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The Lisbon Strategy, Europe 2020 and the crisis in between

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1. Approaching Europe 2020: The Lisbon Strategy and the Crisis

The Lisbon Strategy launched in 2000 has represented a twofold ambitious goal for the European Union (EU): to transform the European economy of the 21st century (and make it the most competitive knowledge-based economy in the world) and to innovate EU governance through new forms of interaction between national practices and European objectives.

A lively multi-disciplinary debate has developed since the early 2000s amidst much controversy between scholars and experts. This paper provides a brief overview of the Lisbon Strategy, its political and economic rationale, and its main advancements and limits. This is instrumental for asking some analytical and political questions on the post-Lisbon phase and the launch of the Europe 2020 Strategy.

The present contribution is organised in three parts. Section two looks at the normative political and economic foundations (the complex interplay of social and economic goals) and the key aspects of the governance (especially through the Open Method of Coordination - OMC) of the Strategy launched in Lisbon. Section three sheds light on the ongoing economic-financial crisis (and its social consequences) that has hit Europe in the last three years. This is conceived as the sum of the global challenges the EU is facing and the Lisbon Strategy was supposed to deal with. Section four refers to “shadows” and “lights” of the Lisbon Strategy. Some open questions on the design of the new Europe 2020 Strategy will be proposed. The reference will be to two broad tensions (and seven critical points) that require more political and analytical attention. Section five concludes.

2. The Lisbon Strategy: logics and promises

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2 For a systematic review of the literature, see Natali, 2009.
When the Lisbon Strategy came into existence many academic and political commentators viewed its agenda and the related governance tools as a promising step to improve EU socio-economic performance while also legitimising European integration. The Strategy was widely interpreted to be a ‘fundamental transformation’ of the EU project in economic, social and environmental dimensions (Sapir 2004; Rodriguez 2002; Zeitlin 2008).

2.1 The economic and political rationale of the Strategy

The conclusions of the Lisbon Summit of 2000 were based on the assumption that EU economic models needed to change to be competitive in the global economy. Such an assumption was based on a critical understanding of the EU development trajectory since the 1970s: European problems in productivity and innovation (and the increased gap with US dynamism) were largely interpreted to be the result of economic and social rigidities (Alesina and Giavazzi 2006).

In the words of Begg (2008), a systematic lack of competitiveness was made evident by the deteriorating economic performances, persistent unemployment and delay in developing knowledge-intensive sectors. To remedy the European shortcomings some key reforms had to be implemented. From a micro-economic perspective, structural reforms had to be introduced to boost productivity and employment rates. More investment on information technologies, fewer obstacles to the freedom of services provision and the liberalisation of transport and energy markets were some of the innovations to be introduced (Daveri 2002). In order to achieve the objective of a competitive and dynamic economy Europe had to achieve results in reforming social and environmental policies (Begg et al 2007).

Economic reasoning was also at the basis of the perceived need for more economic and social coordination (Collignon 2008). In line with Pisani-Ferry and Sapir (2006) two types of reasoning justify embarking on EU coordination. Firstly, interdependence may render independent decision making undesirable. Spill over effects of national decisions may be active in the policy areas where benefits are not confined to the country where decisions are taken (e.g. research and development), and in policy domains where complementarities exist (as is the case of product market and employment policies). Secondly, policy-makers may learn from each other. Policy learning may be improved through cross-country comparison and benchmarking. And common programmes may represent a reform lever for national policy-makers through a shared understanding of the needed reforms.

Yet, as argued by Rodriguez (2002) – one of the architects of the Lisbon agenda – the emphasis on this new EU Strategy was political more than economic. While the need to ensure peace within the EU borders was taken for
granted by new generations, a more ‘forward-looking’ approach to socio-economic development had to be stressed. The new impetus for European integration had to be based on sustaining EU citizens’ living conditions, making Europe a key player in globalisation and on the improvement of the EU institutions’ legitimacy. Structural reforms had to be paralleled by a new focus on multilateralism and democratic deepening for new Member States (Rodriguez 2010).

