

Social Governance After Lisbon: The Ambiguities of Policy Co-ordination

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Abstract

The paper contends that the Lisbon strategy for a reformed economic, social and environmental governance is bedevilled by ambiguities operating at different levels. First, it has been unclear to what extent issues of social governance remain central to the Lisbon goals. Second, even if Lisbon has a social dimension, there are competing organising frameworks which may argue for a greater or lesser independent identity to that social dimension. Third, the use of the open method of co-ordination has avoided a deeper specification of the need for EU intervention in social policy: indeed, there has generally been a failure to distinguish between competing rationales for policy co-ordination not all of which may survive the application of a subsidiarity test. Fourth, attempts to streamline and reform the social OMC processes have not resolved these ambiguities and indeed have further highlighted a tension between a desire to focus on key social messages to drive co-ordination and a governance architecture which supports a much more open, selective and elective process of (potential) policy learning across states. Fifthly, the recent consultation on 'active inclusion' will be an important test for the future social co-ordination architecture, involving choices between quite different interpretations of the role of co-ordination in EU social governance. Finally, the paper suggests that one means of resolving the ambiguities of OMC is to place much less emphasis upon OMC as a means of 'governing' social inclusion and instead to focus on structures through which information gathering and monitoring might be harnessed to a rather older normative preoccupation, namely, the 'accountability' of governments.

Introduction

Drawing on research on the European Union's attempt to co-ordinate Member States' strategies and policies to tackle poverty and social exclusion through the use of the 'open method of co-ordination', the paper argues that debilitating ambiguities pervade both the policy context in which co-ordination is being undertaken – the Lisbon Strategy for the reform of economic, social and environmental governance – and the technique of policy co-ordination itself. Much of the literature on OMC – in seeking to evaluate and compare its effectiveness as a means of 'Europeanizing' domestic policy – has paid insufficient attention to these ambiguities. It will be argued that potentially quite radical changes are needed to the governance architecture of Lisbon if its social dimension is to resolve these ambiguities and if co-ordination is to stand any chance of producing meaningful results.

Social Governance: Inside or Outside Lisbon?

As Borrás and Jacobbsen (2004) have highlighted, the strategy of economic and social reform announced at the Lisbon European Council in 2000 had a 'Janus' quality in seeking to combine the goals of 'competitiveness' and 'social cohesion'. However, the extent to which issues of social governance ought to be considered as either inside or out of the Lisbon processes is open to conflicting interpretation and to different interpretations over time. As Daly (2006) has suggested, there has always been an ambivalence in the relationship between economic and social policy in the EU: on the one hand, economic progress can be considered to be the driving force of social progress, but on the other hand, social policy may be required to be pursued as a distinctive policy strand either to manage the consequences of economic change or indeed to help support that process of change. This ambivalence has been reflected in

the shifts in emphasis between the original Lisbon agenda of 2000 and Lisbon II of 2005 following the mid-term review of the strategy (European Commission, 2005a).

Certainly, the Lisbon Conclusions contained a commitment on the part of the EU and the Member States to pursue social cohesion, tackle social exclusion and, in particular, to make a ‘decisive impact on poverty’. Viewed in this way, social commitments were part of the Lisbon agenda as an independent and supporting element of the reform process and something to be pursued alongside the economic agenda as part of a balanced package: the ‘policy triangle’ of economic, employment and social policy measures. From 2000 onwards, the rhetoric – the references to social policy as a ‘productive factor’ in the 2000-5 *Social Agenda* (European Commission 2005b)– and the subsequent action – the development of the so-called ‘open method of co-ordination’ – pointed in the direction of social policy as an independent but supporting part of Lisbon, with the Nice European Council (responsible for launching the social inclusion OMC) referring to economic growth and social cohesion as ‘mutually reinforcing’. Moreover, new co-ordination processes on pensions and healthcare were launched as part of the modernization of social protection systems agenda. In this way, new life was given to EU social policy and EU social governance as a consequence of its distinctive but complementary role within the Lisbon process.

