

# Soft Governance, Agile Union?

## Analysis of the Extensions of Open Coordination in 2000<sup>1</sup>

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### Abstract

This is a study of the open method of coordination of European Union policies. Open coordination is studied here as a “soft” method of European policy-making from the perspective of European governance and related networks. The method’s first field of application were the European employment policies. The 2000 European Councils expanded the method to several new policy fields. The Commission’s policy plans imply further expansions of the method. It is possible to analyse aspects of the method right now and to spell out its first evaluations. However, it is necessary to elaborate upon the analyses and expand the evaluations while the method’s applications mature and while the method covers further policy fields.

*Keywords:* European Union, European Commission, policy analysis, policy evaluation

### I. Methods of practical European policy-making

This is a study of what is known as the method of “open coordination” of European policy-making. The fact that the official European integration discourse indeed calls it a “method”, indeed, gives rise to a challenge to study it as a particular method also in research. Research on particular practices, procedures and conventions of practical policy-making seen as particular methods of practical policy-making is relatively rare. However, there are exceptions that thus render legitimacy to the perspective followed in this article (e.g., Lindblom and Cohen, 1979; March and Olsen, 1995; Bemelmans-Videc *et al.*, 1998).

Taking the binding versus non-binding character of policy-making methods as a criterion of distinction, it is feasible to use the metaphor of a “hard” method of the venerable community method or *acquis* method of European integration. It is also possible to project the metaphor of “soft” methods of European policy-making upon practices, procedures and conventions that have no binding character as to their implementation.

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After the expansion of its scope of application in 2000, the method of open coordination has been seen as an indication of important changes in the methods arsenal of European integration (De la Porte and Pochet, 2000, p. 11). The method has also been seen as a “third way” between the standard “hard” *acquis* method of integration and sheer reliance on Member States’ spontaneous but uncertain harmonisation of their policy-making (Rhodes, 2000; Mosher, 2000).

*Soft methods versus hard methods of European policy-making*

Wallace (2000) spells out a five-part typology of European Union policy-making methods:

1. The community method;
2. The regulatory method;
3. The intensive transgovernmental method;
4. The multilevel governance method; and
5. The policy coordination and benchmarking method.

The first four of the five methods rely, to a considerable extent, on binding modes of decision-making, importantly, regulations, directives and binding decisions. In this respect the second, the third and the fourth methods can really be seen as particular variants of the first method. The fifth method’s typical initial materialisation consists of recommendations and opinions of the European Council, the Council and the Commission. Despite lacking formal force, the fifth method may have considerable real-world force, and this is the strong point for the political analysis of also this method.

Let us take Wallace’s typology and connect it to Scharpf’s (1996) classification of fields of European policy-making according to the participation of the Union and Member States (Table 1). The Table suggests some conclusions. Welfare policy fields mostly remain Member State prerogatives. In a few welfare-related policy fields there is now a sharing of responsibilities between the Union and Member States. All in all, the welfare role of the Union role has typically been on the increase. The predominant European policy-making method in the welfare policy fields consists of policy coordination and benchmarking. Research, technological development and innovation is a further policy field that stands out. It is another arena where the soft policy-making methods predominate. In in some further policy fields the soft methods have only supplementary or complementary roles. There are also policy fields where the soft methods are hardly applied at all.

*A typology of soft policy-making methods, with a European emphasis*

Wallace (2000) only coins a term to refer to what are here called “soft” methods of European policy-making. Her approach to those methods also remains rudimentary. Schout (2001) has made a useful inventory of soft methods of European policy-making (cf. Metcalfe, 1994; Streeck, 1995a, pp. 426-9). However, previous research has not analysed the soft methods in a systematic way.

Table 1: Level and method of decision-making in European policy-making.

Where decided? How decided?	All at the EU level	Mostly at the EU level	Both at the EU and Member State level	Mostly Member State level
1. Community method	<ul style="list-style-type: none"> <li>• International commercial negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Common agricultural policy</li> </ul>		
2. Regulatory method		<ul style="list-style-type: none"> <li>• Internal market/free movement of goods, services, persons, capital and labour</li> </ul>	<ul style="list-style-type: none"> <li>• Competition policies</li> </ul>	
3. Intensive transgovernmental method		<ul style="list-style-type: none"> <li>• Monetary Union</li> <li>• Common foreign and security policy</li> <li>• Justice policies</li> </ul>		<ul style="list-style-type: none"> <li>• Police</li> </ul>
4. Multilevel governance method			<ul style="list-style-type: none"> <li>• Structural funds policies</li> <li>• Cohesion policies</li> </ul>	
5. Policy coordination and benchmarking method		<ul style="list-style-type: none"> <li>• Macroeconomic policy coordination</li> <li>• Supplement's policy-making in policy fields above in the same column</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Environment</li> <li>• Research, technological development and innovation</li> <li>• Education</li> <li>• Method supplements policy-making in other policy fields</li> </ul>	<ul style="list-style-type: none"> <li>• Social dialogue (on work conditions and as labour-management dialogue)</li> <li>• Health</li> <li>• Social welfare</li> <li>• Some other policy fields</li> </ul>

