

WHO LEARNS WHAT? POLICY LEARNING AND THE OPEN METHOD OF COORDINATION

DRAFT – COMMENTS ARE WELCOME

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Abstract

This paper provides a theoretical and empirical assessment of the claim that the open method of coordination is a learning-based mode of governance. The paper presents four arguments. Firstly, learning in a political context is not a truth-seeking exercise. It is a political exercise. Secondly, the OMC may well have potential in terms of new governance. However, even when it is examined in its pure, ideal-typical form, open coordination has contradictory aims. It seeks to mute politics and to encourage high-level political coordination, to facilitate bottom-up learning and to steer learning processes from above, to encourage cooperative learning and to spawn dynamics of competitive learning. This makes learning via open coordination more difficult. Thirdly, real-world open coordination provides empirical evidence of learning at the top (or 'EU-level learning'), embryonic evidence of cognitive convergence from the top (or 'hierarchical learning'), and almost no evidence of learning from below ('bottom-up learning' from regions and local conditions, or 'social learning'). There are several reasons for this rather disappointing track record, most pertinently perhaps, poor participation, a partially wrong choice of instruments for learning, and lack of attention to the peculiarities of learning in politics. Fourthly, the pre-conditions for learning differ across the policies in which the OMC is currently employed. The structural elements of public policies define the scope for learning.

Keywords: European Union, Open Method of Coordination, Policy Learning, Governance, Policy Analysis

INTRODUCTION: NEW GOVERNANCE AND LEARNING

Scholars of European Union (EU) public policy are engaged in a lively debate on 'new' governance. This debate has several dimensions. Some authors have presented typologies of modes of governance (Heritier 2003; Bulmer and Radaelli 2004), whilst others look at new governance as a result of Europeanisation (Featherstone and Radaelli 2003, Jordan 2003). Finally, a group of scholars is exploring the normative dimension of new EU governance by using the conceptual lenses of participatory governance and democratic theory (Grote and Gbikpi 2002). This intellectual dynamism chimes with the ambitious plans of European institutions, notably the Council and the Commission, for new forms of governance in the EU. The Commission has presented its own views in the White Paper on Governance (2001). The EU

Council has outlined a new method for governance in the Lisbon Conclusions of March 2000. The Lisbon meeting in particular fleshed out a plan to turn the EU into the most competitive knowledge-based society by using a mode of governance dubbed 'the open method of coordination'.

More often than not, the discussion of new governance in the EU focuses on learning. Instead of using the authority of the law or the weight of hierarchy, new governance is often associated with learning. If one looks at the micro-foundations of new governance, one finds instruments such as peer review, benchmarking, forum politics, and platforms for policy transfer. These are all instruments that should assist policy-makers in their learning exercises. The EU itself has been described as a platform for learning and policy transfer (Radaelli 2000), a vocabulary that is miles away from the idea of the EU as 'community of law' or 'supra-national decision making structure'.

In this paper I do not enter the discussion about what is new in 'new' governance, whether the EU is following wider global trends towards smart regulation, soft law, and non-hierarchical governance (OECD 2002; Slaughter 1997), the definitional aspects, and the relationship between 'new' and 'old' governance. Instead, I look at one 'new' mode, that is, the open method of coordination and make the following arguments. One claim is that new governance may well be all about learning. However, the fundamental lessons provided by the social sciences about political learning are still valid. Learning in a political context is not a truth-seeking exercise. It is a political exercise. Thus my first argument is about bringing politics back in our discussion of learning and new governance.

The second argument is that the open method of coordination (OMC) has potential in terms of new governance. However, as far as learning is concerned, the OMC template suffers from endemic tension. Even when it is examined in its pure, ideal-typical form, open coordination has contradictory aims. It seeks to mute politics and to encourage high-level political coordination, to facilitate bottom-up learning and to steer learning processes

from above, to encourage cooperative learning and to spawn dynamics of competitive learning. This makes learning via open coordination more difficult.

The third argument is that real-world open coordination provides empirical evidence of learning at the top (or 'EU-level learning'), embryonic evidence of cognitive convergence from the top (or 'hierarchical learning'), and almost no evidence of learning from below ('bottom-up learning' or 'social learning'). There are several reasons for this rather disappointing track record, most pertinently perhaps, poor participation, a partially wrong choice of instruments for learning, and lack of attention to the peculiarities of learning in politics.

The fourth argument is that the pre-conditions for learning differ across the policies in which the OMC is currently employed. The structural elements of public policies define the scope for learning – something along the lines of the classic Lowian adage 'policies determine politics'. Hence I will highlight some structural aspects and – somewhat speculatively – will show their implications for learning.

The paper is organised as follows. Section 1 introduces open coordination. Section 2 discusses the role of politics in organisational learning. Individual learning is important, but in processes of open coordination the focus is on organisations and networks of learning. Section 3 looks at how the architecture of the OMC is supposed to produce learning. Sections 4 and 5 report on empirical evidence, first by looking at how the instruments of learning contained in the OMC perform, and then by making a distinction between learning at the top, learning from the top, and bottom-up learning. Section six deals with the 'policies determine politics' theme and makes some policy suggestions.

1. WHAT IS OPEN COORDINATION?

Although policy processes embodying several features of the OMC emerged throughout the 1990s, the method was established by the Lisbon European Council (23-24 March 2000). The Presidency conclusions preface the

discussion of the open method by stating that the European Council ‘will take on a pre-eminent guiding and coordinating role to ensure overall coherence’ (Presidency Conclusions, points 35 and 36). This seems a manifestation of the intention to steer learning from above rather than a manifesto for bottom-up learning. However, it remains to be seen whether the European Council has de facto assumed such a role. The European Council is good at launching new policy ideas and at stitching up political compromises, but perhaps somewhat weak at policy coordination.

