

---

**SOFT COORDINATION, SOFT PARLIAMENT ?**  
*The role of the European Parliament  
in the Open Method of Coordination*

---

*As part of the*

**Masterclass 'Behind the scenes of the European Union'  
Montesquieu Institute, The Hague**

**M.H.A. Prinz**

Radboud University Nijmegen  
Faculty of Science  
Institute for Molecular Sciences

June 2008

---

**SOFT COORDINATION, SOFT PARLIAMENT ?**

## **THE ROLE OF THE EUROPEAN PARLIAMENT IN THE OPEN METHOD OF COORDINATION**

### **1. Introduction**

“Ambiguous and pernicious” and “legally dubious” (European Parliament, 2007). This is how the European Parliament judges the notion of soft law and the so-called open method of coordination (a corollary of soft law aimed at policy convergence), respectively. Members of the European Parliament (MEPs) seem wary of these popular methods of governance and suggest that they may exert a negative effect on the Parliament’s position. This may come as a surprise, as the attention has been directed towards the strengthening of the legislative role of the European Parliament in recent years. In fact, the Treaty of Lisbon has recently been hailed as a further increase of parliamentary scrutiny allowing for more democratic accountability (European Parliament, 2008). Irish proponents, campaigning for the acceptance of the treaty in the referendum in June 2008, praise the Parliament’s augmented role in an ever wider range of policy areas. Overall, its future, as the only directly elected institution in the European Union, is portrayed as bright and promising. Therefore, the Parliament’s harsh words about soft law and soft coordination may seem slightly unwarranted. In fact, the open method of coordination (OMC), which has been regarded with suspicion by some members of the European Parliament<sup>1</sup>, was designed to operate outside of the boundaries of the community method only and, consequently, appears separate from the role of the Parliament. Therefore, the question can be raised to what extent parliamentary involvement is actually needed in open coordination processes.

As the European Union enters a new era with a record number of diverse member states and ever tighter collaboration in the social-economic field, yet bound by the perennial quest for legitimacy through democratic accountability (particularly after the eurosceptic outcome of the referendums in France and the Netherlands in 2005), this question is ever so relevant: the open method of coordination has been heralded as a method of governance that has pride of place in a diverse, unified, legitimate Union, and it is used in an increasing number of policy areas (Borrás et al., 2004). However, despite a large body of literature in which the effectiveness of the method is discussed<sup>2</sup>, its relation to the European Parliament is often neglected. In this essay, the role of the European Parliament in open coordination, as well as the possible effects of the application of this method on the status of the Parliament will be studied. By examining the essence of the open method, ranging from its roots and objectives to its practical outcomes, it will be possible to grasp why a method, that was designed as a building block for a more legitimate union, is raising legitimacy issues when it comes to the European Parliament.

Moreover, by focussing on one policy area in particular –i.e. the area of research and innovation– in which the OMC is prevalent, yet which is also of great concern to the European Parliament, it will be possible to elaborate further on the relation between the governance method and the democratic institution from a very pragmatic standpoint. Ultimately, this approach will produce a detailed overview of the current situation, as well as ideas for the future of the Parliament in relation to soft coordination.

## **2. The origins of open coordination**

### **2.1 Soft law in the EU**

Simply put, the open method of coordination is a novel mode of governance aimed at policy convergence instead of policy harmonisation (Mommen, 2005). It is based on a collection of soft law mechanisms such as the formulation of non-binding guidelines, recommendations and objectives directed at the member states, followed by peer reviews, evaluations and comparisons with certain benchmarks, in order to monitor to what degree member states live up to the set objectives (Borrás et al., 2004). Importantly, while the objectives are formulated at a European level (mostly by the Council of Ministers), the execution is the privilege of member states only. Interestingly, while the Council is involved in the drafting of guidelines and the Commission has been granted the responsibility to coordinate and organise the evaluation of the level of compliance by member states, the European Parliament is conspicuously absent. Before elucidating the exact role of the European Parliament, first and foremost it is pivotal to elaborate on the background of this new mode of governance. Where do its roots lie and why has it gained popularity over the past decade? Only once these questions are answered, it will be possible to fathom the essence of open coordination and, consequently, discover how its relation to the European Parliament has developed.

The source of the open method of coordination lies in the practice of soft law. This phenomenon has its origins in international law and comprises a variety of non-binding acts. Soft law has been defined in a wide variety of manners, yet the following definition, provided by Senden (2003: 104), is arguably all-encompassing: “Rules of conduct that are laid down in instruments which have not been attributed legally binding force as such, but nevertheless may have certain (indirect) legal effects, and that are aimed at and may produce practical effects”.

Traditional soft law in the European Union consists of various instruments. Preparatory communications such as white papers and green papers, as well as informative communications from the European Commission, which are often designed to induce increased collaboration in certain policy areas, are part of the soft law repertoire. Moreover, steering instruments, such as official recommendations and Council resolutions, are also considered as part of this category (Senden, 2003). Most of these efforts are aimed at convergence in the long term.

In the 1990s, all the aforementioned tools of soft law were used in European Union governance, while the community pillar remained the centrepiece of European collaboration. Various developments during those years have caused a shift away from traditional pillar one policy-making towards new modes of governance, particularly in the shape of soft coordination. In order to understand the sudden popularity of the open method of coordination in the first decade of the new millennium, a thorough understanding of the developments in the previous years is pivotal. It will become clear that both developments in social-economic policy and in the democratic legitimacy of the Union have contributed to the popularity of open coordination.

