CHAPTER 5

Delivering the goods for Europe 2020?
The Social OMC’s adequacy and impact re-assessed


5.1 Introduction

In the ongoing discussions on the future of the Social Open Method of Coordination (OMC), in particular in the context of the Europe 2020 Strategy, one rather basic element seems to be missing from the debate (or at least to have been obscured) namely an assessment of the extent to which the Social OMC (with its three strands on social inclusion, pensions, as well as healthcare and long-term care), has delivered concrete results. This is a legitimate concern at a time when EU and national policy-makers are discussing the future role and content of the Social OMC and the yet-to-be created ‘European Platform Against Poverty’ (EPAP), the social dimension of the Integrated Guidelines for Economic and Employment Policies, and the institutional design of the overall Europe 2020 Strategy.

This chapter therefore assesses the results of the Social OMC with the aim of answering the question: Has the Social OMC delivered the goods? This issue has in fact been widely debated in the last decade in the OMC research community: once the initial praise for the OMC (both by politicians and scientists) started to wane, the process was subjected to intense scrutiny and found wanting in mainstream academic literature (Vanhercke, 2007). At first sight this should not come as a surprise.

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1 The empirical analysis in this chapter resulted from my participation in a Commission-funded project (coordinated by PPMI) on ‘Assessing the effectiveness and the impact of the Social OMC in preparation of the new cycle’, in which I provided a ‘State of the Art Analytic Overview of Evaluation Results of the Social OMC’ (Vanhercke, 2010).

2 The research done for this chapter benefited from funding from the Community’s PROGRESS programme and was supported by the Belgian Federal Public Service Social Security (Directorate-General Strategy and Research) in the context of the ‘Europe 2020’ research project. I wish to thank Caroline de la Porte and Timo Weishaupt for the collaborative research efforts which led to this chapter; Margherita Bussi for invaluable around-the-clock research assistance; Eric Marlier, David Natali, Jonathan Zeitlin, Egidijus Barcevičius, Peter Lelie, and an anonymous reviewer at the European Commission for their constructive criticism on earlier drafts. The views expressed in this chapter are the sole responsibility of the author. Address for correspondence: vanhercke@ose.be.

3 This question is equally addressed in Vanhercke (2010), which presents a more in-depth assessment of the recent literature on the Social OMC.
Indeed, viewed in terms of its institutional characteristics, the absence of a ‘shadow of hierarchy’ (legislative and executive decisions) would suggest that this mode of governance cannot deal effectively with the problems it is supposed to solve (Héritier and Lehmkuhl, 2008). Yet this chapter argues that through mechanisms such as leverage and policy learning, this ‘weak’ policy instrument does produce real effects. The crux of the matter is this: it is not the ‘hardness’ or the ‘softness’ of the OMC that matters, but its capacity to stimulate creative appropriation and action by European, national and sub-national actors.

At the same time, this chapter argues that any credible assessment of the OMC should distinguish between two key dimensions. On the one hand, the adequacy of the Social OMC is defined as the extent to which the OMC’s architecture (institutional setup) is likely to contribute to reaching its objectives at EU and national level. In other words, adequacy refers to the theoretical capacity of the OMC toolbox to produce results. On the other hand, the impact of the Social OMC is defined as the extent to which the Social OMC has actually influenced policies and policy-making processes at EU and national level. In other words: impact refers to the effects of the Social OMC ‘on the ground’. Clearly distinguishing between these two dimensions is indeed important: at least some of the disagreement between OMC ‘optimists’ and ‘pessimists’ can in our view be attributed to the fact that they are looking at different aspects of the OMC. Quite often ‘theoretically enriched’ studies assessing the OMC on the basis of its institutional architecture (adequacy) do not provide empirical evidence about whether or not these critical assessments are confirmed by the actual OMC practice.

The chapter is organised as follows: Section 5.2 explores the different dimensions of the adequacy of the Social OMC’s toolbox, reviewing the Social OMC’s communication strategy, its operational value in coordinating policies at EU level, the features of the OMC toolkit and its interaction with domestic processes. Section 5.3 assesses the impact of the Social OMC ‘on the ground’, looking at substantive policy changes, shifts in domestic governance, and its impact on EU-level policies and politics. Section 5.4 aims at reconciling the apparently contradictory conclusions with regard to adequacy and impact by looking at some of the mechanisms at work. Finally, Section 5.5 concludes, providing some forward-looking perspectives with a view to further strengthening the Social OMC’s adequacy and impact.

5.2 The adequacy of the Social OMC’s toolbox: mixed evidence (at best)

This section assesses the theoretical capacity of the OMC toolbox to produce results at EU and national level (adequacy). Wherever possible, specific attention is paid to the three strands of the Social OMC (social inclusion, pensions, as well as healthcare and long-term care).

5.2.1 Adequacy of the Social OMC’s communication strategy: public awareness and institutional visibility

Many authors concur with the finding by Kröger (2008) that the OMC is a process marked by its near invisibility in the media and to the citizens, which explains why labels such as ‘the EU’s best
kept secret’ are attributed to it. A recent evaluation (INBAS et al., 2009) of stakeholder involvement in the implementation of the OMC confirms the earlier finding (e.g. Büchs and Friedrich, 2005: 275) that national reports are rarely, if ever, discussed in Parliament and that the OMC has not permeated public discourse or the media. What is perhaps even more worrying is that even for the ‘inner circle’ of people involved in the Social OMC, key aspects of the process remain hidden, due to the fact that the Social Protection Committee (SPC) and its Indicators Sub-Group do not make the full panoply of their internal documents (including minutes of meetings) available online (Zeitlin, 2005: 484; Marlier et al., 2007: 244). One of the rare examples of (ad hoc) public visibility of the OMC is provided by Norris (2007): in 2006, the recently-elected Portuguese President referred prominently to the inclusion plan in his address on Portugal’s national holiday commemorating the return to democracy, resulting in considerable media coverage of the OMC/inclusion.

