

# **The emergence of the Open Method of Co-ordination in social inclusion<sup>1</sup>**

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## Introduction

This paper seeks to explain the emergence of the OMC in the area of social inclusion (OMC/incl). The analytical categories are drawn up on the basis of theoretical insights from literature on institutionalism in the European Union (in particular Bomberg and Peterson, 1999) and advocacy coalitions (Sabatier and Jenkins-Smith, 1993).

I argue first that its emergence needs to be understood in a historical institutionalist perspective, following on from on the one hand the emergence of the EMU and the EES and on the other the European level anti-poverty programmes. In this vein, I argue that its emergence can best be understood by looking at “key stages” of development. Furthermore, I argue that the OMC/incl., like other instances of Europe’s social dimension, can only be understood in terms of the long-term confrontation of “economically-oriented actors” versus “socially-oriented actors” (de la Porte and Pochet, 2002). These two groups of collective actors or “advocacy coalitions” include the policy insiders, which are part of the decision-making “iron triangle” (Heclo, 1974), but also outsiders. Each group of actors shares a “deep core” (fundamental norms and values) and show a “nontrivial degree of coordinated activity over time” (Sabatier and Jenkins-Smith, 1993: 18). They also share, according to the framework, a “policy core”, that is political and policy solutions through which to respond to a policy problem and “Secondary aspects”, which are instrumental decisions and information that affect the coalition’s policy stance. These are organised in hierarchical terms, with the deep core being the least susceptible to change and the secondary aspects being the most susceptible to change (Dunlop, C, 2002: 48 – 49). In European social policy, the deep-set norms and values of the socially-oriented actors are to support the positive development of social policies, to complement and to counter the possible negative effects of economic integration. The deep-set norms and values of the economically-oriented actors are to support only negative social integration, as they conceive all instances of positive social integration as a hindrance to the realisation of the economic integration project (de la Porte and Pochet, 2002: 228-229). Within this framework, individual actors play an important role in institutional development. “Entrepreneurs” conceive of a political vision and attempt to render it concrete in the form of a project that has an institutional and a political component. In order for the project to be accepted, it needs to be accepted at the highest level of the hierarchical structure. “Brokers” actively seek consensus across the EU institutional landscape – European Council, European Parliament, European Commission - to achieve success of the institutional and political project. Brokers use information (notably benchmarks, indicators, technical information) to support their particular endeavour.

Several questions guide the analysis. Why and how did the OMC/incl., characterised as an institution, emerge? Which variable(s) determine its emergence? What form did it take? In order to answer the research questions, the paper traces the key stages in the institutional formation of the OMC in social inclusion (see Table 1 below). For each of the four stages described, I present the content of each stage of institutional development and what it signifies for the institutional development of the OMC/incl. The content of the institutional development could be identified as the “macro level” outcome of a series of actions, as it represents the level of rules and norms. It could also be regarded as the dependent variable. I then trace the key institutionally significant actions, at the micro and meso levels (that can also be identified as the independent variables or factors). At the micro level, that of individual actors, it traces their entrepreneurial and brokering actions. It then links the micro-level actions to the organisational context (meso level) in which the actors operate. It takes account of the political and institutional weight of the relevant organisation(s) and the intended impact of the key (politically pertinent) actions and documents. It then describes the external circumstances, notably the political interest constellation across the EU-15 and the socio-economic conditions (intervening variable) under which the documents were produced and/or actions undertaken. Where relevant, it analyses the relative status of the documents in the negotiating arena, that is, the Summits of the European Council (critical junctures), where key decisions are made on the institutional development of the OMC/incl. As a final step, it summarises the influence of the individual actors and the organisations on the outcome, in regard with the political and socio-economic circumstances. The conclusion of the paper assesses the explanatory power of the various variables analysed.

Table 1: The Emergence of the Open Method of Co-ordination in social inclusion

Stage	Stage 1	→ Stage 2	→ Stage 3	→ Stage 4
Time	1995 – 1997	1997 – end 1999	January to June 2000	July to December 2000
Institutional Development	Legal Creation of Informal Institution	Political Creation of Policy Community	Political Establishment OMC And application to social inclusion	Legal Establishment Policy Community And political objectives OMCincl.
Dependent Variable	Macro level - Treaty provision for the fight against poverty and social exclusion (art. 137) introduced in the Amsterdam Treaty (1997); - Political debate social exclusion sustained through Commission and EAPN	Macro level - Informal (political endorsement) of Policy Community; - Sustained political debate social exclusion	Macro level - Formal (political) establishment of the Open Method of Coordination (Process); - decision to apply OMC to social inclusion	Macro level - Formal (legal) establishment of Policy Community for social protection (Nice Treaty); - establishment of indicators sub-group for social protection - endorsement of political objectives social inclusion.
Independendent Variable	Micro level Quintin Vignon Feltesse	Micro level Quintin Feltesse Perho Farrell	Micro level Quintin Feltesse Guterres Rodrigues	Micro level Quintin Aubry Vandembroucke
Independent Variable	Meso level Commission EAPN Council	Meso level Commission EAPN Council (Finland)	Meso level Commission PES Council (Portugal) ↓ EP	Meso level Commission Council (France)
Intervening Variable	Economic and Political Circumstances - Poverty becomes issue in numerous member states - EMU and Employment Title - IGC Amsterdam Treaty	Economic and Political Circumstances - Employment Title as example	Economic and Political Circumstances - Special Spring Summit	Economic and Political Circumstances - IGC on Treaty Changes in the view of Eastward Enlargement of Union

## 1. The legal creation of an informal institution

The first stage of emergence of the OMC begins with the legal creation of an informal institution, enshrined in article 137 of the Amsterdam Treaty. It is represented by legal commitment to the broad objective of the fight against poverty and social exclusion. The Treaty Provision identifies improvement of knowledge and promotion of exchange of information and best practice, in line with subsidiarity, as the way forward. The provision allows the Council to adopt measures designed to encourage the combating of social exclusion, by qualified majority in co-decision with Parliament and after consulting the Economic and Social Committee and the Committee of the Regions. At the same time, the development of a European response to poverty and social exclusion developed incrementally, mainly within the Commission.

To detect the decisive impulses behind this first stage of emergence OMC/incl., I first analyse the relevant micro level actors and their actions. This is followed by identifying the meso level organisation in which their actions (production of documents, brokering) are nested. I then proceed to analysing the conditions (political, economic) surrounding the decision to raise the profile of poverty and social exclusion. Finally, I assess the influence of the actors and institutions (independent variables), contextualised with influence of intervening conditions.

### Micro level

At the micro level, different actors were active in attempting to achieve a stronger position for the action against poverty and social exclusion at the European level in the 1990s. Two streams of inter-linked actions can be identified: the first consists of concrete small-scale projects against poverty, associated with (non-governmental) network creation; the second is political, where the aim would be to strengthen European competency (legal provision) and political commitment (political objectives) in the area of poverty and social exclusion. The two streams of activity were mobilised by key actors: Odile Quintin within the European Commission and Hughes Feltesse in the emergent anti-poverty network. Quintin mobilised support mainly within the Commission and at a higher political level in the member states, whereas Feltesse mobilised support among non-governmental actors, in the European and national levels.

The first stream of action is the more technocratic and low-key, and consists of a European budget line for small-scale actions for poverty and social exclusion, through which the initiative for the creation of a European anti-poverty network is launched by the European Commission. This action was mobilised notably by Odile Quintin<sup>2</sup> in the 1980s. Qualifying the project actions and their outcome, one interview states: "The activity in the 1980s and the 1990s was mainly technical, small scale and more focused. The experience was that a lot was achieved for a small amount of funding at the local and regional levels, but also that there was a competition to access the funding" (Interview EAPN, December 2004). Two rounds of such programmes were undertaken. Then, as a result of these two programmes, the idea emerged within the Commission to create a European network of non-governmental organisations for the fight against poverty and social exclusion. Towards the end of the 1980s, Odile Quintin and Hughes Feltesse in the Commission had managed to mobilise enough support for the creation of such a network. A delegation involving different actors - Commission, national and non-governmental representatives - was set up to discuss the form and purpose of the network. Hughes Feltesse was the head of that Delegation. In 1989, the European Anti-Poverty Network (EAPN) was established as an independent coalition of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union. It was financed by European funds.

