

CONFERENCE REPORT

EUROPA, EUROPAE

EUROPEANIZATION AND THE DIFFERENTIAL USAGE OF EUROPE IN WELFARE STATE REFORMS

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This lunch conference focused on the relationship between European integration, domestic policy change and the usage of European resources at the national level. Although it has been shown that the EU is an important factor to understand recent welfare state changes, it remains relatively vague how European integration precisely impacts this domain. The aim of the conference was to analyze the influence of the EU in domestic politics of welfare state and to shed light on the use of EU instruments and resources by national governments while conducting reforms. Speakers were *Paolo Graziano*, associate researcher at the Centre d'études européennes, Sciences Po Paris, *Rob Cornelissen*, adviser on social protection and integration at DG Employment of the European Commission and guest professor on European Social Security, Ghent University, *David Natali*, Scientific Director, European Social Observatory and *Prof. Jean-Paul Jacqu *, Secretary General of TEPSA.

During the first intervention, some issues were raised as basis for the analysis: how Europe matters in domestic welfare state reforms, the nature of the European resources used, the degree of change implied in domestic welfare state policies such as employment, pension and social assistance and the kind of actors who are actually using Europe. Several hypotheses were introduced to illustrate and differentiate the way national actors make use of Europe. Nevertheless it was deemed necessary to mention "contradictory examples" where the EU appears not to have had any effect. Indeed, variations lie in the different causes that connect national welfare states to the EU. The degree of policy structure was estimated: a "misfit" between EU prescriptions and national level practices could lead the national actors to get inspired by EU policies and possible usages could arise, while total "fit" would not involve any usage of EU influence to alter national practices. The membership status also has an impact on national changes. Candidate countries under scrutiny refer more often to EU's resources and instruments than old Member States. The relationship to the EU is also a factor: national elites and public opinion in favor of the EU encourage usages of European solutions in national policy field whereas the Eurosceptics deny this usage. The appreciation of Europe is translated at national level by the support of 'pro-Europe' domestic coalitions of actors. The analysis showed that EU integration has created new tools (i.e. legislation and case law, new funds, communications and ideas) to enable national actors to shape usage at national level. The results confirmed that the EU matters, but in a much differentiated way both with respect to the usages of European resources and the intensity of welfare state changes.

Following this analysis the discussion was complemented from a legal point of view and with a historical picture of the social policy developments in the EU. The Amsterdam Treaty reaffirmed social policy as a competence which the European Union shares with the Member States and its main role is to support and complement the activities of the Member States. Moreover the Amsterdam Treaty stepped forward with the Open Method of Coordination (OMC) providing a framework to encourage cooperation between Member States. It innovated with social objectives depending on "soft law" whereby no legislative mechanism is applicable, since Member States agree on common indicators, common objectives and possibly common

targets while sharing best practices, all under the supervision of the Commission. In addition, the Treaty provided the Fundamental Rights' Charter with the same legal value as the European Union treaties and committed that the EU should access to the European Convention of Human Rights. The Lisbon Treaty also will have affect on the social dimension of new EU legislation beyond the social domain. Since 1st December 2010 with the insertion of the horizontal clause (art 9), the Treaty has made an obligation for the social impact to be considered in all policy formulation at EU level. It is predominant to promote the social clause through impact assessment as a key tool in reconciling social and environmental imperatives with economic concerns in order to bring the notion of social issues closer to the citizen. The speaker summed up some social legislation having an impact on other policies and highlighted that Member States could not limit their benefit only to nationals.

A third intervention provided first an overview of the promises of the Lisbon Strategy of March 2000. This Strategy set up many promises in order to transform national social standards and to make the EU more competitive by 2010. It was pointed out that there is a need to make structural reforms and reach budgetary stability as well as to recalibrate welfare states. The economic and social interdependence within the EU demonstrates the need of more EU integration. If the EU integration would improve EU citizens' living conditions, it would mean more legitimacy for Europe and increase resurgence of social policy in the EU agenda. The new participatory mode of governance such as "soft law" has been widely used notably with the OMC. This instrument aims also at diffusing new ideas and increasing participation at national and local level. Given that the policies in question fall almost exclusively within the competence of the Member States, the OMC represents a promising step forward to tackle the European challenges and to respect the national sovereignty in this domain. In addition, the Lisbon Strategy represents a source for new knowledge-based governance ('learning') as well. Social actors have been encouraged to participate in all stages of the process and notably in the elaboration of National Strategy Reports. The Member States are expected to invest in education and training and to conduct an active policy for employment, making it easier to transform to a knowledge economy.

Nevertheless the limits of the Lisbon Strategy lies both on the resurgence of the European malaise that rose due to the financial and economic crises (low productivity, high unemployment etc) and on the failure to reach the key targets both on governance expectations as well as the political and economic foundations of the Strategy. It was stressed that the Lisbon targets would not have been achieved in 2010 even without the crisis. Therefore it was proved that the system of soft law has some defects: low visibility, limited participation of stakeholders and political commitment, limited evidence of policy diffusion as well as no official sanction applicable, the effectiveness actually depends on the motivation of the Member States. The limitations of the policy agenda probably also contributed to the failure of the Lisbon Strategy. This tension lies in the EU integration encouraging convergence that affects liberal market at national level and hampers competition. It was argued that there is a need for both structural reforms and budgetary stability though there is a dilemma since we cannot have both at the same time: structural reform has become a code word for deregulation and weakened workers' rights, whereas policies should instead, help workers to address structural change. Although there has been improvement on participation thanks to the OMC (new debates at national level, key role of technical committees, improved institutional capabilities), it was questioned whether the participation was rather a myth, since results were mixed. Consultative processes have hardly bridged the gap existing between the EU and its citizens. In most OMCs the participation of social partners, local actors, civil society representatives or even national parliaments is weak despite the efforts of the Commission to enhance their influence and regulate their access.

Regarding the successor of the Lisbon Strategy, Europea 2020, it was concluded that one should remain cautious about its approach and not set too many targets. There are trade-offs which have to do with the political and economic contexts and the reform of the social model in the global economy. The Lisbon Strategy showed its limit to coordinate broad range of policies. Besides, the governance methods introduced by the Lisbon Treaty need some improvements. There could be a risk that the EU 2020 would not fulfill outstanding governance issues: What would be the alternative to soft law? Is soft governance the

right tool? Besides its governance, the EU 2020 Strategy still has to tackle the issue of participation and transparency and improve EU democratic legitimacy.

To conclude, it was discussed in depth that the EU has indeed a role to understand welfare state reforms at national level. The conference showed nevertheless that the analysis of Europeanization should not be reduced to the difference of European regulations' transposition since the various national political contexts make domestic actors re-defining tools according to their own agenda, either closer or further to European constraints. It was demonstrated that the EU has continuously stepped up efforts with the introduction of initiatives to make both EU and national actors more aware of the social reality. Given the current economic and political contexts, the limits of the mode of governance have been raised. Consequently it was advised in the perspective of EU 2020 to both enhance national participation and set up a reasonable agenda in order to reach the Europeanization of social policies.

Some related publications from the speakers:

P. Graziano, Edited volume in the RECOWE Series (Palgrave, 2011): "The EU and the Domestic Politics of Welfare State Reform: Europa, Europae"

P. Graziano, *European Journal of Social Security* Special Issue (1/2011): "Letting Europe In. The Domestic Usages of Europe in (Re)conciliation Policies"

E. Marlier and D. Natali (2010), "Europe 2020: Towards a more social EU? ", Brussels, PIE, PIE-Peter Lang