Be that as it may, the Lisbon conclusions present the ‘new open method of coordination’ as a means of spreading best practice and ‘achieving greater convergence towards the main EU goals’. The method – the European Council added – is ‘designed to help Member States to progressively develop their own policies’. The method is therefore presented as an instrument for policy learning: member states will learn at their own pace how to develop policies. This pace, however, is somewhat constrained by the fact that the method is supposed to pursue convergence towards the EU goals. The Lisbon conclusions are significantly silent on how these EU goals should be reached.

The OMC foster learning processes by drawing on a range of instruments, specified in the Lisbon Conclusions. Open coordination involves:

- ‘fixing guidelines for the Union combined with specific timetables for achieving the goals (...) in the short, medium and long terms;
- 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 practice;
- translating these European guidelines into national and regional policies by setting specific targets;
- periodic monitoring, evaluation and peer review organised as mutual learning processes’ (Presidency Conclusions, point 37, emphasis added).

This provides an illustration of the most complete form of the method. Although some of its elements such as indicators should be included only 'when appropriate' (note that there is no clue on how to assess this appropriateness), the 'method' in its most sophisticated form includes the following components:

- Guidelines
- Benchmarking and sharing of best practices
- Multi-lateral surveillance
- Indicators
- Iterative learning processes
- Implementation through domestic policy and legislation (this means that no EU legislation is needed).

2. ENTERING POLITICS IN THE LEARNING PERSPECTIVE ON GOVERNANCE

At the outset, it is useful to explain why policy-makers are interested in learning as a tool of governance. At the cost of oversimplification, I would highlight three major reasons. Firstly, policies are collections of hypotheses: if government X does Y, it will obtain Z. Now, all hypotheses contain errors. Learning is the typical way to reduce errors. This is the main motivation for looking at our own institutional and organisational past, and learn by monitoring and evaluation.

But policy makers can also look at the experience of others. Indeed, learning from our own experience can be less efficient than learning from others – a point made *inter alia* by Hemerijck and Visser (2001). More often than not, policy makers have to experience major policy fiascos before they start experimenting with new approaches. Learning from the experience of others may be efficient under these circumstances. A government may learn that 'there is another way of doing things' without having to go through the painful

(socially, economically, and politically) experience of failure (Hemerijck and Visser 2001).

Thirdly, policy makers can use learning within organisational networks. The idea is that there are solutions to policy problems somewhere in the network, but no-one knows where they are. For example, Ministers sitting at the Council's table in Brussels may not know how to handle a specific problem of employability, but they believe that most likely there is an industrial district, or a region, wherein a solution is working and perhaps can be diffused to the rest of the EU, or to some selected member states or regions. These policy makers can seek to foster learning by using a dense OMC organisational network as a 'radar'. This motivation for learning comes close to the description of the OMC provided by some scholars (Scott and Trubek 2002; see Gerstenberg and Sabel 2002 on the democratic theory behind this notion of learning). In this approach, learning via organisational networks is all about tapping the benefits of local knowledge – a point made on several occasions by David Trubek.

This introduces an important distinction, often neglected in the descriptions of the OMC as learning architecture, between hierarchical and bottom-up learning. Obviously, the two forms of learning differ. Coordination from above, peer pressure, benchmarking exercises, references to EU indicators - in short, all the paraphernalia of open coordination - may well trigger learning dynamics. But one has to admit that this looks like a form of hierarchical learning in disguise or, more appropriately perhaps, a form of 'learning from the top'. Of course, this is not the same form of learning from the top (ultimately, a form of governance by hierarchy, see Bulmer and Padgett 2003) that one encounters in classic EU directives containing sanctions. All in all, however, domestic policy makers learn how to cope with 'instructions' coming from above – that is, from the EU-level, specifically from the Council formations in charge of different OMC processes.

This is different from another possible use of open coordination, one in which the EU level encourages participation, actively listens to the lessons coming

from civil society and local experimentation, and employs organisational networks to diffuse policy-relevant knowledge horizontally (for example, Dutch policy-makers learning from the Belgians via EU coordination) and bottom-up (for example, EU policy-makers re-defining their guidelines on employment on the basis of evidence coming from local experiments of job creation). A major political issue, therefore, is whether real-world practice of open coordination is more similar to learning 'from the top' or 'bottom-up learning' - a question I will try to address in the remainder of the paper.

Policy makers are interested in learning as a method to solve problems of governance. However, learning is not the only show in town (Levitt and March 1988:319). There are at least two other options. One is conflict and bargaining. Power, strategic action, and 'give and take' are quite common in politics. The other option is choice on the basis of rational expectations and ex-ante calculation. True, there are overlaps between 'calculation' and learning, but the latter is more based on persuasion, argumentation, and social interaction than the former (Majone 1989).

All forms of problem-solving (rational calculation, conflict & bargaining, and learning) are imperfect, at least in their real-world applications. I am not trying to assess these three forms on the basis of their strengths and weakness. Rather, the limited objective here is to look at what the literature on organisational learning (well-reviewed by Jordan 2003) tells us on the complications, limitations, and paradoxes that designers and policy makers encounter when they cope with problems by using learning. It is to the problems and complexities of learning that we now turn.

Let us start from the statement that policies are collection of hypotheses. One obvious way to reduce errors contained in our hypotheses about reality is to make use of experience. Bayesian learning provides a methodology to learn from experience under conditions of uncertainty (Parmigiani 2002). Policy makers attribute subjective prior probabilities to events and then use experience to up-date their probabilities in a coherent way. Posterior probabilities are therefore informed by experience. A fundamental theorem in

Bayesian statistics states that when experience becomes considerable - and provided that actors use coherence in adapting their prior probabilities - the value of initial attributions of probability to events (that is, prior probabilities) does not matter much - except in extreme cases when an individual attributes either zero or one probability to an event. Posterior probabilities converge when experience grows.

However, real-world learning hardly follows the template of coherent updating of probability provided by Bayesian learning. To begin with, prospect theory has revealed that under conditions of risks different individuals interpret the same evidence differently (Kahneman and Tversky 1979; 1982). Indeed, prospect theory has inspired (via the work of Schon and Rein 1994) a considerable amount of empirical research on the role of interpretative frameworks in the EU policy process (see for example Richardson 1996). It has been shown that actors involved in policy controversies may not learn because their interpretative frames are somewhat impermeable to empirical evidence. Clearly, one cannot learn the Bayesian way if one does not change mind in the light of experience.