One of the key targets of the Strategy was the European social model, its reform and the contribution it could make to the broader revamping of economic growth (Ferrera et al. 2000). In such a context, social and employment policy moved higher up on the European agenda. Social protection was defined as a productive factor and part of the ‘Lisbon triangle’. The latter consisted of the mutual reinforcement of economic competitiveness and growth, social inclusion and employment. All this was consistent with a more evident commitment to a social Europe.

### 2.2 The Lisbon Strategy as a new ‘participatory’ governance

While the Strategy was based on a set of policy tools including regulation, social dialogue and structural funds, the new modes of governance have attracted much of the scientific debate. Terms such as ‘soft law’, experimental governance, post- and self-regulation have been widely used to characterise the Open method of coordination (OMC) – that is, the new governing instrument agreed on at the extraordinary European Council of March 2000 (Falkner et al. 2005).

For political scientists, international relations theorists and lawyers the OMC represented an important change for EU policy-making. In line with Scott and Trubek (2002), the OMC was characterised by experimentation and knowledge creation, flexibility and revisability of normative and policy standards, and diversity and decentralisation of policy-making (Heritier 2002). The revised EU toolkit was assumed to represent a promising instrument to face up to common European challenges while at the same time respecting national diversity and sovereignty and to use the diversity of national policies as a resource to find solutions to ‘intractable problems’.

Another key dimension of the Strategy consisted of participation. Social partners in the EU and national arenas have been encouraged to participate in all stages of the process and have been in particular called upon to take an active role in the elaboration of national reports and of common guidelines (Natali and de la Porte 2009). According to the ‘input legitimacy’ perspective, the Lisbon Strategy was related to the concrete implementation of the principles

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3 Zeitlin (2007, page 3) rightly argues that ‘the OMC was never intended to serve as the sole governance instrument for the Lisbon Strategy, but was always supposed to be combined with the full set of EU policy tools, including legislation, social dialogue, Community action programmes, and the structural funds.’
of participation, transparency and openness. In this case the reference is to the theory of directly deliberative polyarchy that stresses the importance of the participation of different citizens in a bottom-up logic (Sabel and Zeitlin 2007).

The Lisbon Strategy thus represented the source of new forms of multi-level governance through: the exchange of information among policy-makers; learning from each other's experience, practices and intentions; national ownership and the exertion of peer pressure to galvanise governments into taking appropriate policy action (Ioannou et al 2008, page 13).

3. Economic and financial crisis: a three-step process

While early research viewed the Strategy as a promising project for the EU, more recent contributions have contributed to a more complex and nuanced understanding. Much criticism (on both the Lisbon Strategy and the new Europe 2020) has revamped after the huge financial, economic and then budgetary crisis affecting most advanced western economies (see Pochet 2010).

This section sheds light on the key aspects of the crisis and the most evident questions proposed by experts, scholars and policymakers on the coherence of the Lisbon policy agenda and its capacity to face socio-economic challenges (especially after the crisis). The latter is summarised in line with the three major steps that have characterised its evolution: the financial crisis (worsened following the collapse of Lehman Brothers in 2008); the broad economic recession that hit Europe in 2009; and the Greek crisis and the consequent budgetary tensions in the EU in 2010.

3.1 Financial crisis in 2008

In its early stages, the crisis manifested itself as an acute liquidity shortage among financial institutions as they experienced ever stiffer market conditions for rolling over their short-term debt. The inter-bank market virtually closed and risk premiums on inter-bank loans soared. Banks faced a serious liquidity problem. In this phase, concerns over the solvency of financial institutions were increasing, but a systemic collapse was deemed unlikely (European Commission, 2009).