## **2.2 Legitimacy in the 1990s**

A major theme in European politics in the 1990s has been the perceived lack of legitimacy. The Eurobarometer, measuring public opinion through surveys, has consistently shown that half of the citizens of various member states are not (very) satisfied with the democratic character of the European Union (Eurobarometer, 1990-2000).<sup>3</sup> The legitimacy problems were enhanced and positioned in the spotlight of public scrutiny due to scandals in the late 1990s involving the European Commission, eventually leading to its resignation. This crisis originated in the disapproval of the Commission's budget by the European Parliament in 1998 and the subsequent allegations of fraud. The European Commission stepped down after a newly formed committee of independent experts had presented a list of charges, such as ethically reprehensible behaviour, leaving behind a lack of public confidence in the legitimacy of European institutions (MacMullen, 1999). Therefore, the need for structural changes was self-evident, yet the manner in which this could be achieved, was unclear.

The roots of the lack of legitimacy have been widely debated. While it would be superfluous to discuss all different theories in this context, it is worthwhile to examine

some of these theories, as they provide a part of the rationale for the development of open coordination. From a liberal-political position, the legitimacy problem has been caused by the lack of political structures on a European level, which resemble the political system of a modern democratic state and which bring the European Union closer to its citizens. (Hansen et al., 1999) A way to solve this democratic deficit<sup>4</sup> would involve strengthening the link between Europe and the European people by providing more power to the European Parliament. However, sceptics believe that there is no such thing as a European people. Therefore, the only way to bridge the democratic deficit, would involve bringing together the EU and the national governments instead of the EU and its people. This dilemma already shows us the clash between the two different ways to solve the legitimacy crisis (one involving the EP and the other involving the member states), which will become even more apparent once we examine the role of the European Parliament in open coordination.

Another way to examine the lack of legitimacy requires a so-called romantic viewpoint. This position focuses on a mythological discourse, consisting of a sense of European identity and culture, as the starting point in the quest to stimulate legitimacy. (Obradovic, 1996) From this standpoint, strengthening the political union by simply enforcing institutional changes (such as a stronger EP), would be futile in the current situation. Expansion of European policy areas from a functionalist perspective would remain possible only if the 'myth', or the core of culture and identity (covering key national policy areas) remains unaffected. Since social-economic policy areas with importance for Europe increasingly overlap with these core national policy areas, legitimacy can only be sought outside the institutional sphere of the European Parliament.

These two different views on legitimacy provide a very suitable prelude to open coordination. They have shown that a stronger European Parliament may remove some of the democratic deficit, yet a transfer to the member states seems to be needed as well, especially when novel social-economic policy areas are concerned. In fact, this broadening of European collaboration towards social-economic aspects, which affect politics at a national level, will become a key issue in the development of the Lisbon strategy. Therefore, it may not come as a surprise that open coordination, which gives member states the leeway to manage certain policy areas with European importance, gained popularity.

### **2.3 Towards the Lisbon strategy**

While the general issue of legitimacy was ubiquitous in the 1990s, some specific policy areas requiring a high degree of coordination between member states also became highly important. These policy areas mainly involved economic and financial integration and social policy, which all greatly affect national politics. A major process that beckoned the need for policy coordination was the establishment of the European Monetary Union (EMU). (Mooslechner et al., 1999) This project partially involved supranational governance, transferring national sovereignty to European institutions such as the European Central Bank. However, due to the breadth of the policy area, various coordination instruments have also been performed. As national economic policies have an increasing impact on other countries, policy coordination is used to prevent regional spillovers. An example of hard coordination in relation to the EMU is the Stability and Growth Pact, which regulates member states' budget deficits. Soft coordination can be found in the broad economic policy guidelines, instituted by the European Commission and Council. In the case of economic policy in the late 1990s, it involved non-binding recommendations directed at member states that did not comply with the guidelines, as was the case with Irish fiscal policy in 2000 (Hodson et al., 2001). Overall, EMU inspired a mix of supranational instruments, hard coordination, as well as soft coordination, covering the broad area of economic policy.

Social policy areas have also been subject to soft coordination practices due to the importance of a social dimension in European collaboration on the one hand, and the unwillingness of supranational community governance on the other hand. This particularly applies to employment issues, which are addressed in the European Employment Strategy (EES). The Treaty of Amsterdam (article 130) mandates the formation of an employment committee (EMCO), which consists of member state representatives, as well as members of the European Commission (de la Porte et al., 2004). In consultation with various European, national and regional institutions, non-binding guidelines were devised for the member states of the union. All national governments were requested to create National Action Plans (NAPs), which would be reviewed by the committee and discussed by the Commission and Council at a later stage (Mommen, 2005). This method would serve as a model for the open method of coordination at a later stage.

In the year 2000, the need for progress in the social-economic field and the quest for legitimacy and accountability converged in Lisbon. At the meeting of the European Council, a complete programme was constructed with these two issues in mind. On the

one hand, the focus on social-economic policy is reflected in the main objectives of the Lisbon Strategy: the European Union must “become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (European Council, 2000). On the other hand, the legitimacy question and the two aforementioned alternatives (a move either towards the European Parliament or towards the member states) are reflected in the new strategy as well: Lisbon comprises “political commitments, partly revolving from European legislative programmes and partly from undertakings by national governments and administrations” (Michalski, 2004: 10). Both objectives led to the formulation of the open method of coordination. This method of governance would be suitable for horizontally integrated policy areas, as is the case when it comes to European competitiveness, and would forward responsibility to the national governments.