Prospect theory sheds light on the complexity of learning from experience. Interpretation is crucial. Elaborating upon this, one can easily see how political factors affect learning from experience. History (for example, policy history or organisational history) is a stock of ambiguous evidence looking for interpretation. Under conditions of ambiguity, the definition of success is problematic. What is success? How was it achieved? The self-serving bias of politicians in the attribution of causality, the production of organisational myths, and superstitious learning (Levitt and March 1988:325-326) change the simple straight line of Bayesian learning, that is,

Uncertainty → hypotheses → evidence → learning

into the more problematic and more political sequence:

Uncertainty → Hypotheses → experience → ambiguity → political bias → political learning

More generally, complexity and politics affect all stages of learning, that is, the creation of experience, how inferences from experience are drawn, the codification of experience into history and 'memory', and the procedures through which 'memory' and exemplary lessons are retrieved to cope with a specific problem (Levitt and March 1988). The point to observe is that in political learning success is a problematic, often ambiguous, always political notion. It is not an objective entity, somewhat external to the world of conflictual interpretations (Rein and Schon 1994), paradigm peddling (Levitt and March 1988:324), and self-serving policy narratives (Radaelli 1999). It is a fundamental feature of this world. The point is not well-understood in the current discussion of the OMC. As will be argued below, the current debate has not yet acknowledged the fact that learning in the EU policy process is a political activity and that success in EU public policy is more 'political' than success in the private sector¹.

Add to this that the obsession with success can hinder rather than spawn learning. OMC discourse trumpets success and invites domestic policy makers to learn from it. However, errors can be more useful than success. At the individual (country or organisation) level, success creates excessive confidence and superstitious learning. It locks in policy systems in sub-optimal technologies (Arthur 1989). It reduces the propensity to experiment with alternative ways of doing things -- the so-called competency trap (Levitt and March 1988). In networks of organisations, the preoccupation for success and the desire to imitate the 'best of the class' via competitive benchmarking can spawn cascades of adoption of useless innovations (Strang and Macy 2001). By contrast, errors lead to experimentation. The implication is that 'good learning' must be somewhat imprecise (Levitt and March 1988) - a concept that does not feature in the official rhetoric on the OMC.

¹ This is not to deny that organisational myths, self-serving bias etc do not exist in the private sector. Indeed, organisational theorists like James March have developed theories of organisational learning by watching closely private sector dynamics. However, the multi-level, multi-organisational, and multi-arena process of the EU is characterised by a high level of

A final remark on what is learnt. We can distinguish between thin and thick learning, following Checkel (1998). Thin learning occurs when an actor learns how to cope with a problem without changing preferences. For example, a member state can devise a new strategy to meet a EU target for social inclusion, or to get a tax regime off the list of those judged harmful. By contrast, thick learning implies a change in preferences. For example, a member state may change its paradigm for labour market regulation as a consequence of its involvement in the European Employment Strategy.

The Lisbon strategy - that is, the master document for open coordination - makes some limited claims in terms of learning. Member states are supposed to learn from the EU experience and to adapt policies at their own pace. This is compatible with thin learning. However - Lisbon adds - open coordination is supposed to create convergence towards the EU goals. Arguably, this could mean that member states share the same model for a more competitive Europe.

Convergence is a tricky concept (Pollitt 2001). There are different levels of convergence. The simplest is convergence at the level of discourse. People speak the same language. Politically, they may find it useful to develop a community of discourse to keep other people at bay. But their preferences do not change as a result of having learnt a new vocabulary.

More problematic is convergence at the level of ideas. This already implies some limited forms of thick learning, if one or more member states alter their preferences about (and notions of) good policy. I will argue that some convergence at the level of ideas is taking place as a result of the OMC, but we still do not know whether preferences have changed. For more substantial convergence one has to look at convergence at the level of decisions taken at the domestic level, actions following decisions, and implementation results (Pollitt 2001).

uncertainty and political ambiguity (Richardson 1996). It provides a formidable structure for the politics of learning.

Before we analyse political learning in the real-world context of the OMC, it is useful to introduce the definition of open coordination provided by the EU leaders at Lisbon and assess the potential of open coordination as learning architecture. Let us start with a short illustration of the Lisbon strategy to make Europe the most competitive knowledge society in the world, and then move on to gauge the OMC potential.

3. THE OMC TEMPLATE AND LEARNING

What is the relationship between the OMC and the notion of political learning highlighted in the previous Section? It is a problematic relationship: indeed, I argue that there is endemic tension within open coordination.

Let us start with the claims made about open coordination in terms of bottom-up learning. We will then examine the paradoxes and endemic tension. The claims are the following:

(A-political) learning

Firstly, one key feature of the OMC is to make progress in politically sensitive areas by seeking to avoid politicisation. How is this possible? Essentially, by seeking to tap local knowledge, specific ways of exploiting successful experience, and innovation that can be diffused from one system to another. Authors such as Charles Sabel have noted the similarities between the way knowledge is diffused in industrial districts based on networks of firms, public organisations, and social partners, and bottom-up learning in the OMC.

This micro-orientation of open coordination breaks down political complexities into smaller compounds that are more manageable. It also brackets political conflict about what economic governance in Europe should be. The model of economic governance is the core component of the Lisbon strategy. All member states want a more competitive Europe, but the question arises what is the model of economic governance that can deliver on competitiveness?

In the ideal-type of the OMC (the reality may well differ), there is no attempt to forge a single European 'vision' of what economic governance should be. Put differently, there is attempt to solve the issues arising out of the presence of radically different models of capitalism in Europe (Hall and Soskice 2001; Schmidt 2002) – a diversity that enlargement is bound to increase.

