



## **WORKING PAPER:**

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## **HEALTH AND SOCIAL INCLUSION IN THE CONTEXT OF LISBON**

### **Introduction**

This briefing describes the nature and discusses the Lisbon Strategy and its objectives. The aim is to place the EU Social Inclusion Strategy, and EuroHealthNet's projects on Health Inequalities and Health and Social Inclusion, into its wider policy context. (This can clarify how the health sector can contribute to advancing social objectives within the EU.)

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## **I. THE EUROPEAN SOCIAL MODEL**

The European Union was founded upon the idea that economic integration would lead to greater prosperity and generate peace and security. The Treaty on European Union states that its objective is to promote peace, its values and the well being of people. In addition, Article I-2 of the Treaty notes that the Community shall have as its task:

... to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high degree of protection and improvement of the quality of the environment, the raising of

the standard of living and quality of life, and economic and social cohesion and solidarity among Member States.

This Article indicates that the aims and objectives of the European Union go beyond economic integration, and also aim at achieving social development. Indeed, economic and social development are tightly interlinked. Without sound economies, no sustainable progresses can be achieved in social protection. Economic development and integration are not a goal in itself but a means to increase the well being of society and the majority of the population.

EU Member States are, however, hesitant to give the EU too many powers on issues relating to social protection and want to maintain the right to structure their welfare states according to their national traditions and politics. The EU therefore only has shared (rather than exclusive) competence<sup>1</sup> in certain areas of social policy, and the principle of subsidiarity<sup>2</sup> therefore persists in this area. The way Member States have organised their societies, their tax-benefit regimes and their social welfare policies differ widely.

Despite the fact that there is no homogenous legal framework of social welfare in Europe, terms like 'Social Dimension of the EU' and the '**European Social Model**' are widely used in both academic research and policy debates, when a unifying concept is sought to identify the European Union, its way of life and its approach to society, as distinct from the world. These terms allude to common values held by EU Member States (and, in many cases, to distinguish the EU from models applied within the US or Asia).

The big difference between the European economic and social model and models found in other developed countries is the extent to which the role of the state is used to mitigate the social effects of free-market capitalism. European populations generally pay higher taxes, thereby indicating a greater willingness to pool risk through the state, both to ensure that it will provide for them when they need it, and to ensure that a degree of social cohesion is maintained. This unique balance between state, individual and market is embedded in European Treaties and policy-making traditions.<sup>3</sup>

The Barcelona European Council of March 2002 adopted the following definition of the European social model: "(it) is based on good economic performance, a high level of social protection and education and social dialogue".<sup>4</sup> According to the High Level Group on the Future of Social Policy in an Enlarged EU, the European social model thus stands for the parallel development of economic and social prosperity and rests on the consistency between economic efficiency and social progress. It aims to maintain continually rising productivity and living standards across the Union, while helping to

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<sup>1</sup> The principle of conferral of competencies states that the European Union shall act within the limits conferred upon it by Member States in the Constitution.

<sup>2</sup> This principle holds that in areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or the effects of the proposed action, be better achieved by the Community. Any action by the Community shall not go beyond what is necessary to achieve the objectives of the Treaty. A more descriptive analysis of the principle can be found in Protocol 30 to the EC Treaty.

<sup>3</sup> EPC, 2004, pg. 11

<sup>4</sup> DG EMPLOI. Report of the High Level Group on the future of social policy in an enlarged European Union. May 2004, page 5

ensure that the benefits are widely shared.<sup>5</sup>

Although the term 'European Social Model' is commonly applied, one cannot speak of a single European 'economic and social model'. There are a number of different models that can be categorised into very different types of 'sub-models' (Liberal/Anglo Saxon, Conservative/Continental, Nordic/Universal/Social Democratic, Southern European/Mediterranean). All of these models have their strong and weak points. Noteworthy is that Nordic countries are leading in most global competitiveness surveys, such as the IMD World Competitiveness Report, with three of these economies, Finland, Sweden and Denmark, emerging among the top five most competitive economies in the world.<sup>6</sup> The Nordic model, in particular, thereby serves as an example that economic, social and environmental performance can go together, and that the role of the state is crucial in achieving competitiveness.<sup>7</sup>

