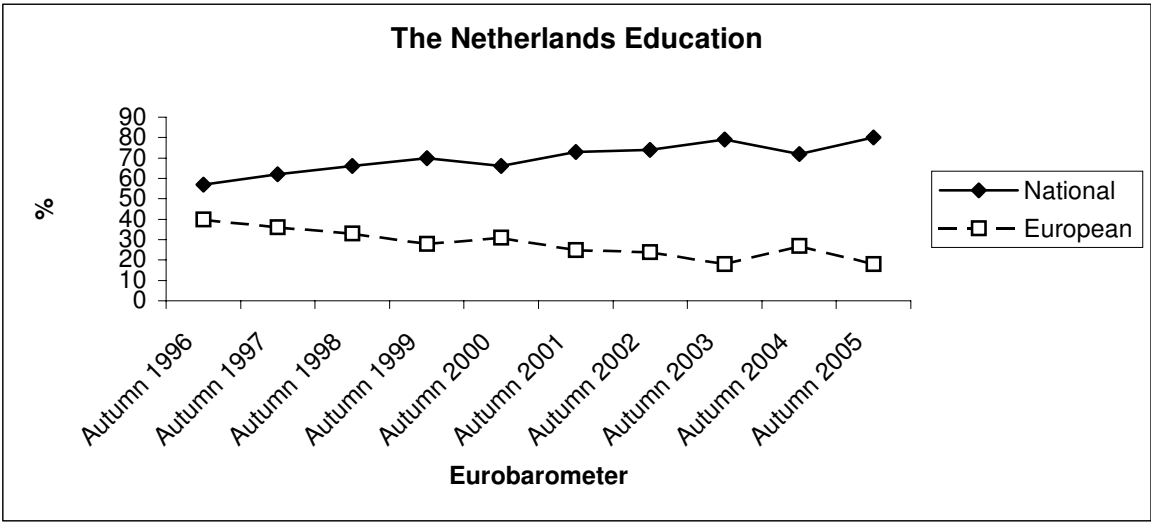
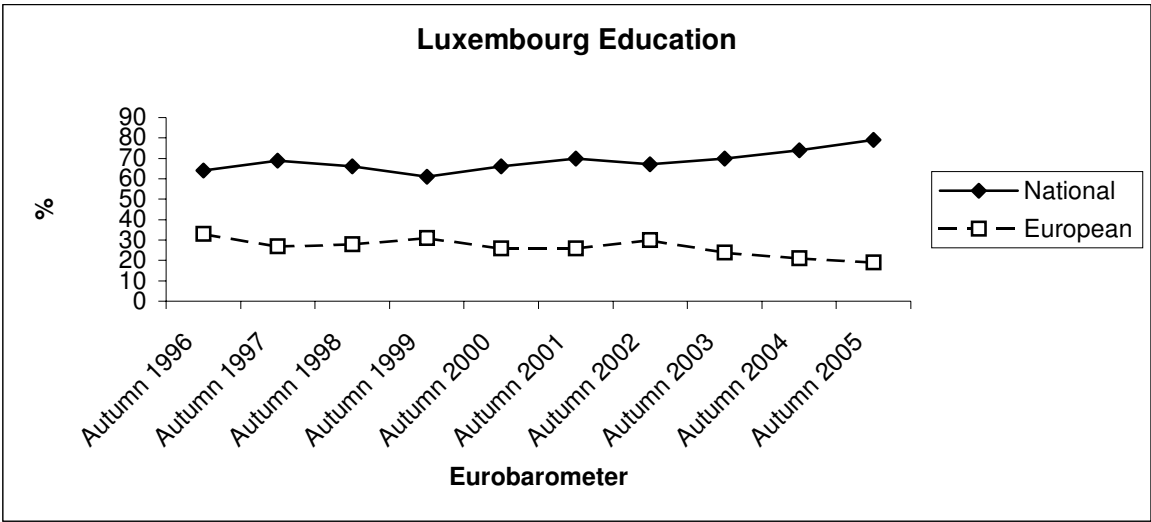
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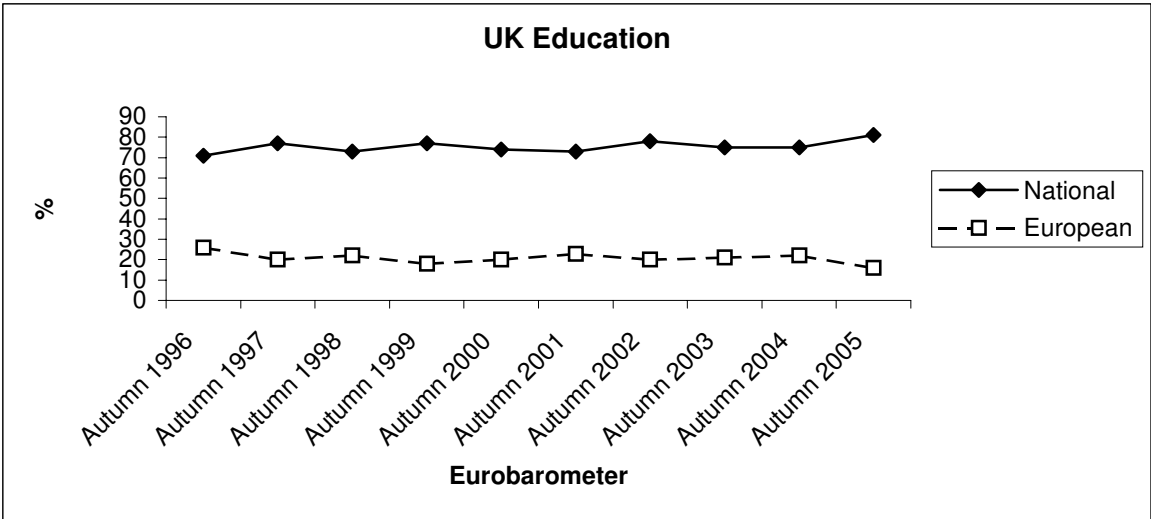
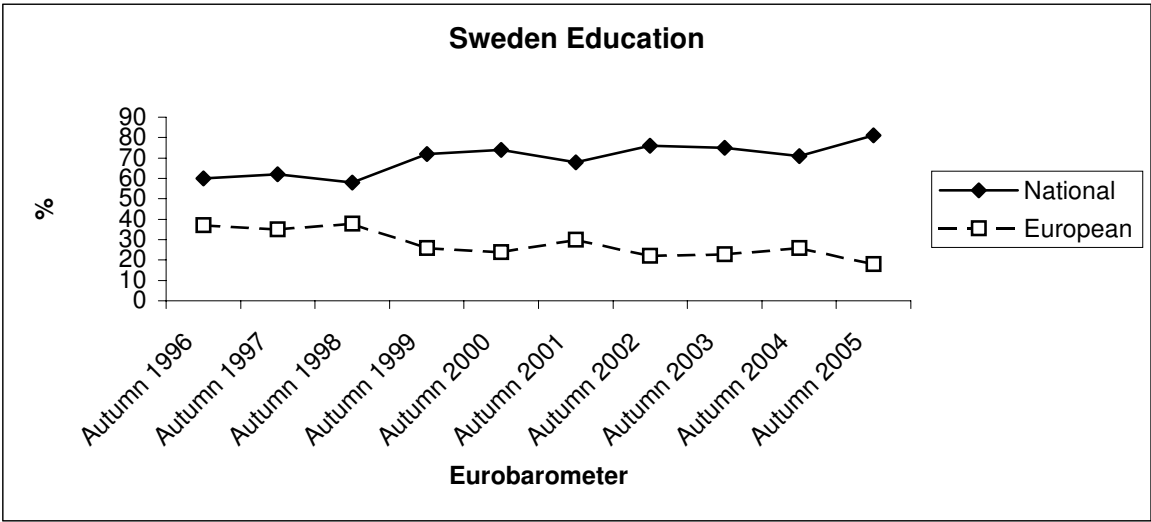
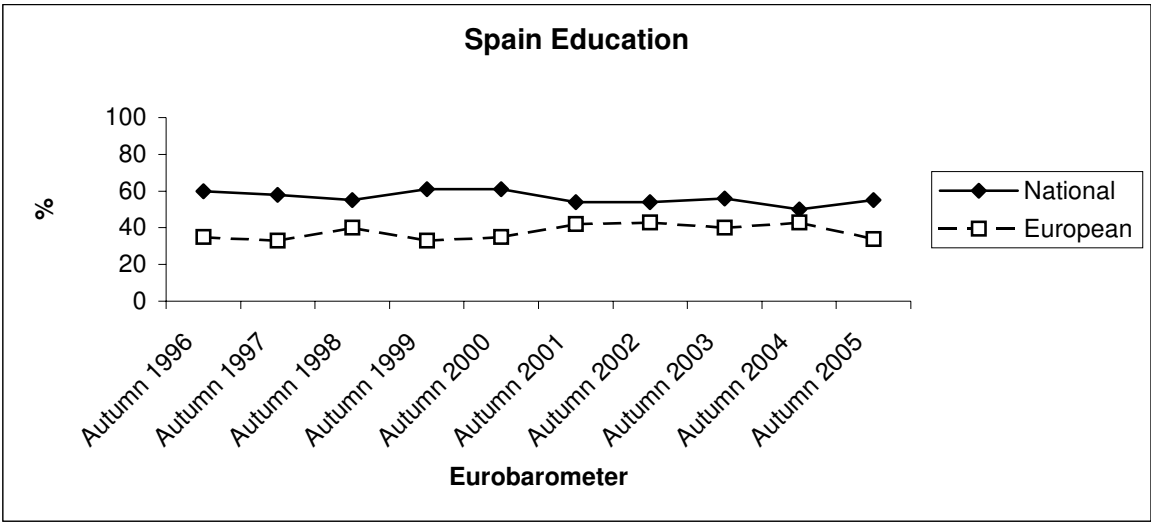
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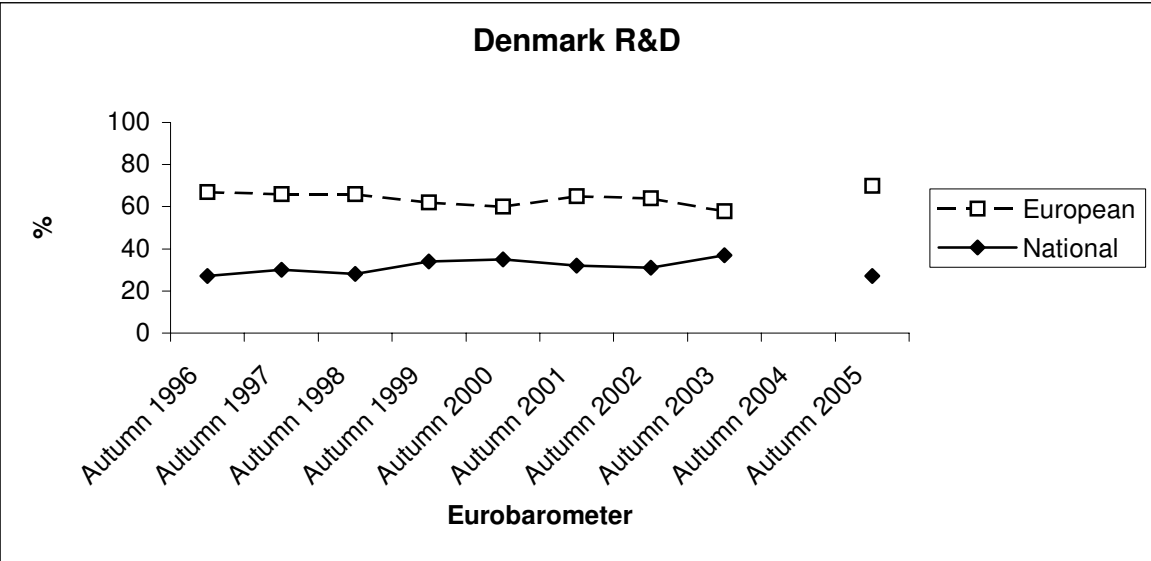
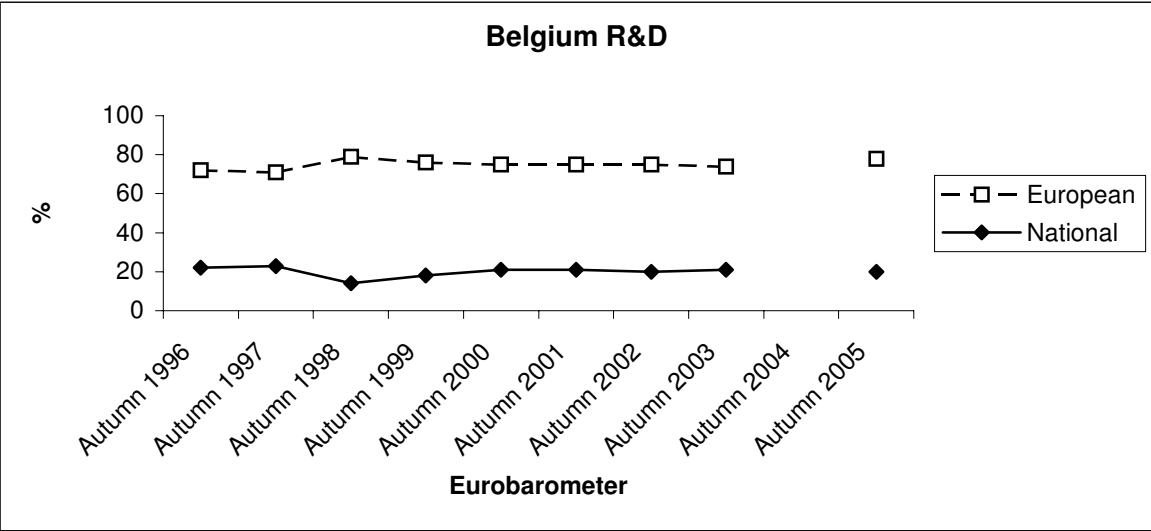
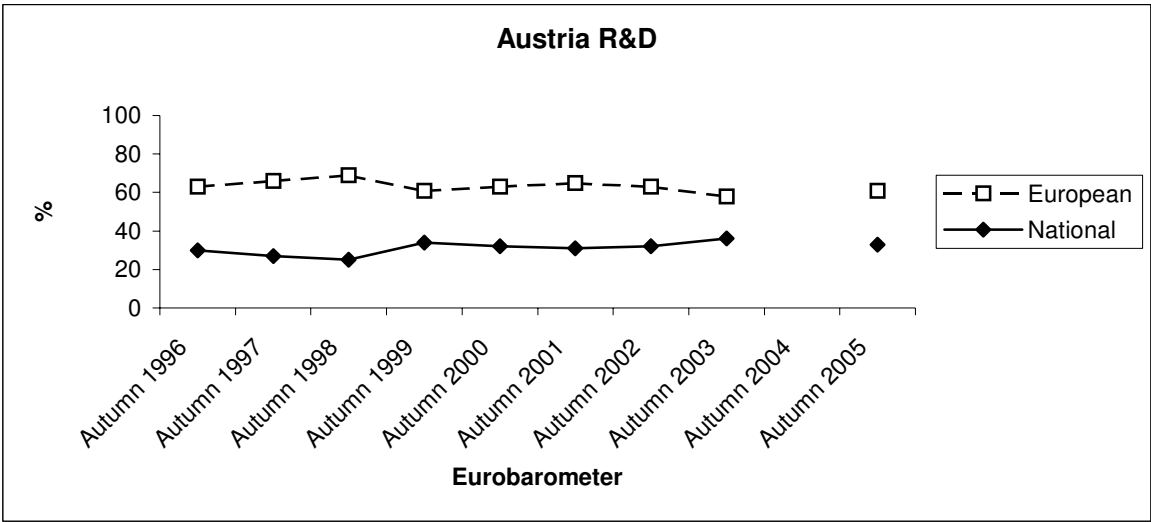


