

OMC: A WAY TO
DEMOCRATISE EUROPE OR/AND TO EUROPEANISE SOCIAL RIGHTS?

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Introduction

Study of the open method of co-ordination (OMC) is attracting a growing number of scholars. Various facets have been described in detail (over 80 articles on this topic are posted on the Eucenter website of the University of Wisconsin-Madison). OMC has generally been presented as a new form of governance which differs from the traditional Community method (¹). In this article we would like to address the question of participation, which constitutes one of the key words in official and academic discourse on new forms of governance. Indeed, one of the most striking elements of the new method is that all relevant concerns of stakeholders should be included and weighed in the decision-making process, either through direct involvement of affected citizens or through organised civil society. The OMC sets out to be a participatory method, in which all concerned actors should participate at different levels in a multi-level logic. In the Lisbon European Council conclusions, it was stated that *"the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using varied forms of partnership"* (European Council, 2000: 10). As pointed out by Telo (2002: 265), one of the architects of the OMC, *"if the actors of civil society are not concerned, consulted, involved at the level of partnership and negotiation, one of the aspects of the 'openness' of the new method will be belied"*. Rodrigues, who was the special advisor to the Portuguese Prime Minister Guterres at the time of the Portuguese presidency and has played a key role in elaborating the OMC, explains that the word 'open' means different things and concludes by indicating: *"Last, but not least, because the development of this method in its different stages should be open to the participation of the various actors of civil society. Partnership is a tool of modern governance"* (Rodrigues, 2002).

The 1999 Communication of the Commission on a concerted strategy for modernising social security, which was the starting point for applying OMC in this field, stressed that *"there is strong interest and involvement of civil society in this issue and the Commission proposes to develop a dialogue in this respect with all those concerned. Social partners will be invited to give their contribution to this process within the Social Dialogue Committee. Further exchanges with NGOs will also be developed. The social security institutions will also be invited to contribute"* (CEC, 1999: 16).

It is not necessary to add more examples illustrating the emphasis on wide participation in the discourses and analysis of OMC. On the other hand, it has often been suggested that participation would improve democracy as the decision-making process should be more open in order to improve the quality of regulation and then implementation. In other words, the new form of governance by involving more actors and interests should lead to better decision-making and better implementation. In this context participation is a necessary but not a sufficient condition. *"It is one dimension of the whole issue of accountability, democratisation and legitimacy of the new mode of governance"* (Radaelli, 2003 –45).

Surprisingly, there are few in-depth, systematic empirical analyses on the participation of actors at European or national level (de la Porte and Nanz, 2003). It nevertheless emerges from the information available that the participation level is generally disappointing and reality seems not completely to fit with the theoretical promises (Zeitlin, 2002a). Yet major differences in participation from one sector to another also come to light. Healthcare (we shall not address this issue here, but for a presentation and more detailed analysis see for example Baeten, 2003; Mossialos and McKee, 2002), poverty and social exclusion seem to enjoy better participation than either employment or pensions.

This led some scholars to dismiss the method, but most (including myself) argued for more participation ("open the OMC", in Zeitlin's terms). The aim of this paper is to attempt to understand why the dynamic in

three areas (employment, poverty and social exclusion, and pensions) has led to different patterns of participation.

First I will propose an analytical framework for studying the European Employment Strategy and the OMC. Then in the next three sections I will present the main features and latest events of the Employment Strategy, the pensions OMC and the poverty and social exclusion one. I will examine the level of participation in each domain. The fifth section draws together the various strands from the previous sections and endeavours to make a comparative appraisal.

Section 1: Analytical framework

It is surprising how little detailed political analysis of the OMC has taken place. Radaelli comments on this point in a recent study on the OMC: *"Open coordination contains elements of endemic tension, however. On the one hand, it works on innovation and improvement on a case-by-case basis. This should keep politicisation at low levels. On the other, the aim in the OMC is to promote convergence and coordination at the highest political levels, notably at the European Council. This makes politicisation unavoidable"* (Radaelli, 2003: 5).

By introducing the political factor and the tension between politicisation and depoliticisation (on this point see also Ferrera *et al.*, 2000), a broader perspective is opened up. But this still does not fully explain why there are significant differences in terms of participation between the processes and the evolution of the pattern of participation.

In my opinion the focus on deliberation and new forms of governance is too narrow to explain the dynamic of participation in the various processes. The OMC is also, if not primarily, a political trade-off with three dimensions (a classic right/left divide, a no less classic divide of more European integration versus more subsidiarity, and finally a struggle between the Ecofin and Social Affairs Councils). These three divisions do not necessarily overlap. Mr Juncker, the Prime Minister of Luxembourg, who was Minister for Economics and Social Affairs in the run-up to the Luxembourg Jobs Summit, stressed how widely the views of the Finance Minister seemed to differ from those of the Employment Minister for one and the same country on the subject of employment.

As the Belgian Minister for Social Affairs Vandembroucke (2001: 5) indicates, *"an effective open method of co-ordination is more than an intelligently managed learning process and a defensive instrument. If we handle it judiciously, open co-ordination is an offensive method that allows us to concretely define a 'social Europe' and to firmly anchor it into the European co-operation process as a common good"*. In this respect, its main objective is to rebalance European economic construction (Pochet, 2001).

OMC offers a new framework of opportunity to some socially oriented actors to put forward their priorities at European level. As Jenson and Pochet (2002) have argued in a recent article on the unexpected impact of EMU, instead of leading to more flexibility, more retrenchment of the welfare state at national level and more decentralisation of wage bargaining, there are new European processes at work.

