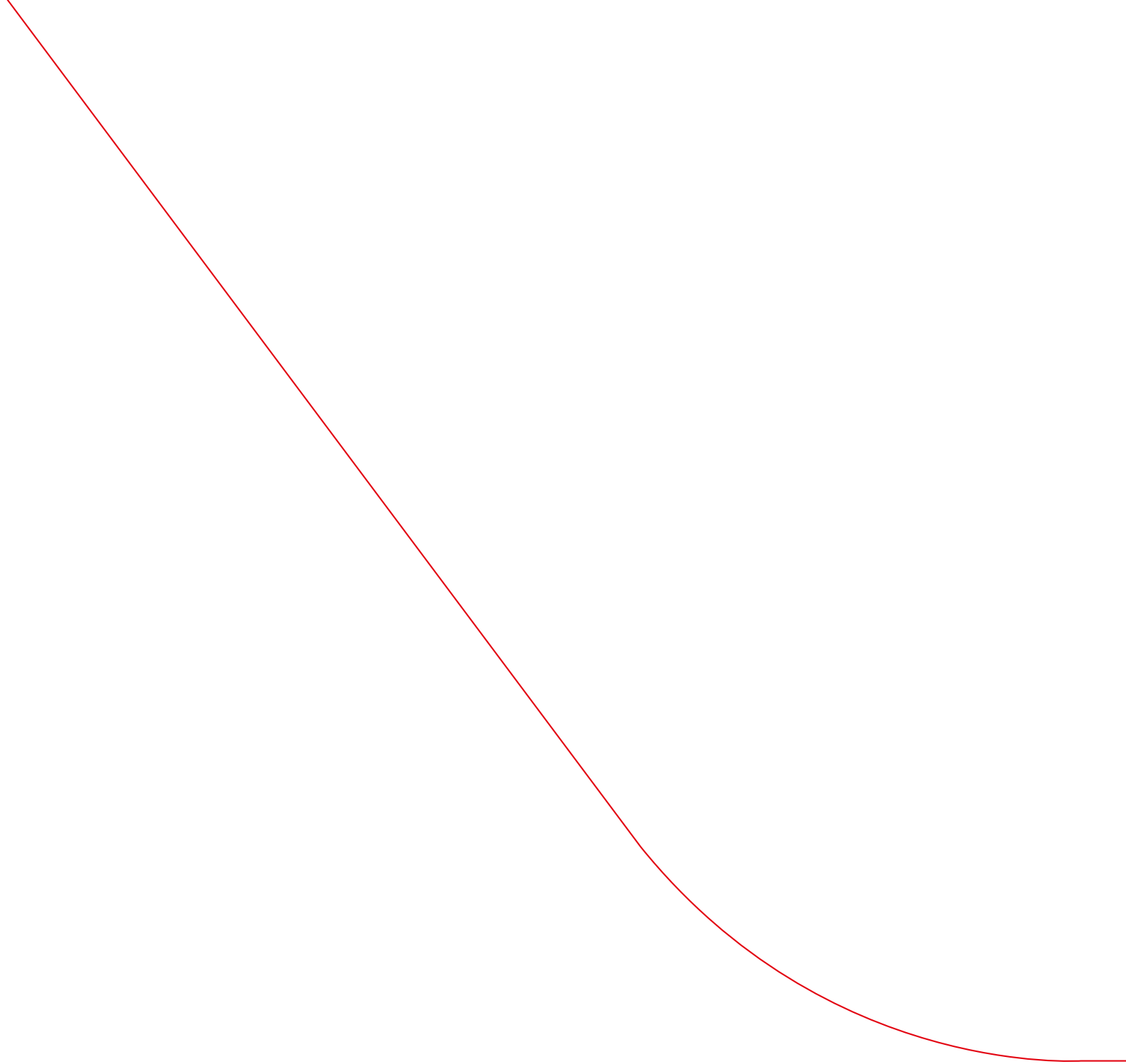


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EU BETTER REGULATION

Creating a playing field for businesses at the expense of social and environmental policies



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EXECUTIVE SUMMARY

This study examines the evolution of the better regulation agenda, particularly under President Ursula von der Leyen. Using Stone's (1988, 2012) concept of public policy, the analysis identifies two main dimensions in EU official documents: the presentation of a policy problem requiring attention, and the policy solutions proposed to address or resolve it. The analysis relies on primary data, which includes all official EU documents, and secondary data from civil society and media. The documents have been analysed via qualitative, semi-automatic content analysis conducted with Atlas.ti.

The analysis reveals a shift in the Commission's better regulation agenda and its policies over time. Initially, in the early 1990s, EU law was considered as being too technical and complex, leading to efforts to make EU law clearer and simpler. However, in the late 1990s and early 2000s, EU legislation was increasingly seen as a burden, particularly for businesses. Consequently, the primary policy solution became the simplification of EU legislation, driven by a **deregulatory agenda** that often **compromised societal standards**. Under Commission President Jean-Claude Juncker, the same policy problems persisted, but the approach to policy solutions became more diverse and comprehensive. Instruments like REFIT, the REFIT platform, and the Regulatory Scrutiny Board (RSB) were introduced, with a more inclusive language compared to the previous period.

A **notable shift took place** under Commission President Ursula **von der Leyen** by framing the policy problem solely as EU legislation being too **burdensome and costly for businesses**, especially for SMEs. Importantly, the definition of SMEs is so broad that 99.8% of all companies nowadays fall under this category. The overall focus shifted to costs, making them a central issue. As a result, policy solutions have aimed at relieving these burdens and costs, pursuing the **'One-In, One-Out' (OIOO) principle**, which **considers only costs**, while leaving out the value of a regulation. Thus, the principle at EU level portrays regulation as a zero-sum game. Despite criticism, von der Leyen has prioritised the OIOO approach and cost reduction, creating favourable conditions for SMEs often exempted from control and reporting obligations. As a result, even substantial enterprises that are part of large groups, like the Austrian Signa Holding, are classified as small and medium-sized enterprises and thus have reduced reporting obligations. The Signa group eventually went bankrupt in 2023, marking the largest insolvency case in the European real estate sector.

These policies have the potential to **undermine social and environmental standards**. The overall analysis indicates a more deregulatory focus under von der Leyen, contrasting sharply with the ambitious objectives of the European Green Deal and the European Pillar of Social Rights. For instance, in a 2023 report on administrative burdens, the Commission labelled a new EU law **protecting**

workers from asbestos exposure as a burden for companies, while completely overlooking the benefits of maintaining workers' health, continued employment, and their contributions to taxes and social security.

Looking ahead, the Commission has announced continued easing of reporting obligations for businesses, with rationalisation plans for 2024 and beyond. The Letta report on the Single Market further highlights the target to reduce regulatory and administrative burdens, benefiting businesses, especially SMEs. However, these policies may lead to a prioritisation of corporate interests over societal rights, endangering welfare systems and a risk of more precarious working conditions across the EU. Furthermore, the EU **Strategic Agenda 2024-2029** aligns closely with the direction outlined in the **Letta report**. Again, the **emphasis** is on **bureaucratic burdens** for companies. Surprisingly, socio-political goals like public health are not a significant focus despite the COVID-19 pandemic. The agenda maintains a commitment to better regulation, with the Letta report stressing the need to support European businesses globally by reducing regulatory burdens. These developments indicate a likely continuation of von der Leyen's better regulation policies in the coming years.

ZUSAMMENFASSUNG

Diese Studie untersucht die Entwicklung der Agenda für bessere Rechtsetzung, insbesondere unter Präsidentin Ursula von der Leyen. Unter Verwendung des Konzepts der öffentlichen Politik von Stone (1988, 2012) werden in der Analyse zwei Hauptdimensionen in offiziellen EU-Dokumenten identifiziert: die Darstellung eines politischen Problems, das Aufmerksamkeit erfordert, und die vorgeschlagenen politischen Lösungen, um es anzugehen oder zu lösen. Die Analyse stützt sich auf Primärdaten, die alle offiziellen EU-Dokumente umfassen, sowie auf Sekundärdaten aus der Zivilgesellschaft und den Medien. Die Dokumente wurden mittels einer qualitativen, halbautomatischen Inhaltsanalyse mit Atlas.ti analysiert.

Die Analyse zeigt, dass sich die Agenda der Kommission für bessere Rechtsetzung und ihre Maßnahmen im Laufe der Zeit verändert haben. Anfangs, in den frühen 1990er Jahren, wurde das EU-Recht als zu technisch und komplex angesehen, was zu Bemühungen führte, das EU-Recht klarer und einfacher zu gestalten. In den späten 1990er und frühen 2000er Jahren wurde die EU-Gesetzgebung jedoch zunehmend als Belastung empfunden, insbesondere für Unternehmen. Infolgedessen wurde die Vereinfachung der EU-Gesetzgebung zur primären politischen Lösung, die von einer **Deregulierungsagenda** angetrieben wurde, die häufig **gesellschaftliche Standards gefährdete**. Unter Kommissionspräsident Jean-Claude Juncker blieben die gleichen politischen Probleme bestehen, aber der Ansatz für politische Lösungen wurde vielfältiger und umfassender. Es wurden Instrumente wie REFIT, die REFIT-Plattform und der Ausschuss für Regulierungskontrolle (RSB) eingeführt, die eine inklusivere Sprache aufweisen im Vergleich zur Zeitperiode davor.

Unter Kommissionspräsidentin Ursula **von der Leyen** fand ein **bemerkenswerter Wandel** statt, indem sie das politische Problem ausschließlich damit begründete, dass die EU-Rechtsvorschriften **für Unternehmen**, insbesondere für KMU, zu **aufwändig und kostspielig** seien. Wichtig ist hier zu erwähnen, dass die Definition von KMU so weit gefasst ist, dass 99,8 % aller Unternehmen heutzutage unter diese Kategorie fallen. Der allgemeine Schwerpunkt verlagerte sich auf die Kosten und machte sie zu einem zentralen Thema. Infolgedessen zielten politische Lösungen darauf ab, diese Belastungen und Kosten zu verringern, wobei das **Prinzip „One-In, One-Out“** (OIOO) verfolgt wurde, bei dem **nur die Kosten berücksichtigt werden**, während der Wert einer Regelung außer Acht gelassen wird. Damit stellt das Prinzip auf EU-Ebene die Regulierung als Nullsummenspiel dar. Trotz dieser Kritik hat von der Leyen dem OIOO-Ansatz und der Kostensenkung Vorrang eingeräumt und damit günstige Bedingungen für KMU geschaffen, die häufig von Kontroll- und Berichtspflichten ausgenommen sind. Infolgedessen werden selbst bedeutende Unternehmen, die Teil großer Konzerne sind, wie die österreichische

Signa Holding, zu kleinen und mittleren Unternehmen erklärt und haben daher weniger Berichtspflichten. Die Signa-Gruppe ging schließlich 2023 als größter europäischer Insolvenzfall in der Immobilienbranche in Konkurs.

Diese Politik hat das Potenzial, **Sozial- und Umweltstandards zu untergraben**. Die Gesamtanalyse deutet auf eine stärkere Deregulierung unter von der Leyen hin, was in eindeutigem Kontrast zu den ehrgeizigen Zielen des europäischen Green Deals und der europäischen Säule sozialer Rechte steht. So bezeichnete die Kommission in einem Bericht über den Verwaltungsaufwand im Jahr 2023 eine neue EU-Rechtsvorschrift zum **Schutz der Arbeitnehmer vor Asbest als Belastung** für die Unternehmen, während sie die Vorteile der Erhaltung der Gesundheit der Arbeitnehmer, der Weiterbeschäftigung und ihrer Beiträge zu Steuern und Sozialversicherung völlig außer Acht ließ.

Mit Blick auf die Zukunft hat die Kommission eine weitere **Erleichterung der Berichtspflichten** für Unternehmen angekündigt, mit Rationalisierungsplänen für 2024 und darüber hinaus. Der Letta-Bericht über den Binnenmarkt hebt außerdem das Ziel hervor, den Regulierungs- und Verwaltungsaufwand zu verringern, was den Unternehmen, insbesondere den KMU, zugutekommt. Diese Maßnahmen können jedoch dazu führen, dass **Unternehmensinteressen Vorrang vor gesellschaftlichen Rechten** erhalten, was die Sozialsysteme gefährdet und das Risiko prekärer Arbeitsbedingungen in der gesamten EU erhöht. Darüber hinaus stimmt die **strategische Agenda 2024-2029** der EU eng mit der im **Bericht Letta** skizzierten Richtung überein. Auch hier liegt der **Schwerpunkt** auf dem **bürokratischen Aufwand** für Unternehmen. Überraschenderweise stehen gesellschaftspolitische Ziele wie die öffentliche Gesundheit trotz der COVID-19-Pandemie nicht im Mittelpunkt. In der Agenda wird das Engagement für eine bessere Rechtsetzung beibehalten, wobei der Bericht Letta die Notwendigkeit betont, die europäischen Unternehmen durch eine Verringerung des bürokratischen Aufwands weltweit zu unterstützen. Diese Entwicklungen deuten darauf hin, dass von der Leyen ihre Politik der besseren Rechtsetzung in den kommenden Jahren fortsetzen wird.

