

The Lisbon Strategy,
the Open Method of Coordination,
and the Future of Social Europe

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Plan of the talk

- I. Revising the Lisbon Strategy:
What was at stake?
- II. Where's the evidence?
The OMC in action
- III. What's left of Lisbon and the OMC?
 - Closing the implementation gap through better governance?
 - Time to reorient the relaunch? Towards Lisbon III

I. Revising the Lisbon Strategy: What Was at Stake?

- Ambiguities of the original Lisbon Agenda: something for everyone
 - **Competitiveness:** liberalization and structural reform
 - **Innovation:** a dynamic knowledge-based economy
 - **Sustainable economic growth**
 - **Full employment:** more and better jobs
 - **Greater social cohesion:** fight against poverty/social exclusion, modernization of the European Social Model
 - **Environmental sustainability**
 - added in 2001 under the Swedish presidency

Lisbon's contested legacy

- Rival interpretations of the Lisbon Strategy
 - One focused on competitiveness and innovation
 - ‘Making the EU the most competitive and dynamic knowledge-based economy in the world by 2010’
 - Another focused on new balance between social and economic dimensions of European integration
 - ‘socio-economic policy triangle’: equal weight for full employment and social cohesion alongside growth/competitiveness/fiscal stability as EU objectives

Lisbon's contested legacy (2)

- Ongoing struggle for control of EU policy coordination between economic and social actors
 - ECFIN/Ecofin/EPC vs. EMPL/EPSCO/EMCO-SPC
- Ongoing critique by 'competitiveness lobby' of slow progress towards economic liberalization
 - DGs Internal Market/Enterprise, business groups, think tanks, financial press
- Changing political composition of the Council
 - Election of new center-right governments, 2001-4

OMC as a new governance instrument for Lisbon Strategy

- Reconciling pursuit of European objectives with respect for national diversity & subsidiarity through iterative benchmarking of progress against common indicators
- Promoting mutual emulation and cross-national learning by comparison of different approaches to shared problems
- A ‘third way’ for EU governance between harmonization/centralization and regulatory competition/fragmentation
- Never intended as sole governance instrument for Lisbon
 - to be combined with other EU policy tools (legislation, social dialogue, structural funds, community action programs, etc.)

Ambiguities of OMC

- Recipe, cookbook, or architecture?
 - Multiplication of procedural variations
 - ‘Lite’ recipes/missing elements in many newer OMCs
- Convergence of what?
 - Performance or policies?
- Open in what sense?
 - Role of EU recommendations?
 - Participation by non-state/subnational actors?
- A tool for building Social Europe or for avoiding new EU social legislation?

Critique and contestation

- OMC as a potential threat to Community Method
- OMC as an infringement of subsidiarity
 - Intrusion of EU into reserved competences of MS
- Convention stalemate over constitutionalization
- Struggle over review/reform of EES (2002-4)
 - Simplified guidelines/quantitative targets
 - Participation of non-state/subnational actors
 - Commission or MS as agenda setter for national reform? (Kok Employment Task Force)

OMC and Lisbon Strategy review

- OMC doubly called into question by 2004-5 Lisbon Strategy review
- Horizontally
 - Balance and integration between distinct policy coordination processes/objectives
- Vertically:
 - Effectiveness in securing Member State progress towards common European objectives

Kok Report (2004)

- Criticized OMC for weakness of incentives for MS policy delivery
- But also noted ineffectiveness of Community Method in ensuring implementation of directives
- Called for refocusing of objectives and targets on growth and employment
- To be supported by intensified peer pressure on MS (naming, shaming, faming/league tables)

Barroso Commission (Lisbon New Start 2005)

- Criticized OMC for failing to mobilize MS commitment to implementation of strategy
- Rejected naming & shaming approach
- Called for new reform partnerships between Commission and MS, and between national governments and domestic stakeholders
- From sectoral, multilateral policy coordination (OMC) to integrated, bilateral dialogue on national reform programs

Beneath the debate: old and new cleavages

- Supporters vs. opponents of social regulation
 - Market liberals vs. social democrats
 - Social welfare as a by-product of economic growth vs. social protection as a productive factor
- Supporters vs. opponents of Europeanization
 - ‘Federalists’ vs. ‘subsidiarists’
- Political will vs. experimental policy learning
 - EU & MS already know what to do in terms of economic and social reforms, but have lacked political will to implement them
 - Alternative view: ongoing experimentation and policy learning are needed to discover how best to pursue multi-dimensional objectives in diverse national contexts

II. Where's the Evidence?

- Kok Lisbon Strategy Report
 - Unbalanced composition
 - Dominated by economists and business figures
 - Limited expertise on social/employment policies
 - No systematic review of OMC processes
- Revised Lisbon Strategy/New Start
 - Drafted primarily by DG Enterprise
 - Appears to have ignored internal and external evidence on successes and failures of different OMC processes

Advancing the European knowledge economy through OMC: a failure?