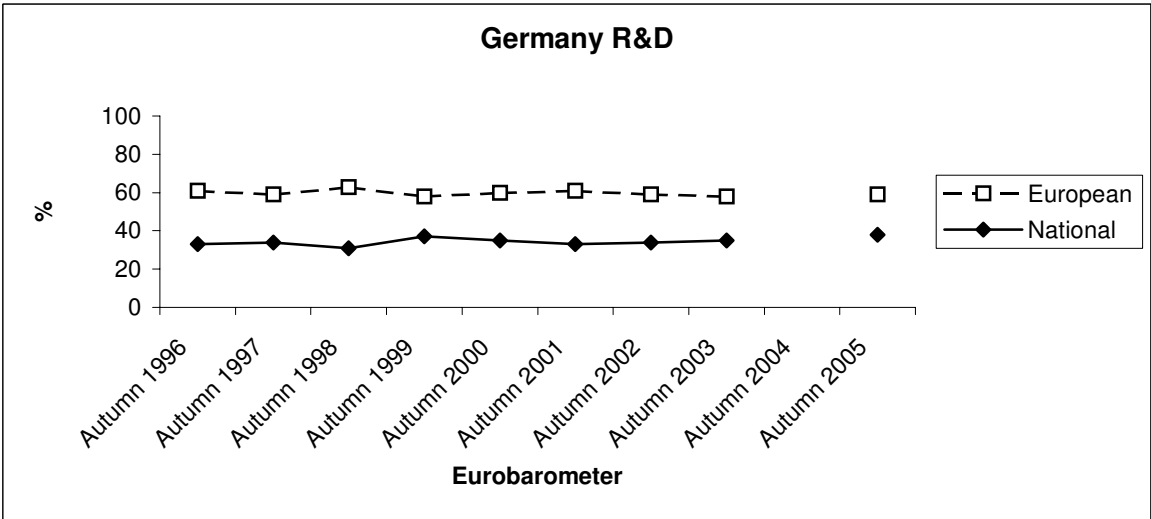
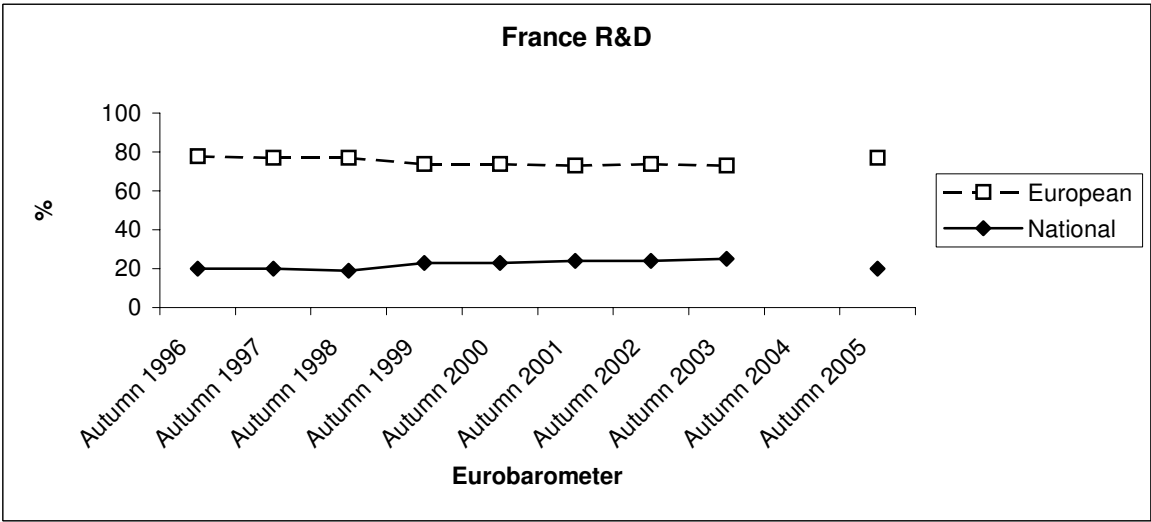
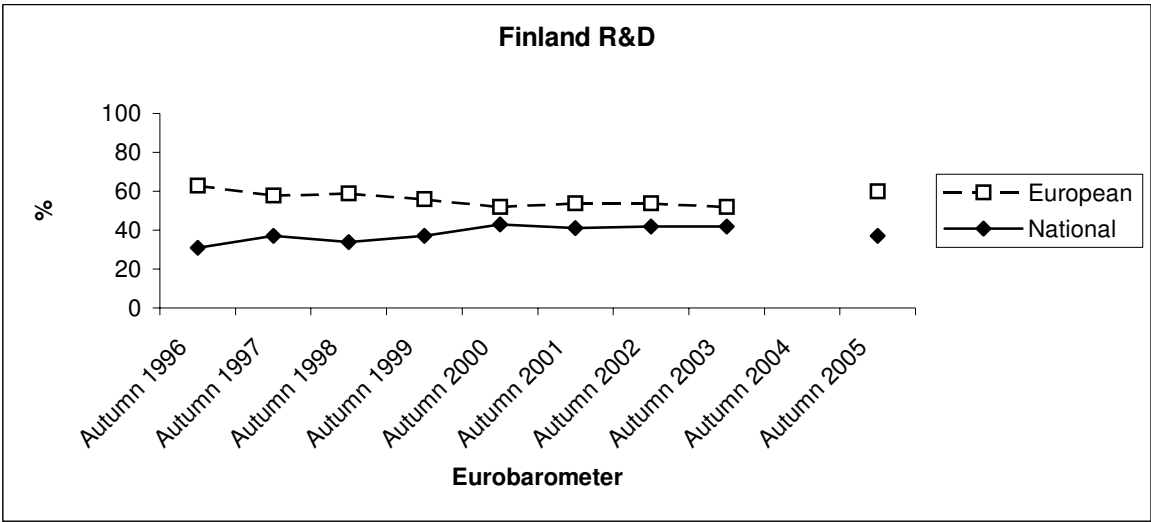