1. INTRODUCTION

'Paradoxes are nothing but trouble. They violate the most elementary principle of logic: Something cannot be two different things at one. Two contradictory interpretations cannot both be true. A paradox is just such an impossible situation, and political life is full of them' (Stone, 2012: 1)

When Deborah Stone (1988) coined the term 'policy paradox' already in the 1980s, she described the possibility of defining the same policies in contradictory ways. Little did she know that the European Union's (EU) 'better regulation agenda' would become a prime example of this paradox. According to the European Commission (Commission hereafter), better regulation aims to simplify EU law, enhance its efficiency, and ensure inclusivity (European Commission, 2021b). However, the interpretation of these goals varies with the ruling majorities. As a result, **better regulation in the EU context is a multifaceted concept that encompasses various policy initiatives and is used flexibly.**

For example, since EU governments have historically **produced more regulations than they abolished** (Hinterleitner et al., 2023), the current President, Ursula von der Leyen, committed to implementing the **'One-In, One-Out' (OIOO) principle**. This principle implies that for every new rule introduced, an existing one, along with its associated burdens, must be abolished, preferably within the same policy field (Renda, 2019). However, this principle creates **ambiguity** about which policies will be abolished or sustain, raising concerns about the **potential erosion of vital social and environmental standards** under the guise of regulatory improvement.

More specifically, the Commission claims that applying the OIOO principle to EU legislation will result in **administrative savings** of 7.3 billion Euros (European Commission, 2023e, p. 6), benefiting public administrations, businesses, and companies. Consequently, **businesses typically favour**

these reforms. In contrast, **civil society organisations** and legal experts argue that this principle effectively **dismantles crucial social and environmental safeguards**, including workers' rights and consumer protections. This erosion often results in deregulation in practice and incurs substantial collateral costs in other areas, such as environmental protection (BEUC, 2022; ETUC, 2023; European Environmental Bureau, 2020; Leidenmühler et al., 2020; Social Europe, 2021).

Therefore, **civil society organisations** often advocate for legislative reforms that **prioritise social and environmental benefits** (BEUC, 2022; ETUC, 2023; European Environmental Bureau, 2020), while businesses typically push for **reduced administrative burdens, cost savings, and minimised regulatory accountability** (BusinessEurope, 2024). As a result, the Commission's better regulation philosophy frequently becomes a **battleground for these conflicting political interests** and preferences (see e.g., Pircher, 2023c). Despite its significant political relevance, there is still a lack of research on how better regulation has evolved and its impact on social and environmental policies. This study aims to fill this gap by addressing the following questions:

How has the so-called better regulation agenda evolved over time, particularly under Ursula von der Leyen? And how can the Commission's philosophy be assessed in terms of social and environmental policies?

This study further aims to analyse the different instruments of better regulation and discuss its potential consequences on labour, environmental, and consumer protection policies. Since the paradox of public policy refers not only to the competition between different actors to define a policy but also to different understandings of a policy problem and its solutions (Stones, 2012, p. 3), these categories are used to capture the discourse around better regulation.

This issue is particularly relevant under the **current developments led by Ursula von der Leyen**. While the implementation of the European Pillar of Social Rights and the European Green Deal have been primary goals, the Commission's better regulation policies appear to contradict these objectives. Workers' organisations, such as the European Trade Union Confederation (ETUC) and national trade unions, argue that better regulation now **serves as a deregulation tool**, aiming to eliminate regulations that hinder corporate goals (ETUC, 2023). Similarly, civil society organisations contend that the Commission's better regulation policies prioritise the **short-term interests of businesses** over those of society and nature, thereby jeopardising the realisation of the European Green Deal (European Environmental Bureau, 2020; Social Europe, 2021).

1.1. ANALYTICAL FRAMEWORK OF STUDY

This study bases its analytical framework on Stone's (2012) paradox of public policy to describe the inherent contradictions and political nature of policy-making within better regulation. Stone emphasises that public policies are **crafted through strategic arguments designed to push certain agendas and outcomes**. Consequently, these **policies can be manipulated** to serve particular interests (Stone, 2012, pp. 10-14). As a result, public policies rely less on objective scientific or evidence-based methods and are often riddled with ambiguities, allowing for various interpretations depending on who defines them – this is their paradoxical nature (Stone, 2012, pp. 9-12). This approach is well-suited for analysing the discourse and concepts inherent in public policies, making it an effective tool for investigating the evolution of the better regulation agenda and its associated discourse, which is the central objective of this study.

Drawing on Stone’s framework (1988, 2012), this analysis encompasses two critical dimensions: the **policy problem** and the **policy solution** (see Table 1). In the context of public policy, the policy problem refers to an issue or challenge that requires attention and intervention. Identifying a policy problem involves recognising a gap between the current state of affairs and a desired state, often reflecting unmet public needs or values. This first dimension in the current study analyses the nature of the problem and how it is presented in the discourse by political actors. It also examines for whom and by whom the issue is perceived as a problem and who are primarily affected. A policy solution, in contrast, is a strategy or set of actions proposed by political actors to address and resolve the policy problem. This second dimension captures the proposed solutions, exploring how they are articulated, the degree to which they include or target specific groups, and the distribution of their benefits. It also considers the primary stakeholders affected by the policy, which may not align with those who benefit the most. Table 1 summarises the analytical framework of the study and the underlying questions behind the dimensions applied in the analysis.

Table 1: Analytical framework of the study

<i>Dimensions of Analysis</i>	<i>Discourse</i>	<i>Policy winners</i>	<i>Primarily affected</i>
Policy problems	<ul style="list-style-type: none"> • Which problem is presented? • How is the problem presented? 	<ul style="list-style-type: none"> • For whom is it a problem? 	<ul style="list-style-type: none"> • Who is most affected by the problem?
Policy Solutions	<ul style="list-style-type: none"> • Which solutions are presented? • What are the main aims behind these solutions? 	<ul style="list-style-type: none"> • Do solutions target / benefit specific groups? 	<ul style="list-style-type: none"> • Who is most affected by the solution?

1.2. DATA AND METHODS OF STUDY

To analyse the discourse in official EU documents, this study incorporates data from multiple sources to allow for data triangulation and employs an embedded case study method. This method investigates a contemporary issue – in this case, the better regulation agenda and its societal consequences – within its real-life context (Scholz & Tietje, 2002, pp. 9-14). The **primary data** consists of all official documents published by the Commission related to better regulation from the 1990s to the most recent ones in August 2024. This includes various communications from the Commission on better regulation in general and specific instruments (e.g., REFIT, Fit for Future platform), as well as evaluations, reviews, and work programmes. A total of 30 official documents are used as primary data, detailed in Table A1 in the Appendix.

Additionally, **secondary data** is utilised, including different scoreboards, strategies, and secondary literature evaluating the agenda, and various declarations and reports by interest groups and civil society organisations on better regulation. In total, 23 documents are used as secondary data, listed in Table A2 in the Appendix. In addition, newspaper articles have also been included in the analysis.

However, these data come with **limitations**. First, the official EU documents are publicly available from the Commission and reflect the information that the Commission intends to communicate. As a result, any strategies or motivations for policies behind the scenes are not captured. Secondly, the data fail to identify the different actors involved in the discourse besides the Commission, thus focusing on the Commission as the central agent. Yet, the Commission is the principal actor in introducing these policies. Third, the study includes all documents officially available to the best knowledge of the author. Consequently, certain relevant documents that are harder to find might be missing.

The documents were **qualitatively analysed via a semi-automatic content analysis** (Krippendorff, 2018) using the programme Atlas.ti (see for a similar approach, Pircher, 2020; Pircher, 2023a). To this end, every document was auto-coded to identify all appearances in the documents on EU or previously Community legislation. These statements, which can be an entire sentence, half of a sentence (listing) or a full paragraph, have been gathered and consequently labelled into the two dimensions from the analytical framework: **policy problem and policy solution**. In a next step, the underlying questions in Table 1 have been applied to identify the discourse. Table A1 in the Appendix provides the number of statements in each document. The study further juxtaposed the primary data to the different secondary data involving additional EU documents and data by civil society organisations.

1.3. STRUCTURE OF STUDY

The study is structured as follows. The next chapter discusses the origins of the better regulation agenda, tracing its development from the early 1990s to the changes in 2019, before the current Commission under Ursula von der Leyen took office. As mentioned above, the analytical framework is applied by first discussing the perceived policy problem and then the proposed policy solutions. This approach captures the discourse around these policies and how it has changed over time. The third chapter of the study addresses the changes in better regulation made under von der Leyen from the end of 2019 onwards. This includes an analysis of the discourse during this period and any modifications to it. Furthermore, it examines the Commission's work programmes, the Regulatory Scrutiny Board (RSB), the SME relief package, and various policy instruments such as regulatory offsetting, the Fit for Future platform, and the better regulation toolbox. The final chapter

provides an outlook on the policies for a potential second term of Ursula von der Leyen, based on the analysis.

2. BETTER REGULATION OVER TIME

Based on the analysis of official documents from the 1990s, the policy problem identified in the discourse at that time was that **EU rules** were deemed **too technical and complex** for all actors involved (Council of the EU, 1992, p. 33). In response, several member states advocated for improved clarity and simplification of EU legislation (Council of the EU, 1992). One policy solution proposed by the Commission to address these challenges was to make Community legislation clearer, simpler, and more accessible for citizens (Council of the EU, 1992, p. 33). This included establishing criteria to check the quality of drafting legislation (Council of the EU, 1992, p. 33) and strengthening the consultation process (Council of the EU, 1992, p. 22). These strategies aimed to address a broad policy problem that affected all areas and was relevant to all stakeholders and actors.

2.1. FROM A GENERAL TO A SPECIFIC PROBLEM

However, the discourse in the official documents changed when the Commission established the SLIM (Simpler Legislation for the Internal Market) initiative to create more effective regulations (European Commission, 1996). At that point, the policy problem of EU legislation shifted to a specific problem, presenting EU law as a **burden for businesses**. This shift occurred due to pressure from businesses, which found support for their interests within the Commission. For example, the Commission stated that it was responding to a 'growing call from business' to avoid unnecessary burdens in EU legislation (European Commission, 1996, p. 2). Consequently, the Commission labelled this as a 'new phase for lightening the burden' of regulation for businesses (European Commission, 1996, p. 2). Due to this shift in discourse, framing EU legislation primarily as a burden for businesses, the policy solution also changed. Better regulation was re-framed as an

instrument to reduce these burdens, thereby favouring corporate interests over others (European Commission, 1996, p. 2). Notably, those who could also be affected by EU rules, such as consumers and citizens, were not considered part of the solution.

The focus on businesses within better regulation continued with BEST (Business Environment Simplification Task Force), which targeted small and medium-sized enterprises (SMEs) (European Commission, 1998). BEST aimed to improve the quality of legislation by relieving the burdens put on European businesses, particularly SMEs (European Commission, 1998, p. 7). Thus, additional policy measures were introduced to favour SMEs.

The discourse on better regulation shifted from portraying EU legislation as a general problem due to its complexity in the early 1990s to presenting it in the late 1990s as a specific problem, namely a burden for businesses.

During these developments, we observe that the **ideas of better regulation largely originated from industry pressures** on the Commission to introduce policy solutions. For example, the Corporate Europe Observatory (CEO) and the European Environmental Bureau argued that the tobacco industry sought to place its interests in a wider context and reduce its costs related to the labour market and broader societal impact (Corporate Europe Observatory, 2020; European Environmental Bureau, 2020). Accordingly, some interest groups have claimed that the better regulation agenda enhances deregulation. A similar development occurred in the United Kingdom (UK), where the Deregulation Unit and Deregulation Task Force were established with explicit deregulatory objectives, as implied by their names. Both were renamed in the late 1990s to the Better Regulation Unit and Task Force, with a greater emphasis on smaller firms (OECD, 2002), but retained the initial deregulatory purpose (Robert et al., 2010).

