

THE OPEN METHOD OF COORDINATION: SOFT CHARACTER IN APPEARANCE; HARD EFFECTS IN REALITY?

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Abstract: In this study, the Open Method of Coordination (OMC), presented as the soft style of regulation on the employment field, is problematized with the help of Neo-Gramscian authors. Moving on the footsteps of Holman (2004 and 2006), it is argued that the OMC in appearance has soft characters, but behind this appearance, in reality/essence, it has hard effects on the member states. Taking the European Monetary Union and Stability and Growth Pact into consideration, the policy repertoires for the nation states in dealing with employment problems has been limited to supply-side measures. The alternatives have become unthinkable. Thus, in essence one cannot speak about national autonomy in reality. The OMC has become one of the main tools in this through disseminating popular concepts, through hindering the political natures of the decisions taken at the broader level. It has become the new cognitive model framing the debate at the EU and national state level on employment.

Keywords: Negative Integration, The Open Method of Coordination, The European Employment Strategy, Employability

AÇIK KOORDİNASYON YÖNTEMİ: GÖRÜNÜRDEKİ YUMUŞAK (HUKUK) KARAKTERİ Mİ, GERÇEKTEKİ SERT ETKİLER Mİ?

Öz: Bu çalışmada, istihdam alanında yumuşak hukuk düzenlemesi olarak sunulan Açık Koordinasyon Yöntemi (AKY), Neo-Gramscian yazarların yardımı ile sorunsallaştırılmaktadır. Holman (2004 ve 2006) izinden giderek, AKY'nin görünürde yumuşak karaktere sahip olmasına rağmen, gerçekte üye devletler üzerinde sert etkilerinin olduğu ileri sürülmektedir. Avrupa Parasal Birliği ve İstikrar ve Büyüme Pakti göz önüne alınırsa, ulus devletlerin istihdam problemleri ile ilgilenirken kullanabilecekleri siyasa araçları arz-yönlü tedbirler ile sınırlandırılmıştır. Seçenekler düşünülemez olmuştur. Böylelikle, esas itibarıyla ulusal özerklik hakkında konuşmak mümkün değildir. AKY popüler kavramları, daha üst düzeylerde alınan kararların siyasal doğasının görünümünü engelleyerek, yaymak suretiyle bu bağlamda temel araçlardan bir tanesi olmuştur. AB ve ulus devlet düzeyindeki istihdam tartışmalarını çerçeveleyen bilişsel model haline gelmiştir.

Anahtar Kelimeler: Açık Koordinasyon Yöntemi, Avrupa İstihdam Stratejisi, İstihdam-edilebilirlik

I. Introduction

The European integration process has long been driven by two internally contested and overlapping discourses: An economic policy discourse and a social policy discourse. On the other hand, the integration process has also

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been considered as creating an asymmetry between the economic and the social/labour market field, in the words of Fritz Scharpf between *negative and positive integration* (Negative integration is considered as the measures that serve to increase market integration by eliminating national restraints on trade and distortions of competition whereas positive integration is about the development of common European policies to shape the conditions under which markets operate (quoted in Keune, 2008a: 92)). Scharpf (2002) argued that this “constitutional asymmetry between policies promoting market efficiencies and policies promoting social protection and equality” constrained the European welfare states through the functioning of economic integration and liberalization. Similar to this kind of reasoning, but in a more critical manner on the essence of this asymmetry, it is not by coincidence that we see the economic and monetary regulation at the supranational level and social deregulation at the national level. In other words, according to Holman (2006), this *asymmetrical regulation* refers “not only to a discrepancy between economic and monetary regulation and a lack of social regulation at the EU level, but also the negative impact of the former on the latter at the national level”. They are “the two sides of the same coin” (Holman, 2004: 714).

