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Ottawa workshop
Carleton University

13 May 2014

The Open Method of Coordination on Social
Inclusion as ‘Laboratory Federalism’

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Outline of the talk

1. The Open Method of Coordination (OMC):

- **What** is it? (defining the elephant)
- **Who** engages? (actors)

2. Two important caveats:

- A thousand flowers
- Strong reactions

3. The OMC:

- **How** does it actually work (toolbox)?

4. Is OMC benchmarking **delivering the goods** (failure, panacea, or good enough)?

5. Wrapping up



The Canada-EU governance comparison

Federal

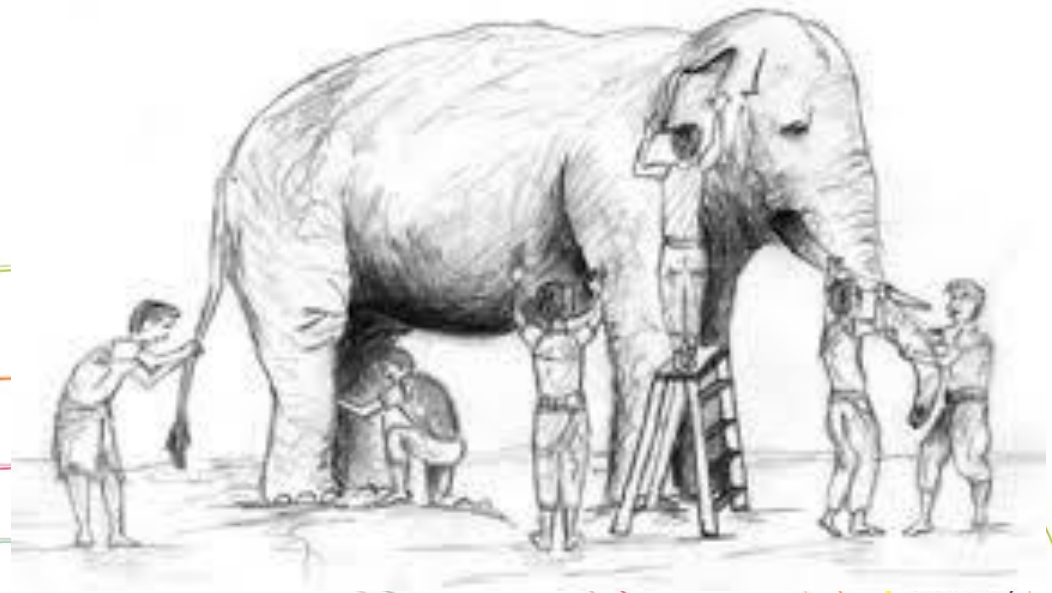
European Union
(quasi-federal)

Provincial

Member State

1. The Open Method of Coordination: what is that?

No formal definition



From different angles, the elephant feels
like different things

Social OMC: A Three-Year Cycle

Launching
(2000)

Common Objectives

*Supported by EaSI (PROGRESS)
(learning)*

National reports

Joint Reporting (Rec)
Peer Reviews

Indicators
Targets

In essence:

Cyclical process of reporting and evaluation of policies, which **should** facilitate “policy learning” between the 28 Member States, and thereby *improve (social) policies*.

- Mostly used for sensitive issues
 - for some, the EU has *no* legislative competencies (subsidiarity)
 - For others, *unanimity or qualified majority* rules
- But also used to underpin EU legislation and to condition EU funding

Member States

EU (European Commission, Council and EU Committees)

Social OMC: *who engages?*

Launching (2000)

Common Objectives

Supported by EaSI (PROGRESS) (learning)

