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Outsourcing power to social institutions:

Non-governmental support in social policy implementation

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1. Introduction – the welfare state, the Open Method of Coordination and some new faces

The welfare state has been one of the most significant European policy innovations (Johnson, 2005: 4-5). Established in its modern form in the United Kingdom during the scarcity and attrition of the aftermath of World War II, it has spread throughout the European continent and far beyond its borders, ushering in an era of the active role of the state in the provision of social services. The rights to these services (social rights), enshrined in both supranational documents and national welfare regimes, have caused a new sort of government programme – the social policy – to become exceptionally important and well-funded. Social policies were aimed at ensuring and improving the well-being of citizens through budgetary transfers that enable universal access to socially-mediated benefits such as education, healthcare, employment, pensions and many others.

Social policies, as a whole, are means of counteracting negative trends in modern societies, such as social exclusion and inequality. In terms of social inclusion and exclusion, social policy measures are those that eliminate the conditions that lead to social exclusion – troubles in migrant integration, unemployment, illness and disability being just some of those conditions.

Direct provision of social services itself is understood to be a coercive instrument of policy implementation, one rooted in the binding exercise of hard power and not persuasion or attraction (Petek, 2009). In this instrument, the state (and, traditionally, the state alone) uses budgetary spending to ensure that no citizen is denied the rightful access to public services such as education, healthcare and pensions. However, following economic crises that have affected the EC/EU countries throughout the decades, the capacity of some welfare states to provide social services universally has declined. In such a situation, the state, until then the sole provider of social services, had to resort increasingly to formalized partnership arrangements with non-state actors, first from the ranks of the “social partners” (employers and worker unions), and, relatively recently, from the business and non-governmental sectors.

The underlying principle of such arrangements was, in most cases, the demand for efficiency in service provision and an increase in their quality. On the one hand, these demands have generated partnerships between the state and private actors, resulting in the privatisation of

many social services and restructuring of the others according to market principles. (Petek, 2009).

However, another form of social policy alliance has also emerged, one in which non-governmental organisations (NGOs) have assumed a place alongside state institutions as service providers. Transcending their original role as agents of interest representation, some NGOs have taken on the task of promoting and realizing values of equity and welfare, along with the state.

It is critical to note that all of these processes are taking place in an integrated European context. The EU does not have the capacity to use hard power in order to implement policies at the national level; however, it sets the standards that countries should aspire to – so called “best practices” – through an instrument of governance called the Open Method of Coordination (OMC). The OMC is a loosely defined space meant to function as a multi-level forum for discussion, exchange of experiences, sharing of best practices between the national, regional and local levels, and between target groups of policies, administrative bodies and EU offices.

Throughout the years, many OMC processes have been initiated but the social inclusion OMC (OMCincl) remains an especially significant one, due to it being an unprecedented form of EU influence in the area of national social policy (Trubek and Trubek, 2005). It took a long time for social inclusion policies to be even considered for the OMC; however, their definition as a “common concern” of the EU has facilitated the involvement of the transnational level in the sector. The intent of the EU bodies is to achieve coordination between Member State social policies, get the states to exchange data and ideas, and, finally, do so in a standardized fashion.

According to Armstrong (2003: 15-16), four objectives make up the basis of the European social inclusion OMC, as formulated at the Nice Council in 2001:

1. Facilitate participation in employment and access by all to resources, rights, goods and services.
2. Prevent the risk of exclusion.
3. Help the most vulnerable.
4. Mobilise all relevant bodies.

Some OMCs frequently fail to achieve compliance on part of the member states, mostly due to political and fiscal reasons. This results in what we might term an “implementation gap” between the normative EU-level policy decisions and empirical national policies. In order to bridge this gap, the OMC enables active involvement from non-state actors as well. Since it is so broadly defined, the OMC permits non-governmental actors to enter the debate and do their part in establishing policy practices. In this respect, an especially important space is left for the involvement of NGOs.