Participatory governance

Secondly, participation is a key feature of the process. 'Power-sharing' is higher than in traditional legislation (Scott and Trubek 2002:5). Both different levels of government and the civil society participate. Participation is essential for two reasons. One is obvious, that is, legitimacy. The other is less obvious: effectiveness. The method can work like a radar and find solutions only if it involves many different actors. According to Zeitlin, the OMC radar must tap the benefits of local knowledge and local experimentation (Zeitlin 2002). Accordingly, participation should not be limited to those who operate in EU-level committees, but it should be extended to local-level actors.

Learning in a diverse environment

Diversity and subsidiary – as explained above – are in-built. The open method acknowledges diversity up front. It is based on the assumption of different models of capitalism which find their own solutions to the problems generated by the challenges of complexity and competitiveness. More traditional modes of governance point to harmonisation, instead.

New ways to produce usable knowledge

The OMC is supposed to work like a network looking for usable knowledge at all levels. The specific instruments are coherent with the goal of learning – at least in principle (see below on real-world problems). Think of benchmarking, peer review, multi-lateral surveillance, scoreboards, trend-charts and other mechanisms for trans-national policy diffusion.

This leads to the following implications for policy learning. A common claim made by the OMC architects like Joao Rodrigues (2003) is that the OMC has considerable potential for policy learning. By learning from local knowledge

and by generating trans-national diffusion, policy-makers can improve and learn at their own pace. Two questions arise: are the claims valid in relation to the abstract properties of the method? Does reality conform to the potential?

Even in its abstract form, there is endemic tension in the OMC. As shown above, it is impossible to bracket politics in processes of policy learning. Yet the OMC seeks to de-couple issues, promote diversity, and mute politics. But two factors (i.e., policy interdependency and the need to coordinate the Lisbon strategy across policies) push towards politicisation and, arguably, trigger conflict over the EU model of capitalism with more potential in terms of competitiveness.

That competitiveness is the master-discourse in this process is not questionable. The emphasis on competitiveness appears in the pivotal position of the Broad Economic Policy Guidelines (BEPG) in relation to the other policy areas in which the OMC is used. But how can a generic objective like competitiveness allow policy makers to debate employment policy and social policy in relative isolation from harsh 'high politics' confrontations? How can the OMC operate as 'policy space' wherein sensitive policies can be made without clashing over the norms and values of models of capitalism? The implicit answer of the OMC architects is that this policy space exists.

There is a contradiction between the emphasis on the method as an instrument used by Member States to develop 'at their own pace' (with greater diversity as the most likely outcome) and the objective need to steer the process of policy change in the direction of 'convergence towards the EU goals' (both appear in the Lisbon conclusions). Moreover, it is not clear what type of convergence one has in mind: convergence of goals, convergence of discourse, or convergence at the level of policies? There is tension between competitive and cooperative learning. Some of the elements of the OMC, notably benchmarking, are used by companies in the private sector to become more competitive. With competitive learning, a member state obtains new knowledge from other countries, deciphers the lessons to be drawn,

adapts innovation to the domestic context, and ultimately becomes more competitive.

Another element of open coordination re-introduces politics and political learning in the picture. The OMC is cast in the strategy to make Europe the most competitive knowledge society in the world. Indeed, the OMC is the most recent step in the struggle for competitiveness that started with the single market. At the same time, a good deal of policy-makers and academics look at the open method as an instrument to build 'social Europe'. Although at the general level the re-calibration of the welfare state and the challenge of competitiveness are not mutually exclusive (Ferrera, Hemerijck and Rhodes 2001b), empirical evidence from employment policy, social policy, pensions, and taxation points to conflicts between those organisations and policy-makers that put a premium on competitiveness and those who make 'social Europe' their ultimate goal. Occasionally, this element of tension re-surfaces in the discussion between the advocates of the method as a thin learning tool (that is, the OMC as cognitive instrument) and those willing to bring norms and values back into the process - hence a tool for thick learning. The following quote from a prominent Belgian politician is quite clear:

'The open method of co-ordination is both a cognitive and a normative tool. It is a "cognitive" tool, because it allows us to learn from each other. In my opinion, this learning process is not restricted to the practice of other Member States, but also extends to their underlying views and opinions, an area that is no less important. Open co-ordination is a "normative" tool because, necessarily, common objectives embody substantive views on social justice. Thus open co-ordination gradually creates a European social policy paradigm' (Vandenbrouke 2002:9).

At the same time, the emphasis on information-sharing, common guidelines, performance indicators for the whole of the EU, and coordination among policy areas pushes in the direction of cooperative learning. For the actors involved in the OMC, the challenge is to find the right balance between cooperation and competition. This is not an impossible task, because one can

think of a cooperative policy regime within which Member States find their own ways to enhance competitiveness, but the balance is delicate, and not easy to sustain in time. On this front, the most problematic area is taxation, where Member States are competing for capital, yet they acknowledge the benefits of cooperation against extreme forms of tax competition.

4. WHAT DOES EMPIRICAL EVIDENCE TELL US?

The debate on the OMC has privileged, at least so far, analyses *in vitro* of the abstract template. Empirical evidence on real-world practice of open coordination is still limited. With this caveat in mind, this Section will review empirical evidence² with particular emphasis on learning. The list of OMC policy areas is rather long, and varies from one official document to another. One can group policies in three categories. The first group includes policies where there is a deliberate attempt to use the OMC as the main working method either on the basis of Treaty articles or on the basis of Council Conclusions. Specifically, the first group includes:

- Broad Economic Policy Guidelines (BEPG, treaty based)
- European Employment Strategy (EES, treaty based)
- Social Inclusion (Council conclusions)
- Pensions (Council Conclusions)
- Research and Innovation (Council Conclusion)
- Information society (Council Conclusions)

The second group includes areas where EU policy-makers have manifested their intention to use the OMC, but – so far at least – only a limited amount of the instruments and practice at work in these policies correspond to the

² See Radaelli (2003a) for the material used to review empirical evidence across policy areas. Recent studies focusing on empirical appraisals of the OMC (often with specific remarks on learning) include Casey and Gold (2004), de la Porte and Nanz (2004), Hodson (2004), Caviedes (2004), Mosher and Trubek (2003), Bertozzi and Bonoli (2002), Ferrera, Matsaganis and Sacchi (2002), Zeitlin and Trubek (2003). There is also primary documentation on learning, for example the material produced by the EU bodies involved in the European Employment Strategy, and the 2004 Kok Report on the mid-term review of the

'method'. To illustrate, national action plans and indicators are often absent in this group, which includes:

- Education
- Environmental policy
- Migration and Asylum policy
- Better regulation
- Health care.