Nonetheless, the relaunch of the Lisbon process in 2005 following the European Commission’s mid-term review indicated, at least initially, that the second interpretation was to be the driving force of Lisbon. The preceding report of the High-Level Group (2004) chaired by Wim Kok included not one social priority in its five priority areas for action, while the Commission’s own Communication (2005a) to relaunch the Lisbon process paid scant attention to the social dimension. The emphasis appeared to shift from social policy as a productive factor to social policy as

a product of, and to be supplied through, economic growth and labour market reform: the ‘rising tide raises all boats’ philosophy of the Kok report. In this way, Lisbon II appeared to push both social commitments and social processes out of the Lisbon agenda.

Notwithstanding the general sense that the mid-term review of Lisbon – coinciding with the entry into office of the new Barosso Commission – signalled a retreat from the idea of social policy as a ‘productive factor’, the response to Lisbon II from social and political actors might be considered to have actually helped maintain the post-Lisbon momentum of EU social policy. NGOs not surprisingly mobilised in campaigns to keep the EU to the social commitments that had apparently been made at Lisbon in 2000 and to maintain and strengthen the OMC processes (Lisbon II also coincided with the mid-term review of the social inclusion OMC process and its ‘streamlining’ with the newly launched pensions and healthcare processes, discussed further below). On the political side, the Social Protection Committee – the Committee composed of national civil servants that serves as a political clearing house for the social OMC processes – responded to the Kok report by reiterating the need for ‘mutually supportive interaction’ between the economic and social elements of Lisbon (SPC, 2004). The subsequent meeting of the Employment, Social Policy, Health and Consumer Affairs Council (Council of the EU, 2004) reaffirmed the original objectives of the Lisbon Strategy and its balance between economic growth, employment and social policy dimensions, while the 2005 Spring European Council (European Council, 2005) repeatedly made reference to social cohesion as part of the Lisbon process and, in particular, rearticulated the commitment of the EU and Member States to social inclusion policy. More broadly, and in the wake of the rejection of the Constitutional Treaty in the referendums on France and the

Netherlands, a rearticulation of the 'European Social Model' has been seen as one way of reconnecting the integration process to the concerns of EU citizens. Thus, the European Parliament (European Parliament, 2006) suggested a need to respect the initial Lisbon balance between economic and social dimensions and to retain (but democratise) social OMC processes as a means of articulating the values associated with the European Social Model. The Germany Presidency of the EU in the first half of 2007 also reiterated the need to make social Europe more visible; for Lisbon to combine competitiveness and social cohesion; and for the EU to pursue a European Social Model as a model of values (German Government, 2007). And in a statement made by the social ministries of eight Member States,¹ the necessity of reinforcing the European Social Model, of relaunching social Europe, and of viewing social policies as also promoting economic growth and competitiveness within the context of Lisbon was repeated. So it would seem that issues of social policy and social governance are to be reintegrated into the Lisbon agenda.

Three remarks might be made on the trajectory of Lisbon to date. The first is that while the European Commission has often been viewed as the ally of the NGO sector in promoting the idea of a social Europe, it has been Member States that have proven to be stronger proponents of a social dimension to Lisbon: perhaps the fate of the Constitutional Treaty is responsible for their attempts to show Europe with a more social face. But in any event, the shifting identity of the Lisbon strategy is indicative of contestation over leadership within Lisbon: is it to be driven by the European Commission as in previous European projects or is it determined by Presidencies of the Council, groups of like-minded states or looser, but fluctuating coalitions? The second remark is that arguably, it has been no bad thing that the social co-ordination

¹ 'Un nouvel élan pour l'Europe sociale' Declaration of 7 February 2007: http://www.rpfrance.eu/article.php3?id_article=665

processes were kept outside the integrated economic and employment co-ordination process. After all, amid the metaphor of the Lisbon triangle it is easy to forget that all sides of the triangle were never completely equal, with the economic side dominating. The lesson of the absorption of the employment process into the Lisbon II integrated process might be that proximity to Lisbon tends to result in the economic policy framework swamping any social dimension. The third remark is that perhaps the more important issue is not whether Lisbon does or does not have a social dimension but rather to bring clarity to what Lisbon is for and what sort of social dimension it ought to have. Because, there is a danger that the Lisbonization of EU policies has resulted in Lisbon representing the entirety of EU economic, social and environmental governance rather than as a more particular, strategic policy framework.

