

# Social policy in the European Union 1999-2019: the long and winding road

Brussels, 12 March 2020

## From the Lisbon strategy to the European Pillar of Social Rights: the many lives of the Social OMC

Bart Vanhercke  
European Social Observatory



# Outline of the talk

## Introduction

- *Surprise!*

## The six stages of the OMC's life (so far)

- *Experimenting*: a 1000 flowers bloom
- *Streamlining*: rolling back *and* growing teeth
- *Capacity building*... in splendid isolation
- *Marginalisation*: Europe 2020 and the initial Semester
- *Reinvigoration*: the SPC on the barricades
- *Maturity*: further 'socialising' the semester

## Discussion and conclusions

- *Quo vadis*, Social OMC?
- A health check of the 'socialisation' thesis

# Introduction

## ❖ Story of OMC started well before its baptism in Lisbon in 2000

- Strongly influenced by the experience of the European Employment Strategy (EES) and the Broad Economic Policy Guidelines (BEPG)
- OMC's *avant la lettre*: promote EU and national policy change through non-binding tools:
  - Reporting, monitoring, benchmarking against agreed indicators, targets & peer reviews

## ❖ Still: Lisbon European Council (2000) caused 'Cambrian explosion' of experimentalist governance, incl. through OMC

- Council Conclusions *explicitly* referred to use of OMC in poverty, information society & e-Europe, innovation and research & development
- Wording of Conclusions *de facto* supported launching/continuing coordination in social protection (pensions), enterprise promotion, economic reform, education and training etc.

# Introduction

## ❖ OMC quickly acquired ‘rock star’ status (academics/politicians)

- OMC ‘at all levels’: at least in a dozen policy areas at beginning of 2000’s
- Seemed as if this holy grail was going to ‘save Europe’

## ❖ By 2004: weighed on the scale and found wanting

- Acquired questionable reputation among academics and policymakers in terms of actual delivery (non-bindingness) & for competing with EU law (!)
- Faced near-abandon under Barroso Commission

## ❖ Since 2005 OMC became rather invisible

- Commission gave precedence to overarching socio-economic coordination processes (Lisbon, Europe 2020, Semester)

## ❖ Surprise: it’s alive ‘n kickin’ !

- Frequent references to it in EMCO and SPC documents
- Its basic tools are fully operational: firmly institutionalized & reinforced over the years (template for policy coordination)
- Time to revisit its emergence and development, 20 years on

# 1. Experimenting: a proliferation of OMCs after Lisbon (2000-2004)

- ❖ **‘Experimenting’, in that OMCs emerged through contacts between individual DG’s (COM), national ministries, social partners and NGOs**
  - *Ad hoc* arrangements were agreed upon to reflect sectoral specificities and most processes started informally (Tholoniati)
  - As happened recently (the Brussels bubble gossip goes) with regard to the ‘aquaculture’ OMC (sic!)

