SOCIAL PROTECTION AND SOCIAL INCLUSION FROM LISBON TO EUROPE 2020

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Abstract

Perhaps one of the widest gaps in terms of understanding the role of the contemporary European Union (EU) concerns the broad theme of social policy, including social protection and, in particular, the fight against poverty and social exclusion. Most of the leading scholars of Europeanization, drawn largely from the disciplines of political science, law, economics and international relations, tend to ignore the social dimension of Europeanization completely or to play down its importance. In contrast, social policy scholars, while they may disagree on the details, are more convinced the EU is in terms of its influence on domestic social policy, considering the question of the social dimension of the EU to be of fundamental importance. Even within the politics and policies of the EU a similar gap remains, with only a small group of EU officials, politicians and activists arguing for the centrality of the social dimension against the indifference or opposition of the majority. Underneath all this is the truth that while the importance of the so-called “social dimension” of the EU tends to vary over time, sometimes given greater importance, sometimes less, the political and economic dimensions tend to always be in focus.

In this text we analyse the shifting meanings and significance of the European social dimension, paying particular attention to the first and second iterations of the Lisbon Strategy and the new vision of Europe 2020, and analyse the significance of the social impacts of the global economic and financial crisis on the refocusing and remaking of “social Europe”. We then move to the lessons which can be learnt from the integration of new member states, particularly the post-communist transition countries, eight in May 2004, and two in January 2007, an accession involving a number of rather poor countries with very different, and still developing, welfare systems compared to those of the old member states. A third section focuses on the social policy dimensions of Croatia's accession, including the Joint Memorandum on Social Inclusion (JMI) signed by the EU and the Government of Croatia on 3 March 2007. A brief concluding section looks at the likely impact of the new social agenda of the EU for Croatia as the 28th member state, expected to occur in 2012. This chapter is reflecting the changing dimensions of social policy within the EU itself and the responses to the social dimensions of the crisis. It also considers the revision of the Lisbon Strategy, the adoption of the Lisbon Treaty, the articulation of a new vision for Europe 2020, the absorption of new member states and the significance of the EU within Croatian social policy (Stubbs and Zrinščak, 2009).

1 In some ways, the current text is a revisiting, revising and updating of an earlier text (Stubbs and Zrinščak, 2005). Unlike in that text, for reasons of space, social dialogue is not covered here.
Whither social Europe?

The Lisbon Strategy from 2000 appeared to signal a sea change in terms of linking growth, employment and social protection at the heart of the European project. Central to this was a “strategy aimed at modernizing the European social model, investing in people and combating social exclusion” (European Council, 2000). The Lisbon Strategy had “something for everyone” but was open to a number of plausible, but divergent, interpretations (Zeitlin, 2009). Crucially, the social dimension of the Lisbon Strategy remained framed within the idea that, according to the subsidiarity principle, social policy choices are the prerogative of sovereign member states so that progress would have to be made through the gradual expansion of the “Open Method of Co-ordination” (OMC). The quest for what Franck Vandenbroucke called “an exercise in ambition in the social policy area” (Vandenbroucke, 2002: vi) therefore came, in fact, to be dominated by innovation and experimentation more in the soft governance of the process of social policy making and comparison of achievements between member states than in the hard substance of policies themselves.

The priority from 2000 onwards was to build up the technocracy to support the OMC on social inclusion, through establishing common objectives on poverty and social exclusion, clarifying reporting arrangements in terms of national plans on social inclusion (submitted as national strategic reports) and joint reports by the Commission, devising agreed indicators for measuring progress, and ensuring sufficient capacity within the EU institutions to be able to identify common challenges, review outcomes and establish mechanisms for learning from best practice. Indeed, it was such a long process that there was little time before the mid-term review of the Lisbon Strategy in 2005 to really establish the value added of the social dimension. At the same time, through other processes, the EU was “reframing and recoupling the notion of ‘social policy’ itself” (Lendvai, 2007: 30), largely in terms of a new “dominant script” framing social policy in terms of employability and activation (ibid: 32). This essentially “employment-anchored social policy” (O’Connor, 2005) served, once again, to largely subordinate social policy to broader economic policies.

As early as 2002, there was recognition of the need for “streamlining” within the Lisbon Agenda, including within the OMC on social inclusion itself, in terms of linking social protection, poverty alleviation, health and long-term care, and pensions with social inclusion. This was expressed most clearly in the new common objectives on Social Protection and Social Inclusion (European Commission, 2005a), first mooted in a Commission Communication in 2003 (European Commission, 2003).

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2 The process launched at the Lisbon summit in 2000 was, at the time, termed “the OMC on poverty and social exclusion”. Later, after pensions and health and long-term care were added to the social inclusion strand, in March 2006, the three strands together became known as the “Social OMC”. Still, there is no place in this paper to discuss in more depth the nature of the OMC itself, which is also an important aspect in evaluating the importance and impact of the social inclusion process. For an extensive discussion see Kröger, 2009.
2003) and finally approved at the European Council meeting in Nice in March 2000. Whilst optimistic commentators saw this as “strengthening the social dimension of the Lisbon strategy and enhancing the quality and coherence of the overall socio-economic governance of the EU” (Marlier et al., 2007: 27), the evidence from the mid-term review and subsequent reformulation of the Lisbon Strategy offers room for very different arguments.

In headline terms, the three Lisbon pillars, growth, jobs and social cohesion, became essentially revised to just two: growth and jobs. In President Barroso’s Communication to the spring European Council of 2 February 2005 (European Commission, 2005b) “A New Start for the Lisbon Strategy”, alongside “more growth” and “more and better quality jobs”, a new third pillar “better governance” is added. This focuses, centrally, on labour market restructuring, microeconomic and structural reforms, and macroeconomic and budgetary measures. “Modemising social protection” is relegated to a sub-theme within the “more and better quality jobs” pillar; in terms of encouraging workers to remain active longer, and reforming social protection systems “in order to achieve a better balance between security and flexibility” (ibid: 2).

