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THE SOFT OPEN METHOD OF CO-ORDINATION IN SOCIAL PROTECTION
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Introduction

As indicated in last year's article, the *en vogue* systematised soft means of action, referred to as the open method of co-ordination (OMC), with which social protection in the European arena has primarily been boosted on the European agenda, renders the activities in this area particularly brittle (see de la Porte, 2001: 299 for definition of the OMC). This may explain why the EU's White Paper on Governance strategically selected to stay safely nestled with "a reinvigorated Community method" for the future, rather than to take the risk of investing political confidence in other methods, such as the OMC (Wincott, 2001: 904). Is it the ideal tool for convergence, whereby the Member States would converge towards common objectives at their own pace, and in respect of their own policies, traditions and socio-economic context?

However, it is important to take account of the nature of the OMC, which differs considerably from one policy area to another. When analysing the existing OMCs, and taking legitimacy and actor participation as criteria for their categorisation, there appear to be two types. The first set is integrated into the EU Treaty and is therefore legally a process in which Member States are required to participate. In this type of OMC, the Commission plays an active and dynamic role with a particular type of expertise. As the pilot, it emits corrective recommendations to the Member States, which are generally accepted by the co-pilot, the Council, with minor amendments. In this OMC, there is a considerable amount of pressure to converge towards European objectives. The European Employment Guidelines (EEG) and the Broad Economic Policy Guidelines (BEPG) belong to this category. The second set lacks a definition of the process in the Treaty, rendering it more fragile. Moreover, the role of the Commission is much weaker. The second type of OMC appears to be governed by an inter-governmental logic. It is clearly more respectful of national policy priorities, but there is pressure to converge through discourse (Pochet, 2002a). The social protection OMCs - poverty and social exclusion (Lisbon, March 2000), pensions (Stockholm, March 2001) and health care and care for the elderly (Göteborg, June 2001) - belong to this second category.

Compared to the slowness of the institutional machine that characterises the nature of the progress through the classical legalistic Community method, it is particularly interesting to note how swiftly OMC has actually moved forward politically since the beginning of 2000. This appears to be closely linked to the social orientation of the successive sessions of the European Council since the Finnish Presidency, during the second half of 1999.

This article will therefore begin with an analysis of the development of the OMC, from Lisbon to Barcelona. Thereafter, a comparative analysis will be made of the OMC in the areas of social inclusion, pensions and health care and care for the elderly. The focus of the analysis will be on the political legitimacy that was used to put each of these areas on the European agenda, and the progress made since then, with a focus on the how different actors are involved, and the form that the OMC is taking in these areas. Furthermore, the analysis will reveal whether the processes are more socially or economically oriented.

I. The development of OMC through different Council sessions

Since the Finnish Presidency at the end of 1999, when the high-level working group on social protection was set up to activate the four axes of the social protection communication of July 1999, there have been a succession of socially oriented Presidencies. This section argues that the social axis of their programmes explains why there was the political support required to render the open method of co-ordination credible.

The OMC, although it is not applied exclusively to the social domain, was introduced together with the ambitious goal that the Union set for itself during the Lisbon Summit, to enhance its economic performance and social cohesion (de la Porte, 2002). Throughout the Portuguese Presidency, during the first half of the year 2000, there was a particular emphasis on putting the EU's social dimension on an equal footing with its economic dimension. In this respect, it was agreed that one Council session per year, to take place in the Spring, should be devoted to the Union's economic and social questions. This Council session would discuss progress made in different areas in the view of objectives agreed. Furthermore, the Broad Economic Policy Guidelines (BEPG) were to act as an overarching policy document for the European Union's policies. Moreover, it was primarily economically oriented players that were to participate in the Spring Session of the European Council.

In the area of employment, fundamental quantified objectives with specific dates were agreed for the Union as a whole – to increase the employment rate in the Union to 70% by 2010, and the female employment rate to 60%. Furthermore, poverty and social exclusion was not only put on the table, but the decision was taken to apply the OMC to it, in order to render EU society as “inclusive” as possible (European Council, 2000a and b).

During the French Presidency, the Social Protection Committee (formerly high-level working group on social protection) was institutionalised and integrated into the Treaty of Nice. The Social Agenda for the years 2000-2006 was adopted. Among the six major themes adopted, three dealt with a social OMC. There was, first and foremost, the call for better and more jobs, notably in the framework of the European employment strategy (EES). Then there was the objective of the freshly introduced social inclusion strategy: fighting poverty and all forms of exclusion and discrimination in order to promote social integration. Finally, there was the aim of reforming pension systems to render the financially and socially viable, disguised under the title “modernising social protection” (European Council, 2000c and d).

