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*Delivering the Goods for
Europe 2020?*

*The Social OMC's
Adequacy and Impact Re-Assessed*

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1. Starting position: the long road to *La Hulpe*

- When we started working: many doubts within the Belgian Presidency
 - Future of Social OMC very uncertain (end 2009/beginning 2010)
 - initial talks about “Europe 2020” and – again – the end of OMC
- BE Presidency not very keen on taking the lead on this topic (domestic situation – political risks at EU level)
- Mattered also for writing the “re-assessment” chapter:
 - Presidency hoped it would provide arguments to continue building a stronger OMC, without being overtly optimistic

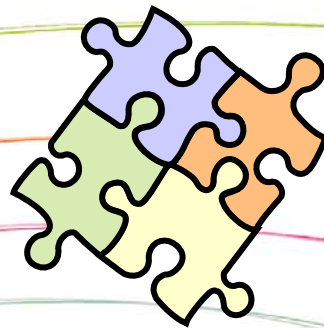
2. Assessment of the OMC's performance: approach

- Assessing OMC: not a new thing
- Question of “impact” or “influence” of the OMC widely debated within the research community since its introduction in 2001
 - After first stage of initial praise (politicians as well as scientists) → subjected to intense scrutiny (skepticism)

OMC elicits strong opposite reactions

Puzzling...

Sometimes drawing on same case studies:
countries, strands, period



- Main debate: “*hard law*” ↔ “*soft law*”
- Different views:

“OMC Pessimists”

OMC as a *soft mode of governance* cannot deal effectively with the problems it is supposed to solve (absence of a “**shadow of hierarchy**”)

“OMC Optimists”

OMC does produce real effects through mechanisms, such as **learning** and **naming & shaming**

Assessment of the OMC: conceptual approach

2 key dimensions:

Adequacy vs. Impact (part of the puzzle)

I. Adequacy of the Social OMC: extent to which the Social OMC's architecture is *likely* to contribute to reaching its objectives

- *theoretical* capacity of the OMC tool box to produce results

II. Impact of the Social OMC: extent to which the Social OMC has *actually* influenced policies and policy-making processes at EU, national and subnational levels

- effect of the OMC *on the ground* (*empirical evidence*)

2 key dimensions: Adequacy vs. Impact

- Seems quite *evident* to distinguish these dimensions, but often not the case (some 100 recent sources coded)
- Yet, much needed distinction: findings are quite different, whether looking at one dimension or the other

3. The *Adequacy* of the Social OMC's Toolbox (theoretical capacity)

Mixed evidence (at best):

- *Public awareness and institutional visibility* of the process are weak overall
- Social OMC's *objectives* contain ambiguous and sometimes conflicting elements
- *Country-specific messages* often deemed “too subtle” even to be assessed (yet these messages sometimes do bite)

- *National reports* often seen as administrative documents (rather than planning devices), but there are important exceptions
- Adequacy of the linkages *within* Social OMC and *with other* policy areas at EU level is rather questionable
 - ‘feeding in’ and ‘feeding out’ do not work
- *Variations between countries and the OMC strands over time*

3. The *Adequacy* of the Social OMC's Toolbox: mixed evidence (at best)

- Adequacy of *common indicators* criticised, especially in the pensions and health care strands
- Health care and pensions: constrained by presence of several other *competing EU-level processes*
- *OMC reports* often in competition with (pre-existing) domestic processes
- *Mutual learning*: intense debate in the literature ('the wrong people do the learning')

3. The *Adequacy* of the Social OMC's Toolbox: wrapping things up

- Rather gloomy picture
- On paper the OMC's chances to influence policymaking do not look so good
- Do these flaws imply that the Social OMC has by and large failed to deliver the goods?
 - This would be jumping to conclusions

4. Assessing the Impact of the Social OMC: procedural and substantive effects “on the ground”

- OMC has a considerable impact both on Member States’ policies
 - at least in some countries and policy areas!
 - within certain limits, Europa ‘can and does help’ (stream D)

4. Assessing the Impact of the Social OMC: Procedural and Substantive Effects “on the Ground”

Substantive policy changes

- *enhancing commitment* to the subject matter of the Social OMC (also for ‘sticky’ institutions such as pensions systems)
- *agenda-setting* effects (e.g. ‘child poverty, activation)
- *mirror effects* (self-reflection on national performance; discovery of problem load as well as ‘forgotten’ dimensions)
- OMC *concepts, indicators, targets and categories* permeate domestic policymaking
- soft-law mechanisms sometimes develop into legal instruments (e.g. IGO in Belgium)

4. Assessing the Impact of the Social OMC: procedural and substantive effects “on the ground”

Procedural effects

- horizontal and vertical cooperation and coordination (through new or reinforced structures)
- evidence-based policymaking (*initiating* culture of evaluation and monitoring)
 - boosting statistical capacity
 - target setting (incl. at regional level)
- increased stakeholder involvement (‘boomerang effect’)



Direction and scope of OMC impact

- **Some caveats apply:**
 - **Undesirable** effects: pushing for neoliberal solutions and policy tools, worsening welfare state performance and providing legitimacy for economic actors to expand influence on SP and SI
 - Impact **varies** - a lot - between Member States
- Vandenbroucke and Vlemincxk (2011):
 - Open co-ordination did not prevent national and regional governments and social partners from buying into selective bits and pieces of the new paradigm, but not its “*gestalt*”.