Nor should the European Social Model be regarded as a simple extrapolation of the models of individual Member States to a European level. The 'EU level' model has, rather, been described as a set of constitutional policies and principles, a basic floor of social guarantees upheld by pan-European regulations, a fairly articulated co-ordination regime that forces national systems to communicate with each other through forms of mutual recognition, and a wider collection of aspirations, objectives and concerns.<sup>8</sup>

Thus, while EU Member States share common principles, the EU does not have the competency to 'harmonize' social policy. EU Member States nevertheless face many of the same tough challenges, which affect their ability to maintain existing balances between the state, individuals and the market and to generate economic growth while retaining social cohesion. They face common internal challenges, such as demographic change and the need to alter the structures of government to address contemporary realities, as well as common external challenges, such as the rise of a knowledge based economy and greater competition generated by the processes of globalisation. This erodes Member State's abilities to maintain the fiscal basis of their social models. These challenges require Member States to develop appropriate policy responses, to introduce policies and programmes that aim to restructure their societies, and find new optimal balances between economic efficiency and social progress.

## II. LISBON STRATEGY

In the face of, and in response to these challenges, the European Council in Lisbon of March 2000 set out a new paradigm, or ambition, for the EU. European governments committed themselves to work towards a new strategic goal for the next decade: "to become the most competitive and dynamic knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion". The objectives of Lisbon constitute a 'virtuous' policy triangle, where economic policy, employment policy and social inclusion interact in a mutually supportive manner. Social

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<sup>5</sup> *ibid.*

<sup>6</sup> EPC, 2004, pg.46

<sup>7</sup> *ibid.* pg.21

<sup>8</sup> Ferrera in de la Porte, C. and Pochet, P. 2001, pg. 134

policy underpins economic policy, and employment has not only economic but also a social value.<sup>9</sup>

**Social policy**  
*Social Protection/Social Cohesion*

*Competitiveness/Dynamism of work*  
**Economic Policy**

*Quality/quantity of work*  
**Employment policy**

The Commission notes that if any single one of the corners of this triangle were missing, the Union would not reach its fundamental objectives, nor would it have legitimacy in the eyes of the citizens. The Strategy touches on almost all of the EU's economic, social and environmental activities.

The **European Social Policy Agenda**, launched by the Commission in June 2000, and endorsed by the European Council of Nice in December 2000, bring together the various initiatives and policy strands in the area of social policy within the Lisbon Strategy. It is a large work programme, providing a comprehensive and coherent approach for the EU to confront the new challenges to social policy which result from the radical transformation of Europe's economy and society, such as those generated by the new knowledge-driven economy. It is, in this sense, a strategic response to modernise the European social model and to translate the political commitments made at the Lisbon Summit into concrete action.<sup>10</sup>

**Implementation**

The EC has a number of instruments that it can use to take forward the Lisbon Strategy. The most powerful of these is (1) the development of legislation, which Member States must implement nationally. As noted, however, the EU can only act in those areas where the Member States have agreed to give it competency. These areas, or the so-called *acquis communautaire*, are set out in the Treaties. The EU also uses (2) financial instruments in the form of Structural Funds to promote common objectives. In addition it engages in a number of (3) 'accompanying' activities such as research, the development of common indicators, dissemination of information, networking and training activities to support policies developed in the social policy and other fields.<sup>11</sup>

**Open Method of Coordination (OMC)**

An important mechanism that the EU has developed in order to achieve the Lisbon objectives is the Open Method of Coordination (OMC). Lisbon aimed to limit as far as possible new legislation at a European level and to achieve the established objectives

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<sup>9</sup> Social Policy Agenda, pg.13

<sup>10</sup> The EU also launched a Sustainable Development Strategy in May 2001. The Strategy recognizes the 'triangle' between social, economic and environmental aspects and the importance of balancing all three. It contains a number of concrete proposals for how the European Union can improve its policy making to make it more coherent and focussed on the long term, as well as a number of specific headline objectives and the measures needed to achieve them. The Strategy will be reviewed in 2004.