# 1. Experimenting: a proliferation of OMCs after Lisbon (2000-2004)

## ❖ Experimental approach visible in the emergence of the Social Protection and Social Inclusion OMC's

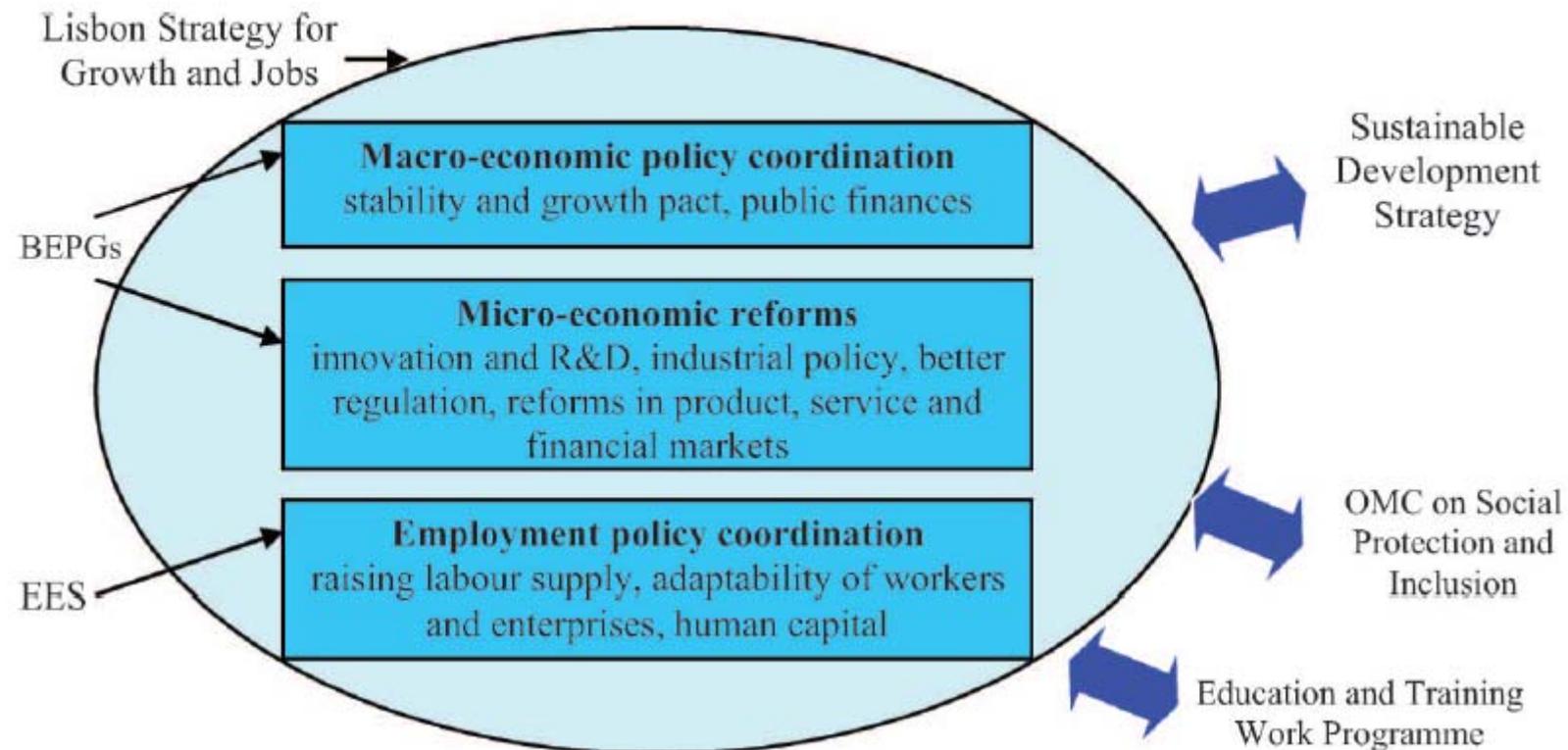
- *Social inclusion*: a sense of urgency, leading to a 'full-blown' OMC in 2 years time (2001-2002), incl. 'Laeken' set of indicators & national targets
- *Pensions*: a more prudent approach, leading to a 'partial' OMC (2000-2003), with few and second-best indicators and no reference to targets
- *Healthcare*: pushed on agenda through European Commission activism and Member States' foot-dragging (2001-2004)
  - Penalty for not taking action would be healthcare policy dictated by ECOFIN, DG ECFIN and the EPC, and a progressive submission to internal market law the CJEU
  - DG EMPL helped by publication of the draft Services in the Internal Market Directive (January 2004): healthcare systems not sheltered from application of internal market rules (Baeten)