Observing that policy coordination and benchmarking methods rely on *information*, and observing that the reliance can be analysed according to its type and strength, it is possible to develop a reasoned typology of elementary soft methods of policy-making (Table 2). The typology regards methods that rely and work on information, analogously with, but still differently from, generic policy-making. In general, the latter assigns rights and duties to actors, transfers resources from better-off actors to worse-off actors or channels resources towards given preferred ends. (Majone, 1993.)

Table 2: Typology of soft policy-making methods, with a European emphasis.

		Approximate expected strength of each method		
		Stronger	Intermediate	Weaker
Regulative soft methods or method elements	Structural	<ul style="list-style-type: none"> <li>• Institutionalisation of soft law legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalised standardisation, some benchmarking and evaluation mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalisation of giving recommendations</li> </ul>
	Two-way	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>	<ul style="list-style-type: none"> <li>• Standards</li> <li>• Some evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Charters</li> </ul>
	One-way	<ul style="list-style-type: none"> <li>• Soft law</li> </ul>	<ul style="list-style-type: none"> <li>• General guidelines</li> <li>• Some benchmarks</li> <li>• Reference indicators, other indicators</li> <li>• Some evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations</li> </ul>
Redistributive soft methods or method elements	Structural	<ul style="list-style-type: none"> <li>• Binding accreditation mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Some accreditation and benchmarking mechanisms</li> <li>• Institutionalised expert exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>
	Two-way	<ul style="list-style-type: none"> <li>• Some accreditations</li> </ul>	<ul style="list-style-type: none"> <li>• Some accreditations</li> <li>• Some benchmarks</li> <li>• Expert exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>
	One-way	<ul style="list-style-type: none"> <li>• Some accreditations</li> <li>• Incentives given by subsidies to the recipients to share information</li> </ul>	<ul style="list-style-type: none"> <li>• Some benchmarks</li> <li>• Scoreboards, league tables</li> <li>• Unilateral secondment of experts</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>
Allocative soft methods or method elements	Structural	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>	<ul style="list-style-type: none"> <li>• Framework programming of activities</li> <li>• Observatories</li> <li>• Some international organisations</li> <li>• Advisory committees and working groups</li> </ul>	<ul style="list-style-type: none"> <li>• Information networks with contact points</li> <li>• Information gateways</li> </ul>
	Two-way	<ul style="list-style-type: none"> <li>• Hard to define</li> </ul>	<ul style="list-style-type: none"> <li>• Interest group dialogue</li> <li>• Consultation of stakeholders</li> <li>• Work of advisory committees and working groups</li> <li>• Work of consortia in framework programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Peer reviews</li> <li>• Citizen dialogue</li> <li>• Information exchange</li> <li>• Conferences, seminars, colloquia, round tables, symposia, etc.</li> </ul>
	One-way	<ul style="list-style-type: none"> <li>• Incentives given by subsidies for recipients to acquire or generate information</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring</li> <li>• Observatory activities</li> <li>• Certain types of applied research</li> <li>• Programmed research, development, education and training</li> </ul>	<ul style="list-style-type: none"> <li>• Self-evaluations</li> <li>• Dissemination activities</li> <li>• Unilateral acquisition of information</li> </ul>

In the typology, *regulative* soft methods affect normatively the addressees of information or declare normative agreements reached between given actors. *Redistributive* soft methods affect the distribution of information, the perspectives that the users of information may apply and the cohesion of the users as to their provision with information. *Allocative* soft methods increase the quantity or quality of information available to users. The typology also takes into account that the thrust of soft policy-making methods may be on structures and infrastructures of information, on two-way communication, or on one-way communication. Real-world soft methods of European policy-making may involve complex chains and combinations of more elementary soft methods. The method of open coordination can be studied as a combination method made up of elementary soft methods.

