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# Campaigning on expertise: how the OECD framed EU welfare and labour market policies – and why success could trigger failure

Jörg Michael Dostal

**ABSTRACT** This article explains how the Organization for Economic Co-operation and Development (OECD) assumed a leadership role in creating and disseminating liberal welfare reform and labour market policy proposals between 1994 and 2001. The article first sketches the increased Europeanization of welfare and labour market policies throughout the 1990s. The second part examines how international organizations such as the OECD influence agenda-setting at different levels of policy-making by providing a controlled environment for the creation, development and dissemination of political discourse. The OECD's influence on policy-making can be explained through an analysis of the specific features of its 'organizational discourse', dominated by liberal economists, and characterized by the exclusion of interest groups. The third part takes the OECD Jobs Study (1994) as an exemplary case of its organizational discourse and demonstrates how the OECD utilized this study to bridge the gap between abstract liberal economic beliefs and concrete agenda-setting efforts. It underlines the high degree of influence of the Jobs Study on the EU's subsequent European Employment Strategy (EES). The conclusion poses the question: to what extent could the OECD's 'campaigning on expertise' potentially weaken its long-term institutional interests if the EU chooses to 'take over' OECD discourses wholesale – thereby leaving less organizational space for the OECD in the future?

**KEY WORDS** Agenda-setting; European Employment Strategy; European Union; Organization for Economic Co-operation and Development; organizational discourse; welfare reform.

## 1. INTRODUCTION

This article outlines how the OECD's Directorate for Education, Employment, Labour and Social Affairs (DEELSA) influenced EU welfare and labour market reform agendas between 1994 and 2001.<sup>1</sup> Following an upturn in unemployment levels at the beginning of the 1990s, OECD Labour Ministers and Economic and Finance Ministers asked the OECD in 1992 to study the underlying reasons for high unemployment levels in member countries. In 1994, the OECD reported back and presented its Jobs Study (OECD 1994a, 1994b, 1994c). The study argued that labour market regulations and welfare

state provisions should be scaled down in order to make labour markets more flexible and reduce structural unemployment. At the same time, the European Union's (EU's) White Paper on Growth, Competitiveness, and Employment (CEC 1993) was drawn up and put forward similar demands. Taken together, the two studies provided each other with additional legitimacy and set the agenda for welfare and labour market reforms in the 1990s and in the early years of the twenty-first century.

The reason for selecting the Jobs Study rather than the White Paper as the point of departure is that many of its political claims continue to inform contemporary welfare and labour market reform agendas such as the EU's European Employment Strategy (EES). The White Paper, by contrast, rather represented a flotation of potential policy options, many of which – such as the seemingly 'Euro-Keynesian' demand for investment in 'Trans-European networks' – were never properly pursued. This article analyses how DEELSA focused on the Jobs Study as one of its main activities to 'campaign on expertise' between 1994 and 2001 in the labour market field before turning towards newly emerging issues of active ageing policies (OECD 2001a: 34), arguably because the EU had by then accepted and 'taken over' many of the political claims of the Jobs Study in its EES.

In what follows the article first outlines the broader debate about welfare and labour market reform in the 1990s (section 2) and moves on to sketch various theories of political agenda-setting (section 3). In the fourth and fifth sections the perspective of 'organizational discourse' is put forward in order to explain how institutions such as the OECD create and disseminate ideas. The sixth section takes the Jobs Study as an example to illustrate organizational discourse, and the seventh section demonstrates how the OECD influenced EU welfare and labour market agendas throughout the 1990s. The concluding section poses the question concerning the extent to which 'campaigning on expertise' has been based on a division of labour between the OECD and the EU, and whether this division of labour in the management of policy-relevant knowledge will be sustainable in the future.

## 2. WELFARE AND LABOUR MARKET POLICY DEBATES IN THE 1990s

In the 1990s, policies of unemployment compensation and of social protection in EU member states were transformed on a number of levels. First, preparation for economic and monetary union (EMU) separated macroeconomic policy-making from the agenda of employment policy. High levels of unemployment were no longer interpreted as being triggered by low growth rates owing to insufficient demand. Subsequently, Keynesian macroeconomic stimulation and explicitly redistributive policies were dropped from the agenda (Fine 1998: 36–51). Instead, liberal labour market theorists explained unemployment as a structural issue arising from over-regulation of the wage labour relationship and over-generous wage replacement payments; in particular, the long-term

unemployed were seen as far too removed from the labour market to exercise effective restraint on 'wage drift' of the employed (cf. Layard 1999). Therefore, the focus on 'sound' macroeconomic policies had to be combined with micro-level intervention on the supply-side of the labour market, and employment policy turned subsequently towards an eclectic range of policy instruments held to 'activate' the unemployed (Armingeon 2002; Clift 2002: 497; Shaw 2003).

Second, the functional separation between wage replacement payments, on the one hand, and other social protection policies aimed at groups without recent labour market contact, on the other, was eroded in political discourses and, to a varying degree, in practical policy-making (Clasen 2000; Kvist 2000). In most EU member states, unemployment and other forms of 'worklessness' became framed as belonging to the same policy-making problem and policies of 'activation', 'welfare reform', 'welfare-to-work' or even 'workfare' were placed on the agenda in order to address the issue.<sup>2</sup> What these policies share is their concern to connect reforms of unemployment compensation and social assistance with broader labour market policy objectives in order to increase labour supply as well as numerical employment levels.