The literature on the social policy and related developments – such as the European Employment Strategy (EES) and the Open Method of Coordination (OMC), at the EU level, heavily rests on the fact that this asymmetry has led to a fundamental difficulty with which EU social and employment policy has been confronted: On the one hand, negative integration limits national governments’ autonomy in designing their welfare systems. On the other hand, member states strongly oppose shifting further social and employment policy competencies upward to the EU (Büchs, 2007: 1-2). Also, the lack of a political identity of the EU in the social realm, unlike the Union’s economic identities (Crespo Suárez and Serrano Pascual, 2007: 376), makes the issue of aiming to establish a common strategy at the supranational level problematic. This led to the coordination with each member states working through its own institutional methods toward commonly achieved goals, in other words, respecting for maintaining diverse national traditions whilst maintaining the goal of convergence (Tsarouhas, 2007: 35). The EES and the regulatory mechanism of it, the OMC, have been considered as the tool directed to this end, namely convergence of social policy at the EU. This will be the main reason of the soft character of the EES and the OMC.

Critical views in the literature (See Holman (2004 and 2006), Apeldoorn (2003), Overbeek (2003) for the criticals) go beyond. They consider the regulation of the social at the national level as “*the illusion of national self-determination*” due to the introduction of terms such as best practice and benchmarking – those will be the heart of the OMC in the following years, which are empowering a European “invisible hand” (Holman, 2004: 717). The neoliberal restructuring at the union level in terms of economic regulation is going to be sold by the national governments as maintaining their autonomy in the social field. This “*new*

populism”, what Holman claims, is why the EES “attempts to reconcile supranational, economic and monetary integration with the illusion of national self-determination in modernising the so-called European social model” (*ibid*, 2004: 729). The EES and the OMC fit into this illusion of national self-determination for many reasons. However, the possible policy tools available for the national governments were limited. The only way to modernise the social models available for national governments is the “supply-side” strategies.

Having provided a brief introduction of the main contradiction of the European integration process and the views about it, the main aim of this study is to present the “development of the open method of coordination as a regulatory tool” in the areas where has no treaty base but a common concern. By the time the areas in where the OMC is applied has increased from employment to the pensions, social inclusion, education, R&D. The discussion of the OMC on employment necessitates dealing with the EES. The EES has been the case in point how the OMC works. A full-fledged analysis of the workings and mechanisms of the EES is beyond the aim of this paper. Instead, this paper will only look at the OMC on employment.

There are many views in the literature on the issues related to the OMC such as “is it a new mode of governance or not” (Schäfer 2004); “the impact of the EES and the OMC on member states’ employment policies” (Mailand 2008); “its effects on the pension reforms” (Eckardt 2005) and so on. Within this framework, this study’s key argument is on a different part of the OMC which is in line with the argument of the “invisible hand of the EU”. Despite the absence of hard law or top-down community method, the “soft” law character of the OMC has been a tool to frame and structure the debate on employment policies in Europe by disseminating concepts - such as benchmarking (Holman 2004 and 2006, Apeldoorn 2003), best practices and flexicurity, enhances a certain vocabulary directly transferred from the world of Business, related to this the dilution of political analysis through the separation of politics and economics (in Gill’s word, “new constitutionalism”), and the depoliticisation of decision-making by relying on expert reports (such as Kok Reports of 2003 and 2004) (Crespo Suárez and Serrano Pascual, 2007: 381). In short, the EES and the OMC has become a “cognitive model” in shaping the limits of the debate on the issues of social policy (Crespo Suárez and Serrano Pascual 2007). It should also be functional to note at this point that the European actors such as the European Round Table of Industrialists (ERT) and their close relationship with Commission of the European Communities (CEC) has been the driving force behind the particular characters of the OMC (Holman 2004 and 2006; Apeldoorn 2003). To sum up, the OMC is very much related with the political project aimed at building a European identity in the social realm. It is fair to argue that it should be considered as a common European solution to the problems of the neoliberal integration process rather than something external

waiting to be discovered (In my view, this observation of Jepsen and Serrano Pascual (2005) on the European Social Model is also applicable in the case of the OMC).