Finally, direct taxation is the only case wherein policy-makers have used an innovative combination of OMC instruments and practices, but without any deliberative intention to use the method. Accordingly, one can label this group 'open coordination in disguise' (Radaelli 2003b).

The potential for learning processes hinges on several mechanisms, such as 'the systematic diffusion of knowledge and experiences; persuasion supported by practices of peer review and dialogue; knowledge work including the development of a common policy discourse; comparable statistics, and common indicators, repetition, and strategic use of policy linkages' (Borras and Jacobsson 2004:195).

These mechanisms nominally exist in the first group, but with different degrees of institutionalisation. In social inclusion up until 2001 the Member States could use any set of data, but starting with the national plans for 2003 they were requested to use the primary and secondary indicators agreed by the Social Protection Committee. A third range of indicators (optional tertiary indicators) can be used flexibly to accommodate the peculiarities of each Member State (Ferrera, Matsaganis and Sacchi 2002:233).

Indicators are currently discussed in the pension OMC, but here the process has been subverted. National pension 'strategy reports' have been presented by Member States without previous agreement on indicators. Accordingly,

these plans do nothing more than describing the trajectories of domestic policies. Indeed, they are not called national action plans - arguably an acknowledgement of the fact that they do not contain a list of actions that are supposed to meet the guidelines agreed in Brussels. The term 'strategy report' is more elusive than 'action plan'. However, eleven 'broad common objectives' for pensions were agreed by the Social Protection Committee and the Economic Policy Committee – an example of fine balance between economic and social policy logic (SPC-EPC 2001: 6-7). So far the main function of the pension OMC has been to feed information and strategies into the formulation of the BEPG.

The main instruments used in innovation policy are the European innovation scoreboard, the European trend-chart on innovation, surveys of innovation policy measures, reviews of policies, and workshops on trans-national policy learning. The scoreboard contains 17 indicators on knowledge creation, technology transfer, innovation finance, and innovation outputs. The Commission has made the suggestion that Member States use the results of the scoreboard 'to define, where appropriate, national targets or policy priorities'³. This is a light use of indicators when compared to the use in the European Employment Strategy.

Turning to peer review, the potential for learning is clear. It can socialise actors - socialisation effects are important in thick learning (Checkel 1998). It can also provide the pre-conditions for ideational convergence, that is, convergence of policy makers around a set of criteria that define good policy. Finally, the review process provides policy-makers with definitions of success and shared beliefs about countries that learn and country that do not learn (that is 'heroes' and 'villians').

The reality is that peer review means different things in different policies. National Action Plans for employment are not reviewed in depth. Each National Plan is peer reviewed in an hour or so (including the presentation of

Jacobsson (2004), Chalmers and Lodge (2003), and Zeitlin and Trubek (2003).

³ See http://trendchart.cordis.lu/AboutUs/pg_04.htm.

the member state under review). Mosher and Trubek (2003:78) conclude that 'It is hard to imagine that so truncated a session could produce an in-depth assessment or offer very much useful feedback'.

Peer review in pension policy has been quite light so far, with short presentations of descriptive national plans followed by some questions prepared in advance (de la Porte and Nanz 2004). Peer review in innovation policy is more oriented towards the review of successful policies than towards the evaluation of national plans. Casey and Gold (2004) look at reviews of active labour market policies – a component of the EES. They find that 'the peer review programme, as it operated in the first round was, at best, a learning process for a limited community of labour market technicians and experts (...) Our analysis demonstrates that the peer review element of the OMC (...) is likely to have had little impact' (Casey and Gold 2004:18).

Benchmarking is another instrument used by the OMC to foster learning. It is widely diffused, but in this case again one has to be aware of the different context and political goals in which this technique is used. Mosher and Trubek (2003:78) report on the limited use of good practice in employment policy. For some member states, good practice is a 2-3 page Section to paste at the end of the National Action Plan. Faced with these poor results, the Commission has sought to focus the process on good practice by promoting specific conferences (Mosher and Trubek 2003).

One way to put pressure on Member States is to use the instrument of recommendations, although their effectiveness is still debated (see Hodson and Maher 2001 on the Irish case). Only the BEPG and the employment OMC use recommendations. The lack of sanctions, however, is not the most serious problem for a mode of governance working by dint of learning and convergence of beliefs about 'good policy'. The logic, therefore, is not one of command and control. Rather, it is a logic of experimentation, incentives, perhaps even deliberation. Sanctioning mechanisms play a limited role in this logic.

Participation is yet an important component of the OMC as learning-based mode of governance. It is striking to observe how little has the OMC delivered on its promises. Participation is minimal in the BEPG. In employment, participation of trade unions, business organisations, and social movements reflects national styles of participation. Put differently, social actors participate in the OMC when domestic policy styles are already tuned towards participation. The implication is that (at least up until now) the open method has not changed participatory patterns in Member States.

In innovation policy participation is not at high political levels, but at the level of civil servants from national ministries, the business community and 'innovation enterprises', innovation centres, companies providing seed capital, and so on. The loose and technical nature of open coordination in this area has enabled participation of the main stakeholders.

In pension policy the business community has seen an opportunity to enter a wider European market for pension funds and other products. Social partners have not been the primary actors, although they are increasingly involved. Finally, in the case of social inclusion, both NGOs (one example is the European Anti-Poverty Network) and more traditional social partners have found a favourable structure of opportunities for participation. This is an area where open coordination has partially matched the ambition of the Lisbon architects to provide mechanisms of learning via participatory governance.