The driving force of the first Spring Summit on Social and Economic issues, which was held in Stockholm in March 2001, was around the need to increase the employment rate of the European Union. New intermediate targets for employment rates across the Union were agreed: 67% overall employment rate and 57% employment rate for women by January 2005 (European Council, 2001a). Moreover, in the light of the ageing of the population, the European Council agreed to increase the average EU employment rate among the elderly bracket of the population (55 – 64) to 50% by 2010. To reach these aims, the importance of the OMC was re-iterated, and the suggestion to introduce OMC to the area of pensions was made: “Where appropriate, the potential of the open method of co-ordination should be used to the full, particularly in the field of pensions” (European Council, 2001a).

Following on from Stockholm, the Göteborg Council mandated the SPC and the EPC to prepare a progress report in the area of pensions, in line with the OMC initiative. Moreover, the possibility of eventually applying OMC to the area of health care and care for the elderly was envisaged: the SPC and the EPC were mandated to “*prepare an initial report for the Spring 2002 European Council on orientations in the field of health care and care for the elderly*” (European Council, 2001b).

Thereafter, the Laeken Presidency Conclusions reiterated the importance of the decisions taken to enhance the EU's overall performance in the new institutional framework of the Spring European Council. However, the wording used is illustrative of the pre-dominance of the EU's economic dimension, despite the fact that the social dimension has been re-enforced: « The slowdown in economic growth makes it more important than ever to deliver the structural reforms agreed at Lisbon and Stockholm, and to demonstrate the continued relevance of our agenda for economic and social issues. » (European Council, 2001c: paragraph 21).

More specifically, the conclusions noted that the primary objective of the OMC employment should be to accelerate efforts to achieve the 70% employment rate target agreed upon during Lisbon. In addition, the first joint report on social inclusion was presented during the Council, and was identified as an important element in OMC poverty and social exclusion. The European Council in particular highlighted the need to reinforce statistical machinery in this area. Finally, the European Council noted that the Joint Report on pensions had been drawn up the SPC and the EPC. The Presidency conclusions underlined that “the adequacy of pensions, the sustainability and modernisation of pensions systems and the improvement of access to occupational pension schemes” were all of particular important. It was, furthermore, suggested that an approach similar to the one in the area of pensions should be adopted in the area of health care and care for the elderly. In other words the public facet of the system should be maintained, but room should be made for supplementary arrangements (paragraph 30, Council Conclusions). The conclusions also noted that the forthcoming Spring Council should take stock of the various OMCs (and other processes) launched during the Lisbon Summit (European Council, 2001c).

Compared to the rather socially oriented priorities of the Belgian Presidency and the Presidencies preceding it, the key issues that are being tackled during the Spanish Presidency are deregulation in some major public sectors (electricity, energy, ...), more flexible labour market arrangements and the reduction of the tax burden. The priorities do not appear to be in line with those of the Presidencies of the last two years. This came clearly through in the Barcelona European Council. The Presidency Conclusions indicated that the European social model is based above all on “...good economic performance” and thereafter on “... a high level of social protection and education and social dialogue.” Moreover, it was also highlighted that “The Lisbon goals can only be brought about by balanced efforts on both the economic and the social fronts” (European Council, 2002: paragraph 22). Nevertheless, the Council conclusions re-confirmed the decisions that had been made in the social protection OMCs in the preceding Council meetings. Member States were invited to set targets in their National Action Plans for “significantly reducing the number of people at risk of poverty and social exclusion by 2010”. The European Council also prioritised the reform of pension systems to ensure their financial and social viability. For the area of health care and care for the elderly, the Commission and the Council were invited to examine the issues of accessibility, quality and financial sustainability more thoroughly, for the Spring 2003 European Council. In sum, there were no innovative activities planned in the framework of these OMCs.

The priorities of the Spanish Presidency need to be viewed parallel to the new political coalition is emerging across the EU, which includes the conservative Spanish, the liberal Italian and the third way British governments. The joint declaration of Blair and Berlusconi is the most recent indication of this new alliance. Moreover, the Presidencies that will follow the Spanish Presidency - Denmark, Greece, Italy – are oriented more towards the interests of the Spanish Presidency than to the preceding socially-oriented Presidencies (Barbier *et al.*, 2002).

This brief account of the objectives agreed with regard to social OMCs illustrates the importance of the political programmes of the Presidencies of the Union, as well as the relative swiftness and fragility of this tool. The European Council, in particular, plays a crucial role, distributing the mandates among the different players concerned: the European Commission, the various Council formations and their respective working groups.

Below, this article will compare recent policies agreed under the auspices of the OMC for the areas of social inclusion, pensions and health care. For each area, it will focus on how the policy area was put on the European agenda, how different the players involved, and the form the OMC appears to be taking.

Social Inclusion

This section will firstly review the political legitimacy for tackling social inclusion in the European arena. This will be followed by a quick review of the institutional players involved, recent developments, and finally how the players emanating from the grass roots level have been involved in the process.

