

The Europeanisation of national social policies through the OMC: The case of Greek employment policy.

Paper for contribution at the ESPAnet Conference
Oxford, 9 – 11 September 2004

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Abstract

The Open Method of Coordination (OMC) has been recently at the heart of the academic discussion in the area of European Social Policy. While already proposed in the recommendation in 1992 on Modernizing Social Protection, this new procedure has first been applied to Employment policies with the Luxemburg Summit in 1997, and expanded to other social fields (social inclusion, pensions, health, education etc.) since the Lisbon Summit in 2000. It is to be an alternative “soft” policy instrument which, in contrast to “hard” law (legislation), has no binding effects and it does not create rights to the citizens or obligations for the member states. Based on the principles of subsidiarity and voluntary participation and on the co-ordination of national policies towards the achievement of targets defined on a European level, it consists of a process of mutual learning, benchmarking and best practice exchange. This paper addresses the following questions:

- *What are the basic elements of OMC as a “new” mode of governance and what are the structural reasons for its appearance in the EU policy process?*
- *What kind of influence may this new policy process have on welfare changes and reforms at the national level?*
- *How the concept of European Social Model is changing by the evolution of OMC as an alternative instrument of European social policy?*

In addressing the above questions the paper argues that the emergence of OMC in the EU social policy agenda is to be understood as a response to the challenge to restore constitutional equality between economic integration and social protection at the European level. The basic aim was to find a new compromise between economic and social policy orientation, between European economic integration and persisting different national welfare regimes. At the policy making level, existing research has emphasized its learning effects at the national level and shows that the influence of OMC nationally differ according to country and the welfare regime and depends on the distance between national situation and European requirements. As regards to the Greek case, empirical evidence from recent developments in Greek employment policy shows that OMC has had a strong influence at three levels: (a) on the national language-use and discourse, (b) on national legislation, and (c) on national policy making institutions and processes. At the European level, OMC reflects an attempt to combine the European orientation of social policy with national sovereignty. From this point of view, it rather leads to a “de-centralised” European Social Model, that will be able to connect different national socio-political environments towards commonly accepted objectives.

Introduction

Since 1997, employment policies, and since 2000, social protection policies have been formally included in European competencies under a new policy instrument called the “Open Method of Coordination”. The evolution of OMC in European Social Policy raises important questions concerning (a) the real causes of its appearance in the EU policy process; (b) its impact on national welfare changes and reforms and (c) its influence on the so called “European Social Model”. This paper starts with an examination of the evolution of OMC as a new mode of governance at the EU level. It argues that its appearance in the EU social policy agenda is to be understood as a response to the challenge to restore constitutional equality between economic integration and social protection at the European level. Then, in a second part, it turns

to an evaluation of the impact of the OMC at the national level. By reviewing the relevant literature it shows that the influence of OMC nationally differ according to country and the welfare regime and depends on the distance between national situation and European requirements. As regards to the Greek case, by using empirical evidence from recent developments in Greek employment policy shows that OMC has had a strong influence at three levels: (a) on the national language-use and discourse, (b) on national legislation, and (c) on national policy making institutions and processes. Finally, it makes some thoughts about the possible impact of OMC on the so called “European Social Model”. The argument is that OMC by influencing a decline of the normative idea of rigid harmonization, and a shift towards the more flexible convergence approach, it rather leads to a “de-centralised” European Social Model, that will be able to connect different national socio-political environments towards commonly accepted objectives.

1. OMC: Policy-making without legislating

1.1. The evolution of OMC in the EU policy making process

Although the concept of OMC is one, various applications have been applied in different fields of EU policy areas. The first type of “soft” coordination in the EU was in the economic field in cases like the European Monetary Union (EMU), the Stability and Growth Pact (SGP), and the Broad Economic Policy Guidelines¹. In the social policy field a precursor of OMC was the European Employment Strategy in 1997². However, a premature version of OMC can be found in the two Council Recommendations of 1992 - the first aiming at a convergence of social protection objectives and policies, and the second at a definition of sufficient resources in European social assistance systems - in a sense that they proposed a regular reporting on the steps taken in the member states, measured according to appropriate criteria agreed upon the member states (Council of the European Union, 1992a, 1992b). The Recommendations were followed by three Communications from the Commission in 1995, 1997 and 1999, calling for a more concerted strategy in social protection systems among member states, especially in the areas of employment, poverty, social exclusion, pensions and health (European Commission, 1995, 1997, 1999).

However, the turning point for the official introduction of OMC in the social policy field at the European level is the Lisbon Summit (Ferrera, Matsaganis and Sacchi, 2002). For achieving the overarching goal of becoming “*the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*” (European Council, 2000:2) the Member States agreed, in addition to the Classic Community Method of legislation, to act on an intergovernmental basis through the application of soft policy instruments respecting the subsidiarity principle. To this end, the “new” governance tool adopted was the Open Method of Coordination (OMC), already known from the Luxembourg process, as a soft instrument of policy coordination on a voluntary basis (Sakellariopoulos and Berghman (eds.) 2004:12). This new institutional arrangement was felt to be necessary for the development of policies in fields where:

¹ For more comprehensive analysis see: Sakellariopoulos and Brghman (eds.) 2004, and De la Porte, Pochet and Room, 2001.