In line with the revised Lisbon Strategy adopted in 2005, the EU also adopted the Integrated Guidelines for Growth and Jobs for the period 2005-2008 which brought together the broad Economic Policy Guideline and Employment Guidelines. While this reaffirms, in a sense, the idea that social protection issues had become delinked from the Lisbon Agenda, it should be borne in mind that, even within the first phase of the Lisbon Strategy, there were no clear targets set within the common objectives formulated at the December 2000 Nice European Council. Although later, in 2002, the Commission stressed the importance of setting quantitative targets in National Action Plans on Social Inclusion (Marlier et al., 2007: 23), the Commission’s own emphasis on the gender dimension of social inclusion, on the impacts of policies on immigrants and on people with disabilities, while important, can be seen as rather limited. The last eight of 24 objectives were related to employment, with only the objective “to implement employment policies to achieve full employment, improve quality and productivity at work and strengthen social and territorial cohesion” (European Union, 2005) containing any broader non-employment related goals. At the same time, the targets set here (70% average employment rate; 60% employment rate for women; 50% employment rate for older workers) related only to employment.

At the centre of reporting were new Lisbon National Reform Programmes which were meant to contribute to social inclusion through a process of “feeding in and feeding out” between the Lisbon Strategy and the Social OMC. The social inclusion objectives were supposed to “feed in” to the achievement of the growth and employment objectives while, at the same time, growth and employment programmes would “feed out” to advance social cohesion/inclusion goals (Frazer and Marlier;
2010). In reality, “the mutually reinforcing nature of economic, social and employment policy envisaged when the Lisbon process was launched has not been much in evidence” or has existed “more in theory than in practice” (Frazer and Marlier; 2010).

Amongst the fiercest critics of this move was the European Anti-Poverty Network, which termed the 2005 integrated guidelines for a revised Lisbon Strategy a “reduced economistic vision of the EU” (EAPN, 2007: 3). It went on:

“The OMC on social protection and social inclusion is vital to defend social inclusion concerns, but runs the risk of being weakened and increasingly marginalized as national governments give priority to responding to the growth and jobs agenda. As a result, the ‘revised’ Lisbon strategy risks losing its social heart, pursuing a vision which puts the economy first, and people second, instead of an integrated social, economic and employment strategy rooted in a vision of sustainable development. This sustainable development vision would recognize that an EU based on social rights, which succeeds in eradicating poverty and social exclusion provides a crucial dynamic base for the economy to grow, as has been shown by the most successful EU countries, which have succeeded in combining economic growth with greater equality and the reduction of poverty and social exclusion” (EAPN, 2007: 3).

The EAPN stance contributed to something of a rearguard action by DG Employment and Social Affairs (DG EMPL), the Social Protection Committee, influential academics, NGOs and policy lobbyists, to enlarge the scope, competence, accountability, inclusiveness and power of the Social OMC as much as possible, albeit fully aware of the real constraints they faced. The clearest statement of the more socially oriented position came in the July 2008 Commission Communication “A renewed commitment to social Europe: reinforcing the Open Method of Co-ordination for Social Protection and Social Inclusion” (European Commission, 2008). Noting that “delivery on common objectives (...) remains a challenge”, the Communication “proposes to strengthen the Social OMC by improving its visibility and working methods, strengthening its interaction with other policies, reinforcing its analytical tools and evidence base, and enhancing ownership in Member States through peer review, mutual learning and involvement of all relevant actors” (ibid: 2). Stressing subsidiarity and even the “voluntary nature” of the OMC, the document offers a mixture of rather old and some new ideas, all couched within a gradualist, consensus-building approach. Among the more innovative and potentially far reaching is the attention paid to the social impacts of other policies and, albeit highly tentatively, the broaching of target setting on poverty reduction (including child poverty, in-work poverty, and poverty of older people); pensions (in terms of minimum pension income regardless of provider); and health and long-term care (relating to access and

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3 Formed in 1990, and a key partner to the European institutions on issues of social exclusion, the EAPN is an independent network of non-governmental organisations (NGOs) and groups, involved in a broad range of advocacy, campaigning and information sharing activities. See: http://www.eapn.org
quality, life expectancy, healthy life years and infant mortality). The report opts for nationally defined targets, albeit with reference to "differentiation along pathways, making it possible for groups of countries with a similar situation or problems, to work together" (ibid: 5).

In a sense, the other key development in the middle of the implementation of the Lisbon Strategy was the integration of new post-communist member states which is dealt with in the next section. At the same time, enlargement fatigue, the rejection of the proposed EU constitution and, above all, the impacts from late 2008 of the economic crisis, should not be underestimated. Indeed, the implications for the European project of the most serious economic and financial crisis to hit the developed world since the Great Depression of the 1930s and still unfolding as we write in terms of the crisis of indebtedness in Greece and the concomitant threat, real and symbolic, to the single European currency itself, may be even more far reaching. Until the Greek crisis development, it could be argued that the greatest social impacts and hence need for a social response from the EU was felt in some of the new member states, with the EU finding itself, for the first time, working in its own member states with the IMF and the World Bank. Again, this story is best left for the next section, other than to state that an early response to the crisis from the Commission, emphasizing the importance of social expenditure as a counter-cyclical measure, may have led, at least partially, to a revised interest in the social dimension going forward from the Lisbon Strategy to Europe 2020. In addition, the report by the Commission on the Measurement of Economic and Social Progress (Stiglitz, Sen and Fitoussi, 2009), commissioned by French President Nicholas Sarkozy, while in many ways simply restating rather old arguments, does appear to have also been influential in strengthening an understanding of the importance of a move from "gross economic progress", measured only in per capita GDP, to a notion of "net social progress".