Third, the introduction of a new employment chapter in the Amsterdam Treaty in 1997 opened the agenda for employment policy-making at the Community level. The new Treaty articles were based on earlier EU policy deliberations such as the 1993 White Paper and the member states' commitment in the 'Essen process' (1994) to co-operate in key areas regarding employment. Since 1998, the EES (or 'Luxembourg process') has been based on the 'open method of co-ordination' and the annual 'benchmarking' of member states' employment policies through 'National Action Plans'. The Council's current policy states that this new mode of governance should result in the development of shared policy beliefs over time (Council 2000). The EES resulted in the creation of new institutions at the EU level such as the Employment Committee and the Social Protection Committee, and new expert networks and internet-based data compilations were set up in order to monitor national policies (Mosher and Trubek 2003).<sup>3</sup> Thus, new supranational discourses aimed at and addressing member states' systems of unemployment compensation and social protection became rapidly institutionalized (Goetschy 2003).

Such a rising degree of EU involvement in member states' welfare and labour market policies depends crucially on the development of a shared set of policy-relevant expertise at the community level. In principle, such shared expertise could have been developed through deliberation between EU member states about their respective national policies. Alternatively, however, expertise could also be *procured* from another organization in the same field in order to provide a joint point of departure for their own efforts at a later time. In the mid- to late 1990s, the OECD happened to be uniquely placed to provide such a set of well-developed welfare and labour market policies to EU policy-

makers in areas in which the EU had not previously held well-developed track records.

### 3. THE POLITICS OF AGENDA-SETTING

It is certainly difficult to explain shifts in policy-making exclusively by the agenda-setting efforts of single institutions. In practical terms, elite discourses and policy deliberations cannot be separated from each other along formal organizational lines or levels of policy-making. This is because of the high degree of interaction and interdependency between national bureaucracies and their supranational and international counterparts. Both supranational and international organizations (including intergovernmental organizations such as the OECD) are frequently engaged in long-term agenda-setting efforts and advance planning exercises. In fact, national bureaucracies, working under the constant pressure of established clients and in areas with clearly observable distributive outcomes, might prefer to transfer their more troublesome business to them. However, international organizations pursue simultaneously their own institutional interests; they need to mark out a place for their own agency in order to secure a leadership position in certain policy fields relevant to the organization's sustainability. This process represents an ongoing challenge and demands constant adaptation. For example, recent debates highlighted the danger of duplication of efforts and unwanted competition between international bodies and stressed their position as 'convener' and as a focal point of international knowledge management (Witte *et al.* 2001).

In fact, it is this highly political role of international knowledge management and its function for agenda-setting which is not yet sufficiently analysed. The theoretical perspective of organizational discourse (see section 4 below) can help to explain more convincingly agenda-setting mechanisms in newly emerging fields such as EU employment and social protection policy. Moreover, this perspective improves the explanatory power of existing accounts of the policy process and bridges the gap in the literature between various institutionalist accounts and parallel debates on agenda-setting.

To begin with, institutionalist authors place strong emphasis on the self-interest of organizations to grow over time and 'to develop more formalized rule systems covering more and more of the possible situations they are likely to encounter' (Downs 1967: 18). However, rather than merely being interested in growth for growth's sake, organizations are also engaged in 'bureau-shaping' strategies in order to secure the control of policy areas, which fit in well with their 'ideal bureau form' (Dunleavy 1991: 202–5). The strategic interaction between organizations is therefore shaped by attempts to secure discursive control over certain areas of expertise, and this means in practical terms competing against discourses of other organizations in the same field. According to Elkin, 'the purposes institutions create are expressed in their practices' (Elkin, quoted in Wildavsky 1987: 17); and Wildavsky observed that institutional

preferences exist inside of organizations only to the extent to which they are shared through social validation procedures (Wildavsky 1987: 9).

Such interaction between institutions and discursive power is indeed one frequently noted feature of the EU policy-making process, in which all agenda-setting efforts must be sustained for extended periods of time in order to attract supporters and legitimacy for a cause (Zito 2001: 587). It should be noted that such long-term strategies provide advantages for established organizations as opposed to more *ad hoc* coalition-building efforts. In order to study the agenda-setting process at both the European and national level, the focus should therefore be placed on the discursive interaction patterns between the most important organizations in a given field of policy-making.

In the case of European welfare and labour market policy, the set of important organizations for the analysis of agenda-setting patterns includes the OECD, the relevant EU Committees and national advisory bodies and research institutions as well as the most prominent individual researchers. The focus should be placed on discursive interaction patterns between different organizations over the control of shared 'policy frames' (Schön and Rein 1994).<sup>4</sup> The next section describes this process as the competition between different organizational discourses.

#### 4. THE ORGANIZATIONAL DISCOURSE PERSPECTIVE

According to Grant, organizational discourse describes the language and symbolic media used by organizations and the people who manage and work in them (2001: 8). More specifically, organizational discourse can be perceived as 'mode of thinking' (van Dijk, quoted in Grant *et al.* 2001: 7), and Fairclough argues that the power to control discourse is 'the power to sustain particular discursive practices with particular ideological investments in dominance over other alternative (including oppositional) practices' (Fairclough 1995: 2). The multidisciplinary nature of organizational discourse studies includes a broad range of analytical devices such as modes of linguistic inquiry as well as the study of formal organizations (broadly conceived) inside of which discourse is created and disseminated, i.e. it aims to bridge the gap between the analysis of discourse and the underlying material structure of ideas.