Our claim (Jenson and Pochet 2002: 2) is that these changes resulted from the mobilisation of political ideas and discourse by a range of actors who deployed these resources persistently over time, particularly within the European institutions, to promote an alternative to mainstream economics and neo-liberalism. Actors intervened in the interstices of European politics to open up discursive and policy space when the balance of forces was negative and to widen those spaces when opportunities appeared. There was a grouping of policy entrepreneurs, experts, politicians, non-governmental organisations (NGOs) and unions, all of which sought to "correct" the pro-business bias and neo-liberalism of the EMU project. They could not stop it; nor did they seek to do so. Rather, for many, their goal was to render it more sensitive to the advantages of treating employment and social protection as productive factors in supply-side management, rather than simply as a drain on competitiveness. Looking back to the origins of the EES, it appears clearly that it had little to do with improving European governance or increasing the scope of participation (Goetschy and Pochet, 1997; de la Porte and Pochet, 2003). This objective came about in the course of time (on the various changes in

objectives, see de la Porte and Pochet, 2003). The aim was and still is political, i.e. that employment has the same status as economic policy. Most of the important actors (be they national - Jospin, Blair, Guterres, etc. - or European - Larsson) in the building of the EES and afterwards the OMC were linked in some way to social democracy and were trying to put their political priorities at European level. But there is another aspect of the matter to be taken into account. Indeed, relying on these arguments alone would be insufficient. That would amount to asserting that the political world consists of bargaining alone (Schmidt and Radaelli, 2002). The picture is in fact far more complex, and for two reasons. The first is institutional in nature: one of the actors - the Commission - is in an ambiguous position. The second is that thought processes have been ongoing in the social domain, leading both to a reappraisal of aims and means and to an openness to new ideas. Let us dwell for a moment on these two points.

The Commission occupies a central role in the various OMCs, but one which is different depending on whether an OMC is included in the Treaties (employment) or not (the others). It is capable of influencing the political agenda not least because of its permanence. Certain presidencies have played a similar part recently, for example Portugal (2000) and Belgium (2001), but given the limited duration of a presidency they have had to rely on the Commission to keep their priorities on the agenda. The Commission has a strategic interest in bringing new players into the game in order to strengthen its own negotiating hand and obtain relevant information (see for example De Schutter, 2002). At the same time, however, it is reluctant to offer them a more overtly institutionalised role. This dithering was very plain during the formulation of the White Paper on governance, when the preparatory work was much more favourable to more innovative methods of governance⁽²⁾. The Commission is nevertheless the institution pushing hardest for participation (see below the case of the social partners and the NGOs dealing with poverty).

Secondly, and for me more importantly, the OMC is also the result of a long story of trial and error in the social field (Pochet, 2001) where various methods have been tested (harmonisation, minimum regulation, negotiated legislation, etc.). Not only have the results not always lived up to expectations, but in some key fields such as health and safety there have in addition been problems of implementation which led to the exploration of more innovative methods. As indicated by Walters *et al.* (2002: 16-17) "*improvement in health and safety performance has reached a plateau in many countries and traditional regulatory approaches towards preventing occupational injuries and ill-health are no longer perceived as primary contributors to further improvement. [...] They (these developments) are concomitant with a movement away from the external enforcement of detailed provisions imposed on duty-holders by regulatory inspectorates to a system in which forms of participatory self-regulation are promoted as means to achieve best practice in health and safety*". Similar considerations have been expressed about equal opportunities for men and women where, despite a growing body of legislation and rulings from the European Court of Justice that are increasingly broad in scope, the wage differential remains around 15 to 25%. This internal reflection in the social domain on the limitations of legal harmonisation, on the need to find objectives other than minimum standards, and on the importance of the actors in implementation helps us to understand why the EES and the OMC are also included on an agenda that is not confined to the political domain.

This internal reflection has been augmented by the results of academic studies, especially concerning two topics: democratisation and the quality of public decision-making, on the one hand and, on the other, methods of welfare state reform. As for the former, it could be linked to the recent work of Sabel and co. about polyarchic democracy or that of De Schutter (De Schutter *et al.*, 2001) and his colleagues about proceduralisation (for an analysis of the similarities and differences between the two approaches see Overdevest, 2002). Concerning the latter, reforms in the Netherlands (analysed in detail by Visser and Hemerijck, 1997) have taken the thinking beyond mere retrenchment of the welfare state to an analysis of its recalibration (Zeitlin, 2003) and the possibilities of transforming "vice into virtue", as Lévy (1999) puts it. In the search for innovative ways to improve the social side of European integration, these political and administrative actors have relied on the results of these studies to justify the new direction taken by social policy. The linguistic and conceptual borrowings are very visible in a number of documents (see for example

the quotation in section 3 on the goals of the action programme, or the text adopted by the EP rapporteur evaluating the Employment Strategy (EP, 2002)

Since their inception the EES and the social OMCs have had two sides: one is about political bargaining at European level against the predominance of the liberal Ecofin line ⁽³⁾ and the other is about better rules of governance in order to modernise (to use the Eurojargon) the national social models. Depending on which side is prioritised, the participatory element will take a more or less important role. But this does not mean, as I will demonstrate, that there is merely an inverse relationship between the two themes, nor that they are both of equal importance.

My claim is that when we take these two dimensions into account, we can better understand why the participatory dimension and involvement of non-State actors vary so much from one policy area to another and in time.

Section 2: European Employment Strategy

The European Employment Strategy (EES), upon which the OMC was modelled, was launched in 1997. It mimics certain aspects of economic policy co-ordination, while it is also subordinated to this process, especially to the Broad Economic Policy Guidelines (BEPGs). Since the Stockholm Summit (March 2001), the BEPGs have gained in political significance for the Union, in that they set the overall policy framework for the Union, and not just the economic policy framework. On the other hand, the EES has, particularly in content terms, to some extent evolved into an autonomous policy process throughout its five-year life-time (de la Porte and Pochet, 2003).