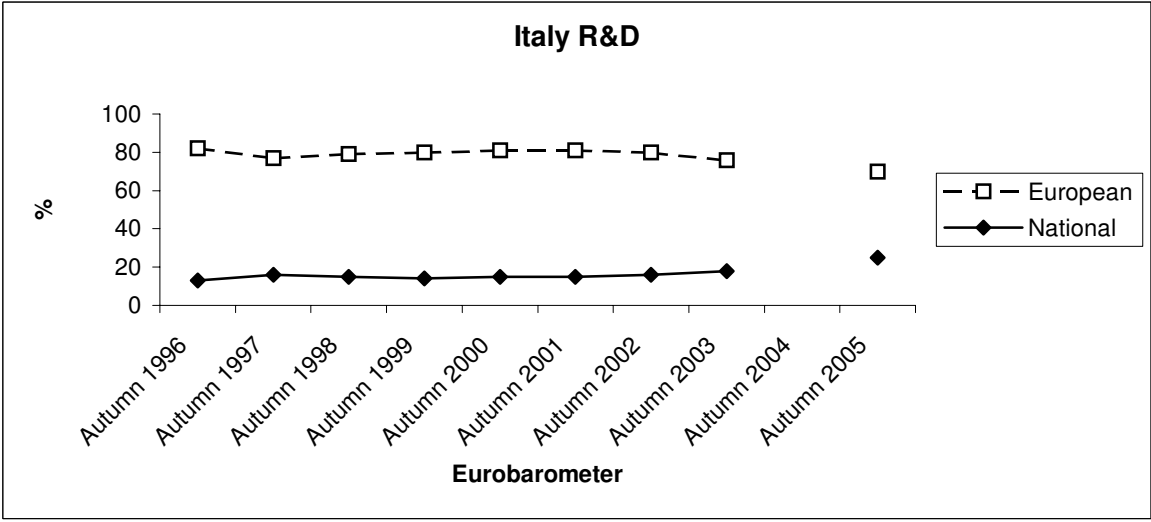
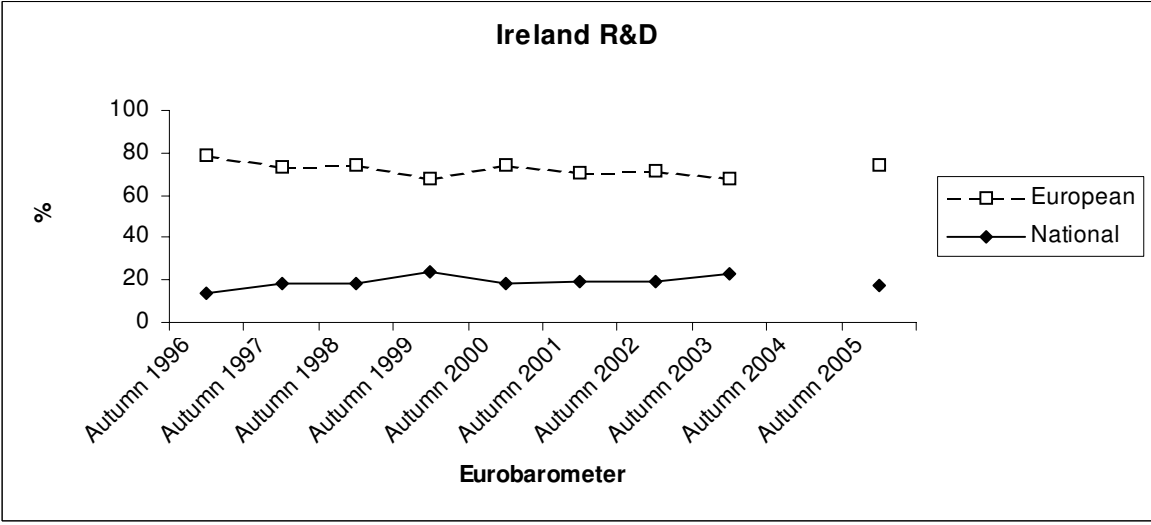
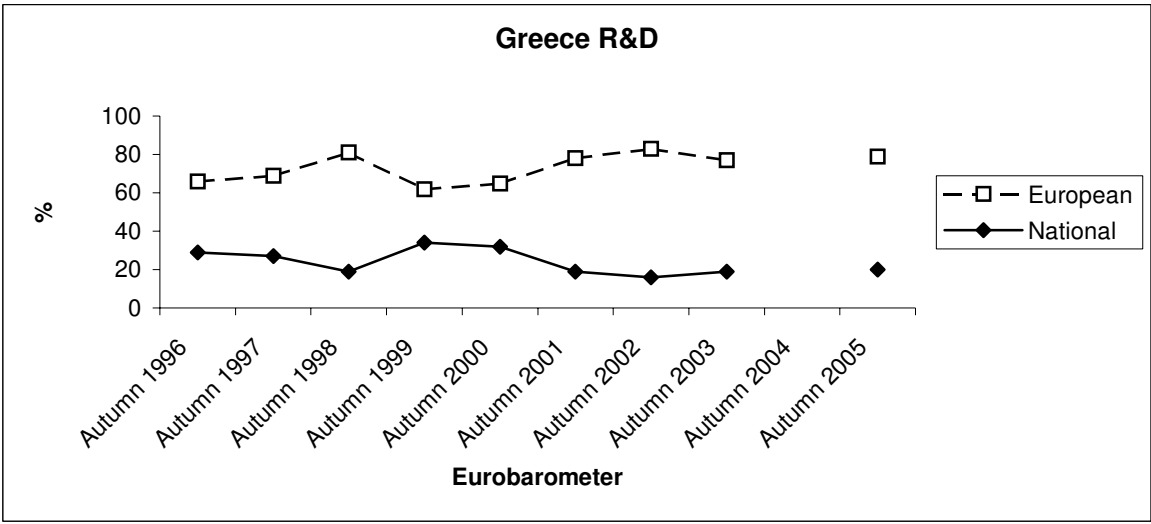