However, national parliaments, regions, and local governments have played a marginal role in *all OMC processes* (Zeitlin 2002; Borrás and Jacobsson 2004:199). This is a serious deficiency for a method that draws heavily on the possibility to tap the benefits of local knowledge (Zeitlin 2002). Finally, the European Parliament has not been able to be involved beyond mere consultation (Borrás and Jacobsson 2004:199). Borrás and Jacobsson (2004:199) conclude that 'empirical research shows that the OMC's openness to various types of actors has not been fully exploited, especially not within the member states'.

5. LEARNING AT THE TOP, FROM THE TOP, AND BOTTOM-UP?

In its ideal-typical and most abstract form, the OMC has potential for learning in at least three directions:

- EU-level learning within communities of policy-makers engaged in EU policy processes (or ‘learning at the top’),
- hierarchical learning from the EU level down to the domestic and local level (or ‘learning from the top’), and
- learning from below (i.e., social actors, regions, local governments) to the top (or ‘bottom up’ learning).

The question, however, is whether the argument stands up to empirical evidence. This Section wraps up the findings presented above and argues that learning has been uneven across the three types, that is, ‘EU-level learning’, ‘hierarchical learning’, and ‘social learning’.

Let us start with learning at the top (that is, EU level). There is evidence of learning within political and technical communities involved in the OMC in Brussels. Guidelines and political priorities have been able to change - thus reflecting learning from experience. In employment policy, social inclusion, and taxation, there is evidence of EU-level institutional capability to learn. In taxation, the discussion on the 1997 code of conduct on business taxation has produced an explicit operationalisation of what roll-back (of a harmful regime) really means. In social inclusion, initially vague goals have been clarified by the publication of indicators. In the EES, the recommendations issued to member states have shifted in line with new EES policy priorities.⁴ Overall, there is preliminary evidence of learning ‘at the top’.

Let us now turn to learning from the top. One very limited result is convergence at the level of discourse. The OMC has created communities of discourse. Policy makers use the OMC vocabulary because it provides

⁴ I am grateful to Caroline de la Porte for drawing my attention to this.

justifications for EU initiatives in controversial policy areas and for task expansion (more details in Radaelli 2003a).

More importantly, in some areas EU-facilitated learning has achieved limited (but significant) cognitive convergence. Cognitive convergence refers to the identification of a common set of beliefs about the main problems and the causal mechanisms at work in a policy area.

Is convergence on beliefs and causal mechanisms substantial or limited? In employment policy, pension reform, taxation, and better regulation programmes OMC processes have created and diffused a common set of objectives and principles. Think (with reference to these four areas) of 'employability', 'adequacy of pensions', 'fair tax competition', and the 'principles of better regulation' enshrined in the Mandelkern Report (2001). Beneath the official rhetoric there are non-negligible areas of disagreement. One example comes from taxation: there is official EU-level agreement on the belief that harmful tax competition can be defined and should be wiped out of the single market. Yet there are many ECOFIN documents in which national delegations record their disagreements about what this belief means when it hits the road of implementation. Even the major report on harmful tax measures - produced in 2000 by the Council group led by British MP and Paymaster General Dawn Primarolo - was not officially discussed and endorsed by the Council - a point that some national delegations are all too keen on reminding the others when hot issues land on the ECOFIN agenda (Radaelli 2003b).

In better regulation programmes, the Mandelkern principles for regulatory quality have been diffused throughout the new and old member states. Recent research, however, provides evidence of different clusters of member states in terms of their emphasis on specific principles, their approach to regulatory quality, and their measures of better regulation (DBER 2004; Radaelli and De Francesco 2004).

Employment policy provides other examples. Although there is evidence of cognitive convergence stimulated by top-down learning⁵, countries such as Italy seem to argue that the EES does not really fit their own national context (Italian evaluation of the EES, quoted by Mosher and Trubek 2003:74). This is an example of the complexities of learning in a political context. South European countries like Italy are losing the battle of national models in the formulation of EU guidelines. The EU has released guidelines and indicators put pressure on South European countries. Having lost the battle, the Italian government seeks to regain political breathing space by denying the usefulness of EU principles for specific domestic contexts. Obviously, this is not an instance of thick learning in which core policy preferences have changed. Finally, in the pension OMC, there has been agreement at the level of beliefs about necessary reforms. However, this agreement may be contested in the future, if some actors manage to break down the 'economic' discourse on pensions by injecting more elements relating to 'social' considerations.

To sum up then, the main learning impact is limited to some specific policy issues, some countries, and still to be confirmed by more systematic evidence. With this caveat, it can be described as limited cognitive convergence. This is important as convergence at the level of ideas, and perhaps in the future desirable models, may help to demarcate the contours of a possible 'EU social model' and suggest how the latter may fit in with the master discourse of competitiveness. Two qualifications are in order, however.

The first is that these elements of ideational convergence are embryonic. It remains to be seen whether the OMC process will make them more solid. The institutionalisation of ideas is a problematic process. The second consideration is that, following Brunsson (1989), one should not assume that people or organisations belonging to the same community of discourse take

⁵ See Bertozzi and Bonoli (2002) on German paradigms of good policy changing as a consequence of the EES; Mosher and Trubek (2003: 74) on Dutch changes stimulated by EU guidelines.

the same decisions. Convergence in 'talk' may not produce convergence in decisions. Neither does it produce the same actions: even if a decision is taken, implementation may differ. Pollitt (2001:940) adds that when there is convergence in action, the actual results may still differ: 'even determined implementation (actions) does not necessarily lead to uniform or expected results'. The previous considerations of the limited amount of policy learning so far achieved by the OMC, together with the misalignment between national plans discussed in Brussels and real policy decisions taken in national capitals, provide evidence that the risk is real. Recent progress made in terms of tightening up the evaluation of national plans, making them more evaluative, and the proposals of the Commission for the synchronisation of different processes (Commission 2002) may reduce this risk in the future.