## 2. Streamlining: rolling back & growing teeth for the Social OMC (2005–2006)

- ❖ **Post-Lisbon enthusiasm for policy cooperation through the OMC came to a rather abrupt end in 2004**
- **High Level Group headed by Wim Kok:**
  - ‘Lisbon is about everything and thus about nothing’
  - OMC ‘has fallen far short of expectations’
  - ‘A radical improvement of the process’ is needed
- **Re-launched Lisbon II Strategy from 2005**
  - Focus on ‘jobs’ and ‘growth’
    - Largely discarding social and environmental pillars of initial strategy (‘galaxy’ of initiatives, Dehousse)
  - BEPG and Employment Guidelines ‘streamlined’ into single set of ‘Integrated Guidelines’
  - Revised Lisbon Strategy became a ‘meta-OMC’ (incl. ‘NRPs’ and enhanced role of SECGEN)

## 2. Streamlining: rolling back & growing teeth for the Social OMC

FIGURE 3  
LISBON 2 (2005–10)



Source: Tholoniati (2010:106)

## 2. Streamlining: rolling back & growing teeth for the Social OMC (2005–2006)

### ❖ This side-lining went hand in hand with a second ‘streamlining’:

- Merger of Social Inclusion, Pensions and Health & Long-Term Care OMCs into a single ‘Social Protection & Social Inclusion OMC’ (‘Social OMC’) in 2006
- New Common Objectives, timeline and reporting

### ❖ Streamlining created strong leverage on the P and HC OMC’s to bridge the gap to the social inclusion strand

- Precision of common objectives, quality of indicators and acceptance of COM involvement in sensitive policy areas: ‘growing teeth’ of Social OMC

### ❖ But... Social streamlined OMC existed only in shadow of Lisbon II

- Mechanisms such as ‘feeding in’ and ‘feeding out’ did not really work (e.g. barely any social cohesion objectives in NRP’s)

### 3. Capacity building: enhancing OMC learning tools in isolation (2007–2009)

- ❖ In context of splendid isolation, work within three strands of the Social OMC focused on enhancing its toolbox (Lisbon II)
  
- ❖ Indicator development and benchmarking
  - After EU enlargements (2004 and 2007): develop more balanced picture of poverty to reflect its relative and absolute dimension
    - Material deprivation indicator (2009)
  - Input and output indicators (in addition to outcome indicators): *which policies produce which outcomes?*
  - National indicator label
  - Child poverty indicators... paved the way for the planned ‘child guarantee’

# 3. Capacity building: enhancing OMC learning tools in isolation (2007–2009)

## ❖ Mutual learning activities

- Developing specific methodology for PROGRESS peer reviews
- Overhaul of working methods of SPC peer reviews
  - Early SPC peer reviews (organised before 2004) endless and tedious meetings (no time for discussion)
  - Became focused on key issues, allowing more in-depth discussions (continue in Semester: IDR)

## ❖ Funding stakeholder networks

- COM has been providing funding, since the late 1990s, to European networks
- Give stakeholders a voice... and creating a constituency for the EU's social dimension
- As of 2007: core funding through PROGRESS (EAPN, FEANTSA etc.)
  - Organised their own benchmarking exercises & scorecards
  - Critical voice about what national governments are actually doing

## ❖ Nevertheless, Social OMC remained isolated from Lisbon II

## 4. Marginalisation in the face of Europe 2020 and the Semester (2010–2011)

- ❖ **The initial design of the Europe 2020 Strategy (2010): promised to correct this situation of isolation**
- Rather all-encompassing political agenda: to some extent, a return to the original Lisbon Strategy
- Attaching considerable visibility and importance to employment and social inclusion, incl.:
  - ‘Guideline 10’ on promoting social inclusion & combating poverty
  - First-ever numerical EU poverty and social exclusion target
    - Lift at least 20 million people out of the risk of poverty and exclusion by 2020
  - European Platform Against Poverty (EPAP)