It was also widely believed that the European economy, unlike the US economy, would be largely immune to the financial turbulence. This belief was fed by perceptions that the real economy, though slowing, was thriving on strong fundamentals such as rapid export growth and sound financial positions of households and businesses. This perception dramatically changed when a major investment banks defaulted in September 2008. Confidence collapsed, taking down major US and EU financial institutions. The crisis thus began to feed onto itself, through: credit cuts, economic activity plummeting, loan books
deteriorating and so on. The downturn in asset markets snowballed rapidly across the world (Figure 1).

Figure 1: Trends in Stock Markets, 2000-09

![Graph showing trends in stock markets, 2000-09.](Image)

Source: European Commission (2009)

Western governments did introduce emergency measures to prevent collapse of the financial system, while the debate about the regulation of financial markets revamped. As far as the Lisbon Strategy is concerned, it has been largely criticised for the weakness of the ‘better regulation’ approach to financial markets. Some authors assume the crisis to have been the result of a twin failure, namely the ineffective regulation of the global financial markets and excessive financial liquidity due to historically low interest rates (Quaglia, 2010; Natali, 2010).

### 3.2 Economic recession in 2009

From then onward the EU economy entered the steepest downturn since the 1930s. The transmission of financial distress to the real economy evolved at record speed, with credit restraint and sagging confidence hitting both investment and demand. The cross-border transmission was also extremely rapid through global financial and product markets (European Commission, 2009: 27). As put it in Figure 2, potential growth decreased across western countries: the negative trend was particularly severe in the US, but Europe was hit too.

Figure 2: Potential GDP Growth in the EU and other areas, 2008

![Graph showing potential GDP growth in the EU and other areas, 2008.](Image)
New risks have emerged and have made many economists fear that it may still weigh on economic performance for some time to come, and that a recovery will only be in sight after a protracted period of time. Labour markets in the EU started to weaken considerably in the second half of 2008, deteriorating further in the course of 2009. The EU unemployment rate has increased by more than 2 percentage points, and a further sharp increase is likely in the future. In the second quarter of 2009 the unemployment rate increased by 2.2 percentage points (Figure 3).

Figure 3: Unemployment rates in the EU, 2008-10

Progress made in bringing the unemployment rate down vanished in about a year. A major challenge stems from the risk that unemployment may not easily revert to pre-crisis levels once the recovery sets in. And this could threaten the European welfare states, which are already strained by ageing populations (European Commission, 2009: 36).

Economic downturn and its consequences on the labour market have contributed to the criticism on the Lisbon Agenda. Many scholars have questioned the belief that economic deregulation and flexibility in labour markets is the right path for more economic growth and to reduce the impact of the crisis (Amable, 2009). While others have stressed inequality and the adequacy of welfare benefits have been largely neglected in the implementation.
of the Strategy, while they contribute to reduce the impact of negative the economic cycle through a more inclusive society (Pochet, 2010).

3.3 Growing budgetary tensions in the Euro-zone in 2010

The condition of the European economy prevailing in this crisis corresponds almost exactly to the textbook case for a budgetary stimulus. The fiscal stimulus adopted by EU governments as part of the EU Strategy for coordinated action, has weighted heavily on fiscal challenges. As a consequence, the IMF (2009) projects an increase in the average debt-to-GDP ratio in the euro area of 30%, to reach 90% of GDP by 2014. This average disguises substantial increases for some member states. Part of the budgetary deterioration is cyclical, but part is permanent. In the years following a shock, growth rates often recover to the pre-crisis pace but the loss in output level typically remains permanent, implying a parallel fall in public revenues (Figure 4).

Figure 4: Increased Deficit (% GDP) in the EU, 2008-10


According to the Commission’s autumn economic forecast, as a result of automatic stabilisers and discretionary measures to enhance social benefits, social expenditure in the EU is expected to increase by 3.2 percentage points of GDP between 2007 and 2010 (Figure 5).

Figure 5: Expected increase in social expenditures between 2007 and 2010
Many EU countries have thus started to show increased financial stress. Greece has represented a special case: no other euro-area country exhibits a similar combination of budgetary misreporting and misbehaviour (Marzinotto et al., 2010). Throughout the 2000s, the country has been running an expansionary budgetary policy while attempting to hide it. The problem it poses is therefore primarily one of enforcement of the existing provisions of the Treaty and the Stability and Growth Pact (SGP).