### *Governance and networks as perspectives towards soft policy-making methods*

The perspective of *governance* promises to make the soft policy-making methods better intelligible by offering one potential approach to European policy-making, although it cannot replace the other approaches (Rosamond, 2000; Hix, 1998). Despite its limits, the governance perspective can also be seen as a response to genuine changes in the European policy-making context and as a potential source of added value in research that adopts this perspective (Jachtenfuchs, 2001).

What governance involves is often expressed through a negation. It does not involve hierarchies of rationalistic implementation from objectives set at the top to implementation at the bottom to evaluation by the top. It does not involve the atomistic situation resembling complete markets but transposed into politics with a multitude of homogeneous actors, either. Instead, governance involves interaction between actors in complex *networks* of policy bargaining, policy making and policy implementation. (Everson, 1998; Eising and Kohler-Koch, 1999a; Kohler-Koch, 1999; Sibeon, 2000.)

In networks, results of policy-making are not legitimised only through authority as in hierarchical policy-making or in a political version of the “invisible hand” regulating the interaction between the actors to the effect that some kind of balance ensues. In networks legitimisation takes place through a procedural medium. It takes place as far as novel procedures arise that bring actors together and make them interact where they used to remain apart, up to giving rise to solid cooperation (Eising and Kohler-Koch, 1999b). The potential relevance of network concepts has been acknowledged also in the study of European law to supplement approaches to hierarchical legal regulation and pluralist approaches to legal regulation (Ladeur, 1997).

Peterson and Bomberg (1999, p. 264) propose that “soft” policy transfer through networks of governance is becoming a major mode of advancing European integration. Zürn (2000, pp. 192-3) proposes that as far as reasoned argumentation arises in the networks, mutual understanding by the actors increases, common values may arise and decision-making may proceed beyond self-interested intergovernmental bargaining let alone the narrow bounds of decision-making defined by the unanimity between Member States.

## **II. Open coordination as a method of European policy-making**

### *Policy coordination in the Treaty Establishing the European Community (TEC)*

In the actual practice of European integration, procedures that bear a resemblance to the contemporary “open coordination” have been pursued for decades. However, the first instance explicitly called by that name also in TEC evolved as coordination of European employment policies by Member States and the Community institutions. The policy-making atmosphere at the establishment of the open coordination has been called “neovoluntarism” (Streeck, 1995a; 1995b); instead of using the community method, European policy makers preferred methods without binding force.

The legal instruments that make the formal framework for the open coordination of the European employment policies are found in TEC together with norms on other types of European policy coordination:

1. Non-compulsory, open coordination of the employment policies (TEC, Art. 3, 125-30);
2. Non-compulsory economic policy coordination (Art. 4, 98-9, 202);
3. Compulsory policy coordination, far removed from open coordination (Art. 34, 280);
4. Policy coordination related to compulsory policy coordination (Art. 35, 46-7); and
5. Other non-compulsory policy coordination, yet without explicit reference to open coordination (health, Art. 152, trans-European networks, Art. 155, industry, Art. 157, research and technological development, Art. 165, development cooperation, Art. 180).

#### *The rise and the policy-making context of open coordination*

The open coordination of the employment policies and economic policy coordination each have a history of their own (Johansson, 1999; Goetschy and Pochet, 2000; Goetschy, 2001). The policy-making context of the open employment policy coordination has been made up of three related processes of policy development. Moreover, influences have emanated from the Stability and Growth Pact of the 1997 Amsterdam European Council resolutions and the European Employment Pact drawn up according to the conclusions of the 1998 Vienna European Council. The three related, overlapping processes have the following character (COC, 1999):

- The “Cologne process” aims at a cooperative macroeconomic policy mix between Member States, including smooth interaction between the various macroeconomic policy instruments.
- The “Luxembourg process” defines a coordinated employment strategy (European Employment Strategy, EES) within a framework made up of Employment Guidelines, decided upon by the council, and National Action Plans, NAPs.
- The “Cardiff process” charts a path of economic reforms and the maintenance of a high quality of the public finances in Member States. The process has also given rise to structural indicators on the economy of each Member State.

The open coordination of the employment policies is, explicitly but *mutatis mutandis*, modelled according to economic policy coordination. The procedure of economic policy coordination is made up of a set of definite steps (Appendix 1). Despite the similarities in procedure between economic policy coordination and employment policy open coordination, the former is not called open coordination in European

policy discourse. The innovation diffusion from economic policy coordination to employment policy open coordination becomes visible in the conclusions of the extraordinary 1997 Luxembourg European Council on employment (LUC, 1997, point 16):

In a similar way to the multilateral surveillance principle applied in the economic convergence process, the Member States will each year send the Council and the Commission their national employment action plan, together with a report on the manner of its implementation.