The Strategy started out with four pillars - employability, on which there has been the most political focus, adaptability, entrepreneurship and equal opportunities. As a whole, the structure has remained stable during the first five years, but other key social concerns, such as quality in work and life-long learning have progressively been added. It is interesting to underline that quality in work (better jobs) was put on the European agenda in a very proactive manner by the Belgian Minister for Employment to counteract the tendency to highlight only quantitative targets (more jobs) ⁽⁴⁾.

The EES has also been intensified in quantitative terms throughout its lifetime. When it was first introduced in 1997 there were nine indicators, which increased to over ninety indicators in 2002. This expansion was partly the result of the new "quality in work" objective, adopted at the end of 2001, which added new indicators to the previous set. In addition to these developments, essentially within the Strategy, the whole issue of employment policy has been moved up the political agenda of the European Union through agreement at various European Councils on quantitative overarching employment policy objectives to be reached by 2010. These aims are to obtain a 70% overall employment rate and a 60% female employment rate (Lisbon, March 2000), as well as a 50% employment rate for workers aged 55 years plus (Stockholm, March 2001).

When the EES was first launched, it was decided that it should be evaluated after a five-year period. This evaluation was organised around ten themes. The results of the national evaluations are posted on the website of the European Commission

(http://www.europa.eu.int/comm/employment_social/news/2002/may/eval_en.html) (Pochet, 2003a). Then the Commission presented its transversal analysis (July 2002). Even though they vary in quality, these national and transversal analyses provide useful empirical material on the functioning and achievements of the EES.

One could thus argue that this evaluation of implementation of the Strategy in the Member States should have been a key moment in the preparation of the new EES. Yet, instead of an open debate about the merits and limitations of the EES, debate has been largely confined to networks of experts, on the one hand; on the other, the Member States and the Commission have approached the subject from a political perspective. The EES has been renegotiated in a context where right-wing governments now dominate the political landscape affecting employment priorities. It is, in a sense, a remake of the Luxembourg strategy, where dozens of meetings were needed to reach a consensus on the guidelines (see van Riel and van der Meer, 2002). Before the national evaluations had been made known, the documents from the Social Affairs Council and above all from Ecofin to prepare for the Barcelona European Council set out their preferred policy directions. These were taken up by the Barcelona European Council and have served as a guide for subsequent Community documents (Pochet, 2003b).

The lack of connection between the cycles of the EES (autumn) and the BEPGs (spring) had given the former a degree of autonomy. It was however incompatible with the logic of Lisbon for these two processes to follow different time schedules (on this theme see the Govacor project (<http://www.govacor.org>)).

One important point here is that the Employment Strategy is to be separated out from the other OMCs. The EES, along with the BEPGs, has been renamed "policy co-ordination" and should be fully coordinated. For the other OMCs, the Commission is expected to decide by the end of 2003 how best to link them with the new economy/employment pairing.

The Commission proposed a far-reaching reorganisation of procedures in September (CEC, 2002a). Its Communication lays down four major objectives but focuses especially on the first two aspects (follow-up and coherence):

- enhancing the efficiency of policy co-ordination, notably by securing a better follow-up of implementation;
- improving coherence and complementarity between the various processes and instruments;
- fostering a wider-shared commitment and "ownership"; including through a stronger involvement of the EP, the national Parliaments and a better consultation of social partners and civil society;
- increasing the transparency and intelligibility of the policy co-ordination cycle and thereby its visibility and impact (CEC, 2002a: 3).

In January 2003, the Commission proposed restructuring the Strategy around three overarching objectives:

- achieving full employment by increasing the employment rate;
- raising quality and productivity at work; and
- promoting cohesion and inclusive labour markets (CEC, 2003).

It puts forward eleven objectives. Member States objected to two objectives: immigration and undeclared employment. The European Council (March 2003) removed them from the key priorities.

In March 2003, the Economic Policy Committee decided to create a sub-group on employment and the labour market, the underlying aim being to gather more expertise ahead of negotiations with the Employment Committee. This illustrates the growing tension between the different views. But above all there was a joint UK-Portuguese proposal to create a European Employment Taskforce. This would consist of a very small group of experts from academic and business circles with a mandate to examine the reasons for Europe's low growth in employment and productivity. This could have negated the open method and signalled a return to a committee of experts or wise persons handing down the gospel. Nevertheless, the European Council softened the mandate of the group which should report to the Commission. Wim Kok will be the chairperson.

Participation

Particular attention has been devoted to the social partners and the governmental authorities. We shall look in turn at developments in these two sectors.

A good deal of prominence has been given ever since the outset of the EES - at least at the level of discourse - to participation and involvement, mainly of the social partners. This led to the inclusion in the European Employment Strategy of a horizontal objective (objective D), which states that "the social partners at European level are invited to define their own contribution", and attempts to encourage them to carry out independent processes under the "adaptability" pillar - particularly as regards work organisation.

The European employers' organisation UNICE has stated on several occasions that it has no wish for this type of involvement⁽⁵⁾. Although UNICE has long supported self-regulation and can rejoice at European developments, it is also afraid of an uncontrolled process which could have unexpected results (see the emergence of the subject of quality in work). Moreover, employers consider modernising work organisation to be one of their managerial prerogatives. Conversely, some trade unions have feared that the process is nothing but talk and will have no practical impact. So why should they get involved? The main problem is to introduce into government legislation a contribution managed by the social partners, who do not themselves have full control.