- Weak performance of innovation/information society initiatives within Lisbon Strategy
 - Lack of progress towards 3% R&D target
 - Limited impact/visibility of eEurope policies
- ‘Lite’ OMC recipes and fragmentary architectures
 - European Action Plans, objectives, targets, indicators, benchmarking/scoreboards
 - But no agreed National Action Plans, systematic monitoring/reporting, peer review, or country-specific recommendations; weak mutual learning mechanisms
 - External evaluation (Tavistock Institute 2005):
OMC in these areas ‘cannot yet be said to be a success or failure’:
‘simply has not been fully implemented’

The OMC in action: employment and social inclusion

- Employment and social inclusion: most fully developed and institutionalized OMC processes
- Methodological problems of assessing the causal impact of an iterative policymaking process based on collaboration between EU institutions and MS without legally binding sanctions
- But now a large body of empirical research, based on both official and independent sources
- Synthetic overview in Zeitlin & Pochet (eds.), *The OMC in Action* (P.I.E.-Peter Lang, 2005)

OMC in employment and social inclusion: a qualified success

- Improvements in EU employment performance
 - Structural improvements, 1997-2001
 - But connections to EES complex and uncertain
- Substantive policy change
 - Increased political salience/ambition of national employment and social inclusion policies
 - Broad shifts in national policy thinking
 - Some influence on specific reforms/programs
 - Two-way interaction between OMCs and national policies rather than one-way impact

OMC in employment/inclusion: a qualified success (2)

- Procedural shifts in governance/policymaking
 - Horizontal integration across policy areas
 - Improved statistical and steering capacity
 - Vertical coordination between levels of governance
- Participation of non-state/subnational actors
 - Particularly strong mobilization in social inclusion
 - Uneven but growing participation in EES
 - Social NGOs and local/regional authorities more active than social partners

OMC in employment and inclusion: a qualified success (3)

- Mutual learning
 - Identification of common challenges and promising policy approaches
 - Enhanced awareness of policies, practices, and problems in other MS
 - Statistical harmonization and capacity building
 - MS stimulated to rethink own approaches/practices, as a result of comparisons with other countries and ongoing obligations to re-evaluate national performance against European objectives

OMC in employment and inclusion: limitations

- Lack of openness and transparency
 - Dominant role of bureaucratic actors in OMC processes at both EU and national level
- Weak integration into national policy making
 - NAPs as reports to EU rather than operational plans
 - Low public awareness and media coverage
- Little bottom-up/horizontal policy learning
 - Few examples of upwards knowledge transfer and cross-national diffusion from innovative local practice

A reflexive reform strategy

- Overcome limitations of existing OMC processes by applying method to its own procedures
 - Benchmarking, peer review, monitoring, evaluation, iterative redesign
- Ongoing reforms as evidence of practical viability
 - Strengthening of peer review/mutual learning programs
 - Proposals by EU institutions for greater openness, stakeholder participation, and ‘mainstreaming’ of OMCs into domestic policy making (2003-6)

III. What's Left of Lisbon and the OMC?

- Rebalancing the Lisbon Strategy
 - Retreat by Barroso Commission from attempt to exclude social cohesion from revised Lisbon Strategy
 - Successful EU-level campaign by social NGOs, with support from key MS and European Parliament
 - Social objectives reinstated in Lisbon Strategy by 2005 Spring European Council Presidency Conclusions
 - Including commitment to decisive reduction of poverty & social exclusion
 - Reaffirmed in 2006 Spring European Council Conclusions

Saving the social OMCs

- Social protection OMCs reaffirmed
 - Inclusion, pensions, health care
- Three ‘strands’ streamlined into an integrated process with both common and specific objectives
- Social OMCs to ‘feed into’ new Lisbon Strategy
 - Weak influence on NRPs, with some exceptions depending on national priorities
 - Joint Report, key messages → Spring Euro Council
 - Continuing struggle with Barroso Commission priorities
 - Monitoring Lisbon Strategy impact on social cohesion (‘feeding out’) – little evidence of this so far

Integrating the economic and employment guidelines

- Bigger change on employment side, through integration of EEGs with BEPGs
- Main thrust of existing EEGs preserved, including linkage to overarching objectives
 - But only at cost of maintaining complexity
- Continuing tensions between economic and employment actors within new integrated guidelines/coordination process

Closing the implementation gap through better governance?