<sup>11</sup> The European Commission's annual Spring Report examines the Strategy in detail. The Spring Report is the only document on the agenda of the Spring European Council, where EU Heads of State and Government assess the progress of the strategy and decide future priorities in order to realize the Lisbon targets.

within the parameters of existing legislation.<sup>12</sup> The Lisbon European Council therefore developed the OMC, which was modelled after the European Employment Strategy (discussed further below.) The OMC is built on the recognition that different approaches within Europe can be very instructive for policy development and that there is strong added value in co-ordinating and developing common policies and addressing common problems and challenges.

Through the OMC, Member States decide what goals they aim to achieve in a policy area, and develop a list of common objectives. Each Member State works this out in a national action plan, which involves fixing guidelines with specific timetables for short, medium and long terms. Member States also establish, where appropriate, quantitative and qualitative indicators and benchmarks as a means of comparing best practices. They should, then, translate the guidelines into national and regional policies by setting specific targets and adopting measures. Member States comment on one another's plans and exchange good practices. The European Commission coordinates this process and compares countries with one another. This process of periodic monitoring, evaluation and peer review aims to stimulate excellence, achieve greater convergence on EU goals and strengthen the learning process of those involved.

Under the OMC, key competences remain at the Member States level. The process is founded on the belief that governments and other stakeholders will take the process seriously and address shortcomings by adapting their own systems and methods in line with best European practice.<sup>13</sup> The approach, sometimes referred to as 'soft law', is essentially voluntary, and helps to expand policy activities beyond legally limited spheres and seeks to enhance policy integration and linkage (e.g. between economic and social policies, pensions, employment, immigration, etc.)<sup>14</sup>

### **III. COMPONENTS OF THE LISBON STRATEGY**

The following sections briefly discuss the components of the Lisbon triangle and the mechanisms that have been developed under each of them to take forward the Lisbon process. These policy tools have been designed at separate times, and 'grafted' on to one other. The final section will therefore discuss steps that are being taken to 'streamline', or ensure a better coordination of these activities, so that they can reinforce one another in the effort to achieve the Lisbon goals.

#### **A. Economic Policy (Competitiveness/Dynamism)**

The real driving force of the European Union is economic integration. Without sound economies, no sustainable progress can be achieved in social protection. Coordination at European level in this area aims to achieve sustained economic growth with low inflation and sound public finances.

##### ***Broad Economic Policy Guidelines***

The 1993 Maastricht Treaty first introduced a system for co-ordinating the economic policies of EU Member States. Articles 98-104 of the Treaty Establishing the European Community set out the process used for the co-ordination of economic policy. Article 99

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<sup>12</sup> EPC (2004) pg. 37

<sup>13</sup> *ibid.*, pg.13

<sup>14</sup> de la Porte, C. and Pochet, P. pg. 3

of the Treaty states that Member States “shall regard their economic policies as a matter of common concern and shall co-ordinate them.” This coordination takes place through the Broad Economic Policy Guidelines (BEPG), which lay down the EU’s medium-term economic policy strategy. The guidelines provide a benchmark by which economic developments in Member States can be monitored and compared.<sup>15</sup> They are concentrated around three main themes: growth and stability-oriented macroeconomic policies; economic reforms to raise Europe’s growth potential; and strengthening sustainability.

While this process of establishing and monitoring Member States adherence to guidelines resembles that of the OMC, it can be considered ‘hard’ (rather than ‘soft’) coordination, since these activities are justified under Article 99 of the Treaty. The BEPG are, in addition, linked to the Economic Monetary Union (EMU) and the Stability and Growth Pact, which are in theory exclusive EU competencies, which must be applied in 12 of the 25 EU Member States that are currently participating in the EMU. The recommendations issued by the Commission are therefore much more influential than those issued through the OMC processes that take place in the area of social protection, discussed further below.