The analysis of public policy from an organizational discourse perspective requires observers to search for 'first mover' situations in order to trace back the histories of currently hegemonic policies: we may ask, in which particular institutional settings were new policy-relevant ideas and cognitive frameworks first developed; and how did they subsequently acquire their hegemonic status inside of the relevant policy-making networks? Inquiries into organizational discourse should therefore focus on an organization's internal value system, which is in turn shaped by underlying cognitive frameworks of a vague and long-standing nature. Organizational discourse – observed from this perspective – is neither scientific discourse nor should it be directly compared with epistemic communities. In fact, organizational discourse is not necessarily

very discursive. Rather, it is based on the power of discursive closure. Organizations create their own knowledge based on strategically selected issues and aim to disseminate resulting expertise in communication with an organization's policy-making environment.

In order to develop discursive power, agents of successful organizations will tend to represent their organization's point of view repeatedly and in a broad variety of contexts while convincing other institutions to adapt to them incrementally. As a general rule, therefore, organizational discourse – i.e. claims encapsulating long-term political projects as defined by the organization in question – is not changed every other year, and agents will use the power of discursive repetition in order to influence policy-making in a lasting manner. From this perspective, long-term policy change can be analysed as the *mutual adaptation* of organizational discourse. At certain times, organizations expand in order to cover new fields of policy-making. At other times, they will defend their authority of expertise against challenges from competitors.

From the analyst's viewpoint, the offensive or defensive position of an organization's institutional discourse in agenda-setting efforts and subsequent policy-making can only be observed over longer periods of time. Such analysis must also take into account that organizational boundaries are not fixed. In some cases, institutional co-operation in networks is well established and the agenda-setting function of an organization – its specific 'niche' – is fully acknowledged as part of a long-standing division of labour in policy-making. Yet, any organization's comparative advantage in broader policy networks depends at the same time on the ability to sustain its authoritative voice in specific areas of expertise.

In most cases, organizations with knowledge-managing functions can be separated to a certain degree from policy-making bodies such as national ministries. The management of knowledge demands a higher degree of specialization and the recruitment and training of expert personnel over longer time-frames. Because of their long-term planning capability, supranational organizations can often secure a degree of informational advantage in comparison to other parts of a policy network. In national ministries, on the other hand, such long-term policy entrepreneurship is more difficult to sustain owing to the pressure and demands put forward by interest groups and clients. Thus, national ministries frequently depend for their informed response to newly emerging problems on the advice of more specialized international bodies.<sup>5</sup>

The next section demonstrates the analytical usefulness of the organizational discourse perspective by using the OECD's DEELSA as a case study. It is argued here that DEELSA (and other OECD Directorates) frequently acted as 'first movers' and prepared the ground for subsequent EU policy deliberations. This process provides an example of the mutual adaptation of organizational discourse over time. The argument proceeds by first outlining some peculiarities of the OECD and second by analysing the development of its organizational discourse with regard to the case of labour market policies and welfare reform.



## 5. THE ORGANIZATIONAL DISCOURSE OF THE OECD

The OECD has features of an international civil service, a think-tank and a shared state apparatus, and is based on the broad representation of advanced industrialized countries from all three regional trade blocs. Its internal structure is intergovernmental, with a ministerial council as the most important formal decision-making organ and permanent national representatives working on policy proposals alongside the organization's professional staff, who number 2,000. The organization is structured along directorial lines with 700 research personnel, most of them economists as well as lawyers, scientists and regulatory experts. This official structure of Directorates and Directorate-guided Committees and Working Parties exists alongside informal networks of so-called *ad hoc* groups, many of them of a long-standing nature with their own bureau and elected chair.<sup>6</sup> However, the OECD holds no budgetary powers or power of sanctions in contrast to the EU. Its authority depends therefore solely on the quality of its advice and expertise as perceived by its member states.

The OECD's control of specialist regulatory knowledge frequently helps the organization to gain comparative advantage in newly emerging fields of policy-making, such as the regulation of private health care and private pensions and the restructuring and privatization of state assets. Its organizational culture attracts over-representation of Anglo-American personnel with regard to both nationality and professional qualifications earned.<sup>7</sup> The OECD's Directorates and their research capacity provide for the international element of the organization, while the Committees and *ad hoc* groups provide for the intergovernmental co-ordination of national expertise through delegates from national ministries. The Committees meet at regular intervals on the OECD ministerial level, and agreed policy documents often have an observable long-term impact on national policy-making.

### OECD: from confrontation exercise to benchmarking

The OECD was founded in 1961 to help member states to compare and co-ordinate national economic policies. This process was termed the 'confrontation exercise' in the organization's early literature (OECD 1969: 8; Archer 1994: ch. 3) and can be understood as an intellectual predecessor to the current benchmarking fashion in EU policy-making. In both cases, working procedures are held to facilitate mutual adaptation of policy-makers' assumptions and a certain degree of subsequent policy convergence. The OECD's routinized policy style and the emphasis on the regular provision of a broad range of country surveys, economic sector studies and policy statements all add to the organization's authority – based in turn on assumptions of impartial and disinterested advisory work. The organization aims to depoliticize issues of economic and social policy-making into questions of 'pure' expertise to be dealt with from the position of 'best practice' and without too much institutionalized interference from interest groups. This includes the isolation

of early stages of OECD policy deliberation in order to guarantee that no veto powers are exercised.