But what about the institutional awareness and visibility of the OMC, including among (sub)national governmental actors (typically ministries of social security, pensions and health) and stakeholder organisations? According to Friedrich (2006) the Social OMC remains elite-driven and opaque and is therefore limited as regards its democratic potential. Some nuance is in order, however: several national studies of the OMC/inclusion (less is known about the pensions and healthcare strands) highlight that the Social OMC’s institutional visibility (and thus the awareness of its existence) varies strongly within and across countries as well as over time. In Belgium some noticeable cases were reported by Vanhercke et al. (2008) of the strategic use of the OMC as a governance tool for coordinating local and regional (social inclusion and gender) policies, indicating a considerable degree of awareness at different levels of government.

In spite of these nuances (variation across countries and over time), a recent assessment of the awareness and perception of the social inclusion strand of the Social OMC\(^4\) reaches the firm conclusion\(^5\) that it ‘is clear from the experts’ analysis that awareness of the social inclusion strand of the Social OMC is limited to a narrow band of actors in most Member States. [...] In most countries, there is virtually no media or public awareness of the Social OMC and no political debate about the process. In only a small number of countries does there appear to be much interest within the academic community or significant social partner engagement’ (Frazer and Marlier, 2008: 2).

5.2.2 Adequacy of policy coordination at EU level: objectives, messages and reports

A second dimension whereby the OMC can be assessed is to ask whether the OMC common objectives, messages and reports are clear, pertinent and operational. de la Porte (2008) found that the OMC/inclusion objectives are sometimes criticised and sometimes praised in the


\(^5\) This conclusion is based on an analysis of the reports produced by the members of the EU Network of Independent Experts on Social Inclusion (unfortunately, the national contributions of these ‘OMC awareness’ assessments were not made public): http://www.peer-review-social-inclusion.eu/network-of-independent-experts/policy-assessment-activities.
literature for their ‘openness’. Büchs (2009) notes that the Social OMC’s objectives and
guidelines contain different and sometimes conflicting elements, some of which are more likely
to be interpreted in ways that promote the strengthening of the welfare state whilst others are
more likely to support retrenchment. For this author key concepts are open to interpretation
(e.g. ‘activation’).

As regards (the lack of) policy coherence within the OMC, de la Porte (2007) confirms that the
objectives of the Social Inclusion strand reflect diverging national approaches (Anglo-Saxon,
Continental and Nordic) to this issue. Hamel and Vanhercke (2009) confirm that the first
Common Objective in this strand (‘to facilitate participation in employment and access by all to
the resources, rights, goods and services’) was particularly conflictual and represented ‘the
ultimate European compromise’ since it is obvious that these are really two distinct priorities,
and not one. And yet, the same authors find that the Social Inclusion Common Objectives had a
significant influence in Belgian and French policy-making. This has been most visible in terms of
agenda setting and promoting stakeholder involvement, which clearly facilitated creative
appropriation of the process in both countries (Ibid.). Armstrong (2005) in fact doubts whether
common EU objectives are all that significant in stimulating processes of policy problem
identification.

The objectives under the pensions strand represent both economic and social concerns (Pochet
and Natali, 2005). On a slightly more sceptical note, Lodge (2007: 350) interpreted the
principles and objectives of the pensions strand as the ‘least undesirable’ outcome of
negotiations between ‘economic’ and ‘social’ actors; according to Lodge the objectives were very
weak (and were intended to be so) and extremely broad, and therefore had no directing capacity
since they ‘allow any policy development to comply with such standards’. Similarly, Radulova
(2007) concludes that the institutional characteristics of this strand (lack of Treaty basis,
Recommendations etc.) make it a ‘weak’ OMC. It should be noted that one of the rare studies
available that actually studied the impact of the Pensions OMC ‘on the ground’ (Vanhercke,
2009) concluded that the Common Objectives did indeed influence the national as well as the EU
agenda (see Section 5.3.1).

Discussing the healthcare strand, Greer and Vanhercke (2010) make the argument that the
‘ambiguous words’ of the Common Objectives are in fact useful when there is no fundamental
agreement: they create an opening for new EU competencies while stressing that there would
have been greater efforts to block the common objectives (in health) had the objectives been
clear. And yet the ‘normative’ orientation of these healthcare objectives is quite clear for Plear
(2009): they not only extend market rationality and facilitate governing at a distance by
providing inducements for self-management, but they also promote moves away from equity
and solidarity. Writing about the same OMC strand, Hervey (2008) rejects the claim that the
healthcare OMC promotes neoliberal policies, while the European Centre for Social Welfare
Policy and Research et al. (2008) find strong confirmation of pertinence of overarching
objectives of the healthcare strand of the OMC.

Turning to the adequacy of the (subtle) country-specific messages, observers will recall the
negative, collective response of SPC members to the Commission’s implicit efforts to ‘rank’ the
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NAPs/Incl in the first (2001) Joint Report on Social Inclusion, which closed the door on anything resembling formal recommendations in the social field. Yet Hamel and Vanhercke (2009) explain how two 'cold showers' from the European Commission (through its Draft Joint Reports) with regard to stakeholder involvement in the elaboration of the Belgian NAPs/Incl, combined with the acknowledgment (through mutual learning) that perhaps Belgium was not the best pupil in the class after all, led to real procedural shifts: i.e. increased stakeholder involvement in the social inclusion OMC at the beginning of 2005 (see Section 5.3.2).

It is quite difficult to assess the adequacy of National Strategy reports and guidance notes for the reports. The latter are considered to be too technical by most scholars, who often do not even know about their existence. One of the rare reports that addresses the issue is from the European Anti-Poverty Network (EAPN, 2008), which found some evidence of an increase in specific social inclusion/poverty reduction targets and for specific groups as a result of the guidance notes. For the European Social Network the Commission’s guidance note should be more explicit regarding the requirement to set targets and provide budget details (ESN, 2009).