5. Mechanisms of Change: explaining the discrepancy between the OMC's adequacy and impact

Can we solve the academic puzzle?



Bridging the gap in our understanding of the OMC's adequacy versus its impact (4 keys)

1. Many studies focussing on the OMC's *potential* effect (adequacy) omit to look at the *actual* impact of the OMC on the outcome of policies or politics.
 - few '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 (requires a more in-depth and diachronic analysis)

Bridging the gap in our understanding of the OMC's adequacy versus its impact

2. Methodological flaws

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.
- of course researchers can only include the 'state of the art' of the OMC toolbox in their analyses if these instruments are readily available... (and not hidden as they are sometimes)

Bridging the gap in our understanding of the OMC's adequacy versus its impact

3. Influence is (quite evidently) never “automatic”

- “Creative appropriation” is the key: strategic use of OMC tools (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

- **Most powerful mechanism** of OMC influence on national social policies (more so than learning or naming/shaming, even if they are linked)

- By no means implies that OMC architecture (adequacy) has no bearing on “impact” of the Social OMC: fact that Social OMC remains a relatively closed shop is an important barrier for creative appropriation

Bridging the gap in our understanding of the OMC's adequacy versus its impact

4. OMC assessments do not sufficiently acknowledge “instrument hybridity”

- Interactions between the OMC and other EU instruments
- Objectives of European Social Fund (ESF) Regulation framed in EES and Social OMC
- Elements of the SI and healthcare OMC can be taken into account by the Commission, *de jure* or *de facto*, to determine whether expenditure is eligible for assistance under the Fund

Bridging the gap in our understanding of the OMC's adequacy versus its impact

4. OMC assessments do not sufficiently acknowledge “instrument hybridity”

- Link between the OMC and Community method
 - Social OMC ensures follow-up of certain non-discrimination Directives.
 - Rulings by the Court of Justice of the European Union takes elements of OMC (soft law) into consideration: EES and Bologna Process on Higher Education

Conclusion: moving beyond the debate between OMC skeptics and enthusiasts

- Social OMC, in the absence of a “shadow of hierarchy”, still produces significant impact on domestic and EU policies, mostly through “creative appropriation”
 - In spite of its obvious flaws, the Social OMC has delivered the goods, at least to some extent
- OMC only has an impact if it is being “picked up” by actors at the domestic level
 - use it as leverage to (selectively) amplify national reform strategies
 - Resource – among others – for policymakers
- “Template” for soft governance (whether you like it or not): EU, national and regional levels

Conclusion (end)

- A “more Social Europe” will need to be built on a strengthened Social OMC (visible face) which is complemented by an efficient EPAP.
 - strengthen “Social Impact Assessment”; indicators further developed (e.g. measure the social adequacy of a variety of benefits and participatory governance indicators)
 - Linked to EU funding (put your money where your mouth is)
- Further institutionalise a “broad” Social OMC, which is not exclusively geared to poverty and social exclusion and provides the Social Protection Committee and the Social Affairs ministers with a political space in which they can have their say on any EU initiative or development with potential social consequences

Europe 2020 - Integrated Guidelines

Stability and Growth Pact

Macro-economic surveillance
(Integrated Guidelines 1-3)

Thematic coordination (IGs 4-10)
Monitored through 5 EU Headline
Targets

Fiscal
Surveillance

National Reform Programmes (NRPs)
(including national targets)
Member States - April

Stability and Convergence Programmes
(SCP)
Member States - April

synchronized

Spring European Council: Debate and
Orientation
(Progress towards headline targets) - *March*

Policy Guidance (Opinions and
Recommendations)
European Commission - June

Debate and Orientation
*European Parliament and
Council of the EU - February*

Finalisation and Adoption of Opinions and
Recommendations
Council of the EU (ECOFIN and EPSCO) - June

Annual Growth Survey: Progress and
Orientation
European Commission - January

Endorsment of Opinions and
Recommendations
European Council - June

Supported by:

- EU Flagship Initiatives
- Single Market Relaunch
- Trade and External Policies
- EU Financial Support

- Finalisation of National Budgets
- Policy measures at national level

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