The OECD's organizational beliefs since the mid-1970s have been informed by neo-liberal rather than Keynesian economics – which makes the organization one of the first advocates of supply-side labour market reform (cf. Keohane 1978). The organization argues that market signals and rational actor assumptions provide for convincing policy analysis in all fields and that state agency should be checked by market forces whenever possible. Thus, 'specific knowledge' with regard to particular political problems and 'general knowledge' with regard to the overarching framework of market efficiency assumptions interact with each other – the latter being always in a dominant position – and influence subsequent OECD policy advice.<sup>8</sup> Consequently, the OECD analyses its member states' institutional settings and capabilities primarily in order to develop detailed reform agendas for more market-based incentive regimes. For example, the OECD was the only institution that undertook long-term comparative research on its member states' public employment services and social assistance provisions throughout the 1990s and published detailed material about working procedures and organizational behaviour.<sup>9</sup> The debate about the future function of the public employment service and its modernization was thereby moved from the national to the international level and the OECD proved subsequently keen to link its evaluative work (constructing a new body of knowledge on employment services) with the emerging 'welfare-to-work' agenda.

It is important to note that the OECD's organizational discourse emerges in a broad variety of venues and according to rather different sets of rules depending on the level of policy-making. First, OECD working groups develop new statistical and technical indicators in order to facilitate subsequent benchmarking exercises. Second, the benchmarking of new fields of policy-making enables the OECD to extend its organizational discourse and helps to provide long-term reference frames for national policy-makers. Finally, at the level of Committees and Ministerial Council meetings, such frames of reference are made public and gain an explicitly political character: technical knowledge has been translated into the language of political demands.

These complementary processes are nevertheless aimed at rather different audiences. At the level of working groups, methodological debates about the development of criteria for OECD benchmarking exercises facilitate the emergence of epistemic communities. However, at the politically more visible Committee level and in its publications intended for general distribution, the OECD chooses to adopt a popular and non-confrontational style. As one observer has pointed out, OECD reports 'allow a multiplicity of interpretations, so that almost everybody can find an interpretation with which he or she would agree' (Malinvaud in OECD 2000b: 53). The authority of the OECD's 'voice' is therefore based on the choice of certain analytically suitable variables for benchmarking exercises, while others (not adaptable to purely quantitative inquiry) are excluded. Subsequent results of analytical work are then presented

in a highly stylized manner as established facts that should be accepted by policy-makers as the best available knowledge. This process of pursuing discourses over time in order to make them into the common currency of policy-making is discussed in the next section which examines the case of the OECD Jobs Study.

## 6. ORGANIZATIONAL DISCOURSE: THE CASE OF THE OECD JOBS STUDY

The OECD Jobs Study provides a useful example to explain the development of organizational discourse over time. The function of the Jobs Study has been to provide a long-term platform for the OECD's work with regard to welfare and labour market policies. Most OECD documents between 1994 and 2001 take the study's assumptions as a reference point and repeat its findings and conclusions. The study is organized around a list of ten demands in favour of liberal welfare and labour market reform and is put forward in a short pamphlet (1994a). Two volumes of supporting 'evidence and explanations' provide the authority of the discipline of academic economics without being much referred to in the more influential pamphlet (OECD 1994b, 1994c). Some of the demands are fairly general in scope and include the commitment to macro-economic stability, the fostering of an entrepreneurial climate, diffusion of technology, and improvement in education and training.<sup>10</sup>

However, most of the demands (six out of ten) relate directly to labour market policies. The focus is on flexible working times, a shift of wage bargaining away from the sectoral to the local or plant level, and on limiting the scope and duration of unemployment insurance and other benefits. Overall, the study's discourse is 'open-ended' in the sense that there is no clearly defined starting point and final destination for its flexible labour market approach. The OECD's agency in this knowledge-managing process works in two directions: first, particular national welfare and labour market policies are selected by the organization for further study provided they fit into the OECD's own framework of liberal beliefs; second, such policies are studied primarily in order to identify certain practices – i.e. 'policy variables' such as institutions and incentive structures – that could be transferred from one OECD country to others. Thus, the OECD conducts policy selection, subsequent development and, if successful, policy transfers amongst its membership.

In practical terms, the OECD's agenda-setting effort requires the organization to wait for the emergence of national 'policy windows' (Kingdon 1984) to put forward its policy proposals to governments. However, the OECD can increase its chance of doing so successfully if a well-developed supply-side of 'policies in the waiting' already exists and is maintained over time (Marcussen 2001). If certain policy proposals start to gain influence in debates with governments, the OECD pursues them further in order to increase their impact. If other ideas fail to gain credibility, they are quietly dropped after a

while. In the case of the Jobs Study, for example, the OECD organized its work as a permanent campaign effort; much of the work of 'translating' the Jobs Study into detailed policy recommendations was undertaken by DEELSA and other Directorates. The organization's researchers pursued a number of interrelated and overlapping reform proposals concerning labour market regulations, unemployment compensation and the tax-benefit system.

The unifying feature of these themes is the claim that financial disincentives in existing systems of unemployment compensation and other benefits would encourage the unemployed to be too selective in their job search efforts. The main demand of DEELSA's work throughout the 1990s was therefore that national governments should cut the duration and size of unemployment compensation in combination with a commitment to pursue active labour market policies (ALMPs) only in those cases in which they are clearly linked with market-driven employment outcomes. Other types of ALMPs such as state-sponsored protected labour markets for the difficult to place were strictly opposed. Instead, DEELSA supported a shift away from wage replacement benefits towards 'in-work' benefits but argued for a 'slim' version of such policies to be financed primarily from 'passive' benefit savings within the same client group rather than tax-based redistribution (OECD 1994c: 275–6).