Notwithstanding the desire to focus Lisbon II on ‘growth and jobs’, paradoxically, the Lisbon agenda appears to have become even more open-ended with policies as diverse as space policy, energy policy and the internal market all linked to the achievement of Lisbon goals. In this way, the debate about Lisbon’s social dimension tends to then be conflated with debates about how to secure and advance EU social policy in general. Arguably, it will not be enough to reintegrate social governance within the Lisbon process without also sorting out more clearly which aspects of social policy ought to be pursued through EU institutions in the first place, and secondly, which policies ought to be developed inside or outside the context of Lisbon (a theme that is central to the conclusions of this paper).

What Social Commitments?

As Daly has cogently noted, attempts at interpreting the existence, content, strength and originality of the social commitments originally made at Lisbon are fraught with

difficulty (Daly, 2006), not least because of the changes to the Lisbon process over time. Certainly, the Conclusions to the Lisbon Summit placed ‘social cohesion’ on the Lisbon agenda and committed the EU and Member States to making ‘a decisive impact on the eradication of poverty’. However, we can detect three different organising frameworks within which the social cohesion/inclusion objective might be taken forward:

- Employment policy – inasmuch as inclusion is to be achieved by inclusion in the labour market and signified by possession of a job, then the aim of social inclusion is largely an outcome not of a distinctive inclusion policy but as a consequence of the pursuit of employment policy;
- Modernising Social Protection Systems – this framework has a dual orientation: it suggests the need for a distinctive approach to the reform of social protection systems as a support to employment policy to facilitate activation; but it also refers to ensuring the adequacy and long-term sustainability of social welfare systems for those economically inactive;
- Mainstreaming Policies – an approach that inquires into the multidimensional phenomenon of exclusion and seeks reform across a range of policies.

Depending on the organising framework, the specificity and scope of a distinctive policy approach to social exclusion varies. In the Lisbon Conclusions, and in the papers presented to the European Council from the European Commission, the Presidency and the Council, all three frameworks appear to be in play, creating ambiguity as to the distinctiveness of any approach to social inclusion and as to its potential breadth. Over time the relationship between these organising frameworks and their relationship to the Lisbon process has evolved.

With the launch of Lisbon II and the emphasis on social progress as the product of growth and jobs, it was easy to sideline the inclusion strategy by emphasising the importance of the first framework: first and foremost, inclusion would be achieved through tackling joblessness. However, with the rehabilitation of Lisbon's social dimension the issue of what sort of distinctive policy framework to pursue has come back onto the agenda.

The emergence of a streamlined Social Protection and Social Inclusion OMC process – launched after Lisbon II (and discussed further below) – points firmly in favour of the 'modernisation' framework as motivating the future social dimension of Lisbon. After all, in hindsight one could look back at Lisbon as simply launching the first in a series of processes intended to take forward the agenda that had been set by the Commission prior to Lisbon in its Communications on modernising social protection (European Commission, 1997; 1999). There, the Commission had identified four priority areas: (1) to make work pay and provide secure income; (2) to make pensions safe and make pensions systems sustainable; (3) to promote social inclusion; and, (4) to ensure high quality and sustainable health care. The streamlined process has the potential to be more directly integrated into the Lisbon process by focusing on the modernisation of social protection systems as contributing not only to growth and jobs by cutting the costs of public expenditure and promoting activation policies but also developing social cohesion by ensuring the adequacy and sustainability of those systems: themes that were already present in the policy debates surrounding the inception of the Lisbon process.

The difficulty, perhaps, is how to reconcile a commitment to tackling poverty and social exclusion as part of a modernisation framework, with the more multidimensional approach that has also been repeated in Lisbon policy documents

and is reflected in the original Nice objectives for the social inclusion process. This acknowledgement of the multidimensional phenomenon of social exclusion has played an important role in coalescing support for EU action from a range of stakeholders, not least the NGO community. However, what may be gained in terms of legitimacy may be offset by a lack of clarity as to the priorities for EU co-ordination in the context of Lisbon; as to what may nonetheless be appropriate for EU action outside this context; and as to what may be best left in the hands of the Member States.