The adequacy of the National Action Plans and National Strategic Reports on Social Protection and Social Inclusion can be considered as a proxy indicator for the quality of the guidance provided. Armstrong (2005) and Marlier et al. (2007) highlighted that the second NAPs/Incl (during the 2003-2005 period) were above all reports, and called for ‘restructured’ NAPs/Incl that should become a ‘strategic planning exercise, the goal of which is to actually develop an ‘action plan’’. This diagnosis is confirmed by Jacobsson and Johansson (2009) as regards Sweden: the NAP/Incl is not a strategic document, but instead a ‘report to Brussels’ about existing activities. This view is shared by EAPN (2008), while the European Social Network contends that only a very small number of Member States have used the reports to (re)assess national social inclusion policies. An analysis of two rounds of NAPs/Incl (2004-2006 and 2006-2008) by Sirovátka and Rákoczyová (2009) confirms this gloomy picture: the NAPs/Incl reflect the low level of commitment to social inclusion/anti-poverty efforts in the Czech Republic, which are deemed even lower than in other new Member States, while the plans do not provide empirical evidence of how NGOs and civil society have or have not used the NAPs/Incl. A different view can be read in Armstrong (2005), who found that the NAPs/Incl triggered domestic responses. Norris (2007) goes even further and describes how in Ireland the processes of the National Anti-Poverty Strategy (NAPS) and the social inclusion OMC, including their targets and consultations, have largely been integrated.

The process for analysing reports, consulting with Member States/other stakeholders and drawing conclusions is, at least in part, addressed by Sirovátka and Rákoczyová (2009) who note that the Commission is harsh in its analysis of the Czech report, due to its lack of precision and commitment. Greer and Vanhercke (2010) provide illustrations of where the OMC might look ‘soft’ but, in some cases, it feels quite hard to those who are affected by it. This was confirmed by earlier research by Jacobsson (2005), who found that the Swedish government showed strong resistance to the social inclusion policy, and to assessments by the Commission. Another example, provided by O’Donnell and Moss (2005), illustrates this point. They report that the first Irish NAP/Incl lacked strategy, data, analysis of problems, and the identification of or focus on
specific target groups. After ‘shaming’ by the Commission, the second report was improved, and had a better strategy and analysis of problems.

A final dimension of the adequacy of policy coordination at EU level is the Social OMC’s capacity to stimulate a genuine policy debate and build consensus around promising policy approaches. This issue was addressed by Horvath (2007), who found that most Member States’ delegates regard it as essential for the SPC to reach a consensus or compromise at the end of all discussions. Being able to agree on ‘common opinions’ is seen as one of the main factors which determine the success of the SPC. In sum: there seems to be a normative orientation towards consensus-oriented discussions, even if SPC members who have been representatives for less than 2 years (became delegates after the 2004 enlargement) refer less often to consensus, cooperation and common values.

5.2.3 Adequacy of features of the OMC toolkit: feeding in/out, indicators and mutual learning

The links between policy strands within the OMC and with other policy areas at EU level (mutual reinforcement, feeding in/out) can be considered rather problematic, amongst other reasons due to the lack of coordination between the strands on pensions, social inclusion and healthcare. Zeitlin (2008) argues that ‘by excluding the EU’s social objectives from the integrated guidelines, the Union has effectively returned to the one-sided coordination of Member States’ social policies in pursuit of financial sustainability and employment promotion which the Social OMC was developed to overcome’. Unsurprisingly then the SPC (2009) concluded that the issues of ‘feeding in’ and ‘feeding out’ should be better covered by the Member States and the European Commission, in view of the finding that key social issues are not always properly acknowledged within the Lisbon agenda. This is corroborated by Frazer and Marlier (2009) who find that the links between social inclusion policies on the one hand and employment and economic policies on the other are in most cases modest and limited. Barbier (2010) refers to this lack of efficient feeding in/out as ‘les promesses sociales non tenues’ (i.e. the broken social promises) of the Lisbon Strategy.

In the field of health, any attempt to strengthen the adequacy of the OMC will need to acknowledge the reality, recently spelled out by Hervey and Vanhercke (2010), that no fewer than five different sets of actors are trying to expand their influence on the EU healthcare debate: the ‘social affairs’, ‘internal market’, ‘public health’, ‘economic’ and ‘enterprise’ players. Together, they have created a very crowded law and policy-making space to which actors bring their conflicting agendas and understanding of health policies. According to Greer and Vanhercke (2010) this reduces the functional capacity of this OMC strand, since it entails huge competition for time and political attention with other health policy issues and processes. Others come to a similar conclusion in the area of pensions, where diverse organised interests try to influence the existing European networks (Natali, 2009; Pochet and Natali, 2005).

The consistency and adequacy of the set of common indicators as tools for measuring progress towards the common objectives, and for providing useful guidance for self-corrective action by domestic actors (‘diagnostic monitoring’) is another key dimension of the OMC’s adequacy. In
fact, there seems to be a widely shared understanding that the availability of comparable and quantifiable indicators constitutes the ‘litmus test for the political readiness to engage in open coordination’ (Vandenbroucke, 2002). In this view, it may come as some surprise that much of the research on this topic seems to have missed the point that since the adoption of the initial set of social inclusion indicators by the Laeken European Council in December 2001 (Atkinson et al., 2002), work on indicators has continued with a view to refining and consolidating the original set as well as to extending it (Marlier et al., 2007). Similarly, important progress has been made with regard to pensions (including an overarching indicator on overall replacement rates of pensions) and healthcare indicators (Cantillon, 2010). As a result, the indicators of the Social OMC serve as a source of inspiration for those working on the analysis and measurement of social policies in a global context (Atkinson and Marlier, 2010; Social Inclusion Unit (2004).

Nevertheless, critical OMC scholars such as Flear (2009) argue that even indicators for access and quality of care ultimately seek to optimise performance, by providing the means to assess whether objectives are met, and thereby ensure that equity and solidarity are subordinated in a neoliberal frame. de la Porte (2007) suggested that over-reliance on key macro-level indicators (such as employment indicators) in Joint Reports may be misleading as employment/anti-poverty rates depend on multiple factors, not covered by the OMC, while there are no indicators for some of the OMC objectives (including on participation). Sacchi (2006) judges that indicators are too general and can be interpreted in different ways, although they can be seen as flexible tools to be adapted to national needs.