National reports

Joint Reporting Peer Reviews

Indicators Targets

Social Partners & Civil Society: EU and national

EP, EESC, CoR



2. Important:

There is no such thing as *the* OMC



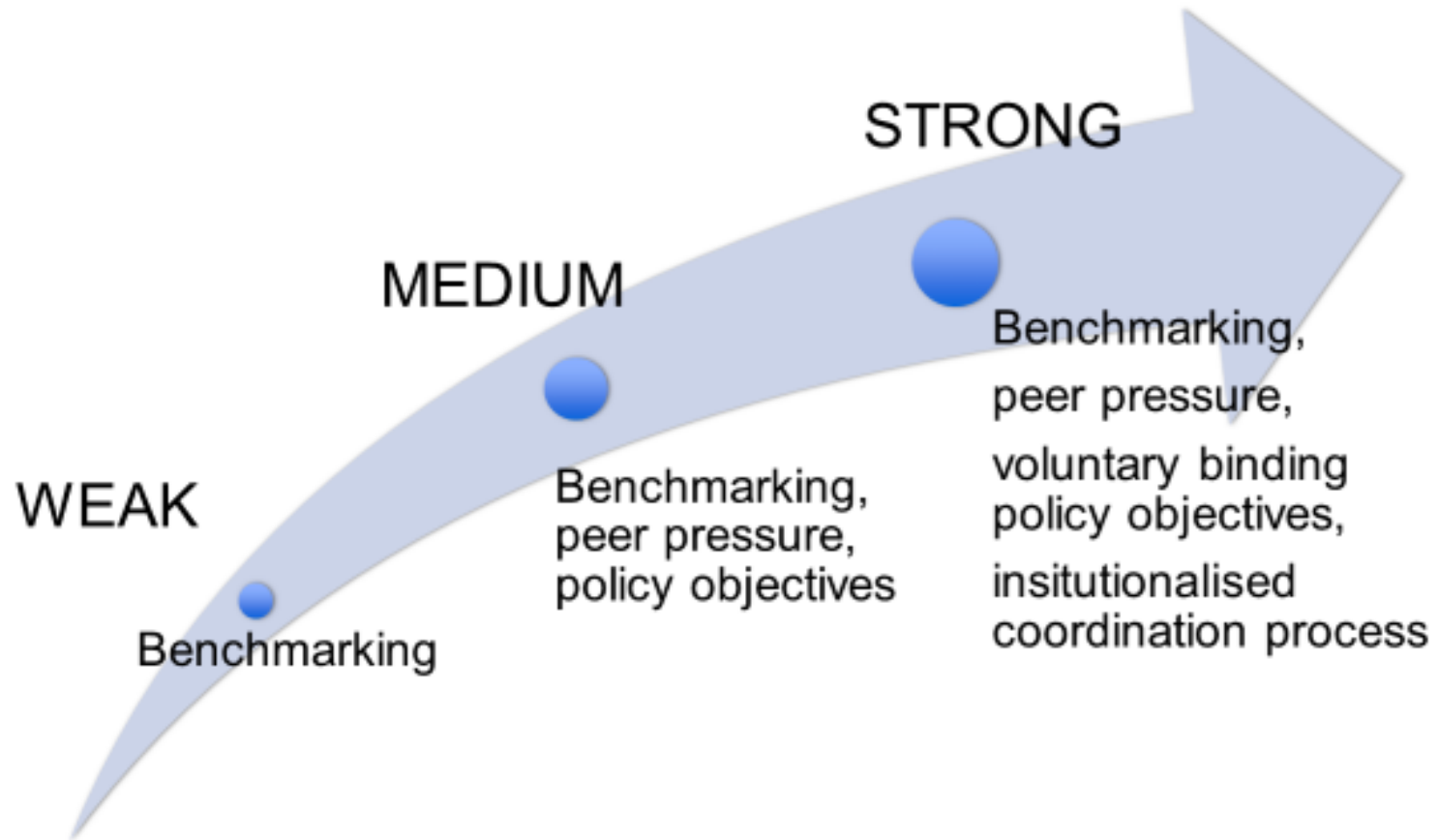
Member States “let a thousand flowers bloom”

+

Inflation of OMCs since
Lisbon European Council 2000

- Well established OMCs: economic policy, employment, social inclusion, pensions, health care, education
- Partial OMCs: organ transplantation, influenza, immigration, smoking, EU development policy, family policy, disability policy, Latin America, and so on
- Some 12 OMCs + 30 variants
- Very different “tools” in the OMC toolboxes
 - Consequently, different uses and effects
 - Flexibility: a cookbook, *not* a fixed recipe

OMC varies in its 'strength' and potential for policy convergence



Source: Lori Thorlakson (2014); Rhodes (2005)

Unsurprisingly, then, OMC elicits

strong reactions

that vary between enthusiasm
and scorn



Examples of scorn

- ‘weak and ineffective’, ‘paper tiger’, ‘rhetoric and cheap talk’
 - delivery gap: not legally binding or constitutionalised
- ‘fashionable **red herring**’
 - harmful: distract (political) attention
- ‘closed method of coordination’
 - aggravate democratic deficit

Examples of praise

- ‘revolutionary potential’
 - provide tools for welfare state reform
 - economists propose it to coordinate regional employment policies and social security transfers
- ‘bridge between hard and soft law’
 - step-up to hard law; implement hard law
- ‘solution to EU’s democratic deficit’
 - tool for national and European Parliaments, NGOs, social partners, and so forth

3. Benchmarking within the OMC:

How does it work?