The OECD-guided programme for welfare and labour market reform in its member states covers the following policy dimensions: (1) the functional integration of employment services with other benefit providing agencies in order to create a 'joint agency type' that integrates job brokering and benefit provisions (OECD 1997a: 6–7; 2000a); (2) the shift away from wage replacement and benefit provisions for the unemployed in favour of 'in-work' benefits and tax credits for low-paid workers (OECD 1995, 1997a); (3) the redesigning of existing active labour market policies in member countries in order to evaluate them more critically for effectiveness (OECD 1997b; 2000b: 133–46); (4) the introduction of competition between national employment services and private providers of job-brokering functions (OECD 2001b); (5) the introduction of new institutional practices and techniques to supervise the unemployed and other groups in the benefit system more effectively (OECD 2000a).

These different dimensions of welfare and labour market reform mutually support each other. Small-scale 'technical' changes, as suggested by the OECD, often initiate significant political changes within national labour market policies at a later time. A good example is the OECD's extensive fieldwork to compare the interaction between OECD member states' public employment services and the unemployed with regard to the supervision of job-seeking behaviour (as already referred to in section 5). The OECD selected the technique of 'profiling' (the process of making statistical predictions about the likelihood of newly unemployed people to face the risk of long-term unemployment, as used by the United States Employment Service) and studied the use of this technique in the US setting.

In the next step, the OECD decided to promote 'profiling' as a policy idea

and argued that its application in other OECD countries would be advisable, and should also be combined with the introduction of new conditionality regimes for clients' access to benefits. Thus, the 'profiling' technique gained a highly political meaning in the OECD discourse because employment services had to adapt new screening regimes in their dealings with the unemployed. Such changes, in turn, move institutional borderlines between unemployment insurance, job-brokering functions and certain ALMPs; they also affect the level of supervision of the behaviour of the unemployed in general. Thus, the OECD provides a variety of options for policy-makers to choose from at any given moment in the policy-making cycle.

In order to better explain the OECD's function in policy-making, the next section analyses four core features of the OECD's organizational discourse. These features are of broader theoretical interest because they are also present to various degrees in other national and international organizations with a long-term planning capability and involvement in agenda-setting efforts.

#### Four core features of the OECD's organizational discourse

At the most basic level, the first core feature of the OECD's discourse is the *invention and long-term maintenance of discursive validation procedures*. This includes the strategic choice about what should be considered a policy-making problem and the construction of relevant knowledge with regard to this problem. At a later stage, broader audiences are invited to share the results of such preliminary agenda-setting deliberations. For example, the government of Australia asked the OECD to study the outcome of its decision to open up formerly public job-brokering services to private providers through a competitive bidding system (OECD 2001b). The OECD used the opportunity of this study to select a number of common themes and catchwords (such as 'contestability' in the case of privatized Australian job brokering), which were then used in a variety of other policy-making contexts and started to 'travel' in the organization's literature from one issue to the next. Such themes, once established, are communicated and updated in regular OECD contacts with national policy-makers and in OECD-guided reports, meetings and dissemination conferences.

A second core feature of the OECD's discourse is the *invention of new claims to knowledge based on a particular interpretation of the authority of academic economics*. All OECD publications present policy recommendations as based on the organization's own scientific inquiry as well as the best available evidence within the discipline of academic economics. However, how exactly these two strands of expertise relate to each other is never made clear. The OECD tends to refer to academic research in economics in a loose manner but this research is not discussed in any detail. Rather, the research serves only to illustrate the OECD's political claims, and selective use of evidence takes the form of assertions about significant correlations between variables in economic modelling – even if the evidence would not be judged as acceptable within academic

economics.<sup>11</sup> Furthermore, the vast majority of OECD reports and conference proceedings are phrased in popular language and targeted at non-specialist audiences. This is the case because the intended audiences – national policy-making élites and special publics – demand easily adaptable discourses that they can apply for their own purposes in a broad variety of settings. Thus, OECD discourses aim to represent the scientific authority of the academic discipline of economics; but all findings are put forward in a non-technical and stylized manner that leaves them open to a broad variety of interpretations.<sup>12</sup> In other words, OECD policy advice always faces trade-offs between the provision of detailed policy recommendations and the parallel demand of remaining sufficiently general in scope in order to allow for application in a variety of national contexts.

The third and fourth interrelated core features of the OECD's discourse are the *networking or 'coupling' of different fields of policy-making* and the *parallel development of a shared interpretative framework about the common underlying features of various policy problems*. For example, OECD benchmarking exercises of national employment, education and health policies are all based on a shared terminology, similar methods of inquiry, and adopt a unified style of presentation. The OECD is thus in a position to suggest analytical indicators in new fields of inquiry that are in turn based on the OECD's own epistemic claims about how the inquiry should take place, i.e. the 'knowledge-creating chain' of expertise remains 'in-house' in many cases.

In summary, the OECD puts forward a homogeneous discourse in different fields of policy-making because a neoclassical belief in market equilibrium outcomes provides a unifying framework for all its activities. However, the four outlined core features of organizational discourse (as opposed to the particular policy-making beliefs of the OECD) exist to various degrees in all national and supranational organizations that are engaged in knowledge management as part of agenda-setting efforts. In the next section, this relationship is discussed by comparing OECD and EU labour market and employment discourses.