This paper will attempt to examine whether we are witnessing an increasing “outsourcing of state power” to social institutions, an emergence of cooperative efforts with non-governmental actors, encouraged from the EU level by OMCincl. In addition, it will try to establish what relation there is between specific social policies and normative Union-wide social goals.

Arguably, there is no known way of circumventing coercive power in the implementation of policies to battle social exclusion within the EU – in this manner at least, the European level is directly involved in social policy implementation, though social actors might be co-opted and coordinated. In terms of the soft power-hard power dichotomy, this paper intends to present an example of how social actors who traditionally wield soft power may become included in the hard power structure under specific transnational arrangements within the EU.

2. Logic of OMCincl and the scope for policy partnership

The present-day European welfare state is increasingly involved in relations of interdependency with EU policy initiatives; even though it is possible to argue that European policies get implemented almost exclusively by national administrations, it should be pointed

out that the “softness” of EU policy proposals shouldn’t be overstated, as EU incentives to implement policies are very high. At the same time, the bottom-up pressure from a well-integrated and interlinked civil society constitutes a different source of pressure on the state, though one closely bound up with European institutions through the OMC, making for a substantial linking of national issues with transnational governance mechanisms, i.e. OMC (Trubek and Trubek, 2005). The goal of such incentives from the EU level is to encourage NGOs to participate in national policies and influence policy shifts in the directions stated in OMCincl. The partnerships are created in order to fill existing gaps in the provision of goods and services, i.e. to minimize the implementation gap.

Johnson identifies the main explanatory variables for the processes they have marked as the rise of supranational governance of social policy; out of these, two are relevant to this particular issue. Those variables are the welfare state regime, taken from G. Esping-Andersen’s classical typology, and the institutional developments which have enabled new modes of governing actions of the welfare state to emerge (Johnson, 2005: 7-22). The former variable may be taken as a predictor for future cooperative arrangements in the social policy sector in different European countries, while the latter, manifesting especially in the cooperation of European- and subnational-level institutions, proved to be especially significant in empowering NGOs to get involved in social policy implementation, as well as providing them with networks of contacts throughout the EU.

Normally, NGOs have no coercive power and can only get involved in policy-making using soft power – attraction, persuasion and advocacy. However, by taking part in the OMC, NGOs may change their roles, since the OMC provides them with an opportunity for more active participation in public policy making than national legislative would. It is argued that NGOs in developed European countries are taking on an autonomy in the national policy processes which surpasses their previous roles and are becoming active participants in the implementation of policies. Thus, the introduction of OMCincl is the precursor to several new modes of governance in the social sector, some of which are relevant in this discussion: civil society and stakeholder involvement in the governance processes, deliberative approaches to problem-solving and an application of experiments and knowledge-creation in the advancement of policies (Armstrong, 2003: 3). All of these activities are encouraged by the

EU institutions, sometimes even through direct financing. The modes in which civil society actors can get involved through the OMCincl include enabling the excluded to make themselves heard, monitoring and evaluation. However, participation in the implementation process is also included in this list as an open-ended and expanding possibility for NGOs (Armstrong, 2003: 25-26).

A technical question remains on the exact nature of NGO inclusion in social policy making; specifically, the concept of “partnership” on part of the social NGOs was extensively challenged. A policy partnership is defined as a voluntary cooperative arrangement, involving public, private and/or civil society organisations that is formalised with common, non-hierarchical decision-making procedures and that addresses a public policy issue. “True” policy partners are normally considered to be able to use their own resources in order to contribute to the implementation of a policy. Partnerships in policy implementation in particular, are bound by a combination of financial and outcome accountability. Arguably, NGOs taking part in social policies are bound in no such way and their role is not one of implementation partnership but rather implementation cooperation. Furthermore, networks, the primary modes of NGO association both within and beyond state borders, differ from partnerships insofar that they are less formalized and less marked by conflict than traditional partnerships (Steets, 2010: 85-86, 144).