What about bottom-up learning then? The scant empirical information on learning in OMC processes directs us towards a problem acknowledged by the Commission itself: up until now, the amount of learning 'from the bottom' and across-countries has been limited. One explanation for this is that participation falls short of the ideal-type of participatory governance designed at Lisbon. If the OMC is all about tapping the benefits of local knowledge, poor participatory governance is a serious hindrance to learning. One key mechanism envisaged by the Lisbon architects is simply not working.

The second explanation suggested here is that learning in the context of the OMC is a political exercise. Policy-makers are not seeking truth, but power. They may be open to reasoned argumentation, but not to the point of overcoming the basic fact that they are engaged with politically-sensitive policies such as the re-calibration of the welfare state, industrial policy, and taxation. The OMC architecture has not acknowledged this problem up-front. Quite the opposite, the designers of the OMC have sought to mute politics and have been silent on how to reconcile bottom-up learning with political processes.

Let us make some examples. To choose a set of indicators, to designate an innovation as 'good practice', to undertake a benchmarking exercise, and to

write guidelines are all political processes. They establish hierarchies of domestic solutions, they put pressure on some versions of the 'European social model' but not on others, or, in the case of taxation, they alter the comparative advantage of Member States. To assume that a de-politicised, positive-sum game learning is the most common feature of the OMC is simply wrong. To repeat, the point is that learning in the OMC is almost always political, often hierarchical, and invariably based on a mix of cooperative and conflictual attitudes. The challenge is how to reconcile these hard political truths with bottom-up learning.

To avoid misunderstandings: I am not arguing that bottom-up learning is impossible in politics. We have thousands of examples that show its concrete viability. My point is that the OMC design and practice is often silent on how to achieve it, does not provide enough avenues for participation, and does not use conflict as a resource for policy learning⁶. Indeed, the focus on muting politics seems an attempt to avoid the complexities of learning.

A third reason may have something to do with the limitations of benchmarking and best practice (Radaelli 2004). Let us look at the limitations of benchmarking first and then raise the question whether they really matter in the OMC processes examined here.

Instruments such as benchmarking have been adopted enthusiastically by EU policy makers. Benchmarking in a political context may act as an obstacle to learning, however. More often than not, benchmarking in EU policy starts with the assumption that there are no political problems in defining successful experience, in coding it into narratives and lessons, and in activating memories of success to solve similar problems in different contexts. These delicate steps cannot be handled by short peer-review sessions. Section 2 has shown how complex these processes are. Add to this that success and experience often fall hostage to paradigm peddlers, superstitious learning,

⁶ The notion that conflict is quite a valuable resource for learning is well known to social scientists since Karl Marx. For more recent analysis, see Dente et al. (1998).

self-serving bias in the attribution of responsibility and causality, and conflicting interpretative frameworks.

Another point to consider is that error aids learning, but benchmarking is entirely shaped by the logic of success. By focusing on success, benchmarking may not reflect enough on the lessons provided by failures (the so-called negative lessons). As mentioned above, excessive focus on success may originate cascades of useless innovations. The private sector knows too well how short is the life-cycle of some innovations such as quality circles -- initially celebrated as success and later on dismissed as business fads (Strang and Macy 2001).

To continue with the limitations of benchmarking. Benchmarking can reduce diversity and heterogeneity – two essential properties of evolutionary learning systems (Lundvall and Tomlinson 2002:208). It may focus policy-makers on specific micro-innovations, thus ignoring the holistic components of success and the systemic nature of policies. Benchmarking may encourage imitation, but successful competitive strategies are more based on distinctive and unique aspects. Both in the private and in the public sector, it is customary to distinguish between a cooperative and a competitive form of benchmarking. OMC benchmarking seems more cooperative than competitive⁷. This may be a problem if one wants to enhance the degree of competition among EU countries.

Professor Porter from the Harvard Business School once told the Financial Times that:

‘Companies focus on the latest trend, the newest technologies and what their competitors are doing – and they are constantly trying to emulate best practice. It is important to be operationally efficient to be competitive, but it is not enough. There is a crying need for a distinctive strategy’.

Financial Times, ‘Crucial importance of clear business goals’, Interview by Rod Newing, 5 June 2002

⁷ See also Lundvall and Tomlinson (2002:211).

Finally, benchmarking may hinder learning by bracketing the institutional context. A number of institutional, political, and institutional circumstances are often neglected in benchmarking exercises in the public sector because of the assumption of total fungibility of best practice (Rose 2002). However, in all processes of policy innovation there are elements that cannot be transferred from one country to another without taking into account institutional legacies, state traditions, and the dominant legal culture.

For these reasons, it is useful to contrast the benchmarking approach with a more context-sensitive 'lesson-drawing' approach, based on an explicit acknowledgement of the role of institutions and legacies, and open to both positive and negative lessons⁸.

Do these criticisms really matter? The answer is 'yes, but the situation is improving'. There is a continuum of options (not a black and white choice) between de-contextualised benchmarking based on 'best practice' and context-sensitive lesson-drawing. Although the Lisbon conclusions seem to ignore lesson-drawing, the reality is that the OMC processes have started with a-critical uses of benchmarking but are moving towards context-sensitive methodologies. For example, instead of assuming that totally fungible best practices exist, the OMC often works with 'good' practices to be adapted to specific institutional contexts. Recent EU workshops on innovation policy have explicitly addressed the notion of lesson-drawing⁹. Discussions on intelligent benchmarking in the OMC (Lundvall and Tomlinson 2002) have begun, although we are still waiting for the results generated by these discussions.

To conclude on learning, open coordination has potential for learning, but it has not delivered, especially in terms of bottom-up learning, due to limitations in terms of participation, the political aspects of learning, and the still

⁸ For an illustration of lesson-drawing see Rose (2002). See Radaelli (2004) on the contrast between lesson-drawing and best practice.