*Further aspects of the open coordination of employment policies*

TEC Art. 125 defines the open coordination of the European employment policies as an ongoing process instead of the implementation of decisions:

Member States and the Community shall ... work towards developing a coordinated strategy for employment... .

TEC gives the Community the roles of encouragement of cooperation between Member States and support and complementation of activities. TEC also gives the Council the possibility to initiate incentive measures towards Member States. Beside the European Council, the Council, the Commission and Member States, the open coordination of the employment policies involves a network of other actors. They are the Economic and Social Committee, the Committee of the Regions, the European Parliament and the advisory Employment Committee.

TEC defines a specific procedure for the open coordination of the employment policies. In general, the procedure of employment policy coordination is lighter than its equivalent in economic policy coordination (Appendix 1).

*The spring 2000 extensions of open coordination*

In the Lisbon presidency conclusions, there is a strategy outline to prepare Europe for a knowledge-based economy, modernising the European social model, and sustaining the healthy economic outlook. The conclusions give open coordination a particular role (LIC 2000, point 6, original emphasis):

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.

The Lisbon conclusions include a specification (LIC, 2000, point 37; cf. the typology of elementary soft policy-making methods in Table 2):

(The) ... open method of coordination ... involves:

- fixing guidelines for the Union combined with ... timetables for achieving the goals which they set 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 and adopting measures, taking into account national and regional differences;
- periodic monitoring, evaluation and peer review organised as mutual learning processes.

The Lisbon conclusions further specify the method as regards the inclusion of actors with definite features of network creation (LIC, 2000, point 37):

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

The Feira conclusions spell out an extended scope of policy areas covered by open coordination or elementary soft policy-making methods that make part of open coordination. The conclusions obliged the Commission to present a follow-up report on the proposed approach for indicators and benchmarks to the Spring 2001 Stockholm European Council. (FEC, 2000, point 38; Appendix 2; Commission, 2001a.)

Note that health care was not explicitly mentioned in either the Lisbon or the Feira conclusions despite the explicit TEC clause on public health policies. The exclusion is all the more interesting given that the Commission had a major study on health policy coordination published in the very year 2000 (Palm *et al.*, 2000; cf. Randall, 2000; 2001).

#### *Special steps towards open coordination of social policies: the Social Policy Agenda*

The Nice Treaty amended TEC Art. 137 by adding combat against social exclusion and the modernisation of social protection systems as activities that the Community may support and complement. The open coordination of the social policies received an important element of its institutional base with the establishment of the Social Protection Committee. This took place gradually since 1999, and finally the Committee came to be mentioned in the Treaty of Nice, which introduced a new TEC Art. 144. The Committee assists the Council and the Commission as an advisory body composed of two representatives from each Member State and two representatives of the Commission. Its main tasks are to monitor social protection policies in Member States and the Community and to foster exchange of information, experience and good practices between Member States and between them and the Commission.

The Nice Council of 2000 took a decision on the European Social Agenda (NIC, 2000; Commission, 2000a; here, "ESA"). ESA involves priorities for a five-year period and strategic guidelines for various social policy areas. It is to be followed up by the means of a scoreboard, which the Commission has to make available to the Council by the end of each January (SEC, 2001, point 52). ESA also aims at "meta-coordination" between the two policy fields covered by open coordination and the economic policy coordination to ensure that the costs of no policy field are externalised into other policy fields.

In the three policy fields that it takes up, ESA presupposes good quality of public finances, good quality of work and workplaces and good quality of social protection. A socially minded critique might still suggest that the economic aspect has the upper

hand, and that there are features of an instrumental subordination of the two other aspects to the economic aspect (cf. Beck *et al.*, 1998.) However, ESA does continue the slow advance of European social policy-making started by employment policy-making towards the core areas of Member State social policies (Goetschy, 2001).

The Nice Council also decided upon a specific open coordination procedure to implement ESA (NIC, 2000, point 32; Appendix 1). However, in the implementation all existing Community instruments shall be used (NIC, 2000, point 28):

...the open method of coordination, legislation, the social dialogue, the Structural Funds, the support programmes, the integrated policy approach, analysis and research.