2.2. TOWARDS DEREGULATION

The move towards deregulation at the EU level was further advanced with the Commission's white paper in 2001 and the action plan in 2002 (European Commission, 2001). While the policy problems were portrayed similarly to those in the late 1990s, the Commission's policy solutions became more specific and included two dimensions: the **simplification of EU law**, specifically targeting agriculture and the internal market, and allowing member states **greater flexibility in implementing** EU legislation (European Commission, 2001, p. 3). The simplification of legislation at this time involved establishing standards for consultation processes and conducting impact assessments for legislative proposals with significant economic, social, or environmental impacts (European Commission, 2002, p. 5). However, simplifying EU legislation often translates to fewer reporting obligations and less accountability for businesses that often cause the harm. Consequently, the **primary beneficiaries** of these solutions are **businesses**.

The other policy solution was to grant member states increased flexibility in implementing EU rules, which is a way to deal with the heterogeneity of countries (Princen et al., 2022; Zbiral et al., 2022). However, this flexibility also may have the potential for EU countries to **undermine relevant social standards**, such as recent research has shown in the case of the implementation and application of the European Pillar of Social Rights (de la Porte et al., 2023; Pircher et al., 2024).

2.3. HIGH-LEVEL GROUP: DEREGULATION IN PRACTICE

To achieve the goal of simplifying EU legislation, the Commission established the High-Level Group on Administrative Burdens in 2007, also known as the Stoiber Group, named after its chairman, former Bavarian Prime Minister Edmund Stoiber. The group's primary aim was to advise the Commission on its plans for 'burden reduction.' Importantly, several of the 15 expert members had **affiliations with corporate industries** without disclosing any conflicts of interest (Corporate Europe Observatory, 2017; European Ombudsman, 2015; High-Level Group on Administrative Burdens, 2014). This appointment led to severe criticism and pressure from the European Parliament, civil society organisations, and the European Ombudsman (Corporate Europe Observatory, 2013). As a result, the European Ombudsman, Emily O'Reilly, opened a strategic inquiry, sharply criticising these appointments: 'Most of these Advisers who have direct access to Commissioners are part-time, some are unpaid and some are retired, however many do work elsewhere in a private capacity. In order to manage any potential conflicts of interest, each Adviser's mandate should be examined to make sure that these do not arise.' (European Ombudsman, 2015).

An analysis of all official documents shows that the main policy problem presented by the group was the **administrative burden of EU legislation on businesses** (High-Level Group on Administrative Burdens, 2014). In line with this declared policy problem, the group criticised any new regulation that created additional administrative burdens even if such regulations heightened security and standards for consumers. The example below illustrates this understanding and provides insights into the Commission's definition of 'administrative burdens'.

Example A: The High-Level Group on Administrative Burdens expressed regret that additional annual administrative burdens of around 104 million Euros would arise in the area of **food safety** due to a legal proposal for better classification of the origin and composition of food. This proposal would allow consumers to gain more information about their food (High-Level Group on Administrative Burdens, 2014, p. 36).

While the group criticised in example A that higher standards in food safety for consumers would put additional burden on businesses, the document does not estimate the potential damage to consumers if such food safety requirements are neglected. The same applies to Example B below, where no mention is made of the damage to citizens resulting from a lack of regulation in the financial sector – an issue that contributed to the financial crisis in Europe. Thus, the potential impacts and costs of non-regulation are not addressed in the official documents and discourse.

Example B: The group further regretted that initial estimated savings in **financial services** could not be achieved because the financial crisis forced policy-makers to increase transparency requirements for investments, thereby increasing the administrative burdens for retail investors by approximately 171 million Euros yearly (High-Level Group on Administrative Burdens, 2014, p. 36).

The examples illustrate that by identifying and presenting 'administrative burdens' for businesses as a primary policy problem, the Stoiber group and Commission created **opportunities to promote increased deregulation** as a solution. More specifically, policy solutions have been implemented to reduce these 'burdens' and improve the conditions for businesses, especially SMEs (High-Level Group on Administrative Burdens, 2014). Notably, the 'think small first' principle was introduced to tailor EU legislation more

favourably towards SMEs (European Commission, 2009). Moreover, measures were introduced, such as fully or partially exempting SMEs from certain regulations if the administrative burden was deemed too high. However, a clear definition of high administrative burden was lacking, requiring businesses to assess and report these burdens themselves. Additionally, incentives like tax reductions, financial aid, lower fees, and simplified reporting obligations for SMEs have been introduced (European Commission, 2009, p. 16). As an additional strategy or solution to mitigate these administrative burdens, the High-Level Group recommended the principle of **regulatory offsetting**. This approach suggested that any new burdens imposed on businesses by EU legislation should be counterbalanced by the removal of existing burdens (High-Level Group on Administrative Burdens, 2014, p. 8). This marked the first mention of regulatory offsetting in the official Commission's documents and we can see that it was initially targeted solely at businesses (High-Level Group on Administrative Burdens, 2014, p. 8).

Since the 'administrative burdens' of businesses have been presented as the main policy problems in all documents at this time, the Commission's solutions primarily aimed at relieving these burdens, which – in practice – **legitimised deregulation** (Agence Europe, 2014). However, it remained uncertain whether businesses were indeed the most impacted by EU legislation, as references to other affected groups, such as consumers and citizens, have become increasingly scarce in the discourse.

Importantly, four civil society members of the group sharply criticised these outcomes and opposed the report as an 'outdated, deregulatory agenda' (Corporate Europe Observatory, 2020). They argued that the 'pursuit of reducing the overall costs of regulation on business will come at the expense of health, safety and environmental protection that these regulations provide' (Corporate Europe Observatory, 2020). Even more so, they highlighted that the deregulation efforts of the group have entered the

'realm of fact free policy making, which fails to recognise the cost to society of not regulating' (Confederation Syndicat European Trade Union, 2014; Corporate Europe Observatory, 2020)¹.

2.4. BETTER REGULATION UNDER JUNCKER

In 2015, the Commission published a new communication on better regulation where the Commission tried to address the criticism by civil society organisations and stressed that better regulation would not be about deregulation (European Commission, 2015b, p. 4). However, when turning to the discourse in the official documents at this time, we nevertheless observe that the **essential idea of deregulation** – that is the **simplification of EU legislation** – became centre stage and was presented as the main policy problem (European Commission, 2015c, pp. 269-274). As a result, the policy solutions under President Jean-Claude Juncker (2014-2019) addressed this policy problem. Policy instruments and measures, such as an administrative burden reduction, the Regulatory Scrutiny Board (RSB)², REFIT and the REFIT platform, as well as different communications and guidelines on better regulation have been introduced.

When analysing the different terms and key concepts under Juncker, Figure A1 in the Appendix presents the various word and concepts clouds from the final report of the High-Level Group compared to the 2015 communication. Figure A1 reveals that the final report of the High-Level Group emphasises different aspects than the 2015 communication and it becomes clear that **burdens and costs** were more emphasised under the **High-Level Group** (HLG) than under Juncker. Turning to the word frequency in the documents, we see in Figure 1 notable differences. For instance, the HLG mentioned the

¹ Please note that I rely on secondary sources since the dissenting opinion is no longer officially available (as of June 2024).

² Please see for detailed information on the RSB: Pircher (2023b), available under: <urn:nbn:at:at-akw:g-6369789>

'burdens'³ a total of 228 times, which constitutes 1.99% of all words, compared to only 18 times under Juncker constituting 0.54% of all words in the document. A similar trend is visible when turning to 'costs'⁴, which were mentioned a total of 97 times (0.86%) under the HLG and 12 times (0.36%) under Juncker.

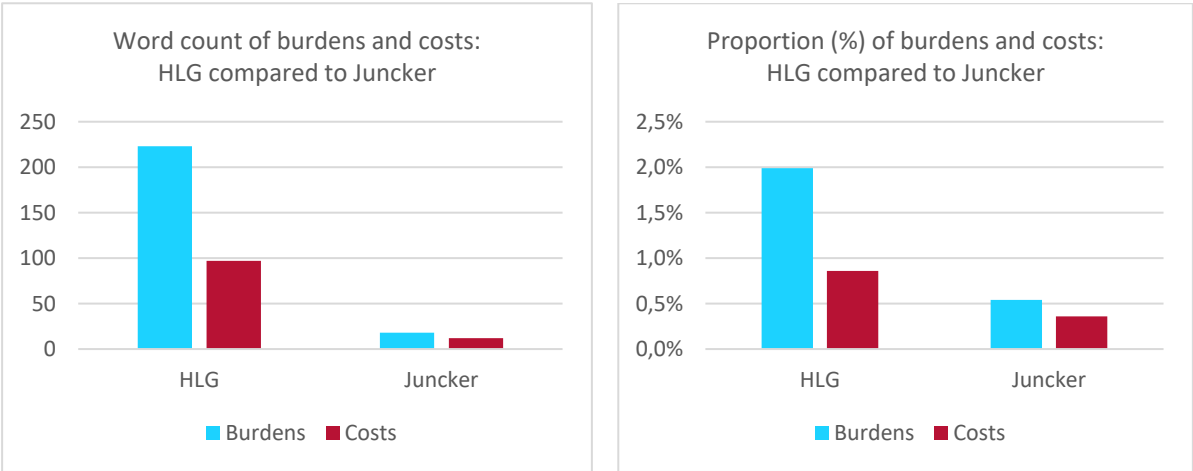


Figure 1: Word count and proportion (%) of burdens and costs under HLG compared to Juncker

This indicates a significant difference in the emphasis placed on these topics in the two documents. However, the focus on businesses remained equally pronounced, which will be analysed in the next chapter.

³ Under burdens, the frequencies of the words 'burden', 'burdens' and 'burdensome' have been calculated together.

⁴ Under costs, the frequencies of the words 'cost', 'costs' and 'costly' have been calculated together.

2.5. REFIT AND THE REFIT PLATFORM

Since administrative burdens for businesses were portrayed as the main policy problem, including under Juncker, the policy solution focused on further intensifying burden reduction, particularly for well-resourced businesses (Corporate Europe Observatory, 2016). As part of this policy solution, the Commission created REFIT (Regulatory Fitness and Performance Programme) (European Commission, 2012, p. 3) and the REFIT Platform in 2015, which established regular meetings between the Commission, national authorities, and specific stakeholders to identify potential burden reduction (European Commission, 2024b). The platform comprised two groups: one government group made up of a high-level expert from each member state and a stakeholder group made up of 19 representatives. Importantly, 10 out of the 19 members in the stakeholder group had a **corporate background**, which means that over 50% of the group's power rested in the hands of businesses⁵ (see also Van den Abeele, 2019, p. 34). It is, therefore, not surprising that the group aimed to continue relieving not only burdens but also costs for businesses resulting from EU legislation (European Commission, 2015a, p. 2).

Since the **platform's mandate was restricted** to assisting the Commission in collecting and assessing suggestions on burden reduction (European Commission, 2015a, p. 3), civil society organisations within REFIT criticised the platform and called for a wider mandate (BEUC, 2022; European Commission, 2020d, p. 10). Additionally, the Commission launched the 'Lighten the Load - Have Your Say' portal to report constraints faced with EU legislation. However, questions from citizens about participating in EU

⁵ For more information, please see: https://wayback.archive-it.org/12090/20200221170610/https://ec.europa.eu/info/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less-costly/refit-platform/refit-platform-members/refit-platform-members-stakeholder-group_en

policy-making were unsatisfactorily addressed, only resulting in referrals to standard procedures.⁶

With the overall aim of burden and cost reduction for businesses, REFIT **enhanced deregulation and increased lobbying**, concentrating decision-making in small expert groups and undermining the European Parliament's role (Agence Europe, 2014; BEUC, 2022; LobbyControl, 2015). Additionally, the policy measures jeopardised public policies (Bundesarbeitskammer Österreich, 2015, p. 3). For instance, workers' interest organisations argued that aspects of health and safety at work should not be undermined under the guise of burden reduction. Moreover, certain burden reduction introduced for businesses further negatively impacted consumers' rights (Bundesarbeitskammer Österreich, 2015; Ey, 2015). In the example below, we see how the idea of burden reduction works in practice and potentially undermines important labour laws.

Example: Under REFIT, the Commission suggested investigating the information and consultation of workers and their contracts in cases of collective redundancies to propose **simplification of these labour laws**. However, this also implied lower labour law standards (Bundesarbeitskammer Österreich, 2015; Ey, 2015).

As a result, scholars criticised that it remained unclear whether the stakeholders' involvement within REFIT led to improved proposals (Laulom, 2018) and enhanced societal welfare (OECD, 2019). In 2020, the platform was succeeded by the Fit for Future (F4F) platform (European Commission, 2024a)⁷, which comprises two groups: a government and stakeholder group.

⁶ See for example: Reference S137646, submitted on 26 October 2016 by an EU citizen from Romania.

