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Social Europe from the Lisbon Strategy to EU 2020

Frank Vandenbroucke, Member of the Flemish Parliament

Check against delivery

Ladies and gentlemen,

The 2009 edition of the “Social Developments in the European Union” is in my view a **reality check**. The overall picture which was confirmed by Christophe Degryse’s presentation is that of a European project unable to deliver effective solutions to the social and economic crisis. The constitutional asymmetry of European integration continues to have adverse effects on Member States’ social policies. A point which is made abundantly clear in the field of **healthcare** in a recent book on ‘Health Systems Governance in Europe’, which was co-edited by Elias Mossialos (LSE) and Rita Baeten of the European Social Observatory. Similar messages result from the chapters of the Social Developments 2009 which address environmental, employment, social inclusion and pension policies.

For most of you these ‘broken social promises’ of the Lisbon Strategy – to put it in the words of Jean-Claude Barbier¹ – will not come as a surprise. After all, the main instrument of ‘positive’ integration in the field of social protection and social inclusion is European ‘soft law’, also known as the Open Method of Coordination.

The shortcomings of the OMC are widely known. They include the fact that:

- OMC is a *quasi-invisible process* in the media and among citizens, awareness of the social OMC is limited to a narrow band of actors in most Member States;
- *key social issues* are not properly acknowledged within the *Lisbon agenda*, illustrating that the planned “feeding in” and “feeding out” between the Lisbon strategy and the OMC is not working properly;
- actual policy learning between Member States seems rather limited because often the ‘wrong people will do the learning’ (i.e., the international units and not the national, regional or local line officials).

¹ Barbier, Jean-Claude, 2010. "Stratégie de Lisbonne" : les promesses sociales non tenues, Documents de travail du Centre d'Economie de la Sorbonne, CES Working Papers 2010.18, Paris : Centre d'Economie de la Sorbonne.

And yet I am not amongst those who dismiss open coordination as mere rhetoric and cheap talk. To a certain extent doing that may even be quite naïve, in view of the compelling evidence that OMC has – in spite of its flaws – had a considerable impact on Member States’ policies and politics.

Let me give you just a few examples. In *substantive terms*, the European Employment Strategy and the Social OMC have, amongst others:

- **increased the salience** of efforts to tackle long-recognized national problems such as early exit from the labour market, childcare provision, gender segregation, and the integration of immigrants.
- in several countries the EU commitment to eradicate poverty pushed the fight against poverty and the activation issue higher on the domestic inclusion agenda.
- the Social OMC has also been able to put **new issues** on the domestic political agenda: this was the case in a variety of countries (old and new Member States) and on a variety of topics (including activation, social exclusion, child poverty and the marginalization of different ethnic groups).
- finally note that the OMC’s **concepts, indicators and categories** have **penetrated** in domestic policy making. The European risk-of-poverty norm, for example, acquired a broader mobilizing character, at least in some countries.

According to recent evaluations, some of them undertaken by the European Social Observatory, the European Employment Strategy and the Social OMC have equally influenced domestic social policies in *procedural terms*:

- OMC has led to **stimulation of self-reflection** on national performance. Through what some have called a ‘mirror effect’ policymakers discover through the Social OMC that they are not – against their own expectations – the ‘best pupil in the class’ after all.

- There is also evidence that the Social OMC lead to a more **strategic approach** (planning, targeting, resources assigned, policy analysis) in social policymaking. For many countries “governance by objectives” was an entirely new feature in social policymaking
- Finally, it is beyond doubt that the EES and the Social OMC have promoted **evidence-based policymaking** (monitoring and evaluation, use of indicators, data sources and analytical capacity). There is in fact widespread agreement that these processes have contributed to increased awareness of policies, practices, and performance in other Member States, by non-state as well as by governmental actors. Or to put it bluntly: it has become very difficult for Member States to hide bad performance behind incomparable statistics.

In sum, it seems that OMC has allowed building a **European community of knowledge**, which can be illustrated by the fact that the Social Protection Committee has been rather effective in assessing, together with the European Commission, the social impact of the economic crisis.² An exercise which would have been far more complicated, and would have taken considerably more time, without the OMC infrastructure.