On 12 February 2001 the Council adopted a common position on a programme to encourage cooperation between Member States to combat social exclusion, including open coordination as the method of cooperation. Because the programme proposal predated ESA, there is a seeming asynchrony between the two sets of measures. (Official Journal, C 93/11, 23 March 2001.)

### **III. Analyses and evaluations of the extended open coordination**

#### *The constitution of open coordination of elements of soft policy-making methods*

In terms of Table 2, the elements of open coordination give it the character of a European policy-making method that mostly relies on a set of elementary soft policy-making methods of intermediate strength. In terms of the concepts of Table 2, open coordination involves regulative method elements in the general guidelines it consists of and in the benchmarking exercises that are used to detect the “world class” quality that is ultimately aimed at. However, in their actual application, the benchmarking components of open coordination involve redistribution in the sense of assigning worth; arranging Member States in an order of their success or compliance into scoreboards according to the values they receive once the benchmarks that are at hand are being applied. The role of allocative soft method elements in open coordination is only supplementary in the various advisory bodies and consultations of stakeholders.

Open coordination may also involve soft policy-making methods with a stronger likely impact as far as the Commission can launch incentive activities to support the overall pursuit of the policy at hand. Finally, also some weaker elements of the soft policy-making methods may be built into open coordination.

#### *Towards explanations of open coordination*

It is only about by 2003 that the extensions of open coordination can be studied in full, including their success or failure in delivering what they promise. However, even now there is no doubt that the extensions involve horizontal transfer or spillover of policy-making methods from some European policy-making fields to further fields (cf. Radaelli, 2000; Strøby-Jensen, 2000).

The Commission’s needs to legitimise its position and its activities provide further explanation for the expansion of open coordination. According to Radaelli (2000), the legitimisation base of the Commission is a technocratic one; the Commission wins technocratic legitimacy in its intergovernmental action context as a policy broker in the “stock exchange” European policy ideas. The Commission has also been called an “image entrepreneur” (Wendon, 1998; Atkinson and Davoudi, 2000, 430), which

meets the challenge to master image-making in various policy fields in order to excel where it wins advances.

The open coordination procedures provide the Commission opportunities to enhance the policy broker and the image entrepreneur roles. However, this does not rule out the Commission's role as a policy initiator in open coordination policy fields in the manner of the venerable neo-functionalist theories of European integration (Strøby-Jensen, 2000). Related to this, open coordination can be seen as an aspect of the Commission's search for new roles in a maturing Union, where the expansion and diversification of its activities is likely to become subject to diminishing returns (Smith, 2000).

There are tensions between the open coordination method and the standard community or *acquis* method of European integration. There was evidence of these tensions in the committee consideration of the European Social Agenda in the European Parliament (European Parliament, 2000).

Further explanation of open coordination can be sought from so-called advocacy coalitions (Sabatier, 1998; Johansson, 1999). The Commission can hardly act alone, but to have open coordination expanded it has to have the acceptance of the European Councils and the relevant councils. Without sufficient consent and cooperation of the Member States, the actual implementation of the open coordination procedures is impossible and the procedures are unlikely to have substantial effects.

Behind the possibility and the need for advocacy coalitions lurks the contrary possibility that European political cleavages in certain key issues preclude integration (Hix, 1999). For instance, health care is a policy field that the Member States and their citizens have turned out to be reluctant to alienate, and in education there is evidence of the same.

Open coordination can also be seen against the backdrop of changes in political support and the political value basis of political leadership in key Member States (Pollack, 2000a). Open coordination has been expanding while what has been called positive integration of defining joint European strategies for Member States and the Union institutions (Scharpf, 1999, pp. 50-71) has won support in many of the policy fields now covered by the method. However, negative integration (Scharpf, 1999, pp. 71-83) in the special sense of abolishing boundaries between Member State policy-making systems has also played a role.

Supplementing hierarchical, Commission-centred explanations and pluralist explanations referring to the need for political and policy coalitions, open coordination can be seen against the backdrop of network governance of European policies. Everson's (1998) suggestions, which links to the possibility of analysing also European law from a network perspective, might turn out to be a fruitful starting points for further analyses.

#### *First evaluations of open coordination*

First evaluations of open coordination exist. European official documents, such as the document including the mid-term review of the Luxembourg process (Commission, 2000b), tend to attribute improvements in the employment situation to the coordination. However, it is hard to ascertain to what extent other reasons, such a multi-year cyclical upswing, have brought about the apparent improvements (Goetschy and Pochet, 2000).