The second stream of action, also emanating from actors in the Commission (together with the EAPN, supported by the Commission financially), is more political. The aim of this section stream of action was, first, to obtain a legal provision to strengthen European competency in the fight against poverty and social exclusion and second, to include the issue of poverty and social

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<sup>2</sup> "qui avait piloté le programme de lutte contre la pauvreté", Interview European Commission, Official 2.

exclusion, in the context of the debate on social protection, on the (political) European agenda. One of the key actors is Odile Quintin, supported throughout by Jerome Vignon. Due to the EMU and also the support for the European Employment Title at Amsterdam, Quintin mobilised in DG employment to include a provision in the Treaty for the fight against poverty and social exclusion.

At the same time, she supported the development of social exclusion at the political level (Council meetings). One interviewee states that “Odile Quintin was keen on having her own process. She was from the beginning a driving force behind the emergence of the OMC in inclusion...” (Interview Member of Cabinet of Vandebroucke 1999 – 2003, March 2005). Another interviewee assesses that: “Odile Quintin is good at defending poverty and social exclusion strategy. She is also good at putting the issue back on the agenda.” When supportive of an issue, she actively seeks alliances among member states that may be favourable to her policy position (Interview Crowley, January 2005). Acting more behind the scenes, and more as a policy broker than an entrepreneur, “Jerôme Vignon has also been a mover of the inclusion strategy” (Interview EAPN, December 2004). Through the activity of Odile Quintin and support of Jerome Vignon in DG Employment, the European debate evolved through documents aiming to incite policy debate and to obtain legal provisions in this area. This began with, in 1993, the Green Paper on social policy, followed in 1994, by the White Paper. One result of the debate launched through these documents is the European Social Policy Forum, to gather a wide range of actors, notably civil society organisations, to discuss social policy. This can be identified as the beginning of the development of a (European) practice and discourse of promotion of participation in the area of social protection. These initiatives were followed by, in 1995, and 1997, two communications on social protection. During this period, poverty and social exclusion, was integrated with the debate on social protection at the European level. Furthermore – particularly since the adoption of the European Employment Guidelines in 1997 – social protection is more often than not linked to employment. The discourse favours a shift from passive to active protection policies and the issues of prevention and rehabilitation are filtering into the core of the European social protection discourse. At this stage, Odile Quintin takes initiatives to develop poverty programmes, creation European level civil society organisations as a political entrepreneur.

Hughes Feltesse, also an important mover behind the creation of the EAPN, and its first President from 1989 – 1992, was in the Commission during the beginning from 1992 to 1995, during the writing of the Green and White Papers on Social Policy and also the 1995 Commission Communication on social protection. He returned to the EAPN, representing France, in 1995. He was behind the initiative, as of the EAPN General Assembly in 1996, to set up a “Social Policy Taskforce” (EAPN, 1999b). The taskforce gathered a handful of experts (under ten) from EAPN member organisations in order to determine the (European) political and legal means through which to combat poverty and social exclusion, and also to analyse, from the perspective of the excluded, developments in member states and at European level (EAPN, 1999b). In the taskforce, he worked closely with different actors from European and national civil society organisations, including Olivier Gerard from ATD Quart Monde, who has been an active supporter of obtaining a higher status for poverty and social exclusion throughout the 1990s (Interview Commission Official 2, January 2005). Feltesse was both an entrepreneur, conceiving of how to address social exclusion at European level, and also a broker, trying to obtain political consensus on poverty and social exclusion within the Commission and also the network of the European non-governmental organisations.

#### Meso level

The main organisational bodies that were involved in the run-up to the first stage of institutionalisation of a social inclusion strategy, prior to the coining of the Open Method of Co-ordination (OMC) and its application to the area of poverty and social exclusion, were the European Commission and the European Anti-Poverty Network (EAPN). The support of the Commission, for both the legal provision against poverty and also the political support, was incremental, and had been strengthening throughout the 1990s. The EAPN had increased its political role particularly since 1996, as of the setting up of the Social Policy Taskforce, chaired by

Hughes Feltesse. The action of both bodies sharpened in the wake of increased interdependence of social protection systems, due to the realisation of the single market and the EMU.

The Commission (DG Employment and Social Affairs) on the one hand pushed for a Treaty provision for the fight against poverty and social exclusion, to which the support by member states became stronger as poverty became an issue on more national policy agendas. On the other hand, it launched debates on social protection at the agenda-setting stage of policy formation. One Commission official states that the mid-1990s represents “a shift in conceptions of how to tackle issues of social protection at European level, shifting away from harmonisation to cooperation. The member states began to conceive of “common challenges” with the demographic challenges, when their systems were increasingly interdependent after the realisation of the single market and EMU. After that, there were a series of initiatives that reiterated or developed further the idea of co-operation among member states in the field of social protection.” (Interview Denis Crowley, January 2005). In 1995, “The future of social protection, a framework for a European debate” (COM (95) 466) was published by the Commission. It proposed the establishment of a *productive discussion* among key players to formulate joint strategies to pursue in the social protection area with regard to the “common challenges” that had arisen, including unemployment and the changing demographic structure. The 1997 Commission communication “Modernising and improving social protection” (COM 97/102) also proposed in terms of method soft dialogue and exchange as means forward, but also proposed to develop the soft approach further. The main effect of the documents was to maintain and develop the debate on social protection in the limelight of the important developments in employment. The stimulation of a debate on social protection through these means is an example of the incremental development of a debate in a particular policy area (social protection). These documents reflect an incremental influence of the Commission on policy formation (Nugent, 2002: 152) in an area where the Union does not have any legal competencies, and that is governed by subsidiarity. The Commission was involved as a collective actor in the debate on social protection through its formal and informal practice of devising, articulating and defending political propositions for the Union (Hayes and Renshaw, 187-188; Nugent, 2002).

The EAPN, set up in 1989, is made up of fifteen members representing the national networks (voluntary organisations and grass-roots organisations in fight against poverty and social exclusion) and of three members representing the European Organisations ([www.eapn.org](http://www.eapn.org)). The key aim of the EAPN is to promote the fight against poverty and social exclusion at European level, and it has worked with the different European means (programmatic, financial and political) towards this finality and in doing so has attempted to increase its influence in all different levels and forms. The EAPN supported the inclusion of a Treaty provision for the fight against poverty, as it would provide the EAPN with a stronger formal source of institutional support for its own action. Parallel to this, it conceived the debate launched by the Commission on social protection as a means to enter the European policy debate (rather than just participating in the administrative technicalities linked to the anti-poverty initiatives) and to increase its own role as a facilitator of the debate and of links with member states through civil society organisations. The finality of the EAPN was not clear, but developed incrementally, through the establishment and strengthening of links with the Commission, as well as with member state organisations. In strategic terms, the EAPN systematically proposes even stronger development of a social dimension in its positions than the European Commission, due to the nature of the organisation, seeking to promote poverty and social exclusion at European level (Interview Denis Crowley, January 2005). It was in 1996 that the EAPN started to develop political commentary on the initiatives of the European Commission in setting up a Taskforce on social policy (EAPN, 1997). Its first (official) policy input into the debate was a commentary on the Commission social protection communication of 1997. The commentary can also be identified as the beginning of the process of the shaping of a policy position on exclusion by the EAPN. The nature of the commentary was on the substance of the political proposals by the Commission, commenting on the need to consistently take account of poverty risks in reform of social protection. It also points to the need to take into account the different dimensions of poverty and not just monetary poverty: “The time is long gone since poverty just meant being denied a decent income. It now includes exclusion from a series of other rights: health, housing, training, work, citizenship.” (multi-dimensional approach to be developed

subsequently). It secondly sought a rights-based approach: “the first duty of social protection... is to guarantee a series of fundamental social rights”. Its comments were widely diffused to different policy actors and also NGOs and civil society organisations (EAPN, 1999b). The EAPN sought to establish a say in the development of the debate and to establish a role for itself. It had no clearly defined finality at this stage.

