

The Open Method of Coordination and the Future of the Lisbon Strategy

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Plan of the talk

- I. Revising the Lisbon Strategy:
What's at stake?
- II. Where's the evidence?
The OMC in action
- III. What's left of Lisbon and the OMC?

I. Revising the Lisbon Strategy: What's at Stake?

- Shift in priorities/substantive focus
 - Effort to refocus Lisbon Agenda on growth & jobs
 - Relegate social cohesion & environmental sustainability to background objectives
- Shift in procedures/governance
 - Effort to integrate/simplify guidelines & reporting
 - Effort to enhance MS commitment
 - Allow national governments to set their own reform priorities
 - Press them to involve domestic stakeholders

Ambiguities of Lisbon

- Something for everyone in the Lisbon Agenda
 - 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 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
 - ‘social protection as a productive factor’ rather than a drag on or by-product of economic growth

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
 - Relationship between BEPGs, EES, and social OMCs
 - Balance between economic & social objectives (e.g. pensions)
- 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 Council

OMC as a new governance instrument for Lisbon Strategy

- Intended to reconcile pursuit of common European objectives with respect for national diversity & subsidiarity
- Intended to promote mutual emulation and learning by comparison of different approaches to shared problems
- Presented as a ‘third way’ for EU governance between harmonization/centralization and fragmentation/regulatory competition
- Never intended to serve as the sole governance instrument for Lisbon, but rather to be combined with full EU policy toolbox (legislation, social dialogue, structural funds, community action programs, etc.)

OMC as a new governance architecture

- OMC defined at Lisbon as a method involving:
 - “Fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long term;
 - 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 practices;
 - 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.”
- Modeled explicitly on the European Employment Strategy

Ambiguities of OMC

- Recipe or cookbook?
 - Multiplication of procedural variations
 - ‘Lite’ recipes/missing elements in many new 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 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
 - Simplified guidelines/quantitative targets
 - Participation of non-state/subnational actors
 - Kok Employment Task Force: Commission or MS as agenda setter for national labor market reform?

OMC and Lisbon Strategy review

- OMC doubly called into question by LS review
- Horizontally: balance and integration between distinct policy coordination processes/objectives
- Vertically: effectiveness in securing progress towards common European objectives through MS implementation of agreed commitments

Kok Report

- Criticized OMC for weakness of benchmarking & peer review as incentives for MS policy delivery
- But also noted ineffectiveness of Community Method in ensuring transposition and implementation of directives
- Called for refocusing of objectives and targets on growth and employment
- Supported by intensified peer pressure on MS
 - naming, shaming, faming

Barroso Commission (Lisbon New Start)

- Criticizes OMC for failing to mobilize MS commitment to implementation of strategy
- Calls 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. policy learning
 - Those who believe that EU & MS already know what to do in terms of economic and social reforms, but have lacked political will to implement them vs. those who believe that ongoing experimentation and policy learning are necessary to discover how best to pursue multi-dimensional objectives in diverse contexts

II. Where's the Evidence?

- Kok Lisbon Strategy Report
 - Unbalanced composition
 - Dominated by business people and economists
 - Supported by DG ECFIN/Commission central services
 - Limited expertise on social/employment policies
 - No systematic review of OMC processes
- Revised Lisbon Strategy/New Start
 - Drafted primarily by DG Enterprise/Industry
 - 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: 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 (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 policymaking
 - 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 of EES/social inclusion OMC as evidence of practical viability of this approach
 - Strengthening of peer review/mutual learning programs
 - Proposals for more participatory governance arrangements within EES
 - Diluted by MS in 2003, but revived by Kok Reports and Lisbon Strategy New Start

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 Spring European Council Presidency Conclusions

Saving the social OMCs

- Social policy OMCs to continue
 - Inclusion, pensions, health care
- Three pillars to be streamlined into an integrated process with a common set of objectives
 - Will have to conform to simplification requirements
- Social OMCs to ‘feed into’ new Lisbon Strategy
 - Both at MS and EU levels (NRPs, Spring Summit)
 - Unclear how this will work in practice: risk of preserving autonomy at the expense of influence?

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 EES objectives, but only at cost of multiplying sub-headings
- Continuing contestation between economic and employment actors over relationship between respective sections of new integrated guidelines
- Procedural changes imposed on EES despite stronger Treaty Base than social OMCs

Reduced monitoring and coordinating capacity?

- MS now free to set own priorities in NRPs
- National employment reporting likely to become less extensive and more uneven
 - No more NAPs/empl
- Common employment indicators remain valid, but may be wide variations in their use by MS

Reduced monitoring and coordinating capacity? (2)

- Unclear whether peer review of national responses to employment guidelines will continue
- Future role of recommendations also uncertain
 - 2004 employment recommendations remain valid in principle
 - No 2005 recommendations: waiting for NRPs
 - Commission lacks capacity to make detailed recommendations across all areas of new guidelines (especially micro-economic section)

Separation of mutual learning from policymaking?

- Expectation that mutual learning activities will be maintained/stepped up within EMCO
 - Peer review/exchange of good practices, thematic seminars, national follow-up activities, pilot projects
 - Need to develop new mechanisms for monitoring employment policies and performance in MS
- Risk that mutual learning will be decoupled from national policymaking: opposite of mainstreaming
- Risk to institutional capacity building and governance improvements at EU and MS levels

Future outcomes: simplification or specificity?

- Unlikely that narrow focus/simplification of Lisbon Strategy can be sustained
 - Need for specificity and detail to coordinate complex policy areas effectively
 - Multiplication of new coordination processes and reporting obligations in response to new priorities
 - National lifelong learning strategies
 - Proposed new OMC processes in Commission's Lisbon Action Plan for better regulation, reducing administrative burdens, promoting local/regional clusters

Future outcomes (2): bilateral or multilateral coordination?

- Unlikely that devolution of policy coordination to bilateral negotiations over national reforms between Commission and MS can be sustained
 - Lack of internal capacity within the Commission for effective monitoring of national policies
 - Continuing commitment of MS to comparing policy approaches and mutual learning
 - Parallel development of networked governance across most areas of EU policymaking
 - Public health and safety, regulation of privatized infrastructure, environmental protection, even competition policy

Future outcomes (3): wider participation?

- Potential higher-order effects of call for wider participation by non-state/subnational actors
 - May lead to increased public contestation rather than support for national reform programs
 - May lead to renewed emphasis on social cohesion and environmental sustainability within Lisbon Strategy
 - May lead to Europeanization of domestic debates and increased involvement of non-state/subnational actors in EU policy networks, as in social inclusion & EES