⁷ The Annual Work Programmes of the F4F platform can be found under: https://commission.europa.eu/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-less-costly-and-future-proof/fit-future-platform-f4f/annual-work-programme_en

The mandate of the F4F platform was broadened compared to the REFIT platform. The F4F platform aims to ‘support the Commission to ensure that Union policies are forward-looking and relevant in light of new challenges’ (European Commission, 2020a, p. 4). However, despite this expanded mandate, the F4F platform has a stricter structure, which might constrain broader stakeholder exchange. More importantly, as EU regulation continues to be portrayed as burden and cost-intensive for businesses, there is a much **stronger focus on and involvement of SMEs**. Through the SME Envoy, SMEs are expected to provide input regarding the burdens and complexity of legislation that negatively affect them (European Commission, 2020a, p. 4).

2.6. RESPONSES ON POLICY MEASURES

The policy solutions under Juncker have been criticised by several civil society organisations, which published reports, declarations, and other documents on the issue. For example, ETUC argued that better regulation would **prioritise the needs of businesses ‘above all others’** and opposed favouring SMEs, as it would lead to unfair competition and undermine the equality of EU legislation that shall apply to all (ETUC, 2015, p. 1). Furthermore, ETUC assessed that the better regulation measures would become over-valued compared to societal development, where bureaucratic procedures risk delaying social progress. Other trade unions supported these views and claimed that the deregulation measures under better regulation came **at the costs of workers’ rights** (Bundesarbeitskammer Österreich, 2017).

Moreover, ETUC insisted that the Commission had to respect the autonomy of social partners and their role as legislators set out in the EU treaties. ETUC was concerned that the Commission stated social partner agreements intended to be directives should also undergo impact assessments and

scrutiny by the RSB, as social partners already represent the employers and employees affected by the legislation (ETUC, 2015). Yet, to give an example, we know that this occurred later in 2019 when the European social partners could not agree on the work-life balance directive. Instead, the Commission proposed the legislative act, changing the social partners' role from rule-makers to rule-takers (for detailed information, see Im et al. (2024)).

Similarly, the European Environmental Bureau argued that the Commission's deregulation agenda prioritises business interests over public ones and warned against the potential negative consequences of better regulation on the environment. They claimed that the 'agenda is rooted in ideology and has been **pushed for decades by corporate lobbying** as part of a desire to ensure that the costs of social and environmental damage are not the responsibility of those who cause it' (European Environmental Bureau, 2020, p. 2). According to them, the better regulation agenda would mainly focus on regulating costs for businesses rather than effectively regulating in the public interest.

Despite all criticism, the Commission enhanced its approach to better regulation under Ursula von der Leyen, as outlined in the next chapter. Moreover, there has been a refocusing on core elements of better regulation that were emphasised by the deregulatory approach of the Stoiber group but were not implemented by Juncker (e.g., regulatory offsetting).

3. BETTER REGULATION UNDER URSULA VON DER LEYEN

The analysis of the official documents demonstrates that the main policy problem concerning EU legislation under President Ursula von der Leyen (2019 – current) has been that EU decision-making and its outcomes were portrayed as **'burdensome and costly for businesses'** (European Commission, 2021b, p. 7). This problem has been depicted in a negative and constraining manner, with arguments suggesting that EU law impedes the functioning of the internal market. For example, in her 2020 State of the Union speech – delivered amid the economic downturn caused by the Covid-19 pandemic – von der Leyen declared that: '[W]e must cut red tape' and regulatory requirements for businesses (European Commission, 2020e, p. 8). Even though the Commission's ambitious aims from beginning have been the realisation of the European Green Deal and the Digital Transition (European Commission, 2020c, 2021c), referral to other actors affected by EU legislation (e.g. consumers, citizens, etc.) are barely visible in the official documents. More importantly, the **emerging costs for not regulating** certain areas, which have contributed to the financial and economic crises, **are not considered explicitly**.

3.1. NEW POLICY SOLUTIONS: DEREGULATION AT ITS PEAK

While the policy problems under von der Leyen largely align with the ones under Juncker, we can identify a notable shift in the policy solutions. The policy solutions under von der Leyen focus on i) reducing the unnecessary burdens for businesses and ii) reducing the costs for businesses resulting from EU legislation. Thus, compared to Juncker, the **costs for businesses** in regulating policies have taken **centre stage** (European Commission, 2021b, p. 1). This pronounced emphasis on costs echoes the recommendations from the High-Level Group. While this emphasis might be partially due to the

global crises – initially post-financial crisis and then amidst the Covid-19 pandemic – it also seems to reflect a greater focus on market-oriented policy that is advanced under the banner of better regulation. What supports this interpretation is that Stoiber and von der Leyen share the same political party background.

Figure A2 in the Appendix illustrates word and concept clouds of the 2015 communication under Juncker and the 2021 communication in better regulation under von der Leyen. While the analyses in Figure A2 illustrates several similarities between Juncker and von der Leyen, the word clouds also illustrate a shift towards a **stronger emphasis on burdens and costs** under von der Leyen. Specifically, while **Juncker’s** communication **referenced the burdens 18 times** (0.54% of all words) and the **costs 12 times** (0.36% of all words) (see also Figure 1), **von der Leyen’s** communication discussed the burdens **49 times** (0.82% of all words) and the **costs 42 times** (0.71% of all words). Figure 2 shows these differences and reveals that the official documents under von der Leyen increasingly uses the terms **burdens and costs** when discussing EU legislation, which aligns with her tendency of increasingly defining the main policy problem as EU legislation being too ‘burdensome and costly for businesses’ (European Commission, 2021b, p. 7).

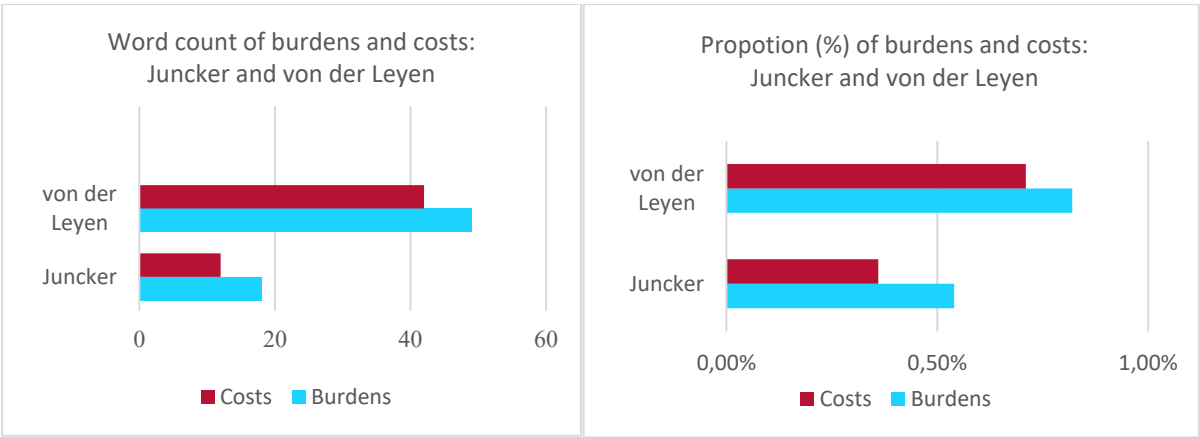


Figure 2: Word count and proportion (%) of burdens and costs under Juncker and von der Leyen

This shows that the shift in the discourse of defining the policy problem is also identifiable by merely analysing the most common words in the official documents. Given the Commission's definition of the main policy problem as EU legislation being burdensome and costly for businesses, several policy solutions followed that are analysed in the next chapters. These include the one-in, one-out approach, the Annual Burden Surveys, an empowerment of the RSB (European Commission, 2020c, p. 10), and revisions of the better regulation guidelines and toolbox (European Commission, 2021a, 2023d).

3.2. REGULATORY OFFSETTING IN GENERAL: 'ONE-IN, ONE-OUT'

Over the last decades, many democratic governments have declared the constant **increase of regulations**, at a higher rate than their abolishment, as a **policy problem** (Hinterleitner et al., 2023). On the one hand, this increase in regulations reflects governments' responsiveness to citizens' (new) demands and societal progress, e.g. the rise in environmental and climate regulations. On the other hand, this development challenges and constraints public administrations, which are confronted with massive rules that need to be implemented while at the same time suffering from stagnated administrative capacities, specifically in crisis times (Fernández-i-Marín et al., 2023; Limberg et al., 2021; Tummers et al., 2015).

Instead of providing more resources and adaptations to public administrations, governments worldwide have adopted 'regulatory offsetting', commonly known as '**One-In, One-Out**' (OIOO) principle (Trnka & Thuerer, 2019) as a favoured **policy solution**. The idea behind this approach is to abolish at least one existing regulation in the same policy area when introducing a new rule. The proposed aim of this offsetting of old policies is to curb the growth of regulations and make legislation simpler and more efficient. Based on previous literature and governmental reports, the EU and

around 21 governments worldwide have implemented various regulatory offsetting schemes to date⁸ (Leidenmühler et al., 2020; Renda, 2019).

3.2.1. The introduction of EU's regulatory offsetting

The perception of whether the steady increase in regulations is a policy problem or not differs at the EU level and among the EU member states. Before 2019, not even the **Commission** defined this development as a policy problem and, thus, **rejected any regulatory offsetting scheme**. For instance, the Commission argued that 'target-based approaches tend to overlook the fact that it is legitimate and necessary to impose some costs in pursuit of important societal objectives' (Corporate Europe Observatory, 2020; European Commission, 2019a). Even the better regulation Commissioner Frans Timmermans at that time said that quantitative targets for reducing regulations would be 'like criticising Mozart for having too many notes – which one would you like to remove?' (Corporate Europe Observatory, 2020). This statement highlights two significant issues related to regulatory offsetting. First, as a meta-regulation instrument, it **only measures the quantity**, not the quality, of legislation. Second, it may **conflict with current social and environmental policies** (e.g., the European Green Deal), where higher standards often necessitate more detailed regulations for effective and meaningful oversight.

Turning to the **EU member states**, only some viewed the increase in regulations as a policy problem and, therefore, supported regulatory offsetting as a solution. During the 2020 discussions in the Council of the EU, ten member states, including Germany, the Netherlands, Italy, and Portugal, identified the compliance costs and administrative burdens of EU legislation

⁸ These countries are to the best of the author's knowledge: Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hungary, Israel, Italy, Latvia, Lithuania, Mexico, Portugal, South Korea, Slovakia, Spain, Sweden, United Kingdom, and United States (see e.g. Renda 2019, supported by additional research by the author).

as a policy problem and urged the Commission to offset these to a greater extent. However, other member states, such as France, Luxembourg, and Belgium, **expressed their reluctance**. They emphasised that any trade-offs should focus on quality, not just quantity, to ensure a balanced application of the principle (Agence Europe, 2020a).

Interestingly, even with increased support for the approach in 2021, several delegations called for a more nuanced policy solution, emphasising the importance of **prioritising quality over quantity** and aligning with the 'do no significant harm' principle. Notably, delegations from Portugal, Germany, and Poland were particularly vocal in advocating for strategies to reduce burdens on SMEs (Agence Europe, 2021a). While some delegations supported this approach, several countries, especially Belgium and Luxembourg, stressed that the principle should not compromise environmental and consumer protection. They **cautioned against a purely technical application**. Luxembourg, in particular, voiced strong criticism, warning of a potential 'one out, 27 in' scenario, where insufficient regulatory clarity at the EU level could lead to excessive national regulations (Agence Europe, 2021a).

However, as proponents of the OIOO approach, led by Germany, increasingly emphasised the costs for businesses resulting from EU legislation as the main policy problem, the removal or offsetting of these burdens eventually also became the primary solution (Agence Europe, 2021b). As a result, there was a noticeable **shift in the Commission's discourse**, which began to support the OIOO principle and highlighted the intention to implement additional cost-saving measures (European Commission, 2021c, p. 9).

Given that past experiences, such as the 2008 financial crisis, have demonstrated the substantial societal costs of insufficient regulation, the adoption of the OIOO approach requires careful scrutiny. Focusing solely on quantitative goals, while ignoring the potential benefits of regulation, is a

questionable policy solution. Additionally, prioritising quantitative targets may overlook societal progress and demands in areas such as environmental policies, where more regulation often addresses emerging issues. Therefore, the next section provides an overview of the areas and extent to which regulatory offsetting has been used at the EU level so far.

3.3. EU'S REGULATORY OFFSETTING: BURDENS AND COSTS

To review and identify policy problems and potential areas for burden reduction, the Commission introduced the Annual Burden Survey. These annual reports detail the measures taken by the Commission to simplify EU legislation, including initiatives by REFIT and the Fit for Future high-level group. Consequently, these reports have become a key component of the Commission's better regulation agenda, as they provide a yearly summary of all measures within the better regulation framework.