## **B. Employment Policy / European Employment Strategy**

Beyond coordinating economic policies in order to optimise economic growth, it is also important to ensure that this growth occurs in a way that generates higher levels of employment – since this is of importance to social stability and social cohesion. The Amsterdam Treaty (1997) therefore brought employment formally on the agenda of the European Union and aimed at a closer co-ordination of Member States’ employment policies, as a part of the economic policy co-ordination process. This led to the establishment of the European Employment Strategy (EES). The Strategy, launched by the Luxembourg European Council in 1997 (and therefore also known as the ‘Luxembourg Process’) was designed as the main tool to give direction to and ensure co-ordination of the employment policy priorities to which Member States should subscribe at EU level.

While the strategy was implemented prior to the Lisbon Council of 2000 (and a five year evaluation was conducted in 2002), the Lisbon and subsequent Councils set the following strategic goals: to raise the overall EU employment rate to 70% and to increase the number of women in employment from an average to more than 60%, and that of older workers to 50% by 2010. The aim is also to raise the overall employment rate to 67%, and that of women to 57%, by 2005.<sup>16</sup>

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<sup>15</sup> The process begins when the Commission adopts recommendations for the guidelines, which are used by the Economic and Financial Council (ECOFIN) to formulate a draft of BEPG. The guidelines contain two parts; a set of horizontal recommendations and a set of country-specific recommendations. Member States report to the Commission about important measures taken by them in the field of economic policy, the Commission prepares reports on the consistency of economic policies of MS with BEPG. The Council may then, acting on a qualified majority, make the necessary recommendations to the Member States concerned (mutual surveillance), the Commission publishes a report making an overall assessment of the implementation of the BEPG’s. The process leads to both general and country-specific recommendations. The guidelines are produced on a multi-annual basis, with changes in intervening years only taking into account major new developments. A full review of the guidelines is foreseen for 2006.

<sup>16</sup> Currently the EU wide employment rate is only at 64.3%, meaning the Lisbon Target of 67% for 2005 and the 2010 target of 70% are likely to be missed.

### ***Naps/Employment***

Each year, following the proposal from the Commission, the European Council agrees on a yearly basis on a series of guidelines setting out common priorities for Member States' employment policies. These are structured around four pillars: (1) employability, (2) entrepreneurship, (3) adaptability and (4) equal opportunities. Member States draw up **NAPs/employment** that describe how these guidelines have been put into practice nationally. The Commission and the Council examine each Member State's NAP/employment, and present a Joint Employment Report. The Commission then presents a new proposal to revise the Employment Guidelines for the following year. The Council may then decide, by qualified majority, to issue country specific recommendations upon a proposal by the Commission.

Employment is considered an integral part of economic policies. These processes were therefore streamlined in 2002, and certain outcomes of the employment process are now incorporated in the Broad Economic Policy Guidelines. This gives the EU an important degree of influence in the shaping of Member State's employment policies.

### **C. Social Policy / Social Protection**

The European Social Model', aims, as noted above, to balance economic and social considerations, since the two are mutually reinforcing. Economic growth is necessary to achieve social protection, while a cohesive, well trained and healthy society is more likely to generate growth. Since the creation of the European Communities, however, social policy has always been lagging behind economic policy. One of the major achievements of the Lisbon Strategy is therefore to try to put economic and social policy on an equal footing.

The European Councils have given the following areas the highest priority in the area of Social Protection: 1) Making pensions safe and pension systems sustainable 2) Promoting social inclusion, and 3) Ensuring a high quality and sustainable health care throughout Europe. Making work pay by providing a secure income is regarded as a cross cutting theme. These main axes were first identified in a Commission Communication of 1999 on modernising Social Protection.

The Communication also suggested '*enhanced mechanism for exchanging information and monitoring policy developments*' to implement the strategy and provide it with visibility and political profile. This led to the establishment of the Social Protection Committee (SPC) in 2000, whose main tasks are to monitor the social situation and the development of social protection policies in the Member States and the Community and to promote exchanges of information, experience and good practice between Member States and the Commission. The establishment of the SPC is important, since it provided for the first time a forum where serious and fundamental discussion could take place in a well-prepared fashion between MS and EU institutions on issues such as social protection challenges in general and the inter-linkage between economic and social integration. This would lead to tangible and concrete outcomes in the area of social policy. This means that new analysis, exchanges of opinions, discussions and recommendations will have a fair chance of leading to results and political decisions.<sup>17</sup>