#### **2.4 Formulation of the Open Method of Coordination**

Lisbon at the time of the 2000 Spring Council was the birthplace of the open method of coordination. By creating this novel mode of governance, the European Council moulded a strong role for itself through the establishment of an annual Spring Council, during which objectives would be assessed. The first step of the open method is the establishment of guidelines and the subsequent transfer of these non-binding guidelines to a national and regional level. The second step consists of the creation of indicators and benchmarks. Subsequently, the guidelines should be translated into policy on the national and regional level. Finally, the benchmarks and indicators can be used in regular monitoring, evaluation and peer review processes (Citi et al., 2007: ; Mommen, 2005). The exact execution of this process can differ depending on the policy area: some guidelines contain objectives with clear short-term deadlines, while others may be more open. Also, some evaluation processes make use of objective indicators, while others may add international benchmarks. The way in which peer reviews are used, can also vary: in some cases, scoreboards can be created to increase peer pressure and even publicity can be sought to name peer countries that have not performed well. Moreover, the involvement of other interest groups may also differ (Borrás et al., 2004).

The open method of coordination not only provides the integration of different policy areas through the formulation of broad common objectives, it also integrates different levels of governance: a so-called multi-level approach (Mommen, 2005). High-level representatives of member states to the Council of Ministers and the European Council are involved in the formulation of European guidelines. The European Commission is also greatly involved and has ascribed itself a "coordinating role" (European Commission, 2001). On a lower level, national governments decide on appropriate measures in response to the guidelines. Moreover, they are involved in reviewing peer countries in order to stimulate an international learning process. On the basis of evaluation results, member states may decide to create new policies (Kaiser et al., 2002). On an even lower level, regional governments are also requested to take actions following the guidelines. Some policy areas, such as innovation, are markedly local by nature and require different responses depending on the region's characteristics. Since different policy areas are integrated on all these different levels, the approach is sometimes called "double horizontal" (Borrás et al., 2004: 189), although 'triple horizontal', including the regional governments, or even 'multiple horizontal', including other relevant institutions, may be even more appropriate.

From the year 2000 onwards the OMC has been applied to a number of policy areas: social inclusion (as a result of the Nice Council) and pension reform (after a European Council meeting in Stockholm in 2001) came first. Health care, the information society and research and innovation have also followed suit (Citi et al., 2007). Reviews of the outcomes of open coordination have been mixed: progress is slow in some areas, since the participation of member states and consequently the speed of policy convergence, is often low. While the debate about the effectiveness of the method rages on, the OMC continues to be applied to a variety of policy areas. Therefore, even if the outcomes of soft coordination are disputable, questions regarding the institutional aspects of the method remain pertinent.



### **3 The OMC and the Parliament**

#### **3.1 The Power of the European Parliament**

As the only directly elected institution in European Union politics, the European Parliament is the main contributor to democratic accountability. Its powers have greatly increased ever since its conception in 1952 as the 'common assembly'. The moment when the Maastricht Treaty entered into force in 1993 is often considered as a major turning point for the institution (Maurer, 2003). The newly created co-decision procedure provided the Parliament with the power to adopt or reject legislation jointly with the Council of Ministers in a variety of policy areas. Six years later, at the negotiations for the Treaty of Amsterdam, the European Parliament again emerged as "the big winner" (Shackleton, 2000: 326) as the number of areas to which co-decision applies, significantly increased.<sup>5</sup> The Lisbon Treaty, which is in the process of being ratified, has renamed the co-decision procedure the "ordinary legislative procedure" (European Parliament, 2008), confirming the Parliament's influence on legislation within the community pillar of the European Union. Ever since the extension of co-decision in the Treaty of Amsterdam, the European Parliament has been promisingly predicted to manifest itself increasingly "as a central institution in determining the direction of the Union via legislation" (Shackleton, 2000: 342). Indeed, the direct influence on EU legislation has increased, yet the influence on other processes in the union remains less well-defined.

Besides its legislative influence, the European Parliament has the power to reject the Union's budget. Moreover, regarding the European Commission, it has the right to dismiss commissioners and is consulted about the appointment of a new commission as a whole, as well as the appointment of a new commission president (Bache et al., 2006). Although these factors give MEPs some leverage towards the Council and the Commission, they do not concern specific policies. Overall, most of the Parliament's direct influence on policy development is restricted to legislation within the community pillar. When it comes to soft governance, the Parliament is less influential. It can respond to traditional soft law by using its leverage with the Commission. Yet, the multi-level nature of open coordination, involving many different actors, makes this more difficult. Guidelines which are part of open coordination, do not pass through Parliament and parliamentary scrutiny is considered "secondary at best" (Tsakatika, 2007: 550). Unsurprisingly, members of the European Parliament have been "ill at ease" (Michalski, 2004: 17) with the practices emanating from the Lisbon strategy.