- Simplification of objectives & reporting?
- Increased national ownership & participation?
- From multilateral coordination to bilateral consultation?
- Results of first two rounds of NRPs not encouraging

Simplification or specificity?

- Difficulty of sustaining simplified focus
- Need for specificity and detail to coordinate complex policy areas effectively
- Interdependence between growth/jobs and other policy areas w/ separate coordination processes
 - social protection/inclusion, education/training, environment/sustainable development
- Multiplication of new priorities, coordination processes & reporting obligations
 - E.g. better regulation, immigrant integration

Reduced monitoring and coordinating capacity

- MS free to set own priorities in NRPs
- National employment reporting less extensive and more uneven than in NAPs
- Diminished reference to guidelines, targets, and common indicators
- Commission assessment methodologies disputed between EPC and EMCO
- Selective peer review of NRPs
 - Focused on 3 key themes in employment
 - Broader in macro/micro economic policies

Decoupling mutual learning from policy making?

- Mutual learning activities stepped up within EU committees (EMCO, SPC)
 - Peer review/exchange of good practices, thematic seminars, national follow-up activities
- Risk of decoupling mutual learning from national policy making: opposite of mainstreaming
 - Perverse effects of recent French and German employment reforms as cautionary examples
- Risk to institutional capacity building and governance improvements at EU and MS levels

Increased national ownership and participation (1)?

- Round 1 (2005)
 - Limited ambition/novelty of many NRPs
 - Repackaging of national policies very common
 - Low status of Lisbon coordinators in many MS
 - Low public and media visibility
 - Little involvement of national parliaments
 - Limited/variable involvement of social partners
 - Little involvement of subnational & civil society actors
 - A clear step backwards from NAPs/empl & incl in inclusion of civil society

Increased national ownership and participation? (2)

- Big Commission push for greater national ownership in 2nd round of NRP implementation (2006)
 - Creation of new consultative/coordination bodies
 - Upgrading of political status of Lisbon coordinators
 - Wider involvement of national parliaments, social partners, regional/local authorities
 - Little opportunity for participation by social NGOs & other civil society groups
- But still low strategic commitment from non-state actors & limited public appeal of relaunched Lisbon Strategy
 - Especially where social cohesion objectives are excluded from NRPs, and process is dominated by finance/economics ministries

The return of recommendations: friendly advice or naming & shaming?

- Commission did not make formal recommendations to MS on 2005 NRPs
 - Just flagged ‘points requiring further attention’
- 2006 Annual Progress Report includes country-specific recommendations
 - MS progress in implementing revised Lisbon Strategy graded from “limited” to “very good”
 - MS receive 0-5 recommendations, + 3-5 additional ‘focus points’
- Lack of transparency/legitimacy in evaluation criteria
 - Recommendations negotiated bilaterally with MS
 - EMCO rejects peer review/multilateral surveillance of country-specific employment recommendations

Bilateral consultation or multilateral coordination?

- Difficulty of sustaining shift from multilateral coordination to bilateral consultation between Commission and MS
- Low quality/lack of comparability of many NRPs
- Continuing commitment of MS to comparing policy approaches/performance & mutual learning
- Commission plans for renewed mutual surveillance on ‘horizontal’ issues
 - e.g. energy, research/innovation, flexicurity
- Mutual learning workshops within network of National Lisbon Coordinators on priority areas
 - e.g. one-stop shops, business-university cooperation, extending working lives of older workers

Deficiencies of Lisbon II

- Inadequate integration of social, economic, and employment policies
- Decoupling of policy making from mutual learning
- Reduced monitoring and coordinating capacity
- Insufficient openness to civil society actors
- National commitment remains limited

Time to reorient the relaunch?

Towards Lisbon III

- Mounting pressure to reorient the relaunched Lisbon Strategy
 - ‘Un Nouvel Élan pour l’Europe Sociale’ declaration of 9 MS Labor/Social ministers
 - Social priorities of EU Team Presidency (DE/PT/SI)
 - EPSCO Council Key Messages (spring 2007)
 - 10-year review of EES/OMC (2007)
 - 2008 revision of Integrated Guidelines