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<sup>17</sup> de la Porte, C. and Pochet, P. pg. 89

## 1) Pensions

An important issue with far reaching implications with respect to Member State's social and economic policies is Europe's ageing population.<sup>18</sup> The Open Method of Coordination has therefore been applied to this area in order to address the potential challenges that this poses. In 2001, the Social Protection Committee and the Economic Policy Committee produced a joint text in which they agreed on eleven objectives that centred around three particular areas:

- The Adequacy of pensions (ensuring that the capacity of Member State's pension systems is enough to meet future social objectives.)
- Financial Sustainability of Pensions (ensuring that Member States have a multi-faceted strategy to place pension systems on a sound financial footing.)
- Modernisation of pension systems in response to the changing needs of the economy, society, and individuals.

### ***National Strategy Reports (NSR/Pensions)***

In September 2002, Member States submitted their first National Strategy Reports (NSR) for pensions, in which they presented the measures that they have undertaken and are undertaking in view of these European-level objectives. A peer-review session took place, and the Commission adopted a draft Joint Report that evaluates the national strategies. The Council is currently in the process of assessing these outcomes and on deciding upon the objectives, methods and timetables for the future of the pension strategy. The agreed upon guidelines are integrated into the BEPG's, giving the EU more influence in this area.

## 2) Social Inclusion

Articles 136 and 137 of the Amsterdam Treaty provide the European Community with the legal competence to play an active role in supporting and complementing the activities of Member States in combating social exclusion. The Lisbon European Council of March 2000 also agreed, on this basis, to take steps to make a decisive impact on the eradication of poverty by 2010.<sup>19</sup>

In December 2000 the Nice European Council decided to launch the OMC in the field of combating poverty and social exclusion and defined the following set of common objectives:

1. To facilitate participation in employment and access to resources, rights, goods and services for all

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<sup>18</sup> Women in Europe have on average only 1.4 births. Governments are concerned about too few workers in future years to support the growing retirees in the population. Ageing population strains social security systems and pension plans and puts pressure on health budgets because of high health care costs for the elderly.

<sup>19</sup> The Joint Report on Social Inclusion (2003) summarises the current situation in the EU with regard to social inclusion. 15% of the EU population is living at risk of poverty in 2001. There were more than 55 million people at risk, of whom more than half live persistently on low relative income. The situation with respect to Social Inclusion varies greatly between countries: lowest levels of exclusion can be found in Sweden (10%) while the highest can be found in Ireland (21%). New EU Member States also fall within this range, although the results of individual indicators differ greatly compared to that of the 'old' Member States: while these countries face high levels of unemployment and low levels of perceived integration, there are high levels of lifelong learning and income equity.

2. To prevent the risks of exclusion
3. To help the most vulnerable
4. To mobilize all relevant bodies

The Commission and Member States also agreed, in 2001, on 18 common indicators to approach the measurement of poverty and social exclusion. These indicators cover a variety of domains, such as income poverty, long-term unemployment, health and lifelong learning, to reflect the multidimensional nature of poverty and social inclusion, which cannot be reduced to a single variable. The indicators serve as a basis for the EU and individual Member States to assess the progress of the social inclusion process on the basis of verified outcomes.

### ***National Action Plans for Social Inclusion (NAPs/inclusion)***

The 15 EU Member States submitted their first round of National Action Plan for Social Inclusion (NAPs/inclusion), which indicate how they will take forward the common objectives mentioned above, in 2001. The NAPs/inclusion translate the common objectives into national policies, while taking into account individual circumstance and the particular nature of national social protection systems and social policies. The Commission drew up its first Joint Report on Social Inclusion, which was endorsed by the Council, summarising the results of the examination of the NAPs. Member States submitted their second round of NAPs (2003-2005) in July 2003, which were also summarised in a Commission/Council Joint Report, and are currently in the process of implementing these.<sup>20</sup> Accession countries were also asked to submit Joint Inclusion Memorandums (JIMs) outlining the situation and policy priorities in relation to poverty and social exclusion in their countries. They submitted their first round of NAPs/inclusion (2004-2006) in July 2004.