In the following parts, the background of the EES and the formation of the EES will be provided with the help of the arguments of “the post-Maastricht crisis” of Neo-Gramscian scholars which identify a legitimacy crisis of the EU coupled with record unemployment levels. This crisis made the issue of unemployment the most important one. But, it will be clear in the following section that as far as the way to tackle the unemployment remains at the national level; it could only be done by increasing labour market flexibility. The Employment Guidelines of the EES should be considered as the example.

II. The European Employment Strategy (EES)

Ashiaghbor (2005: 1-2) views the development of employment policy discourse at the EU level as the interaction between economic and social policy, but due to the course of the European integration, in which social policy has been subject to the dictates of the Community’s market integrationist rationale. In other words, the developments in the social policy have long been justified by reference to the economic goal of market integration. This is also the point which this paper argues for the EES and the OMC in the 1990s and so on. The social has generally been relegated to a secondary issue, especially at the times of economic crisis (At this point, the head of the CEC, Jose Manuel Barroso prior to the mid-term revision of the Lisbon strategy in 2005 is instructive: “If one of my children is ill, I focus on that one, but that does not mean that I love the others less”. In this statement, Barroso views the pillars of the Lisbon Strategy (the economic growth with more and better jobs, greater social cohesion and respect for environment) as his children. In essence, he made the point that if there is a crisis in economic terms, the others should be relegated to a secondary position. See, <http://www.euractiv.com/en/future-eu/mid-term-review-lisbon-sons/article-134971> (01.01.2009). As an example of relegation of the social/employment to a secondary position, the employment guidelines has been incorporated to the Broad Economic Policy Guidelines (BEPGs) and has started to be called “Integrated Guidelines” since the mid-term review of the Lisbon Strategy of 2005. It is a clear indication of the neoliberal turn of the Barroso Commission for many (Jørgensen and Madsen 2007).). It should also be considered as indicating the limits of the incorporation of other hegemonic projects’ demands by the hegemonic neoliberal project at the EU level. The incorporation of the demands of the others, such as social democrat demands on unemployment, can be taken into consideration as far as it is not threatening the essence of economic growth. On the other hand, when there is a huge discontent with the neoliberal restructuring, the project feels themselves obliged to show a “social face” to the Europeans (Interview with Maarten Keune (Senior Researcher at the European Trade Union Institute for Research, Education and Health and Safety – ETUI-REHS) by the author, Lessius University College, Antwerp/Belgium, 17.01.2008). The EES, OMC and concepts such as flexicurity should be considered as the social face of the project in order to deal with the decreasing legitimacy of the integration project.

A. The Background of the EES

In this section, the focus will be on the historical developments prior to the Treaty of Amsterdam in where the EES has launched. The full picture of this process is beyond the aim and scope of this paper. Instead, it will be appropriate to note the turning points in this history.

The Treaty of Rome (1957) was very clear in leaving the social and labour market regulations to the hands of the member states (Scharpf (2002: 2-3) notes that, in the negotiations leading to Rome, the French Socialist Prime Minister Guy Mollet had tried to make “the harmonization of social regulations and fiscal burdens as a precondition for the integration of the industrial markets” but, in the final package he only got “a commitment from other governments to increase social protection nationally”. The author concludes that “the failure of Mollet” paved the way for economic policy discourse to frame the European agenda which resulted in the “constitutional asymmetry between economic and social policies”). Initially, the competences of the Community in the social field were oriented towards facilitating the building of the market. As such, they were largely dealt with the “free movement of workers and equal treatment and equal pay”. The first four social Directives concerned the free movement of workers (Keune, 2008b: 7). Over the time, the competences of the Community have gradually expanded. Directives concerning “health and safety” (between 1978 and 2006, there are no less than 38 Directives) has expanded in the context of the Single European Act of 1985 due to its subjection to qualified-majority voting (QMV).