In its rhetoric at least, the Europe 2020 strategy, adopted on 17 June 2010, appears far more "social" than the Lisbon Strategy, particularly in its revised iteration. Sub-titled "A strategy for smart, sustainable and inclusive growth", the dedicated Commission website states unequivocally:

"Europe can succeed if it acts collectively, as a Union. The Europe 2020 strategy puts forward by the Commission sets out a vision of Europe's social market economy for the 21st century. It shows how the EU can come out stronger from the crisis and how it can be turned into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. To deliver rapid and lasting

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4 "GDP has also come to be regarded as a proxy indicator for overall societal development and progress in general. However, by design and purpose, it cannot be relied upon to inform policy debates on all issues. Critically, GDP does not measure environmental sustainability or social inclusion and these limitations need to be taken into account when using it in policy analysis and debates" (European Commission, 2009).
results, stronger economic governance will be required” (European Commission, 2010).

The implications of the crisis, rather more than lessons learnt from the Lisbon Strategy, appear to have influenced a dominant script in which, within the three broad objectives, there are actually many more, since “inclusive growth” is defined as “fostering a high-employment economy delivering social and territorial cohesion”. Even more ambitiously, five “headline targets” are outlined, to be translated into “national targets and trajectories” on employment; on investment in R&D; on climate and energy; on young people and education; and, crucially, that “20 million less people should be at risk of poverty” (European Commission, 2010: 3). Among seven “flagship initiatives” is a “European platform against poverty to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society” (ibid: 4).

In terms of the social dimension, Europe 2020 can be perceived as an opportunity and a threat. The opportunity is clear, in terms of social cohesion being put, once again, at the centre of the European project, including clear target setting and a Platform Against Poverty building on the 2010 European Year for Combating Poverty and Social Exclusion, outlining shared responsibilities of member states, the need for programmes targeting at-risk groups, and greater use of European Structural Funds for social innovation. At the same time, the threat is that much of the influence of the social forces which helped to bring this change about will be lost, as the social agenda, defined primarily in terms of a fight against poverty not unlike the EU in the 1980s, becomes narrower and remains marginalized within an economic and employment-driven script. The reference to the social OMC in the text is extremely conservative, suggesting little or no changes in the next period. The debate and dilemmas are clearly visible from an open letter from the European Anti-Poverty Network to EU ministers of employment and social affairs on 4 June 2010 in which the EAPN urged them to “agree on an ambitious EU poverty reduction target; ensure that Social Guidelines goes beyond employment and that social objectives are mainstreamed through the Europe 2020 strategy; take urgent action to prevent the increase of poverty and social exclusion by defining the role of social protection and social inclusion in the responses to the crisis” (EAPN, 2010: 1). Another point to make is that many of the broader economic assumptions and targets in the text are, themselves, likely to have negative social impacts. Hence, many of the same problems in the initial iteration of the Lisbon Strategy appear to remain in the vision for Europe 2020.

Nevertheless, there is room for optimism, not least since, in the conclusions of the meeting of European Union heads of state on 17 June 2010, fighting poverty and social exclusion remains as one of five headline targets, with the aim to lift at least 20 million people out of the risk of poverty and exclusion. In the end, as noted in a
footnote, the population is defined through three indicators: at risk of poverty (the current EU definition of 60% of median income); material deprivation (defined as persons lacking four or more – not three or more as in the real EU indicator – of a list of nine items); and people living in jobless households (meaning those aged 0-59 in households where nobody works or where there is low work attachment). In the end, using these definitions, those at risk of poverty or social exclusion in the EU number some 120 million, so the target to reduce by 20 million is a reduction of 16.7%, less ambitious than the target in an earlier iteration which referred to a reduction of a quarter from the 80 million considered at risk of poverty using the 60% of median income indicator. Notwithstanding this, the real achievement is the identification of a quantitative target so that reducing poverty and social exclusion should be a greater political priority of the EU in the future. While member states will be free to set their national targets on the basis of the most appropriate indicators these will need Commission approval and so there should be a new balance between national priorities and EU objectives.

EU enlargement and social Europe

The EU has, certainly, been an important actor influencing the social, economic, and political contours of the ten post-communist countries in terms of their accession to the European Union and, now, their integration as new member states. It has not been the only significant actor; however, so that discussions have to be widened to cover a range of differently mandated international organizations including, most importantly in general terms, but even more so in the context of the economic and financial crisis, the IMF and the World Bank, who are engaged, in rather complex ways, in a “competition-cooperation” binary (Lendvai and Stubbs, 2009: 682) with the EU. In other words, although the “hard” conditionality of the international financial institutions (IFIs) in the social policy field often clash with the “soft” conditionality of the EU, and are based on rather different rhetorical prescriptions, there is also some degree of convergence in their approaches. The IFIs are becoming somewhat more socially oriented as the macroeconomic and fiscal strands of EU governance themselves come to share many of the assumptions of the IFIs. In any case, the impact of Lisbon processes (both the original and revised Lisbon Strategy) in the new member states has been rather limited and vague.