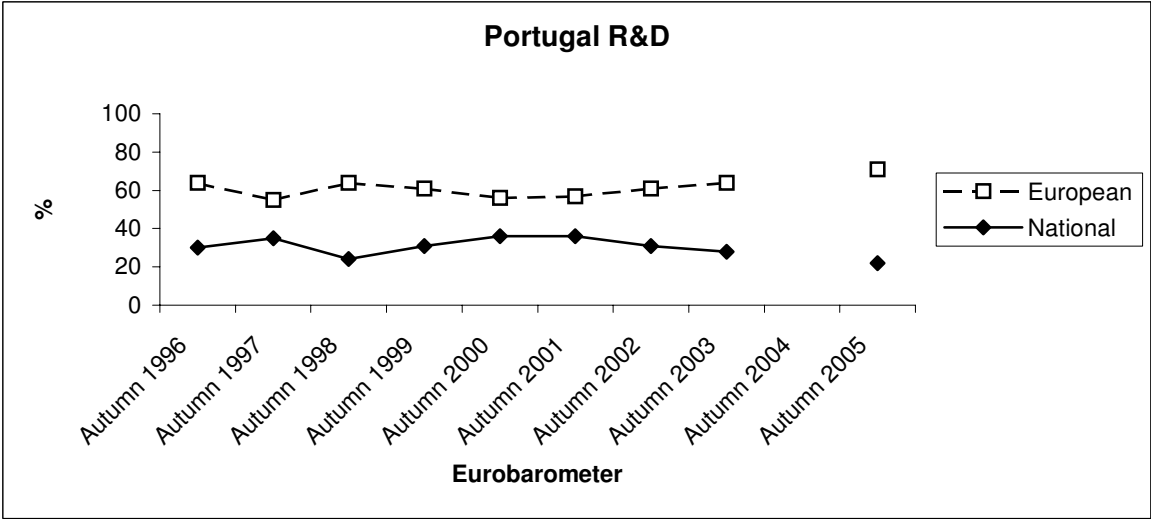
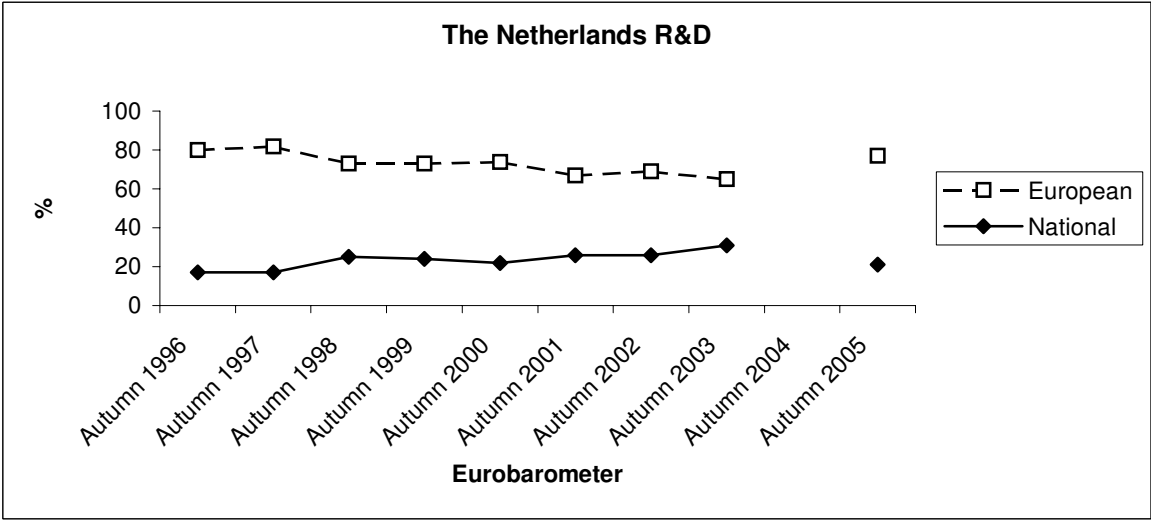
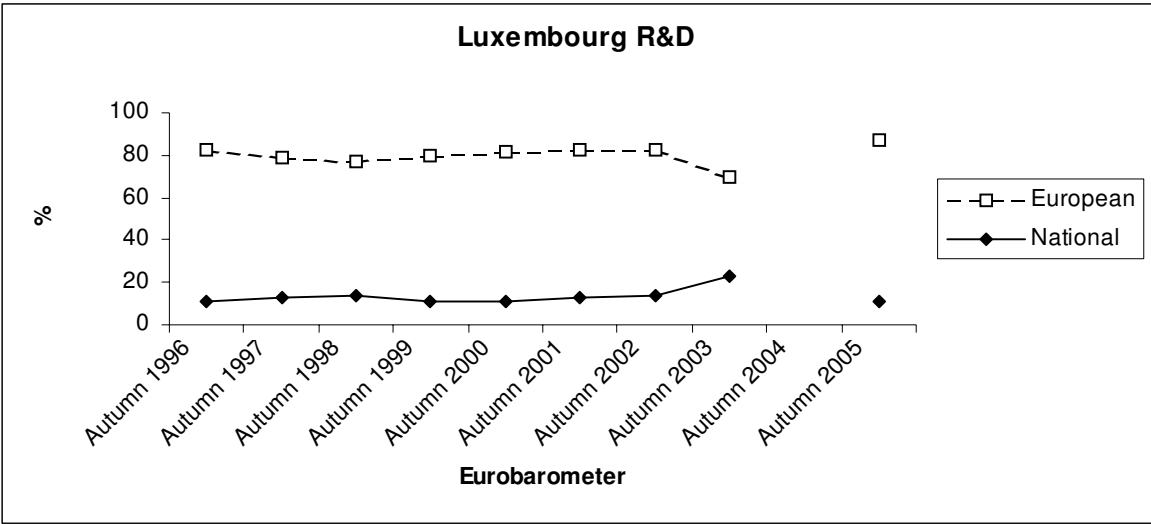