It was relatively easy to put the area of social inclusion on the European agenda, as there is a political consensus on the need to integrate people into society, principally through work. Moreover, the social inclusion strategy is intertwined with the employability pillar of the European Employment Guidelines (EEG), proposing a job as the best tool against poverty and social exclusion (European Council, 2000a and de la Porte, 2001: 302).

There is also agreement on the broad objective of combating poverty and social exclusion, albeit different meanings of this concept among the EU-15. The words used to describe the phenomena and the policies are similar, but the underlying philosophy that structures the national arrangements differ according to the type of welfare state regime and past practices (Schmidt, 2000: 301) The strategy adopted for the European Union is currently broad enough to be applied to the diverse contexts of EU's Member States. The over-arching European social model: '*...places considerable emphasis on maintaining social solidarity and ensuring that all individuals are integrated into, and participate in, a national social and moral order*' (Atkinson and Davoudi, 2000: 434). The Commission's conception of social exclusion relates the incidence of poverty and disadvantage to wider processes of economic and welfare state restructuring. It also emphasises the multiple nature of disadvantage and looks beyond issues of income inequality to incorporate the social and cultural aspects of disadvantage, as well as the notion of citizenship rights.

The term social inclusion has explicitly been selected to replace the term social exclusion. One source of inspiration for this switching of terms is Giddens's theorisation of the Third Way, according to which equality should be conceived as inclusion, and inequality as exclusion. The wider understanding of the term incorporates civil and political rights and obligations. These rights and obligations include participation in society, notably through work and education. Besides this work-based focus, inclusion should also, according to Giddens and the European discourse, include access to basic needs for those who are incapable of working. However, this latter facet of inclusion is secondary (de la Porte, 2002).

In this area, the configuration of institutional players involved is relatively straightforward: the Social Affairs and Employment Council, the social protection committee, and the European Commission. Below, the recent steps forward will be reviewed, after which the involvement of the grass-roots players will be described.

In Nice, the four overarching objectives of the European social inclusion strategy were endorsed:

- 1) promotion of a participative society
- 2) prevention of the risks of social exclusion
- 3) targeting actions for disadvantaged groups
- 4) mobilising all actors concerned, notably at the grass-roots level (de la Porte, 2001: 302-303).

Since then, considerable progress has been made in this area. The Member States submitted their national actions plans for social inclusion (NAPinc) in June 2001. Given the broad objectives of the European social inclusion strategy, the Member States had considerable leeway to tell their national stories of poverty combat. Indeed, countries with traditions of national programmes to fight poverty presented coherent stories that were mainstreamed with existing policy processes, with pertinent national indicators. Some formulated their programmes in the view of the European objectives, while others, such as

Denmark, explicitly selected to maintain the national thrust of their programmes (Ragaglia, 2001: 74-75).

Nevertheless, some Member States were confronted with a first ever challenge, in particular those in which the management and implementation of social inclusion is decentralised. (Peña Casas, 2002). Others, such as Italy, had no previous activity in this area, at least not in a structured manner. The Italian NAPinc was therefore explicitly moulded to fit the European framework and the Italians made a commitment to adopt indicators in the view of the common European-level objectives. But the policies proposed in the Italian NAPinc were not integrated with existing policy processes (de la Porte, 2002: 54).

In July 2001, the NAPinc were analysed by the Commission, which evaluated the NAPinc according to three criteria:

1. the quality of the analysis and the capacity to assess the principal risks and challenges,
2. the extent to which the NAPinc have transformed the general European objectives into detailed priorities,
3. the extent to which the NAPinc have been integrated in a comprehensive political approach, rather than an isolated policy initiative.

This assessment resulted in a four-group categorisation. The best students were Denmark, the Netherlands and France, whose strategies were identified as coherent as well as being integrated into national political processes. The second group consisted of Portugal, Finland, Sweden and the United Kingdom, that accurately assessed the challenges to be met, and that elaborated a coherent policy to meet these challenges, although not fully integrated into national policy processes. Belgium, Germany, Spain, Italy and Ireland made up the third group. According to the Commission, these countries are just beginning to develop a coherent strategy and to identify specific national policy objectives. The fourth and final group, including Greece, Austria and Luxembourg, were the poorest performers. The Commission harshly assessed that their NAPinc were limited to a description of the poverty situation (Pochet, 2002b).

Numerous Member States criticised this categorisation, which resulted in the omission of the initial classification made by the Commission in the joint Council and Commission report that was endorsed during the Social Affairs Council of 3 December 2001. Indeed, it is useful to recollect that the OMC is not supposed to be a competition, and there is not to be a classification of development of the Member States in the view of the OMC objectives (Council of the European Union, 2000). The highlights of the approved report include:

- the risk factors that lead to poverty and social exclusion;
- the structural changes that can aggravate the phenomenon;
- the fact that the State should be a key player in ensuring that all individuals should have sufficient resources and fundamental rights (1).