Much of the literature on the “Europeanization” of post-communist social policy is rather narrowly focused on questions of convergence or divergence between the new and old member states and with the relative weight of EU as opposed to so-called “domestic” pressures and influences, although the new literature points more to a very complex process of institutional change with rather dense and in many cases unintended consequences (Cerami, 2009). A number of rather crucial arguments have been made fairly consistently, however. The first is that the EU accession process tended to have a rather weak social dimension, unless, as in the
case of Bulgaria and Romania, with institutionalized and street children, what are typically seen as social policy issues become translated into human rights concerns, and hence move from "soft acquis" to hard "Copenhagen criteria". On the other hand, on becoming a member, social policy alignments across a range of issues occur, with the key issue being "whether the newcomers take a reactive approach to the EU, with passive adoption of rules and norms, or take a proactive stance in which they aim for an active translation of EU values, norms and policy frameworks and an active search for their own response to the EU" (Lendvai, 2007: 39). A second argument is that there has been a relative lack of influence of the EU over the content of social policy and welfare reforms in the new member states, which tended to either be very limited or to move in a more residual and neo-liberal direction, closer to a kind of Washington than a Brussels consensus, and perhaps closer to the prescriptions of DG Economics and Finance (ECFIN) than DG Employment, Social Affairs and Equal Opportunities (DG EMPL). Pension and health-care reforms, particularly during the 1990s, are examples of dominant IFI influence (most notably the World Bank) and of the absence of the EU. At the same time, a stronger EU influence can be found in the processes and procedures of social policy, in terms of alignments of institutional capacities, if not actual structures, and the promotion of new policy-making processes (Guilien and Palier, 2004; Ferrera, 2005; Stubbs and Zrihtak, 2009). It is here that the ever more complicated technical architecture of reporting, peer review, networking and communications led by DG EMPL comes into the ascendancy. There is also a sense that the influence of the EU is a slow process but, in the longer term, there is a gradual Europeanization of key policy domains, in content as well as in process. The European Union, essentially, adds one more factor to the complexity of social policy transformation, rather than becoming the dominant factor. As Grabbe has argued (2006), the EU influence over social policy is significant but constrained by diffuseness and uncertainty. In social protection and social inclusion, where the EU agenda is both ambiguous and incomplete, it does not make full use of its potential influence. She also points to other factors which interact in terms of the formulation of domestic policies in all fields, country-specific conditions, political processes and the relative power of domestic forces in negotiations with the EU, the duration of the Europeanization process, and so on. In short, the institutional weaknesses found in the new member states should be analysed together with the institutional weaknesses of EU social policy, discussed above, and confusion over EU goals.

Ideas that a new "welfare regime" has been created in the new member states of central and eastern Europe, different from but containing elements of existing welfare regimes in the old member states, should be treated with caution, not least since welfare regimes take longer to fully emerge and solidify than 20 years of post-communism allows for. Nevertheless, in parts of the region, there is an interesting new arrangement emerging which is a fusion of pre-communist Bismarckian social insurance, communist legacies of universalism and egalitarianism,
and post-communist marketization (Cerami, 2006). Taking into account the still influential legacy, and the consequences of the social transformation process and Europeanization, central and eastern European welfare systems have become more diverse and mixed than is the case in the west, which contributes to the difficulty of placing them into the categories of “conservative-corporatist”, “liberal” and “social democratic” (Szakra and Tomka, 2009: 33). Different reform paths can be detected in different policy fields (such as pensions or health-care systems, or unemployment protection) even inside one country, contributing more to hybridization than to an ordered clustering of welfare in central and eastern European countries (Hacker, 2009). This is a fact visible from Table 1.

Table 1. Economic and social indicators of the central and eastern European countries (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per capita in PPS</th>
<th>Real GDP growth rate</th>
<th>Unemployment rate</th>
<th>Employment rate</th>
<th>At-risk-of-poverty rate after social transfers</th>
<th>Social expenditures as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-27 100 100</td>
<td>3.9 4.2 8.7 8.9 62.2 64.6</td>
<td>- 17 - 26.4</td>
<td></td>
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<tr>
<td>EU-25 105 103</td>
<td>3.9 4.2 8.6 9.0 62.4 65.0</td>
<td>16 16 26.5 26.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>EU-15 115 111</td>
<td>3.9 4.3 7.7 9.0 63.4 65.9</td>
<td>15 16 26.0 26.9</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Bulgaria 28 41</td>
<td>5.4 5.0 16.4 6.8 50.4 62.6</td>
<td>14 21 - 14.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3.6 4.1 8.7 6.7 65.0 65.4</td>
<td>- 9 19.5 18.6</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Estonia 45 67</td>
<td>10.0 11.1 13.6 13.8 62.4 63.5</td>
<td>18 19 13.9 12.5</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Latvia 37 57</td>
<td>6.9 8.0 13.7 17.1 57.5 60.9</td>
<td>16 26 15.3 11.1</td>
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<tr>
<td>Lithuania 39 62</td>
<td>3.3 4.8 16.4 13.7 59.1 60.1</td>
<td>17 20 15.8 14.9</td>
<td></td>
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<tr>
<td>Hungary 55 64</td>
<td>4.0 6.1 6.4 10.0 56.1 55.6</td>
<td>11 12 19.8 22.3</td>
<td></td>
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<tr>
<td>Poland 48 56</td>
<td>4.3 4.7 16.1 8.2 55.6 59.1</td>
<td>16 17 17.7 18.1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Romania 26</td>
<td>- 2.4 7.1 7.3 6.9 64.0 58.6</td>
<td>17 23 13 12.8</td>
<td></td>
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<td></td>
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<tr>
<td>Slovenia 80 91</td>
<td>4.4 7.8 6.7 5.9 62.8 62.5</td>
<td>11 12 24.2 21.4</td>
<td></td>
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<tr>
<td>Slovakia 50 72</td>
<td>1.4 4.7 18.8 12.0 56.8 60.2</td>
<td>- 11 19.4 16.6</td>
<td></td>
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<td></td>
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<tr>
<td>Croatia 49 63</td>
<td>3.0 5.8 - 9.1 - 56.6 - 18* - 12.5</td>
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Source: Eurostat (for Croatian social expenditures, CBS 2009).

Note: *2007.