The analysis of these reports reveals that **von der Leyen has increasingly focused on and emphasised the burdens and costs** associated with EU legislation. Figure 3 illustrates the proportion of word count mentioning the burdens and costs in the annual burden surveys from 2019 to 2022. The findings show a **significant rise in the costs as focus**, with an increase in word count from 0.28% to 1.83% of all words in the reports. For instance, in the 2022 annual survey report, the costs have been after the word EU, the second most utilised word in the report. The trend to increasingly focus on the costs has, thus, become more **pronounced over time under von der Leyen's leadership**.

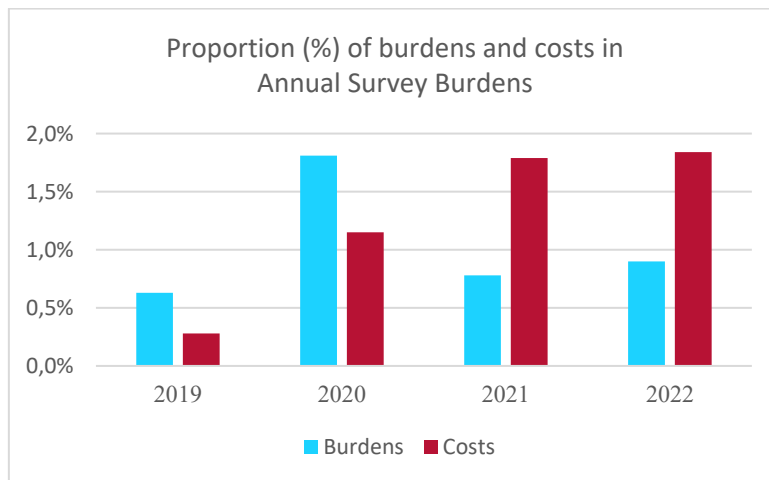


Figure 3: Proportion (%) of burdens and costs in the annual survey burdens under von der Leyen

However, what does this shift towards greater emphasising burdens and specifically costs mean in practice? Which burdens and costs are being targeted, and who benefits from this development? While the Commission has often argued that reducing burdens and costs also benefits citizens, the example below shows a different outcome. In the example, we see the emphasis on only the costs and its possible implications.

Example: In the 2022 annual survey burden report, the Commission declared the costs that businesses pay to **protect workers and employees from asbestos as a regulatory 'burden'** since it creates 33 million Euros in administrative costs for businesses (European Commission, 2023g, p. 15). Thus, the investment of such costs was presented as burden for businesses and the Commission's solution was to reduce or offset such burdens. However, there was no mentioning of the societal and economic benefits of this regulation. Workers and employees stay healthy with these regulations, can pay taxes and social security contributions. In addition, long sick leaves and early retirements can be avoided (see also Ey, 2024). Yet, the monetary benefits of having such regulations are not mentioned. Neither are the costs mentioned that might result from not regulating such crucial areas.

The example above further shows how a **biased policy problem** – that is, that EU legislation is only burdensome and costly for businesses – can result in a very **biased policy solution** that only focuses on the costs for one specific target group, the businesses as beneficiaries. In the next chapter, we will see that a similar philosophy guides the realisation and application of regulatory offsetting at the EU level in practice.

3.3.1. EU's regulatory offsetting scheme and trading

Since the Commission has defined the policy problem as EU legislation being too burdensome and costly, it has singled out **six policy areas** where regulatory offsetting (the OIOO approach) should be applied. These areas are very broadly defined and align with the overall headline targets of the Commission's work programmes. These are the European Green Deal, Digitalisation, an economy that works for the people, a stronger Europe in the world, promoting European way of life, and a new push for European democracy (European Commission, 2023d, pp. 532-538). However, by defining very **broad** policy areas where offsetting should take place, the **implementation** of the OIOO approach is also **vague** and can be easily **biased or even arbitrarily applied**. For example, there is no clear guidance in which concrete policy fields or areas the offsetting of rules should take place.

This **lack of precision** is further highlighted by the Commission's toolbox, which states that while rules should be offset within the same policy area when new ones are introduced, they can also be offset between different policy areas through 'trading' (European Commission, 2023d, p. 538). However, due to a lack of guidance, this **trading process lacks transparency**, making it unclear how it might work in practice. Consequently, the **arbitrary nature** of trading may jeopardise some policies without any transparency.

After carefully examining all EU official documents, I found a potential example of trading (see box below), where the Commission argued in favour of trading between policy areas. However, it remains unclear how this trading was applied in practice and what consequences it had for the different policies.

Examples of trading in OIOO: In the 2022 Annual Burden Survey, the Commission reported that the European Green Deal in 2022 created an additional 2 billion Euro in **administrative costs and burdens ('INs')**, which contradicts a positive balance. This increase was due to three proposals: packaging waste, sustainable use of plant protection products, and industrial emissions and landfill waste. To introduce these proposals, offsetting occurred in the area of digitalisation, where **cost savings ('OUTs')** were created through harmonised rules and reduced consumer protection (European Commission, 2023g, p. 15).

The example shows that defining burdens and costs as the main policy problem implies that the policy solutions also focus on these aspects, **risking bias**. This raises the question of which burdens are considered and which are not. Moreover, the example above illustrates that in 2019, Frans Timmermans, the former Commissioner for Better Regulation, highlighted a key problem with regulatory offsetting by comparing quantitative targets for reducing regulations to criticising Mozart for having too many notes. Specifically, in the example, some societal policies were introduced, while the grounds for offsetting other relevant policies were unclear. Thus, it remains **ambiguous on what basis decisions are made** to keep one set of rules and offset another. Additionally, we can see that the Commission increasingly views better regulation as a zero-sum game, where the costs of important new rules can be offset by savings from abolishing others. This development is further explained and discussed in the next chapter.

3.3.2. Regulatory offsetting in practice: Regulation as a zero-sum game

When analysing the official documents, it is clear that the Commission's approach to offsetting primarily involves the monetary aspect of a rule. More precisely, **offsetting is purely measured monetarily**. This is traced back to the Commission's view of the costs for EU legislation as the main policy problem. Thus, the Commission's policy solutions developed for the offsetting of rules – the so-called OIOO calculator – seeks to quantify the costs as a balance between INs and OUTs. This measure informs monetarily about the offsetting possibilities (European Commission, 2023d, p. 539).⁹

Figure 4 demonstrates the Commission's offsetting approach and explains why the Commission expects the OIOO principle 'to provide 7.3 Euro billion more administrative savings than costs' in its 2024 work program (European Commission, 2023e, p. 6). In Figure 4, the **total costs of new initiatives** in a year are considered as **INs**, while the **cost savings** from offsetting initiatives are considered as **OUTs**, creating a balance measure between INs and OUTs. This approach **portrays regulation as a zero-sum game**, suggesting that the **value or purpose of legislation is less relevant** than the costs it generates. For example, the need for new legislation does not necessarily mean that existing rules are no longer needed, raising questions about the added value of such an instrument. Moreover, it **fails to consider the costs of inaction**, particularly in areas like climate and environment, or workers' and consumers' rights, where delays can have cumulative negative effects (see also WWF, 2022).

⁹ However, as of July 2024 this calculator is not (yet) online available and the provided link not functioning, see: <http://s-sg-spsrv-p04:18086/SitePages/One-In-One-Out.aspx> Therefore, the Commission is well-advised to increase the transparency about this concrete measure.

Administrative costs/cost savings of Commission proposals in 2022 (EUR million)

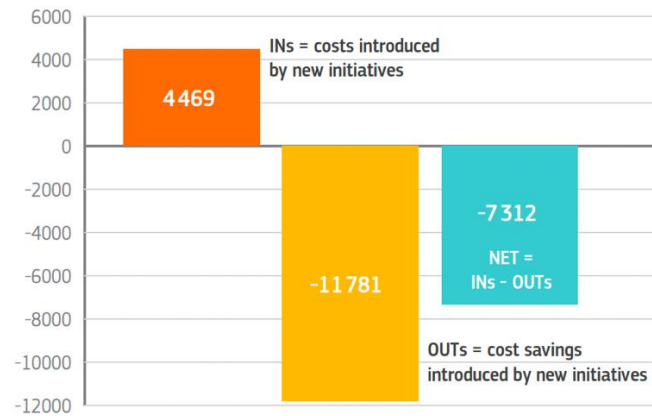


Figure 4: Initiatives under the 'ONE IN, ONE OUT' approach in 2022. Source: European Commission (2023c, p. 14)

The Commission further explains which compliance costs are included in the calculations. These costs are divided into **adjustment costs** (e.g., costs for upgrading production lines, reducing environmental damage, improving public health) and **administrative costs** (e.g., costs related to submitting reports, notifications, labelling information, authorisations, permits, certificates) (European Commission, 2023d, p. 532). Additionally, the Commission has introduced a 'cost brake,' a mechanism designed to balance and, where possible, offset administrative expenses within specific policy domains (European Commission, 2023f, p. 6).

3.3.3. Applied regulatory offsetting: Costs savings

Annex 2 of the 2024 Commission work programme details **various proposals and initiatives** aimed at achieving cost savings through regulatory offsetting. My qualitative analysis of these proposals and initiatives reveals that one-third of them (5 out of 15) emphasise enhanced digitalisation, particularly in administrative areas, to increase efficiency. Another one-third (5 out of 15) aims to **reduce reporting obligations** for the financial sector. The remaining initiatives target a reduction in reporting obligations for businesses and public administration in other policy areas such as traffic, health, and animal welfare. While some proposals include more harmonised reporting and statistical methods, other concrete measures aim to introduce **more favourable conditions for the financial sector, businesses, and SMEs**. Additionally, some proposals include reduced reporting obligations in cases of animal diseases or, for example, the yearly reporting requirements for developers of medicinal products for rare diseases and children (European Commission, 2023b).

While reducing regulations can lower costs, it also increases the risk of fraudulent practices by private companies motivated by profit and weak oversight. A significant deterrent example is the re-regulation of medicine sales in the U.S. over recent decades, which has led to a remarkable increase in prices. However, the Inflation Reduction Act of 2022 introduces new and increased regulation to reduce the drug prices. This act, along with past legislative changes like the Kefauver-Harris Amendment following the thalidomide disaster, underscores the critical need for maintaining a robust regulatory framework to protect customers. Such examples illustrate why the EU should be cautious about offsetting essential regulations for the common good.

Another example where the EU is well-advised to introduce, rather than abolish regulations, is outlined below.

Example of antimicrobial resistance (AMR): Antimicrobial resistance (AMR), where micro-organisms like bacteria and viruses develop resistance to medications designed to eliminate them, is a **growing threat to global health**. The rise in AMR is politically rooted and linked to several factors: the privatisation of medical research leading to profit-driven agendas that neglect necessary treatments like new antibiotics, the extensive use of these drugs in agriculture, and their misuse by patients, including non-prescriptive and inappropriate use. While the EU has devised an action plan to combat AMR, it **relies on voluntary compliance** from the pharmaceutical industry rather than enforcing mandatory regulations. This outcome has been influenced by significant lobbying from pharmaceutical companies, which resist regulations that could impact their profits. The EU could use its position to enforce stricter regulations to address this public health crisis effectively. This means introducing more regulations rather than fewer (European Environmental Bureau, 2020, p. 6).

Another area where the offsetting of rules might have negative consequences is the Commission's actions to **lower compliance costs in the financial sector** (European Commission, 2020d). The financial sector is also an area where we experienced deregulation of financial markets since the 1980s. The move towards deregulation, driven by the belief that it would foster innovation and efficiency, resulted in numerous banking crises globally.

Example Capital Markets Recovery Package: The Capital Markets Recovery Package, proposed by the Commission in 2020, aims to support European businesses recovering from the COVID-19 crisis by easing regulatory burdens.

Key changes include:

- Simplifying the Prospectus Regulation to save issuers about EUR 400,000 per prospectus, potentially reducing annual costs by EUR 200 million.
- Amending MiFID II to streamline requirements for investment firms, significantly cutting costs by shifting to electronic information.
- Lowering compliance costs for banks using the simple, transparent, and standardised label for securitisation (European Commission, 2020d, p. 11).

While these changes reduce costs and complexity, they might **negatively impact consumers** by potentially lowering investor protection standards, increasing risks associated with less stringent information requirements, and possibly facilitating risky financial practices. These effects could undermine market stability and consumer trust in the long run.