² For more detailed analysis of EES see below section 3.2

- The area of work was closely connected with national identity or culture, eg. culture or education
- The instruments for implementing national policies were so diverse and complex that harmonization seemed disproportionate in relation to the objectives pursued, eg. employment, social exclusion
- There was no political will for EC legislation amongst the member states but there was a desire to make progress together (European Convention, The Secretariat, 2002:15).

In these areas the overall aim was, instead, to organize a European level process of acquiring knowledge, with a view to encouraging member states to exchange best practices and to learn from them, so as to improve their own national policies (European Council, 2000a:5). Open Method of Coordination was to provide an institutional framework for achieving greater convergence towards the main EU goals. It was to draw upon the methodologies that has been first applied to the European Monetary Union (EMU) and the European Employment Strategy (EES) and in addition to be extended to a number of other fields: information society, combating social exclusion, social protection, health, immigration policy, education etc. The institutional framework that was to govern these areas was to be marked by the following features:

- The fixing of Guidelines for the Union, combined with specific 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, organized as mutual learning processes (European Council, 2000).

In this process, the Commission is meant to play a coordinating role, by presenting proposals on the European guidelines, organizing the exchange of best practices, presenting proposals on potential indicators, and providing support to the processes of implementation and peer review. The Council and the Commission also intend that OMC should involve all the relevant stakeholders: the Union, the member states, the local and regional collectivities, as well as the social partners and the civil society. It is also meant to improve transparency and deepen democratic participation, one of the key objectives of the European Union, as indicated in the White Paper on European Governance (De la Porte, Pochet and Room, 2003:293).

1.2. Why OMC in European Social Policy?

Looking at the causes of the emergence of OMC in European social policy, we should look at the relationship between the economic and social dimension of European integration. For most of the European Union's history, the EU has concentrated on creating a single market (Trubeck and Mosher, 2001:5). The main mechanism of social policy formation at the European level during the "first period" of European economic integration – from early 1970s to the latter half of 1980s – has been the traditional method of "hard law" (eg. regulations, directives etc). This constituted a

slow process of agreements on minimum social standards subjugated in the logic of economic integration with often disputable effects (Sakellaropoulos and Berghman (eds.) 2004:?). The failure to enhance “Europeanization” in social policy is due to three reasons (Trubeck and Mosher, 2001). First, the Member States had always been reluctant to cede even limited competence to the Union for social policy (Streeck, 1995). Second, the inherent difficulty of framing common policies for social policy given the great diversity of national welfare states (Teague, 2001). Third, the nature of the problems that need to be solved if Europe is to adapt its social programs to new conditions. Many of these problems cross the traditional boundaries by which national political systems are organized and involve new configurations between ministries, among government levels, and between government and civil society. Since it is hard for the national governments to cope with such problems, it would be harder for the EU with its limited resources, distance from local government and circumscribed competencies (Sabel, 2000).

Compared with the first period, European economic integration has proceeded rapidly during the 1990s. European policies aimed at deepening European economic integration - eg. the implementation of the single market and the preparation of the single currency – have changed the economic context, which is now characterized by a unified monetary space. This means that the Member States have less autonomy to manage different aspects of their economies, and are therefore brought together to operate in a common economic regulatory framework (de la Porte and Pochet, 2003:11). Deregulation, increased competition, limitation of budgetary deficit and low inflation constitute the main elements associated with this new economic environment and correspond to a neo-classical economic vision, based on supply side economic policies promoting free competition and budgetary restriction (Palier, 2003:6). In parallel, the enlargement of the EU will bring in nation-states that differ considerably from the present EU Member States in terms of social protection arrangements and it is expected to bear on the incidence of social problems in Europe.

These developments in the economic and geo-political sphere have brought to the fore many questions about the future of social protection in Europe and given a renewed impetus to efforts to reform welfare states (Esping-Andersen et al., 2002). The period since 1997 has seen a renewed interest in advancing the social dimension of European integration, both in content and method (Begg and Berghman, 2002:180). Concerning the former, a new EU social policy discourse has developed calling for the need of ‘modernization’ of the ‘European Social Model’. Welfare systems must be made compatible with a competitive economy while not giving up the need for security and welfare among the citizens. By comparing the European competitiveness with that of the US and by stressing the ‘European Social Model’ as a productive factor (CEC, 1995, 1997, 1999, 2000), the Commission has attempted to establish a rationale for EU action in the social field. The argument is that Europe will not lose but gain competitiveness by investing in social protection, which, however, requires that the social welfare systems are made compatible with competitiveness. A new balance between flexibility and security must be struck and also a preventive approach be implemented. Most importantly, economic policy, labour market policy and social policy need to work together towards the same goal (Jacobsson, 2002:16).