In some areas, such as social inclusion and employment, consultation of the European Parliament is included in the OMC process (Borrás et al., 2004). However, in such cases, the Parliament is simply one of a large number of actors to be consulted, and its influence remains marginal. In fact, it was often not even given sufficient time to allow for a thorough evaluation of guidelines (de la Porte et al., 2004). In its influential white paper on European governance, drafted one year after the Lisbon Spring Council, the European Commission expressed its support for the OMC, yet stated that “regular mechanisms for reporting to the European Parliament should be established” (European Commission, 2001: 22). However, parliamentary involvement remained unsubstantial, even as the OMC was applied to new policy areas. This has led the European Parliament to protest against the current use of the method and ask for better anchoring of the method with formal consultation of the Parliament. In 2003, this was deemed highly urgent by the EP committee on employment and social affairs in order to avoid “the guarantor of democratic debate [...] being marginalised or sidelined by these new political procedures” (European Parliament / Committee on Employment and Social Affairs, 2003: 6).

### **3.2 Relevance of parliamentary involvement**

It has become evident that the role of the European Parliament in open coordination has been minimal. The question whether this is actually a problem, beckons. A suitable answer to this question involves a number of issues, ranging from the exact content of the OMC policy areas and the involvement of national parliaments to the effect of the OMC on the Parliament in general.

First of all, the open method of coordination has been designed to be applied to specific policy areas outside of the community pillar. In fact, the reason why the method is often opted for, is to avoid community-level politics to which parliamentary involvement is intrinsic: core national policy areas are involved, for which member states do acknowledge the benefit of coordination, but refuse the transfer of sovereignty towards the community pillar. Therefore, it may seem self-evident that the European Parliament is not involved in coordination processes, which are beyond pillar one legislation and enter the realm of national sovereignty.

Indeed, it is true that the areas to which the OMC is currently applied, are largely outside the realm of the community pillar. However, the width of the range of policy areas and the high degree of horizontal integration, which is usually one of the reasons why the open method is appropriate, is also one of the reasons why the European Parliament may indeed deserve a role. For instance, European competitiveness is such a horizontally integrated area, which has an impact on employment policy, education and research and which overlaps with politics in the community pillar. In fact, almost one fifth of all co-decision procedures up to 2002 involved large-scale action programmes in education, health, culture, research and the internal market (Shackleton, 2000). OMC programmes also comprise most of these areas, albeit from a different perspective. It would be of interest to study the development of co-decision-based action programmes in certain sectors, as OMC is being increasingly applied to these areas as well. This would provide us with an indication about the impact of open coordination on the community pillar. For now, it is not yet possible to say whether the community pillar, and thereby parliamentary involvement, is affected due to these broad policy areas, yet it is clear that these OMC policies are not as distinct from community politics as they may appear. At a later stage (chapter 4), the policy area of research and innovation will serve as a practical example of this situation.

### **3.3 Legitimacy through national parliaments**

The linchpin of the open method is the indispensable role of national governments. This begins with the heads of government conceiving objectives at annual European Council meetings. Subsequently, the national governments are involved again when the members of the Council of Ministers formulate specific guidelines. Most importantly, national governments have the privilege of choosing what actions to take in observance of the guidelines. Therefore, yet again, it may appear self-evident that the European Parliament does not partake in such a national process of decision-taking.

Indeed, national parliaments have the responsibility to oversee their government's actions in coordination processes. However, it has been remarked that "national parliaments have also been marginalized" (Borrás et al., 2004: 199) in the OMC. At the first stage of open coordination, the decision process in the Council, which can take place far removed from the national parliament's range of sight, may explain the lack of parliamentary involvement. Also, most guidelines are rather general and the implications for future policy development cannot yet be overseen. The OMC is an open learning

process (Mommen, 2005) and it may be difficult for a national government to foresee the outcomes of an international learning process, based on the uncertain interchange of ideas between peers. However, the involvement of national parliaments at a later stage of the coordination process, is also lacking. In fact, research from 2006 has shown that in nine out of 25 member states, parliamentary committees have been completely neglected concerning the set-up of OMC national reform programmes (Pisani-Ferry et al., 2006: 4).

Moreover, while the Council consists of member states representatives that can be held accountable by the national parliament, it leaves day-to-day responsibility to the Commission, which, unlike the Council, has "sufficient technical organizational resources to ensure the continuity of common programs" (Kaiser et al., 2002: 6).<sup>6</sup> Therefore, the Commission has significant leeway to choose its own direction, while direct parliamentary scrutiny has not been laid down in any way. The influence of national parliaments does not reach the Commission's functioning in this process, nor does the influence of the European Parliament.

### **3.4 Overall balance of power**

Besides examining the reach of parliamentary involvement in the OMC, it is also of interest to consider how the open method may influence the EP in general. There is an intricate balance of power between the three primary EU institutions, the European Commission, the Council of Ministers and the European Parliament. As is the case in many large-scale organizations, power struggles have shaped the European Union. Between the Parliament and the Council, various "acrimonious exchanges" (Bache et al., 2006: 301) and crises have taken place over the years: both in 1980 and 1985 severe dissension between the two institutions occurred regarding the budget.<sup>7</sup> In later years, the co-decision procedure, in which the Council and the Parliament must reach agreement about legislation, created more disagreement (Bache et al., 2006: 312). Discord between the Commission and the Parliament has also been plentiful. The latter has used its right to disapprove the incoming commission president, as well as the Commission as a whole. It can also use its budgetary powers to show disapproval of the Commission's policy, which became poignant during the aforementioned crisis in 1998, which led to the resignation of the Commission (MacMullen, 1999).