### Socio-Economic and Political Conditions

This section provides some information on the socio-economic and political circumstances during the 1995 to 1997 period. Economic growth continued to be low, and poverty was increasingly a concern on the agenda of governments (that shifted towards social-democratic governments at this time). The figures on poverty available show a persistently high but not worsening poverty rate in the EU-15 and the member states. In France (country of origin of Feltesse and Quintin), the poverty rate was stable throughout this period, at 15%. At the time, when Jospin was Prime Minister, the law on social exclusion was being discussed and agreed (adopted in 1997). Poverty had likewise become an issue on the national agenda of Portugal (22% in 1997), Ireland (19% in 1997), the Netherlands (10% in 1997), Finland (8% in 1997), all governed by left-wing coalitions at the time (EAPN, 2000a). In addition, anti-exclusion policy was also a cornerstone of Blairist Third Way policy (18% poverty rate in 1997). In the 1995 to 1997 period, the EU countries are increasingly governed by social or social-democratic governing coalitions, shifting from eight countries by social or social-democratic governments (including Sweden and Austria, two new member states) in 1995 to ten countries, governed by socialist or social-democratic governments in 1997 (Manow et al., 2004: 12). The average poverty rate across the 15 countries of the European Union decrease from 17% in 1995 to 16% in 1997. Its increasing prominence on the national agendas is due to shifts in political constellation rather than dramatic changes in poverty.

Table 2: Poverty rates in member states and EU-15 (1995 – 1997)

Country/Year	1995	1996	1997
Belgium	16	15	14
Denmark	10	-	10
Germany (including ex-GDR from 1991)	15	14	12
Greece	22	21	21
Spain	19	18	20
France	15	15	15
Ireland	19	19	19
Italy	20	20	19
Luxembourg (Grand-Duché)	12	11	11
Netherlands	11	12	10
Austria	13	14	13
Portugal	23	21	22
Finland	-	8	8
Sweden	-	-	8
United Kingdom	20	20	18
<b>European Union (15 countries)</b>	<b>17</b>	<b>16</b>	<b>16</b>

Source: EUROSTAT.

Indicator: 60% of median equivalised income after social transfers as the cut-off point for at risk of poverty rate.

In 1997, the (social) issue of greatest political salience on the EU agenda was employment policy. There had been mobilisation for the inclusion of a Treaty provision on poverty and social exclusion in the Amsterdam Treaty (chapter 3). Social Protection (and social exclusion) remained in the backstage of the meetings of the heads of state and government at this time. Social protection is during this time a side issue in the debate on growth competitiveness and employment. The

outcome was that the political measures and institutional form for social protection (and social exclusion and poverty) evolved in conjunction with these developments.

Summing up, the first stage of institutionalisation of the OMC/incl. is a result of progressive institutional development of support (legal and political) for the fight against poverty and social exclusion that took shape mainly at the meso level, mainly within the Commission but also the EAPN. Individual actors within those circles were important initiators of action, and did engage in entrepreneurial and brokering activity. However, strong entrepreneurial activity can not be identified as the crucial explanatory variable of this stage of institutional formation of the OMC/incl. In the wake of the circumstances of EMU, the endorsement of a coordination process in employment, increasing concern by social-democratic governments in Member States with regard to their social protection systems, support was mobilised for the inclusion of a Treaty provision for tackling poverty in the Amsterdam Treaty in the context of a majority of left-wing governments governing across the EU, a crucial intervening variable. During this time, the “socially-oriented” advocacy coalition accepts economic and monetary union and the competitiveness and growth aims of the European Union. However, they put forward the need to conceive of and implement appropriate social protection measures, and to combat exclusion (including new types of exclusion) through integrative measures, of which employment is a key but not exclusive factor. The ideational position of the “economically-oriented” advocacy coalition links employment policy only to optimal realisation of EMU and economic policy, and does not believe in the more social incentives.

## 2. Political Creation of Policy Community

The second stage of development of the OMC inclusion is represented by the political creation of a European level Policy Community for the development and monitoring of social protection issues. At this stage, it is endorsed politically, but does not yet have a legal status. The policy community is a closed community of insiders meeting on a regular basis and that are delegated the task of preparing policy (Thatcher, 1998: 392 - 393). It was decided during the Finnish Presidency in the second half of 1999. Through "recurrent negotiation" to fulfil its tasks, it could embody circumstances for deepening integration in the area of social protection (Hayes-Renshaw and Wallace, 1997: 24). The policy community, referred to as the high-level working group on social protection, was explicitly based on the model of the employment committee. It consisted of two civil servants per member state, and two Commission representatives. Its mandate was to work on the four axes of social protection specified in the Commission communication on social protection issued in the wake of its resignation. The four axes were: to make work pay, to combat poverty and social exclusion, to render pension systems economically and socially sustainable, and to render quality health care accessible to all. Thus, the poverty axe was one of its four mandated areas. It started to work in January 2000 as a policy community, meeting monthly. The means through which the group operated was loose co-operation and exchange, to try and agree on common aims. There were no over-arching benchmarks for any of the dimensions of social protection.

To detect the decisive impulses behind this second stage of institutional development of the OMC inclusion, the analysis follows on from the first stage of its development. I first analyse the relevant ideational trajectory and activity of the individual entrepreneurs (micro level), and then move on to analysing the meso level context in which these actions are nested. I then proceed to analysing the conditions (political, economic) surrounding the arena (summit) where the actual decisions were taken. Finally, I assess the influence of the actors and institutions, and circumstances.

### Micro level

At the micro level, actors in the Commission were active, building on the policy initiatives that had been developing since 1995 and also using the legal provision (art. 137 of Amsterdam Treaty) as an incentive to strengthen their action. In agenda-setting (putting poverty and social exclusion on the European agenda, at the level of the European Council) the Commission (especially Quintin) used political contacts in the member states to push forward the fight against poverty and social exclusion. At the same time, the political lobbying activity of the EAPN became more poignant.

In DG Employment and Social Affairs of the European Commission, Quintin, following on from her entrepreneurship role during the first stage of institutionalisation of poverty and social exclusion at European level, continued to be a strong mobiliser. After 1999 in particular, when Vandembroucke was elected as member of the European Parliament (Belgian representative, Socialist Party), Quintin developed closer links with him and other ministers, supportive of the development of the dimension of social inclusion (Interview Member of Cabinet of Vandembroucke 1999 – 2003, March 2005).