## 7. APPLYING THE ORGANIZATIONAL DISCOURSE PERSPECTIVE: COMPARING OECD AND EU EMPLOYMENT DISCOURSES

A comparative evaluation of OECD and EU documents with regard to employment between 1993 and 2003 demonstrates that close similarities exist between both discourses. The OECD frequently acts as a first mover with regard to the definition of policy problems, and these definitions are in many cases accepted as given in subsequent EU deliberations. More specifically, the ten demands put forward in the OECD Jobs Study and the 'four pillars' of the EES from 1998 onwards – the latter recently relaunched and expanded – share many core features (Casey 2002; CEC 2003). For instance, the first EES pillar on 'employability' demands 'real incentives for the unemployed to seek and take up work', which encourages EU member countries to restructure

their benefit systems as a means of providing stricter conditionality regimes. Furthermore, OECD and EU documents share a strong emphasis on the reduction of taxes on labour in general and on non-wage labour costs in particular. Both demand tax cuts in favour of small and medium-sized enterprises.

This is consistent with the second EES pillar on entrepreneurship, supporting temporary work contracts and wage flexibility for newly hired workers. The third pillar on 'adaptability' (the EU's favourite term to describe labour market flexibility without using the term) highlights that the concept includes 'the organization of work, working patterns and contracts', which is close to the Jobs Study's demand for flexible wage bargaining at the regional or plant level. Only the fourth pillar on 'equal opportunity' in the labour market and the closing of the employment gender gap is not addressed explicitly in the Jobs Study. In summary, all the substantial demands of the Jobs Study with regard to labour market flexibility have been included in the four pillars of the EES.

Although the two discourses show significant overlap, they also diverge in other aspects. For example, in the second half of the 1990s the OECD experienced rising demand by national governments for advice on 'in-work benefits' to subsidize the income of low-wage workers. This issue had not featured prominently in the Jobs Study because the OECD framed it in the mid-1990s only as part of the broader tax-benefit system. From the OECD's earlier point of view, wage subsidies were a distortion of the 'natural' workings of the labour market. However, the rising popularity of various 'top-up' payments in member states with highly liberal labour market regimes, such as the US and Britain, resulted in the subsequent adaptation of the OECD's advisory work.

In the second half of the 1990s, the OECD began to put forward new advice on 'make work pay' policies, which subsequently became prominent OECD agenda items – especially because the need to finance such new policies could act to justify parallel cuts in other areas of social security. The EU, on the other hand, has been so far much more reluctant to use the EES to give direct advice on in-work benefits because fiscal issues are much more sensitive in the EU context, and the premium on broad policy frameworks rather than detailed policy advice remains characteristic for the EES.

At present, most of the remaining differences between the OECD and the EU with regard to welfare and labour market policies can be explained by the EU's lack of a single unified institutional discourse (as provided in the case of the OECD by neoclassical economic beliefs). EU policy-making continues to be based on compromise between various welfare and labour market regimes in Europe and, for the time being, includes a commitment to maintain 'social partnership' and 'competitive corporatism' in those member states in which the institutional preconditions for such policies exist. As a result, EU deliberations are based on interest group representation and pluralism rather than a single and closed organizational discourse.

Thus, all four key features of the organizational discourse perspective as

Table 1 Comparison of OECD and EU welfare and labour market discourses

	<i>OECD</i>	<i>EU</i>
Organizational discourse	Neoclassical economic beliefs (market equilibrium outcome)	No single organizational discourse
Dominant policy paradigms	Conceptualization of institutions as incentive regimes Improvement of institutional incentive regimes results in improvement of outcomes Benchmarking: application of neoclassical economic beliefs to all fields of policy-making	Modernization paradigm based on 'peer review' and 'best practice' dissemination Consultation of social partners and policy learning Benchmarking: creation of new policy discourses
Comparative advantage in expertise	'First mover' situation: selection of new policy problems and invention of new policy solutions Triangulation of all policy fields according to macroeconomic claims Specific micro-level comparisons at the level of the delivery of services Legitimacy based on the academic discipline of economics	Consensus building: adaptation of existing discourses for EU purposes Creation of new policy venues and subsequent institutionalization Creation of new policy communities at the expert level Legitimacy based on consultation of interests
Selected recent examples for welfare and employment policy initiatives	Labour market flexibility concept 'Make work pay' 'Contestability' of employment services between private and public providers	Gender mainstreaming 'Life cycle approach' Co-ordination of social protection and employment policies

Source: Ideal-type comparison based on OECD documents (1994–2001) and EU documents regarding the EES (1993–2003).

outlined above are less developed in the case of the EU as compared with the OECD. In particular, the first two key features (long-term maintenance of discursive validation procedures and invention of epistemic claims based on the authority of academic economics) are much less important in EU policy-making. This is due to the EU's use of windows of opportunity to expand into new areas of policy-making, which does not necessarily depend on the



development of its own expertise before such expansion occurs. Moreover, the absence of the institutional dominance of any single profession in EU bodies – in comparison with the dominance of economists in the case of the OECD – makes it more attractive to access existing knowledge from a broad variety of sources once the demand for such expertise becomes apparent.

In the case of the EES, for example, the very openness of the EU policy process demands a high degree of consensus and co-ordination in different policy venues as a precondition for the development of any meaningful discourse. Since EU policy expansion takes place in a multi-organizational environment, it needs to be based on the involvement of existing stakeholders in a given policy field in order to gain legitimacy. However, the openness of EU policy deliberations does not grant any institutionalized veto powers to the participants, which is in marked contrast to classical versions of neo-corporatism based on tripartite co-ordination. In fact, EES documents frequently refer to the primacy of economic policy objectives as outlined in the Broad Economic Policy Guidelines. Thus, many of the features of the EES appear over-determined by other EU policy deliberations in the field of economic policy-making – which are themselves not open for questioning – in spite of the apparent openness of the process itself.