The EES has come into being in the mid-1990s in the context of high unemployment problems (%11 in 1992) and rising pressures on social expenditure budgets. With the Monetary Union (elimination of all national control over exchange rates and monetary policy) and the Stability and Growth Pact (imposing rigid constraints on the public sector deficits of its member states), economic integration has accelerated. The advance of economic integration has greatly reduced the capacity of member states to influence the course of their own economies and to realize self-defined socio-political goals. Briefly noted, member states found themselves constrained in their fiscal policy; liberalization and deregulation policies have eliminated the possibility of using public-sector industries as an employment buffer. In principle the only national options which under European law, remain freely available are “supply-side” (Mullard and Spicker (1998: 74-75) briefly notes the main tenets of supply-side economics in the following way: The approach of supply-siders is that solution to unemployment is mainly found in improving flexibility of labour supply so that the cost of labour will fall. According to this approach, the rigidities are largely due to the trade unions and social security systems which pave the way for unemployed to rely on social benefits. Supply-siders, thus, argue that unemployment is voluntary and if government is committed to reducing the rate of unemployment, they also have to reduce the level of benefits so that benefits became less of an incentive.) strategies involving lower tax burdens, further deregulation and flexibilization of employment conditions, increasing wage differentiation and welfare cutbacks, reducing the generosity or tighten the eligibility rules of tax-financed social transfers and social services. In Bieling’s words, until the economic recession of 1990s, discontent with the economic and social

conditions in Europe under the guiding principles of “neoliberal restructuring” had not been visible (Bieling, 2003: 56). The so called “post-Maastricht crisis” (According to Bieling (2003: 57), the discontent emerged due to the economic recession and rising levels of unemployment in the 1990s, was directed against not only the Single Market but also, the EMU. Also, in a context of economic crisis, with monetarist instructions strengthened as a consequence of German unification, social cutbacks and dismantling of the welfare state became the main point in the political debates. According to him, mainly “the fear of stronger leadership by Germany” and the “devastating impact of austerity measures” generated the “post-Maastricht crisis”). (Apeldoorn, 2003; Bieling, 2003 and Overbeek, 2003) – the deep legitimacy crisis of the EU in the wake of the difficulties experienced in the ratification of the Treaty of Maastricht accompanied with record unemployment levels - led the European Commission to undertake cautious attempts to modify the integration process in order to enhance its public legitimacy, and the “promising route” was the reduction of mass unemployment (Tidow, 2003: 79-80).

The Delors’ White Paper on *Growth, Competitiveness, Employment* (1993) was released in order to face the “post-Maastricht crisis”. It was the first Commission document that put the issue of unemployment on the EU agenda, declaring that “we should once again make employment policy the centre-piece of our overall strategy” (quoted in Apeldoorn, 2003: 126). Regarding labour market field, the Commission advocated increased investment in education and vocational training and active incentives (Tidow, 2003: 80-81). In the literature over the tone of the White Paper, there are many voices; some claim that it was “an attempt at a compromise between neoliberals and social democrats” (Apeldoorn, 2003: 127), whereas for others it was “a guided transition from the old *Keynesian Welfare State* to a *Schumpeterian Workfare State*” by letting fiscal, monetary and wage policies function at the same time, thus achieving growth and employment through labour market reforms (Tidow 2003 emphasis in the original). Nevertheless, the White Paper had won one thing: it put the issue of unemployment firmly on the EU agenda. From that time on, every EU summit has dealt with the issue. The EU Summit in Essen (1994) recognized that effective employment policies conducted at national level can no longer be successfully managed under the conditions of globalization and European integration but the compromise reached was “the restriction of the competency of the EU to the sphere of common currency and completion of internal market” (quoted in Tidow, 2003: 81). The responsibility for employment policy was to be assumed exclusively at the national level which in Streeck’s words, led the way for national governments to opt for “increasing labour market flexibility as a privileged mean in dealing with the management of unemployment” (quoted in Apeldoorn, 2003: 130). Finally, the agreement was reached in the 1997 Amsterdam Summit. The Employment Chapter of the Treaty of Amsterdam has been what is called “European Employment Strategy”.