There are a number of interesting insights which can be drawn from this data. As noted above, they point to the diversity of post-communist countries, although also, at least partly, to their similarity to the EU-15. According to GDP it is clear that with a few exceptions (notably Slovenia, the Czech Republic and maybe Slovakia), this region is still economically underdeveloped and was hit severely by the current eco-
nomic crisis. It is interesting also that the economic crisis particularly hit the so-called “Baltic tigers” which were depicted as examples of fast economic growth. While the majority of countries by 2009 had reached the EU comparable level of employment over or around 60% (with the exception of Hungary and Croatia), unemployment in many of them has nevertheless remained pretty high. Concerning poverty there is a gap between those with rather low (Czech Republic, Hungary, Slovenia, Slovakia), and considerably higher poverty levels (Bulgaria, Latvia, Lithuania, Romania). Finally, in respect to social expenditures there is a real gap between the EU-15 and the new member states (with the partial exception of Hungary and Slovenia), as the new member states have very low and even declining social expenditures (Matković, Šcoru and Zrinščak. 2007).

Therefore, it can be argued that there is a marked variation in institutionalized efforts to maintain social welfare between the neo-liberal, market-radical Baltic states, the embedded neo-liberal, Visegrad countries, and neo-corporatist Slovenia (Bohle and Greskovits, 2007; Lendvai 2009), Lendvai (2009) usefully studies taxation regimes, economic policies, public finances and political discourses, together with more traditional welfare features. She also stresses that welfare regimes are fluid and changing rather than fixed and static. She adds Slovakia to the Baltic states as a neo-liberal welfare regime, based on “radical economic reforms resulting in minimal states, low welfare spending, low taxes, strongly deregulated labour markets and widespread liberalization” (Lendvai 2009: 12). She adds the Czech Republic to Slovenia in terms of social corporatism and sees Poland and Hungary as “messy and incongruous”, or a “complex patchwork” of neo-liberalism and neo-populism. The emergence of the radical neo-liberal regimes is, perhaps, of most importance. It is based, in a sense, on pushing to a logical conclusion some of the neo-liberal experiments found in some old member states, within a policy frame lacking any of the key “institutional complementarities” (Cerami and Stubbe, 2010) which are found in those old member welfare states. Notwithstanding the fact that the new neo-liberal member states fare consistently worse in all indices of human development and, perhaps most crucially, child well-being (Richardson et al. 2008), in the context of the primacy of subsidiarity over the Social OMC, there was no pressure from the EU, at any time, to change policy course, not least as these countries tended to have higher rates of growth than other member states in the “boom” period.

With the onset of the economic and financial crisis, however, it is notable how those amongst the new member states that have built stronger welfare safety nets, notably Slovenia and, to an extent, the Czech Republic, faced more limited economic and social disruption than the more radical neo-liberal states (see also Table 1). In part this relates also to the nature of growth and the inter-connectedness of the crisis in terms of the international finance and banking sectors. The return of the IIFs to parts of the region in terms of IMF loans may lead to a new convergence in terms of means testing, targeting and residual social protection policies. The fact

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that the EU found itself working very closely with the IMF in a number of new member states as a result of the crisis. This has changed the parameters of social Europe, although the longer-term impacts of this are far from clear. For example, in the case of Latvia, which saw a fall in GDP of 17.8% in 2009, and where the IMF was predicting an overall fall of some 30%, the EU contributed the largest amount, some €3.1 billion, to an overall emergency loan of €7.5 billion. However, the policy prescriptions which became conditionalities, including cuts in social expenditures overall, though with a strengthening of targeted social assistance, represent a more typical IMF package without a strong emphasis on the importance of wider and deeper social protection and social inclusion (Lace, 2009). Romania received an even larger assistance package again based on EU, IMF and World Bank collaboration, again with harsh conditionalities relating to public expenditure. Here, there was more of a concern to protect the poorest through a counter-cyclical increase in social assistance expenditures.

**The late Europeanization of Croatian social policy**

Elsewhere (Stubbs and Zrinščak, 2009: 126 et seq.), we have argued that the Europeanization of Croatian social policy did not begin until the election of a reform-oriented coalition government in January 2000, after almost a decade, following independence, of war and destruction in which state-building occurred in a context of tendencies towards political authoritarianism, nationalism and a kind of clientelistic “strong capitalism” (Bonacci and Frančić, 2003). The extent of the break with the 1990s should not be overstated, however, other than in the sense that a general political and even societal consensus emerged that the pursuit of EU membership was crucial in the context of consolidating democratization and progressing economically. In terms of the social dimension, we continue to argue that the nature, form and timing of Croatian transition makes for a rather different set of outcomes compared to the new member states discussed above, in the context of a kind of “welfare parallelism” (Stubbs and Zrinščak, 2007), in which there is little co-ordination between either the central and local state or between state and non-state actors, the influence of the European Union has been rather mediated and very complex.

Even the first wave of influence in terms of “cognitive Europeanization” or “the incorporation of the EU discourse on the fight against poverty and social exclusion, gender equality, conciliation of family and working life, and active employment policies into (...) national (...) discourse, preference and aspirations” (Guillem and Alvearez, 2004: 298) was complex and specific. The effects were, initially at least, largely confined to the sphere of new NGOs, particularly those concerned with human rights, gender equality and the rights of national minorities. Skilled in advocacy and lobbying, well networked internationally, and with a strong presence and credibility “on the ground”, many of these organizations were able to gain support within
Europe and, crucially, within the EU institutions themselves, and increase pressure on Croatian authorities to address the very considerable problems in these areas. At the same time, many of what might be termed “core” social policy concerns – poverty and social exclusion, employment, pensions and health care – were either largely ignored by the EU or, most notably in the sphere of pensions, seen by Brussels as having been successfully resolved, with reform ideas coming from elsewhere and in no sense bearing any marks of real EU influence.