More particularly in governance terms, a tension has emerged between pursuing social objectives through OMC and the distinctive Community Action Programme² which is intended to support EU initiatives on social exclusion. This Programme is reminiscent of a prior phase of EU intervention in the social sphere in the form of the Poverty Programmes which funded projects and supported the dissemination of research on thematic issues relating to poverty and social exclusion. While the Action Programme was intended to be more directly supportive of the OMC process, the relationship between the two has often been unclear. The Action Programme has utilised the multidimensionality of social exclusion as its primary organising framework. It supports the ‘peer review’ process, but in doing so, it has not been obvious how any lessons learned from these reviews ought to feed more directly into the OMC process and its priorities. In institutional terms, the Action Programme’s priorities are set by its own committee and not by the SPC which is the key interface of the OMC processes.

In sum, while the streamlined Social Protection and Social Inclusion process holds out possibilities for better articulating the social dimension of Lisbon, there

² EP and Council Decision 50/2002 establishing a Community Action Programme to Combat Social Exclusion (2002-6): OJ L 10 (12.1.02), pp. 1-7.

remains a central ambiguity as to whether policy co-ordination also ought to aspire to a broader multidimensional approach. As will be suggested in the following section, this also flows from a failure to clarify what the rationale for co-ordination might be.

Why Co-ordinate?

The use of a co-ordination technique has allowed deep ambiguities as to the rationale and added-value of EU intervention in social policy matters to remain unresolved. For those who might resist EU influence on domestic policy it is easy to emphasise the loose nature of the co-ordination process. Even for those who would wish for a stronger legal basis for EU social policy, investment in the co-ordination processes has substituted for that institutionalised commitment and has, at least, kept issues of social governance on the political agenda both at EU level and domestically.

However, I want to suggest that greater clarity is required as to the rationale and added value of EU policy co-ordination as a technique of social governance. Indeed, it is argued that the use of co-ordination as a technique cannot be a pretext for avoiding interrogating why EU level co-ordination is required. While the Lisbon Conclusions may have stated that the OMC would be applied ‘in line with the principle of subsidiarity’, in practice, the rationale and purposes of co-ordination have tended to be latent and implicit with a tendency of the arguments to lapse into polarisation between being in favour or against a social dimension to Lisbon, rather than articulating and justifying more clearly what might be the justifiable aims of EU-level co-ordination in this policy domain.

That said, an opportunity for rendering explicit the rationale and ‘added value’ of the social OMC processes was raised in the context of the Commission’s evaluation of these process conducted in 2005/6. The responses made by stakeholders

were largely an assessment of the perceived strengths and weaknesses of the process rather than an attempt to articulate more clearly what the rationale for co-ordination ought to be (and therefore whether the outcomes of the process were consistent with expectations). Responses emphasised added value in terms of putting or maintaining social issues on the EU and on the national agendas with few direct references to ways in which those agendas had then changed. While the process had spurred states to put in place strategic frameworks that had not otherwise existed, what was less clear was what the function of co-ordination would be thereafter. Emphasis was placed by some stakeholders on the development of contacts and exchanges: but whatever the desirability of these forms of contact and dialogue, the issue is the extent to which they are systematically conducted within the organizational framework of a co-ordination process with specific aims and ends, rather than as fluid and *ad hoc* occurrences that could be conducted outside the EU context.

How then might we conceive of the rationale for co-ordination? It is not uncommon to find the rationale for co-ordination depicted as one of seeking ‘convergence’: indeed Citi and Rhodes seek to map and analyse OMC processes in terms of their ‘convergence capacity’ (Citi and Rhodes, 2007). This focus on ‘convergence’, however, fails to unpack potentially competing rationales for co-ordination. In an early contribution, Biagi (1998) distinguished between co-ordination as ‘convergence’ and co-ordination as ‘co-operation’: the former implying strong constraints on domestic autonomy, the latter weak limits on that autonomy. Here, three different rationales for co-ordination can be put forward:

- Counteracting externalities and spillovers flowing from unilateral policy choices of Member States;
- Addressing common challenges facing Member States;

- Experimental problem-solving across heterogeneous states with selective matching of solutions to identified problems.