⁹ See the 27-28 November 2002 workshop on 'Improving trans-national policy learning in innovation' (<http://trendchart.cordis.lu/benchmarking>) organised by the European trend chart on innovation (DG Enterprise).

insufficiently critical discussion of benchmarking and possible alternatives such as lesson-drawing. So far the OMC has not been very 'open'. The core of the OMC is a network of civil servants and experts. This may increase the technocratic nature of the EU policy process, rather than opening up pathways for more democratic decisions. In cases where the OMC managed to involve trade unions, the business community, and social actors, this is more the result of domestic practice than of the changes brought about by the method. It seems that the potential of the OMC in terms of changing the opportunity structure for participation has not been fulfilled, perhaps with the exception of social inclusion.

To finish with a statement on the democratic content of the OMC: there is nothing (or very little) in the current practice that resembles participatory democratic governance, democratic experimentalism based on bottom-up learning, or directly-deliberative polyarchy¹⁰. This does not exclude a priori that the method may enhance learning and deliberation at the level of bureaucrats, politicians, and experts. This type of technocratic deliberation, however, has nothing to do with democracy. Preliminary and limited evidence on cognitive convergence sheds light on how the method may assist the re-orientation of policy-makers' beliefs and their convergence around 'EU paradigms'.

CONCLUSIONS: POLICIES DETERMINE POLITICS?

Real-world applications of the OMC have not generated considerable amounts of horizontal and bottom-up learning. There is evidence of top-down learning in the sense of limited cognitive convergence. This may become important in the future, if cognitive convergence goes as far as to alleviate the endemic tension of the OMC – for example, by creating convergence at the level of beliefs on what 'the European social model' should be. Poor results in terms of bottom-up learning reflect the lack of bottom-up participation, the under-estimation of the peculiarities of learning in a political context, and the problems of producing usable knowledge via appropriate instruments.

¹⁰ As defined, inter alia, by Gerstenberg and Sabel (2002), Cohen and Sabel (2003). See also Eberlein and Kerwer (2002) on democratic experimentalism in the European Union.

This leads to two questions. One revolves around the classic theme 'do policies determine politics' (Lowi 1964)? The other is normative: how can policy-makers make better use of the method? Let us start with the structural properties of policies and formulate some hypotheses. One hypothesis is that learning co-varies with the type of policy. One can distinguish policy types on the basis of the nature of strategic interaction in game-theoretical terms. In some cases the problem to be solved by EU policies is one of classic cooperation games (taxation comes close to a prisoner's dilemma), in other areas the main problem is to solve a coordination game (for example, setting standards for the spread of innovation), and finally there may be positive-sums games with no losses, where there are only 'benefits' (from mutual learning) to distribute via coordination at the EU level (a successful idea for better regulation like one-stop-shops to reduce regulatory burdens on firms can be emulated without explicitly setting standards and without inflicting losses on any actor). Obviously, learning becomes more conflictual, more political, more adversarial, and ultimately more difficult to achieve in cooperation games than in the other cases.

The second hypothesis is that learning processes may be interrupted by poor institutionalisation of a policy at the domestic level. Look at employment and social inclusion. The former is well-institutionalised at the domestic level – there are departments of labour and employment policies in every member states, often with their own EU task forces and experts. The latter has not been institutionalised in specific departments. The very concept of social inclusion is somewhat alien and certainly marginal in countries like Greece and Italy, where the welfare state has grown around pension policy rather than universal social inclusion. The lack of domestic institutionalisation means lack of robust networks that can operate as carriers of learning. True, the OMC can still create its own constituency of support by drawing on advocacy groups and coalitions that do not find enough institutional attention to their cause at home.¹¹ However, as OMC policies are implemented at home, these

¹¹ Laura Cram (1997) has argued that EU-level policy processes can literally create pressure groups acting as constituency of support for EU policies in the member states.

constituencies will be successful only if the policies their care become institutionally robust at the domestic level. Structures of multi-level coordination of actors are indispensable.

Turning to recommendations, the room for improvement in terms of learning is impressive. So far open coordination has worked with a sort of 'one size fits all' assumption: all countries learn together with the same processes. However, the analysis of the spread of innovation in technology and in social environments shows that the typical form of learning diffusion is within clusters of neighbours. Member states can find it easier to learn from similar countries. The similarity can refer to size, political structure or spatial proximity. One suggestion is therefore to think of learning in clustered terms. Given a certain policy, what are the most likely learning clusters? What are the most efficient instruments for clustered learning?

There is much to learn from intelligent benchmarking and how to draw lessons from positive and negative experience. EU policy makers should also be more aware of the problems created by an exclusive emphasis on success. To learn how to learn requires an acknowledgement that a balance of errors and success is better than an exclusive attention to success -- especially when political factors make the definition and interpretation of success endogenous to the policy process.

Up until now, the adoption of benchmarking has been too a-critical and eminently influenced by experiences in the private sector. Benchmarking needs to be re-defined, and used in relation to other instruments for trans-national and across-levels learning (see Lundvall and Tomlinson 2002; Rose 2002; Radaelli 2004).

Peer review and reporting should become more incisive. The national plans are provided by national governments, hence they tend to be over-enthusiastic about the current situation. It is of course essential that national plans are prepared by governments because this creates political

commitment, but more independent reporting would enhance both learning and participation.

In this vein, the method should be opened up to NGOs, social partners, regions, and local authorities. This could also mean additional reporting (on specific issues) by these actors. One clear lesson from the current experience is that to increase participation within the OMC requires a re-orientation of policy processes at the domestic level. This is not something that can be decided in Brussels. The institutional architects of the OMC have neglected the issue of how to create a structure of incentives for participation at the local and national levels.

Participation is just one dimension of the whole issue of accountability, democratisation, and legitimacy of new modes of governance. The visibility of the OMC in the media is rather low - without an attentive public the method can be easily captured by technocrats and vested interests. Democracy goes much further than deliberation in technocratic circles. The democratisation of the method is an extremely complicated exercise. It boils down to an attempt to change domestic policy practice and policy styles. Accountability is not ensured by the fact that the OMC choices are taken by national leaders. Instead of launching yet another discussion on the abstract properties of new modes of governance it would be more useful to take stock of the negative lessons and re-think about democracy pragmatically. The OMC may well have considerable potential for 'better EU governance' but the effort to exploit this potential has just begun.

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