It is also of interest to note that the document recognised and underlined the need to respect different policy approaches to the question of poverty and social exclusion among the Member States (Council of the European Union, 2001). In other words, the report was politically correct, to say the least. As indicated in the introductory section, the role of the European Commission in this area is rather weak. Compared to the area of employment, where the Commission issues recommendations that are accepted by the Council, the Member States seek to keep more power in this area, and do not wish the Commission to judge their national policies, as it does in the area of employment. The secondary role of the Commission confirms the inter-governmental logic of this OMC.

The concluding note of the report was that *“... Most 2001 NAPs are... an important starting point, but, in order to make a decisive impact on poverty and social exclusion, further policy*

1. For more details on the specific elements in each of these categories, see Peña Casas (2002).

efforts will be needed in the coming years" (Council of the European Union, 2001: 9). It remains to be seen whether the forthcoming Presidencies will create a favourable policy environment in which such policy objectives could be developed further. If so, then the following step would be to ensure that the Member States would analyse the efficiency of their policies to combat poverty and social inclusion. Most NAPinc barely mentioned indicators or quantified objectives, reflecting an overall difficulty to assess the measures adopted. Moreover, the Member States hardly unveiled the financial means allocated for social inclusion measures (Peña Casas, 2002).

Eventually, the aim would be to "...create detailed Social Inclusion Guidelines, reminiscent of the EEG" (de la Porte, 2002: 54). However, the current form of the OMC in this area does not yet appear to be close to reaching this ambitious aim. Compared to the definition of the OMC, there are two important differences. One is the absence of detailed guidelines, another is the absence of a quantified European level objective (besides the very general poverty-reduction target).

The following paragraphs will address the question of the participatory axis of the OMC, which is of particular importance in the area of poverty and social exclusion, where grass-roots actors and their activities are of crucial importance. The involvement of the EAPN and the ETUC will be described.

The fragility of the OMC in this area is reflected by the fact that although there is a Treaty article that deals with the fight against social exclusion, there is no Treaty-basis for the instrumentalisation of this fight through the OMC. Moreover, it also seems like the EU's nascent policy in this area lacks a long-term perspective, which has been criticised by the few national and regional actors – NGOs and social partners - that are informed about the process (Peña Casas, 2002).

The EAPN has articulated a four-strand response to the report presented by the Commission and Council on poverty and social exclusion.

The first is in relation to the EU's objective of reducing poverty by 50% for 2010. The EAPN believes that it should be accompanied by another quantified objective for those with less than 40% of the equalised income, which live in extreme poverty.

The second concerns the policies to increase the employment rate. The EAPN holds that the EU policies should put more emphasis on job creation, rather than focusing quasi exclusively on policies of inclusion on the labour market through a remunerated activity. The anti poverty network has also highlighted the need to provide more affordable quality day care centres for children, to respond to the increasing demand. In this respect, it was agreed during the European Council of Barcelona that publicly-organised childcare facilities for children under three years of age should be increased, to respond to at least 33% of the demand by 2010. For children between 3 years old and the mandatory school age, at least 90% of the demand should be responded to by 2010.

The third strand concerns the economic orientation of the Union's reform objectives, despite the inclusion of social labelling. The EAPN regrets that the Commission reacted positively to the liberalisation of certain public utility markets, a priority for the Spanish Presidency, without addressing the social dimension of such reforms.

The fourth strand relates to the balance of power between different players. The EAPN therefore calls for a widening of the Commission's mandate, in order for it not to be a victim of the Presidencies to the Council. It would like the Commission to be endowed with the capacity to develop mechanisms with which to assess all parts of the Lisbon strategy, notably in regard to their social and environmental impact. The EAPN also highlighted the need for the Ministers of Employment and Social Affairs, as well as the Ministers of Environment to take part in the European Spring Council on an equal footing with the

Ministers of Economic and Financial Affairs (2). This was also requested by the Belgian Prime Minister Verhofstadt during the Spring Council. However, no such decision was taken: the economic players remain dominant.

There are numerous elements to criticise in the nascent European-level process of the struggle for social inclusion. It is nevertheless worth highlighting the efforts that are being made to inform and involve as many actors as possible, in the view of the OMC's participatory axis. This is of particular relevance for an area like poverty and social exclusion, where the grass-roots level is generally involved in the formulation and implementation of such policies.

Although there were numerous criticisms on the content of the plans by local actors, the member organisations of the EAPN in most countries, with the exception of Portugal, the United Kingdom and Greece, were pleased with how NGOs and civil society had been mobilised in the drafting of the plans. The added value was not only that dialogue had been spurred between numerous actors, but also that it was a likely beginning of long-term co-operation in many countries (EAPN, 2001).