In the EAPN, Fintan Farrell, became President. The EAPN has undoubtedly become a stronger and more resolved actor under his Presidency (Interview OSE expert, March 2005; Interview SPC, July 2005). In 1999, their contact with the Finnish EAPN network and the Finnish Minister of Social Affairs culminates in a conference on the issue of poverty and how Europe could support member state action in this area. The conference, "National and European Strategies to Combat Poverty and Social Exclusion" took place in November 1999 in Helsinki (EAPN, 2000a). At this conference, one of the key objectives identified was to envisage setting up a working group – i.e. a policy community – to work on issues of social inclusion. This idea came from the example of the "Luxembourg Process" in employment, and had been advocated strongly by the EAPN. The Commission also supported it, but not as forcefully as the EAPN. During the Finnish Presidency in the second half of 1999, the Finns supported the development of a social inclusion process. The idea was to have a Social Protection Strategy akin the European Employment Strategy (interview,

Finnish official, 1999). This can be attributed to the fact that, first, poverty was an issue on the national agenda and second, the fact that Marja Perho, Minister of Social Affairs, was informed and supportive of the approach developed within the EAPN. She had been involved with the national Finnish EAPN network and also the European EAPN network, to make social protection an issue on the agenda of the Finnish Presidency. The President of the EAPN testifies that: "We collaborated closely with the Finnish Presidency prior to the meeting of the Council of Ministers where commitment was made to the social protection strategy, and the set-up of the SPC. We had a pre-established collaboration with the Finns, particularly supported by the fact that the then Minister of Social Affairs Ms. Perho supported and also knew the EAPN network well..." Concerning the policy objectives, the Finns were favourable to the approach that had been developing within the EAPN: "In a consultation with the Commission prior to the Council meeting, the Finnish representative suggested that the approach to follow in combating social exclusion could be based on the EAPN strategy set out in the "A Europe for All" paper. The influence of the EAPN can be seen in the end result." (Interview EAPN, December 2004).

### Meso level

During 1999, the Commission continued to be active through the organisation of a social policy conference (May 1999), and the issuing of a communication prior to its resignation in the summer of 1999. EAPN and its taskforce on social policy were very active. The policy substance of a fight against poverty became more concrete. While the approaches of the Commission and the EAPN broadly concur, the Commission approach puts more emphasis on combatting exclusion by encouraging re-entry on the labour market, while the EAPN approach highlights the (multi-dimensional) role of the social protection system in combatting exclusion. Furthermore, the Commission is part of the institutional triangle with substantial power through its right of initiative, while the EAPN tries to mobilise contacts upstream (Commission, Council, European Parliament) and downstream (national networks of EAPN and their governmental networks). The EAPN has also sought to create a legitimate institutional means of influence for itself within the European institutional web of policy-making. This is notably represented by putting forward the EES as a model for a social exclusion policy, put forward by Fintan Farrell and in which there should be a specified role for the EAPN (EAPN, 1999b: 7).

Within the Taskforce on social policy of the EAPN (chaired by Hughes Feltesse), a discussion developed, in parallel to and linked to the debate within the Commission. Concerning the role of the taskforce, in an interview, Hughes Feltesse claims that "... quand j'étais en charge de la Task Force Politique sociale, EAPN faisait beaucoup de travail de réflexion sur quelles réponses politiques et légales pourraient aider pour combattre la pauvreté et l'exclusion sociale ». The second action of the taskforce, after having commented on the 1997 Commission communication on social protection, was to organise a conference, devoted to discussing political and legal priorities in the fight against poverty and social exclusion (March 1999). In the conference "Social protection or exclusion: A choice for Europe", the EAPN launched thematic debates around the need to strengthen the different dimensions of the approach that was developing in the Commission (in the Communications). The themes of the conference were:

- first, the need for social welfare systems to take account of diversified individual needs (including older persons and children);
- second, the need to establish and guarantee access to basic rights for all;
- third, social welfare is the collective responsibility of public authorities and society as a whole, that should include pertinent participation of public authorities from local to European level, social partner and civil society organisations and the population(s) in poverty. This dimension was brought into the EAPN by Ireland (in the workshop presented by Mary Murphy or EAPN Ireland). (EAPN, 1999b).

The following milestone was a Round Table Social Policy Conference, organised in mid-May 1999 by the European Commission. The conference can be characterised as a juncture, where the approach and demands of the Commission and the EAPN come together. This is represented by the contribution of the EAPN to that round table, again calling for a stronger development of the

European dimension of social protection, with specific referral to the EES as a model. Concerning policy priorities:

- the first was to promote the effective exercise of fundamental rights by all. This dimension had been brought in by the experience of the French case, in particular Hughes Feltesse. He had closely followed the actions in the run-up to the adoption of the Anti-exclusion act, adopted in France in July 1998 (Interview Feltesse, January 2005);
- the second was to be an integrated (comprehensive), multi-dimensional action at different levels. This approach had also to a great extent been developed in France (Interview Feltesse, January 2005);
- the third was to be partnership between the different players and participation by groups concerned (representative organisations of the excluded and the excluded themselves as well as the role of public authorities at various different levels of government). This last dimension was brought into the EAPN through the Irish experience. Mary Murphy of EAPN Ireland had been active in the former conference. In the May 1999 conference, Hugh Frazer, Director of the Combat Poverty Agency in Ireland, from 1987 to 2001, also played an important role in bringing in this dimension to the debate. Within the Agency, Hugh Frazer had been a key actor behind the development of a National Anti-Poverty Strategy (NAPS) in Ireland (Interview Hugh Frazer, <http://www.cwc.ie/news/art01/hughfrazer.html>, downloaded March 23, 2005).

Concerning governance, the EAPN insisted strongly on using the EES as a model. The EAPN explicitly said that, in terms of process (means), the Commission position did not go far enough: "... in putting forward a strategy based essentially on the exchange of good practice between players, the Commission fails to draw the full consequences of its own conclusion." In the document, the EAPN proposed that "... a European strategy to combat social exclusion, modelled on the European Employment Strategy, which sets a common objective for the Community and Member States – stamping out poverty and social exclusion by setting guidelines for combating exclusion. -, puts in place national plans to combat exclusions, and verification procedures." It also called for the organisation of an Extraordinary European Council akin to the Luxembourg Jobs Summit to launch the process. Concerning the content, it proposed basing the guidelines on three pillars. Four workshops were organised in the framework of the conference, reflecting the involvement of the EAPN in on the one hand the formation of the social protection (especially fight against poverty) policies, and on the other, that of participation of different actors.

At the meso level, the Commission, in an incremental logic, followed and strengthened its call for the development of a stronger support for creation of cooperation in European social protection. Social inclusion was one of the themes of social protection that the Commission promoted and supported through a Communication, where it suggests policy proposals for the EU. A communication was adopted on 14 July 1999. It built on the content of the social protection initiatives that had developed during the 1990s. In terms of policy content, it was built around four axes<sup>3</sup>, including social inclusion. The strategic objective around which it was built was to integrate excluded persons through work, but also to ensure provision of resources in the case of inability to work. For the envisaged social inclusion strategy, there was, like in the 1997 communication, a strong linkage with the activation line of the employment strategy. The content of the 1999 communication was, as pointed out by one Commission official, not particularly novel: "The Communication issued by the European Commission in July 1999 reiterated all these elements that had been developing in the discourse since the beginning of the 1990s: demographic challenges, increased interdependence were the incentives to discuss the things at European level. The means was cooperation." However, circumstances were of a particular nature. Due to a confidence crisis, following a report of the EP, the Commission was forced to resign. This had spurred the initiative to write the communication, and had also spurred an initiative within the Employment strategy process, to issue a first round of individual country recommendations, akin to the recommendations issued in the context of the Broad Economic Policy Guidelines. As a result, the EES policy coordination was strengthened as a model for protagonists supporting the

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<sup>3</sup> The other three axes are to make work pay, to render pension systems sustainable, to guarantee a high and sustainable level of health care.

developing of a social protection strategy, in different European institutional contexts: the Commission, the civil society organisations (EAPN), and also the Member States.

At this stage, social inclusion is addressed as an issue in its own right by the EAPN. By contrast, the Commission and the Member States address social inclusion in the whole debate on social protection, that also included other issues: making work pay, rendering pension systems sustainable and guaranteeing a high and sustainable level of health care. All three institutional actors were active and worked together in trying to raise at European level the issue of “social inclusion” with regard to economic policy and employment policy.