Overall, the power balance is highly elastic in the community pillar. Therefore, a novel mode of governance that affects community policy areas, yet uses a completely different governance structure, may influence this balance (Ahonen, 2001: 10; Kaiser et al., 2002). The Council of Ministers, which composes OMC guidelines, and the Commission which has a supervisory function, have gained influence through the OMC and may have acquired a piece of leverage towards the European Parliament. In fact, it has been suggested that the European Commission may use the OMC to place "a foot in the door" (Kaiser et al., 2002: 6). Since the Council has a central role in the OMC, yet does not engage in a day-to-day executive control, this leaves leeway for the Commission to augment its role as "policy broker and catalyst" (Kaiser et al., 2002: 5), thereby enlarging its influence even further. It is not possible to measure whether such a shift of power is actually taking place. The effects of the co-existence of a community method which involves the Council, the Commission and the Parliament, and an open coordination method, which essentially involves only the first two, are highly uncertain, especially as policy areas continue to blend.

#### **4 The OMC in research and innovation**

A policy area, in which the OMC is applied and the abovementioned issues play a role, is research and innovation. The Lisbon strategy placed innovation policy in the European limelight. Innovativeness was considered a prerequisite for the EU to "become the most competitive and dynamic knowledge-based economy in the world" (European Council, 2000). Two years later in Barcelona, the European Council voiced its aim of investments in research and development (R&D) reaching 3% of GDP in 2010 (European Commission, 2002). The European private sector was particularly lagging behind, compared to other economies such as the United States,<sup>8</sup> and was expected to increase its R&D spending to cover two-thirds of total investments. This already indicates the variety of different actors: not only public research institutes and universities play a role, so do small and medium-sized companies and multinational enterprises with their own R&D departments. Therefore, European innovativeness can be influenced by a large number of factors, ranging from direct investments by the government in public and private research to government incentives for businesses to invest in their own R&D. The profound differences of innovativeness between member states increases the intricacy even further.<sup>9</sup>

Importantly, research and innovation policy is part of the first pillar. Ever since the Single European Act,<sup>10</sup> these fields have been part of the competences of the European Community and the framework programme has become its cornerstone (de Elera, 2006). The framework programme is a periodic action programme which has

operated since 1984. Funding has increased to more than 8 billion euros annually in the upcoming seventh framework programme (FP7), which will run from 2007 to 2013. Since the Treaty of Amsterdam, the execution of framework programmes falls under the aforementioned co-decision or ordinary legislative procedure: the Commission presents a detailed overview of the content of the programme, followed by two readings by the Parliament and the Council. The programme has become very popular among scientists due to the generous subsidies which had been unavailable heretofore. The Commission, given its leading role, and the Parliament, given its influence through co-decision, also supported the programme. Due to the popularity of the programme among the institutions, it remained the centrepiece of European research policy: "A powerful coalition arose linking Commission, the Parliament, and programme beneficiaries wedded to the institutional status quo" (Banchoff, 2002). Yet, overall, framework programmes only account for a small fraction of R&D investments, since 94% of funds still originate in member states in an uncoordinated manner (Potocnik, 2006).

In 1999, the Commissioner for Research, Philippe Busquin, suggested that the framework programmes, albeit popular, were insufficient for creating a research-intensive Union (de Elera, 2006). Shortly after, the Commission led the way "Towards a European Research Area" (European Commission, 2000), proposing the "full panoply of instruments available to the Union [to] be brought into play" (European Commission, 2000: 22), ranging from soft coordination to legislation. Coordination efforts were deemed particularly appropriate considering the profound structural heterogeneity of the research policy arena (Pisani-Ferry et al., 2006: 3). Support for the European Research Area (ERA) was given by the other EU institutions, yet at the insistence of the Council, the range of instruments was soon restricted to soft coordination, in the shape of the OMC (de Elera, 2006). Over the past years, interest in the ERA has waned, yet the support for open coordination in this field has persisted. In 2006, European Commissioner for Research, Janez Potocnik, has reiterated the importance of coordination between member states and the value of the OMC: "in terms of policy coordination the main tool at our disposal is the Open Method of Coordination, which we should apply as effectively as possible" (Potocnik, 2006). One of the primary actors involved in issuing coordination guidelines, has been the European Union's scientific and technical research committee (CREST). This committee has issued various guidelines to the member states regarding the way in which the aforementioned framework programme and various other structural funds can be used in order to contribute to the target of R&D investments reaching 3% of GDP.<sup>11</sup> CREST has also led the way to peer evaluation programmes, resulting in policy mix reviews, which are prepared by experts from peer countries and representatives from the European Commission.<sup>12</sup>

This all means that the framework programmes, which are part of the community pillar and are subject to the co-decision procedure, still remain centrepieces of European research policy. Also, member state governments remain responsible for a large part of research and innovation. However, coordination is playing an increasingly important role as well: national efforts, as well as the interplay between member state action and EU framework programmes, have become highly coordinated and evaluated by CREST. From a parliamentary standpoint, the framework programme remains under intense scrutiny of members of the European Parliament (particularly the Committee on Industry, Research and Energy (ITRE))<sup>13</sup> and national research policy remains the responsibility of national parliaments. Yet, there is a parliamentary chasm covering the all-important interplay between the two. In a way, the CREST committee has bridged this chasm, but MEPs appear not to have followed suit.