In November 2001, the EAPN organised a conference that sought to evaluate the NAPinc from different angles, including the participatory one. There was a consensus among the national members of the EAPN on the importance of associating relevant local actors in all stages of the OMC. The European Trade Union Confederation (ETUC) also organised a seminar with its national members to evaluate the European social inclusion strategy, where the problem of information about the process nationally, regionally and locally was also expressed. Both umbrella organisations highlighted the need to disseminate more information about the NAPinc and the OMC in this area, since few local and national citizens and actors are aware of the existence of such a process at national level. To support this need, one of the three axes of the Community Programme for the fight against poverty social exclusion is targeted at the OMC's participatory dimension. It seeks to promote a comprehensive dialogue between the actors involved in the European level network and other Non-governmental organisations (NGOs) (Peña Casas, 2002).

Moreover, the ETUC adopted a resolution on the European social inclusion strategy. In the resolution, the Trade Union Confederation pointed to the fact that they wanted to be involved in the monitoring and assessment of the process, and in the selection of indicators. The participation of the ETUC at European level would be in the framework of the SPC. Besides emphasising the participatory axis, the ETUC highlighted different policy issues. It notably underlined that active labour market policies should respect existing labour market norms and norms regulating contractual employment conditions and salaries. The ETUC also emphasised that the next round of NAPinc should consecrate more efforts to describing the existing national policies and activities to combat poverty beyond activation measures, as these are a crucial component of European social protection systems (ETUC, 2001).

In sum, the European social inclusion process appears to be well underway. The interests of the different players involved appear to converge. They can all be characterised as socially oriented players, seeking to promote integration into society through work, while maintaining the protection dimension of European social security systems. As we shall see below, the situation is not as uniform in pensions or health care and care for the elderly.

Pensions

Pensions is more tricky than social inclusion. It is an area of particular sensitivity to the Member States due to their path dependent national arrangements. It has nevertheless been

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decided that OMC should be applied to this area for the challenge of the reform of the first public pillar of pension schemes. This section will first explain the struggle between the economically and socially oriented actors. It will thereafter review progress in this area and illustrate how the social prerogatives are subordinated to the economic ones.

The actor configuration can be characterised as a struggle between the economically oriented and socially oriented players to set out the guiding principles of the discourse.

The central European level economically oriented actor that drives the show is the Ecofin Council. The Economic Policy Committee (EPC), which prepares the work that supports and legitimises the discourse of the Ecofin Council, is its principal executant. The Maastricht Treaty mandate of the economically oriented actors, to ensure the financial sustainability of public finances, is used and accepted as a justification for their activity in the area of public pensions. Moreover, the Ecofin Council has decided, on this basis, that the issue of pensions should be included as a specific item in the following Stability and Convergence Programme, as well as being singled out as a specific area in the BEPG. The General Directorate of Economic and Financial Affairs also supports the policy line of the Ecofin Council and the EPC. It drafts the recommendations to the Member States in the framework of the BEPG, which are generally accepted by the Ecofin Council.

Other economically oriented actors include the European Central Bank (ECB), private investment groups and insurance companies, as well as the UNICE (see Arcq and Pochet in this volume) and other employers associations, lobby organisations, in particular the European Committee of Insurance, and think tanks emanating from the business world. (Math, 2001; de la Porte and Pochet, 2002).

The ECB, which appears for the first time to have formulated a clear policy opinion in this area during the year 2000, encourages Member States to pursue the reform of their public pension schemes. Its policy line is very much in line with that of the other institutional players, driven principally by the Ecofin Council. However, it also relates the impact of the ageing of the population on public finances to investment and consumption patterns (Math, 2001: 33).

The policy vision of these actors is homogeneous, seeking to curb spending on public pension schemes in the view of maintaining the sustainability of public finances. Their institutional position provides them with an opportunity, that they often seize, to impose their ideological views through their policy recommendations (Math, 2001: 27).

The socially oriented players consist of the Ministers in charge of Employment and social security, the Social Protection Committee, the General Directorate Employment and Social Affairs, as well as the institutions, organisations and think tanks that support a strong public pension pillar. The ETUC supports the policy view of the socially oriented actors that seek, above all to maintain the protective dimension of the pension systems, to ensure that pensioners have an adequate replacement income upon retirement, to maintain the living standard that they had during their years of activity on the labour market. The socially oriented actors have the mandate to tackle the issue of reform of the public pillar of the pension schemes under the auspices of the OMC. Unlike the economically oriented players, they have not been active in the area of pensions until recently. Moreover, due to the national embeddedness of the public pension pillar, it was difficult for these actors to agree upon a common vision or to adopt a joint strategy.

Through successive reports of the economically and socially oriented actors and the role of the European Council as a referee, a consensus finally seems to have emerged on the terms of the debate. The input of both sets of actors can be seen in the overarching objective set for the Union:

- (1) Maintain social cohesion and social solidarity, notably the poverty risk;
- (2) Safeguard the financial sustainability of pension systems, in particular by improving employment performance, by adapting the structure and the parameters of pensions systems, and by increasing the budgetary room for manoeuvre;
- (3) Adapt pension systems to a changing society and labour markets.