Yet, other EU countries have suffered increased budgetary tensions. This fiscal stimulus is estimated to amount to up to 2% of GDP on average in the EU for the period 2009-2010. With the rise in the fiscal deficit over that period estimated to average about 5% of GDP, the induced budgetary developments thus amount to around 3%. Part of this induced fiscal expansion is likely to be permanent (CEC, 2009).

The tensions mentioned above have originated some questions on the reform agenda proposed by the Lisbon Strategy and its own governance of economic and social matters. As for the former, before the crisis there was a strong belief in the EU that budgetary discipline was the 'mother of all policies' (Marzinotto et al., 2010, page 2). Accordingly, budgetary surveillance was deemed sufficient to prevent instability, with no reference to the private sector. The limits of such neglect started to become apparent at the beginning of the crisis, as emphasised in the European Commission report on the first ten years of the euro (European Commission, 2008). Further criticism has focused on the economic and budgetary coordination in the Euro zone through the Stability and Growth Pact and especially the Broad Economic Policy Guidelines. Both mechanisms for crisis prevention and management have been at the core of the political debate (Pochet, 2010).

4. The Lisbon Strategy ten years on: a more complex understanding

In the following we briefly summarise the main critical viewpoints on the Strategy in the light of the recent economic crisis mentioned above. We organise these open questions along the two main analytical dimensions
mentioned in the first part of the paper: the political and economic foundations of the Lisbon Strategy, and its governance (see Box 1).

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Some of these tensions are related to the critical understanding of the limits the Strategy has proved to have. Others are based on a more encouraging reading of its implementation and influence on member states' reforms and performance. All these points represent key elements of the still open debate on the new Europe 2020 Strategy.

4.1 Questioning the political-economic rationale of the Lisbon agenda

I) The ‘wrong’ Strategy for further EU integration?

For some authors, the Lisbon reform package did not represent a programme to ‘recalibrate’ the European social model and that of continental European countries in particular. By contrast, it was an economic project to destabilise it. Much of the delay in the reform process and the tensions over its implementation could thus be understood in terms of an ongoing tension between the Lisbon ideology and the socio-economic compromise of many EU members (Amable, 2009).

A more institutional and historical approach to the risks for the future of EU integration (with evident links with the Lisbon agenda) seems to converge towards the same insights (Hopner and Schafer, 2007). For these authors, European economic integration has entered a new, post-Ricardian phase in which it systematically clashes with national varieties of capitalism. Rather than enhancing competition that builds on existing comparative (institutional) advantages, the EU project is propelling convergence. Integration attempts affect liberal market capitalism and organised capitalism differently and result in
a ‘clash of capitalisms’. Convergence may thus lead to one of two different scenarios. The first is that convergence alters the way in which continental European economies operate. The second is that political resistance in the organised economies leads to a crisis of political integration.

The EU has moved beyond the stage of technical harmonisation or purely regulatory policies. Boundary redrawing deeply affects the Member States’ ability to govern the economy, and governments are unable to control further integration (Ferrera, 2008). If this is the case, the indirect legitimacy of European institutions seems an insufficient democratic basis for economic liberalisation (ibid, pages 23-24). In the words of Majone (2005), ‘integration by stealth’ has reached its limits, in that EU strategies are increasingly in conflict with national socio-economic institutions. The modified Lisbon process is thus interpreted as a source of political opposition and disaffection against the EU.

II) The wrong policy agenda? Tensions between Budgetary Stability and Structural Reforms

A critical reading of the Lisbon Agenda has focused on its liberal mark. On the one hand, the supposed superiority of the liberal model implemented in US has been questioned on the basis of evidence from different productive sectors (see European Commission 2008). From a more analytical perspective, some have argued economic analysis should focus on single sectors (industry, service) rather than on broad economic models. And this revised focus may be used to provide evidence of a more complex economic dynamics. On the other hand, scholars have questioned the belief that deregulation and flexibility (in labour markets) is the right path for more economic growth (Amable, 2009).