### Socio-Economic and Political Conditions

During the 1997 to 1999 period, the economic situation in the EU continued to be bleak. Concerning the political situation in the EU countries, ruling social-democratic governmental coalitions increased. In 1997, nine countries were ruled by social-democratic governments; in 1998, this increased to ten countries, and in 1999, twelve out of fifteen EU countries were governed by governments with social-democratic majorities (Manow et al., 2004: 12). Furthermore, most of the governments at this time were led by prime ministers that were oriented towards the left (Schafer, 2004: 11). The political focus was on preparations for Economic and Monetary Union, including increased co-ordination of associated policies. There was also, albeit less pronounced, concern with high unemployment rates and increasing risks of poverty.

At the EU level (agenda of the Council), the main stream of political focus was on how to respond to the poor macro-economic and employment circumstances at European level, practicalities associated with the operation of Economic and Monetary Union, and also concern about the increasingly opaque governance structures of the European Union. The Luxembourg Summit, in December 1997, represents the beginning of a collective reflection process on the future (policies and governance) of the Union. During the Cardiff Council, the freshly elected Labour Party was supportive of pursuing the employment strategy objectives put forward in the EES. It fit one of the cornerstones of its national employment policy in the form of the welfare-to-work programme. The Cardiff European Council represents the first time that the term “social inclusion” is used at a Summit of the European Council. A comprehensive objective was identified, to enhance “...further economic reform to promote growth, prosperity, jobs and social inclusion”. In June 1999, in the context of EMU, the need to coordinate policies was emphasised further. Most of the emphasis was on the coordination of economic and employment policies. At the Cologne Council firmly put in place the “European Employment Pact”, following on from the Austrian Presidency, qualifying it as a “comprehensive overall approach bringing together all the Union’s employment policy measures”. This would consist of:

1. a “macro-economic dialogue” on coordination of economic policies together with wage developments, as well as monetary, budgetary and fiscal policy. This process is to be coined the “Cologne Process” in the council conclusions
2. The European Employment Strategy to improve the efficiency of labour markets, also referred to as the Luxembourg process;
3. The “Cardiff process”: “comprehensive structural reform and modernisation to improve the innovative capacity and efficiency of the labour market and the markets in goods, services and capital”

Different actors, including Social partners were to be tied to the process- “... representatives of the Council, the Commission, the European Central Bank and the social partners participate in an effective way to approach implementing the growth and stability oriented macro economic policy forming part of the Broad economic policy guidelines as pursued by the member states and the community.” Importantly, the decision was taken to convene a special meeting of the council on employment, economic reform and social cohesion in spring 2000 under Portuguese presidency. The aim set out was “... to review progress made after the cologne, Cardiff and Luxembourg processes”. In terms of participation it was stated that “a forum of representatives of the governments of the MS, the Commission, the EP, the social partners and the ECB” would evaluate the results. At the Helsinki European Council, in December 1999, the coordination of various

policies was delegated to the Lisbon European Council, which was identified as “an opportunity to further develop these issues by examining the objectives of the existing processes and instruments aimed at strengthening employment, economic reform and social cohesion in the framework of a knowledge-based economy.” The Helsinki Council also proposed that the Broad Economic Policy Guidelines should become a policy document of greater political weight, not only for macro economic policies, but also political and structural reforms, and connections with the employment guidelines.

The second less pronounced stream of policy focus at the EU level was poverty. Concerning circumstantial factors, the poverty rate overall of the EU decreased slightly from 16% in 1997 to 15% in 1999 (see table 3 below). It was not a dramatic change that brought the issue higher on the political agenda of the EU countries and also the summit, but instead, favourable political conditions, represented by more social-democratic governing coalitions.

Table 3: Development of Poverty (at risk of poverty rate) in the EU and member states from 1997 to 1999

Country/Year	1997	1998	1999
Belgium	14	14	13
Denmark	10	-	10
Germany (including ex-GDR from 1991)	12	11	11
Greece	21	21	21
Spain	20	18	19
France	15	15	15
Ireland	19	19	19
Italy	19	18	18
Luxembourg (Grand-Duché)	11	12	13
Netherlands	10	10	11
Austria	13	13	12
Portugal	22	21	21
Finland	8	9	11
Sweden	8	-	8
United Kingdom	18	19	19
<b>European Union (15 countries)</b>	<b>16</b>	<b>15</b>	<b>15</b>

Source: EUROSTAT.

Indicator: 60% of median equivalised income after social transfers as the cut-off point for at risk of poverty rate.

Albeit average stability in the poverty rate across the EU, Finland is the country that shows the highest increase in poverty during the 1997 to 1999 period (from 8% in 1997 to 11% in 1999). It was an issue on the national agenda, and Finland was concerned about negative social effects of Economic and Monetary Union. During the Finnish Presidency, one of the key aims had been to enhance European action in social protection, in order for the social dimension of the EU not to be over-run. In the national context, as well as the European context, the Finns sought during their Presidency to strengthen the European dimension of social protection, akin to the Employment Strategy process (Interview B Vanhercke; Interview Matti Kari, 1999). During its term in the Presidency to the EU Council (July – December 1999), Finland sought to adopt a stronger institutional means and political agreement to social protection. At the end of November 1999, during the meeting of the Labour and Social Affairs Council formation, one of the issues on the agenda was social protection (in the wake of the July 1999 Commission communication on social protection). During that meeting, the decision was taken to set up a group of high-level officials from the 15 EU member states, to operationalise the objectives set out in the Commission’s July Communication on social protection. The Labour and Social Affairs Council concluded that the

improvement and modernisation of social protection “should be a coherent action, parallel to and interactive with the European employment strategy as well as to the macro-economic dialogue<sup>4</sup>”. In addition to the four axes of social protection - employment, old-age income, social inclusion, health care - set out in the Commission’s Communication, equal opportunities and constructive use of new technologies in the dialogue and development of social protection are emphasised. Moreover, the role of social partners is perceived as essential in the modernisation of the social protection process, as well as association of the European Parliament, the Economic and Social Committee, the Committee of the Regions and social security institutions. The existence of this informal group was then endorsed at the Helsinki European Summit in December 1999. The means of operation of the working group was at this stage vaguely defined.

Summing up, the second stage of development of the OMC/inclusion leans on the formal institutional support provided through article 137 of the Amsterdam Treaty. Social-democratic governmental coalitions supporting a stronger development of a European anti-poverty strategy are, once again, a crucial intervening variable. The anti-poverty network acted at this stage as an important advocate for the creation of the policy community, seconded by the Commission. The support of Finland (in particular the Minister of Social Affairs) was an important vehicle for the development of the policy community. The individual actors within the EAPN and the Commission played an important role.

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<sup>4</sup> Council Conclusions on the Strengthening of co-operation for modernising and improving social protection, 29 November 1999, p. 1.

### 3. Political establishment of the Open Method of Co-ordination (OMC) and its application to social inclusion

The third stage of development of the OMC inclusion is represented by

1. the Formal (political) establishment of a policy coordination method, applicable to different policy areas, Open Method of Coordination, coined at the Lisbon European Council in March 2000. Its actual operation and concrete application were directly inspired by the objective-setting, implementation and monitoring procedures of the European Employment Strategy (EES) (Council of the European Union, 2000b; European Council, 2000a). A note on the Open Method of Coordination was issued in June 2000, in the preparation of the Feira European Council. The note set out its normative ambitions, and its functional features.

And

2. the agreement to implement the OMC to the area of social inclusion, decided at the Feira European Council in June 2000. It was at the Feira European Council that the different aspects of the social exclusion policy and governance process were joined. First, it was clear that the high-level social protection working group was to have the key role. Portugal and other countries supported its further institutionalisation (legal institutionalisation). The Council conclusions stated that “development and systematic monitoring of work on these matters at Community level will be improved by the... Social Protection Committee...” It was to apply the OMC to social inclusion, in combination with the Community action programme that had been put forward to this effect. The Conclusions state the group was to incite “cooperation between member states through an open method of co-ordination combining national action plans with a community programme to combat social exclusion”. Furthermore, the schedule of the process was established as a two-yearly rather than a yearly process. The decision was taken to encourage the creation of indicators.