These objectives were adopted by the SPC in its report of June 2001, and subsequently endorsed at the European Council of Göteborg. The first is a specific objective of the socially oriented actors, and the other two originate with the economically oriented actors.

They have since then acted as the leading fibres for the development of the European discourse on pension reform. They structure the subsequent Commission communication of 3 July 2001 on public pension reform, and were the basis for the discussion between the SPC and the EPC on pension reform objectives that resulted in a joint report which was thereafter endorsed by the Laeken Council (SPC and EPC, 2001). It is of interest to note that the Social Affairs and Ecofin Councils added an objective to this joint report – that of improving the access to supplementary pensions (Pochet, 2002c).

The contours of the OMC in pensions vary considerably with the OMC in poverty and social exclusion (Pochet, 2002c). Currently, OMC pensions provides a policy space for the relevant actors to meet, to discuss the similarities and differences between national systems and policies and to formulate joint policies. It is perceived primarily as an information tool that acts through simple learning, whereby agents acquire new information, which could alter their strategies, but always in the view of a fixed objective. The aim of OMC pensions is thus to support the process of policy formulation in the area of pensions, which will be integrated into the BEPG, rather than constitute a process in its own right. The BEPG provide the general framework for the Union's policy objectives and orientations (see Dufresne, 2001).

In addition to the joint report with the SPC, the EPC, legitimising its activity through the argument of the sustainability of public finances, has prepared a report that seeks to characterise and to respond to the budgetary challenges posed by ageing populations (EPC, 2001). The report concludes that, due to the ageing of the population, there will be big increases in old age dependency ratios, and that, even if the Lisbon targets are met, there will progressively be a substantial increase in public spending on pensions in most Member States. The report suggests that further cuts may be needed in spending on public pension systems, thus implying that elderly persons wishing to maintain their standard of living would have to continue to work after the current retirement age, and/or, to invest in private pension plans throughout their years of active labour market participation.

The European Commission has also prepared a report (European Commission, 2002) related to the ageing of the population. The focus of the report is around the necessity to increase labour force participation and to promote active ageing. It aims to act as a booster for the European Union Member States to meet the employment targets set at Lisbon and Stockholm by 2010. In sum, the report insists that the increase of participation rates is to be a cornerstone in the EU's policy, and should be integrated into the future versions of the European employment guidelines (EEG) and the BEPG. In the report, the increase of the Union's employment rates are perceived as being closely linked to the improvement of activities in other areas, notably the functioning of capital, product and labour markets in a context of macro-economic stability conducive to sustainable growth. Sustainable growth, in turn, is necessary for social cohesion and the sustainability of public finances, especially in the area of pensions and health care systems. The conclusion ties in with the policy recommendation of the EPC's report on budgetary challenges posed by ageing populations.

The working agenda for pensions has been defined. Member States are to present, by September 2002, their first national strategy reports for pensions. The Commission will analyse the national strategy reports and identify good practice and innovative approaches of

common interest to the Member States. For the Spring of 2003, the Council and the Commission should provide a joint report to assess national pension strategies and identify good practices. Furthermore, for 2004, they will assess the objectives and working methods established and will decide upon the objectives, methods and timetable for the future of the pensions strategy (SPC and EPC, 2001).

In sum, the economic actors, where the expertise resides and is propagated widely, rule the game. The European Commission is also divided into economic – GD Ecfm - and social – GD Empl - sides that follow the orientation of their counter-part in the Council. As the OMC pensions has to be integrated into the BEPG, it is far from certain that it will develop as an autonomous process.

Health care and care for the elderly

The area of health care and care for the elderly has even more thorns than the area of pensions. It is more complex and politically sensitive and there is a wider range of actors involved that goes beyond the economic-social divide. Below, this article will first explain how health care and care for the elderly was put on the European agenda. Then, it will describe the progress made and how a different range of actors involved.

The first path through which health care put onto the European scene was that of the ongoing completion of the Internal Market (IM) and ECJ rulings. Despite the fact that the Member States' health systems vary considerably, the IM project and the four freedoms of movement, in particular that of patients, medical practitioners and pharmaceutical products, do impact Member States health care systems and have up to now primarily been influenced and dominated by economic considerations and factors, rather than other factors, including health policy and social interests. This has led, at Member State level, to a progressive realisation that it is necessary to develop a proactive and broader health policy under into which health and social factors will be integrated, rather than continuing to be dominated by economic factors (European Commission, 2001b: 22).

Another path through which health care and care for the elderly has been put on the EU agenda is through the social protection communication of 1999. As one of the four axes of the communication, it then became part of the mandate of the SPC. At the European Council of Göteborg, the suggestion was made to apply the OMC to the area of health care and care for the elderly (European Council, 2001b).