Such a nuanced assessment of the impact of the OMC by no means implies that its architecture can be considered as ‘finished’. For one, its **political ambitions** should be **considerably increased**. The discussions of the EU2020 Strategy provide the window of opportunity to do so.

While the planned “European platform Against Poverty” is an important signal that Europe is taking its commitment to eradicate poverty, it would only be credible if it were to be accompanied by an **ambitious European poverty**

² Council of the European Union, 2009. “Updated Joint Assessment by the Social Protection Committee and the European Commission of the Social Impact of the Economic Crisis and of Policy Responses. Full Report”, 10133/1/09 REV 1 ADD 1, Brussels, 29 May 2009.

reduction target. Such a target, which should then be translated to national targets, is important for two reasons. **Strategically**, because it would put the fight against poverty on a similar footing as the other dimensions of the EU2020 strategy; **substantively**, since it is well known that the *only way* to reach any ambitious poverty target is to unfold - and invest in - a wide scale of **labour and social policies**, including strengthening social security systems!. It is indeed a matter of fact that jobs alone will not solve the poverty issue.

What I also learn from this graph is that the Europe's social commitment cannot and **should not be limited to the fight against poverty**. It seems essential therefore that the platform Against Poverty is no more than the 'crown' on European coordination regarding social protection and social inclusion. The latter should be pursued, so that the social adequacy of pensions and the accessibility and quality of healthcare systems continue to be addressed by the ministers who carry political responsibility for them 'at home'; and by their representatives in the Social Protection Committee.

By contrast, a return to a one-sided co-ordination of Member States' social policies in pursuit of financial sustainability and employment promotion is, as far as I am concerned, not a legitimate option. I once put it like this: "the pensions challenge is not a **financial challenge** with some social constraints, but a **social challenge** with financial constraints"³. The ravages of the **economic crisis** in Greece - on which George Dassis will elaborate in a moment - definitely illustrate that this is first and foremost a **social crisis**. In view of the fact that **many European countries** –now face a deep fiscal crisis, it is imperative that we return to a more balanced EU discourse which pays serious attention to the **social adequacy** of our social protection systems.

³ Vandenbroucke, F. (2001) "Open Co-ordination on Pensions and the Future of Europe's Social Model", Closing speech at the Conference "Towards a new architecture for social protection?", Leuven, 19-20 October, 2001.

If we want to “nest” the nation-based welfare state within the EU architecture, to use the words of Maurizio Ferrera, we will need to use **all the instruments** the EU has at its disposal. One should seriously examine the possibility of linking spending in the context of the **European Social Fund** more strictly to reaching the objectives of open coordination in the field of social policy. Perhaps some of the mechanisms of the **Stability and Growth Pact** can serve as inspiration here. And **sectoral social dialogue** could play a role in taking forward the debate on flexicurity. Finally, the context of the economic crisis should not prevent us from pushing the idea of a **European Directive** on a minimum income.

I do realize, of course, that this is an **uphill battle**: as the current Spanish Presidency of the EU is experiencing, it has become extremely difficult, in an EU of 27, to reach agreement on **any** piece of social legislation. But as Pierre Defraigne suggests in his chapter of the “Social Developments 2009”, the crisis we live now forces politicians to **think the unthinkable**. In other words, we may be in need of a paradigm shift.

As far as I’m concerned this includes rethinking control of capital markets, revisiting the idea of ‘closer cooperation’ between a smaller group of member States, and challenging the Stability and Growth Pact. The Pact should in my view allow – and even encourage - certain forms of social investment, including in the area of education.

In conclusion, I largely agree with the authors of the 2009 edition of “Social Developments in the European Union” that the past year has been far from inspiring. And that the prospects for social Europe remain gloomy. At the same time, we should seize the window of opportunity of EU2020 and the forthcoming Belgian Presidency of the EU to create some new prospects for our citizens.

In the meanwhile I wish the new OSE directorship all the best.