To detect the decisive impulses behind this third stage of institutional development of the OMC inclusion, the analysis follows on from the second stage of development of the OMC inclusion, to which it is intimately linked. I begin by analysing the relevant activity of the individual actors (micro level), and then move on to analysing the meso level context in which they are nested. I then proceed to analysing the conditions (political, economic) surrounding the arena (summit) where the actual decisions were taken. Finally, I assess the influence of the actors and institutions (independent variables), contextualised with influence of intervening conditions.

#### Micro level

In the Commission, Quintin, as well as Vignon, continued to advocate for a stronger means of action in the area of social protection, rather than mere “co-operation”. Quintin actively represented the Commission in the newly inaugurated social protection committee, and also met with Rodrigues (key actor as the advisor to the Prime Minister of Portugal in first half of 2000) in regard to strengthening co-operation among member states in social exclusion. In the Commission, the approach was all-encompassing: the aim was to strengthen action in all areas of social protection. Feltesse, formerly from the EAPN, joined the Commission, and advocated for strengthening the European dimension for combating poverty, through a rights-based approach (he had followed the debate in France in the run-up to the adoption of the anti-exclusion law), and also in conceiving poverty and exclusion as a multi-dimensional phenomenon. This was rooted in his individual and national experience of means to combat poverty.

Another network where activity was strong was the EAPN. In the light of the endorsed political decision and operationalisation of the High-level working group on social protection, the EAPN used its network in Portugal to try and obtain agreement on stronger anti-poverty objectives. At the European level, the EAPN President Fintan Farrell also met with Rodrigues prior to the Portuguese Presidency in 2000: “We also met Rodrigues prior to the Portuguese Presidency. Rodrigues herself had a more “theoretical” approach to the OMC, but did not know exactly what form it would take. EAPN met with her in order to try ensure that social inclusion and poverty would be a part of the overall Lisbon agenda. But Rodrigues herself was more interested in the global coordination approach, rather than the specificities of the form that the OMC would take in the various policy

areas, including the area of social inclusion.” The EAPN had a more narrow scope than the Commission, seeking to strengthen the anti-poverty dimension of social protection. The approach advocated was set out in the EAPN contribution to the Round Table Conference of May 1999. It was through the strengthening of the link between the EAPN and the Commission, that those specific pillars proposed for combating poverty and social exclusion were adopted. This tie with the Commission was further strengthened by the fact that Hughes Feltesse, actor in the EAPN, went to the European Commission, from where he continued to support the development of a stronger European anti-poverty strategy. Feltesse had been the first president of the EAPN, and importantly, the chair of the social policy taskforce of the EAPN, where the social exclusion policy that it was to propose had developed.

Guterres, acting President of the European Council in the first half of 2000, used different institutional arenas to develop and to obtain support for a new over-arching strategy for Europe. During the Portuguese Presidency in 2000, he was Prime Minister of Portugal, President of the PS in Portugal and member of the PES. During that time, he engaged in mediation/brokering activity as he met with all Prime Ministers or heads of state and government in order to achieve a consensus on the strategy to be proposed at Lisbon (Rodrigues, 2002a: xi; 2002b: 19). He engaged Maria Joao Rodrigues as his advisor in the development of the strategy and also to obtain consensus on the main objectives of the strategy. In her words, Guterres “... had the vision and the ambition to launch an extensive process for long-term thinking and decision.” Guterres mobilized his network of contacts at the European and national (Portugal) levels (Rodrigues, 2002b: 19). Rodrigues, too, had a network of contacts within the European circles, and notably testifies to contact with Delors during the development of the Lisbon Strategy. She also mentioned by name other key persons, that she referred to as “experienced mediators”, notably Jean-Claude Juncker, who had been a key figure in the process leading to the decision on the policy content of the first set of European Employment Guidelines, and Allan Larsson, an important entrepreneur in the early stages of the EES (Rodrigues, 2002: p. xi). Rodrigues, having been involved in the European working groups and circles for a number of years (cv rodrigues), was acutely familiar with the European Employment Strategy. She herself has stated that: “The main source of inspiration for the open method of coordination is the Luxembourg process regarding European employment strategy.” (Rodrigues, 2002b: 23).

## Meso

In 2000, the main instrument used in the Commission to put forward its political aims in social policy was the European Social Agenda, of which it prepared the first draft. The Social Agenda is a document that has a planning status, setting aims for the area of social policy for the Union for a number of years. The Social Agenda is then endorsed by the Member States in the Labour and Social Affairs Council formation and thereafter to be approved by the European Council. In the Social Agenda being prepared in 2000, one of the six policy objectives was to combat social exclusion.

The EAPN continued to campaign actively with other actors (CMRS, Eurocities, ETUC,...) for the development of a European strategy for poverty and social inclusion (Interview Fintan Farrell, December 2004). This action took place at the European level, through regular contact with the Commission, and also the national level, in particular trying to influence the process through contacts with national EAPN representatives and governmental representatives during the Council Presidencies. While the strategy proposed by the EAPN had been developing throughout 1999, it culminated in May 1999. The approach proposed was based on three pillars:

1. promote the effective exercise of fundamental rights by all. This consists of promoting universal rights, identifying the individuals and families without sufficient resources, promoting access to health care, housing and basic public services for all;
2. promote an integrated approach and action. The main element of this approach is the conception of social exclusion as a “complex and multi-dimensional process”. The policy answer proposed is to include combating poverty in all public policies;

3. promote participation and partnership. The conception of participation refers to the excluded being involved in decisions impacting their lives (provision of education, healthcare, childcare, other services), and not participation in the labour market. Partnership, in reference to the Irish model, refers to partnership between the public sector and NGOs in provision of services.

In terms of governance, a social exclusion process, akin to the EES was supported.

Another more political entity under which a social exclusion strategy was being proposed, by Portugal, was the Party of European Socialists. At the Party Leaders meeting in January 1999, Guterres, President of the PS and also Prime Minister of Portugal from 1995-2000 presented the PES text on employment, titled “a European employment pact – for a new European way”. The report set out a strategy supported by the European Socialists and Socialists, referred to as the “New European Way”. Compared to other reports or manifestos, this document seemed more like a governmental preparation for a European Summit meeting, rather than political document putting forward the normative ideals and political objectives of the PES. An examination of the text reveals that ideationally the socialists agree with the economic project of the Union. What differentiates their position from that of the economically-oriented actors is more focus on issues related to social protection. In the text, the first issue highlighted, in the context of the launching of the EMU, was *economic policy*, for which the aim was combine higher growth with a control of inflation, public deficits and debt. The second issue was *employment policy*, for which the aim was to create employment by involving more people in the labour market. It characterised the employment policy objective as having to be “... adapted to the modern world with more flexible time over the working life, greater choice between work and leisure, equal opportunities for women and men, more fairness between younger and older generations and improved social justice.” The PES text also supported setting full employment as an overarching objective. The third issue was to “*combine social protection and competitiveness*”. The document referred to the ambition of rendering society more “active” and “inclusive” and also to attain a “binding commitment in the fight against social exclusion”. The fourth issue was the development of the *information society* to support economic growth, employment and social inclusion. The political emphasis on “knowledge” to support economic growth was subsequently to be transposed into the “knowledge-based economy” at Lisbon. The PES text called for a European initiative for information society. This was also to support an increase in the employment rate by organising a “learning society with opportunities for all”. The Specific proposals in regard to institutional *co-ordination* were as follows:

1. Concerning the development of co-ordination of European policy processes, and their governance, the programme, firstly, committed politically to increased participation of social partners: “the aim is to reinforce the coordination between the different players, encouraging more ambitious agreements between the social partners at all levels”.
2. Concerning the coordination of the BEPG and the EEG, it put forward that “The relationship between the broad economic guidelines and employment guidelines must be improved with regard to their content, their timing, and the relation between the Council committees involved”.
3. The document called for “... combining social policies with economic policies”, together with “targets and procedures”. The term OMC had not yet been coined.