### ***Action Programme***

The Commission is also implementing an Action Programme (2001-2005) as part of this strategy. Based on the OMC, it aims to encourage co-operation among Member States, to strengthen the effectiveness and payoff of policies combating social exclusion. The Action Program has three objectives:

- to improve the understanding of social exclusion
- to organise co-operation and reciprocal training in the context of the NAPs/inclusion
- to develop the capacity of players to address social exclusion effectively

EuroHealthNet's project on Health and Social Inclusion is funded under Strand 2 (Trans-national Exchange Program) of the Action Program. The project focuses on the

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<sup>20</sup> Member States have also been urged to give particular attention to the following six policy priorities in the current round of NAP's (2003-2005), since these are regarded to be especially relevant in the context of a continuing uncertain global economic and political climate:

1. Promote investment in and tailoring of active labour market measures and education and training systems to meet the needs of those who have the greatest difficulties in accessing employment
2. Ensure that social protection schemes are adequate and accessible for all and that they provide effective work incentives for those who can work;
3. Increase the access of the most vulnerable and those most at risk of social exclusion, including disabled people, to decent housing, quality health and lifelong learning opportunities;
4. Prevent early school leaving and promote smooth transition from school to work;
5. Develop a focus on eliminating child poverty and social exclusion among children;
6. Make a drive to reduce poverty and social exclusion of immigrants and ethnic minorities

contribution that health related policies, programmes and interventions can make to tackling social exclusion. This is taking place through a cross-national exchange and comparison of effective policies and integrated, transferable good practices in Europe in this field. The outcomes of the project were two reports: Health, Poverty and Social Inclusion in Europe: Literature review on concepts, relations and solutions, and Health, Poverty and Social Inclusion in Europe: Health analysis of national action plans on social inclusion.

### **3) Health and Long Term Care**

Health care systems remain the competence of Member States, and governments have, traditionally, renounced EU interference in this area. The development of the Internal Market has, however, had important implications for the stability and sustainability of Member States health care systems since it has and will continue to lead to increased patient and professional mobility, and affects national policies with respect to, for example, advertising and the pricing of pharmaceuticals. Such policies have been developed from an economic approach, while health and social considerations may not be sufficiently taken into account when drafting them. The need for greater involvement from policy makers in the health and social sector at EU level, as well as greater coordination between Member States in this area is becoming more apparent.

In December 2001 the Commission therefore issued a Communication on the future of health care and care for the elderly, which spells out the common objectives for the European health care systems: accessibility, quality and financial viability, and provides details of the problem of maintaining these principles. This was followed by a report from the Social Protection Committee (SPC) and the Economic Policy Committee (EPC) which led the Council to conclude that 'useful lessons could be drawn from the sharing of information and best practice regarding actions being taken by Member States to secure the core social objectives of care and healthcare systems while ensuring their long term sustainability.'

#### ***National Reports on Health and Long Term Care***

In 2002, EU Member States filled out questionnaires in which they were asked to identify and analyse the difficulties and challenges they faced that could block access to high quality care and long-term care. Agreement will be reached, in 2004, on objectives and indicators in this area. Member States will then submit national reports on Health and Long Term Care by Spring 2005. These will be analysed in the broader context of other Open Method of Coordination in the area of social protection and in relation with the Lisbon strategy. DG EMPLOI and DG SANCO will coordinate work in this area. The Social Protection Committee (SPC), the Economic Policy Committee (EPC) as well as a new High Level Group on Health Services and Medical Care that was recently established by DG SANCO, will be jointly responsible for this process.<sup>21</sup> This group is comprised of representatives of Health Ministries of the EU Member States.

While the focus of this process appears to be on health care of the quality and accessibility of health care services for the elderly, this will automatically lead to an

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<sup>21</sup> The High Level Group on Health Services and Medical Care is a Permanent Committee that first met on 1 July 2004. It will also be involved in the Recommendations of the High Level Process of Reflection on Patient Mobility.

assessment of health care services in general. Eventual future guidelines will be integrated into the Broad Economic Policy Guidelines (BEPGs).