- Member States and the EU engage in « bottom-up collegial benchmarking » ([Fenna and Knüpling](#), 2010)
 - Not a top-down exercise
 - Although there are some calls to move in that direction
 - The European Commission is a facilitator, but the Member States call the tune; Stakeholders use it to their advantage, the European Parliament is mute.

3. Benchmarking within the Social OMC:

How does it work?

(Common Objectives)

- Example (SI):
 - “Member states’ policies should have a decisive impact on the eradication of poverty and social exclusion by ensuring 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[...]²
 - Objectives often quite general and ambiguous
 - Struggle about ‘social Europe’ (an elusive notion)

3. Benchmarking within the OMC:

How does it work?

(Indicators)

- Member States agree (unanimously) on « harmonised » indicators (commonly defined)
- The key is: *prudence* (subsidiarity, once again): genuine performance ranking of Member States excluded
 - Still, 'league tables' (Member States in alphabetical order) are published
- Portfolio of indicators for social inclusion, pension and health care policies (Canada?)

Example: 'Laeken' indicators on poverty and social exclusion

- **Early school-leavers:** percent of the total population aged 18-24 who have at most lower secondary education and not in further education or training
 - Identical measurement in all Member State (crucial)
 - Comparing apples with apples (rather than grandmothers and toads)



Other indicators Social OMC

- At-risk-of-poverty-rate (60%)
- Healthy life expectancy
- Aggregate replacement ratio (pensions)
- In-work poverty risk
- Regional disparities (employment)
- Other indicators are being developed, including on rough sleepers

3. Benchmarking within the OMC:

How does it work?

(*Targets: national*)

- Increasing (and successful) pressure from European Council and Commission on MS to set *national targets* in their national reports
 - For example, ‘Naming’ of Member States in Joint Report: ‘Social inclusion strategy lacks clear quantified targets’

3. Benchmarking within the OMC: How does it work? (*Targets: EU*)

- National targets paved the way for EU-wide targets
- Europe 2020 (June 2010) headline targets:
 - **Poverty:** lift at least 20 million people out of the risk of poverty and exclusion⁵
 - **Education:** reduce school drop-out rates to less than 10% [...]

3. Benchmarking within the OMC:

How does it work

(Peer Reviews)

- Key element in **laboratory federalism**: the **‘PROGRESS’** Peer Reviews are highly institutionalised
- As is entire the entire OMC infrastructure

3. Benchmarking within the OMC: how does it work (*Peer Reviews*)

- Smaller groups of Member States, independent experts and civil society discuss ‘good practices’ in
 - **Social Inclusion:** e.g., *rough sleepers*, England 2004 (France/UK)
 - **Pensions:** e.g. *public information on pension systems*, Poland 2008
 - **HC and Care** (after hesitation): e.g. *quality long-term care in residential facilities*, Germany 2010
- Contextualized benchmarking – (some) genuine pressure, among *peers* but not from the public

3. Benchmarking within the OMC:

How does it work?

(Joint Reports)

- EC refrains from tough comments on individual Member States' performances; their evaluations only embarrass
 - the Open Method of Irritation?
- Some examples:
 - “Member States stop using indicators when outlining new commitments” (B, GER, FR, IT, LUX)
 - “The gender dimension of poverty and social exclusion is lacking” (NL)

4. Is OMC benchmarking delivering the goods?

Does any of this matter?

In terms agenda-setting and improving governance,

- Yes, it does:
 - Institutionalisation of NGO involvement
 - Boosting of statistical capacity, target setting
 - Spill-over of OMC tool to national/regional level
 - Child poverty, flexicurity, homelessness etc. catapulted on the EU and domestic agenda

4. Is OMC benchmarking delivering the goods?

Does any of this matter?

In terms of outcomes,

- We basically don't know:
 - For example, does working together in OMC reduce child poverty, waiting times in hospitals or early retirement?
 - Methodological challenge to 'measure' impact

Is that enough?

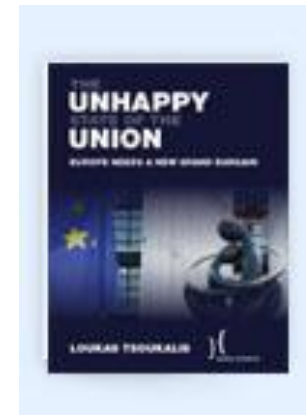
What did we expect?