Concerning the latter, from the mid-1990s onwards, various academic and political networks reflected on the need to conceive a new method to address the social

dimension of Europe. Among these different networks a consensus emerged on the fact that this method was to involve the agreement of non-binding common objectives, coupled with a surveillance procedure, to progressively establish a European level framework for analysis and action. The role of the European level was conceived as acting as an incitation for Member States to re-calibrate their welfare states (de la Porte and Pochet, 2003:12). The materialization of the reflection eventually resulted to the emergence of the ‘Open Method of Coordination’, first in the area of employment policy with the Luxemburg Summit (1997) and later in other social fields (social inclusion, pensions, health etc.) with the Lisbon Summit (2000). Given that, for long, national governments were reluctant to give any competence on social policies to the European level, this alternative governance paradigm is an attempt to articulate the European and the national levels on the basis of a new multi-level arrangement. As Palier (2003:12) underlines “*Member States governments agreed to create a new European competency, but in a new way, an intergovernmental one, where national Member States kept their capacity to implement the reforms they wanted/that fitted with their own welfare regime*”.

1.3. *The main characteristics of OMC and its implications for EU governance*

The OMC is frequently characterized as a “new mode of governance”. The determination “new” implies a contradistinction in relation to the “traditional” methods of governance in the EU. These are based on the use of “hard” law, that is decision making and adoption of measures with binding effects and imposition of sanctions, including regulations, directives and decisions (Sakellariopoulos and Berghman (eds.), 2004:85). It is argued that in an increasingly complex and multi level³ European Union, the “traditional” modes of governance are insufficient to adequately deal with this complexity. What is required are “new modes of governance” able to respond to the new challenges created by increased complexity (De la Porte and Pochet, 2004:71). In contrast to the “traditional” modes of governance, they are only marginally – if at all – based on legislation, but on rules and processes that do not have an obligatory character and do not involve legal sanctions in the case they are not implemented. The achievement of the sought objectives are based mainly⁴ on the moral and political commitment of voluntary actors participating in the process (Sakellariopoulos and Berghman (eds.), 2004:87). From this perspective, the OMC is characterized as being part of the body of “soft law” of the EU.

The discussion on “new governance” has been taken place in parallel to the debate on “good governance”, that is on the basic principles necessary for improving

³ In the literature on OMC, the dominant analytical approach is explicitly or implicitly situated in the multi-level government literature. According to Pierson and Leibfried (1995) the policy making in the EU is taking place in a multi-level system of governance, thus the focus of analysis should be on questions related with the role of individual constitutive parties of the system, the transformation of organized interest in policies and the role of participating institutions in the formation of policies

⁴ We use the word “mainly” because the aforementioned commitment is not based “only” on voluntary collaboration, since the role of the Council and the Commission is obvious and the process of follow-up put pressure on the member states to achieve the agreed common objectives

governance. The Commission's White Paper on Governance proposed five principles that strengthen governance⁵ (CEC, 2001:10):

- **Openness.** The Institutions together with the Member States “*should actively communicate about what the EU does and the decisions it takes*”
- **Participation.** “*...ensuring wide participation throughout the policy chain – from conception to implementation*”
- **Accountability.** “*Each of the EU institutions must explain and take responsibility for what it does in Europe*”
- **Effectiveness.** “*Policies must be effective and timely, delivering what is needed on the basis of clear objectives, an evaluation of the future impact and, where available, of past experience. Effectiveness also depends on implementing EU policies in a proportionate manner and on taking decisions at the most appropriate level*”
- **Coherence.** “*Policies and action must be coherent and easily understood*”

According to the Commission the application of these five principles strengthens greatly the principles of **proportionality** and **subsidiarity**.

There have been critiques by a number of scholars concerning the relevance of these principles for the OMC (Radaelli, 2003; de la Porte and Pochet, 2003; Sakellaropoulos and Berghman (eds.) 2004; Scharpf, 2001). According to Radaelli (2003:8), OMC in its ideal-typical form, is a new mode of governance due to its main features, such as participation, the approach to problem solving, the ways in which knowledge and learning are created and diffused across countries. From this point of view, it has considerable potential and it can deliver a better governance. De la Porte and Pochet (2003), reviewing the critiques concerning the operationalisation of the principles in the empirical OMsC, underline the following points:

- As to the “*openness*” and “*transparency*” dimensions, the accessibility of EU official documents on the Internet is not a sufficient and necessary condition for the fulfillment of these principles. What is needed is a greater involvement of the media at the national level, as well as the integration of certain aspects of European concern in political parties programmes at the national contexts
- Concerning the “*participation*” dimension, while in the White Paper emphasis is put on a universalistic conception of participation, such as citizens, people, the general public etc, in the empirical OMCs it is a functional conception of participation that is adopted (Magnette, 2001:3). That means that when it comes to concrete proposals, it is the participation of organized groups with particular interests that is proposed – social partners, NGOs etc. However, to truly enhance participation on EU policy making, the Commission proposes adopting a code of conduct on who, how, when and upon what to consult. In addition it put forward a framework for streamlining the economic and employment co-ordination processes to institutionally involve the EP, the national Parliaments and to improve consultation of social partners and civil society, as well as to increase the transparency and intelligibility of the policy co-ordination cycle and thereby its visibility and impact. However, the softer co-ordination processes, in social inclusion and pensions, are not included in this process.