Evidently, there is a risk that reducing oversight could lead to inadequate protection for citizens, public health, and the environment. Thus, these proposals have the potential to **weaken social or environmental standards** (Van den Abeele, 2021). While the Commission states that better regulation in general should support the green and digital ambitions and not hinder or harm these policies (European Commission, 2021c, p. 9), it is unclear how these two contradictory tendencies manifest in practice. Furthermore, reducing reporting obligations could also potentially make it harder to monitor or evaluate the effectiveness of policy implementation. Despite the problems involved in this policy solution to offset the costs of rules, the Commission asked the RSB to pay particular attention to the OIOO approach when reviewing the draft impact assessment reports (European Commission, 2023g, p. 12).

Even though regulatory offsetting has the potential to undermine social and environmental standards, the Commission under von der Leyen remains committed to this principle. Furthermore, other conservative political forces at the EU level¹⁰ as well as at the domestic level (e.g. Austrian minister of labour and economy Martin Kocher)¹¹ are promoting a ‘one-in, two-out’ principle. This demonstrates how ‘one in, one out’ can quickly escalate to ‘one in, two out’ or, as in the UK, ‘one in, three out’. However, there has been no critical evaluation of whether this principle actually helps sustain the growth of regulation or make EU legislation more efficient. The process for deciding which policies to keep and which to abolish remains opaque.

While various logics could apply when deciding to keep or offset a regulation, the Commission predominantly considers the **costs in assessing INs and OUTs**. Although this approach may seem functional in economic terms, the examples above demonstrate that its **application is highly political** and often benefits only a specific target group – in this case, businesses. This strong focus on businesses and SMEs will be discussed in the next chapter. In summary, the examples above illustrate that regulation should not be seen as a zero-sum game, as essential regulations or even entire policy fields, such as consumer protection, may be at risk. Additionally, the Commission does not account for the costs arising from non-regulation or inaction, which are particularly relevant for climate and environmental policies.

¹⁰ In a recently leaked draft manifesto, the European People Party (EPP) has proposed to tighten the existing “one-in-one-out” rule to a more stringent “one-in-two-out” scheme (Politico 2024).

¹¹ See the new strategy for Austria, ‘Für eine nachhaltige wettbewerbsfähige Europäische Union, Rot-Weiß-Rote Standortimpulse für Europa’, p. 8: <https://www.bmaw.gv.at/Presse/AktuellePressemeldungen/STANDORTIMPULSE.html>

3.4. SMES AND BUSINESSES AS POLICY WINNERS

As discussed above, the analysis of the official documents shows that the Commission under von der Leyen has increasingly sought to **benefit businesses, specifically SMEs**, making them the **main policy winners** of better regulation. The policy problem of EU legislation being burdensome and costly specifically for SMEs is inter alia formulated in von der Leyen's State of the Union speech in 2023:

'Small companies do not have the capacity to cope with complex administration. Or they are held back by lengthy processes. This often means they do less with the time they have – and that they miss out on opportunities to grow (European Commission, 2023a, p. 7).

As noted in the quote, the **high complexity**, but also the **high compliance costs** discussed in the official documents are portrayed as the main policy problems for SMEs (European Commission, 2023f, p. 3) that hinder innovation and economic growth. This suggests that proposed legislative amendments are becoming more targeted towards SMEs, reducing overall inclusivity.

By defining the policy problem in this specific way, the Commission was able to introduce various **favourable conditions for SMEs** and von der Leyen underscored: ...'[I] will put forward a dedicated SME strategy to ensure they can thrive by reducing red tape and improving their access to the market' (European Commission, 2019b, p. 8). As a result, the Commission has introduced several policy solutions and new initiatives tailored to SMEs' needs to relieve them from 'regulatory obstacles.' Importantly, the Commission defines SMEs very broadly, encompassing 99.8% of all

enterprises within the EU as of 2024¹² (European Commission, 2024c). This means that efforts to reduce burdens and costs and introduce favourable conditions for SMEs **apply to nearly all businesses** in Europe, making businesses the main beneficiaries of better regulation.

As SMEs increasingly benefit from better regulation initiatives, there is a growing **concern that other stakeholders** impacted by EU legislation are **marginalised**. Consequently, trade unions and civil society organisations have voiced concerns about their diminished influence in the EU's legislative processes. They worry that the Commission might tailor better regulation to serve business interests, potentially neglecting the needs and rights of workers, consumers, and citizens (BEUC, 2022; ETUC, 2023). The following section addresses these worries and discusses the different policy solutions targeted at SMEs under von der Leyen's leadership.

3.4.1. SME relief package: Favourable conditions and consequences

Aligning with President von der Leyen's policy solution to prioritise SMEs in better regulation, the Commission launched the **SME relief package** in autumn 2023. This package includes measures to relieve SMEs from regulatory obstacles (European Commission, 2023f, p. 3). One policy solution aims to reduce SMEs' tax compliance costs by 32%, leading to overall savings of up to 3.4 billion Euros a year (European Commission, 2023f, p. 4). As another concrete solution to the defined problem of overburdened regulation, SMEs have been given a prominent role in the Commission's temporary framework for state aid, allowing member states to provide

¹² Please remember that the Commission defines SMEs broad: a micro enterprise entails staff headcount below 10 and a turnover of below 2 million Euro, a small enterprise has below 50 staff and a turnover below 10 million Euros, while a medium-sized enterprise has staff below 250, a turnover below 50 million Euro (or a balance sheet total of below 43 million Euro), please see for more information:

https://single-market-economy.ec.europa.eu/smes/sme-definition_en

necessary support to sustain businesses. Additionally, starting from 1 January 2024, new VAT regulations exempt small businesses from the rules in their supply of goods and services from other EU member states (European Commission, 2023f, p. 4). Furthermore, SMEs have been strengthened by the SME strategy and have become the main beneficiaries of the 'SURE' program (Support to mitigate Unemployment Risks in an Emergency). This instrument, introduced during the COVID-19 pandemic, comprises a total of 100 billion Euros to protect jobs and citizens and mitigate the negative socio-economic consequences of the pandemic (European Commission, 2020b).

To relieve the main policy problem for SMEs – that is the burdens and costs resulting from EU legislation – the Commission announced a 25% **reduction in reporting obligations** for them (European Commission, 2023a, p. 7). While this reduction may seem to be a functional policy solution to regulatory burdens, the lack of certain reporting obligations can have severe consequences, as illustrated by the case of Signa Holding, known as the most significant real estate crisis in Europe. Signa Holding, by the Commission's standards, qualifies as a small-sized enterprise (European Commission, 2024d) due to its structure, despite comprising over 1,000 separate companies engaged in high-profile ventures. This structure allowed it to bypass specific regulatory controls and reporting requirements (Reuters, 2023), underscoring the critical need for careful consideration of such exemptions.

Example: René Benko's **Signa Holding** has resulted in the largest insolvency in Europe's real estate sector. **Investors, banks, and taxpayers from different countries will bear the cost of this crisis.** Established by Austrian entrepreneur René Benko, Signa evolved into a prominent pan-European real estate conglomerate, employing over 150 staff across multiple cities, including Vienna, Innsbruck, Munich, and others. Signa became Central Europe's largest mall proprietor, with business operations extending to a workforce of over 46,000.

However, the conglomerate faced collapse due to a combination of factors: substantial debt accumulation, rising interest rates, falling property values, and challenges in refinancing its loans. Signa Holding GmbH owns significant assets like London's Selfridges, New York's Chrysler Building, and Berlin's KaDeWe. The company reported insolvency in November 2023. Benko, known for his political connections, has not revealed the full extent of the group's debts.

In the wake of Signa's downfall, creditors have demanded an investigation into the group's financial collapse, calling for the existing management to be replaced by independent auditors to safeguard their stakes. The complexity of **Signa's corporate structure, which comprised around 1,000 distinct entities, allowed for exemptions from certain regulatory oversight and reporting duties** (Reuters, 2023). The insolvency affected liabilities totalling approximately €5 billion, implicating 273 creditors (Der Standard, 2023; Financial Times, 2024). Notably, the group had previously received €680 million Euro in state aid from Germany during the Covid-19 pandemic¹³ (Tagesschau, 2024).

As 2024 progresses, the full impact of the Signa case continues to unfold, revealing the profound societal costs that can result from corporate non-compliance, including in SMEs.

¹³ This includes direct grants, state guarantees for loans and subsidised public loans.

This example illustrates the **potential harm of exempting SMEs** from reporting obligations. However, according to my analysis, EU official documents lack discussions about the costs incurred by citizens due to non-compliant behaviour of businesses, particularly when regulatory oversight or reporting duties are reduced. These costs can vary significantly. For instance, direct costs can arise from inadequate consumer protection, where consumers bear the financial burden of unethical business practices. Additionally, there are indirect costs for taxpayers when public funds are used to subsidise non-compliant companies.

Despite the increasing number of non-compliance cases harming societies, the **Commission proposed** a policy solution to further **'rationalise' reporting requirements for businesses**, aiming to reduce this 'burden' by 25% (European Commission, 2023f, p. 9). This is also achieved through increased digitalisation and the Commission proposed **voluntary and simpler reporting on environmental issues**, such as ESG (environmental, social, and governance) issues, sustainable finance, and the reporting of greenhouse gas emissions (European Commission, 2023f, p. 10). The combination of exempting SMEs from a wide range of reporting obligations and defining SMEs very broadly, including 99.8% of all European businesses, means that these additional burden reductions also **apply to previously non-SME businesses**. Since SMEs are exempted from various regulations, many rules apply only to 0.2% of all businesses, thus having a limited practical impact (see also Bundesarbeitskammer Österreich, 2015). This raises questions about **how the European Green Deal can be realised** while **reducing reporting obligations for businesses on sustainable goals and responsibilities**. The Commission's idea is to prepare such 'rationalization plans by each Commission service for 2024 and thereafter' (European Commission, 2023f, p. 10). However, the realisation plans can be easily implemented as the Commission consistently frames the costs and burdens for businesses as the primary policy problem. By reducing reporting

obligations, businesses were simultaneously 'relieved' from both, costs and burdens, making it an ideal policy solution for them.

3.4.2. Focus on competitiveness and empowering businesses

Over a longer period, lobby groups such as SMEUnited and the SME Envoy Network, an SME policy advisory group with representatives from each member state, highlighted the lack of quality in SME tests and impact assessments as a major policy problem. They called for **greater inclusion of SMEs in the Commission's legislative proposal stage** (Agence Europe, 2020b). Over time, the Commission took this definition of the policy problem over and suggested implementing the SME test more thoroughly within impact assessments and conducting more robust competitiveness checks when proposing new legislation (European Commission, 2023f). As an additional policy solution, the RSB has been reinforced with two new members and its mandate has been strengthened (European Commission, 2023f, p. 5). The enhancement of the RSB is intended to sharpen the Board's focus on competitiveness (European Commission, 2023f, p. 5).

Competitiveness: Better regulation under Ursula von der Leyen shows a strong focus on competitiveness. This is because businesses portray **EU's regulatory environment as a hindrance for investment** and call for a simplification of it to strengthen competition and increase their profitability (BASF, 2023; BusinessEurope, 2024; European Round Table for Industry, 2024).

A policy solution to the perceived problem by SMEs was to increasingly include SMEs in the legislative process. The Commission further suggested **appointing an EU SME envoy** who will participate in the RSB's hearings on initiatives that have a high impact on SMEs (European Commission, 2023e, p. 5) and who will report directly to von der Leyen (European Commission,

2023a, p. 7). This representative will be able to raise issues and alert the Board on significant adverse impacts on SMEs, suggest additional measures to mitigate them, assess the reliability of cost/benefit and competitiveness analyses, and oversee consultation activities (European Commission, 2023f, p. 6). This is particularly noteworthy since the Commission claims that the RSB should be independent. Although previous research suggests that it is at best semi-independent (Pircher, 2023b, 2023c; Senninger & Blom-Hansen, 2021), including a representative for SMEs in this process could introduce bias and undermine the role of other societal interests.

“Piepergate”: Ursula von der Leyen appointed her party colleague Markus Pieper from the CDU as SME envoy. His appointment raised concerns about flawed and politically biased recruitment processes and the Commission’s competitiveness-focused agenda, due to Pieper’s deregulatory agenda, fossil-friendly politics, and his focus on enhancing corporate goals (Corporate Europe Observatory, 2024; Euractiv, 2024). Despite the cronyism involved in his recruitment, this could have also caused real damage to social and environmental proposals and opened the door for corporate lobbyists in proposing EU legislation.

As a result, an independent investigation was conducted (euronews, 2024; Transparency International EU, 2024) and the European Parliament called on the Commission to ensure a fair and transparent recruitment process (Politico, 2024). Eventually, Markus Pieper stepped down as the controversy around Piepergate reached a level where it became difficult for von der Leyen to be re-elected.