According to evaluation results (Goetschy and Pochet, 2000; Goetschy, 2001), employment policy coordination has suffered from problems:

- Frequently vague objectives;
- Hard-to-define and hard-to-estimate indicators to monitor the implementation of the objectives;
- Discrepancies between national employment policy systems;
- Low quality national action plans (NAPs);
- Opaque national budget allocations for the NAPs implementation; and
- Difficulties to make social partners interested in innovative co-operation in Member State level.

Open coordination of employment policies deserves a more positive “process evaluation”. It contributes to renewing processes of interaction between Member States, to extending and improving awareness of solutions applied in other Member States and, in the best case, it promotes governmental learning. (Cf. Sibeon, 2000, 295; Owen and Rogers, 1999, 220-238; Rose, 1993; Rist, 1994.)

Should it be possible to compare the efficiency of open employment policy coordination with the efficiency of the economic policy coordination, the latter might turn out to be more efficient (cf. Goetschy and Pochet, 2000, p. 4). This would by and large have arisen from institutional reasons. These include the relationship of economic policy coordination to the EMU and its procedures, the political stress given to this coordination, the powerful advocacy coalitions that render their support and the sheer weight of Germany’s monetary policy regime and its tradition. On the basis of the Stability and Growth Pact, the EMU Member States have stability programmes, and the non-EMU Member States, resembling the present EMU members before their EMU membership, have convergence programmes. There is *tâtonnement* of each Member State towards common economic policy objectives in a clearly stronger sense than anything taking place in the employment policies. Last but not least, employment policy coordination is subordinate to economic policy coordination in aspects of its process and its substance (Appendix 1).

By early 2001, the open coordination method had also been well received in policies or research, technological development, innovation, information society and enterprise (Commission, 2000c; 2000d; 2000e; 2001a). However, the step from previous procedures to open coordination has been particularly short in those policies.

By early 2001, methods that make part of open coordination continued to be widely applied in the policy field of the internal market, where an internal market scoreboard procedure arose as early as in 1997. On the contrary, no results related to the open coordination procedure are being reported on policies of education despite the elaboration of a quality enhancement and benchmarking procedure (Commission, 2000f; Lundvall and Tomlinson, 2001). Indeed, the introduction of open coordination in education policies was delayed in a November 2000 Education Council to the Seville European Council in March 2002 (Commission, 2001b).

#### **IV. Mapping the future: open coordination in developing European governance**

##### *Open coordination in the Commission’s development plans*

In the Work Programme “Enhancing democracy in the European Union”, defining a path towards accomplishing a White Paper on Governance by the summer of 2001, the Commission refers to open coordination under the heading “Promoting coherence

and co-operation within a ‘networked’ Europe” (Commission, 2000g, p. 11, original emphasis):

(T)he interdependence brought about by economic and monetary union is creating a growing need for more “convergence” of national and/or regional policies, also in areas where the Community has only limited powers. ... (e)xamining more closely proportionality between the possible forms of “convergence” and the type of problems to be resolved. For instance, the Luxembourg process for the convergence of national employment policies is in many respects considered to be exemplary; but on what terms and for which areas? Is the **open coordination** process initiated in Lisbon likely to be able to extend in all fields of economic and structural policy without clashing with the principle of subsidiarity?

To prepare the White Paper on Governance, the Commission (2000h) announced the particular aim to look at *proportionality* between types of policy-making problems and the European measures to achieve convergence between Member State policies. The Commission also announced the aim to *take stock of methods* of policy coordination that are suitable in different fields of European policy-making. Finally, it expressed the aim to consider the potential of open coordination in the further fields of budgetary convergence, taxation and justice and home affairs.

#### *Studying open coordination further*

There are many possibilities to continue the analysis of open coordination. *First*, open coordination can be studied in comparison with any member in any of the four other categories of policy-making methods in Wallace’s (2000) classification. *Second*, it is possible to launch studies on open coordination in comparison with other soft policy-making methods. Does it coexist with other soft methods? Where is this so? Does the method supplement or complement the other soft methods?

*Third*, open coordination can be studied from the viewpoint of its actual or likely applicability in any policy-making field. It looks particularly promising to pursue comparative studies on its actual applications over the relevant policy fields. It is also possible to study if different variants of open coordination arise and if they perform differently in different policy fields. *Fourth*, given policy fields can be studied from the point of view of the simultaneous application of open coordination and other policy-making methods, including binding methods. We have seen above that in certain policy fields such coexistence indeed is the case.

