

The Lisbon Strategy,
the Open Method of Coordination,
and the Future of EU Governance

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Plan of the talk

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

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

Ambiguities of Lisbon

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

Lisbon's contested legacy

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

Lisbon's contested legacy (2)

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

OMC as a new governance instrument for Lisbon Strategy

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

OMC as a new governance architecture

- OMC defined at Lisbon as a method involving:
 - “Fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long term;
 - establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
 - translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
 - periodic monitoring, evaluation and peer review organized as mutual learning processes.”
- Modeled explicitly on the European Employment Strategy

Ambiguities of OMC

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

Critique and contestation

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

OMC and Lisbon Strategy review

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

Kok Report

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

Barroso Commission (Lisbon New Start)

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

Beneath the debate: old and new cleavages

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

II. Where's the Evidence?

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

Advancing the European knowledge economy through OMC: a failure?

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

The OMC in action: employment and social inclusion

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

OMC in employment and social inclusion: a qualified success

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

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

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

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

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

OMC in employment and inclusion: limitations

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

A reflexive reform strategy

- Overcome limitations of existing OMC processes by applying method to its own procedures
 - Benchmarking, peer review, monitoring, evaluation, iterative redesign
- Ongoing reforms as evidence of practical viability
 - Strengthening of peer review/mutual learning programs
 - Proposals by EU institutions for greater openness, stakeholder participation, and ‘mainstreaming’ of OMCs into domestic policymaking
 - 2003 reform of employment guidelines
 - 2005-6 midterm evaluation/streamlining of OMC on social protection/inclusion

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

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

Saving the social OMCs

- Social policy OMCs continue
 - Inclusion, pensions, health care
- Three pillars streamlined into an integrated process with both common and specific objectives
- Social OMCs to ‘feed into’ new Lisbon Strategy
 - Weak influence on NRPs, with a few exceptions
 - Joint Report, key messages → Spring Euro Council
 - Gender pact, flexicurity
 - Monitoring new Lisbon Strategy impact on social cohesion/inclusion objectives

Integrating the economic and employment guidelines

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

Reduced monitoring and coordinating capacity?

- MS free to set own priorities in NRPs
- National employment reporting less extensive and more uneven than in NAPs
- Diminished use of common indicators
- ‘Light’ peer review of NRPs
- Uncertain future of EU recommendations

Decoupling mutual learning from policymaking?

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

Closing the implementation gap through better governance?

- Simplification of objectives & reporting?
- Increased national ownership & participation?
- From multilateral coordination to bilateral consultation?
- First round of NRPs not encouraging

Simplification or specificity?

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

Increased national ownership & participation?

- Limited ambition/novelty of many NRPs
 - Repackaging of national policies very common
 - Low status of Lisbon coordinators in many MS
- Little involvement of national parliaments
- Low public and media visibility
- Limited/variable involvement of social partners
- Little involvement of subnational & civil society actors
- A step backwards from NAPs/empl & incl
- Greater involvement of non-state actors associated with higher levels of controversy about reform objectives

Bilateral consultation or multilateral coordination?

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

From OMC to OMC?

- Many open questions about how EU socio-economic governance will work under the revised Lisbon Strategy
- But a few points nonetheless seem clear
 - Social cohesion can't be taken off the EU policy agenda
 - No credible alternative to development and reflexive reform of EU experimentalist governance, under whatever name
 - If the OMC didn't already exist, it would be necessary to reinvent it