#### **IV. Streamlining Process**

The mechanisms that have been developed to take forward the Lisbon objectives have all developed independently, making it a rather complex task to monitor all of these processes as well as to ensure that they all send out similar political messages. It is, however, vital that Member States ensure coherence between their economic, employment and social protection policies.<sup>22</sup> There is therefore a need to move towards a more integrated approach that acknowledges the interdependence and complementarity of these policies.

Economic and employment policies were already, accordingly, streamlined in 2002. The social processes underway in the field of social protection will now also be synchronized with the employment and economic processes. This involves creating a standardised process based on a common set of objectives –concerning social inclusion, pensions and healthcare, – and simplifying the procedures for submitting reports. The different reports of the Social Protection Strategy (NAPs/inclusion, NSR/Pensions, National Reports on Health and Long Term Care) will still be produced by Member States and provide the basis for a Commission Joint Report on each of these topics. The different reports will then be synthesized into a single, triennial Joint Synthesis Report that will be an official Council and Commission document. By 2006 the social process will therefore be in step with those of the European Employment Strategy and the Broad Economic Policy Guidelines, so that all three reports can be compared to one another to ensure a consistent approach. The first Joint Report on Social Protection and Inclusion will be published in 2005.

#### **V. Evaluation**

2005 will be an important year for the Lisbon Strategy. In 2004, the Commission as well as the 'High Level Group' chaired by Former Dutch Prime Minister Wim Kok are undertaking Mid-Term reviews of the Lisbon Agenda. The Commission evaluation will focus on progress made within the OMC processes, while the High Level 'Kok Group' will focus on the extent to which the Lisbon objectives are being met and what needs to be done to achieve further progress. This Group is, in theory, a Commission-led process, although members have been nominated by the Member States. Both Mid-Term Review processes will be completed by the end of 2004. The results of these evaluations will be significant, since they will establish the future nature of the strategy and where emphasis will be placed. This will be determined at the 2005 Spring Council.<sup>23</sup>

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<sup>22</sup> Joint Report, 2003, pg.11

<sup>23</sup> The conclusions of the High Level 'Kok Group' (expected in early November 2004) are likely to be influential in determining the future of the Lisbon Strategy. Many civil society groups are critical of the Group, and claim that the process lacks transparency and does not include any consultation procedures. There is a fear that the conclusions of the High Level Group will focus exclusively on Economic and Employment Policy, stressing employment and job creation over of quality of employment and competitiveness over cohesion in general. There currently appears, for example, to be a strong focus on 'attracting people to the labour market'. This emphasis stigmatizes the unemployed, who very often want to work, but can't, due to a shortage of good (quality) jobs, or because they are unable to for reasons of ill health. There is a fear that Social Policy in general and the Social Inclusion Strategy in particular are being subordinated to other components of the Lisbon Strategy. (Social Platform. Contribution to Troika meeting preceding the Informal Employment and Social Affairs Council, July 2004.)

Work is also underway on a new Social Policy Agenda.<sup>24</sup> A High Level Group that was set up by the Commission in 2003 has just released its report with recommendations in the future Social Policy Agenda (2006 – 2010). The report's underlying philosophy is the need to keep the balance between economic and social policy. Three major challenges for the next social policy agenda are defined: Enlargement, Population Aging and Globalisation. Amongst the main messages conveyed is the need to foster social inclusion and invest in children and young people in order to convey a positive perception of the future and to develop a new intergenerational balance. The Group also reported, however, that social policy development is currently running behind economic policy development. This must be redressed if the balances represented by the Lisbon triangle are to be maintained.

## **VI. Health, Health Inequalities and Social Inclusion in the context of Lisbon**

Health, as an individual's most valuable resource, and therefore a society's most important collective resource, should play a central role in achieving the Lisbon objectives. The focus should, in this respect, be on increased cooperation to reduce health inequalities between and within Member States as part of initiatives to improve social inclusion and social cohesion.