A more direct and precise analysis of the overall Lisbon philosophy has been provided by Mabbett and Schelkle (2007). The authors have stressed the potential contradiction within the Lisbon and EMU projects and have shed light on the ‘conflicting political economy’ of the EU’s simultaneous agenda (ibid, page 83). While for the literature that most embraced the Lisbon Strategy, fiscal austerity had to contribute to the reform of social and employment policies (see Rodriguez, 2002), Mabbett and Schelkle agree with the opposite reading: fiscal consolidation is not expected to help structural reforms but to lead to more tensions. Reform’s losers should be compensated for their losses, but austerity limits the room for that. In such a context, the Lisbon agenda may get a ‘double whammy’ from simultaneous fiscal consolidation and welfare reforms: austerity may limit political consensus for reforms, and may lead interest groups to ask for compensations that obstruct the Lisbon goals. The authors conclude by challenging the political economy of Lisbon and EMU and stressing the potential contradiction between structural reforms and fiscal stabilisation.

The most recent crisis has largely reinforced such a critical reading: Pochet (2010) has stressed the persistent tensions (if not contradiction) between the
different aims of the Strategy; especially between the Stability and Growth Pact and the fight against poverty.

III) A more central understanding of social and employment policy?

Political scientists and lawyers have shared a less critical reading of the Lisbon Strategy and its influence on both European and national policy-making, and policies. Goetschy (2008) for instance has stressed the Lisbon Strategy's influence on the EU's role in social policies. The Strategy has been assumed to have contributed to 'enlarge EU employment and social agenda on matters of national priority' (ibid, page 222). And it has been argued that the broader EU agenda with explicit interaction between economic, social and environmental policies could help to overcome traditional fragmentation in European policy-making (see Zeitlin 2008). Others have stressed the revised political equilibrium at the base of the Strategy and the progressive shift of the original compromise between social democracy, liberalism and 'Third Way' towards a more right-centred approach (see Pochet 2006).

Open questions have been recently asked on the need for a revision of the key issues at the core of the Strategy and especially on social and employment policies. For the preparation of the new Europe 2020 Strategy, and in a context of potential long-term employment crisis, some authors have stressed the problematic implementation of the ‘flexicurity’ principle in times of huge economic downturn. Theodoropoulou (2010) stresses ‘flexicurity reforms should not be abandoned (...) however the focus must be on creating the conditions to provide employment security first, before resuming the push for greater flexibility’.

4.2 The Lisbon Strategy and its governance

Another strand of the economic literature has seen the foundations of the Strategy to be correct but has discovered major institutional shortcomings related to EU governance and to the OMC in particular. Such a research effort has been based on extensive empirical evidence of the economic performance of EU countries since 2000, the political functioning of the process at national and EU level and the key ‘deliverables’ of the process.

IV) Weak economic policy institutions?

Scholars have firstly analysed the ‘disappointing’ economic and social performance of the EU since 2000. Comparing the post-Lisbon period with the previous decade an extensive literature has stressed that Europe has not become the ‘most dynamic economy in the world’: GDP growth in EU-15 and the euro area has been much lower than in the US; long-term productivity has been higher in the US than in the Europe; and while employment rates have improved, the labour market has become more flexible at the lower end
(Collignon et al, 2005; Fitoussi and Le Cacheux, 2005). Creel et al (2008) follow a similar approach: the poor performance of the EU proves that the EU has not developed the coherent economic policy institutions to foster its potential growth. The EU thus lacks ‘the real means of a proactive macro-structural policy mix (...) implementing structural reforms without coherent macro-economic governance’ appears to be an ‘impossible task’ (ibid.: 4).