*Fifth*, the Commission’s (2000g, p. 11) question if open coordination clashes with subsidiarity is worth consideration. One possibility would be to elaborate a concept of non-hierarchical subsidiarity or network subsidiarity as suggested by Lebessis and Peterson (2000, pp. 38-9). Such a concept of subsidiarity would focus attention on policy communities and issue networks where a reasoned discourse is waged on European policies at their initiation, decision, implementation, evaluation, revision and sunset phases (cf. Falkner, 1998, pp. 42-52; Falkner, 2000). The network maintenance would be taken care of by the European institutions, importantly the Council with the Presidency country at its apex and the Commission. Member States, European regions and municipalities, European interest groups and citizens would occupy the other network roles.

*Towards comprehensive evaluation of open coordination*

One possibility for evaluating open coordination in the context of European governance offers itself in Weale's (2000) three evaluation criteria of functional effectiveness, transparency and deliberative rationality. The established criteria of efficiency, effectiveness in reaching objectives and minimising negative side effects, relevance with respect to needs and sustainability of impacts over time (Commission, 1997) can be seen as criteria of *functional effectiveness*.

In terms of legitimacy, functional effectiveness is a matter of *technocratic* legitimacy, which has also been called *output* legitimacy (see Höreth, 1999, pp. 259-61). Despite their limitations, the criteria of functional effectiveness also provide possibilities to evaluate also European integration "by stealth" (Weale 2000, 161; Pollack, 2000b); it is not alien to the technocratic evaluator to probe if side effects, including integration by "stealth", have positive or negative net impacts. The available evaluation of European employment policies (Goetschy and Pochet, 2000; Goetschy, 2001) is largely an evaluation of functional effectiveness, although when evaluating the inclusion of the social partners the evaluation proceeds further.

Weale's criteria of *transparency* probe how a particular procedure and its principles and standards were actually adopted, and who actually had their say in defining the outcome. As evaluation, this involves *process* evaluation (Owen and Rogers, 1999, 220-38). The legitimacy concept related to the transparency criteria is one of *input* legitimacy (Höreth, 1999, 258-9). The criteria of transparency help check if "win-win" solutions are reached, if both the "pros" and "contras" have known what they have supported and opposed and if they have known what they have received and what they have contributed.

Evaluation by criteria of transparency would help check that the open coordination procedures do not suffer from a certain potential fault. This is the fault that an apparent openness – wide participation of actors and lack of legally binding decisions – remains deceptive. Where so, the openness hides a factual lack of transparency in selecting the actors, in the nature, kind and quality of the ultimate results and in the ultimate distribution of the results among the actors. (Sibeon, 2000, 304; Peterson and Bomberg, 1999, pp. 268-71.) The Commission acknowledges transparency problems in developing European governance, including such problems as may ensue in expanding open coordination (Commission, 2001c). It warns that without special measures, the extension of open coordination may bypass legislatures and, as a *fait accompli*, elevate the status of rather low-ranking national authorities.

Criteria of *deliberative rationality* probe why a given measure was adopted and its alternatives rejected in political discourse, and if the participants had adequate opportunities to take up the merits and the demerits of each proposal and weigh them against one another (Weale, 2000, 169-70; Føllesdal, 2000; Zürn, 2000). If not overstated (Saward, 2000), the deliberative rationality criteria involve potential to expand towards criteria of *democratic legitimacy* (see Zürn, 2000). The Commission (2000g; Lebessis and Paterson, 2000) does not ignore the deliberative aspect. It emphasises the importance of involving the European citizens and strengthening their role in deliberation on European questions.

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Appendix 1: Economic policy coordination, open coordination of employment policies and open coordination related to the European Social Agenda.