Clearly, political, institutional and national interests are present in the decision-making process on definitions and indicators of the Social OMC. This finding is corroborated by Jacobson (2005), who explains that while the Swedish and Danish governments are supportive of the OMC, both countries resist indicators/targets to monitor/assess poverty and exclusion, due to the norms of the universal welfare state. Similarly, Greer and Vanhercke (2010) find that difficulties in data collection and handling, as well as political risks, have slowed down the work on indicators in the healthcare OMC, and therefore this strand as a whole. More generally, the latter authors state that new governance mechanisms are intensely ‘political’: they are shaped both by deliberative norms and through hardboiled power games between national and EU actors (and within Directorate-Generals of the European Commission). Cantillon (2010: 2) confirms that the (political) ambiguity of the poverty concept is reflected in the overarching portfolio of social indicators agreed in the context of the OMC (on the potential role of EU indicators, see Frazer and Marlier, this volume).

The adequacy of OMC tools available for mutual learning is highly contested. OMC-sceptical researchers such as Lodge (2007) claim that the basic infrastructure for the (pensions) OMC to operate has been found wanting: standards had no directing capacity, information-gathering offered only very little truly comparative information to encourage ‘benchmarking’ or ‘learning with others’, and voluntary adjustment pressures seemed hardly present. This finding is confirmed by Kröger (2009), as she finds that the OMC does not satisfy requirements for a learning-friendly environment. Even though it is not entirely clear what such an environment would actually look like, serious questions can indeed be raised as regards the adequacy of the pensions OMC, inter alia because the process is not at all visible in the national arena, and
regular Peer Review sessions (in the SPC) only allow for a superficial exchange of ideas. Furthermore, more ‘optimistic’ scholars such as Greer and Vanhercke (2010) believe that learning, at least in the healthcare OMC, is of a limited kind because the wrong people will do the learning (i.e. the international units and not the line officials).

The Tavistock Institute (2006) considers that, in the context of the Transnational Exchange Programmes, learning did take place within the programme for those involved but it did not lead to more institutional changes or partnerships. FEANTSA\(^6\) sees the OMC as a way to enhance ‘mutual learning’ about the involvement of NGOs (from local to EU level) in the issue of homelessness; this European Federation is pushing for more thematic Peer Reviews, which they consider as having a genuine impact (FEANTSA, 2007). ÖSB Consulting (2006) concludes that Peer Reviews were most relevant where there were similar initiatives/ governance structures/ problems among peer countries. It seems important, finally, to stress that few of the studies concerned with this issue make explicit which ‘Peer Reviews’ they actually refer to: the largely formal sessions in the plenary SPC meetings (involving all Member States), or the more in-depth reviews – in smaller groups – within the Peer Review programme\(^7\).

### 5.2.4 Adequacy of the operational framework: the national level

Another way of assessing the adequacy of the Social OMC is to look at how it relates to ongoing national processes. Thus, Letzner and Schmitt (2007) find that the OMC reports are ‘in competition’ with the three German national reports on pensions published during each legislature. Büchs and Friedrich (2005) confirm that there are only cautious signs that some German officials understand the NAP/Incl as a ‘national’ plan and have started to reflect upon a closer relation to the National Report on Poverty and Wealth (NARB). Similarly, Hamel and Vanherck\(e\) (2009) explain that the NAP/Incl continues to coexist with the biannual reports on the evolution of poverty in Belgium, which the Resource Centre for the Fight against Poverty, Precariousness and Social Exclusion has been producing since 2001.

This is why Vanhercke \textit{et al.} (2008) conclude that the social inclusion OMC and pre-existing national reporting and decision-making channels (with partly overlapping responsibilities) should be better geared to one another. In a similar vein, EAPN (2008) contends that the National Strategic Reports (NSRs) should be linked to the national planning cycle and affirmed as government policy discussed in the EU and national parliaments. The latter is already the case in Ireland: Norris (2007) found that national and EU processes have largely been integrated there.

### 5.2.5 Adequacy of the Social OMC: wrapping things up

Summing up, this section has presented a rather mixed picture of the theoretical capacity of the OMC toolbox to produce results (its adequacy). Due to the lack of transparency of the process, both the public awareness about and the institutional visibility of the process are weak overall,

\(^6\) FEANTSA is the European Federation of National Organisations Working with the Homeless.

\(^7\) Peer Review in Social Protection and Social Inclusion: http://www.peer-review-social-inclusion.eu/.
but there are also strong variations between countries and the OMC strands over time. In Section 5.3 we will see that this ('lack of openness') feature of the OMC architecture has important implications for the possibilities of 'creative appropriation' by actors. The Social OMC's objectives contain ambiguous and sometimes conflicting elements, while country-specific messages are often deemed 'too subtle' even to be assessed; at the same time there is evidence that the very same messages as well as the Common Objectives 'bite' more than is generally acknowledged. The national reports produced in the context of the OMC are often seen as administrative documents (rather than planning devices), but here too important exceptions exist (i.e. triggering national responses, integration into domestic planning efforts). The adequacy of the linkages both within the Social OMC and with other policy areas at EU level is rather questionable: 'feeding in' and 'feeding out' do not work.

The adequacy of common indicators as tools for measuring progress towards the common objectives has equally been criticised by many authors, especially in the pensions and healthcare strands of the Social OMC. And yet, some prudence is in order: we pointed to fact that some of the key developments in the EU’s statistical apparatus are simply ignored by a large part of the literature. There is considerable agreement that the adequacy of the healthcare and pensions strands of the Social OMC is severely constrained by the presence of other, competing EU-level processes. At the same time, the adequacy of OMC tools available for mutual learning is a subject of intense debate in the literature, not least because the wrong people would do the learning; in this context, too, we pointed to an important methodological problem: researchers should be far more precise about the type of 'Peer Reviews' they are assessing, and take into account changes in the OMC toolbox. Finally, the discussion of the adequacy of the OMC operational framework at national level suggests that OMC reports are often in competition with (pre-existing) domestic processes.

In sum, while the Social OMC's institutional setup should allow it to produce at least some results, some important flaws are also apparent from the discussion. The question now is whether the flaws imply that the Social OMC has by and large failed to deliver the goods. The next section argues that to say so would be jumping to conclusions too fast.