In terms of the Lisbon Strategy in Croatia, social policy concerns were always marginal to what were seen as core issues of growth and competitiveness, reflecting in a sense a consensus within the EU itself after the mid-term review of the strategy and, crucially, within dominant Croatian politics for much of the last six years. Under the leadership of successive heads of the Governmental Office for Development Strategy, there was little understanding of, or commitment to, social protection and social inclusion as a central pillar of development. Rather, a view of social spending as impeding development was generally stressed, along with an attempt to emphasize the role of all stakeholders, rather more than public provision, in terms of welfare and social cohesion. The Strategic Development Framework for Croatia for 2006-2013 states Croatia’s main strategic goal in an interesting formulation, namely “growth and employment in a competitive market economy acting within a European welfare state of the 21st century” (Government of the Republic of Croatia, 2006). Whilst “social cohesion and justice” is one of the ten key pillars of the strategy, the objectives and actions associated with this are vague, rather general, and where they are specific tend to reproduce an orthodox neo-liberal stance on the importance of targeting social protection to the most vulnerable.

A new political and technical process began, however, in late 2005, focusing on poverty and social exclusion, and, in parallel, although beginning somewhat later, on employment and the labour market. In line with the obligations of candidate status, preparation for the signing of a Joint Memorandum on Social Inclusion (JIM) began with a “kick-off conference” in Zagreb in September 2005, based on the European Commission DG EMPL’s insistence on a wide process of dialogue and consultation with stakeholders. Croatia’s JIM process had a symbolic importance both for the Commission and for Croatia itself. For the Commission, stung by criticisms that the JIMs prepared during the accession process for the new member states had been ineffective and very “top down”, there was a real determination to engage in a more serious effort this time. This was, no doubt, facilitated by the fact that the time from the launch of the process, through the signing of the JIM, to Croatia’s eventual accession, was going to be much longer than had been the case in the previous wave of JIMs. In addition, there was an opportunity to work closely with a government
which, whilst not at all “social” in its orientation, had placed responsibility for social welfare within a new Ministry of Health and Social Welfare (MHSW). The division of social welfare was led by a state secretary from a coalition partner, the Croatian Social Liberal Party, who was keen to show leadership in this process. The key additional element, perhaps, was the establishment of a small team of independent experts who tended to be more progressive in their analysis and policy recommendations, and whose work was facilitated by a dedicated team of civil servants. However, we would insist still that the overall process, and the influence of experts, civil servants and wider stakeholders, has been more of a technical and professional than political nature. Still, the JIM process, viewed as a rather successful part of the whole accession process, was much welcomed by Commission staff both in Zagreb, and, particularly, in DG Employment, Social Affairs and Equal Opportunities in Brussels. Following a long and intensive consultation process, including different ministries and government agencies, NGOs and social partners, as well as some representatives of regional and local governments, the JIM was signed by the Croatian Minister of Health and Welfare and the EU Commissioner for Employment, Social Affairs and Equal Opportunities on 5 March 2007. From then until June 2010, two implementation plans have been adopted (for 2007-2008 and 2009-2010), and two implementation reports submitted (for the periods March 2007-June 2008 and January 2008-March 2009), which were evaluated and commented on in two reports issued by DG EMPL. In parallel, the so-called JAP process (Joint Assessment of Employment Policy Priorities) focusing on employment according to the EU guidelines was also launched and the Joint Assessment Paper of the Employment Policy Priorities in the Republic of Croatia was signed in May 2008. Three conferences on JIM implementation were organized, while a fourth, in February 2010, was organized as a joint JIM and JAP conference. Following commitments taken inside the JIM and JAP as well as other formal obligations, Chapter 19 of the acquis communautaire, relating to social policy and employment, was provisionally closed on 21 December 2009.

Elsewhere (Stubbs and Zrinšćak, 2009: 129), we have pointed out a number of positive aspects of the JIM, including, firstly, the articulation of a clear social policy agenda, based on evidence and reflecting the thinking of leading social policy experts, and secondly, the nature of stakeholder dialogue and open consultation, in

5 The government which came to power in January 2004 split the former Ministry of Labour and Social Welfare into two ministries and created a new Ministry of the Family, War Veterans and Intergenerational Solidarity. In fact, this move served to delink issues of employment from those of social welfare and placed social welfare within a health-dominated ministry.

6 HSLS (Croatian Social Liberal Party) formally left the coalition in July 2010.

7 One of the authors of this text (Zrinšćak) was a member of the expert team whilst the other (Stubbs) was engaged by the European Commission to offer independent advice on the JIM and wider social inclusion processes in Croatia.

8 All information and documents are available on the Ministry of Health and Social Welfare website: http://www.mz-sl.hr/index.php/en/hr/subpage?sid=2&pg=1&ct=810153&lang=hr&view=show&cat=810153&sub=810155&sl=hr

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contrast to previous “closed door” strategy development. In addition, the JIM has
been part of a process, albeit rather slow and uneven, through which Croatian so-
cial statistics become more harmonized with EU practice and, perhaps, less reliant
on the World Bank. It has also stimulated research on a range of social issues, such
as youth unemployment vulnerability and the transition from school to work, and
indebtedness. Perhaps most crucially, it has built on the earlier wave of “cognitive
Europeanization” and strengthened the hand of those advocating on a number of
issues. These include not only discrimination against minorities and gender equal-
ity, as before, albeit extending these to more “core” social policy and employment
themes, but also a number of other themes, notably deinstitutionalization or the re-
duction of numbers in inappropriate institutional care, decentralization, promotion
of lifelong learning and the introduction of a social pension for older people without
any income. Still, there is an overemphasis on “process” at the expense of “content”
regarding EU social policy influence. The Commission appears more interested in
the challenges as evidence of problems of capacity and of horizontal and vertical co-
ordination, and hence as further evidence of general problems in meeting EU
acceptance requirements, rather than in terms of recommending any clear policy
measures. In addition, some key questions, notably the chronically low spending on
basic social assistance and in the general social welfare system is largely ignored in
the JIM process, or left to the influence of World Bank-led reform projects which
have their origins in a joint World Bank/UK Department for International Develop-
ment (DFID) welfare reform project beginning in 2001 in which the EU had no role
(Stubbs and Zrnič, 2009, 129). Reforms, including the modernization of social
services, the introduction of so-called “one-stop shops” and the rationalization of
cash benefits all took place in parallel to the accession process. Moreover, and par-
ticularly “encouraged” by the crisis circumstances, the World Bank has continued
to lobby against “high and untargeted” social benefits. In fact, through the Europe-
anization of social statistics, the Croatian Bureau of Statistics, in December 2009,
for the first time issued data on social spending based on the methodology of the
European system of integrated social protection statistics (ESSPROS) which shows
that in 2007 social expenditures were 17.5% of GDP, which is much lower than the
EU average (CBS, 2009).