⁵ Governance as it is presented on the Commission's White Paper on Governance is wide and concerns all decision-making and implementation processes – legislative and other, including “soft law” – within the EU, where there is involvement of the European level in some form.

- On the issue of “*accountability*”, the focus of the White Paper on clarifying the role of actors at the different parts of the policy chain has been criticized as being an attempt by the Commission to “*assert and reposition itself in the system of inter-institutional decision-making*”(Heritier, 2001:1).
- As to “*effectiveness*” and “*coherence*”, many critiques hold that in the White Paper, there is a bias towards these principles of governance at the expense of aspects of input legitimacy. In addition, a tension between effectiveness and openness is also identified as a point of tension within the OMC.

2. The impact of OMC on national social policies: the EES and the Greek employment policy

2.1. The OMC in the European Employment Strategy (EES)

The European Employment Strategy (EES) is considered the benchmark for the OMC for other areas in terms of its institutional set up and policy objectives, although it existed prior to the codification of the OMC (de la Porte and Pochet, 2003:3). It was initiated by the White Paper on “Growth, Competitiveness and Employment” (1993), made operational by the Essen procedure following the European Council in December 1994, formalized within the employment title of the Amsterdam Treaty (June 1997) and put into practice before the official implementation of the Treaty on the basis of the employment guidelines of the special Luxemburg Summit (November 1997). It mimics certain aspects of economic policy co-ordination, while it is also subordinated to this process, especially the Broad Economic Policy Guidelines (BERGs). Since the Stockholm Summit (2001), the BERGs has gained political significance for the Union in that it sets the overall policy framework for the Union, and not just the economic policy framework. Therefore, the definition of a social model for the EU is realized in the shadow of an economic and monetary model that continues to constitute the driving force of European integration (de la Porte and Pochet, 2003:10).

There are numerous accounts of how the EES functions as a process (de la Porte and Pochet, 2002; Jacobsson, 2001, 2002, 2003; Trubeck and Mosher, 2001; Goetschy, 1999, 2000). In these accounts, the process is described as being based on guidelines that provide a margin for adaptation at national level, but which also involve processes of benchmarking, multilateral surveillance and peer review. Member states are encouraged to transpose specific policy objectives in the Employment Guidelines to national-level programmes in ways which accord with their particular socio-economic circumstances. To illustrate their efforts, member states submit a National Action Plan (NAP). The Commission and the Labour and Social Affairs Council in turn synthesize the national reports and make an annual assessment of the progress of individual member states and the Union as a whole. Since 1999, the Commission has issued recommendations, to be endorsed by the Council, to the member states for corrective action. In this sight, the Labour and Social Affairs Council adapts the guidelines and decides on new initiatives at EU level. This process is repeated on an annual basis (de la Porte and Pochet, 2004:71-72).

Throughout its lifetime EES has to some extent evolved into an autonomous policy process. In quantitative terms, the over-arching employment policy objectives to be reached by 2010 are to obtain a 70% overall employment rate, 60% female

employment rate (Lisbon, March 2000), as well as a 50% employment rate for older workers over 55 years (Stockholm, March 2001). When the EES was first introduced in 1997 there were nine indicators, which increased over sixty six (40 key indicators and 26 context indicators) in 2004. The employment guidelines were initially structured in four pillars: employability, adaptability, entrepreneurship and equal opportunities. The four-pillar structure was revised at the Brussels Summit in June 2003 in order to mainstream the EES with the Lisbon Strategy, but also to respond to member states criticism of too much complexity and in some times a too high level of detail of the guidelines. The pillar structure was replaced by three objectives: achieving full employment by increasing the employment rate; raising quality and productivity at work; and promoting cohesion and inclusive labour markets (CEC, 2003). Moreover, it was agreed that the guidelines would normally be decided every three years, while NAP's were still to be delivered annually (Jacobsson, 2003:5).

Another novelty in the revision of EES was a synchronization between the Broad Economic Policy Guidelines (BEPGs) and the Employment Guidelines (EGs). The main idea was “to make the co-ordination cycle more transparent and intelligible and thereby strengthen its visibility and impact” as well as to “strengthen the role of the Spring European Council in giving direction to the overall EU strategy”. In its Communication on Streamlining⁶, the Commission proposes that this new policy cycle would be built on two blocks: (a) the ‘Implementation Package’ (every January) which will present the conclusions of its review of the implementation of EU policy guidance and will include the BERGs Implementation Report, the draft Joint Employment Report, the Internal Market Strategy Implementation Report and the ‘Spring Report, and (b) the ‘Guidelines Package’ (every April) which will define the Commission's proposals for further action in the relevant policy areas and composed of the BEPGs, the EGs and the Employment Recommendations. Subsequent to further consideration by the European Parliament and the competent Council formations, the June European Council will draw up conclusions. The relevant Council formations will adopt the BEPGs, the EGs and the Employment Recommendations, on the basis of which member states will draw up their NAPs or reports in the course of the second semester. It is argued that with the introduction of this procedure, the EES is becoming part of the ‘primary’ block of co-ordination processes around EMU (de la Porte and Pochet, 2003:11).