To sum up in the words of Zeitlin (2002b: 3): "*Most Member States have sought with varying degrees of success to involve the social partner organisations more fully in the formulation of their National Action Plans (NAPs), though the very tight timetable and the bureaucratic rigidity of the procedure have remained continuing obstacles, along with disagreements among the parties over the objectives themselves*". Despite initial resistance, however, it appears that the trade unions have stepped up their participation, albeit to varying degrees from one country to another (according to their own evaluation, co-ordinated by the ETUC and a standardised questionnaire from the Dublin Foundation <http://www.eiro.eurofound.eu.int/>).

At national level, there have been some innovations such as the fact that the Belgian representatives on the EMCO and SPC Committees presented the Belgian social partners with the agenda, the main challenges and discussion points (including all the documents) in advance of the meeting. They consider that an appropriate way to influence the political negotiations, raising their key priorities before the meeting, but also then being able to better understand the European game and to be more efficient at this level (for example in internal ETUC meetings or during formal meetings with the Commission).

The Communication on the future of the social dialogue (CEC 2002b) addresses the question of participation by the social partners. It recognises that "*the social partners have encountered some difficulties in taking up all the space offered to them, in adapting and disseminating in the Member States the guidelines adopted by the Council, in collecting information on initiatives taken in the Member States and in undertaking work on assessment and exchange*" (CEC, 2002b: 15). The Commission seems to have taken the criticisms about weak participation and the narrowness of the process seriously. This move to widening participation by the social partners is also reflected in the Communication of 17 July "Taking Stock of Five Years of the European Employment Strategy", where the Commission calls for a reinforcement of the social partners' role, not only in the EES, but throughout the whole OMC process, at a more political level: "*The Social Partners will be able to contribute to the broad policy orientations covering the whole Lisbon agenda in the framework of the proposed Tripartite Social Summit for Growth and Employment*" (CEC, 2002c: 15). In step with this policy line, the Communication on the European social dialogue proposes that "*each area under the method of open co-ordination should form the subject of organised dialogue with the social partners along the lines of the arrangements for the macroeconomic dialogue, more precisely, its dual set-up at technical and political levels...*" (CEC, 2002b: 14). More specifically, the procedures for dialogue at technical and political level will be redefined in agreement with the Employment Committee and the Social Protection Committee, and the social partners should be fully involved in the preparation of these rules. This

is an important point. It indicates that one aspect has been taken into account: the need to involve the social partners in devising the rules.

The Communication from the Commission in January 2003 goes one step further, pointing out that the NAPs are too often perceived as "owned" by ministerial departments and are not fully or coherently integrated in the overarching national policy framework, partly as a result of a lack of parliamentary involvement. The Communication also adds a new element: participation at national level and improved conditions of access.

Member States could be encouraged to disseminate more targeted information about the objectives and procedures of the EES, thereby increasing its profile and the will and capacity of potential stakeholders to become involved. They should actively involve all stakeholders (including civil society), and the participation of appropriate levels of policy or administration in the development and implementation of national strategies should be encouraged and supported. Partnership-based local and regional employment strategies should be encouraged and supported. The NAPs should be fully integrated in the national decision-making framework, thereby ensuring improved coherence and consistency. Good practices in some Member States, notably in terms of parliamentary involvement, should be spread.

Nevertheless this strongly stated wish for wider formal participation in the process is totally at odds with the way in which the objectives and priorities have been renegotiated.

On the other hand, the Commission is trying to develop the local and regional dimension of the European Employment Strategy. Local stakeholders often know little or nothing about this European strategy (on Denmark and Sweden, see Jacobsson and Schmid, 2002). The 2001 Guidelines stated that "*all actors at the regional and local levels, including the social partners, must be mobilised to implement the EES (...)*". And Guideline 11 stipulated that "*Member States will (...) encourage local and regional authorities to develop strategies for employment (...)*". The local and regional dimension of the Employment Strategy is also firmly supported by the public employer organisation (CEEP) (see Pochet and Arcq, 2001). In its Communication, the Commission gives priority to a top-down view of the involvement of local actors. It explains that "*a local employment strategy should aim at developing employment on a given territory through an integrated set of measures and action plan. The strategy should consist in: targeting a local area; establishing a local diagnosis of strengths and weaknesses; identifying potential actors and developing mechanisms to co-ordinate their inputs, analysing opportunities and threats regarding employment in the targeted territory; and involving regional and national authorities, drawing from the relevant National Action Plan for employment*" (CEC, 2001a: 9). It is immediately obvious that the involvement of local actors is not seen as a process enabling new problems to come to the surface or highlighting areas where national plans are inappropriate, or indeed making it possible to use indicators more relevant to local circumstances. The aim of their involvement is not to enrich or diversify the European Strategy. According to the Commission, the aim is to increase the penetration of the ideas and measures contained in the national plans. Local actors are expected to draw on the NAPs; Community, national and regional authorities are expected to keep local actors informed and ensure their involvement in the NAPs. However, it may be that the European Employment Strategy will never really be able to develop until it accepts a bottom-up approach and genuine involvement: not involvement in the implementation of centrally adopted and relatively obscure measures, but in the actual preparation of the guidelines and the assessment of their effects by all concerned (on the bottom-up approach, see de la Porte *et al.*, 2001). In its transversal analysis of the EES+5 assessment, the Commission underlines that most of Member States have not properly involved the local level. Nevertheless, a degree of progress has once again been made, and the actors are better mobilised (see conference of Committee of the Regions, 2002). The EP opinion assessing the five years of the European Employment Strategy likewise called for broader participation by local actors.