The PES text reflected a consensus among the social-democratic advocacy coalition on the objectives proposed. Most objectives of the PES were in line with the political decisions that had already been taken during the meetings of the European Council. However, it made novel and bold political proposals, which would not be endorsed until the Lisbon Summit. These included:

1. a strong commitment to economic growth and to a socially fair model of society (active participation in the labour market, but also the fight against poverty and social exclusion);
2. the political commitment to full employment;
3. the development of different aspects of the information society for economic growth, employment and social inclusion;
4. for participation, the call for greater involvement of the social partners;
5. for policy coordination, a stronger role for the BEPG, and also the usage of targets and procedures for effectively monitoring progress in various economic and social policy areas.

While not yet coined the Open method of coordination, a greater usage of its functional features in specific policy areas is suggested in the PES text. It seems quite clear that the Lisbon Strategy had already been in preparation for some time. Furthermore, the PES report reflected a consensus among the social-democratic advocacy coalition on the objectives proposed (PES Party Leaders, 1999).

One year prior to the Lisbon Summit, the PES members had agreed consensually to develop a stronger social dimension for European Union actions, as well as stronger co-ordination.

A debate was organised in the EP in March 2000, preceding the Summit on the future strategic objectives for the Union. It was a voluntarily-organised initiative. Following the debate, a resolution was adopted by the Parliament on 15 March, based on a proposal by the PES. The proposal by the opposing advocacy coalition, tabled by the liberal advocacy coalition, had not been adopted. Table 4 below puts forward the core political commitments of the social-democratic and liberal advocacy coalitions (based on one debate organised before Lisbon, presented by Guterres as president of the PS Portugal and one afterwards, on its outcome. The analysis of the positioning of the various groups along the left-right divide is done for the main parties: on the socialist side, the Party of European Socialists (PES) and the Greens; on the liberal side, Group of European People's Party and European Democrats (PPE-DE) (conservative) and the Group of the European Liberal Democrat and Reform Party (ELDR) (liberal). The other groups are excluded as they are marginal and do not fully fit either advocacy coalition. The columns under SD and L advocacy coalitions represent a selection of the main political buzzwords identified, suggestive of the issues on which they converge and diverge. The central column breaks down the different dimensions of the Lisbon objective. It also indicates the priority that each of the advocacy coalitions (SD AC towards left and L SC towards right) accords to the different dimensions of the objective on a scale from 1 (lowest) to 3 (highest).

**Table 4: Social Democratic and Liberal Advocacy Coalitions**

Social Democratic Advocacy Coalition (SD) PSE and Verts/ALE <sup>(5)</sup>	Lisbon Objective	Liberal Advocacy Coalition (L) PPE – DE; ELDR
Knowledge-based society and life long learning; Economic reforms for innovation and competitiveness; 3% annual growth	3 Most competitive economy 3 2 Knowledge-based economy 3 2 Sustainable economic growth 3	Speed up move towards single market and develop private sector; Economic reforms for innovation and competitiveness; 3% annual growth
Full employment, more jobs, better jobs	3 More jobs 3 3 Full employment 3 3 Better jobs 1	Full employment, more jobs
Social cohesion: more and better jobs, combating social exclusion, flexible approach retirement; Combat poverty and exclusion by different means notably mainstreaming with other policy areas	3 Social cohesion 1 3 Social inclusion 1  1 Pensions 2	reallocate public money to increase growth of capital and to capacitate human beings and modernise European social model; work best form of welfare; Cut public spending, particularly for social benefits.
Modernising pension provision by ensuring sustainability of pension provision for all. But ambiguity with regard to “flexible” approach to retirement	1 Liberalisation public services 3	Cutting public pension spending and developing the private pillar of the pension schemes
Macroeconomic policies to assist growth and employment	3 Learning/information society 2	free competition in gas, electricity, postal and transport industries
Education and training to ensure high level of education for all; Info. Society needs to be developed but special care to protect the workers who will lose jobs	3 Open Method of Co-ordination 1	Training in the sense of upskilling; Info society needs to be developed. No reference to any risk of job losses or “digital divide”
Objectives, quantifiable where possible, exchange of good practice, national plans, objective monitoring and comparison techniques, respecting national diversity, “learning”		Open competition, combined with benchmarking and best practices

- 1 – low priority
- 2 – medium priority
- 3 – high priority

The table shows a general consensus among the Social-democratic and liberal advocacy coalitions on the importance accorded to economic policy and employment policy. However, the meanings associated with the terms differ considerably among the two advocacy coalitions. For the social-democratic advocacy coalition, economic policy involves some state control, whereas for the liberal advocacy coalition, it implies virtually no state control and complete liberalisation. Concerning employment policy, the social democratic advocacy coalition includes quantity and also quality in employment, social partner involvement, and also social protection. The liberal advocacy coalition, on the other hand, prioritises an increase in the employment rate, and is less concerned about quality in employment and social protection. Concerning the OMC, the social

<sup>5</sup>. PSE in mainstream of SD advocacy coalition. Verts/ALE in agreement with most issues but fear of “digital-divide” of “knowledge-based economy”.

democratic advocacy coalition emphasises its normative aspirations as well as its functional features, whereas the liberal advocacy coalition singles out benchmarking as a useful technique.

In the resolution submitted to the Lisbon Summit, the official position of the EP is presented. It supported the overall strategic aim proposed by the Portuguese and also highlighted the importance of economic growth for the social issues of Europe: tackling poverty, social exclusion and unemployment. The EP also supported the quantified targets in employment, and the full employment objective. The resolution leaned more towards the issues highlighted by the social-democratic advocacy coalition, in particular regarding the social dimension of the strategy. Second, concerning the open method of coordination, its double (and unclear) conception as on the one hand a generic governance tool and on the other a functional means for coordinating policies in different areas is reproduced in the resolution. The resolution states that the EP “supports the new approach concerning streamlining of existing procedures and processes with an open method of coordination” (European Parliament, 2000c).

### Socio-Economic and Political Conditions

In 2000, the socio-economic and political conditions were virtually unchanged. Growth remained low, unemployment high, and the poverty risk remained stable at 15%. The EU continued to be governed by a majority of social or social-democratic governmental coalitions, although the majority slipped from 12 to 11 governmental coalitions (Manow et al., 2004: 12). The exceptions were Spain, led by Aznar; Austria, led by the newly elected right-wing leader, Haider; Ireland and Luxembourg. Nevertheless, the ground was fertile for the development of a stronger social dimension for Europe.

The exceptional circumstance, and main intervening variable, was the Extraordinary Summit to be organised under the Portuguese Presidency in March 2000, which set out to consolidate policy processes in the light of the reality of Economic and Monetary Union. The Lisbon Summit had initially been conceived to review progress and improve co-ordination among existing policy processes linked to but not directly addressing economic growth – in the areas of employment policy, structural reform, macro-economic policy. It had not been intended to put forward a new overarching objective and strategy for Europe. Portugal, a small country, sought to use it to make an impact of the policy orientation of the Union and used it to put forward a “global strategy”. At the beginning of its Presidency, Portugal distributed a strategic document setting out key objectives it sought to put forward at the subsequent Spring Summit (Council of the European Union, 2000a). At Feira, that followed the Lisbon Summit, the overall strategy was endorsed, an explanatory note on the OMC was issued, and the decision was taken to apply the OMC to social exclusion.

Summing up, at this stage of development of the Social inclusion process, the EAPN had a less important role. The European Commission (notably Odile Quintin), on the other hand, represented a stable pillar of support through the social protection debate that had been developing since 1995. The actors within the Council (member states) were much more active in the context of the Lisbon Council. Guterres, Portuguese Prime Minister during the Presidency of Portugal to the European Council in 2000, played an important entrepreneurial role in mobilising for the Lisbon Strategy, the OMC and a stronger social dimension for Europe. He used different institutional arenas to obtain this support, including the PES and the EP. This stage, in contrast to the other stages thus far analysed, is represented by strong entrepreneurial activity.