Moreover, at the request from Heads of State and Government at the Spring Council of 2003, the Commission established a European Employment Taskforce headed by Wim Kok, former Prime Minister of the Netherlands. The Taskforce identified priorities for action of general relevance for Member States and specific reforms needed. Its assessment and policy messages are shared by the Commission and the Council, they are fully consistent with the EES and have been closely integrated in the 2004 Joint Council and Commission Employment Report to the European Council (Council of the EU, 2004).

⁶ CEC (2002), Communication from the Commission on “Streamlining of the Annual Economic and Employment Policy Cycles”, COM (2002) 487.

2.2. EES and the national level

Many scholars on European Integration have recently shown a considerable interest in the growing impact of European processes at the national level, by studying and theorizing the notion of “Europeanization” (Radaelli, 2000; Borzel and Risse, 2000; Borzel 2003; Falkner, 2003; Bulmer and Radaelli, 2004). According to Bulmer and Radaelli “*Europeanisation consists of a process of a) construction, b) diffusion and c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and sub-national) discourse, political structures and public policies*” (Bulmer and Radaelli, 2004:4). Without ignoring that Member States are not merely passive takers of European demands, this “top down” literature has focused on the effect of the evolving European system of governance on the political institutions, policies and political processes of the Member States (Borzel, 2003). Most authors, having studied the national implementation of European policy measures ruled by hard laws (directives and regulations), agree that Europe matters in different countries in different ways. Exploring the notions of ‘goodness of fit’ and ‘misfit’ they try to understand how and when member states would implement these EU legally binding policy instruments.

However, the notions of ‘fit’ and ‘misfit’⁷ weaken when we refer to non-legally binding and voluntary mechanisms used by the EU, such as EES and OMC. These mechanisms operate in a different way than “top-down” governance, in a more cooperative and participative spirit and with the use of different tools. First, member states are not obliged to change their national legislation to comply with EU. Second, given that European inputs are, in that case, a set of guidelines, the measurement for domestic outcome is not limited to a change of legislation. Third, the EU cannot legally threaten or punish member states if they do not comply with non-legally binding European initiatives, such as the EES (Lopez-Santana, 2003:6). Therefore, one should not ask the same question as when analyzing the transposition of directives and should not be looking for an impact of the OMC and EES guidelines as there is an impact of a European directive on the national law (Palier, 2003:15). Does this mean that OMC and EES does not count for understanding national changes?

Most studies exploring the influence of EES on member states have emphasized its cognitive effects (Hemerijck and Visser, 2001; Trubek and Mosher, 2001, 2003; Jacobsson, 2001; Jacobsson and Schmid, 2003; Palier, 2003). The focus is on sharing policy experiences and practices, learning from them and adapting the European policies to national contexts (Jacobsson, 2001, 2002; Trubeck and Mosher, 2003). In this vision, Jacobsson (2002:15) underlines the role of what he calls ‘discursive regulatory mechanisms’ of EES in transforming the member states policies and practices. These include “*joint language use (key concepts and discourse); the working out of common classifications and common operationalisations (indicators); the building of a common knowledge base (including collection and standardization of statistics); the strategic use of comparisons and evaluations; the systematic editing*

⁷ The misfit literature measures outcomes as changes of national legislation. Thus, it looks at how national legislation fits (or does not fit) European legislation (in the form of regulations and directives).

and diffusion of knowledge and evaluation results, combined with social pressure (peer pressure) and time pressure”.

As regards to the intensity of change, de la Porte and Pochet (2003:15-16) in a recent book have proposed three scenarios:

- In the first scenario, OMC masks the absence of action in the social sphere. In this manner, Member States continue with social policy development down their own paths, without paying any real attention to the Community. OMC is no more than a source of justificatory discourse, without the real social issues actually being addressed. Although improved internal coordination within the government ministries and departments concerned appears to be a common trend, doubts can be raised about the significance of such changes. The overall effect is limited.
- In the second, the OMC seeks to limit divergence, or even bring about a degree of convergence in some cases by providing a common umbrella that would allow each country to modernize its social policy while avoiding individualistic approaches conducive to social dubbing (Ferrera et al. 2000; Scharpf, 2001).
- According to the third scenario, the OMC could be conducive to policy convergence. In a first scenario of policy convergence, the convergence is assessed through the degree of implementation of OMC itself. For the area of employment, for instance, consistent application of the Luxembourg process might lead to a convergence of Member States employment policies, not dictated by Brussels but based on growing consensus on effective solutions through a process of trial and error (Biagi, 2000:159). In this view, OMC might be considered to have much more important and real impact on national systems than through the classical regulatory mechanism, through directives. In a second scenario of policy convergence, convergence through OMC is considered as a prerequisite to being able to adopt legislative measures. It is conceived as a transitional mechanism, which eventually lead back to the classical regulatory mechanisms (Jacobsson, 2001; Goetschy, 2000).