The response to the economic and financial crisis perhaps reveals more starkly than
ever the anti-social nature of broad government policies and the inability or unwilling-
ness of the EU to influence this. At the insistence of the European Commission,
the most recent JIM Implementation Report and a recent joint JIM/JAP conference
have addressed the social impacts of the crisis. However, in the Implementation
Report covering the period January 2008 to March 2009, the crisis is discussed only
very broadly, noting the difficulties which may lie ahead. In the absence of any more
concrete data, scenarios and policy options presented, it has to be concluded that
the crisis management capacity of the MHSW to deal with the impacts of the crisis
is severely limited. The section reads like a description of the crisis by a detached
commentator rather than a proactive ministry and government seeking to find solutions. At the very least, it calls into question the planning and policy-making capacity of the Social Welfare Department of the MHSW and how far it is actually a party to key governmental decisions regarding the crisis and ways of mitigating its social impacts. At the same time, the crisis, for reasons which are not clearly spelt out, is cited as a reason for the non-implementation of certain commitments, including those of deinstitutionalization and decentralization. Beyond restatements that social assistance will be protected, there has been little proactive move by the government to ensure that the social impacts of the crisis are mediated. At the same time, in the context of rising unemployment and the danger of a new poor being created, many policy measures, such as increasing VAT, abolishing the right to free school textbooks, cuts in school transport, and a number of tax incentives in the field of housing, health and pension and life insurance, seem to contribute negatively. Indeed, recent analyses suggest significant rises in child poverty in Croatia, as a result of a combination of the crisis conditions and the measures which the government has taken to curb public spending (UNDP/World Bank, 2010).

There have, perhaps, been fewer synergies than might have been expected between the JIM process, the Instrument for Pre-Accession Assistance (IPA) funds which prepare candidate and prospective candidate countries for future European Social Fund (ESF) assistance, and the annual progress reports which offer key messages regarding challenges and gaps. On the whole, the IPA’s social dimension is largely employment focused and very much “projectized”, so that the impacts on policy direction are still rather weak. In addition, the social dimension, while present in the progress reports, is neither particularly strong nor always coherent and consistent. The full impact of Europeanization is, of course, not limited to the measures in the JIM. For example, EU funds, often in partnership with Croatian bodies such as the National Foundation for Civil Society Development, have supported many valuable projects which, taken together, have strengthened a local welfare mix and established NGOs as credible service providers. At the same time, the lack of participation by the Croatian authorities in the European Year for Combating Poverty and Social Exclusion is, perhaps, continued evidence of a lack of “buy in” to EU social policy concerns at the level of central government as a whole.
Conclusions

Although there is some room for optimism in terms of the setting of specific EU-wide poverty reduction targets in the Europe 2020 programme, the failure to move beyond the Open Method of Co-ordination suggests that there will be little change in Croatia’s social policy as a result of joining the European Union, which is widely expected in 2012. Nevertheless, the social impacts of the crisis, and the importance of pensioners’ parties and of trade unions, suggest that social policy issues will be important in the parliamentary elections which will precede accession. Hence, a repoliticization of social policy, in the context of debates about welfare in the new Europe, is possible.

Although marked by late Europeanization, there are some similarities between the Croatian story and the experiences of some other central and east European countries, which are likely to become even stronger after Croatia joins the EU, when the JIM becomes a model for future National Action Plans on Social Inclusion (NAPSI). A recent analysis of the Czech NAPSI process suggested that legitimacy is the most important issue as “legitimacy of the social inclusion agenda in the eyes of key actors is a crucial condition for internalization of the corresponding policy discourse by policymakers which facilitates the process of institutional learning (…) and also its usage as a specific instrument (lever) to advance some policy goals and measures. The result of such a process would be a specific kind of domesticisation of this agenda” (Srovátková and Rákocezyová, 2009: 201-202). The authors argue that there is a lack of legitimacy in the NAPSI process in the Czech Republic such that the elimination of poverty and social exclusion was not even the main goal. For somewhat different reasons, we would claim the same for Croatia, where official, political and, indeed, public discourse still places too low a priority on eliminating poverty and social exclusion, and sees social spending as a burden.

As in Croatia, the Czech process reveals major implementation gaps in terms of coordination, allocation of resources and involvement of NGOs and excluded people. In terms of postwes, the authors note the advancement of institutional learning and improvement of competences. It may be that, unless there is a sea-change in the political commitment to social protection in Croatia or, even more unlikely, a radical departure in terms of a move away from subsidiarity towards an EU social agenda with real teeth, this is the best that can be hoped for in terms of the Europeanization of Croatian social policy in the medium term at least. In terms of being a regional block, the European Union continues to be rather weak on the rights and redistributory aspects of social policy (cf. Deacon et al. 1997), while its regulatory structure is an experimental kind of governance based on strengthening of mutual learning within the Social OMC. As the global economic and financial crisis continues to impact on political economies within the EU, only pressure for change from below and from above is likely to strengthen the EU social dimension in the future.
Sažetak