B. The EES through a Theoretical Perspective: Its Working and Mechanisms

The principal aim of the EES is to promote coordination with each member state working through its own institutional methods towards achieving commonly agreed goals (Tsarouhas, 2007). The procedure and the working of the strategy can be summarised in the following way: An employment Committee was set up to draft Employment Guidelines and monitor progress. The Council adopted Employment Guidelines (until 2003, guidelines centred on the four pillars) which must be taken into account by the member states governments in their national employment policies. The member states would report annually to the Commission through the National Actions Plans (NAPs) explaining how it intended to implement these Guidelines. The Council, the Commission and the Member States would scrutinize the success of the strategy, while the Commission and the Labour and Social Affairs Council would synthesize the National Reports and assess both nation-specific and EU-wide performance. The result of this is the Joint Employment Report by the EU institutions which serves as the basis for new conclusions on the part of the European Council. The Guidelines have been revised annually and extended in scope (Tsarouhas, 2007 and Tidow, 2003: 86).

A new “soft” style of regulation, the Open Method of Coordination (OMC), was soon promoted as an alternative to the old Community Method (hard regulation) and the EES has been the most used field for this new governance (Jørgensen and Madsen, 2007). The OMC was designed to be a response to complex situation within EU social policy and aimed to contribute to a convergence of social policy approaches across the member states, based on “policy learning”, “exchange of best practices” and “peer reviews” (Büchs, 2007). As Tsarouhas (2007) notes, in essence, the OMC means four things: fixing EU Guidelines and setting timetables for their implementation; translating these Guidelines into policy initiatives through specific targets but sensitive to national differences; establishing quantitative and qualitative benchmarks to assess best practice and periodic monitoring, evaluation, and peer review of the process to facilitate learning.

From 1998 to 2002, the EES guidelines were structured in four pillars (see Table 1). The pillar structure was removed in 2003.

Table 1. *The EES Pillars*

Improving <i>employability</i> : promoting the move from passive to active and preventive labour market policy through work incentives in social security and tax system, training measures and lifelong learning
Developing <i>entrepreneurship</i> : aiming to facilitate the start-up of business
Encouraging <i>adaptability</i> : promoting the modernization of work organization and the linkage between labour market flexibility and security
Strengthening the policies for <i>equal opportunities</i> : proposals for closing gender gaps in the labour market, providing an inclusive labour market which does not discriminate against gender, age, ethnic groups

Source: (Büchs, 2007: 48)

Interestingly, some critical authors re-read the above mentioned pillars in the following way. For example, Apeldoorn (2003: 130) argues that employability, in essence, represents “marketability” and by quoting Streeck argues that it is about “defining the responsibility of public policy, not in terms of *de-commodification* of individuals, but to the contrary of the creation of *equal opportunities for commodification*”. Daguerre also considers the EES as based on a “supply-side policy analysis” which sees the individual as responsible for causing the unemployment by not adapting to changes in the labour market, rather than an emphasis on a lack of demand. The author notes “employability” as “policies to adapt the workforce to new labour market demands by increasing training opportunities” (Daguerre, 2007: 135-6).