The illustrated case reveals the philosophy behind von der Leyen’s better regulation agenda, showing its **strong deregulatory focus** pursued at any cost. Even if the appointment of Pieper could be avoided, the **fundamental direction of the agenda seems to be set**. Consequently, the individual

appointed as the SME envoy may have little impact, as the goals of the agenda appear to be firmly established.

While the previous chapters discussed the philosophy and various policy instruments under von der Leyen's better regulation agenda, the next chapter will briefly cover some aspects of the better regulation toolbox, which guides the Commission in practically incorporating these policy solutions. The focus will be on specific aspects, as the toolbox is too comprehensive to analyse fully in this study.

3.5. TOOLBOX: GUIDANCE FOR POLICY SOLUTIONS

The better regulation toolbox is a **set of principles and guidelines** for the Commission to implement the different policy solutions discussed in the previous chapters. It aids the Commission in its legislative work, particularly when conducting impact assessments (IAs). These IAs are conducted if proposed legislation is expected to have significant economic, social, or environmental impacts. Importantly, these principles and guidelines are not included in the EU treaties, nor is the precautionary principle clearly defined in the treaties, except for a brief mention of environmental protection (Art. 191(2), TFEU). Precaution is required when public health or the environment could be harmed. However, details on the precautionary principle are provided in a Commission communication (European Commission, 2000).

The Commission outlines how to apply the toolbox when implementing the policy solutions: 'the toolbox presents guidance, tips and best practice. Users are not expected to read and apply each individual tool but to use the toolbox selectively and with common sense. However, some aspects of the toolbox must be applied because they are linked to the requirements of the 'better regulation' guidelines, the Commission's working methods or political commitments given by the Commission' (European Commission,

2023d, p. 2). This indicates that the **Commission services exercise considerable discretion** in applying the rules and principles of the toolbox, making the implementation and application of the various policy solutions somewhat arbitrary and inconsistent (see also Van den Abeele, 2019), as exemplified below.

Do not significant harm principle (DNSH): While the EU, particularly under the European Green Deal, committed to a 'do no significant harm' principle for all policies, the toolbox describes how it should be applied for evaluations and new policies and provides questions on how to consider the principle (European Commission, 2023d, pp. 314-316). However, there is **no clear definition** of what DNSH means, leaving **discretion to the Commission services** for this assessment. Without a clear definition, there is a risk of inconsistent application. Additionally, it is concerning that the toolbox suggests **options to mitigate or compensate** when significant harm is unavoidable. While the toolbox calls for transparent reporting, it does not provide guidance on when to adhere to DNSH versus opting for mitigation or compensation measures. Thus, a clear definition of DNSH in the toolbox is needed to ensure consistent application.

A similar inconsistency in the application may occur when **mainstreaming the Sustainable Development Goals (SDGs)** in IAs. To conduct an IA starts with the lead Directorate General (DG) assessing the necessity of it. Second, the Interservice Group (ISG) contributes to its preparation. Third, it follows the 'call for evidence', which consists of a description of the initiative and a public consultation. It outlines the key elements of the IA such as problem definition, objectives, policy options, and expected impacts and data needs¹⁴. Fourth, the lead DG prepares a draft IA that is submitted to the RSB for scrutinization and the RSB issues an opinion on the draft report. In case of a

¹⁴ This call for evidence is published on the Have your Say platform under: https://ec.europa.eu/info/law/better-regulation/have-your-say_en

negative opinion, the DG needs to revise the report and send it again to the RSB who issues a second opinion. A positive opinion by the RSB is a precondition to launch the interservice consultation (ISC). In case of two negative opinions, only the Vice-President responsible for better regulation can authorise the launch of the ISC, which gives the RSB a de facto veto-position (Pircher, 2023c; Senninger & Blom-Hansen, 2021). Whether a proposal is adopted or not is decided in the College of Commissioners (European Commission, 2023d, pp. 49-55). Importantly, the toolbox serves as guidance for the Commission services and RSB. However, the mainstreaming of SDGs in this process remains insufficient as outlined below.

Mainstreaming SDGs: Better regulation aims to mainstream the SDGs into every legislative proposal, as outlined in the Commission's toolbox (European Commission, 2023d, pp. 152-156). While this is a positive step, the toolbox only addresses 'relevant SDGs,' **neglecting the comprehensive and interconnected nature of the 2023 Agenda** for sustainable development. Since the goals of this agenda are interrelated, focusing on only specific goals risks overlooking the impact on other interconnected goals or targets. Consequently, the toolbox misses potential trade-offs and fails to address how to handle proposals or existing policies that might undermine the EU's achievement of the SDGs (see also WWF, 2022)

The toolbox further integrates strategic foresight into IAs and evaluations to ensure that policies are designed for the long term. However, it does not mention the need to consider the cost of inaction, which is particularly relevant for areas such as climate, environment, health, and other societal issues. Additionally, there is no analysis of future trends or scenarios and how they should be balanced with the narrative of 'costs and burdens.' The toolbox also assumes that **all policy impacts can be monetised** in

cost/benefit analyses. Consequently, as with any economic policy, social investments must consider opportunity costs (European Commission, 2023d, p. 556). This can affect proposed policies since assessing opportunity costs in social policies is often challenging. Therefore, a more critical and external evaluation of the Commission's calculations and formulas might provide more insight. However, such an evaluation exceeds the scope of this study.

3.6. REACTIONS TO THE COMMISSION'S POLICY SOLUTIONS

The policy solutions under von der Leyen have faced severe criticism from civil society organisations. In July 2023, **16 different organisations expressed their concerns** in an open letter to Commissioner for the Internal Market, Thierry Breton (Corporate Europe Observatory, 2023b). The letter criticised the Commission's initiatives for furthering deregulation and prioritising corporate interests over social and environmental ones. A report by Corporate Europe Observatory highlighted how companies, lobbyists, and industry associations are exploiting enforcement measures related to the internal market to undermine social protection and environmental initiatives (Corporate Europe Observatory, 2023a). The report detailed how these measures prioritise economic interests over social and environmental concerns, showing how industries use them to undermine progressive legislation at national and local levels, affecting areas like social housing, healthcare, and climate protection. The lack of transparency in these issues further hinders social and ecological progress. Therefore, civil society organisations recommended to increase transparency and recalibrate Single Market rules to prevent corporate influence over public policies (Corporate Europe Observatory, 2023a).

4. CONCLUSION: WHAT TO EXPECT FROM A SECOND TERM OF VON DER LEYEN?

The study has examined the **evolution of the better regulation agenda**, particularly under **President Ursula von der Leyen**. Using Stone's (1988, 2012) concept in public policy, I identified two main dimensions for assessing the discourse in EU official documents: the presentation of a policy problem that requires attention, and the policy solutions, which are strategies or actions proposed by political actors to address or resolve the policy problem (see Table 1). For the analysis, I used primary data from all official EU documents and secondary data from civil society actors' official documents and newspaper articles (see Appendix B for the full list of documents). These documents were qualitatively analysed through a semi-automatic content analysis using the programme Atlas.ti. Below, I briefly summarise my main findings and provide an outlook on the second period of von der Leyen and the Commission's policies.

The analysis **reveals a shift over time in the Commission's better regulation agenda and its policies**. Initially, in the early 1990s, the policy problem was presented as EU legislation being too technical and complex. As a result, the Commission aimed to make EU law clearer, simpler, and more accessible to all. However, this narrative changed in the late 1990s and early 2000s, and EU law was increasingly portrayed as a burden, particularly for businesses. Thus, the main policy solution became the **simplification of EU legislation**. This simplification effort was under the High-Level Group coupled with a pronounced **deregulatory agenda** that came at the expense of societal standards. Under President Juncker, the same policy problems were identified, but the analysis shows that while the simplification of EU legislation remained central and **primarily targeted businesses**, the formulation of policy solutions became more diverse and comprehensive.

Policy instruments such as REFIT and the REFIT platform as well as the RSB were introduced. The discourse in the official documents during this period also became more inclusive compared to the language used under the High-Level Group.

Interestingly, there is a **noticeable shift in the discourse under von der Leyen**, where the main policy problem has been presented as **EU legislation being too burdensome and costly for businesses**. The focus has shifted to **costs**, making them a **central issue** alongside regulatory burdens. Moreover, von der Leyen has placed **SMEs at the forefront**, identifying them as the main group negatively impacted by these regulatory burdens. Consequently, the policy solutions have shifted to primarily relieving these burdens and costs for businesses, with a special focus on SMEs. This also explains why the **One-In, One-Out (OIOO) principle** at the EU level **considers only costs** while disregarding the value of regulations, thereby portraying regulation as a zero-sum game.

Despite criticism, von der Leyen has placed the OIOO approach and the costs at the forefront, creating several **favourable conditions for SMEs**, which are often exempted from control and reporting obligations. These policies have the potential to undermine or even abolish relevant social and environmental standards, as outlined in the study. The overall analysis reveals a different discourse under von der Leyen, one that is more focused on **enhanced deregulation and creating a favourable playing field for businesses, often at the expense of social and environmental policies**. This approach sharply contrasts with the ambitious objectives of the European Green Deal.

Figure 5 summarises the main findings and the changes in the discourse based on the EU official documents. It also includes the most likely outcomes based on the current documents for 2024 and thereafter.

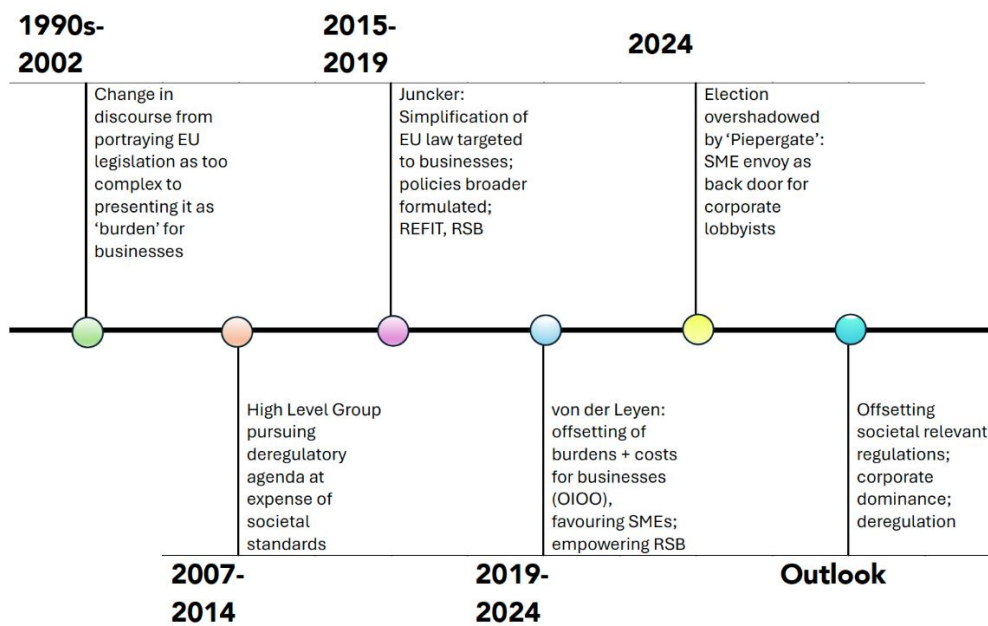


Figure 5: Summary of main findings and changes in the discourse on better regulation.

While we do not yet know what a second term under von der Leyen may entail, it is clear that these policies are being promoted into 2024. The Commission has already announced that the **easing of reporting obligations** for businesses will continue, with plans for each Commission service to prepare 'rationalisation plans by each Commission service for 2024 and thereafter' (European Commission, 2023f, p. 10). Additionally, the **Letta report** on the future of the Single Market includes policies aimed at enhancing competitiveness and reducing regulatory burdens, particularly benefiting businesses, especially SMEs. These efforts include reducing reporting obligations, easing access to financial markets, and creating a single-entry point to public capital markets for SMEs (Letta, 2024). Thus, we observe the same narratives and ideas promoted under von der Leyen. However, the **potential consequences of such policies may be severe**: increased market liberalisation and privatisation in crucial areas such as public transport and health, a risking of welfare systems, the favouring of

corporate interests over fundamental or societal rights, and more precarious working conditions across all EU member states.