With its mandate to play a catalysing role for the Council in the OMC process, the Commission issued a communication on health care and care for the elderly. In line with the decision to apply the OMC to health care and care for the elderly, the Commission presented, on 5 December 2001, its first ever communication on topic, where it spells out the guiding principles of the European health care systems: accessibility, quality and financial viability. The communication provides some details on the nature of the problem of maintaining these principles. It notably mentions that higher standards of living and education implies that patients are better educated and able to adopt healthier lifestyles, but that they also expect better quality and efficiency from health care systems. Reference it made to the role of supplementary insurance in making health care more accessible, including for the most deprived members of society, for whom special arrangements should be conceived. Furthermore, it highlights the diversity of funding and organisational arrangements of the national systems. The crux of the communication was on the need to uphold the characteristics of their health care systems across the EU: "Health care systems in the European Union face the challenge of attaining at the same time the three-fold objective of access to health care for all, a high level of quality in care and ensuring the financial viability of health care systems" (European Commission, 2001b).

It is of interest to note that the spirit of the OMC filters through in the communication in two different instances. Firstly, the communication points to the added value of the exchange of best practice for two purposes. One is to improve the quality of health care systems and the other is to optimise the use of resources in the context of social protection. The forthcoming public health action programme is to support the promotion of quality and best practice in health care systems, notably by supporting comparative analyses of health care systems and medical treatment (European Commission, 2001b). The programme includes proposals to create a health information system to establish comparable indicators, of quantitative and qualitative nature, to improve health information and knowledge in support of policy development. Such a health information system could in particular provide the basis for exchange in regard to the quality of health care systems across the EU (Council of the European Union, 2002: 6). In Lisbon, the open method was identified as the tool *par excellence* with which to disseminate best practices and to ensure greater convergence towards the main EU goals.

The second is the reference to the need for all players of the health systems to co-operate to meet commonly identified objectives, including local authorities, health care professionals, social protection bodies, supplementary insurance companies and consumer representatives (European Commission, 2001a).

One of the central issues of the OMC is its vocation to involve, at national level, different players, both in the preparation of the strategies to pursue nationally, as well as in their implementation. Furthermore, "This is very much in the *air du temps*, with a promotion of what is termed the participative approach, according to which the European decision-making processes should involve all players, notably those closer to the citizen." (de la Porte, 2002: 45).

In terms of the influence of different players and approaches, it seems, as for the area of pensions, that the economically oriented players seek to play a crucial role in this area, on the basis of the need to maintain the sustainability of public finances. Reference is notably made to the work of the EPC on health care and care for the elderly concerning the estimates of the impact of ageing on public expenditure. The EPC has presented projections of the impact of demographic changes on public expenditure on health and long-term care in EU Member States until 2050. The conclusion was that the ageing populations would probably not increase expenditures in the traditional health care sector significantly, but that increases in spending on long-term care in several Member States could be quite dramatic. The suggested policy recommendation is to curtail spending in this area, in order to maintain the sustainability of public finances (European Commission, 2000).

Although the policy content of the communication is not particularly novel, in that it principally re-iterates the underlying factors of the European social model in general, and the health care systems in particular, the fact that increasing political attention is being accorded to this question is a positive development. The Communication was written as a follow-up to the Göteborg European Council, to prepare for the Spring European Council of Barcelona, where the SPC and the EPC presented their progress report on guidelines in the field of health and care for the elderly (European Council, 2001b).

For the Spring 2002 European Council, the SPC and EPC have jointly been mandated to prepare an initial report on orientations in the field of health care and care for the elderly, "...in conformity with the open method of co-ordination". In the initial report, the SPC and the EPC have adopted the three long-term objectives – accessibility, quality and financial sustainability – set out in the Commission Communication as a framework within which to pursue the policy discussions on health care, as well as recognising that the health systems in the EU are based on the principles of solidarity, equity and universality. In the report (Council of the European Union, 2002), there is a particular focus on the difficulty of introducing a European co-ordination process in the field of health care and care for the

elderly. In addition to the difficulties mentioned in the communication of the Commission – in design and funding – the report specifies that different institutions are involved in the management of the fields of healthcare and the provision of care to the elderly. Moreover, the report points to the difficulty in these fields in identifying key cost factors and, therefore, in making long-term forecasts for expenditure, as well as the difficulty in agreeing upon standard definitions and objectives for health systems.

In the report, the SPC and the EPC also highlight that the policy challenge is, in the short term, more urgent than in the area of pensions. Moreover, reference is made to the recent rulings of the ECJ relating to the freedom of movement of patients for treatment within the EU, and the consequences for the Member States, which are obliged to comply with the jurisprudence of the ECJ. Given the challenge faced by the Member States, and the fact that the organisation, funding and planning of health care systems are a national prerogative, as well as the differences that subsist in the Member States in this field, the key tool identified by the Council to move forward is that of “co-operative exchange”: “...the Council feels that useful lessons could be drawn from the sharing of information and best practice regarding the actions being taken by Member States to secure the core social objectives of care and healthcare systems while ensuring their long-term sustainability” (p. 4, rapport EPC SPC health care).