The Holy Grail?

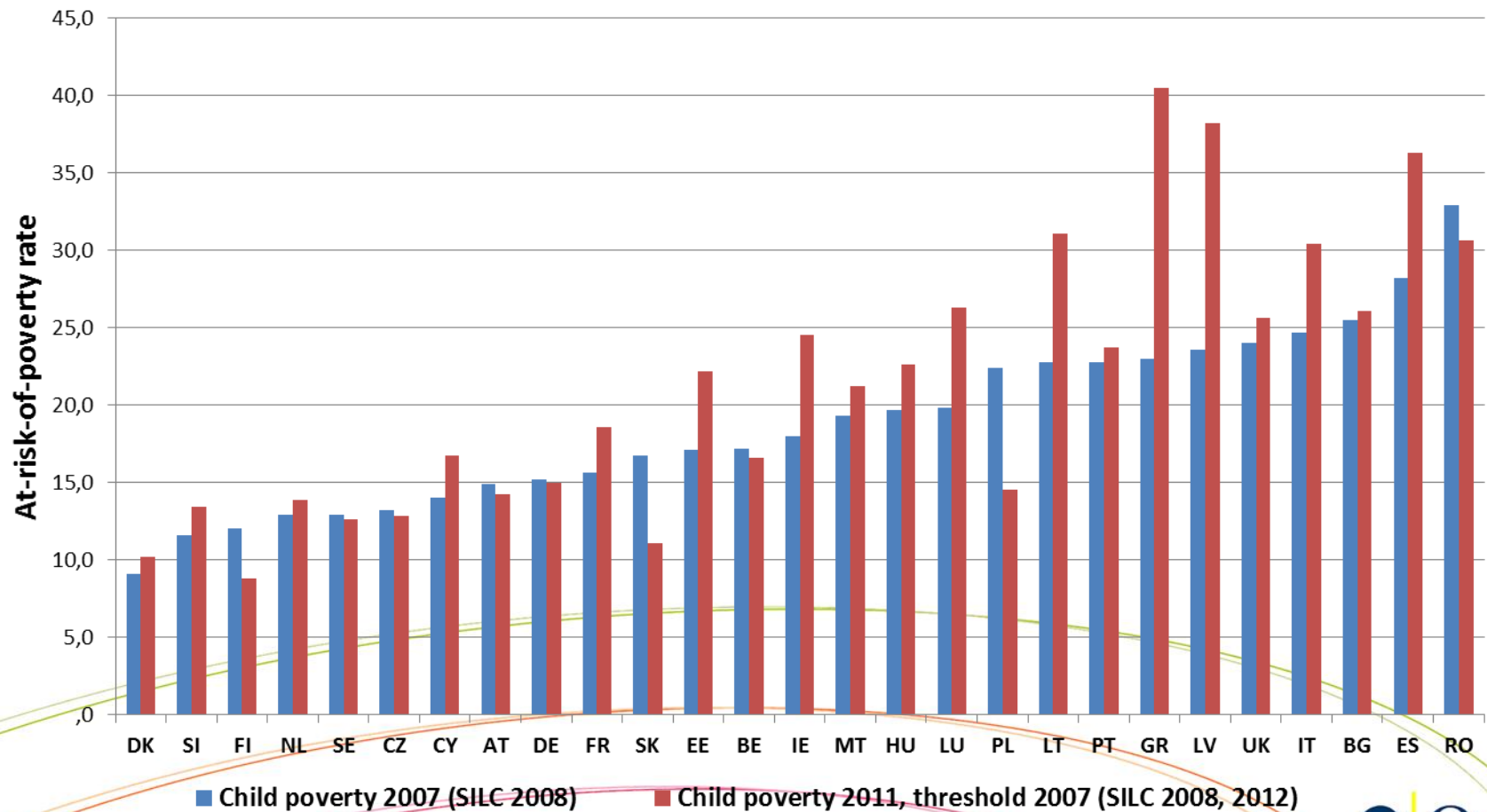


Wrapping up

- Although some thought it would revolutionize policymaking, OMC bottom-up collegial benchmarking (Fenna) and *has not been a panacea*.
- OMC is *not* there to
 - rescue the Eurozone
 - erase rough sleeping by itself
 - beef up low turn-out rates in forthcoming European elections
 - provide answers to the ‘Unhappy state of the European Union’ ([Loukas Tsoukalis, 2014](#))