Section 3: Poverty and social inclusion OMC

Poverty first became a controversial issue in the early 1990s, when the UK and Germany called into question Europe's programmes in this field and the Court of Justice indicated that there were no legal bases for such actions (Pochet, 2003b). Nevertheless the Amsterdam Treaty clarified the matter, making clear that

combating social exclusion is an objective of the EU and the Member States, and that harmonisation at European level is not permitted: measures to combat social exclusion have to be taken forward by encouraging co-operation (Armstrong, 2003: 8-9).

When the OMC was introduced at the Lisbon Summit of March 2000, the decision was taken that it should be applied in a full-fledged manner to the area of poverty and social inclusion, to effect the eradication of poverty by 2010. The Nice European Council adopted the social inclusion strategy in December 2000. It is organised around four objectives:

- ensuring the facilitation of participation in employment and access to resources, rights, goods and services for all;
- prevention of the risks of social exclusion;
- setting out actions for disadvantaged groups;
- mobilising all actors concerned in policy formulation and implementation.

These objectives were accepted without discussion at the Social Affairs Council prior to the European Council. The EU Member States submitted their two-yearly National Action Plans for Social Inclusion (NAPinc) for the first time on 30 June 2001. The NAPinc were then analysed by the Commission with the help of external experts, and each Member State presented its NAPinc during the peer review session of July 2001. In the draft joint report, the assessment by the Commission resulted in a classification of the performance of Member States which was rejected by the Council in the subsequent version of the report that it endorsed in December 2001. In a politically correct way, the report highlighted that it was important for the diversity of Member States, a key underlying principle of the OMC, to be respected.

Since then, the indicators sub-group within the SPC has been working on creating indicators to reflect the objectives of the strategy. The Belgian Presidency organised a major conference to discuss an expert paper commissioned from Tony Atkinson *et al.* (2002), on "Indicators for Social Inclusion: Making Common European Union Objectives Work", in September 2001. By the end of the Presidency, a consensus had been reached on 18 indicators, and these were then accepted by the Social Affairs Council.

We are now in the second round. The SPC has proposed mainly keeping the objectives as they were and introduced only a few changes. This position was endorsed by the Social Affairs Council. The Member States are to present their second national action plans in June 2003.

The OMC (national action plans, common objectives, indicators, peer review, etc.) is developing quite rapidly. There is a broad consensus around the objective of fighting poverty and social exclusion. In-depth discussions have taken place within the Social Protection Committee on the revision of the objectives. The decision was taken to maintain the objectives as they currently stand, while highlighting that the Member States must a) set quantitative objectives for poverty reduction, b) better integrate the gender dimension in their actions and c) put more emphasis on the risks to immigrant populations. On the question of indicators, the Social Affairs Council of December 2002 highlighted the need to base the strategy on European but also national indicators, monitored for progress. The Member States will present their national action plans in July 2003.

Nonetheless, this process is marginal and could hardly be said to influence the strategic choices of economic and social development, for which the new procedure of co-ordination between economic and employment policies, approved in March 2003, is more influential (see previous section).

Participation

In this OMC, the participatory element has been relatively prevalent. It is reflected in one of four key objectives highlighting the importance of this dimension, which is particularly significant since grass-roots actors as well as local authorities are of crucial importance here. The European Anti-Poverty Network (EAPN) has been active in mobilising its members to comment on the political objectives of the OMC process, as well as the technical aims. This association, founded by the Commission in the late 1980s, has managed to provide its members with valuable information about the issues and developments at stake in

European social policy. The Action Plans for inclusion have been analysed by the national networks. Although critical, they have kept open the channel of communication with the Commission (it is an ongoing process). As far as other stakeholders are concerned, better co-operation is required with governments ("could do better", but the shortage of time was a variable to be taken into account). Recently, EAPN seems to be more and more interested by entering also in the EES process.

Moreover a social programme (2000) has been adopted, which has three objectives:

- a) improving the understanding of social exclusion;
- a) organising co-operation and reciprocal training in the context of national action plans;
- b) developing the capacity of players to address social exclusion effectively.

The latter includes the task of promoting dialogue involving the different actors and supporting European networks of non-governmental organisations active in the fight against poverty and social exclusion, but also that of encouraging existing poverty and social exclusion monitoring centres to form networks. The action plan also sets out to provide fixed funding for a number of European networks. As Helen Wallace notes (2000: 214): "*Those national organisations that find their way to Brussels can generally get a fair hearing. The problem is the discrepancy between those who do and those who do not find their way to Brussels. Much of the debate about legitimacy and transparency stems from the unevenness of access to the EU decision-making process (...)*". The Commission had announced its intention to finance four or five, which led to various networks forming functional alliances so as to have a chance of being funded. This led to a grouping together of local public bodies in the European Public Social Platform, which encompasses the Assembly of European Regions, the Council of European Municipalities and Regions (CEMR); Eurocities, the European Social Network and Quartiers en crise.

The methods of selection have in addition been completely revised. The Commission states that: "*Developing effective transnational exchanges of learning is a complex process. In particular it takes time to design work programmes for longer term exchange and learning, to identify appropriate partners, to build successful multi-sectoral partnerships, to clarify objectives and potential outcomes, to decide on appropriate methods of exchange, to establish effective links with the policy making process and to develop clear strategies for the dissemination and promotion of findings.* (CEC, 2002d: 5-6). Only projects selected for the first phase will be able to submit a project during the second.