Each rationale has a different engagement with Member States' policy autonomy: the first views that autonomy as potentially dangerous and requires to be policed; the second views the exercise of autonomy as inefficient due to the common nature of the challenge; the third considers autonomy as capable of managing problems but in ways which may be suboptimal. While the first two rationales suggest 'convergence' in the sense that states should adopt the same or similar policies, the third rationale is more agnostic as to what states can or should learn and from whom: it need not imply that all states adopt the same policies but rather, in Biagi's terms, commits them to co-operate.

If one were to apply a subsidiarity test to EU policy co-ordination, it is evident that managing externalities or inefficiencies arising from national policy-making would justify EU intervention (although as some commentators have suggested, addressing externalities and common challenges may be better dealt with by instruments other than policy co-ordination – Notre Europe, 2005). More difficult is the justification for EU action as a means of managing heterogeneous problems: while states may seek solutions to those problems, it may be to other international forums or indeed better domestic sources of information that governments ought to look. The 'added value' of EU action becomes more problematic to determine. Even if some form of broader policy co-ordination and lesson-learning might be desirable, there is, nonetheless, an issue of whether to use the Lisbon framework as a means of prioritising common and pressing problems.

More specifically in terms of social governance, while one might argue that the social inclusion process deals with potential externalities arising from constraints

on social expenditures arising from controls on public sector debt across the Member States (in the context of EMU), more often the problem of social expenditure is constructed as a common problem exacerbated by new common challenges arising from globalisation and demographic change. This is associated with the idea that new poverty and social exclusion risks are emerging. In general, the modernisation of social protection framework constructs the rationale for co-ordination within a logic and rationale of common problem solving – the common problem of how to reform social welfare systems to activate those who can work and to provide adequate and sustainable resources for those that cannot. However, the more multidimensional framework encourages a more open approach to working through the autonomy of states to selectively and electively learn from one another.

It is suggested that one of the problems of the social co-ordination processes has been this tension between a rationale for co-ordination focused on specific common challenges (primarily the modernisation of social protection framework) and a rationale based on selective and elective policy learning through policy dialogues and exchanges (exemplified by the multidimensional approach to social inclusion). Whereas the former provides a relatively stronger basis for EU level intervention and for a relatively prescriptive type of co-ordination, the latter may require more specific justification in terms of why any given dimension of the phenomenon of social exclusion requires a response co-ordinated by the EU.

The lesson from the discussion in this and the previous sections may be that whereas co-ordination is better suited to situations where states face evident and agreed common challenges and where specific and defined objectives of co-ordination can be pursued in parallel to, and supportive of, co-ordination of economic and employment policies within the Lisbon framework, a more thematic but looser form

of co-operation (e.g. through the Action Programme framework) may be desirable to explore other dimensions of social exclusion. In short, there is probably a need to split off certain elements of the social inclusion agenda and to treat some as inside Lisbon to be pursued through some form of policy co-ordination and some as outside and better progressed by other means of co-operation.

Reform of the Lisbon Social Governance Architecture

The OMC architecture has always contained within it tensions as to whether different elements of the methodology are complementary or rival one another in identifying the focus and priority for Member States policies. On the one hand, the National Action Plans and the peer review processes have placed the emphasis on Member States selecting their own national priorities and targets (recall that no EU targets exist in the area). On the other hand, Member States are to be guided by EU-level common objectives, indicators and the evaluations of the NAPs contained in the Joint Reports. But even as regards these elements, it has not always been evident that the objectives, indicators and key messages from the Joint Reports provide a consistent set of steers for the Member States.

The Nice Objectives for social inclusion – underpinning both the first and second cycles of biennial National Action Plans on Inclusion – reflected the three organizing frameworks of employment policy, modernising social protection systems and a multidimensional mainstreaming approach. These objectives were to:

- Facilitate participation in employment, and access by all to resources, rights, goods and services.
- Prevent the risk of exclusion.

- Help the most vulnerable.
- Mobilise all relevant bodies.