EuroHealthNet's Literature Review on Health, Poverty and Social Inclusion, which was an outcome of the Phase I of the project on Health and Social Inclusion, illustrates how health, poverty and social exclusion are strongly interlinked. Ill health can lead to social exclusion, while the experience of being excluded can lead to or compound ill health. Investing in health can therefore be an important way of combating social exclusion.

This project also involved a 'health audit' of NAPs/inclusion, which revealed that health related initiatives that were incorporated into the NAPs tend to focus on health care, rather than on health promotion. These were, in addition, initiatives that were carried out at the national, rather than at the local and community level. This reflects a failure to recognise and mobilise an important body of actors that can contribute to efforts to promote social inclusion and generate greater social cohesion.

The Lisbon Strategy has almost reached its half-way mark, and it will take a great deal of political commitment to ensure that the EU gets closer to achieving its objectives, whilst ensuring that a good balance is maintained between social and economic policy. (EU Member States, for example, have only fully ratified and implemented seven of the over forty Directives that relate to the Lisbon objectives.) Nevertheless, some positive developments have taken place regarding the incorporation of health related issues. The new OMC process on Health and Long Term Care, for example, indicates increasing focus on health related issues in the area of social protection (although this should focus not only on health care but also on public health and health promotion.) Another positive development is the imminent introduction of 'healthy life years' as a structural indicator in the Strategy.

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<sup>24</sup> The Report is available at:

[http://europa.eu.int/comm/employment\\_social/social\\_policy\\_agenda/social\\_pol\\_ag\\_en.html](http://europa.eu.int/comm/employment_social/social_policy_agenda/social_pol_ag_en.html)

The establishment of the new EU Constitutional Treaty, which contains new provisions relating to social policy, could also support and strengthen future EU actions in this area. All EU Member States signed the Treaty on 29 October 2004, and have two years to complete ratification. The Treaty increases the scope of EU action in social areas in a number of ways. Part I of the Treaty, outlining the values and objectives of the EU, incorporates human dignity and equality as values, and solidarity as an objective. While these provisions are not binding, they can be invoked for political leverage. In addition, Part III of the Treaty includes a new 'horizontal' article that will force those working in other policy areas to consider the effects of their measures on, amongst other things, social protection and social exclusion or to 'mainstream' exclusion issues. This article is welcomed as an additional tool to tackle exclusion, although the extent to which it will be put into effect remains to be seen. Another important development will be the incorporation in Part II of the Charter of Fundamental Rights, which includes a chapter on solidarity (eg. rights to social protection and health care). The Charter will, if the Treaty comes into force, have a binding legal force, and European Court of Justice decisions will determine the extent to which it expands the regulatory reach of the EU. Provided that all Member States ratify the Treaty, these provisions will increase the scope for action for actors wishing to advance the ideals represented by the European Social Model.

Much more should currently be done, however, to strengthen the social protection component of the Lisbon Process, and to integrate health. Perhaps most important is to raise recognition of the contribution of health as a productive factor. This requires more evidence to highlight the exact cost-benefit of health expenditures and to advocate for investment in health policies. This information should be integrated into the EC Economic Guidelines and Member States should regularly report on this.

Achievement of the Lisbon objectives will also depend on the development of a more cohesive strategy across EU competencies and on greater cooperation between different policy sectors within the EU and in Member States. Policies relating to, for example, the internal market, regional development, agriculture, education, transport, etc. all have important implications for health and well-being. These sectors as well as all EU institutions must take on the task of mainstreaming health and social issues in their work. There is, in addition, the need for careful redistribution of resources from '*Bads*' (for example elements of agricultural or industrial production) to '*Goods*' (investment in health and well-being for citizens.) This implies a major switch in attitudes in agreement of the forthcoming EU financial perspectives 2007-2013.

Such measures should be taken forward to counteract the current tendency of subordinating the social component of the Lisbon Strategy to economic and employment considerations. Economic development and integration are not, as noted at the start of this paper, a goal in itself but a means to increase the well being of society and the majority of the population. Individual and collective health status can be considered a good measure of whether the objectives of the Lisbon Strategy are being achieved. Higher levels of good health, and reductions in health inequalities are both a means of achieve these objectives, and a reflection of the Strategy's success.