The issue of poverty and exclusion has been put (back) on the European agenda in a context where, over the past five years, renewed efforts have been made at national level, entailing a fresh openness to non-governmental actors. Of particular note are the establishment in France, in the wake of the law on exclusion, of a monitoring centre on poverty and social exclusion (1998) and the drafting of the first ever national report on this topic in Germany (2001). Other countries too provide examples of the emergence of this issue on their political agendas since the second half of the 1990s (UNIOPSS, 2001): Belgium, with the elaboration of a general report on poverty (1994) which brought together all the stakeholders in this field; the Netherlands, with the holding of annual social affairs conferences around these issues; Ireland, by adopting a national anti-poverty strategy in 1997, reconfirmed in its latest Social Pact, complete with the involvement of social NGOs in negotiating Social Pacts.

To sum up, the existence of a funding programme - 75 MEUR over six years - to complement the OMC objectives on participation has contributed to increasing participation, because civil society sought institutionalised ways of entering into European level processes for their subject area, and because funds were available to help in the creation of networks and European collective actors.

Section 4: The OMC on pensions

As far as pensions are concerned, ever since the internal market was created there has been tension between those who regard this primarily as an economic matter (linked to freedom of movement or, subsequently, monetary union) and those who consider it first and foremost a matter of social policy.

The Communication from the Commission on "A concerted strategy for modernising social protection" (CEC, 1999) set two objectives: firstly, anticipating the effects of population ageing on social protection systems, and, secondly, reforming pensions systems so as to discourage early departure from the labour market, to encourage flexible retirement arrangements and to promote active involvement by older people in the life of the community.

Initially, the Social Affairs Council and the Social Protection Committee showed no particular interest in addressing this issue. Only once the Commission pointed out that the Economic Policy Committee (which advises the Ecofin Council) was to present a study on the financial sustainability of pensions systems did a consensus emerge to tackle it head-on. No attempts had ever been made before to launch a process of convergence at European level in this area. On the contrary, it seemed accepted practice that pensions, and especially State pensions, were one field where the principle of subsidiarity had to prevail (unlike private pensions - e.g. insurance - where the European rules on competition apply). For this reason there was no ready-made policy line on which the Social Affairs Ministers and their advisers could base a relatively consensual view. Their first task was to try to flesh out a European position on this subject.

Recent developments can be read as a struggle between the Ministers for Economics and Finance on one side and the Social Affairs Ministers on the other to gain mastery over this area by determining the future issues at stake (what objectives? what content?) and the method (how?) (de la Porte and Pochet, 2002). The Ecofin Council has a relative advantage in that the Treaty (Article 99) entrusts it with multilateral surveillance of public finances. Once it is accepted that population ageing will have budgetary consequences not just in terms of pensions but also in terms of healthcare (CEC, 2001b), its legitimate right to speak out on these matters becomes incontestable. This tension between a social and a financial approach can likewise be found within the Commission, between DG Employment and DG Ecfm.

These divergent interests are evident in the wording of European Council declarations, as well as in the relative position and hierarchy of the Social Protection Committee and the Economic Policy Committee. A lack of space prevents us from setting out their positions in detail (see Pochet, 2003c, de la Porte and Pochet, 2002). We would however just point out that as far as pensions are concerned there is a twin-track approach: first, the Economic Policy Committee and the Social Protection Committee are asked to submit reports. The tension between the two approaches followed by these Committees is what lends shape to the open method of co-ordination in this field. In parallel, the Ecofin Council is responsible for overseeing the sustainability of public finances. There is no co-operation with the social partners here, even though the Lisbon European Council stated that this study should be carried out "*in the light of the report which must be produced by the High Level Working Party on Social Protection*".

In November 2000 the Economic Policy Committee published the results of projections of expenditure on State pensions up to 2050. Not surprisingly, the cost of pensions as a percentage of GDP is set to rise due to population ageing. The report makes clear that Member States should accelerate the process of shaking off their debt and should aim for budget surpluses. This report was widely circulated and taken up by some major financial institutions for the presentation of their own benchmarking systems (Merrill Lynch, 2001). What the Social Protection Committee and the Social Affairs Council needed to do was attempt to go beyond a purely bookkeeping approach to pensions (Chassard, 2001). Ultimately the tension between the different approaches led to the definition of three major lines of action:

- safeguarding the capacity of pension schemes to achieve their social objectives;
- maintaining their financial sustainability;
- responding to the changing needs of society.

These objectives were taken up by successive European Councils. What is at issue here is to determine the respective positions of the social objectives and the financial sustainability of State pensions. The Commission is itself divided on this matter: DG Employment supports a socially oriented approach, while DG Ecfm backs the goal of financial sustainability. The next step consisted in imbuing these three general objectives with meaning. The Commission presented two Communications (CEC, 2000 and 2001c) incorporating the three broad themes (cohesion, sustainability and societal change) as well as a set of ten

objectives. After three months of strained relations, the Social Protection Committee and the Economic Policy Committee managed to agree on eleven objectives based on the Commission's Communications.

Another issue at stake, apart from content, was how to keep the process under control and what should be the role of the BEPGs. The struggle in this context is never-ending. At the risk of over-simplification, it could be said that for some the initial question is the risk of financial slippage due to ageing and hence what budgetary measures to adopt to lessen the burden of pensions on public finances; others see ageing as a challenge for pensions in general, for which an overall solution is required covering all aspects including budgetary ones.

The Member States presented their first national plans, structured around the eleven objectives, in September 2002. The Council and the Commission have adopted a joint report for the 2003 Spring European Council. This report assesses the national strategies, identifies good practice and seeks to devise a joint approach to indicators and projections. Once again, it was the subject of a keen struggle between the advocates of a financial approach and those preferring a more socially oriented approach. The next stage will be in late 2004 when an overall assessment of the results achieved will be conducted.

Now that the objectives have been fixed, it is necessary to devise some indicators. The scale of this task should not be underestimated, given the pace at which systems are changing. For example, how can "solidarity" be measured? The indicators will be meaningful only as a function of the objectives being measured (on this matter see Atkinson *et al.*, 2002).