In addition, relationships within the social sector vary drastically across Member States and, in highly developed welfare systems at least, display much more variety than the traditional social partnerships. Whatever the specific constellation of national actors, the very fact that provisions of OMCincl are on the agenda is sufficient to trigger policy change. Among the mechanisms that OMC invokes to enact this change are shaming, diffusion, deliberation and, especially relevant for the forthcoming example, learning and networking. What this proves, ultimately, is that “soft law may be harder than you think” (Trubek and Trubek, 2005).

3. The case of the Swedish Network Against Social Exclusion: networking and policy support by virtue of OMCincl¹

An illustrative example of civil society and stakeholder involvement in the governance processes, deliberative approaches to problem-solving and an application of experiments and knowledge-creation in the advancement of policies comes from Sweden.

Following an economic recession in the 1990s, the traditionally robust Swedish welfare state found itself faced with an unusually high rate of unemployment in 2000. As is often the case with social issues, the problem of unemployment soon spilled over into social exclusion, with young people, ethnic minorities and the disabled becoming especially vulnerable. Being limited in its capabilities to resolve the rising problems of exclusion and with OMCincl being put into effect relatively recently, the Swedish government had turned (reluctantly!) to negotiations of partnership arrangements with the domestic NGO sector via the OMC.

As of 2000, Swedish social NGOs had established notable linkages in major EU social NGO networks (such as EAPN, The European Disability Forum and EuroDiaconia) and decided to act upon the possibilities that were becoming apparent with the introduction of OMCincl throughout the following few years. The creation of a national association of social NGOs was initiated in order to empower them for more active involvement – this association would become the Network Against Social Exclusion (“Network”) and the OMCincl would become its leading claim to involvement.

Among the organizations of the Network, differences were vast. The variety of NGOs included organizations of persons with disabilities, churches, social enterprises, ethnic and immigrant organizations, trusts and funds etc. They also differed in terms of resources at their disposal, from large and well-established organizations to small and entirely non-profit groups. However, the prestige of some members of the Network predicted the possibility that its influence would be substantial.

¹ This section is based on reports on the work of the Network Against Social Exclusion (Jacobsson and Johansson, 2007; The Ministry of Health and Social Affairs Of the Government of Sweden, Social Services Division, 2003).

Several factors made the perspective of the Network seem less than encouraging. The Swedish welfare system is traditionally focused on the universal provision of welfare under a general, state-constructed system. However, both the spill-over from unemployment into exclusion and social changes of the early Noughties have caused new patterns of social exclusion to emerge and become salient, all the while not being addressed fully by the state, yet without much formalized access by NGOs. In addition, groups without significant representation in the labour market have tended to remain on the sidelines of Swedish welfare. Social partnership, a corporatist model of social relations, is embedded in the Swedish welfare model as well. It is this latter tendency that has caused much delay in the active NGO involvement in social policy, since the NGOs have never had the status of “partners” in relation to the state, but have been easily dismissed as “participants”.

However, the NGOs have grown strong through a so called “boomerang effect” – the effect of going to transnational associations and networks for resources and support and then utilizing these in the national policy arena.

The work of the Network was to be done by conducting a unified welfare project following from and using OMCincl in order to point to gaps between the variety of social policy clients and the general, “umbrella” policy of the Swedish social-democratic government, which was marked as unresponsive and inefficient. The Network demanded a much more active role for the welfare clients and advocated their direct consultation in relation to the services they required. Additionally, the Network advocated a more active role for the NGO sector in general.

The government was reluctant to include the Network in social consultations, as it considered the OMC to be an entirely different line of policy to national priorities and the Network to have no part in policy implementation, nor be due any government accountability. However, the Network was adamant in demands that it should be made a partner in social policy, since the OMC explicitly called for civil society involvement; by excluding this sector, they argued, the government was being unresponsive towards clients of its own policies.