Collignon (2008) has stressed that the objectives set in 2000 will not be met as a consequence of the weak focus on economic growth and the ineffective macroeconomic management: ‘institutional realities and hard-nosed political considerations have often impeded the realisation of policies necessary to improve the EU’s economic performance’ (ibid, page 5).

The most recent Greek crisis has further contributed to the critical understanding of the Lisbon governance. This is firstly the case of the mechanisms implemented through the Stability and Growth Pact and its interaction with the economic and employment guidelines. The debate is focused on the crisis prevention on the one hand (need for enforcing existing provisions on auditing, stress-testing of budgetary policy and incentives for budget reforms and on crisis management on the other (e.g. financial assistance, loans, interplay between EU and IMF, etc.) (Marzinotto et al, 2010). Other contributions to the contemporary literature have then shed light on the problematic balance between the ministers of finance and social policy ministers (Pochet, 2010). And the issue is even more evident in the governance of the new Europe 2020 Strategy.

V) A still limited participation of stakeholders?

The literature with a more political science and sociological angle has further developed the analysis of new modes of governance introduced through the Lisbon project. One of the key findings has been that individual parts of the Lisbon Strategy have their own institutional dynamics and policy influence. As far as participation is concerned, in particular, recent research indicates that, in practice, participation in the whole Strategy has proved to be uneven. As indicated above, the OMC was interpreted as a particularly participatory mode of governance that emphasises subsidiarity and as an example of democratic experimentalism (Smismans 2008; de la Porte and Nanz 2004).

The social partners and NGOs are involved to varying degrees in the OMCs (at national and supranational level). Although there is some methodological ambiguity, Tucker (2003) provided evidence (on the base of reports provided by research networks) that in general the social partners and other groups have not played a major part in the policy coordination process, but there are indications that this varies significantly across the OMCs and cross-nationally. In some coordination processes, for example the OMC on social inclusion, early indications stressed improvements in facilitating new forms of meaningful participation of civil society at the domestic level. This was interpreted as a
signal that the OMC ‘has partially matched the ambition of the Lisbon participatory governance’ (ibid: 20). This is confirmed by more recent assessment of social OMCs (see Vanhercke 2010).

Yet, more in-depth analyses of single OMC processes have led to more sceptical understandings of the participatory dimension. In particular, much research has focused on two categories of actors: social partners and civil society organisations. Empirical evidence has shown the broad variety of access venues open at EU level: from informal meetings between EU officials and NGOs, to formal committee meetings with important differences between policies and competent Directorate-Generals (see also Obradovic and Vizcaíno 2007). But, in the words of Kroger (2008: 31), ‘access for civil society organisations to policy processes at EU level is poorly regulated and does not seem to be equally open to all in all instances (…) it does not fulfil the democratic norm of both liberal and deliberative democracy’.

For Smismans (2008), the European Employment Strategy (EES) to date has proved to be a ‘top-down’ approach with an inclusion of regional and local authorities in the implementation of employment guidelines. The OMC is a technocratic process involving national and EU civil servants in limited circles of experts. In the words of Kroger (2008), consultative practices seem to do little to bridge the gap between the EU and its citizens. As argued by Kerber and Eckardt (2007), in most OMCs the participation of social partners, local actors, civil society representatives, or even national parliaments, is weak or non-existent, despite the efforts of the Commission to increase their influence.

VI) A more encouraging assessment of learning

Political scientists have contributed to the more complex understanding of the causal nexus between the Lisbon project and national reforms introduced so far. As argued by Zeitlin (2007), the national influence and effectiveness of OMC processes is difficult to assess, not only because of their variety, complexity and relative newness, but also because of the methodological problems involved in assessing ‘the independent causal impact’ of an iterative policy-making process without legally binding sanctions.