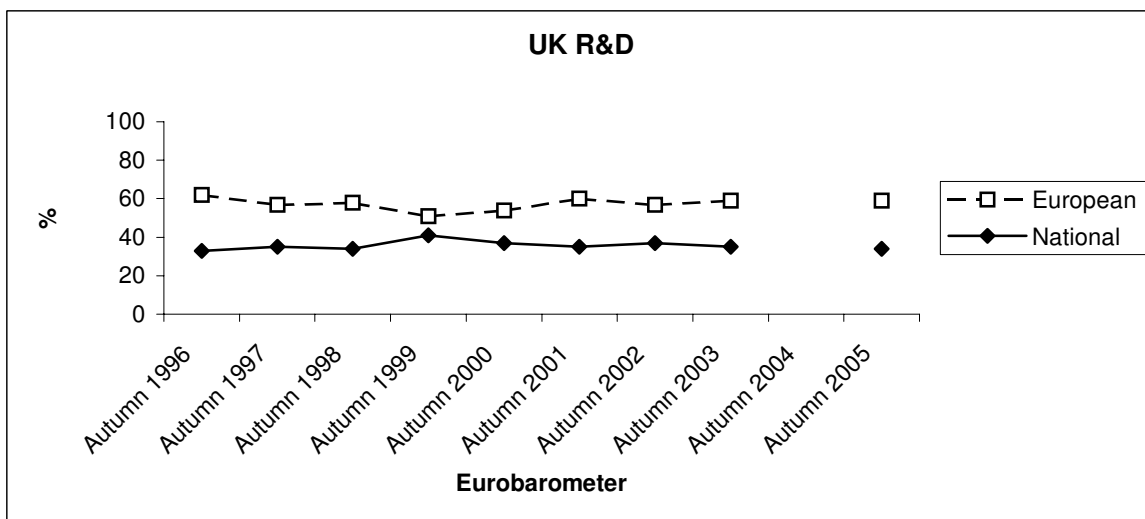
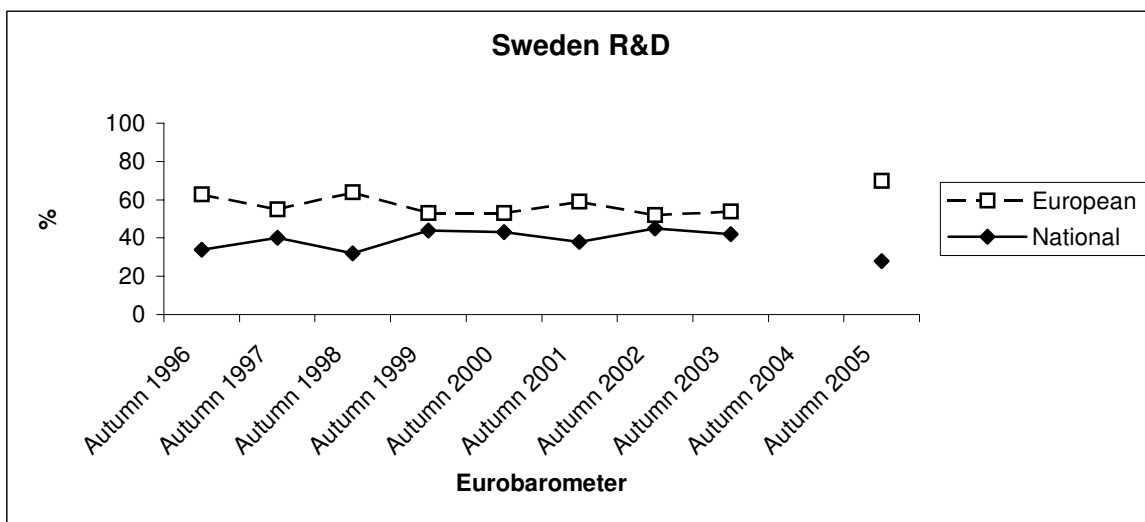
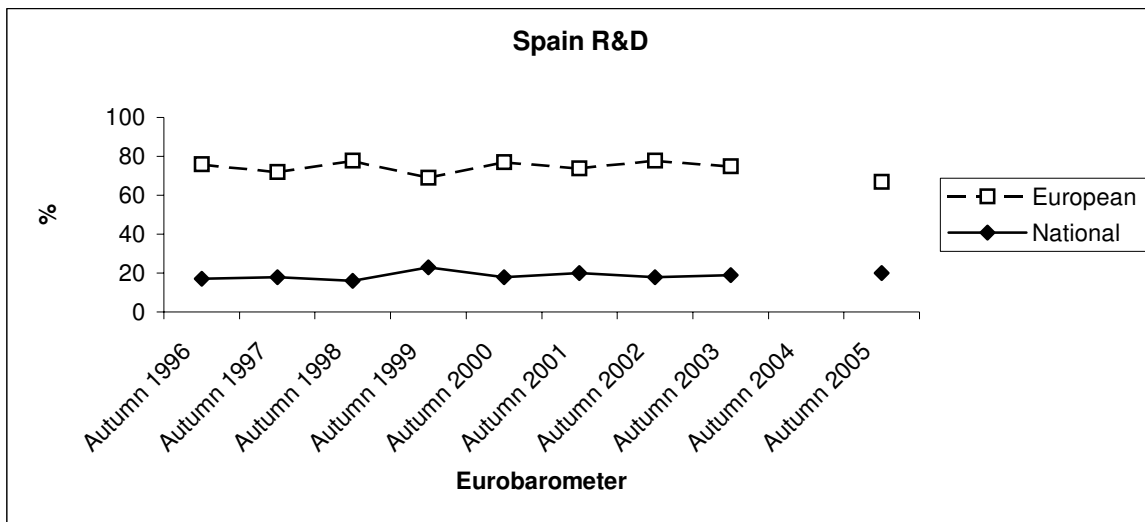
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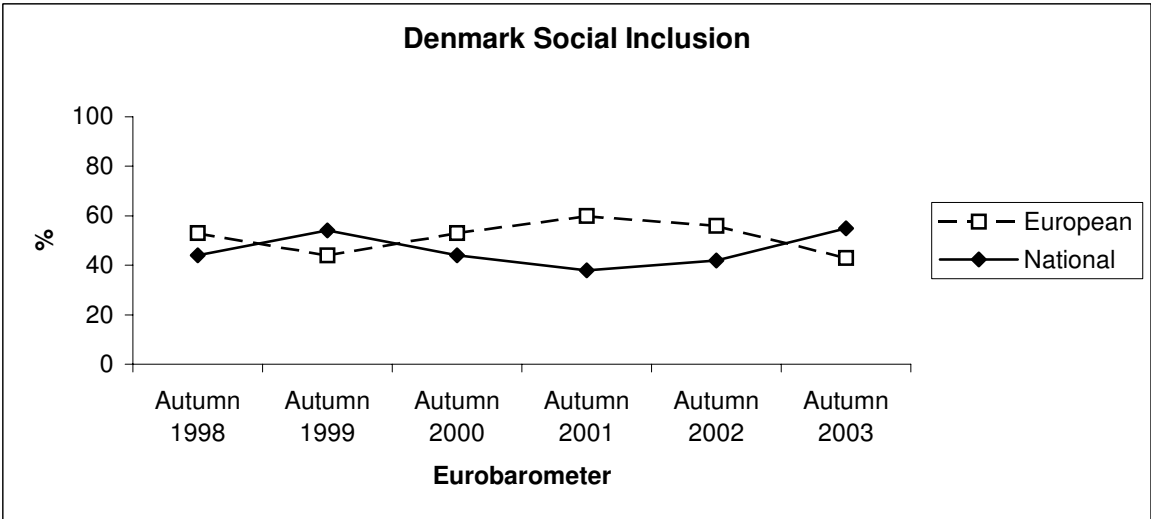
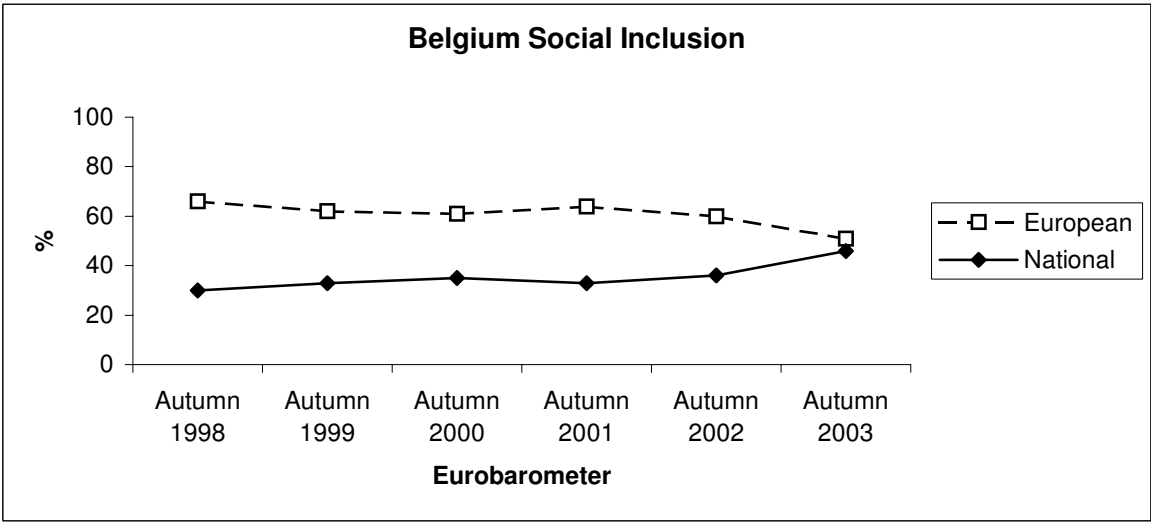
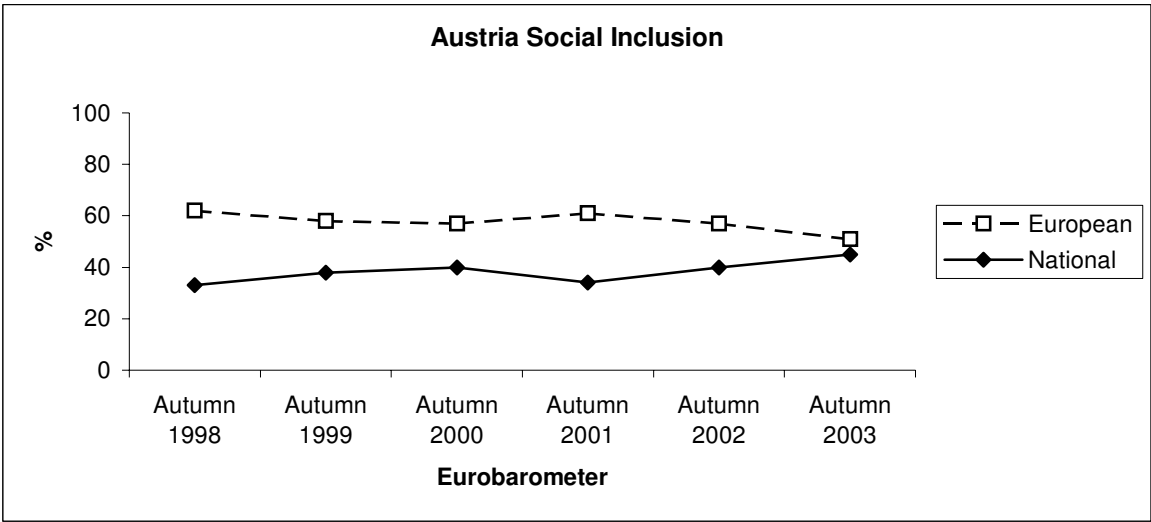


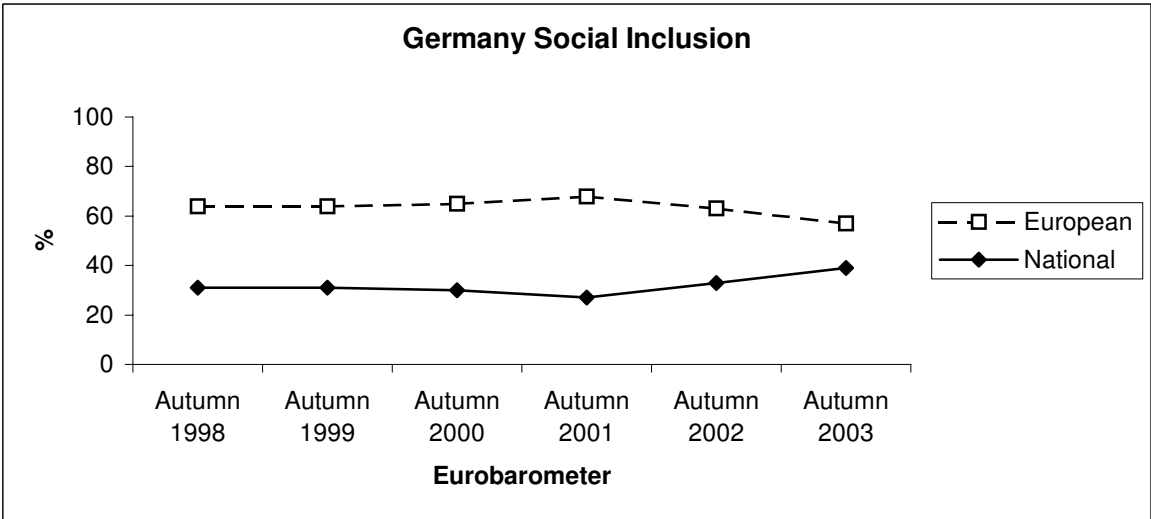
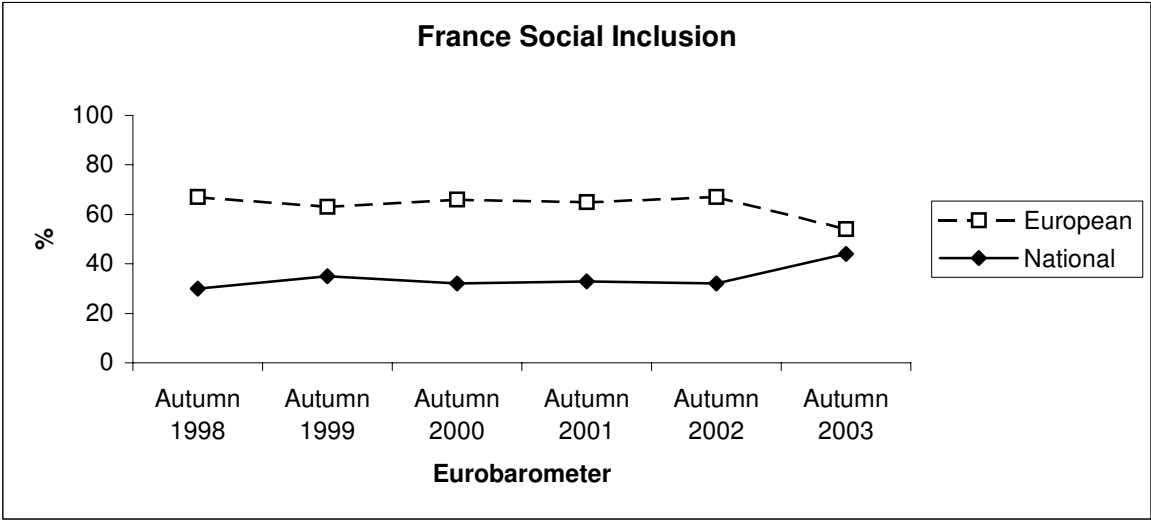
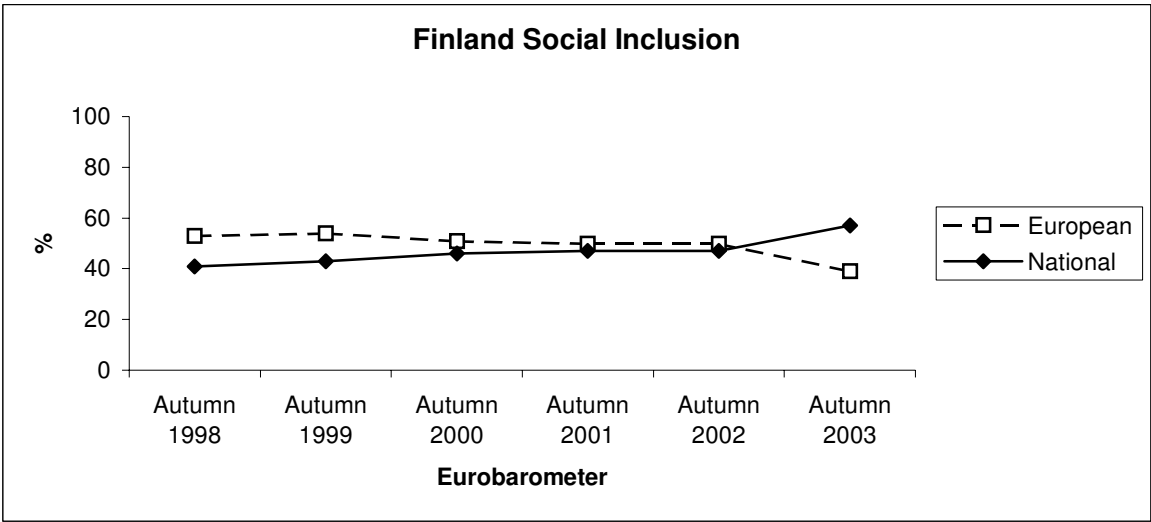