Soon, it was the pressure of the OMC that caused the government to accept the Network as a cooperative institution in social policy. In 2003, a body called the User Committee on Social and Welfare issues was formed and consultations between government agencies, Network heads and client representatives began. In this way, the Network had official access to

discussions with government officials, also enabling representatives of the socially excluded groups to have an immediate voice.

Only after the Committee was put into effect did the Network start using its position to establish itself as a body capable of implementing policies autonomously. Vulnerable groups, such as drug users, mentally disabled persons and the homeless, but also newly-consulted groups, such as people under threat of honour-related violence and newly released prisoners, were now represented in the Committee and policies meeting their needs were gradually formed. However, this time, it was the Network that provided much of the implementation of these policies through its own work. Organizations within the Network initiated autonomous house-building, education and organization-building programmes. Protection was granted to victimized individuals and families on a voluntary and charity basis and coordinated by Network members. Resources from the EU level (including the central source, the European Social Fund) were being distributed throughout the Network and put to use in direct provisions for groups that fell under the prerogative of Network members. Through binding consultative processes in the Committee, certain client groups were allocated much more resources than ever before, proving that new priorities for the welfare state had emerged and their advocacy was capable of leading to the establishment of new practices. Aside from these services, the Network continually provided a space for consultation with the socially vulnerable and excluded. The Network Against Social Exclusion has so worked as both a provider of services and a representative body, a “voice-giver”.

By reporting on OMCincl progress in the field and advocating full commitment to its goals, the Network had consolidated itself as an unavoidable partner. An unprecedented level of social NGO involvement was attained, despite protestations that questioned its legitimacy.

However, a major policy area – labour relations – remained outside of the scope of Network action. The traditional social partner concept had remained in power here and no legitimacy was admitted to the Network, on grounds that it could only represent and work in favour of the socially excluded, while the OMC did not extend to labour policy under the auspices of the welfare state. Still, the institutional map had been transformed and foundations set for future consultative processes.

4. A possible interpretation of the Swedish case: Discursive Regulatory Mechanisms

The OMC, a form of supranational power, enabled NGOs to transform the power of persuasion and advocacy they use into a harder form and act, to some extent, independently from the state. The key to understanding the transformative power that enabled the social NGOs to become actors capable of exercising binding authority, according to Jacobsson (2004), lies in the concept of discursive regulatory mechanisms. These mechanisms are practices of language, shared understandings and knowledge making, implied in modern-day social policies by the actors involved. Such common discourses cause actors to converge in their views and enable policy action to be taken. The mechanisms that Jacobsson has identified include:

- The use of a common language (“Eurodiscourse”) to denote Europeanization concepts,
- A common base of knowledge in the form of standardized social indicators and statistical data,
- Comparisons and evaluations as modes of benchmarking, and
- Structural, social and temporal pressures for policy implementation.

Jacobsson further argues that these mechanisms make up a system with governance-transforming capacities. Taken by themselves, each of them is a mechanism of soft power and negotiation; however, when put together, they attain a different dynamic and become a combined instrument of regulation, a hard power instrument.

It could be argued that it is precisely this kind of instrument that the Swedish NGOs had used in order to promote heightened inclusiveness and accountability in social policy implementation. Discursive mechanisms become coercive through the combined influence of structural and social pressures and their recognition seems to have represented the only plausible route to adequate OMCincl fulfillment. The common-discourse and knowledge-building components were implied in the fact that the Network had initiated consultative processes with social policy usergroups and enabled them to voice their own concerns, as well as enabling new ones to make their presence and deprivileged positions known. Finally, OMCincl bears important the makings of EU policies in the fact that it aims for comparability of results and is strengthened through national feedback.

It should be pointed out that the innovation herein is not in the fact that civil society organisations and networks provide social services themselves, but in the fact that, in this particular case, the work of the NGOs has emulated the state mechanisms in several important respects:

- Autonomy in service provision,
- Comprehensive social programmes, not limited only to interest groups,
- Post-hoc evaluation of policy impacts and role in the redesign of future programmes.