5.3 Assessing the impact of the Social OMC: procedural and substantive effects ‘on the ground’

This section assesses the impact of the Social OMC on domestic and EU policies and politics. This impact has been operationalised along two lines: the substantive impact of the OMC, i.e. changes in policy thinking and individual Member States’ policies; and procedural changes, i.e. the impact on the process of domestic policy-making (shifts in governance and policy-making arrangements).8

8 For a more in-depth discussion of the substantive and procedural changes of the OMC, see Zeitlin (2009a and 2005).
5.3.1 Substantive policy change at the national level: enhancing commitment, agenda setting and mirror effects

A reasonable amount of evidence points to the OMC's impact on maintaining or enhancing commitment to the subject-matter of the OMC in the political agenda. Thus Zeitlin (2009) empirically demonstrates that the European Employment Strategy (EES) and the Social OMC have increased the salience of efforts to tackle long-recognised national problems: early exit from the labour market, childcare provision, gender segregation and the integration of immigrants. Others show how the EU commitment to eradicate poverty pushed the fight against poverty and the activation issue higher up the domestic inclusion agenda (Hamel and Vanhercke, 2009). Perhaps even more surprising is that such an impact has also been felt on ‘sticky’ institutions such as pension systems. Thus, when studying the process of pension reform in Greece (prior to the economic crisis) in the context of the ‘soft’ policy constraint emanating from the EU, Featherstone (2005) found that the OMC process lacks the strength to provide a stimulus to domestic reform; at the same time the author argues that the OMC coverage of pensions affects Greece’s interest in reform (credibility, reputation). A similar finding applies to Belgium, where EU pressure on the need to reform is strongly felt, and has become an argument in political negotiations: doing nothing is no longer an option (Vanhercke, 2009). Referring to Germany, Eckardt (2005: 263) confirms that, while the OMC's influence on actual policy transfer seems to be very slight, it may contribute to accelerating the speed at which reforms are tackled, by repeatedly putting the overall objectives on the EU and national agendas.

It seems important to underline that not all authors agree with such a ‘positive’ account of this aspect of OMC impact. Büchs (2009) for example, concludes that it is possible that the OMC facilitated retrenching policy reforms by providing necessary discourses and justifications rendering policy reforms acceptable, e.g. with regard to ‘activation’ frameworks: national policy actors seem on average to have interpreted and implemented them in ways that did not improve or actually worsened welfare state performance. In other words: OMC makes a difference within national social policy development, but not in the way promoted by the EU or hoped for by ‘optimistic’ OMC scholars (Cantillon, 2010; Büchs, 2008).

It should be noted that some scholars have pointed out that the OMC does not merely contribute to enhancing ‘soft law’ commitments, but is also used to enhance commitment to the transposition of ‘hard law’. Thus, de la Rosa (2007) explains how ‘soft law’ mechanisms are used to increase the implementation of EU legal initiatives, for example in the area of non-discrimination. Amitis (2004) describes how the political support for ‘soft’ governance in the field of pensions seems to have spilled over to its use in the framework of Directive 2003/41 on the activities and supervision of institutions for occupational retirement provision, which uses OMC-type mechanisms (exchange of experience, benchmarking) to implement this piece of EU legislation. Hervey and Vanhercke (2010) make a more general point about the introduction of governance mechanisms within legislative instruments.

There is also considerable agreement about the fact that the Social OMC is putting new issues on the domestic political agenda: according to Zeitlin (2009) it has done so in a variety of countries (old and new Member States) and on a variety of topics, including activation, social exclusion.
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and child poverty (on the latter topic, see SPC, 2008). This finding is confirmed by Sacchi (2006), who points to a redirection of national priorities and concerns in the UK (e.g. more attention to gender issues and child poverty). Illustrating the ‘hard’ impact of the OMC, Hamel and Vanhercke (2009), show that in spite of strong resistance in both France and Belgium against the issue of child poverty, this topic – which previously was virtually absent from the national agendas – gained a place in domestic politics in both countries. It figures among the top priorities of the Belgian Presidency of the EU in 2010, and was recently associated with a specific target (halving child poverty) in one of the country’s Regions (Vanhercke, 2009a). Even more fundamentally perhaps, the OMC/inclusion put poverty on the policy agenda as a novelty for some countries: particularly in universal welfare states it was not (really) acknowledged as an issue that deserved specific attention (de la Porte, 2007). It may come as a surprise that the OMC equally put new issues on some domestic agendas in the field of pensions. Vanhercke (2009) describes how the pensions OMC contributed to the (very prudent) introduction of an entirely new element in the Belgian pensions system, i.e. that of actuarial neutrality. It should be noted that this development has not been particularly welcomed by some of the key Belgian actors: for some it ‘opens the door for a reduction of solidarity in the Belgian pension system’ (Ibid.: 12).

Another way of assessing the OMC’s impact at the domestic level is to trace whether its concepts, indicators and categories permeate domestic policy-making, an issue which has in part been dealt with in the previous paragraphs (e.g. the concept of ‘child poverty’). At a general level, it is widely accepted that the statistical efforts inspired by the Social OMC enhanced the statistical capacity of many EU Member States (for a detailed account of the French and Belgian cases, see Hamel and Vanhercke, 2009). One more concrete illustration of the permeation of pension OMC indicators into the domestic setting is the fact that the low (and decreasing) replacement rate of Belgian pensions has become an issue that for the first time is being studied by the influential Study Committee on Ageing (Vanhercke, 2009). In Germany, by contrast, EU debates about ‘replacement rates’ have had no significant echo according to Letzner and Schmitt (2007: 237), since they were already a salient issue in national debate. Another illustration of the penetration of EU categories is the use of the EU risk-of-poverty norm, which was developed in the context of the Social Inclusion strand of the SPSI OMC and which acquired a broader mobilising character, at least in some countries. Thus, Hamel and Vanhercke (2009) show how a significant increase in minimum income for the elderly (GRAPA) in Belgium was politically legitimised by pointing out that the benefit levels were below the EU risk-of-poverty norm.