In support of these objectives, a common set of social indicators – the so-called ‘Laeken indicators’ – were agreed as a reference point for evaluation of the policy performance of states (though attempts to actually rank states were resisted by states). These indicators – a set of ten primary and eight secondary indicators – had a much narrower focus than the broad objectives, focusing principally on low income and joblessness. This narrowing of focus was also evident in the selection of the ‘at risk of poverty’, ‘long term unemployment rate’ and ‘dispersion of regional employment rate’ as the three ‘social cohesion’ indicators in the portfolio of ‘Structural Indicators’ used by the Commission to underpin its Spring Report to the European Council. There has, then, always been a tension between seeking to use indicators to underpin key social messages relating to low income and employment, and their use as a basis for a more multidimensional framework for policy learning across states.

As noted in the previous section, although the Commission undertook a formal evaluation of the extant social inclusion and pensions processes in 2005/6 (for a synthesis of the responses see, European Commission 2006a), the emergence of a reformed Lisbon social governance architecture owed more to a commitment to ‘streamline’ the social inclusion, pensions and healthcare processes (European Commission, 2003) than necessarily to learn lessons from the experience of the operation of the processes. A central aim of streamlining was to ensure a process through which key social messages would emerge. Has then the revised architecture addressed the tensions highlighted here?

Streamlining entailed a degree of rationalisation in terms of the agreed objectives and indicators for the process (European Commission, 2005c). The Council

has adopted a set of overarching objectives for the streamlined process, being to promote:

- social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;
- good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

Arguably the first of these objectives prioritises the modernisation of social protection framework discussed earlier, while the second simply repeats the aspiration for the Lisbon process to achieve a better articulation of economic, employment, social and environmental policies. The third objective reframes the 'mobilisation' Nice objective into a somewhat blander principle of good governance. In addition to the overarching objectives, there are also revised objectives for each policy strand of the streamlined process. As regards social inclusion, the original Lisbon commitment to making a decisive impact on the eradication of poverty and social exclusion is reaffirmed, and is to be ensured by Member States by:

- access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
- the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
- that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

These revised objectives retain many of the elements of the original Nice objectives, and therefore, of the multidimensional approach to addressing poverty and social exclusion. Whether much turns on the reorganisation of these objectives is less

apparent, except perhaps to signal a continuity of approach to policy co-ordination rather than a complete break with the past. The function of the objectives seems to be more in the nature of securing commitment to the process from a range of stakeholders rather than as a more specific means of steering the process.

To accompany the revised objectives, the supporting indicators were also altered . Fourteen indicators underpin the overarching objectives. Of those not specifically related to health or pensions, these indicators focus principally on issues of low income (e.g. the at risk of poverty rate, income inequality, in-work poverty) and employment (e.g. jobless households, activity rates, employment of older workers), but with a specific indicator on financial sustainability of social protection systems (based on public social expenditure projections). For the social inclusion strand, the Laeken indicators have been remodelled to focus on eleven primary, three secondary and eleven context indicators. They still have a strong focus on low income and employment related indicators, but also signal the development of new indicators on material deprivation, housing and child well-being. This new portfolio, while representing continuity with the past, also reflects some of the key priorities identified in the 2005 Commission/Council Joint Report. This was the first report to anticipate streamlining in that instead of providing a comprehensive survey of social inclusion across the Member States (utilising the NAPs and data in respect of the indicators), it sought in a dozen pages to synthesise some key messages for the Spring European Council meeting. Seven key priorities were identified in the 2005 Joint Report:

increase labour market participation

1. modernise social protection systems
2. tackle disadvantages in education and training
3. eliminate child poverty

4. ensure decent accommodation
5. improve access to quality services, and
6. overcome discrimination and increase integration of the disabled, ethnic minorities and immigrants.

While the country-by-country and statistical analysis has not been done away with – it now appears as a supporting document – there has been a clear shift away from any idea of the Joint Report as a resource for selective and elective policy learning to a position whereby it seeks to deliver key common policy messages.