In an attempt to clarify which of the above scenario(s) seem to correspond most adequately to the reality in the area of employment, this book reaches to the conclusion that the effect of EES nationally differ according to country and the welfare regime and depends on the distance between national situation and European requirements. In this manner, it is argued that all theoretical attempts to explain the effects of the processes underway in a single framework would be inadequate (de la Porte and Pochet, 2003:17).

3.3. The impact of EES on the Greek employment policy

In this section there will be an attempt to clarify which of the above scenario(s) seem to correspond to the Greek case. The analysis of the impact of EES on Greek employment policy will be based on the Commissions documents, the Greek NAPs and the Greek national report on the Impact Evaluation of the EES⁸. Three levels of

⁸ However, it is acknowledged the non-objectivity of these sources. As de la Porte and Pochet (2002:14) have argued: *one of the key problems in analyzing the effect of OMC on national social policy is the non-objectivity of the main sources of information, that is the Commission documents and the Member States Action Plans. Concerning the former, the Guidelines themselves and the periodic evaluations of the implementation of the National Action Plans (NAPs) are influenced by the policy orientations of the Commission, especially when referring to nationally sensitive issues. Concerning*

impact are identified: (a) the impact on the national language-use and discourse, (b) the impact on national legislation, and (c) the impact national policy making institutions and processes.

3.3.1. *Creating a common language use – Eurodiscourse*

Joint EU action, especially in a field where EU lacks supranational legislative capacity, presupposes to a certain extent agreement on common problem definitions. If there is a common framework for understanding and describing the problems, policy prescriptions can more easily be delivered (Jacobsson, 2002:15). The Luxembourg Summit (1997) which led the ground for EES, raised the profile of European employment policy and defined common priorities which in much came to be accepted among the member states. By declaring unemployment a common challenge, by recognizing the need to increase employment rates, and by adopting a common strategy based on an integrated approach involving various supply oriented policies, it put European employment policy on a more ambitious footing. In this vision, an EU policy discourse on employment has developed, built on the key concepts employability, adaptability, flexibility, activation, life-long learning and entrepreneurship. These key concepts provide the structure of the national action plans which are work out annually by the member states, thus providing a scheme for policy thinking nationally (Jacobsson, 2002:16).

The Greek National Evaluation Report acknowledges that the lunch of Luxemburg process “*changed radically the framework for employment policy and implementation in Greece*” (Ministry of Labour and Social Security, 2002:6). EES raised the awareness about the importance of employment policy at the national level and put the fight against unemployment at the top of national policy agenda. This political commitment to the “common framework” was confirmed by setting targets for increasing employment rates, reducing unemployment and increasing ALMPs expenditure – funding for ALMPs and infrastructure for these policies rised from an annual average of 80,6 million Euro in 1994-96 to an average of 184,1 million Euro in 1997-01 (Ministry of Labour and Social Security, 2002:7). Under the influence of the “new language use” established at the European level, existing practices have been re-classified according to the common scheme, for instance, the ESF projects have to fall under the four pillars: employability, entrepreneurship, adaptability and equal opportunities. As the National Evaluation Report indicates “*the reshape of the Operational Programme of Continuous Training and Promotion of Employment 1994-99, was made under the influence of the Employment Guidelines*” (2002:7). EES language, for instance the concept of employability, is increasingly used in the national labour market policy discourse.

As Jacobsson (2002:17) argues: “*language use is important because it functions as to the steer thought and focus attention, i.e. to frame conceptions of reality. The establishment of common language use and interpretative framework is an achievement at the level of policy thinking*”.

the latter, since the Member States tend to recycle their national programmes in the view of European policies and to emphasize what is in concorade with European priorities and to minimize or camouflage the differences, the NAPs are far from being fully representative.

3.3.2. Change of legislation in response to the Guidelines

Under the influence of EES and the Employment Guidelines, changes have been introduced gradually, since 1997, and seems to have picked up after 2000. Policy issues that have been debated since the early 1990s as a consequence of the White Paper become part of the employment policy legislation.

The influence of Employment Guidelines concerning prevention and activation policies for the unemployed can be traced in the continuous efforts to move from passive to active policies through mainly subsidized employment, and training and the reform of PES. The reshape of the “Operational Programme of Continuous Training and Promotion of Employment 1994-1999” in 1997 was made under the influence of the Employment Guidelines. Funding for ALMPs and infrastructure for these policies risen from an annual average of 80,6 million Euro in 1994-96 to an average of 184,1 million Euro in 1997-2001 (Ministry of Labour and Social Security, 2002:7). The PES (OAED) reform was first decided in 1998 (Law 2639/98), continued with the adoption of Laws 2956/2001 and 3144/2003 but full implementation of the system is expected in the period 2004-2005. (Ministry of Labour and Social Security, 2003).

The influence of Employment Guidelines concerning the promotion of adaptability and mobility in the labour market has been reflected to the introduction of Laws 2639/98, 2874/2000, 2956/01 and 3174/03. These laws provide for: (a) the regulation of working time on annual basis, (b) conditions of exemption from collective labour contracts, (c) the promotion of part-time employment and reduction of overtime, (d) the introduction of informal types of employment, (e) the reduction of the working week from 48 to 43 hours, with option to overtime employment, (f) rationalization of rules governing dismissal (g) increase in pay of part-time wage-earners by 7,5%, provided they are on the minimum wage and working fewer than 4 hours per day and (h) the introduction of part-time employment into the public sector to offer social services (25.000 new jobs).