The policy problem framed in the EU Strategic Agenda 2024-2029 is ensuring security in current times. Therefore, specific measures and policy solutions are targeted at this issue. Besides promoting a secure Europe and defending European values, the agenda emphasises competitiveness, SMEs, and the Single Market as drivers of European integration. This includes accelerating financial integration and removing barriers to the Single Market's functioning. The agenda also mentions combating climate change and facilitating the digital transition. However, beyond the plan for climate neutrality, these initiatives remain vague and general (European Council, 2024). The absence of specific goals related to the **European Green Deal** suggests a **lack of full commitment**. Surprisingly, **public health is not a significant part** of the agenda despite the recent COVID-19 pandemic, although it does briefly mention the goal of enhancing health cooperation at the end. Omitting health from the Strategic Agenda means EU leaders miss a crucial aspect of ensuring a secure and safe Europe. Compared to the European Council's agenda for 2019-2024, there are clear differences. The previous agenda focused more on adequate social protection, high levels of consumer protection, food standards, and ensuring good access to healthcare.

Regarding **better regulation**, the agenda emphasises a **commitment** to this principle (European Council, 2024, p. 7), while the Letta report stresses the urgency of supporting European businesses to compete globally, thereby ensuring fewer regulatory burdens and consistent enforcement. This indicates a **continued commitment to the better regulation policies** under von der Leyen, suggesting that these policies are likely to be pursued in the coming years.

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APPENDIX

Appendix A: Different word and concept clouds capturing the discourse in EU official documents on better regulation

Word and concept clouds illustrate word and term frequency in the data, where more frequently appearing words are shown in larger fonts, and less common terms appear in smaller fonts. This method quickly identifies the most prevalent concepts or terms and highlights key themes in documents.



Figure A1: Word clouds (frequency of words) and concept clouds (frequency of terms) of High Level Group final report 2014 (above), compared to 2015 Commission communication on better regulation (below)



Figure A2: Comparison in word clouds (left) and common concepts (right) between Jean-Claude Juncker in 2019 (above) and Ursula von der Leyen in 2021 (below)

Appendix B: List of all primary and secondary documents used for the analyses

Table A1: All analysed documents (30 in total) for semi-automated document analysis in Atlas.ti (primary documents) in chronological order

Institution/ Organisation	Title of document	Date	Link	Analysed state- ments
European Council	<i>European Council in Edinburgh, 11-12 December 1992, Conclusions of the Presidency.</i>	12.12. 1992	https://www.consilium.europa.eu/media/20492/1992_december_-_edinburgh_eng_.pdf	25
European Commission	<i>Communication from the Commission to the Council and the European Parliament, The SLIM Initiative, Report of the Commission on, Simpler Legislation for the Internal Market, COM(96) 559 final.</i>	6.11. 1996	https://aei.pitt.edu/3918/1/3918.pdf	29
European Commission	<i>Report of the business environment simplification task force. BEST-Volume 1. Publications Office.</i>	1998	https://op.europa.eu/en/publication-detail/-/publication/af141206-69c7-4568-9506-5c5e0c9bc430	11
European Commission	<i>European Governance - A White Paper, OJEC 287, COM (2001) 428 final.</i>	12.10. 2001	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52001DC0428	36
European Commission	<i>Communication from the Commission, Action plan "Simplifying and improving the regulatory environment, COM(2002) 278 final.</i>	5.6. 2002	https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0278:FIN:en:PDF	55
European Commission	<i>Report of the Expert Group Think Small First – Considering SME interests in policy-making including the application of an ‘SME Test.</i>	03/ 2009	https://ec.europa.eu/docsroom/documents/10038/attachments/1/translations/en/renditions/native	36

European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, EU Regulatory Fitness, Strasbourg, COM(2012) 746 final.</i>	12.12. 2012	https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:52012DC0746	34
High-Level Group on Admin. Burdens	<i>Cutting Red Tape in Europe, Legacy and outlook, final report.</i>	24.7. 2014	https://commission.europa.eu/system/files/2016-05/final-report-of-the-high-level-group_july2014_en.pdf	92
European Commission	<i>Secretariat-General, ABRplus – Study - final report.</i>	18.3. 2015	https://op.europa.eu/en/publication-detail/-/publication/257ede84-dd11-4873-be36-77aaca2faeab	191
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, Better regulation for better results - An EU agenda, COM(2015) 215 final.</i>	19.5. 2015	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52015DC0215	41
European Commission	<i>Commission Decision of 19.5.2015 establishing the REFIT Platform, Strasbourg, C(2015) 3261 final.</i>	19.5. 2015	https://wayback.archive-it.org/12090/20200306205248/https://ec.europa.eu/info/sites/info/files/commission-decision-establishing-refit-platform_may_2015_en.pdf	6

European Commission	<i>Communication from the Commission, EU Law: Better results through Better Application, (2017/C 18/02).</i>	19.1. 2017	https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017XC0119(01)	20
European Commission	<i>Commission Staff Working Document, Better Regulation Guidelines, Brussels, SWD (2017) 350.</i>	7.7. 2017	https://commission.europa.eu/system/files/2017-08/better-regulation-guidelines.pdf	62
European Commission	<i>Better regulation: taking stock and sustaining our commitment, Brussels, COM(2019) 178 final.</i>	15.4. 2019	https://commission.europa.eu/system/files/2019-04/better-regulation-taking-stock_en_0.pdf	31
European Commission	<i>A Union that strives for more. My agenda for Europe. Political Guidelines for the Next European Commission 2019-2024.</i>	2019	https://commission.europa.eu/system/files/2020-04/political-guidelines-next-commission_en_0.pdf	4
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission Work Programme 2020, A Union that strives for more, Brussels, COM(2020) 37 final.</i>	29.1. 2020	https://eur-lex.europa.eu/resource.html?uri=cellar:7ae642ea-4340-11ea-b81b-01aa75ed71a1.0002.02/DOC_1&format=PDF	25
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, An SME Strategy for a sustainable and digital Europe, COM(2020) 103 final.</i>	10.3. 2020	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2020%3A103%3AFIN	17

European Commission	<i>Commission Decision of 11 May 2020 establishing the Fit for Future Platform, (2020/C 163/03), 12.5.2020.</i>	11.5. 2020	https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A32020D0512%2801%29&amp%3Bfrom=EN	15
European Commission	<i>STATE OF THE UNION 2020. State of the Union Address 2020.</i>	4.8. 2020	https://state-of-the-union.ec.europa.eu/system/files/2022-08/soteu_2020_en.pdf	1
European Commission	<i>The EU's efforts to simplify legislation – 2019 Annual Burden survey.</i>	13.8. 2020	https://commission.europa.eu/publications/annual-burden-survey_en	98
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission Work Programme 2021, A Union of vitality in a world of fragility, COM(2020) 690 final.</i>	29.10. 2020	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0690	5
European Commission	<i>Better Regulation. Joining forces to make better laws.</i>	2021	https://commission.europa.eu/system/files/2021-04/better_regulation_joining_forces_to_make_better_laws_en_0.pdf	69
European Commission	<i>The EU's efforts to simplify legislation – 2020 Annual Burden survey.</i>	29.6. 2021	https://commission.europa.eu/publications/annual-burden-survey_en	68
European Commission	<i>Better Regulation toolbox.</i>	07/ 2021	https://commission.europa.eu/document/download/9c8d2189-8abd-4f29-84e9-abc843cc68e0_en?filename=BR%20toolbox%20-	27

			%20Jul%202023%20-%20FINAL.pdf	
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission work programme 2022, Making Europe stronger together, COM(2021) 645 final.</i>	19.10.2021	https://commission.europa.eu/document/download/b2402c54-54d5-4b39-a470-2c575bfccfa0_en?filename=cwp2022_en.pdf	21
European Commission	<i>The EU's efforts to simplify legislation – 2021 Annual Burden survey.</i>	22.7.2022	https://commission.europa.eu/publications/annual-burden-survey_en	60
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission work programme 2023, A Union standing firm and united, COM(2022) 548 final.</i>	18.10.2022	https://commission.europa.eu/document/download/9143c562-f4c7-4a41-ab46-c2f5aa35adcd_en?filename=cwp_2023.pdf	4
European Commission	<i>The EU's efforts to simplify legislation – 2022 Annual Burden survey.</i>	12.9.2023	https://commission.europa.eu/publications/annual-burden-survey_en	64
European Commission	<i>2023 State of the Union Address by President von der Leyen.</i>	13.9.2023	https://ec.europa.eu/commission/presscorner/detail/ov/speech_23_4426	3
European Commission	<i>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission work programme 2024,</i>	17.10.2023	https://eur-lex.europa.eu/resource.html?uri=cellar:6353a9d9-6d07-11ee-9220-01aa75ed71a1.0001.02/DOC_1&format=PDF	8

	<i>Delivering today and preparing for tomorrow, Strasbourg, 17.10.2023, COM(2023) 638 final.</i>			
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Table A2: Additional documents (23 in total) for document analysis (secondary documents) in chronological order

Institution/ Organisation	Title of document	Date	Link
Corporate Europe Observatory (CEO)	The crusade against 'red tape': How the European Commission and big business push for deregulation	31.10. 2014	https://corporateeurope.org/en/power-lobbies/2014/10/crusade-against-red-tape-how-european-commission-and-big-business-push
Bundesarbeitskammer Österreich	<i>AK Position Papier, Regulatory Fitness and Performance (REFIT).</i>	03/ 2015	https://www.akeuropa.eu/sites/default/files/main_report_de_360.pdf
European Commission	<i>Communication to the Commission, Regulatory Scrutiny Board, Mission, tasks and staff. Strasbourg, COM(2015) 3262 final.</i>	19.5. 2015	https://commission.europa.eu/document/download/a56c4562-6ce2-477a-9caf-c2a0c7141e4a_en?filename=communication-on-the-regulatory-scrutiny-board-mission-tasks-and-staff_may2015_en.pdf&preFlang=de
European Trade Union Confederation (ETUC)	<i>ETUC declaration on 'Better Regulation', Adopted at the ETUC Executive Committee on 17-18 June 2015.</i>	18.6. 2015	https://www.etuc.org/sites/default/files/document/files/en-etuc-declaration-better-regulation_0.pdf
Bundesarbeitskammer Österreich	<i>Vote on REFIT, the Regulatory Fitness and Performance programme.</i>	1.6. 2015	https://www.akeuropa.eu/sites/default/files/main_report_en_370.pdf
European Ombudsman	<i>Ombudsman to examine Commission evaluation of Special Advisers</i>	30.5. 2016	https://www.ombudsman.europa.eu/en/press-release/en/67741

Corporate Europe Observatory (CEO)	<i>Ombudsman turns up the heat on Commission over Special Advisers</i>	6.7. 2017	https://corporateeurope.org/en/power-lobbies/2017/07/ombudsman-turns-heat-commission-over-special-advisers
Bundesarbeitskammer Österreich	<i>"Better Regulation" — bessere Rechtssetzung in der EU?</i>	26.10. 2017	https://www.akeuropa.eu/de/better-regulation-bessere-rechtssetzung-der-eu
European Trade Union Institute (etui)	<i>The European Union versus the Better Regulation Agenda. Why the outcome depends on a paradigm shift.</i>	02/ 2019	https://www.etui.org/publications/background-analysis/the-european-union-versus-the-better-regulation-agenda
OECD	<i>Better Regulation Practices across the European Union.</i>	19.3. 2019	https://www.oecd-ilibrary.org/governance/better-regulation-practices-across-the-european-union_9789264311732-en
WWF	<i>Briefing, Better Regulation Jan 2022.</i>	2020	https://wwfeu.awsassets.panda.org/downloads/wwf_analysis_and_recommendations_better_regulation_january_2022.pdf
European Environmental Bureau	<i>Reprotecting Europe: The EU Green Deal v The War on Regulations.</i>	23.1. 2020	https://eeb.org/library/reprotecting-europe-the-eu-green-deal-vs-the-war-on-regulations/
Corporate Europe Observatory (CEO)	<i>'Better Regulation': corporate-friendly deregulation in disguise</i>	18.2. 2020	https://corporateeurope.org/en/better-regulation-corporate-friendly-deregulation-disguise
Social Europe	<i>Leaving behind the EU's deadly addiction to deregulation</i>	3.3. 2021	https://www.socialeurope.eu/leaving-behind-the-eus-deadly-addiction-to-deregulation
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SHORT BIOGRAPHY



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IMPRINT

Media owner: Kammer für Arbeiter und Angestellte für Wien,

Prinz-Eugen-Straße 20–22, 1040 Wien, Phone: (+43) 1 501 65 0

Disclosure pursuant to § 25 MedienG: see wien.arbeiterkammer.at/impressum

Ordering party: AK Wien / Abt. EU und Internationales

Issuing institutions: AK Wien, AK EUROPA

Queries to: Dr. Frank Ey (frank.ey@akwien.at)

Design: Alexander Ullrich | A SQUARED

Place of publishing and production: Vienna

Print: AK Wien

ISBN: 978-3-7063-1077-2

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