Apeldoorn (2003: 113-134) argues that the social democratic hegemonic project in the post-Maastricht context has come to be ideologically underpinned by a “neoliberal competitiveness” discourse. This competitiveness discourse has started to penetrate all areas of European policy-making, including employment policies. He believes that this ideological commitment to neoliberal competitiveness made it difficult even to think about alternative approaches to the European Union’s unemployment crisis. One of the clear reflections of this fact, according to Apeldoorn, was the four pillars of the European Employment Strategy (see Table 1). These pillars indicate a shift away from a paradigm of market-correcting towards a new transnational policy paradigm of market-making employment policies which aimed at creating the opportunity to participate in the market (*ibid.*: 130). To use another terminology, the changes in the labour market policies in the EU was related to “*rescaling of welfare regimes*” indicating a shift away from “*Keynesian Welfare National State*” (KWNS) towards “*Schumpeterian Workfare Post-national Regime*” (SWPR) (“Keynesian Welfare National State” should be identified as *Keynesian* in terms of securing full-employment through demand-size management; *welfarist* in producing labour power as a fictitious commodity, social policy had a distinctive welfare orientation; *national* economic and social policies were pursued within the matrix of a national economy, national state and society compromising national citizens and *statist* due to state institutions were the chief supplement to market forces in securing the conditions for economic growth and social cohesion; whereas “Schumpeterian Workfare post-national Regime” should be identified as *Schumpeterian* trying to promote permanent innovation and flexibility by intervening on the supply side; *workfarist* subordinating social policy to the demands of labour market flexibility and employability and competitiveness and regarding employment as a by-product of competitiveness; *post-national* as to transferring of economic and social policy-making functions upwards, downwards and side-ways and *regime* for increasing importance of non-state mechanisms in compensating for market failures and shifting from government towards governance or new forms governance (Jessop 2003).) (Jessop, 2003: 29-50).

There are also views in the literature considering the EES within the context of other ideological positions and paradigms. For some, the EES is fully coherent with a “third way” employment policy agenda that focuses on supply-side measures promoting employability, lifelong learning and so on (Büchs, 2007: 47). For others, the strategy was the peak of the intellectual and political

influence of “social liberalism”, based on a fragile political compromise rather than a coherent policy paradigm (Daguerre, 2007: 134). What is common in these observations is that their emphasis lies on activation as a cure to increasing unemployment rates and, it is worth identifying.

III. The Open Method of Coordination (OMC)

The Open Method of Coordination (OMC) as a “soft” style of regulation has become the key to action in areas where a treaty base was lacking but a common concern was perceived, with the March 2000 Lisbon Summit (Schäfer, 2004: 3). Currently, it is applied more than ten policy areas such as social inclusion, education, pensions and R&D besides the employment policies.

Schäfer (2004: 4) summarised the hopeful voices in the OMC literature in the following way: The OMC is supposed to “enhance policy learning through benchmarking and best practices”; “foster social policy convergence in the long-run”; “build a Social Europe”; “help create a new balance between supranationalism and intergovernmentalism” and so on. As previously noted, the OMC has been applauded for maintaining diverse national traditions whilst maintaining the goal of EU convergence. Contrary to hard law style of Community method, there is no sanction in the OMC. Rather, it will function as a voluntary cooperation between member states based on mutual learning, best practices and benchmarking.

In the literature, there are also some critical scholars claiming that it is not a new form of governance but rather, it is another form of multilateral surveillance also practiced by the OECD (economic surveys), the IMF (Article IV Consultations) and the EU through the Broad Economic Policy Guidelines (BEPGs) (Schäfer 2004). The “effectiveness” of the OMC is also debatable. First of all, there is a methodological difficulty because it is hard to establish what would have happened without it” (*ibid*: 4). Mailand (2008) have argued that there is a variation in impact and states that “the more member states’ employment policy was in line with the EES prior to its introduction, the less impact the strategy will have” (*ibid*: 355). But certainly, the EES and the OMC have affected national employment policy debates by disseminating concepts, by interpreting the causes of social problems in a particular way and by identifying “good examples” (By the Commission of the European Communities (CEC), Denmark and the Netherlands are generally considered as good examples in the policy field of employment (see Keune and Jepsen 2007).) in the employment policy field (Crespo Suárez and Serrano Pascual 2007). By labelling certain states as good examples, the Commission a) legitimizes the direction of those states employment policy regulation and b) puts pressures on others in order to reach the performance of the good examples. In terms of national policy makers, there is a possibility to use the OMC and the EES as a pretext for unpopular reforms in order to avoid blames. Generally, the mainstream literature is engaged in “what the OMC can

do?” But, it should be functional to look at “what it cannot do” to show the limits of it and the following observation deserves to be quoted at length:

...Thus, if unemployment rises ...the EES Guidelines could not recommend lower ECB interest rates; if unemployment rises nationally, EES recommendations could neither relax the deficit rules of the Stability and Growth Pact nor the competition rules on state aids to depressed regions or industries. If expenditures on health care are rising, OMC could not recommend price controls or positive lists for pharmaceuticals; and if social services are being eroded by fiscal constraints, there is no chance for guidelines promoting either a concerted increase of taxes on capital incomes or failing that, the re-introduction of effective capital exchange controls (Scharpf, 2002: 9-10).

This above quotation clearly indicates the tensions that the OMC includes in it. Within the framework of the integration process dominated by the neoliberals at the EU level, the policy instruments for national policy makers are limited. This necessitates to problematize the “concrete” “national self-determination” in the social policy field, which is largely the main tenet of the OMC.

The respect for national regulation of social and labour market policies at the EU level is, to a certain extent, taken for granted in the OMC and EES literature. It has been put forward as the “reality”. But, this paper claims that, through using the distinction between the concrete and reality, it is only the “appearance”. In line with Holman’s term, it is the “illusion” of respecting national priorities. Indeed, the reality behind this appearance is about the “invisible hand” of the EU and the selling the neoliberal restructuring at the supranational level through the national governments that have more legitimacy than the EU. They have been provided an “illusion” of self-determination with which they should talk to their citizens that they have opposed to give their sovereignty and autonomy, which is conceptualized by Holman as “New Populism” (Holman 2004). The EES and the OMC as its regulatory style should also be considered in this way. The certain concepts borrowed from the world of economics and business have been popularised in dealing with the social and labour market issues – such as benchmarking, best practices; the scientific and expert reports has been used in order to hinder the political nature of the decisions - Kok Reports of 2003 and 2004 has been used in 2003 and 2005 modifications of the EES guidelines (Crespo Suárez and Serrano Pascual, 2007: 381) – and the similarities between the European capitalists’ and the Commission’s reports – Apeldoorn (2000) argues that there is little difference between the ERT’s report and the Delors’ White Paper; Holman (2004 and 2006) notes that the ERT had published a report on benchmarking in 1996. All these factors should be considered as examples of the EU level leverages.

IV. In Lieu of Conclusion

In this paper, it is argued that the development and the evolution of the EES and the launching of the OMC as its regulatory style in the context of the 1990s would be considered as “a new type of EU impact” on national governments with the member states’ illusions of regulating their own policies. Putting limits on the nation states through the EMU and Stability and Growth Pact, the EES and the OMC cannot go beyond the “activation” paradigm and “supply side measures” in dealing with the social issues at the national level.

The neoliberal restructuring at the EU level with the help of transnational capitalist class (the ERT in this paper) necessitates such kind of a “constitutional or asymmetrical regulation” in order to be manifested itself. Thus, it is not by coincidence. The introduction of the EES and the OMC is generally applauded for respecting national traditions with the aim of convergence, but what is neglected in this debate is the reality behind this appearance. The only possible option left to nation states in labour market issues is the “supply-side measures” focusing on the need for labour market flexibilization. By disseminating certain models as good examples, by promoting a certain vocabulary in the debates on employment and by focusing on quantitative goals rather than qualitative targets, the EES and the OMC has become a cognitive model provided as a solution to the problems of the European integration. It is fair to argue, rather than the hard law mechanism of the Community method, the OMC should be articulated as “having a soft appearance, but behind this, there is another form of hard law” which does not leave so much area to member states for manoeuvring but play the game.

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