Participation

In the area of pensions, the last of the eleven objectives introduces the element of participation. It is of interest to note that it was not part of the objectives proposed in the Communication of 2001 (CEC, 2001b). The participatory element was subsequently added in the joint report of the SPC and the EPC of November 2001, defining the implementation modalities of the OMC in the area of pensions, which was then endorsed by the Laeken European Council (December 2001). This aim, combined with that of transparency is to "...promote the broadest possible consensus regarding pension policies and reforms..." (SPC and EPC, 2001: 7).

The pensions OMC does not seek, according to its objectives, to be as participatory as the social inclusion OMC or even the European Employment Strategy.

Two other avenues are worth exploring, however. First of all, the social partners had no hard-and-fast opinions on the subject of pensions. There were no preconceived views given that pensions - at least State pensions - had not been expected to feature on the Community agenda. The trade unions for example were fairly divided as to the advisability of addressing the topic of social protection at European level, and only finally resolved to do so at their Helsinki Congress in 1999. The inclusion of this matter on the Community agenda has at least forced these actors to strive for a common position (on UNICE see Arcq and Pochet, 2002). Some consultation took place at national level and the SPC has also regular contact with the European social partners but it is not done in a systematic and strategic way.

It is interesting to note that in the case of pensions the Commission attempted to forestall opposition by tackling the matter from the pragmatic perspective of free movement. Following the recommendations of the Veil report on freedom of movement, the Commission set up a Pension Forum (formally established by the JOCE L196 decision, 20 July 2001) which met for the first time in 2000. Its role is to help the Commission resolve problems linked with cross-border movement. It has indicated that the Commission is willing to increase the number of participants. The Forum represents States and social partners, as well as pension funds, insurance companies and investment societies. The aim is to depoliticise the discussion and neutralise the ideology surrounding the issue, to turn it into a technical matter. This led to a consultation of the social partners (ETUC, UNICE and CEEP) in June 2002 on the transferability of private pension rights (linked to the proposed directive). The trade unions have responded relatively positively to this consultation. No explicit reference is made in this context to the OMC, and the results of meetings are not made public. But,

from a broader perspective, this does indicate the existence in the field of pensions of procedures aimed at finding pragmatic solutions, in contrast with the extreme politicisation of this issue in connection with the conflict over reform of State pensions.

Section 5: Analysis

Having presented the main features of the three processes, we see clearly that degrees of politicisation and participation differ considerably in each case. There are also dynamic differences in their centrality to the Community agenda. The European Employment Strategy is now in step with the Broad Economic Policy Guidelines, and the BEPGs contain a section devoted to pensions. On the other hand, social exclusion and poverty are linked only tenuously with economic policy matters.

Clearly, at the outset the OMC on pensions had little to do with a new form of governance. The move of the Social Affairs Ministers and the work of the Social Protection Committee were a reaction against the domination of another set of actors. The main goal of the Social Affairs Ministers was not to introduce more actors into the game but to rebalance the objectives for pensions reforms politically at European level. In its political struggle that tension is how to define the problem: is it a financial one where the share of pensions in the budget has to be under control, or a social one in which the budgetary side is only one part of the problem of population ageing. This was the verdict of Frank Vandebroucke, the Belgian Minister of Social Affairs and champion of the OMC on pensions, when he stated at the Social Affairs Council on 6 March 2003, *"As far as the balance between the social and financial components is concerned, I believe that we are on the right track. This report invalidates the idea that 'pensions pose a solely financial challenge accompanied by a few social aspects'. The next report will have to refute this reasoning and confirm unequivocally that it is mainly a social challenge with important financial aspects linked to it"*.

Some actors also welcome a legitimising discourse at European level that could help to implement national reforms. This situation is rather strange, as most scholars have highlighted that the success of national pensions reforms depends on the support of a larger spectrum of actors in which trade unions are essential and/or on cross-party support (see for example the Swedish case, Natali 2002). The creation of a Pension Forum was an attempt to depoliticise the question of occupational pensions. Nevertheless the mandate was limited to free movement of workers.

Turning now to the inclusion process, the participatory dimension was a key element at the very beginning. The European programme aims to develop a network and to increase participation, including that of people in situations of poverty. This question was much less controversial than in the early 1990s, as many Member States have adopted a more participatory approach at national level. In this case, the new framework of opportunities enabled organised groups to enter into the game and to improve their weight at national and European level. Nevertheless, there are no key players at either national or European level. They were unable to raise the political salience of their cause. In such circumstances, discussion of the second round of national inclusion plans within the Social Protection Committee was fairly smooth and co-operative. The other side of the coin is that poverty and exclusion receive only marginal consideration in the Broad Economic Policy Guidelines. The dream of Frank Vandebroucke, Belgian Minister of Social Affairs, to use a consensual theme - the fight against poverty - in order to open up a much more contentious one - the redistributive effect of social security - has not been realised. The fight against poverty remains in a non-controversial but separate compartment from the mainstream debate around the European economic and social model. The main achievement was to have common European indicators. There was an upsurge in tension above all when the Commission produced its draft report, ranking Member States, since it pointed up the classic divide between the proponents of greater or lesser integration.

