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)

Joint Reporting (Rec) Peer Reviews

Common Objectives

Supported by EaSI (PROGRESS) (learning)

Indicators Targets

National reports
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
Social OMC: *who engages?*

- Launching (2000)
- Joint Reporting
- Peer Reviews
- National reports
- Indicators
- Targets
- Supported by EaSI (PROGRESS) (learning)

**Social Partners & Civil Society:**
- EU and national

**Member States**

**EU (European Commission, Council and EU Committees)**

**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

- **WEAK**
  - Benchmarking

- **MEDIUM**
  - Benchmarking, peer pressure, policy objectives

- **STRONG**
  - Benchmarking, peer pressure, voluntary binding policy objectives, institutionalised coordination process

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 [...]”

- 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 States (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 exclusion\(^5\)
  - 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)

- Greece**: 61.5%
- Spain: 56.0%
- Croatia**: 52.0%
- Italy: 40.1%
- Cyprus**: 38.6%
- Portugal: 36.8%
- Slovakia: 31.8%
- Ireland: 28.5%
- Bulgaria: 28.2%
- Hungary**: 27.7%
- Poland: 26.0%
- France: 25.5%
- Slovenia**: 25.0%
- Belgium: 23.8%
- EU 28: 23.7%
- Sweden: 23.6%
- Lithuania: 23.2%
- Romania**: 23.2%
- U.K.**: 21.1%
- Finland: 19.7%
- Latvia**: 19.7%
- Czech Republic: 19.0%
- Luxembourg: 18.4%
- Estonia**: 15.7%
- Malta: 13.3%
- Denmark: 11.5%
- Netherlands: 11.4%
- Austria: 8.6%
- Germany: 7.7%

* persons under 25
** June
*** July

Source: Eurostat
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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