## **5 Future direction**

### **5.1 Recent developments**

Ever since the first application of the OMC after the Lisbon strategy, many suggestions have been made regarding its functioning.<sup>14</sup> The Kok report, devised by the former Dutch prime minister Wim Kok, has arguably been the most conspicuous review, heralding a regeneration of the Lisbon agenda ("Lisbon 2" (Pisani-Ferry et al., 2006: 1)). While this report has primarily focused on the social-economic content emanating from the Lisbon strategy, it has also shed light on the governance structures that have been used. Regarding parliamentary involvement in open coordination, it has stated that "the European Parliament needs to be involved much more" and "it must hold the European Commission accountable for the progress it is making and the way it is discharging its responsibilities" (Kok, 2004). Also, it envisions a more active role of national parliaments in relation to the Lisbon strategy, which has been underscored by the Commission (European Commission, 2006).

The European Parliament has indeed shown more initiative by contributing *ex ante* to the annual European Council meetings and by establishing a group of MEPs to address all issues concerning the Lisbon Strategy (Tsakatika, 2007: 553). On the other hand, the reaction of national parliaments differs per country (Pisani-Ferry et al., 2006). It will have to be seen whether they become more involved as well. Importantly, however, a higher degree of involvement by all the individual parliamentary delegations may not be sufficient.

## 5.2 Parliamentary collaboration

The case of research and innovation policy has demonstrated that a deep fissure still exists between the two sides of the coordination process. Both the European Parliament and the national parliaments can play an important role in open coordination, yet their individual involvement cannot cover the entire process. It has become clear that the multi-level nature of open coordination involves various steps jumping back and forth between the national and regional level on the one hand, and the European level on the other hand. Neither the European nor a national parliament would be able to follow this intricate process, since they lack the competences and the means to be involved in the whole process.<sup>15</sup> Therefore, only a joint effort may be effective.

Indeed, parliamentary collaboration has increased over the past years. At the 2004 conference of speakers of European Union Parliaments in The Hague, various guidelines have been formulated in order to further cooperation and “strengthen parliamentary scrutiny in all areas of competence of the EU” (2004). Also, there have been a number of Joint Parliamentary Meetings concerning the Lisbon Strategy. During these meetings, a small number of priority areas is discussed by MPs and MEPs. However, there is often insufficient common ground to present a common position on key issues. (Tsakatika, 2007: 553-5). Moreover, these meetings provide some degree of *ex ante* scrutiny of policy areas related to the Lisbon Agenda. However, the parliaments barely collaborate on scrutinizing the outcomes of the OMC and, therefore, from a parliamentary standpoint, there is still an *ex post* chasm, which needs to be bridged.<sup>16</sup>

In the past, MPs and MEPs have regarded each other with slight suspicion (“mutual neglect and sometimes jealousy”, (Neunreither, 2005: 466)). More interaction may strengthen the relations between members of parliament. Even technological innovations can contribute to this. As trivial as it may seem, new developments such as the new ‘MyParl.eu’ website,<sup>17</sup> which is a social networking site similar to ‘Facebook’, but targeted exclusively at members of parliament, may be a facilitator of interparliamentary communication. Also, MEPs can use their affiliation with local parties to enhance contacts between the national and European level. Eventually, once parliamentarians work closer together, it will become easier to narrow the chasm.



### **5.3 Future OMC applications**

The open method of coordination has provided efforts towards policy convergence in many areas that are out of bounds for the traditional community method. However, its position outside the boundaries of the community pillar has also generated some complications. Collaboration between parliamentarians, as mentioned above, can improve the legitimacy of coordination activities outside pillar one. It may also contribute to the effectiveness of the method, since communication between the European and national levels will improve. However, this does not affect the way in which the OMC has approached the community pillar of the European Union: OMC policy areas have reached the realm of pillar one policy-making and have started to overlap with traditional co-decision-based policies, as has been demonstrated in the area of research and innovation.

Some have suggested that "communitarization" (Tsakatika, 2007: 561) of the Lisbon Agenda may be necessary in order to handle these wide-ranging policy areas effectively. For instance, in the research and innovation field, communitarization of the whole European Research Area would provide more effective policy-making, while giving the European Parliament a stronger position. However, this would only enlarge the realm of the community without avoiding the clash between the expanded pillar one and the (coordinated) national policy field. Instead, it is necessary to avoid this clash by defining the OMC process more precisely. Instead of launching the OMC for very broad, indistinct fields, it should be used for more clearly defined policy areas. This will also make it easier to define the role of various stakeholders, including the European Parliament, more precisely.

## **6 Conclusion**

The open method of coordination has been devised to create policy convergence in a number of social-economic areas, while enhancing legitimacy by engaging member states. Paradoxically, it is the democratic legitimacy of the method that has been questioned by parliamentarians and scholars alike. Indeed, open coordination allows member states to create its own policies in response to the guidelines formulated by the Council. However, involvement of the European Parliament in the OMC is decidedly low. This is primarily caused by the multi-level nature of the method: the Council of Ministers formulates guidelines, coordinated by the Commission on a European level, while policy-

making takes place on a national and regional level. It has become clear that the chasm between the national and European levels cannot be covered by the European Parliament alone: it necessitates strong collaboration between members of national parliaments and members of the European Parliament. Various measures, such as joint parliamentary conferences, more frequent interaction within political parties to which both MEPs and MPs are affiliated, as well as networking tools to enhance communication, can all contribute.