❖ **So far the good news...**

## 4. Marginalisation in the face of Europe 2020 and the Semester (2010–2011)

- ❖ **European Semester starting in 2011 - in the midst of the global financial crisis - confirmed critics' worst fears**
  - First AGS: healthcare regarded merely as a burden on government budgets
  - Social policy narrowed down to policy against poverty and social exclusion
  - Only three CSRs (all directed at new CEEC) addressed issues of poverty and social inclusion
  - NRP's, too, largely focused on economic issues
- ❖ **Barroso II effectively withdrew its support for Social OMC as an autonomous process**
  - Abandoning MS's reporting obligations as well as 'Joint Reports' on SPSI; EPAP quickly lost momentum and relevance

## 5. Reinvigoration: the SPC 'saves' its process – initial socialization (2011–2014)

- ❖ **After this, the OMC and its legacy were declared dead**
  - Brussels-led austerity obliterated the patiently developed view of 'social policy as a productive factor'
  - Sapping 'all the political energy away from social policy, with the Social OMC effectively going into abeyance' (Armstrong 2016)
- ❖ **However, reports of the OMC's death have been greatly exaggerated (incl. in 'serious' academic literature)**
  - The SPC (with the discrete but effective help of DG EMPL) indeed intervened to 'save' its process
  - Social affairs ministers 'reinvigorated' (politically relaunched) the OMC
    - Reaffirming its wide scope (not confined to eradication of poverty);
    - Re-start regular reporting, enhance mutual learning, strengthen analytical capacity (including the development of the common indicators)
    - Improve stakeholders' involvement

## 5. Reinvigoration: the SPC 'saves' its process – initial socialization (2011–2014)

- ❖ **Through this 'reinvigoration' a broad coalition of Social Affairs Ministers signalled that the OMC was needed:**
  - To counterbalance the excessive focus on fiscal and economic considerations in the Semester
- ❖ **EMCO and the SPC accelerated their own monitoring capacity and multilateral surveillance**
  - Europe 2020 Joint Assessment Framework (JAF) (2011)
  - Employment Performance Monitor (EPM) and Social Protection Performance Monitor (SPPM) (2011 and 2012)
  - In-depth peer reviews; *ex-ante* peer reviews
- ❖ **As a result, the SPC was brought back into the governance mainstream of the Semester in 2013**
  - Essential support of Commissioner Andor and his team
- ❖ **Resulting in increased overall influence on the contents of CSR's: initial 'socialisation' of Semester (Zeitlin and Vanhercke, 2014)**

## 6. Maturity: further socializing the Semester through the OMC toolbox

- ❖ **New Juncker Commission promptly introduced significant innovations to the Semester organization ('Social Triple A')**
  - DG EMPL tasked with drafting the chapter on social & employment policy in the new 'Country Reports' (2015)
  - Key units dealing with labour market policy, training and skills transferred to DG EMPL, from DGs ECFIN and Education and Culture (EAC)
- ❖ **Official proclamation of European Pillar of Social Rights: game-changer**
  - Strong pressure of Juncker cabinet to immediately integrate the EPSR in the ongoing cycle of the Semester
  - Provided further leverage to social affairs players to call for greater consideration of social and employment challenges in the CR's and to further develop monitoring toolbox (e.g. new Social Scoreboard)
- ❖ **Strengthening links between the Semester and EU funding**
  - Annex D on 'Investment Guidance on Cohesion Policy Funding 2021–2027'

## 6. Maturity: further socializing the Semester through the OMC toolbox

### ❖ **Result of the prominence given to social challenges under the Juncker Commission**

- Further increase of ‘social protection’ and ‘social investment’ CSR’s as well as substantial drop in ‘social retrenchment’ recommendations during the 2018 and 2019 cycles (Corti 2020)
- ‘Socialisation’ confirmed

### ❖ **OMC put forward by COM as one of the tools to be used in implementing the Council Recommendation on access to social protection**

- How should OMC tools should be adapted in view of the planned integration of the Sustainable Development Goals (SDGs) in the Semester?
- At the heart of the work in the EMCO and SPC during 2020