Streamlining was intended to provide a means of articulating between Lisbon's social governance architecture and the economic and employment processes, not only by bringing the inclusion, pensions and healthcare processes together, but also by focusing the social message. However, there remains a fundamental tension between reforms aimed at focusing on key common priorities for states, and an architecture which remains committed to a multilateral and open process of policy learning. For some, multilateral and information-rich policy learning is the very driving force of OMC. However, the lessons of the first cycles of the process may be that this openness may actually undermine the ability of the Lisbon process to focus attention and produce meaningful reforms.

Active Inclusion

In its 2000-5 Social Policy Agenda, the Commission committed to launching a consultation exercise on the best means to promote the integration of people excluded from the labour market. This could have been read as little other than viewing social inclusion as coterminous with inclusion in the labour market and therefore reducible

to the successful application of the European Employment Strategy. However, in its 2005-10 Social Agenda (European Commission, 2005b) – and notwithstanding the less favourable political climate to push for new social measures – the Commission announced its intention to link the consultation on integration of those excluded from the labour market with an investigation into the reasons why national ‘minimum income’ schemes were not effective enough. The Treaty provisions on the consultation of the social partners were to be the means for pursuing this consultation, albeit that in practice the consultation involved all relevant stakeholders. The Commission launched its consultation process in a Communication in 2006 (European Commission, 2006b). In it, the Commission identified three pillars to its concept of ‘active inclusion’: (1) labour market inclusion by facilitating individuals back into the labour market; (2) income support especially for the ‘hard core’ of those most excluded from the labour market; and (3) access to services (counselling, healthcare, childcare, training etc). And yet at the same time, the challenge of minimum incomes schemes would be to achieve these aims without becoming financially unsustainable. In this way, the Commission set out a core common problem for the modernisation of social protection systems: how to provide accessible, adequate and sustainable minimum incomes for those excluded from the labour market while ensuring appropriate incentives to work for those that can.

Is the OMC, then, an appropriate means of addressing this common problem? Certainly for many of the respondents to the consultation, in the absence of clearer legislative competence for the EU, the OMC was a potentially effective means of taking this issue forward. Earlier initiatives such as the 1992 Council Recommendations were considered to have not succeeded in their aims of converging domestic social protection systems. However, it seems possible that the Commission

will seek a new Council Recommendation – as a replacement for the 1992 Recommendations – focused on minimum income.

The fate of this initiative will, I believe, have important implications for the design and operation of EU social governance after Lisbon. A number of possibilities present themselves. One option would be to use the Social Protection and Social Inclusion OMC process as a means of taking forward substantive provisions of a Council Recommendation on minimum income. After all, the revised objectives and indicators for the social inclusion strand chime rather nicely with this focus. A second option would be to seek to integrate this specific priority into a Lisbon III integrated processes with a distinctive social cohesion chapter. Given the relationship between the social inclusion goals of the initiative and the aims of Lisbon in terms of activation and control of public expenditure, this could well be exactly the sort of policy issue that would fit within a revised Lisbon process. The third option would be for a stand alone Council Recommendation on minimum income.

The third option appears the least desirable. The danger here would be that it might establish a yet further strand of co-ordination but outside of the Lisbon/OMC frameworks. However, selection of either of the other two options returns us to two recurring themes of this paper. The first is whether the current OMC process as it applies to social inclusion is overly aspirational in seeking to bring together all and every dimension of social inclusion as worthy of an EU co-ordination process. As has been suggested already a tension exists between the desire for policy prioritisation entailing constraint on domestic policy autonomy, and a governance architecture which indicates a certain agnosticism as to how Member States exercise that autonomy in matching policy solutions to heterogenous problems. A focusing of the social inclusion strand of the OMC process towards ‘active inclusion’ – while

normatively strong in terms of utilising the resources of EU institutions towards meeting a common challenge – would exacerbate this tension and also the tension between an OMC process seeking to accommodate the multiple dimensions of social exclusion, and the supporting EU Action Programme (now rolled into the PROGRESS programme). The second recurring theme concerns the relationship between the Lisbon process and EU social governance. Any attempt to develop a social chapter within the Lisbon integrated co-ordination process would then raise the question as to the relationship between social policy co-ordination within a revised Lisbon co-ordination process and a ‘satellite’ Social Protection and Social Inclusion OMC (at least as regards the social inclusion dimension of that process). Integrate too much and Lisbon loses its ability to act as a strategic framework (a risk which has perhaps already materialised even without a social chapter). Integrate some social dimensions relevant to defined Lisbon priorities and one is left to wonder what role is left either for the OMC, or for Action Programmes or indeed for any other instrument.