Not so much is known about the effective take-up of EU recommended policies (reception and implementation of policy recommendations) within the Social OMC. Those authors who do engage with the question as to whether recommended policies are being followed often do so with a command-and-control yardstick, as it is the case for Ania and Wagener (2008: 21), who see the OMC as an ‘evolutionary game’, which ‘forces Member States to […] adopt what has turned out to be the best-performing policy option’. Unsurprisingly they conclude that ‘the plausible idea that the imitation of best practices makes policies converge to efficiency is genuinely misguided’. The assessments by Lodge (2007) and Radulova (2007) discussed in Section 5.2.2 follow a similar line of thought: since there is no (or insufficient) ‘naming and shaming’, the pensions’ OMC is necessarily weak. And yet, when studying the OMC ‘on the ground’, Vanhercke (2009) finds that the pensions OMC, in combination with pressure from the
European Employment Strategy, has made the magnitude of the early-retirement problem crystal clear to Belgian social policy-makers and contributed to an important mind-shift among trade unions. In other words: ‘naming and shaming’ may be more effective than it would appear at first glance (see also Section 5.2.2).

The literature provides a number of examples where the OMC has stimulated self-reflection on national performance. According Letzner and Schmitt (2007) the pensions OMC has stimulated auto-evaluation in Germany. In the field of inclusion, Jacobsson and Johansson (2009: 175) argue that the OMC/inclusion challenged the normative value of the universal welfare state, by acknowledging (and indeed framing) poverty and social exclusion as a challenge to be overcome in Sweden. While the EAPN (2008) contends that policy self-reflection is not always effective, process tracing in Belgium and France by Hamel and Vanhercke (2009) demonstrates how a ‘mirror effect’ can trigger significant reforms in domestic policy-making arrangements. For these authors, the need to expose the national field to others, which is necessary for any comparison, gives a clearer vision of one’s own practices (Hamel and Vanhercke, 2009: 103-105).

5.3.2 Shifts in domestic governance: horizontal and vertical integration, evidence-based policy-making and stakeholder involvement

There is some – but not a lot of – evidence that the Social OMC is leading to a more strategic approach (in terms of planning, targeting, resources assigned and policy analysis) in social policy-making: for many countries ‘governance by objectives’ was an entirely new feature in social policy-making. The impact of the OMC on horizontally-integrated policy-making seems somewhat more significant. According to Zeitlin (2009; 2005: 457-458) the obligation to draft National Action Plans for employment and social inclusion (and more recently also Lisbon National Reform Programmes for Growth and Jobs) has – in many countries – strengthened the horizontal integration of interdependent policy fields through the creation of new formal coordination bodies and inter-ministerial working groups. There is indeed some evidence that drafting the National Strategy Report was not ‘business as usual’ in Germany and led to somewhat enhanced cooperation between the social and finance ministries (Vanhercke, 2009: 4), while in Belgium the preparation of the NAP/Incl has given rise to new bodies for coordinating and rationalising policy initiatives across sectors not only at the federal level, but also at the regional level (Hamel and Vanhercke, 2009).

Examples of vertically-integrated policy-making (national, regional and local level) through the OMC have equally been found. Thus, Sacchi (2006) finds greater coordination among regional and national actors in Italy, while Armstrong (2006) explains how regional actors in the UK are involved to varying degrees, some superficially and others taking the full OMC on board for regional policy development in anti-poverty/social exclusion policy. In France the social inclusion OMC is providing inspiration for the national administration to redefine its new (coordinating) role in the context of decentralisation (Hamel and Vanhercke, 2009). In Belgium, participation in the OMC is strengthening cooperation between (autonomous) Regions, and has increased the coordination role of the federal level (e.g. through the setting of national targets for regional competencies). This increased vertical coordination has created a significant spill-
over effect, namely prudent intra-regional policy learning between Wallonia, Flanders and Brussels (Hamel and Vanhercke, 2009).

The Social OMC has equally promoted evidence-based policy-making (monitoring and evaluation, the use of indicators, data sources and analytical capacity). There is in fact widespread agreement that the EES and the Social OMC have contributed to an increased non-state and governmental actors’ awareness of policies, practices and performance in other Member States; to the identification of common challenges and the development of shared problem diagnoses (Zeitlin, 2009). Letzner and Schmitt (2007: 238) confirm that comparison with other Member States already existed in Germany, but became more systematic and institutionalised. It is widely accepted that the OMC – notably through the EU-SILC9 statistical system – has enhanced statistical capacity-building in many countries, amongst others in Italy (Sacchi, 2006), France and Belgium (Hamel and Vanhercke, 2009).

As regards stakeholder involvement in the policy-making process, the evidence is less straightforward. The problem of late consultation has been established by a variety of sources: in several Member States, information about the NAP/Incl is often organised just before its submission to ‘Brussels’. And yet, contrary to the general claim by Kröger (2009) that the Social OMC is sometimes more closed than the Community method as it involves a rather closed circle of ‘non-accountable bureaucrats’, Preunkert and Zirra (2009) find that NGOs have been mobilised, especially in Germany and Italy, due to the OMC/inclusion process. This point is confirmed by Friedrich (2006): in Germany the NAP/Incl process provided social NGOs with additional arguments and political backing to strengthen their voice in domestic debates. This evidence supports a recent study on stakeholder involvement in the implementation of the Social OMC by INBAS et al. (2009): step-by-step, the process of involving the different stakeholders within the OMC has improved, even if wide variations persist, both between Member States and over time.

In addition, stakeholder involvement through the OMC is largely limited to the OMC/inclusion, while the other two strands (pensions and healthcare) remain closed shops. This is why de la Porte and Nanz (2004: 278) raise serious questions about the democratic quality of the pensions OMC strand which ‘fares even worse’ than the European Employment Strategy (EES) when assessed according to the criteria of transparency, public debate, learning and participation. It would indeed seem that the pension OMC only provides leverage to those policy-makers and stakeholders who are already in the ‘inner circle’ of decision making. As national ministries have acted as gatekeepers of the pension process, it has not brought new actors to the table (Vanhercke, 2009). Writing about the healthcare OMC, Dawson (2009) equally finds that the method relies on those already within the ‘inner circle’ of ‘Europeanised’ participants (there is little evidence of the multiplication or ‘broadening’ of accountable actors).