While economists have been sharply critical of the Lisbon Strategy and have stressed its lack of efficacy, Zeitlin (2008) has put forward a more optimistic reading, defining the cognitive impact of the Strategy and the OMC governance in particular as a ‘qualified success’ (at least in some areas). For example, in social and employment policy the Strategy is held to have helped to raise the importance of national social policy issues in many Member States, to change policy thinking and cognitive maps through the introduction in the national debate of EU concepts (social inclusion, gender mainstreaming, etc), and to

5 For a more positive assessment of participation through the Lisbon strategy see Zeitlin (2007).
redefine old concepts which have proved increasingly ineffective. The same reading is shared by Tucker (2003), Jacobsson (2004), and de la Porte et al., (2009) as far as learning processes in technical committees are concerned.

For Vanhercke (2010) and Zeitlin (2008) OMC processes have helped to raise the salience and ambition of national employment and social inclusion policies in many Member States. They have contributed to changes in national policy thinking by incorporating EU concepts and categories (such as activation, prevention, lifelong learning, gender mainstreaming and social inclusion) into domestic debates, exposing policy-makers to new approaches, and pressuring them to reconsider long-established but increasingly counterproductive policies. Yet, the same authors have focused on the risk of reducing learning opportunities as a consequence of the introduction (after the mid-term revision of Lisbon) of a more bilateral (between the Commission and each Member State) rather than multilateral dynamic in the process (ibid).

VII) Some influence on national policymaking

There is also evidence from both official reports and interviews that OMC instruments have contributed to changes in specific national policies. Yet, given the active role of Member States in shaping the development of OMC processes, their relationship to national policy-making should be understood as a two-way interaction rather than a one-way causal impact. Further positive influence concerns procedural shifts in governance and policy-making arrangements; mutual learning, based on the identification of common challenges and promising policy solutions at European level; statistical harmonisation and capacity building; and the stimulus to rethink established approaches and practices (ibid.: 5). In this context, some contributions have provided empirical evidence that OMCs have supported a more ‘consensus oriented process of policy-making’ (Natali, 2009).

Other scholars (see Kerber and Eckardt, 2007) have advanced some open questions. In particular, problems with incentives within the complex process of the OMC have still to be analysed. More detailed analysis is required to assess the interaction of its many participating agents, interest groups and institutions, both at the EU and the Member State level. An important object of future research should be the complex political bargaining processes that lead to common goals, assessment criteria and policy recommendations (ibid, page 241).

Frazer and Marlier (2008) have stressed the need to better link the future EU social process with other relevant EU processes so that they are mutually reinforcing. For instance a better integration of the EU's and Member States' social objectives and EU Structural Funds may improve the influence of the new Europe 2020 on national reforms.

5. Concluding remarks
The Lisbon agenda has represented in many respects a decisive step in the EU approach to social and economic development. Yet, substantive and analytical questions still need to be dealt with to shed light on the present and on the future of European integration. And the recent financial and economic crisis has contributed to put them at the core of the scientific and political debate. There are open tensions (or trade-offs) that EU integration protagonists (and scholars) have to face in the near future.

Firstly, the tensions have to do with the political and economic foundation of the EU project, and the reform of the European social model in the global economy. The Lisbon project represented a first attempt to find a new compromise through a broad Strategy. Limits have been evident in its ability to adjust social cohesion and economic competitiveness; environmental policy and productive growth; fiscal stability and structural reforms. In that respect, the Lisbon Strategy appears as a mechanical addition of different aims and goals rather than the solution to such trade-offs. Specific issues are related to the broad policy agenda; the tensions between budget, economic, employment and welfare reforms; and the need to focus more on social and labour market policy.

Secondly, the governance introduced through the Lisbon Strategy is still in need for improvements. The aim of increasing participation and transparency seems far from being solved. EU democratic legitimacy has not significantly improved through the Strategy, even if improvements in facilitating new forms of meaningful participation of civil society at the domestic level are evident. Individual parts of the process have shown different dynamics, with the social policy OMCs being the most successful. It is widely recognised that there have been advances in deliberation, sharing of information, benchmarking and learning. But they seem far from having had a decisive impact on national policies and further impetus has to be granted by the next Europe 2020.

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