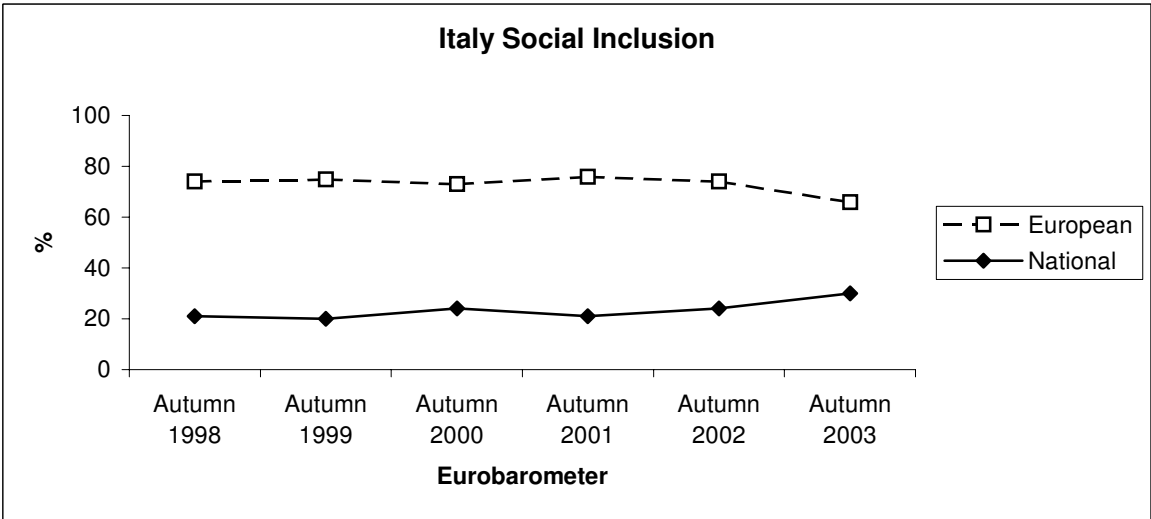
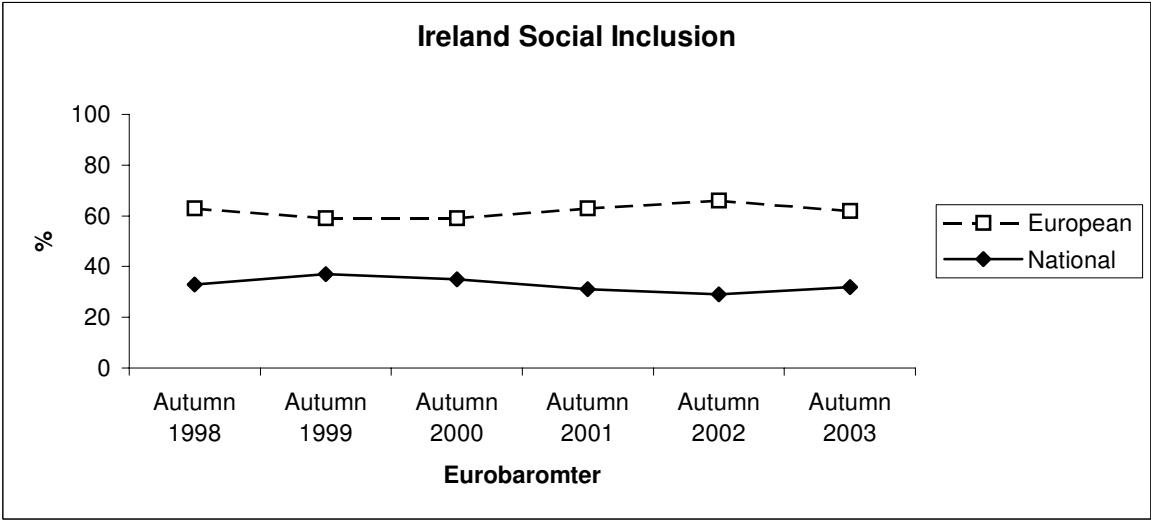
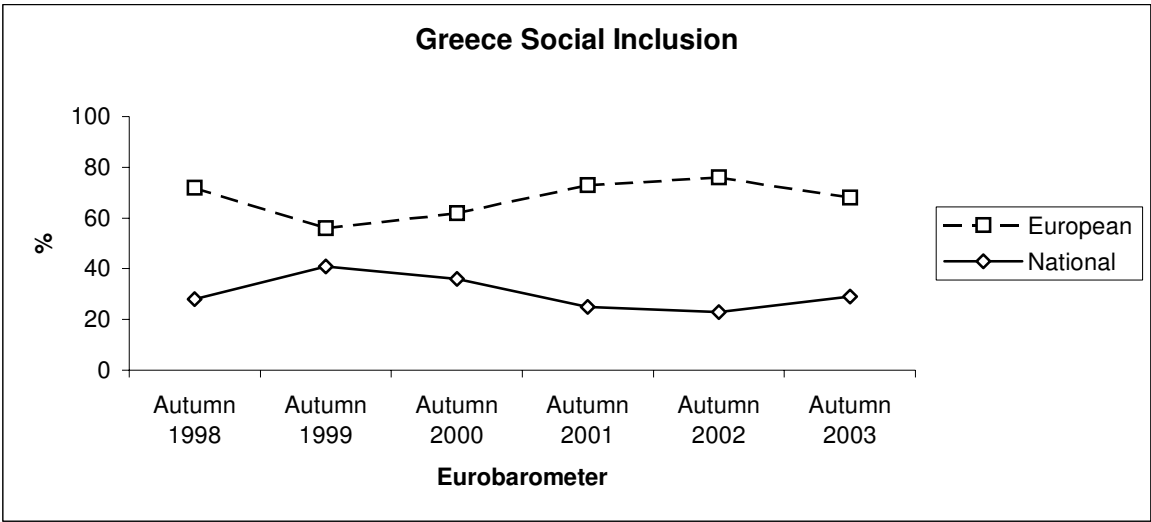