## 7. Discussion and conclusions: 20 years of (Social) OMC

- ❖ **Talking about ‘the OMC’ is, inevitably, an intellectual shortcut**
  - OMCs have been created that together constitute a cookbook that contains various recipes, lighter and heavier ones (Vandenbroucke)
- ❖ **Launch and institutional development of OMCs driven by different stakeholder configurations**
  - Social affairs ministers were calling the tune in the area of social inclusion, while health ministers dragged their feet in the field of healthcare, leaving the political initiative to the COM
- ❖ **OMC created for a variety of reasons**
  - For pensions and healthcare, ‘occupying the territory’ vis-à-vis economic players was a key motivation
- ❖ **The OMC is constantly being reinvented: 6 ‘lives’**
  - The history of the OMC is far from a unidirectional phenomenon in which its deployment and salience simply increased over time

# 7. Discussion and conclusions: 20 years of (Social) OMC

- ❖ **OMC has been coping with the ‘soft law dilemma’ (Tholoniati 2010)**
  - OMC has to sustain policy activism at the highest EU political level in order to supply the EU agenda (e.g. reinvigoration)
  - It also needs to ensure a sufficient degree of institutional predictability to permit effective implementation
  
- ❖ **The OMC is not simply here to stay because it is difficult to abolish it**
  - It has been firmly institutionalized at national and EU levels
  - Became a template for EU, domestic and even regional policy coordination in sensitive policy areas:
    - Business and human rights, EU’s common security and defence policy, education and training, culture, youth, aquaculture and (in disguise) in tax policy.

# 7. Discussion and conclusions: 20 years of (Social) OMC

## ❖ **Has the OMC watered the EU's appetite for legislation?**

- Jury is still out; EU institutions pursue more traditional modes of enforcement alongside new governance mechanisms
- OMC processes are being used to monitor the application of binding legal instruments (Armstrong 2016)

## ❖ **At the end of the day, it is not the hardness or softness of the OMC that matters**

- But rather its capacity to stimulate policy learning and creative appropriation and leverage by EU and national stakeholders
- And yet... only as an integral part of the post-Europe 2020 Strategy can the Social OMC maintain its influence (but risks are involved)

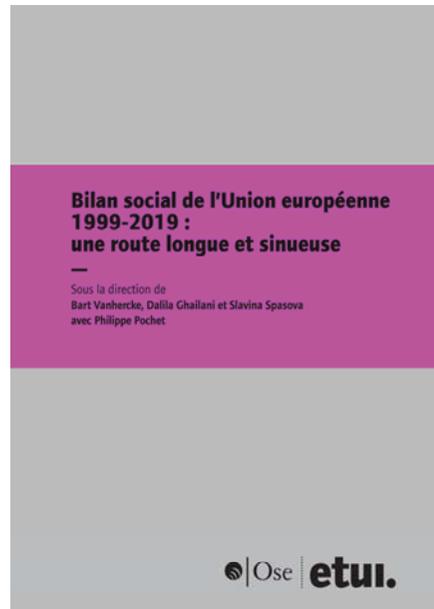
## ❖ **A paradox in the socialisation thesis?**

- *It 'hopes to rescue the European Semester by capturing its processes for social voices. What, though, of the danger that social voices are themselves captured, or "socialised into" the Semester's wider logic of competitiveness and market fitness?'*

# Thank you for your attention!

Your feedback most welcome, now or at  
[vanhercke@ose.be](mailto:vanhercke@ose.be)





# Bilan social de l'Union européenne 1999 – 2019 : une route longue et sinueuse

---

## Social policy in the European Union 1999 – 2019 : a long and winding road

Vanhercke B., Ghailani D. and Spasova S. with Pochet P. (eds.) (2020) Social policy in the European Union 1999-2019: the long and winding road, Brussels, European Trade Union Institute (ETUI) and European Social Observatory (OSE), 230 p.

Free download [here](#)