As regards to the Entrepreneurship and Job Creation Guidelines, a new policy mix developed in 2001 which includes administrative simplification for setting up enterprises, tax reductions for enterprises and the provision of new legislation and financial resources for venture capital, risk investments and new economy enterprises (Ministry of Labour and Social Security, 2002:8).

Under the influence of annual recommendations in 2001 concerning the tax and benefit reforms, new steps in that direction were taken with the adoption of tax cuts up to 50% of social security contributions for new hire (Law 2753/99), the income subsidy to those low paid with the national minimum wage (Law 2837/2000), and the reduction of social security contributions from 13,3% to 11,3% for the low paid (Law 2874/2000).

The influence of the Gender equality Guideline in the context of the Lisbon targets of increasing women labour force participation in the Greek labour market along with recurring recommendations to minimize disincentives for women labour market participation, have caused after 2000 a global attempt to reshape employment policy with regard to the gender gap. This led to the introduction of new policy initiatives such as the Interministry Commission for Equality Promotion, the National Action

Plan for Equality (2001-06), measures taken for reconciling work and family life (Law 2880/01) and the introduction of 25.000 part-time jobs in the public sector (Law 3174/03).

Finally, the current legislation concerning the legitimization of the status of migrant workers (Law 2190/01), the modernization and computerization of the IKA Fund and the upgrading of the Association of Labour Inspectors (SEPE) with new stuff and equipment, has made major inroads towards combating undeclared work in compliance with the Undeclared work Guideline.

3.3.3. Changes in policy making institutions and processes

The integrated employment policy approach embedded in the Employment Guidelines has forced the Greek government to strengthen the coherence of its policy and the involvement of other actors in addition to central government who were necessary for the implementation. As regards to the coordination aspect, the government recognized the need to develop policy units that may bear the task to design and coordinate employment policy in the context of EES. To this end the preparation of the NAPs is supervised by a working party of experts at the Ministry of Employment and Social Protection, with input from all other Ministries with responsibilities in the field, as well as of other agencies and organizations (on both the central and regional level) (Ministry of Labour and Social Security, 2003:2). In addition, with the Law 2874/2000 a Council of Experts on Employment and Social Security has been created, as well as a Coordination service for the monitoring of the ESF. Progress has been made in the maturing of partnerships relations and the development of systematic and beneficial social dialogue with the coming into operation of the National Employment Commission (Law 3144/2003), despite the lack of national tradition in this area. The interplay between regional and local authorities and the central level has also been strengthened since they are represented in the National Employment Commission and thus taking an active part in the planning and implementation of the NAPs. The adoption of their request to participate in programmes of new jobs (a new priority in the NAPEmpl 2003) will strengthen their role and will reinforce this new decentralized form of governance (Ministry of Labour and Social Security, 2003:32), although further efforts should be made to involve them more intensely in the planning and assessment of activities (Council of the EU, 2004:70).

From the above analysis it becomes clear that EES has had a strong influence on the Greek employment policy. Its impact has taken different forms that include changes in the “language-use”, changes in legislation and changes in policy-making institutions and processes. From this point of view the Greek case seems to correspond more adequately to the second (limit divergence) or the third (convergence) scenario proposed earlier in this chapter. The findings presented lead to the conclusion that the effect of OMC as a non-binding procedure on national settings should not be underestimated.

3. OMC and the “European Social Model”

“European Social Model” (ESM) is a concept widely used in both academic research and policy debates, when a unifying concept is sought to identify the European Union, its way of life and its approach to society, as distinct from other areas in the World.

The use of the concept implies that despite the diversity of the national welfare states⁹ within the EU, there are a number of principles and values which Europeans share and which indeed make their way of life different from elsewhere in the world. Such principles include: economic growth combined with democracy and participation, solidarity, justice, redistribution, equal opportunities for all, respect of human and labour rights and a high degree of bargaining between social partners. The individual Member States have then, within the framework of the EU Treaties, a certain degree of freedom to find the means to implement this ‘model’, while its main principles are of ‘common concern’ (Sakellariopoulos and Berghman (eds.) 2004; Pakaslahti and Pochet, 2003:2).

Over the last five decades, EU social policies evolved alongside with working methods and instruments in order to attain the overall objectives of the ESM. But the ingredients of the ESM are moving targets in a dynamic world faced with continuous change and emerging new challenges. All member states continue to have job gaps, gender gaps in employment access and income, poverty gaps, problems with equal treatment and access to resources and services, enormous regional disparities and problems in their employment and social protection systems brought about by demographic changes. The ESM is therefore under constant pressure of reform (Pakaslahti and Pochet, 2003:2).