Moving on to the third and fourth core features of the organizational discourse perspective (co-ordination between policy fields and subsequent development of shared interpretative frameworks with regard to their common underlying problems), it appears that they are applicable to both OECD and EU employment discourses. The interpretative framework of the EES contributes as much as the Jobs Study to the supply-side reform of welfare and labour market policies but it is not based on an explicitly neoclassical economic framework. Thus, the overall explanatory power of the organizational discourse perspective remains much more limited in the case of EU policy-making.

In fact, the case of the OECD is rather different in scope because the organization focuses primarily on the early stages of the policy-making process, leaving later stages to member states' officials. The OECD's personnel assumes the position of 'gate-keeper' in preparing political issues for decision-making in other venues at later times. The OECD's premium is on controlling the 'chain of expertise' – a discursive hierarchy that starts off with the power to define the nature of policy-making problems and then involves the selection of relevant knowledge and expertise in order to address the problem at hand.<sup>13</sup> Later on in the process, problem definitions are matched with solutions that are subsequently disseminated in the OECD's policy-making environment. Although the organization has no direct control over the adaptation or rejection of its proposals in other venues, it is usually able to maintain its dissemination efforts over longer periods. This increases its chances of gaining influence at some point. Moreover, the organization enjoys all the advantages of a 'knowledge-managing' institution that does not depend on the verification of its epistemic claims by outsiders.

In summary, the comparison of OECD and EU welfare and labour market discourses underlines that both organizations share many assumptions, but that their function in the agenda-setting process is rather different. In the case of the OECD, the comparative institutional advantage is in 'first mover' situations; this includes the creation of new discourses and of detailed policy proposals in the context of neoclassical economic beliefs. The EU frequently adapts OECD discourses at a later stage and engages in subsequent consensus building; but it does not base its deliberations on any single economic doctrine. The EU's open method of co-ordination, as adapted in the case of the EES, works therefore in two directions: it aggregates member states' experiences with national labour market reform and it selects certain policy proposals that represent emerging consensus. This article has argued that EU welfare and labour market reform, as well as parallel debates about changes in the form and function of public employment services, represent particularly clear cases in which OECD agenda-setting efforts proved to be highly influential. However, these cases should not be generalized and analysis of OECD influence on agenda-setting must deal separately with each field of public policy.

## 8. CONCLUSION

The analysis of the OECD's agenda-setting efforts with regard to welfare and labour market reforms between 1994 and 2001 poses the question of whether the OECD has been rather too successful in its 'campaign on expertise' for its own long-term organizational success. Most of its lines of inquiry and many of its political demands in the above-discussed cases have been 'taken over' by policy-makers at the EU level. The subsequent work of the OECD in the field slowed down considerably after 2001, which was evident in the decline in the publication of new material. The EES, on the other hand, became a more established site of policy-making.

For example, the Belgian EU Presidency in 2001 commissioned a new group of academic advisers to develop a system of indicators to measure and quantify the impact of future EU welfare and labour market policies – and these are fields of knowledge which would otherwise classically fall to the OECD. Such developments were not the continuation of earlier OECD deliberations but were based on new departures. The extent to which such policy initiatives have changed the fundamental logic of the EES as part of the liberal reform agenda in the EU remains a matter of judgement. However, it is safe to point out that the recent prominence of the 'life-cycle approach' in EU discourses – which derives originally from classical sociology – aims to pursue an integrated reform agenda for welfare systems and the labour market in a context which is not determined by neoclassical economic beliefs (Belgian Presidency 2001; Esping-Andersen *et al.* 2002).

In fact, the policy-making environment has become much more crowded at the level of international knowledge management and the 'campaign on expertise' takes place in many policy venues at the same time. This makes it

more difficult for the OECD to assume the position of opinion leader or even to define its comparative advantage as opposed to other international organizations. Many former comparative advantages, such as the unique planning capability and the strong resource base, which were needed to sustain long-term dissemination efforts for its own policy proposals, were eroded during the later 1990s when member states decided to cut the organization's budget by around 18 per cent in real terms (OECD 2002: 9). Owing to the shrinking resource base, the OECD as a political 'portfolio organization' must aim to select only those policy fields for its own initiatives that promise to offer the organization short-term legitimacy and broad public attention.

Moreover, the relative isolation of the OECD's organizational discourse from interest group representation might be useful in dealing with emerging policy problems at the 'ideational' level before they become politicized. However, these advantages for early agenda-setting efforts tend to become disadvantages as soon as interest groups start to be involved. This, arguably, limits the OECD's room for manoeuvre to assume leadership positions in newly emerging fields of policy-making in comparison to the Commission (Greenwood 2003: 46–50). In short, policy-makers will choose the 'right venue for the right purpose' and the OECD must prove that it adds value to policy deliberations in a way that the Commission could not.

In conclusion, the question of how much organizational space is left for the OECD in its competition with other international organizations can only be answered in the light of the organization's current and future policy entrepreneurship. Observers of public policy would be well advised to give the OECD more analytical attention in order to scrutinize how the organization attempts to engineer 'first mover' agenda-setting situations that could shape tomorrow's policies – or indeed fail to do so. What can be said is that a shrinking resource base puts additional pressure on the OECD to pick 'winning issues' and to campaign only in cases that appear to have been previously under-exploited by others.<sup>14</sup> In such a campaigning and knowledge-managing organization, expert personnel must be able and willing to switch fields and must turn swiftly from one issue to the next in order to stay at the forefront of public policy developments. Here, finally, one can find some poetic justice in the fact that the supporters of the flexible labour market approach must become more flexible themselves.