9 ‘EU-SILC’ stands for EU Statistics on Income and Living Conditions.
5.3.3 Impact on EU level policies and politics: enhancing commitment, changing actor constellations and instrument hybridity

A final type of impact relates to the impact of the Social OMC at the EU level, which includes an enhanced commitment to its subject matter among new sets of actors. According to Eckardt (2005) ‘the various OMCs, including that on pensions, make an important contribution. They provide a forum for the Commission and the various subcommittees involved in developing a commonly accepted European social-policy paradigm’. Vanhercke (2009a) claims that the recognition that ‘the pensions challenge is not a financial challenge with some social constraints, but a social challenge with financial constraints’ (Vandenbroucke, 2001) allowed for a more balanced EU discourse. The social dimension acquired a legitimate place, but also gave legitimacy to ‘economic’ messages in the field of pensions. Similarly, Hervey and Vanhercke (2010) explain that the OMC increased the legitimacy of the ministers of finance to discuss healthcare issues considerably by giving them a place in the healthcare part of the Concerted Strategy.

The Social OMC has also had an impact on the institutional arrangements in the EU: several authors refer to the important (or even ‘dominant’) role of the European Commission, which skilfully uses the OMC to expand its influence in sensitive (social) policy areas, as is shown, among others, by de la Rosa (2007) and Greer and Vanhercke (2010). This may explain why the Committee on Legal Affairs of the European Parliament (2007: 4-5), warns against the ‘indirect legal effects’ of ‘soft law’ which would ‘allow the executive effectively to legislate by means of soft-law instruments, thereby potentially under-mining the Community legal order’. Note that Eckardt (2005) sees only a ‘mediating role’ for the European Commission in the pensions OMC. Vanhercke (2009a) furthermore shows that the EU political playing field in the area of pensions was changed through the OMC, as the joint approach to pensions brought a new set of actors to the debate, namely the Social Affairs Council formation, the SPC and platforms such as the European Federation of Pensioners and Elderly People (FERPA) and AGE.

5.3.4 The impact of the Social OMC: wrapping things up

There is broad agreement that the OMC has a considerable impact both on the Member States’ and the EU’s policies and politics. Substantive policy changes include enhancing commitment to the subject matter of the Social OMC (also for ‘sticky’ institutions such as pensions systems), agenda-setting effects (new issues such as ‘child poverty’ emerge) and mirror effects (self-reflection on national performance). Shifts in domestic governance include horizontal and vertical integration (through new or reinforced structures), evidence-based policy-making and increased stakeholder involvement, at least in some countries and policy areas. The impact on EU level policies and politics includes enhanced commitment (e.g. reducing early retirement or increasing efforts in the fight against homelessness) and changing actor constellations. At least in some countries, OMC concepts, indicators, targets and categories permeate domestic policy-making, while ‘soft law’ mechanisms develop into legal instruments.
Having said this, there is far less agreement about the direction and scope of OMC impact. While many analyses point to beneficial effects, others point to undesirable effects, which for some include pushing for neoliberal solutions and policy tools, worsening welfare state performance and providing legitimacy for economic actors to exert further influence on social protection and social inclusion. Finally, this section made it quite clear that impact varies a lot between Member States. This concurs with the more general conclusion by Vandenbroucke and Vlemincxk (2011) regarding the Lisbon Strategy: that ‘Open coordination did not prevent national and regional governments and social partners from buying in selective bits and pieces of the new paradigm, but not its gestalt’.

5.4 Mechanisms of change: explaining the discrepancy between the OMC’s adequacy and impact

The rather mixed picture of the OMC’s theoretical capacity to have an effect (which we called adequacy) as described in Section 5.2 is largely in line with the more ‘sceptical’ literature which, on several occasions, has dismissed the OMC because of its institutional weakness as a paper tiger: the ‘soft’ process should not have really significant effects. At the same time, there is a clear contradiction with the more optimistic assessments of the OMC ‘in action’, which are largely corroborated by the finding of Section 5.3, namely that the Social OMC is, at least to some extent, delivering the goods.

This section is aimed at identifying certain factors that could help to bridge the apparent gap in our understanding of the OMC’s adequacy versus its impact. A first, quite evident element in the explanation is that many of the studies focussing on the OMC’s potential effect (adequacy) simply omit to look at the actual impact of the OMC on the outcome of policies or politics. More particularly, few of these ‘theoretically enriched’ studies (focussing on the instruments of the tool) have looked at the extent to which the OMC has supported or complemented existing discourses of particular paths of national reform, which requires a more in-depth and diachronic analysis.

A second, related explanation is more methodological and has been addressed in Section 5.2: it seems that few of the (even most recent) studies dealing with the adequacy of the Social OMC take into account the many changes in the OMC process e.g. completion of the portfolio of indicators (e.g. extension to pensions and healthcare), enhancement of mutual learning activities (e.g. thematic Peer Reviews), streamlining (including the introduction of overarching objectives), etc. This is an important flaw in the literature that will need to be addressed by future OMC research. It goes without saying that researchers can only include the ‘state of the art’ of the OMC toolbox in their analyses if these instruments are readily available, which is not sufficiently the case at this moment.

A third, and arguably the most important explanation, is the fact that the Social OMC is being used by domestic actors. Such ‘creative appropriation’ involves the strategic use of EU concepts, objectives, guidelines, targets, indicators, performance comparisons and recommendations by national and sub-national actors as a resource for their own purposes and independent policy
initiatives. It is increasingly accepted that this is the strongest mechanism of OMC influence on national social policies. For domestic actors it is not so important how ‘hard’ or ‘soft’ these instruments of the OMC toolbox are: as long as they can be used in a credible way, they are real in their effects. This by no means implies that the OMC architecture has no bearing on the ‘impact’ of the Social OMC: as we have discussed before, the fact that the Social OMC remains a relatively closed shop and is a quasi-invisible process constitutes an important barrier for creative appropriation (see Sections 5.2.1 and 5.3.2).

A final explanation for the discrepancy between the adequacy and the impact of the Social OMC is that assessments of the former dimension do not sufficiently acknowledge ‘instrument hybridity’, or the (necessary) interactions between the OMC and other EU instruments. Thus, the European Social Fund (ESF) Regulation for the 2007-2013 programming period explicitly refers to the OMC, which may provide important financial incentives that support the (social inclusion component of the) Social OMC. For Hervey and Vanhercke (2010) ‘there is no reason why in the near future certain elements of the healthcare OMC would not be taken into account by the Commission, de jure or de facto, to determine whether expenditure is eligible for assistance under the Fund’ (Ibid.). For Verschraegen et al. (2011) and de la Rosa (2007) it is clear that the relationship between the ESF and the OMC works both ways: if the ESF strengthens the OMC, the latter may (or at least should) influence cohesion policy (see also chapter by Jouen in the present volume).