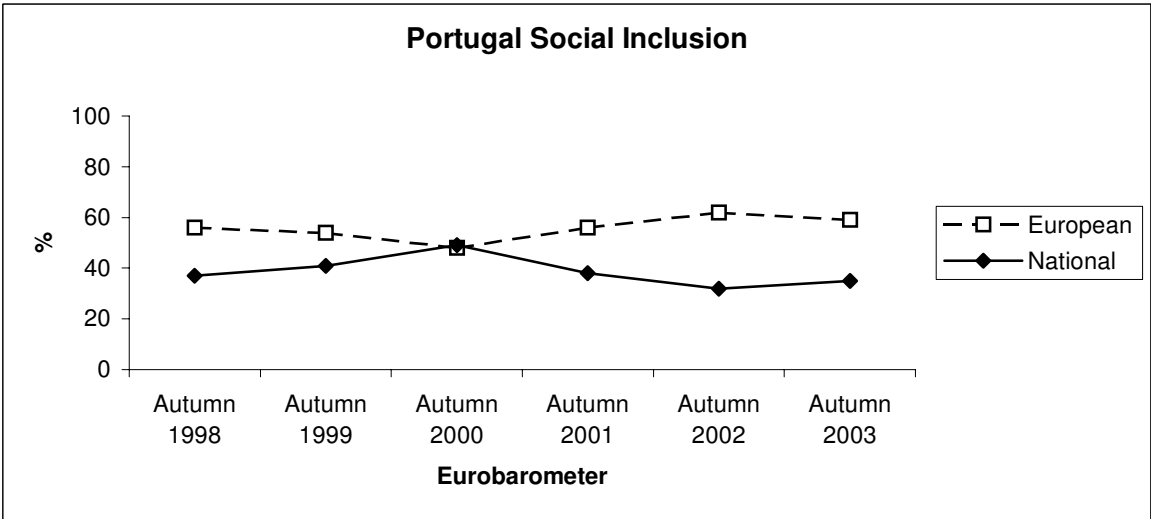
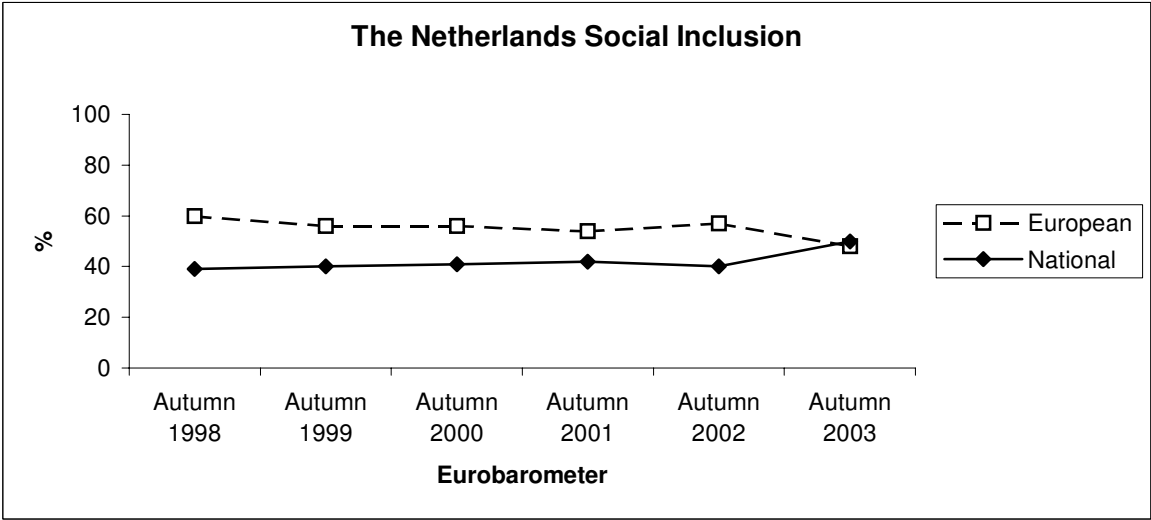
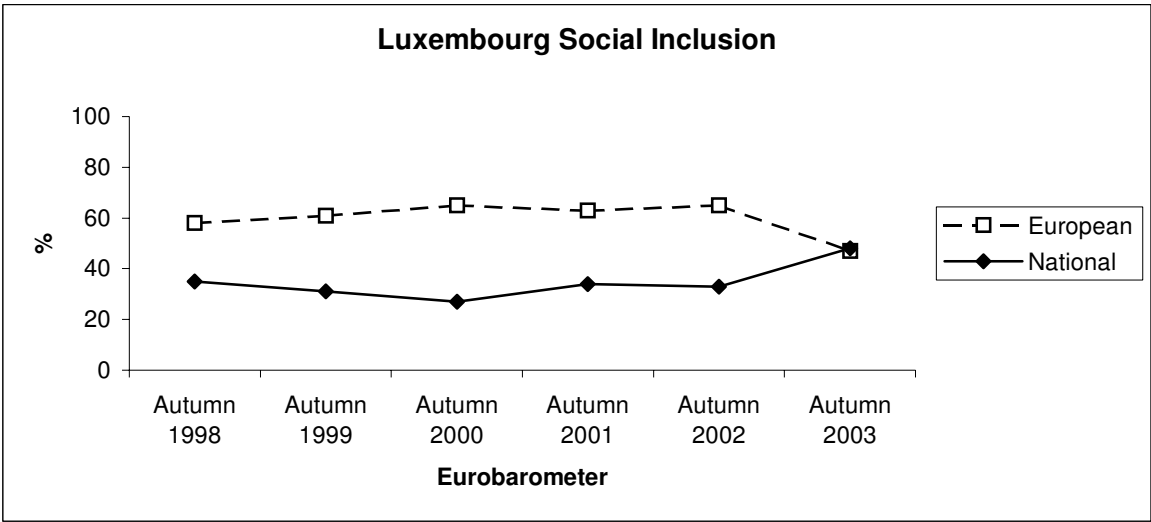


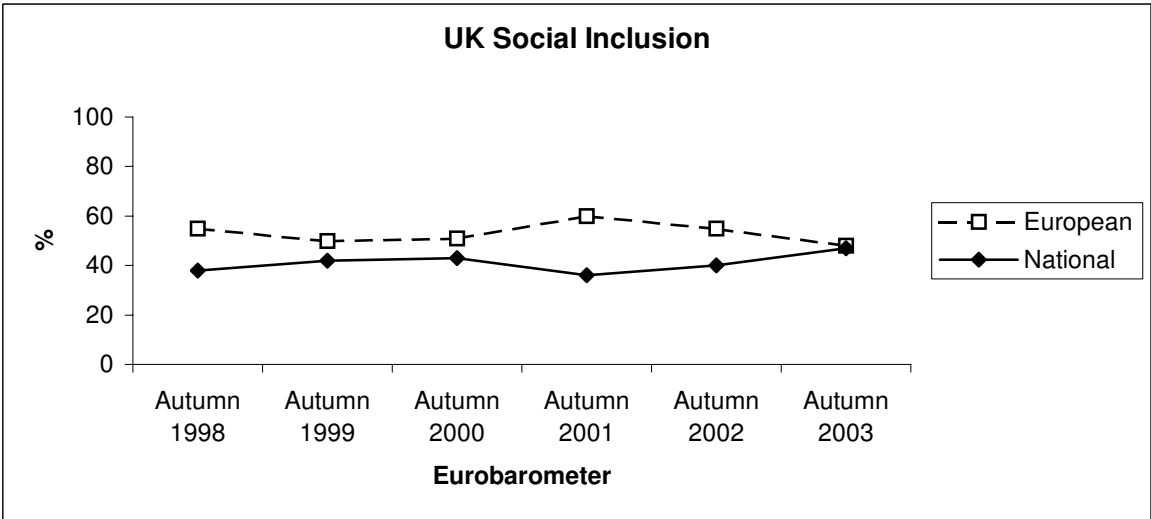
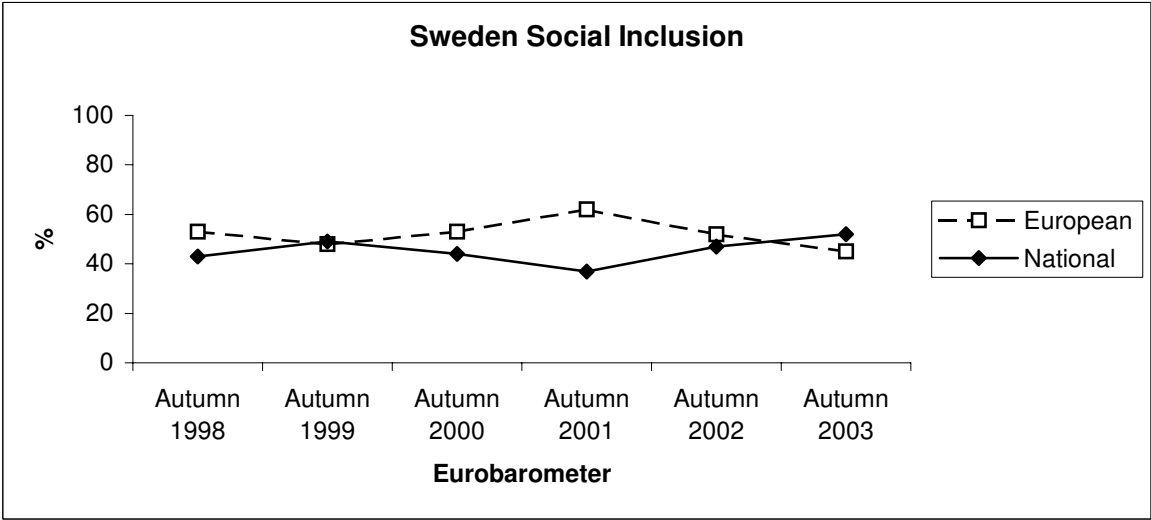
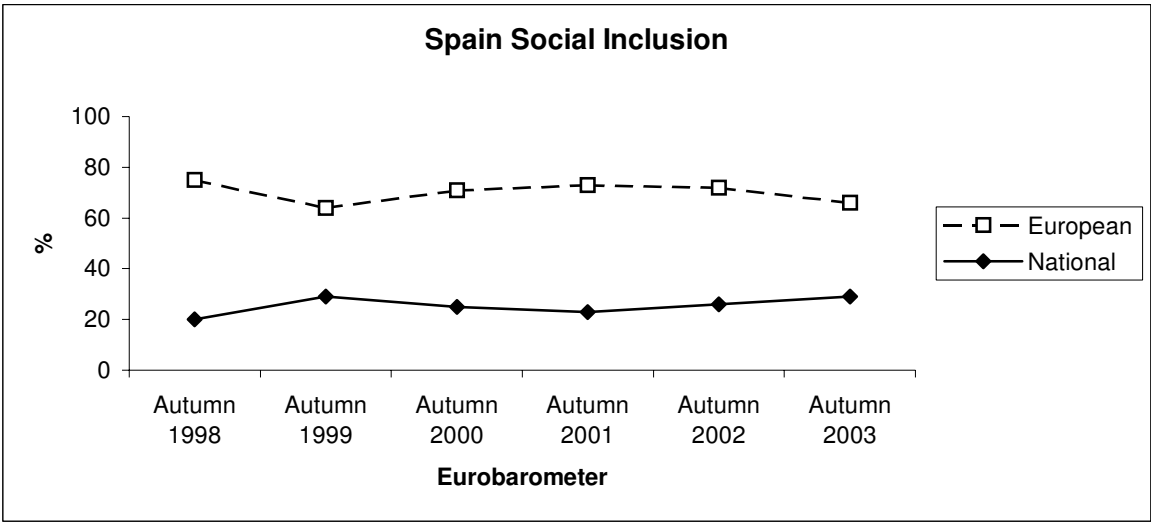
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Agence Europe 6978, 'Preparation of European action day for employment and social Europe - requirements for new treaty', 21/05/1997.