Conclusions: From Governance to Accountable Government

I want to suggest a possible solution to the problem posed in the preceding section. It lies in reforming both the Lisbon process and the OMC social processes. As regards Lisbon, policy co-ordination must focus both on identifiable common challenges based on the need to modernise and activate social protection systems and on challenges that represent current priorities. The aims of co-ordination are not open-ended or indefinite: there is no point to an on-going co-ordination process. Rather, the aim would be to persuade states to adapt their systems within a specified time period in light of clearly defined EU objectives and in light of the experiences, practices and

reflections of Member States and other stakeholders. The priority focus on minimum income would be an appropriate social priority for Lisbon. It would give real meaning to making a decisive impact on the eradication of poverty and social exclusion.

As regards social governance outside of this Lisbon process, the focus should shift radically away from any idea that the EU is or ought to be capable of governing through OMC as regards the multiple dimensions of social exclusion. Indeed, the whole idea of EU 'governance' through OMC is perhaps too esoteric when contrasted with the competence and responsibility of national governments to provide for the welfare of their citizens and residents. Instead of seeking to govern through OMC, the emphasis should be on holding government to account.

First, this means holding the EU and Member States to account for the effectiveness of the Lisbon process. This would entail an evaluation of the policy performance of the Lisbon strategy both as regards the ability of economic progress to produce social progress but also as regards Member States adaptation of their social welfare systems in pursuit of specified Lisbon social priorities e.g. on accessibility, adequacy and sustainability of social protection systems. This would then help to identify what social messages to 'feed into' Lisbon in future cycles.

Secondly, there is also scope for holding the EU and Member States to account for their wider policies and strategies that contribute towards or seek to combat social exclusion. In some ways this is already what the OMC processes seek to achieve at least as regards Member States policies. Nonetheless, the process is politically compromised. While the Commission has asserted its right to produce a distinct Communication as a draft of the Joint Reports, nonetheless, even this draft is subject to prior comment by Member States in the SPC. In any event the Member States are then also the joint authors of the Joint Report: hardly conducive to harsh

comment and evaluation. With streamlining, any richness of the analysis contained in the review of policies was sacrificed through the need to use the reports to deliver key messages and in effect to steer future co-ordination efforts.

Using the model of agencies – and perhaps the role of the Fundamental Rights Agency might be relevant and applicable – the task of information gathering and evaluation could be allocated to an agency as a means of holding the EU and Member States to account. The expertise of this agency would draw on the social scientific community – the very scholars who are already represented as consultants and experts in projects funded under the Community Action Programme – but could also open out to civil society more generally. In this way, instead of viewing the relationship between civil society and OMC processes as potentially problematic from a democracy point of view (i.e. the debate over representative versus participative democracy), civil society is relieved of the burden of seeking to be inside of governance and instead would play a vital role in rendering EU institutions and Member States to account through their monitoring and evaluation of policies. This would shift the emphasis away from OMC as a candidate new governance architecture and instead remodel co-ordination in light of other international instruments and processes – e.g. the Council of Europe Social Charter – through which to hold states (and even the EU itself) to account. Indeed, this would also be a way of framing EU social policies within the normative framework of fundamental rights which has long been an ambition of European transnational social NGOs. To be sure, the issue might be whether such an EU monitoring process is required given the presence in particular of the Council of Europe instrument and indeed there is an argument for looking beyond the boundaries of the EU in the search for a European approach to combating social exclusion. Nonetheless, it might be that scope exists for

an EU mechanism to operate in tandem with the Council of Europe (as already exists with other fundamental rights).

To conclude, the time has come, perhaps, to recognise that the ‘legitimizing discourse’ of OMC as a ‘mode of (new) governance’ has run its course and look instead to harnessing elements of the methodology of co-ordination to the more classic ambition to hold government to account.

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