The link between the OMC and the Community method has also received considerable attention. Thus, de la Rosa (2007) explains how the Social OMC ensures regular follow-up of certain non-discrimination Directives. Hervey (2010) provocatively examines rulings by the Court of Justice of the EU (CJEU) ‘in the shadow of the informal settlement’. Even though the latter piece does not directly deal with the Social OMC (case studies are the European Employment Strategy and the Bologna Process on Higher Education) the findings are highly relevant, as they indicate not merely the possibility that the CJEU might take elements of the OMC into consideration (as already indicated by Greer and Vanhercke (2010) in the case of healthcare), but takes this one step further by illustrating that this kind of spillover is happening already. Again, this could help to explain why ‘soft’ governance has more impact ‘on the ground’ than could be expected from a purely functional reading.

5.5 Conclusions and next steps

In this chapter, we have tried to explain how the Social OMC, in the absence of a ‘shadow of hierarchy’ (Héritier and Lehmkuhl, 2008), can still produce a significant impact on domestic and EU policies. An important key to this explanation is ‘creative appropriation’, which has replaced ‘policy learning’ and ‘naming and shaming’ as the most important mechanism explaining the OMC impact (even if it is clear that while actors use the OMC for their own purposes, this may involve changes in their cognitive and normative frames resulting from policy learning). It is

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10 Note that Baeten et al. (2010) describe Member States’ creative adaptation in the shadow of the CJEU’s case law on patient mobility. In other words: even though this is rarely acknowledged, this mechanism also applies to ‘hard law’ contexts.
now widely acknowledged that the OMC can only have an impact if it is being ‘picked up’ by actors at the domestic level, who use it as leverage to (selectively) amplify national reform strategies. In other words: the ‘infrastructure’ of the processes (having ‘strong’ recommendations, NSR, Peer Reviews, indicators, reporting cycle) only matters insofar as it enables or constrains actor involvement and leverage (see Section 5.2.5). The CJEU’s actual (as opposed to theoretical) use of ‘soft law’ mechanisms in its judgements and the integration of the Social OMC into the ESF Regulations present additional arguments to nuance views that oppose ‘hard’ and ‘soft’ governance.

As a consequence, the ‘hard politics of soft law’ is not fiction: this chapter has shown that the OMC in different policy areas is felt and perceived as being much ‘harder’ than might have been expected. This is a first conclusion of this chapter, and it has important consequences for any future analysis of the Social OMC’s impact, which will have to take into account the degree to which a variety of actors at different levels have engaged in, and appeal to the OMC to pursue their objectives\(^{11}\). At the same time, this ‘creative appropriation’ dimension calls for greater investment, including from the European Commission, in further strengthening the OMC infrastructure with a view to enhancing the involvement of stakeholders. At the domestic level, public authorities should organise national Peer Reviews, in which a wide variety of domestic actors discuss the Commission’s ‘suggestions’ in the Country Fiches as well as the reports written by independent experts in the framework of the Peer Reviews programme funded by the European Commission under the Community Programme for Employment and Social Solidarity (PROGRESS).

A second important conclusion is that the Social OMC has been institutionalised – at national and EU levels – in ways that may not have been expected: it has become a template for ‘soft’ governance, not only at EU level, but also for coordinating social (inclusion) policies in some federalised countries. The Social OMC has become a trusted resource – admittedly, among others – for a variety of domestic and EU actors; and it has become linked to other EU policy instruments such as legislation and EU funds. Yet the linking of the Social OMC to other policy instruments needs to be strengthened. Thus, Ferrera (2009: 231) posits that the setting of precise and measurable targets within the Social OMC, as recently agreed upon in the Europe 2020 Strategy, could be the first concrete step towards the establishment of binding regulatory standards (on the issue of targets, see also chapter by Walker in the present volume). Of course, we know that the pathway to such binding regulatory standards will be long and uncertain. The idea of making the EU Structural Funds (and especially the ESF) conditional on achieving the objectives of the Social OMC should be further explored in the context of the post-2013 EU Financial Perspectives. As the saying goes: ‘Put your money where your mouth is’.

It is to be hoped that when domestic and EU decision makers decide on the next steps to be taken as regards the Social OMC, those choices will be evidence-based (rather than purely political). In spite of the flaws and pitfalls surrounding the Social OMC (with its three strands), it seems that the ‘more Social EU’ called for by this book will need to build on a strengthened

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\(^{11}\) Vanhercke and Campaert (2009) make a similar point regarding the creative use of ESF-funding for pursuing local activating policies ‘under the radar’.
Social OMC complemented (rather than replaced) by an efficient EPAP. It is essential to further institutionalise a ‘broad’ Social OMC, which is not exclusively geared to poverty and social exclusion, thereby contributing to ‘disambiguating Lisbon’ (Cantillon, 2010). The Social Protection Committee and the Social Affairs ministers should safeguard a political space in which they can have their say on any EU initiative or development with potential social consequences. This of course not only includes topics such as social inclusion, but also pensions, healthcare and long-term care, services of general interest, education and climate change.

This ‘broad’ reach should also apply to the need to strengthen ‘Social Impact Assessment’ at national and EU levels (see chapter by Kühnemund in the present volume). In a similar vein, the existing set of indicators should be further developed so as to underpin the common objectives, more particularly by focusing resources on indicators that measure the social adequacy of a variety of benefits, including pensions, unemployment, invalidity etc. (see also Cantillon, 2010). In parallel, participatory governance indicators (including at the regional and local levels) would greatly improve the monitoring and assessment of national practices with regard to social protection and social inclusion policies.

In spite of its obvious flaws, at least in some important respects, the Social OMC has delivered the goods after all. And a strengthened Social OMC has a key role to play in ‘Europe 2020’ if one of the objectives of the new Strategy is indeed to deliver a more Social EU.

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