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## NOTES

- 1 In September 2002, DEELSA experienced a reorganization and lost its education section, which subsequently became an independent Directorate in its own right. Since the article focuses on the time-frame before reorganization, the abbreviation DEELSA is used throughout.
- 2 The connotation of the above terms is rather different depending on the policy-making context in which they are applied. The term 'activation' is closest to earlier notions of active labour market policy (ALMP) as used since the 1970s because it focuses on large sections or all groups of the unemployed, while the term 'workfare' stands for a restrictive approach towards the group of long-term benefit recipients. The origins of workfare can be traced to the Reagan administration's Community Work Experience Program (CWEP), passed by Congress in 1982, which allowed US states for the first time to require welfare recipients to work in order to qualify for benefits (Gottschalk 1998: 92). The idea featured prominently in subsequent World Bank documents (1990). The OECD has occasionally used the term 'workfare' while EU discourses refer exclusively to 'activation'.
- 3 For details, see the website of the European Employment Observatory at: <http://www.eu-employment-observatory.net/>
- 4 Schön and Rein (1994) describe the emergence of new 'policy frames' and their subsequent acceptance by policy-makers as resulting in policy change. This article argues that organizational discourse is a precondition for the development of such policy frames, i.e. an early stage in the process of supplying them.
- 5 National ministries develop expert personnel to monitor the existing national legislative and institutional heritage in order to receive advice on specific micro-level changes and adaptations. International organizations, in contrast, are more able to nurture 'specific intellectuals' for certain policy sectors. The first kind of expert will tend to explain why change is difficult for reasons of national path-dependency while the second kind of expert will argue that policy-learning from 'best practice' in other countries provides for better outcomes.
- 6 The *ad hoc* groups are 'not *ad hoc* at all except in name' (personal communication, OECD official, November 2001). Some of these groups deal with the development of statistical methods in order to improve the collection and comparability of data, while others deal with regulatory questions. They often work horizontally with a number of Directorates or are multi-year co-operative projects in their own right, with loose ties to the OECD.
- 7 The OECD does not provide statistical data about the educational and professional background of its personnel. A breakdown by nationality of the highest 'A grade' OECD rank shows that the United States and the United Kingdom with 133 and 90 'A grade' members of staff make up the largest constituency after the French (with 182) and before Canada, Germany, Japan and Italy with between 62 and 51 each (out of 858 on 15 May 2002, data provided by the OECD secretariat). However, these figures do not adequately represent the dominance of Anglo-American authors on the list of published OECD material throughout the 1990s.
- 8 A good example of the link between general and specific OECD discourses is the recent policy fashion of 'case management' in OECD countries concerning both health policy and employment policy. In both policy fields, individuals are considered as 'cases' that merit certain quantitative resource allocations according to specific average case costs (be it for hospital treatment or job placement efforts).

The OECD holds that case management will improve institutional incentive regimes, which are otherwise held to be based on *ad hoc* decision-making or rent-seeking professional discretion.

- 9 For details, see the list of OECD publications on the topic throughout the 1990s.
- 10 More recently, the OECD has added 'sustainability' as the eleventh point to its list of demands for labour market policy-making. This demonstrates that the OECD accommodates new discourses that emerge from outside in cases in which they complement existing OECD frameworks. The EU concept of 'gender mainstreaming', on the other hand, has been excluded from the OECD discourse, which demonstrates that the organization cannot see a comparative advantage for own activism in this field.
- 11 The epistemic vagueness of the OECD's position in its interaction with academic economics helps the organization to remain on friendly terms with the profession. In fact, the relationship works both ways and some academic economists exercise strong influence on the OECD discourse owing to their role as consultants to the organization. Layard, for example, questioned a number of core assumptions of the Jobs Study regarding job protection legislation and the relationship between taxation levels and employment outcomes (Layard 1999). However, he was generally supportive of other OECD claims about the need to cut down the duration and size of unemployment compensation in order to increase pressure on the unemployed to accept any kind of available employment. The OECD published Layard's comments and turned down some of the Jobs Study's earlier flexibility claims in the second half of the 1990s. This was an agreement to partially disagree for the sake of an additional authoritative 'voice' (cf. Fine 1998: 42–8).
- 12 For example, OECD publications on employment focus on representing policy consensus rather than controversy. This is particularly evident in OECD conference proceedings (cf. 2000b), which underline the OECD's discursive power. National policy-makers are invited to address OECD conferences and tend to use political terminology that was previously invented within the OECD itself. Thus, such conferences give the impression of a 'consensus line-up', i.e. the speakers are invited to restate dominant OECD discourses rather than pose new questions.
- 13 A DEELSA official remarked that outside expertise was invited by the organization to 'scope' work on newly emerging problems but that he personally 'would rarely allow consultants' papers to go to countries without commentaries' and that additional papers would be produced to summarize key points as judged from the OECD perspective (personal communication, February 2002). In effect, the organization's discourse is isolated from outside interests in a way that would not be possible in the EU context.
- 14 The recent OECD 'Programme for International Student Assessment' (PISA) – benchmarking member states' education systems – has emerged as a major new campaign issue of the OECD's Directorate for Education, and many parallels to the case of the Jobs Study can be observed.

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