However, it is not clear whether a separate OMC process will be launched for health care and care for the elderly, as it is stated that the eventual future guidelines agreed upon should be integrated into the BEPG (European Council, 2001b). In this respect, OMC health care resembles OMC pensions more than OMC social inclusion.

In addition to the economically oriented and socially oriented actors, there is another set of specific health actors that are all involved in the field of health care and care for the elderly at European level. These actors are made up of Health Ministers, the Health Council, the General-Directorate of Health and Consumer Protection and its Commissioner, David Byrne, as well as a variety of other actors emanating from the health field. There is also a High Level Committee on Health (HLCH), which does not have the same status as the SPC and the EPC, which are primarily inter-governmental gatherings that are officially set up in the Treaty, with a specific mandate. The HLCH, which emanates from the Commission services, is primarily composed of high-level Member State representatives and candidate country observers. Its role is to provide advice to the Commission on matters related to the development of the Community’s health strategy, which covers initiatives and activities in the public health field, as well as on links between public health policy and other health related policy areas. It also seeks to act as a forum for the exchange of information between the Commission services and Member States’ authorities. The Committee is very active, due to the pressure of the Member States, as well as Commissioner Byrne.

It is of particular interest to note that it has prepared a report on the Internal Market and Health Services, which was discussed within the Committee in September 2001 and subsequently amended. It was then presented during the informal meeting of the Ministers of Health in Malaga in February 2002. The fate of the document concerned illustrates how the Presidencies of the EU impact the activities of the Commission. In the Commission document, the amendments illustrated the influence of the political priorities of the Spanish Presidency, and in particular the priority issues in Malaga, to control health care expenditure of the foreign pensioner and immigrant populations (3). A paragraph devoted to this issue was included in the Report of the High level Committee: “... specific issues have arisen regarding retired persons who choose to reside or stay in another Member State.” More specifically, “Many retired persons coming from EU countries stay for long periods in southern Member States. Some of them have bought houses there to stay in these areas

3. Special thanks to my colleague Rita Baeten, for updating me on the policy debate in the health care sector.

during the winter months. Many of these people suffer from chronic diseases that require medical attention and follow up or that may require hospitalisation due to relapse” (European Commission, 2001b: 10).

Concerning the implication of the HLCH in the OMC, it supports the process and indicates that health should be integrated into general Community strategies and the Lisbon process, in particular. The OMC is identified by the HLCH as the ideal way in which to mainstream health. The HLCH has specified that it is now important to launch the debate and to set in motion the “process of discussion, reflection and exchange of views and information in our own countries and at EU level.” The HLCH identifies itself as a “focal point” for launching such a process, and mentions the importance of discussing such issues in other fora, including the European Health Forum. More specifically, it also mentions the need to implement the OMC, through the identification of European level objectives, quantitative and qualitative indicators and benchmarks, and monitoring, evaluation and peer review. The report makes no allusion to the need to co-operate with either the SPC or the EPC (European Commission, 2001b).

The analysis of the recent soft policy developments in the area of health care and care for the elderly illustrates that it is even more complex than in the area of pensions, and that there is not nearly as much political will, even by the economically oriented actors, to launch a full-fledged OMC process in this area. As for the Commission, DG EMPL appears to be rather absent from the debate, due to a lack of expertise in this area. The GD for Health and Consumer Protection, on the other hand, is very engaged and has a considerable amount of expertise in this area. But, it has no mandate to act in this area under the auspices of the OMC process.

Conclusion

Above all, it is important to keep in mind that the areas dealt with under the auspices of the OMC are politically linked to the overall strategic objective of the European Union defined at Lisbon. Therefore, although the social dimension of the Union has been boosted, it is always linked to the economic project of the Union. Indeed, there appears to be a tension between the top-down objectives agreed during the successive sessions of the European Council, and the need for the OMC to take on a life of its own in the individual spheres. For poverty and social exclusion, the aim of developing an autonomous OMC is a process in the making. At least the actors have a homogeneous vision of the social inclusion strategy. And, although the process is much looser than in the area of employment, there are general objectives and there is a political commitment at European level to develop indicators to render situations comparable in the different member states. For the area of pensions and health care and care for the elderly, the situation is quite different. It is above all important to highlight that there is no certainty on the emergence of autonomous OMC processes in this area: the policy objectives agreed are to be integrated into the BEPG. Moreover, there are a multitude of actors with diverging interests involved. Does it make sense to operationalise the softer version of the OMC if they are to be ruled principally by economic imperatives, with the social objectives being tagged on to be diplomatically correct? At this stage, it seems that the only added value could be of cognitive nature, to filter into national policy discourses, as long as both the economic and social dimensions are taken into account. Moreover, if the processes are to be more inter-governmental in nature, with a back-seat role for the (often fragmented) Commission, the arguments to support the development of European-level processes are weakened considerably.

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