Socijalna politika u Europskoj uniji doživjela je znatne promjene pokretanjem Lisabonske strategije 2000. jer je socijalna dimenzija postala jednom od okosnica razvoja EU-a. Ipak, socijalna je dimenzija Lisabonske strategije ostala čvrsto određena principom supsidijarnosti temeljem kojeg mjere socijalne politike ulaze u nadležnost zemalja članica, a njihovo se poboljšanje namjeravalo postići putem postupnog pruženja procesa otvorene koordinacije na novu područja socijalne zaštite. Metoda otvorene koordinacije rezultirala je dodanom vrijednošću jer je na razini zemalja članica i EU-a ustanovljena infrastruktura sa svrhom redovitog praćenja napretka te međusobnog učenja putem razmjene iskustava i najboljih praksi. No, usporedeo s otvorenom metodom koordinacije u Uniji se obilježava novo koncept socijalne politike određen terminima zaposljivosti i aktivacije radne snage u kojem je socijalna politika postala podređena širim gospodarskim ciljevima. To je u potvrđeno revizijom Lisabonske strategije 2005. godine, kada je izvorni lisabonski cilj socijalne kohezije postao subordirani ostalim dvama: gospodarskom rastu i zapošljavanju. Revizijom strategije prihvaćene su i integrirane smjernice za rast i zapošljavanje, koje su se u socijalnoj domeni većinom fokusirale na postavljanje ciljeva vezanih uz zaposlenost. Aktualni utjecaj krize kao i proširenje na zemlje Srednje i istočne Europe pridonijeli su tome da se nova strategija EU-a nazvana Europa 2020, prihvaćena u lipnju 2010., čini barem na retorickoj razini socijalno mnogo osjetljivijom od svoje prethodnice. U sklopu tog programa EU ističe važnost uključivanog rasta, koji podrazumijeva stvaranje gospodarstva s visokom razinom zaposlenosti koje će osigurati socijalnu i teritorijalnu koheziju. EU sada kao jedan od svojih pet glavnih ciljeva ističe izbavljanje 20 milijuna ljudi od rizika siromaštva, a jedna od sedam inicijativa "Europska platforma protiv siromaštva" usmjerena je prema većoj koheziji te osiguranju dostojanstva i socijalne uključenosti ugroženih skupina. Nova strategija ističe odgovornost zemalja članica te potrebu stvaranja ciljanih programa za rizične skupine kao i većeg korištenja strukturnih fondova u svrhu socijalne inovacije. Moguće je međutim uočiti i rizike, koji su poročno povezani s tendencijom marginalizacije socijalne dimenzije u odnosu na ekonomske ciljeve s negativnim socijalnim posljedicama. Prilog također analiza socijalne politike novih zemalja članica EU-a, osobito koliko su one određene članstvom u Uniji te Lisabonskom strategijom. Analiza pokazuje da je utjecaj strategije na novu članicu bio ograničen i neodređen, a ističe se i važnost međunarodnih finansijskih institucija (npr. svega Svjetske banke i Međunarodnog monetarnog fonda) čije su agende u pogledu socijalnih zahtjeva u određenoj mjeri konvergirale s politikom Unije. Ipak, iako je pristupan proces imao slabu socijalnu dimenziju, nakon ulaska u Uniju došlo je do djelomičnog usklađivanja socijalnih politika novih zemalja članica sa socijalnom politikom EU-a pri čemu je glavna razdjeлина bila jasna, ali zemlje članice pojavno prihvatile pravila i norme socijalne politike ili su zaustavile oprostivo stajašte. Rad također analizira europskuju socijalne politike u Hrvatskoj, koja je zbog tranzicije opterećene ratnim naslijeđem imala drugačiju dinamiku od one u novim zemljama članicama. Europezacija Hrvatske počela je 2000., a u prvom kom valu bila obilježena tek.
posrednim utjecajem Unije, koja je davala prednost pitanjima ljudskih prava, jednako-
pravnosti spolova te pravima nacionalnih manjina, dok su neka od središnjih pitanja
socjalne politike, poput borbe protiv siromaštva i socijalne isključenosti, nezaposle-
nosti te pitanja mirovninskog i zdravstvenog osiguranja bila zanemarena. Lisabonska
strategija također nije znatno utjecala na oblikovanje socijalne politike u Hrvatskoj,
jer je bila pretpostavljena pitanjima rasta i zapošljavanja. Značajnije promjene dogo-
dile su se 2005., godine, kada Hrvatska počinje pripreme za potpisivanje Zajedničkog
memoranduma o socijalnom uključivanju (tzv. JIM proces), koji je potpisan 2007.
Tim procesom uključeni su u konzultacije neovisni stručnjaci i oblikovana je moderna
plataforma na polju socijalne politike te ostvaren dijalog sa širokim krugom različitih
dionika. JIM procesom statističko izvješćivanje iz područja socijalne politike postalo je
puno bliže praksi EU-a, potaknuta su istraživanja brojnih aspekata socijalne politike,
a proširen je i horizont na područja koja se ne nalaze u samom središtu socijalne
političke. Ipak, kao mana JIM procesa može se istaknuti da je naglasak stavljen na
oblikovanje politika, izvješćivanja i praćenja, a manje na bitne promjene, pa proces
stoga ostaje previše „tehnički“. Osim toga, JIM proces nema utjecaja (kao ni sam EU) na antissocijalni karakter Vladinih protukrizaških gospodarskih mjera. Zato
se može zaključiti da skorašnje članstvo Hrvatske u EU-u neće donijeti bitne promjene
trenutne socijalne politike ako se ne dođe do čvrste političke opredijeljenosti
na polju socijalne zaštite ili ako se trenutačno dominantan princip supsidijarnosti ne
zamijeni jedinstvenim socijalnim programom EU-a. U međuvremenu, najpredek je
moguće ostvariti boljom oblicijom resursa te uključivanjem i koordinacijom aktera
koji bi dovelo do snažnijeg institucionalnog učenja i podiglo razinu kompetencija.

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