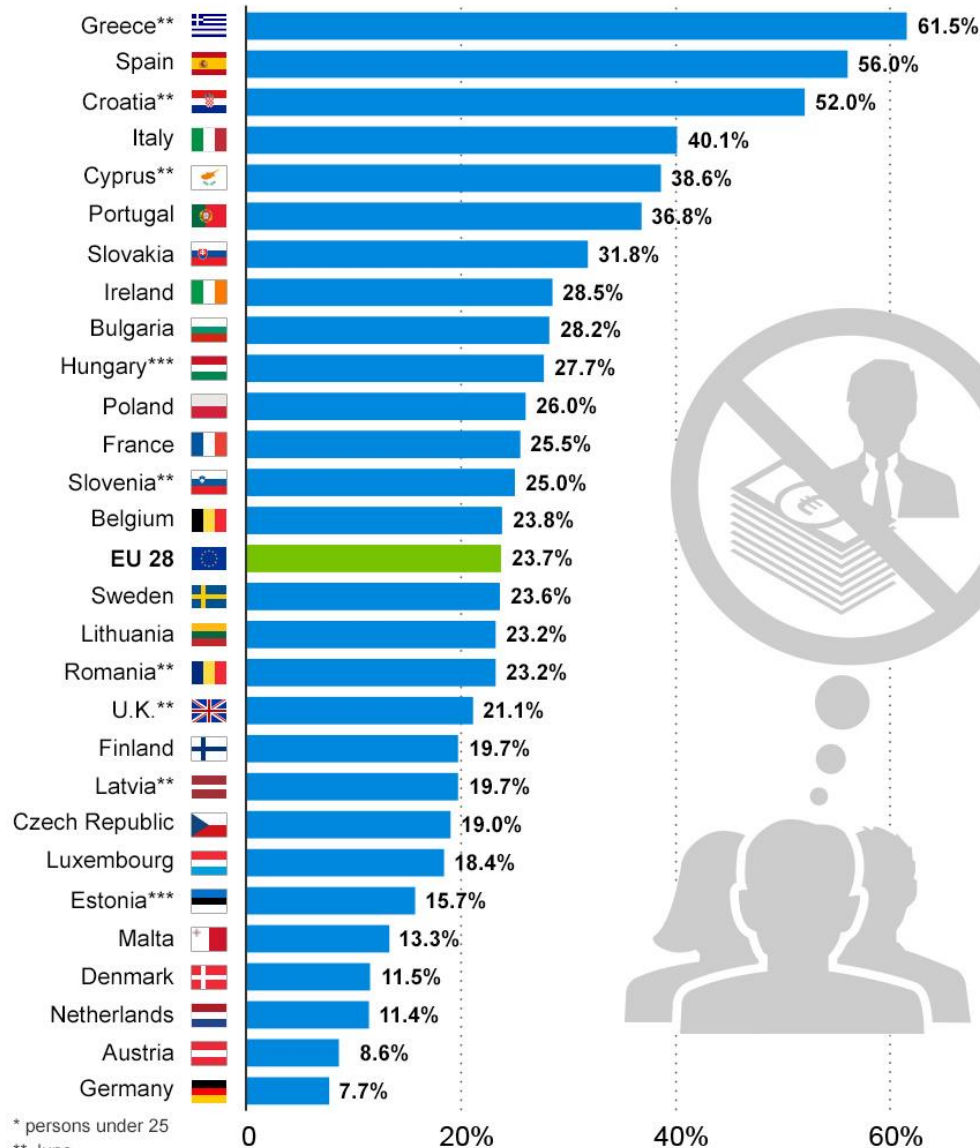


Neither will it prevent the 'Excessive Social Imbalance' in child poverty



Youth Unemployment Still Unrelenting in Europe

Youth unemployment* rate in the E.U. (August 2013)



* persons under 25

** June

*** July

But in some respects, the OMC has delivered the goods

- Substantive shifts in ideas and procedural changes, allowing for better policymaking (including by involving stakeholders)
- It is a sufficient policy instrument, especially considering that for the foreseeable future *there is no alternative*:
 - The OMC is there to stay, even if some ‘tough nuts’ will still need to be cracked (including the conditionality debate)

Continue reading:

'A European Social Union: 10 tough nuts
to crack'

(Vandenbroucke with Vanhercke, 2014)





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