Besides an increasing lack of parliamentary scrutiny in the OMC process, the expansion of open coordination may also affect traditional politics. It has become clear that OMC policy areas can overlap with traditional community pillar competences. This has been demonstrated in the area of research and innovation, where traditional framework programmes coincide with OMC-based approaches in the European Research Area. Since the balance between Council, Commission and Parliament within the community pillar is highly elastic, this policy overlap may indeed affect the position of the European Parliament. Therefore, a clearer definition of the boundaries of the OMC may be beneficial. Also, it is possible to establish guidelines concerning the involvement of the Parliament in the OMC process. In part, this is already the case in some policy areas in which the EP is consulted (Borrás et al., 2004: 194). However, further guidelines concerning parliamentary involvement both *ex ante* and *ex post* may be advantageous: they can provide more democratic legitimacy, better coordination between adjoining policy areas, as well as better coordination between the national and European levels.

In a way, the open method of coordination is *the* quintessential European governance method: it involves a plethora of actors, both in Brussels and in the 27 member states, and it leads to new policies that –albeit formulated on a national level– have profound effects on the entire European Union. In a way, this makes parliamentary involvement all the more complicated, yet at the same time, all the more important as well.

---

---

## 7 References

- Ahonen, P. (2001). 'Soft Governance, Agile Union? Analysis of the Extensions of Open Coordination in 2000'. *EIPA papers*(18.IV-2001).
- Bache, I. and George, S. (2006). *Politics in the European Union*. Oxford: Oxford University Press.
- Banchoff, T. (2002). 'Institutions, Inertia and European Union Research Policy'. *Journal of Common Market Studies*, **40**(1), pp. 1-21.
- Borrás, S. and Jacobsson, K. (2004). 'The open method of co-ordination and new governance patterns in the EU'. *Journal of European Public Policy*, **11**(2), pp. 185-208.
- Citi, M. and Rhodes, M. (2007). 'New Modes of Governance in the European Union: A Critical Survey and Analysis', in: Jørgensen, K.E., Pollack, M.A. and Rosamond, B. (eds.) *Handbook of European Union Politics*. London: SAGE publications.
- de Elera, Á. (2006). 'The European Research Area: On the Way Towards a European Scientific Community?' *European Law Journal*, **12**(5), pp. 559-74.
- de la Porte, C. and Nanz, P. (2004). 'The OMC - a deliberative-democratic mode of governance? The cases of employment and pensions'. *Journal of European Public Policy*, **11**(2), pp. 267-88.
- Eurobarometer (1990-2000). 'Public opinion analysis', available at <[http://ec.europa.eu/public\\_opinion/cf/index\\_en.cfm](http://ec.europa.eu/public_opinion/cf/index_en.cfm)>.
- European Commission (2000). *Towards a European Research Area*.
- European Commission (2001). *European Governance: A White Paper*.
- European Commission (2002). *Communication from the Commission: More Research for Europe, Towards 3% of GDP*.
- European Commission (2006). *Time to move up a gear, Annual Progress Report on Growth and Jobs*. 25 January 2006.
- European Council (2000). 'Lisbon European Council Presidency Conclusions', available at <[http://consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/00100-r1.en0.htm](http://consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm)>.
- European Parliament (2007). *Resolution of 4 September 2007 on institutional and legal implications of the use of "soft law" instruments (P6\_TA(2007)0366)*.
- European Parliament (2008). *Resolution of 20 February 2008 on the Treaty of Lisbon (P6\_TA(2008)0055)*.
- European Parliament / Committee on Employment and Social Affairs (2003). *Report on analysis of the open coordination procedure in the field of employment and social affairs (2002/2223(INI))*.
- European Union Scientific and Technical Research Committee (2007). *Guidelines on Coordinating the Research Framework Programme and the Structural Funds to support research and development*. 1 June 2007.