As it has been pointed out, some important features of this particular case were determined by the fact that it comes from the Scandinavian welfare model and it is debatable whether it could function elsewhere. However, it is also true that the Scandinavian model was not functioning up to its standards of welfare provision at the time and was probably as vulnerable to effects of the economic crises as any other welfare regime would be; what matters more is that the need for social policy reform was initiated at the EU level, which resulted in a state of tension between OMCincl and the usual path dependency of an individual welfare state. This implementation gap had then resulted in involvement of the civil sector in new ways, showing that state power in policy implementation processes can no longer be thought of as undivided and separate from active civic involvement. In contrast to the public-private partnerships that have marked many public policy arrangements throughout the post-WWII years, the Swedish case provides an example of a „state-civil partnership“ which is likely to gain momentum in the future, as the European civil sectors develop, establish networks and become increasingly important actors both in their countries of origin and in the EU as a whole.

5. Conclusion

Johnson (2005) sets forth a very valid question: why would the state be willing to share social policy competencies with non-state actors and why do EU Member States even submit to transnational cooperative arrangements that bring new commitments into the fray?

The answer probably lies with the overarching goal of policy coordination promoted by the EU. The OMCincl, as a coordinative effort in an especially delicate policy sector, recasts social inclusion and welfare in a light of imperatives of performance similar to those that a state should normatively abide by, but placed under close supranational scrutiny. According to Eberlein and Kerwer (2002), the OMC represents a form of encouraged networking which enables stakeholders to directly participate in decision-making processes and contribute to policies from their own positions, be they privileged (as is the case of state institutions and social partners), marginal (as has been the case with welfare clients) or only just ascending to power of a new kind (the non-governmental sector as policy implementator). Termed “democratic experimentalism”, the OMC promises new and expanded forms of decentralised decision-making in the future.

Soft power is deeply implied in the decision-making process; however what happens afterwards is a re-introduction of hard power in the implementation stage. Ultimately, social policy is one of active market-correction and requires concerted action by many interested partners. Although much negotiation and attraction is involved, policy is only implemented by having the needs of social service users fulfilled, be it by regulation or direct acquisition. Although much (and increasingly more) negotiation goes into the making of European social policies, a major part of this negotiation takes place at the formulation stage of setting the policy-making process into motion, when power is conferred to those who will have a crucial say in what the policy will entail and how it will be carried out. Once that step is carried out, the implementation stage continues to rely on the hard power of binding decisions and service provision.

In the example given, the social NGOs themselves, drawing their legitimacy from OMCincl, became a vital link in a chain of exercises of power, which had transformed from soft to hard and influenced the policy process directly. Since the OMC entails a form of “peer pressure” among the Member States, state commitments are matters of exceptional interest and incentives to comply with EU guidelines are numerous. The interdependencies of EU social programmes place a much higher cost on failure to deal with the implementation gap and, in this respect, state coercive power is outsourced almost by necessity. Finally, the non-governmental organizations themselves are privileged as “extended hands” and agents of the

OMC itself, and are likely to further strengthen their positions as autonomous regulators and service providers.

The EU institutions can be said to make up for their inability to implement policies directly by their important synoptic overview of the Union-wide conditions (Ebelein and Kerwer, 2002). This view “from above” is complemented by the bottom-up perspective of the state and national NGOs. In this respect, the transnational level acts as a corrective power upon the state, which in turn is forced to turn to partnerships with civic organizations in order to fulfill its key policy functions more efficiently, equitably and accountably. However, we should still be careful in ascribing large predictive capabilities to Union bodies. The OMC is an instrument based in deliberation and inclusion, not a means of central planning (Begg and Berghman, 2002).

It remains to be seen to what extent these mechanisms will be institutionalized as truly coercive. Cooperation in meeting OMC standards will definitely be introduced gradually but for now, their advancement seems to be inevitable.

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