	Economic policy coordination	Open coordination of employment policies	Open coordination: European Social Agenda
1. Initiation by Commission	<b>Commission makes a recommendation</b>	<b>No mention</b>	<b>Commission supports open coordination by means of initiatives with respect to particular reference indicators</b>
2. Joint reporting by Council and Commission	<b>Not applied</b>	<b>Council and Commission give European Council a joint report on the employment situation</b>	<b>Not applied</b>
3. Target setting by Council	<b>ECOFIN decides on the basis of the recommendation with qualified majority (QMV) on broad economic policy guidelines and reports to European Council</b>	<b>Not applied</b>	<b>Council (ECOFIN and Social Affairs Council) formulates objectives and establishes indicators and benchmarks</b>
4. Consideration by European Council	<b>European Council discusses the guidelines</b>	<b>(No particular mention, but does take place)</b>	<b>(No mention, to early to analyse)</b>
5. Commission revision of recommendation	<b>Not applied</b>	<b>On the basis of the proposal of European Council, Commission proposes employment policy guidelines for Member States</b>	<b>Not applied</b>
6. Consultation	<b>No mention</b>	<b>Council consults Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee</b>	<b>Reference is made to the Employment Committee, the Social Protection Committee and the potential role of Parliament</b>
7. Adoption by Council	<b>Council (ECOFIN) adopts with QMV and as a recommendation the guidelines to be given Member States</b>	<b>Council, with QMV, accepts the guidelines in consistency with the economic policy guidelines (see, e.g., Council, 2000a)</b>	<b>Takes place earlier in the process</b>
8. Role of Member States	<b>Member States report and forward information to Commission</b>	<b>Each Member State provides Council and Commission an annual report on its employment policies in the light of the guidelines</b>	<b>In accordance with open coordination, Member States translate the common objectives into policies</b>
9. Reporting by Commission	<b>No mention</b>	<b>No mention, but Commission does prepare the "Joint Employment Report" (e.g., Commission, 2000b)</b>	<b>Commission presents for each spring European Council a scoreboard of progress in measures</b>
10. Monitoring by Council	<b>Council monitors consistency of Member States' economic policies with the guidelines</b>	<b>Council annually examines the employment policies of Member States in the light of the guidelines</b>	<b>Council examines the scoreboard</b>
11. Council decisions on recommendations	<b>Council may, by QMV, make recommendations to a Member State if the guidelines are not followed</b>	<b>Council, acting by QMV, on a recommendation from Commission, may make recommendations to Member States (see, e.g., Council, 2000b)</b>	<b>Not applied</b>
12. Ultimate steps in European Council	<b>No mention</b>	<b>Council and Commission make a joint annual report to European Council on the employment situation in the Community and the implementation of the guidelines</b>	<b>European Council considers the issue in its each spring meeting</b>

## Appendix 2: Lisbon and Feira Council expansions of open coordination (LIC, 2000; FEC, 2000).

Policy field	Point in document	Procedure and activities
Information society	<b>Lisbon, 8</b>	The Council and the Commission draw up a comprehensive eEurope Action Plan to be presented to the European Council, using an open method of coordination based on the benchmarking of national initiatives, combined with the Commission's eEurope initiative as well as its communication "Strategies for Jobs in the Information Society".
Research and technological development	<b>Lisbon, 13</b>	As part of defining a European Research Area, there shall be encouragement of the development of an open method of coordination for benchmarking national research and development policies, identification of indicators for assessing performance in different fields, in particular with regard to the development of human resources, and introduction of a European innovation scoreboard by June 2001.
Entrepreneurship	<b>Lisbon, 15</b>	The open method of coordination should be applied. The Council and the Commission should launch a benchmarking exercise on issues such as the length of time and the costs involved in setting up a company, the amount of risk capital invested, the numbers of business and scientific graduates and training opportunities.
(Internal market; only related to open coordination)	<b>Lisbon, 17-18</b>	By 2001 a strategy must be set out for further coordinated action to simplify the regulatory environment, including the performance of public administration, at both national and Community level. Comprehensive structural improvements are essential to meet ambitious targets for growth, employment and social inclusion. Key areas have already been identified by the Council to be reinforced in the Cardiff process. The European Council invites the Council to step up work on structural performance indicators and to report by the end of 2000.
(Economic policy coordination; not explicitly included in open coordination)	<b>Lisbon, 22-23</b>	The opportunity must be used to improve the quality and sustainability of public finances. The European Council requests the Council and the Commission, using the existing procedures, to present a report by Spring 2001 assessing the contribution of public finances to growth and employment, and assessing, on the basis of comparable data and indicators, whether adequate concrete measures are being taken.
(Employment policies, covered by open coordination already)	<b>Lisbon, 28</b>	The mid-term review related to the Luxembourg process should give a new impetus to this process by enriching the guidelines and giving them more concrete targets by establishing closer links with other relevant policy areas and by defining more effective procedures for involving the different actors.
Modernising the European social model: modernising social protection and promoting social inclusion	<b>Feira 35-36</b>	Attention must be given to the sustainability of pension schemes and for the promotion of social inclusion. Development and systematic monitoring of work on these matters at Community will be improved by the setting up of the Social Protection Committee, regular debate on those issues and by encouraging cooperation between Member States through an open method of coordination combining national action plans with a Community programme to combat social exclusion.