The challenge to reform the ESM has been taken up by EU institutions. It has found its institutional definition as a political plan and goal in the texts of the conclusions of different European Councils (Lisbon, Nice etc) as an active European welfare state (Sakellariopoulos and Berghman (eds.), 2004). In this ESM economic policy, employment policy and social inclusion are mutually reinforcing, thus there is a need of reconciling economic and social policies (Palier, 2003:12). Social policy is not considered as an obstacle to economic objectives but as a “productive factor”. It is about:

- Minimum standards for working life, including on health, safety and work and balancing flexibility for companies with security for employees
- Employment policy, including creating the conditions for companies to adjust to change, for investment in new skills, and for protecting the vulnerable from the effects of restructuring
- Equal opportunities for women and men and for minorities in the workplace, but also in wider society. It is about minimum standards in civil society, including equality and democratic and social rights (Pakaslahti and Pochet, 2003:5).

Most politicians and academics seem to agree that the enrichment of traditional policy instruments and methods with OMC will have a major impact on the concept of ESM, both at the cognitive and the normative level. Concerning the former, Vandenbroucke (2002:535) sees OMC as a means to give a concrete shape to the ESM: “*Common objectives are essential because they allow the much discussed but rarely specified ‘European Social Model’ to be translated into a tangible set of agreed objectives, to be entrenched in European cooperation. For the first time, thanks to the open method of coordination, the rather vague idea that the EU embodies a distinct social model based on common values, is given content by means of precise definitions*”.

⁹ The work of Esping-Andersen has been important in this respect, finding through empirical analyses, three different welfare models. The work of Ferrera (1996) has added on to this, identifying the characteristics of a fourth “latin” welfare model.

Concerning the latter, it is argued that OMC has a normative impact on defining and interpreting the ESM (Begg and Berghman 2002:192). More specifically, the evolution of OMC has influenced the decline of the normative idea of rigid harmonization, and the shift towards the more flexible convergence approach. De la Porte and Pochet (2003:9) using the analysis of the concept of convergence made by Hay¹⁰ (2002), have shown that the radical novelty of OMC is that not presuppose a policy convergence or process convergence but its influence is at the levels of rhetoric convergence (convergence in the ideas used to legitimate policy choices) and outcome convergence: *“the impact and the interest of OMC is to have mobilized the idea of diversity and balanced plurality (reached in particular institutional contexts with distinct configurations of actors), while achieving similar results (output). The process through which this should be achieved is learning, a change including process through ideas (due in particular to the absence of legally binding power)”*.

From the above, it became clear that the concept of ESM is changing by the evolution of OMC as an alternative policy instrument. In contrast to a centralized supranational welfare state which was expected to happen under the harmonization concept, the future ESM is going to be a decentralized one, reflecting the diversity of 25 welfare systems (Sakellariopoulos, Berghman et al., 2003:124)

5. Conclusions

This paper has argued that the emergence of OMC in the EU social policy agenda is to be understood as a response to the challenge to restore constitutional equality between economic integration and social protection at the European level. Recent developments in the economic (eg. single market, EMU) and geo-political sphere (eg. enlargement) have brought to the fore a renewed interest in advancing the social dimension of European integration, both in content and method. Given that, for long, national governments were reluctant to give any competence to the European level, the alternative policy instrument chosen for attaining the overall objectives of an “active ESM” was the OMC, as an attempt to combine a common approach with the acknowledgment of national sovereignty. The basic aim was to find a new compromise between economic and social policy orientation, between European economic integration and persisting different national welfare regimes.

Existing research on the impact of OMC on national welfare reforms has emphasized its learning effects in transforming Member States policies and practices. As regards to the intensity of change, it is argued that it depends on the distance between national situation and European requirements and vary from being a source of justificatory resource to being conducive to policy convergence. In a second part, this paper has made an attempt to clarify which of these scenarios correspond more adequately to the Greek case. By analyzing the impact of EES on Greek employment policies it has identified changes at the levels of language use, in legislation, and at the policy-making processes and institutions. It concluded that EES has had a strong influence in

¹⁰ Hay (2002:11) distinguishes between six types of convergence: (1) convergence in pressures and challenges: input convergence; (2) policy convergence: convergence in policies; (3) process convergence: convergence in process in and through which challenges are translated into policy outcomes; (4) outcome convergence: convergence in policy outcomes; (5) paradigm convergence: convergence in the policy paradigms through which such pressures and challenges are identified; (6) rhetoric convergence: convergence in the ideas used to legitimate policy choices.

Greek employment policy, thus corresponding more adequately to the convergence scenario. From this point of view it is argued that the effect of OMC as a non-binding procedure on national settings should not be underestimated.

Finally, in making some thoughts about the impact of OMC on the ESM, the paper argued that its influence are in both in cognitive and normative level. Concerning the former, the emphasis is put on setting common objectives as a means of allowing the rather vague concept of 'European Social Model' to be translated into a tangible set of agreed objectives, to be entrenched in European cooperation. Concerning the latter, it is argued that by influencing a decline of the normative idea of rigid harmonization, and a shift towards the more flexible convergence approach, OMC rather leads to a "de-centralised" European Social Model, that will be able to connect different national socio-political environments towards commonly accepted objectives

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