Agence Europe 6988, 'Santer optimistic over social chapter of new treaty', 04/06/1997.

Agence Europe 6993, 'Santer considers that "the time has come to conclude" negotiations on the new treaty, on condition of not weakening the presidency draft - reservations and criticisms by several meps, some suggesting prolonging the igc to improve draft, European parliament plenary session', 11/06/1997.

Agence Europe 6994, 'Letter from Santer, stressing efforts to be made on institutional chapter and emphasizing employment - mr. Kinkel confirms that Germany accepts chapter on employment - mr. Poos raises institutional problems', 12/06/1997.

Agence Europe 6995, 'In his letter to participants of the Amsterdam summit, Wim Kok insists on employment priority and counts on an agreement on the revised treaty and stability pact', 13/06/1997.

Agence Europe 7104, 'Final appeal by mr Santer to heads of government, emphasizing economic measures so as to "enter into a decisive phase" in fighting unemployment', 20/11/1997.

Agence Europe 7106, 'The Luxembourg "method" and "objectives" will not remain a dead letter, says mr Juncker - European council was able to adopt some target figures because of Germany's flexibility - importance of follow-up, role of social partners', 24/11/1997.

Agence Europe 7024, 'For the anti- poverty network (EAPN), the outcome of IGC in social matters is disappointing despite some progress', 25/07/1997.

Agence Europe 7048, 'According to ATD quart monde, December summit should adopt solemn resolution recalling objectives of European construction', 01/09/1997.

Agence Europe 7397, 'EAPN invites European commission to prepare implementation of provisions of Amsterdam treaty against social exclusion - aims and priorities', 03/02/1999.

Agence Europe 7508, 'European commission adopts communication on social protection recommending safe and at the same time sustainable pension schemes, improved systems but respectful of budgetary discipline, etc', 14/07/1999.

Agence Europe 7623, 'A semester marked by launch of IGC, negotiations with six applicant countries, new relations with Turkey and development of security and defence policy - dialogue with member states in view of resuming wto round', 28/12/1999.

Agence Europe 7652, 'Informal ministerial meeting to focus on preparation of special summit in Lisbon, with employment and the promotion of social inclusion as the focal point - participation of social partners and NGOs', 09/02/2000.

Agence Europe 7653, 'EAPN invites European commission to prepare implementation of provisions of Amsterdam treaty against social exclusion - aims and priorities', 03/02/1999.

Agence Europe 7660, 'France, Italy and Belgium present their joint priorities for a Europe with full employment - minimum average growth 3% annually indispensable', 21/02/2000.

Agence Europe 7662, 'The three-stage plan proposed by Spain provides for total liberalisation of electricity, oil, gas and telecommunications markets and reduction in state aid by 2004', 23/02/2000.

Agence Europe 7663, 'Joint statement by United Kingdom and Belgium calls for summit to add initiatives for social inclusion to the Luxembourg process and to adopt an SME charter', 24/02/2000.

Agence Europe 7682, 'Fixing timetable and follow-up of European council decisions will be fundamental problems, says Ms Rodriguez (who organised preparatory work) - supporting a summit on results to be held regularly every year', 22/03/2000.

Agence Europe 7685, 'Heads of government feel, in general, that new economic strategy effectively safeguards European social model while opening path to "new economy"', 27/03/2000.

Agence Europe 7726, 'Martine Aubry proposes organisation of European summit on social exclusion and calls on member states to set quantified targets in fight against exclusion', 26/05/2000.

Agence Europe 7745, 'European Anti-Poverty Network calls on commission to make budgetary and human means available for fighting poverty', 26/06/2000.

Agence Europe 7752, 'Preparing Belgian council presidency', 05/07/2000.

Agence Europe 7752, 'EAPN presents council presidency with its priority objectives to combat poverty and social exclusion'. 05/07/2000.

Agence Europe 7752, 'Overall satisfaction, with some critical remarks from social partners over outcome of informal social council in Paris - one difference to overcome', 12/07/2000.

Agence Europe 7757, 'Overall satisfaction, with some critical remarks from social partners over outcome of informal social council in Paris - one difference to overcome', 12/07/2000.

Agence Europe 7766, 'Brussels conference on social agenda underlined increasingly important role of civil society and NGOs - programme with a timetable - quality dimension', 26/09/2000.

Agence Europe 7799, 'Preparation of Belgian council presidency', 14/09/2000.

Agence Europe 7805, 'Before leaving her post at end of October, Martine Aubry wants, among others, to free the statute of "European society" and gain an agreement on informing and consulting workers at a national level', 22/09/2000.

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Agence Europe 7811, 'For director general Odile Quintin, it is necessary to put into practice consensus on interaction of social, economic and innovation policies - link between quality and quantity of employment - de-dramatise fear of enlargement', 02/10/2000.

Agence Europe 7813, 'Fight against social exclusion and poverty at centre of meeting of high level group on social protection', 04/10/2000.

Agence Europe 7823, 'Council adopts European strategy to combat social exclusion', 17/10/2000.

Agence Europe 7826, 'Van Lancker report calls on commission to complement EU social agenda with several additional objectives and rights', 20/10/2000.

Agence Europe 7830, 'EP approves new social agenda, calling for it to be strengthened, especially through legislative initiatives (but dropping certain demands of the rapporteur)', 26/10/2000.

Agence Europe 7836, 'Anglo-Belgian convergence on priority of social inclusion - pension systems will remain national, but with common objectives', 06/11/2000.

Agence Europe 7851, 'Some positive results (mainly approval of social agenda to be submitted to Nice summit) but "workers" volet of european company and national consultation/information issue remain blocked', 28/11/2000.

Agence Europe 7858, 'On the occasion of its 10th anniversary, EAPN calls for the creation of a "participatory force" to combat social exclusion', 07/12/2000.

Agence Europe 7902, 'Belgian EU presidency to focus work on social exclusion and retirement schemes - gloomy evaluation of social Europe', 13/02/2001.

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Agence Europe 7994, 'Mrs Diamantopoulou reassures prime ministers of Bavaria and Hesse over role of regions in social matters', 27/06/2001.

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Agence Europe 8544, 'European social partners worried about commission proposals on rationalisation of open coordination in area of social protection', 17/09/2003.

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Agence Europe 8869, 'Dutch presidency accused of failing the 12 social ngo tests', 19/01/2005.

Agence Europe 8880, 'Barroso assures MEPs (who are more convinced on right than on left) that growth will improve solidarity and sustainable development and create jobs, the best social policy - "mr or mrs Lisbon" in each member state to know who is responsible - one European report and one national report per year - spring summit hopes to hear parliament's voice' 02/02/2005.

Agence Europe 8880, 'Socialists highlight social and environmental dimensions of competitiveness - "Europe of excellence", 02/02/2005.

Agence Europe 8881, 'John Monks calls on commission to clarify its social policy intentions - Jürgen Strube says true success of Lisbon strategy lies in commitment of national governments to reform', 03/02/2005.

Agence Europe 8884, 'European Anti-Poverty Network calls for "maintaining the balanced strategic goal" set in March 2000 in, Lisbon', 08/02/2005.

Agence Europe 8885, 'Ministers Biltgen and Di Bartolomeo committed to maintain all pillars Lisbon strategy, including social parts - yes to free provision of services, no to social dumping', 09/02/2005.

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Agence Europe 8901, 'John Monks stresses investments and reduction in unemployment - demonstration on 19 march', 03/03/2005.

Agence Europe 8908, 'Verhofstadt trusts European council will create one or several high level groups to examine weak points of European economy - against exclusion of some stability pact expenditure', 14/03/2005.

Agence Europe 8909, 'Demonstrations defending a social europe', 15/03/2005.

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Agence Europe 8915, 'Stability pact reforms, Lisbon strategy relaunched and many controversial points of "services" directive clarified, says Jean-Claude Juncker - hopes of agreement on financial perspectives in June - Lisbon strategy to answer citizens' real concerns, says juncker', 23/03/2005.

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Agence Europe 9055, 'European left outlines options for social Europe - in support of social justice, against draft constitution and against Tony Blair's social model', 24/10/2005.

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Agence Europe 7437, 'The fifteen study measures that may make potential job prospects in the information society actually materialise', 31/03/1999.

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Agence Europe 7631, 'Strategies for jobs in the information society the subject of commission communication to lisbon summit', 11/01/2000.

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Agence Europe 7659, 'In favour of initiatives allowing Europe to play its role in the "internet economy"', 18/02/2000.

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Agence Europe 8370, 'Commission wants to devote eur 36 million to e-learning programme in 2004-2006', 02/01/2003.

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Agence Europe 8700, 'Commission supports fourteen pilot projects promoting knowledge-economy at local and regional levels', 05/05/2004.

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Agence Europe 6647, 'Susanna Agnelli outlines priorities, saying respect for the Maastricht criteria and combating unemployment are not contradictory', 17/01/1996.

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Agence Europe 6687, 'ETUC criticizes the attitude of the ECOFIN council over the draft confidence pact for employment', 13/03/1996.

Agence Europe 7050, 'Extraordinary summit should adopt "quantified and verifiable" objectives from one year to the next, with sufficient financial means, says Mr. Juncker, emphasizing mobilisation of EIB resources', 03/09/1997.

Agence Europe 7084, 'Mr Juncker and Mr Santer expect concrete results from November summit - for MEPs, this summit will be test of EU's real desire to make fight for employment a priority', 21/10/1997.

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Agence Europe 7097, 'Mr Juncker notes "unanimity" of christian-democrat heads of government over the "method" including reduced vat and energy taxation for countries that so wish', 10/11/1997.

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