#### 4. Legal Establishment Policy Community and political objectives for the OMC in social inclusion.

In institutional terms, the fourth stage of development is represented by:

1. the (legal) institutional status of the policy community that had been set up with a political status in December 1999;
2. the establishment of an indicators sub-group, subordinate to the social protection committee;
3. the political agreement on social inclusion objectives.

First, the social protection working group, endorsed politically at the Helsinki European Council in December 1999, was to have an enhanced legal status, integrated into the Nice Treaty. The Social Protection Committee (SPC) was officially endorsed in the Nice Treaty (article 144) in December 2000 with the mandate of working on social protection issues, where one of the four objectives was to work in the field of poverty and social exclusion<sup>6</sup>. Like EMCO, it has an “advisory status” and prepares reports and formulates opinions at the request of either the Council or the Commission or on its own initiative. Its mandate has in actual fact been guided by the European Councils, where one of its two key tasks has become social inclusion and the other pensions, both using the OMC. The SPC consists of two representatives per Member State and two representatives from the European Commission. Concerning participation of different actors, article 144 states that the Committee should establish “appropriate” contacts with social partners, which is not a requirement in the same way as social partner consultation in the EES (CEC, 2003). There is no official role for civil society organisations (European or national) in the Social Protection Committee. It has a “support team” that is located within the Commission. As a full member of the Committee, and also through its differentiated role of the support team, the European Commission plays an important role in the provision of expertise, and in monitoring, especially through its draft joint report on social inclusion, on which Member States through the Council have the final veto point. Second, an indicators sub-group (subordinate to the social protection committee) was established in December 2000, to work on the development of indicators and statistics to support the policy objectives of the OMC inclusion and the other issues related to social protection. Third, the Nice European Council endorsed four objectives of the social inclusion strategy in December 2000:

1. Promotion of a participative society by means of employment (also quality emphasised), but also access to resources, rights, goods and services to be provided through the social protection systems;
2. Prevention of risks of exclusion;
3. Setting out action for vulnerable groups or individuals, especially children and older people;
4. mobilisation of all actors concerned in the formulation and implementation of social inclusion actions. These actors include representative civil society organisations and also the excluded themselves.

(European Council, 2000b).

These decisions were taken at the Nice European Council.

To detect the decisive impulses behind this fourth stage of institutional development of the OMC inclusion, the analysis follows on from the third stage of development of the OMC inclusion. I begin by analysing the relevant activity of the individual entrepreneurs (micro level), and then move on to analysing the meso level context in which they are nested. I then proceed to analysing the conditions (political, economic) surrounding the decision-making moment. Finally, I assess the influence of the actors and institutions (independent variables), contextualised with influence of intervening conditions.

#### Micro

At the level of individual actors, Quintin in the Commission continued to support the process. She had contact with key actors in the member states that were also keen on developing the process. In particular in the context of the French Presidency that followed the Portuguese Presidency in the

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<sup>6</sup> The other fields of its mandate are to make work pay, to make pension systems socially and financially sustainable, and to make health care systems accessible for all, of high quality and sustainable.

second half of 2000, Quintin worked closely with Martin Aubry. One key interviewee states that "Avant le Sommet de Nice (décembre 2000), les quatre objectifs d'exclusion été présentés à Martine Aubry par la Commission. Elle les a acceptés. Ensuite, elle les a proposés lors du Sommet de Nice. » (Interview Feltesse, January 2005)

In the Member States, Aubry had allies in Vandembroucke, the Portuguese Minister (Edouardo Ferro Rodrigues), and the British Minister. Luxembourg (governed by a Christian-democratic governmental coalition) also supported the development of an anti-poverty policy at European level. (Interview Vanhercke, March 2005).

At this stage, the main (active) individual actors were located in the Commission and the Member States as the social inclusion was strengthened in the main institutional arena.

## Meso

In the context of the Lisbon Strategy, with a strengthened role for the Broad Economic Policy Guidelines, Ministers of Social Affairs in the Council formation wanted to increase power versus the Ecofin Ministers. The labour and social affairs Council unanimously supported further (legal) institutionalisation of the group (Employment and Social Policy council, 2000a). The social affairs ministers were particularly active in the context of the left-wing governmental alliances in the EU member states, overall favourable to further development of Europe's social dimension, in the context of closer economic integration of the Member States. France, in particular, was a strong driver.

The European Commission worked (as a mediator at this stage) together with the ministers of the member states to achieve a consensual perspective on the social inclusion objectives. These objectives derived from the various Commission communications throughout the 1990s, and also from the objectives put forward by the EAPN that had been integrated into the institutional arena during the first two stages of emergence of the OMC in social inclusion.

## Socio-Economic and Political Conditions

There was no major change in the economic situation; the political situation remained unchanged, with the social-democratic governments still holding the cards (eleven out of fifteen). The social conditions in the EU remained an issue of concern but did not show major changes, remaining at 15 %. In France, having the Presidency to the Council in the second half of 2000, the poverty rate increased slightly from 15% in 1999 to 16% in 2000. The main intervening variable is represented by Treaty changes to be concluded at the meeting of the Nice European Council in December 2000, in the view of the Eastward enlargement of the Union.

Summing up, the closing of the IGC negotiations to change the Treaty in the view of the eastward enlargement of the Union was a (foreseeable) window of opportunity that could (and was) used for strengthening the institutional structure and political objectives for social protection. Key actors of the socially-oriented advocacy coalition mobilised for the strengthening of social exclusion policy in particular in the run-up to the Nice Summit. France, governed at the time by a social-democratic government, was keen on developing this dimension further. The French Minister, Martin Aubry, supported on the one hand the development of the social exclusion objectives and on the other, the institutionalisation of the social protection committee. The result was an institutional continuation of the first three stages of development of the social exclusion OMC, but would not have been possible had the political interest constellation been more economically oriented. The Commission (in particular DG Employment and DG Secretariat General) had represented a stable pillar of support for the development of a stronger social exclusion strategy (political objective) and also for the establishment of the social protection committee (stable institutional structure).

## Conclusion

To conclude, the empirical analysis shows not only that the OMC inclusion developed through a step-wise process whereby the OMC inclusion as an institution that has been emerging progressively since the mid-1990s, but also that the factors explaining its emergence and institutionalisation are multiple. First, individual actors, acting under one or more meso level organisational contexts, were key drivers in the development of the European social inclusion strategy. The most consistent pillar of support to bring forward the strategy was the European Commission. The action of the Commission is reflected in important substantive contributions to the nascent the social inclusion strategy: support for article 137 of the Amsterdam Treaty, initiative and lobbying for the European anti-poverty programmes that preceded the OMC inclusion, and lead role in creation of the European Anti-Poverty network. Often the form of the initiatives and the capacity to bring them forward depended on weighty individual actors, located in DG EMPL. The Commission has acted as a norm entrepreneur for the social inclusion strategy. However, it was not only individual actors in the Commission and the Commission as a collective actors that contributed to the different stages of development of the strategy. The actors from the nascent European anti-poverty network were also decisive. Their contribution to the strategy was, in turn, influenced by developments (at political level and among civil society actors) in their respective national contexts. Finally, as the different institutional aspects of the OMC were put in place, its creation was determined more and more by political dynamics within the European Council. The Finnish, Portuguese and French Presidencies contributed to bringing it forward in important ways. But the capacity to bring the strategy forward would not have been possible without political interest constellations (majority of governing left-wing governments in the European Council) across the EU countries acting as the crucial intervening variable in enabling progress in the definition of a European social inclusion strategy (see also Manow et al., 2004 and Schafer on this point).

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