The case of the EES is more complex. The appeal for participation from the social partners did not initially meet with the anticipated favourable response, partly because they feared becoming caught up in a mechanism they could not control. The national analyses also indicate a reluctance to go beyond straightforward consultation (see Raveaud on the case of France). The situation is however evolving, and the trade unions have gradually come to take a more positive view of active involvement in the process. The employers were basically still taking a cautious, not to say negative, stance. But recently their position has

moved and they supported the OMC in general (see the position paper from Georges Jacobs, president of UNICE, to the Convention). The Commission has reflected in depth on the causes of its failure to involve the social partners and has formulated fresh proposals, in particular to involve them in determining the objectives, to provide financial and technical support for them to implement their own OMC and to call for the strategy to be opened up at national level. What is more, new players - especially the local authorities - are attempting to join in this game.

The decision to dovetail the employment process with that of the Broad Economic Policy Guidelines has greatly repoliticised the debate and brought the EES onto the mainstream political agenda. The procedure for reviewing the European Strategy has basically taken place in isolation from democratic debate and even from experts. The final straw was the UK-Portuguese proposal to create an employment taskforce comprising prominent individuals who would give their opinions on short-term measures.

Nevertheless, a European debate is emerging around national employment policies, and we are seeing a certain Europeanisation of national (and, to a lesser extent, local) public administrations and social stakeholders. Several national studies have been commissioned from research groups which have gained in-depth knowledge of European issues. Furthermore, alongside the official evaluation exercise, a growing number of research teams, often acting as networks, have developed their own expertise in respect of the trends underway. The most visible and ambitious project in this respect is the Govecor project (<http://www.govecor.org>).

There are two dynamics here. One is the political process: a contribution to the definition of a European economic and social model. Perceptions of this model vary enormously, and Lisbon allows for it to be interpreted in different ways. The other is the learning process taking place within committees and amidst independent networks of experts and non-governmental players.

The Employment Strategy appears to have operated in two stages, the first being one of politicisation along left/right lines but also with a degree of centralisation. That was at the time of the Amsterdam Treaty and the Luxembourg summit at European level (1997). Then came an internal learning process and a slow but continual growth in the number of players. Since Lisbon, this has been coupled with a partial repoliticisation through the European Council's adoption of the transversal objectives. Finally, the divergent views of the Ecofin/Social Affairs Councils in particular repoliticised matters in no uncertain terms.

The question is whether, once a fresh compromise has been achieved, the actors will begin to participate once again, and, if so, how. It should also be pointed out that participation at national level, as underlined by the Commission's latest documents, is becoming ever more indispensable. Indeed, it is at this level that reforms should be carried out.

At the beginning the participation debate focused on the European level. Now most of the recent documents from the Commission are insisting on the national level and the way to improve it. Nevertheless, it is still a top-down approach (how to improve the implementation of European decisions) and not a two directional one (how to learn from the national or local experiences - on this point see De la Porte, Room and Pochet, 2001). This has also been the case in the work of the Social Europe Working Group at the European Convention.

Conclusion

Our hypothesis in the introduction to this article was that the level of participation was partially linked with the degree of politicisation. The three case studies confirm this link while indicating changes in the degree of participation and the surrounding discourse. The main mover in this context is undoubtedly the Commission: the Commission strongly supported the entry of new participants into the social exclusion OMC; it argued in favour of involving the social partners in the evaluation of the European Employment Strategy; and finally, once this participation began to appear difficult in structural terms, it created the Pension Forum.

The degree of participation is also related to national circumstances. As far as poverty is concerned, several Member States became more open to participation by a wider range of actors during the course of the 1990s. On employment, the social partners generally have considerable autonomy and are consulted either formally or informally at national level. The difficulty has been to link this autonomy with a position of dependence in the case of the European Employment Strategy. The partial solution to this problem being proposed by the Commission is to give the social partners greater autonomy (a sort of OMC for them). The case of pensions is the most surprising, since at national level successful reforms have usually been negotiated with the trade unions or have at least obtained their approval. Yet the trade unions hardly have a presence at all in the pensions OMC. That said, they are in the process of constructing a common discourse at European level, and this achievement can be ascribed to the OMC.

While the OMC has often been analysed as a new form of governance, and the level of participation and democracy has been judged in accordance with its theoretical promises, we have demonstrated that the OMC is also an instrument that opens windows of opportunity for redefining the European social and economic model. In this context, the broadest possible participation by all interests is one ingredient among others. It is often a matter of repoliticising European issues by technical means: for example, the desire to complement quantitative aspects of job creation (employment rate) with qualitative aspects.

Examining the diverse processes in place, it appears that the main features of a European social model are already accepted in practice. Since Lisbon, a high overall (70%) and female (60%) employment rate is envisaged, to be reached by 2010. Since Göteborg, the European employment objective was also extended to older workers: the employment rate for workers aged 55 years plus should reach 50% by 2010. The struggle against gender discrimination is a priority, and since the Laeken European Council indicators have been agreed upon to measure these gaps. The last Employment Guidelines (2001, 2002) as well as the set of indicators adopted at the Laeken European Council (December 2001) on quality in work and poverty and social exclusion have given more substance to the qualitative, rather than just the quantitative, aspect of Europe's social dimension. This achievement in terms of key words is impressive and quite far removed from the standard neo-liberal discourse, even if it is part of an overall project dominated by a supply-side approach.

It would nevertheless be mistaken to regard participation as the converse of politicisation. Politicisation can also strengthen the desire of certain actors to participate. Indeed, the more political the process, the higher the stakes. What is different is the window of opportunity for participation by non-traditional actors. The discourse on new forms of governance keeps this window of opportunity open even during periods, such as the review of the Employment Strategy, when the negotiations are highly political. Looking at the varying degrees of participation in the different OMCs, there appears to be a definite link here with the degree of politicisation of the different fields at European level. However, there is also a link with, on the one hand, the Commission's desire/capacity to promote this participation and to justify it by deploying new approaches to democratic deliberation and, on the other, national practices for the involvement of non-traditional actors.

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