- 
- Hansen, L. and Williams, M.C. (1999). 'The myths of Europe: Legitimacy, community and the 'crisis' of the EU'. *Journal of Common Market Studies*, **37**(2), pp. 233-49.
  - Hix, S. (2002). 'Constitutional Agenda-Setting Through Discretion in Rule Interpretation: Why the European Parliament Won at Amsterdam'. *British Journal of Political Science*, **32**(2), pp. 259-80.
  - Hodson, D. and Maher, I. (2001). 'The open method as a new mode of governance: The case of soft economic policy co-ordination'. *Journal of Common Market Studies*, **39**(4), pp. 719-46.
  - Jørgensen, K.E., Pollack, M.A. and Rosamond, B. (eds.) *Handbook of European Union Politics*. London: SAGE publications.
  - Kaiser, R. and Prange, H. (2002). 'A New Concept of Deepening European Integration? The European Research Area and the Emerging Role of Policy Coordination in a Multi-Level Governance System'. *European Integration online Papers*, **6**(2002-018).
  - Kok, W. (2004). *Report from the High Level Group chaired by Wim Kok*. November 2004.
  - MacMullen, A. (1999). 'Fraud, mismanagement and nepotism: The Committee of Independent Experts and the fall of the European Commission 1999'. *Crime Law and Social Change*, **31**(3), pp. 193-208.
  - Maurer, A. (2003). 'The Legislative Powers and Impact of the European Parliament'. *Journal of Common Market Studies*, **41**(2), pp. 227-47.
  - Michalski, A. (2004) *The Lisbon Process : Lack of Commitment, Hard Choices and the Search for Political Will*. The Hague: Netherlands Institute of International Relations Clingendael.
  - Mommen, A. (2005). 'The Lisbon Agenda (2000) of the EU and the Open Method of Coordination (OMC)'. *Tenth International Karl Polanyi Conference*. Bogazici University, Istanbul.
  - Mooslechner, P. and Schuerz, M. (1999). 'International Macroeconomic Policy Coordination: Any Lessons for EMU'. *Empirica*, **26**(3), pp. 171-99.
  - Nelson, R.R. (1993) *National Innovation Systems*. Oxford: Oxford University Press.
  - Neunreither, K. (2005). 'The European Parliament and National Parliaments: Conflict or cooperation?' *Journal of Legislative Studies*, **11**(3-4), pp. 466-89.
  - Obradovic, D. (1996). 'Policy legitimacy and the European Union'. *Journal of Common Market Studies*, **34**(2), pp. 191-221.
  - Pijpers, A. (1999) *De mythe van het democratisch tekort: een discussiebijdrage over de Europese politiek*. The Hague: Netherlands Institute of International Relations Clingendael.
-

- Pisani-Ferry, J. and Sapir, A. (2006). 'Last Exit to Lisbon'. *Bruegel Policy Brief*(2).
- Potocnik, J. (2006). 'Improving Research Policies through the Open Method of Coordination'. *European Commission conference on the open method of coordination in research*. Brussels.
- Senden, L. (2003). 'Soft law in European Community law: Its Relationship to Legislation'. University of Tilburg.
- Shackleton, M. (2000). 'The Politics of Codecision'. *Journal of Common Market Studies*, **38**(2), pp. 325-42.
- Tsakatika, M. (2007). 'A Parliamentary Dimension for EU Soft Governance'. *European Integration*, **29**(5), pp. 549-64.
- 'Guidelines regarding interparliamentary cooperation in the European Union'. *Conference of Presidents of the European Union Parliaments*. The Hague, 3 July 2004.
- *OMC Policy Mix Review Report, Country Report The Netherlands*. April 2007.

---

<sup>1</sup> Cf. the criticism from the Committee on Employment and Social Affairs (2003), calling for the Convention to address the application of the open method of coordination.

<sup>2</sup> Cf. Michalski (2004) and Mommen (2005).

<sup>3</sup> Moreover, almost 40% of people surveyed in the European Union would prefer a larger role for the European Parliament (Eurobarometer 1990-2000).

<sup>4</sup> Some have suggested that the democratic deficit is smaller than it seems, and that there may even be a democratic surplus in some areas. Cf. Pijpers (1999) for a description of the democratic deficit as a myth.

<sup>5</sup> Cf. Hix (2002) for the argument why the European Parliament 'won' at the Treaty of Amsterdam.

<sup>6</sup> The European Commission has a significant role in supervising various steps in the OMC process; for instance, see its involvement in evaluation reports, for which it sends delegates to participate in the evaluation process (OMC Policy Mix, 2007).

<sup>7</sup> In 1985, disagreement about the towering expenditures on the Common Agricultural Policy arose. The parliament added amendments to the 1986 budget, which were subsequently removed by the Council and reinstated by the Parliament, resulting in the issue being brought before the European Court of Justice.

<sup>8</sup> In 2000, the European Union spent €120 billion less than the United States, primarily due to lack of private funding.

<sup>9</sup> Every country has its own national system of innovation: for instance, France has a very active role for the government, directly subsidizing a small number of large French, research-intensive enterprises and funding large-scale research institutes, while other countries may have more open R&D projects involving smaller enterprises, cf. Nelson (1993).

<sup>10</sup> Cf. TEU Chapter XVIII, articles 163-173

<sup>11</sup> Cf. report from the European Union Scientific and Technical Research Committee (2007)

<sup>12</sup> Cf. OMC Policy Mix (2007), the Netherlands, which was prepared by representatives from countries with similar innovation systems (in this case, Sweden and the United Kingdom) and a representative from the DG Research at the European Commission.

<sup>13</sup> For more information on the ITRE, cf. [www.europarl.europa.eu/committees/itre\\_home.htm](http://www.europarl.europa.eu/committees/itre_home.htm)

<sup>14</sup> Ranging from the white paper on governance (European Commission, 2001) to the discussions surrounding the annual review of the Lisbon Agenda.

<sup>15</sup> This is particularly applicable to national parliaments, which lack the means to play a role in the OMC at a European level. Members of the European Parliament, on the other hand,

<sup>16</sup> For more information about the role of *ex ante* and *ex post* scrutiny in parliamentary accountability, cf. Tsakatika (2007)

<sup>17</sup> The MyParl.eu website will allow MPs and MEPs to connect with peers across the European Union, cf. [http://euobserver.com/9/26242?rss\\_rk=1](http://euobserver.com/9/26242?rss_rk=1)