



## Austerity at EU level?

### How the crisis impacted EU budget and policies

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**Abstract:** *Following the financial and European crises (2008-2013) there has been a number of calls for austerity, understood as cuts to public budgets and policies, across Europe. This article investigates how these calls have impacted the European Union. Often represented in the media as an instigator of austerity policies in its member states, has the EU itself become a target for austerity in later years? It finds that there has been growing calls by leading European actors for the EU to cut both certain policies and its budget, framed as a need to share in the efforts asked of its member states. This was particularly the case during discussions on the EU 2014-2020 multiannual financial framework which led to the first net reduction in the EU's multiannual financial framework since it first agreed on a multiannual budget in the 1980s. Yet while this period saw a sharp increase in calls for policy dismantling, and a more deregulatory discourse spread ("regulatory burdens reduction") these demands were rarely framed as answers to the present crisis, or as a form of austerity. Instead older frames such as subsidiarity and proportionality were used, indicating the strong connections between current calls for policy dismantling at EU level and earlier attempts in the 1990s and 2000s.*

#### Introduction

In many European countries, governments have adopted austerity measures in response to the financial then European crises since 2008 (The Guardian, 2010). In this context, the European Union has been seen as a promoter of austerity, demanding budget cuts and policy reforms of its Member States on its own or alongside the International Monetary Fund (The Telegraph, 2013). But in a time where austerity affects many states across the European continent there is a growing demand that all levels of governance should share the burden and do "more with less" – including the EU itself (The Telegraph, 2010, The Guardian, 2013).

This article investigates whether the EU itself became a target for austerity during the years of the financial and European crises (2008-2013). Defining austerity measures as cuts to both public budgets (Blyth, 2013) and policies (Jordan *et al.*, 2013), it analyses the impact of the crises and subsequent calls for austerity on the EU budget and policies.

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In a literature review it shows that the gradual politicisation and normalisation of the EU political system (Hix, 2007; Kreppel, 2012) render EU policies and budget a potential target for austerity. Furthermore the relatively small EU budget and the EU's identity as a "regulatory state" (Majone, 1999) suggest that EU policy dismantling, or the "cutting, diminution or removal of existing policy" (Jordan et al., 2013:795) would play a major part in austerity measures at EU level.

Analysing Commission documents and interventions by members of various European governments in the press and through commissioned reports over the 2008-2013 crises years, it tests the following three hypotheses. First, that calls for budget and policy cuts at EU level occurred during the crisis years (2008-2013). Second, that these calls were framed as responses to the crises and the need for austerity at EU level (Princen, 2011). Third, that these calls were stronger, and more successful than previous demands for dismantling European legislation and/or reducing the EU budget.

It finds that the first ever real cuts to the EU multiannual financial framework, agreed in 2013, were indeed framed in terms of austerity as it was not felt to be appropriate for the EU to increase its budget while many of its Member States battled with high deficits. Regarding policy dismantling it finds that calls for dismantling predate the crisis – and that even during 2008-2013 the many dismantling demands were not necessarily always framed in terms of austerity (alternative frames of subsidiarity and proportionality were also used). But the years since the start of the crisis have seen a shift in dismantling targets – from increasing the "quality of the EU regulatory environment" to removing EU "regulatory burdens", and the Commission appears to have been successful in its own dismantling endeavours.

## Literature review: Austerity in the European Union – and at EU level?

### Defining austerity

Austerity is commonly defined as "reduction of public spending" (Blyth, 2013). As such the main element of austerity appears to be cuts in public finances: cuts in the budget overall, in welfare state, or in civil servants pay. Pierson (2002:370) describes welfare States as experiencing "permanent austerity", a situation worsened by recent crises:

*The welfare state now faces a context of essentially permanent austerity. Changes in the global economy, the sharp slowdown in economic growth, the maturation of governmental commitments, and population ageing all generate considerable fiscal stress. There is little reason to expect these pressures to diminish over the next few decades. If anything, they are likely to intensify.*

Yet we know since the 1980s and the first calls for deregulation in the USA and in the UK that austerity is not just a matter of cutting the budget and raising taxes, it is also about cutting policies – and the political choices to spare or target a specific set of policies (Cook and Polsky, 2005). As Jordan *et al.* (2013) argue, "One of the many ways in which politicians seek to respond to economic austerity pressure is to cut or even completely remove public policies that were introduced in better times" (2013: 795). These policies

– welfare policies, but also regulatory policies (e.g. environmental policies) – are presented as a “luxury that we cannot longer afford” (Potočník, 2013). Thus in this article austerity is understood as cuts to public spending *and* policy dismantling, *i.e.* “the cutting, diminution or removal of existing policy” (Jordan *et al.*, 2013:795).

### In the Member States or at EU level itself?

Research on the European Union as a political system can to a certain extent be divided into two camps – between authors picturing the EU as *sui generis*, a new, singular political system and those for which the EU is increasingly becoming a *normal* political system (Hix, 1998). This article aims at investigating the effect of the financial and European crises – and subsequent austerity – at EU level. The first approach tends to analyse austerity – both policy and budget cuts – as driven by the EU and affecting Member States, not the EU itself, whereas the second approach allows to envisage the EU itself as a target for austerity.

Under the first approach, the European integration process is notably characterized by “positive integration”, through which diverging national legislations are replaced by a common EU legislation (Scharpf, 1996). Thus the EU level appears to be a driver of policy dismantling in its Member States (Knill, 2009) – with its institutions acting as a forum to spread deregulation ideas (Hancher & Moran, 1989) and to foster budgetary austerity. This is illustrated by the 1990s “stability and growth” pact and the ensuing “fiscal compact” treaty signed in 2012 by all EU Member States bar the UK and the Czech Republic (Fitoussi & Saraceno, 2013). Cuts in policies and budgets at EU level are further rendered unlikely as the European Commission is the only institution with the power to make legislative proposals. The Commission, in this perspective, is seen as intent on expanding the EU’s competence and its own powers in the process (Pollack, 1994) – why hence would it let policy dismantling or budget cuts happen, let alone pursue it? The Commission is thought to have had varied success in expanding its powers – as while, amongst others, power of taxation and redistributive policies have remained in the hands of lower levels of governance, the EU has experienced growing *regulatory* powers. This separation of tasks between the EU as a “regulatory state” (Majone, 1999) and the Member States as “welfare states” make the EU an unlikely target for policy dismantling. If policy dismantling stems from a context of “permanent austerity” (Pierson, 2001) and the need to reduce budget deficits, the *regulatory* focus at EU level and the comparatively small size of the EU’s budget make the EU an unlikely target: the policies that should be targeted are the expensive (re)distributive social policies enacted in each Member States. Finally, were EU policies to be targeted, the sheer difficulty of reforming EU legislation (Scharpf’s “joint–decision trap”, 1988) would make it very hard to do.

Adopting the second approach, and considering the EU institutions as a “normal” political system (see Hix, 2007 or Kreppel, 2012), cuts to EU budget and policies appear much more likely. Bauer *et al.*, 2012 have shown that regulatory policies can be dismantled – the EU regulatory state is not *de facto* protected. In fact the small comparative size of the EU budget (less than 2% of all European public budget across all

levels of governance, European Commission, 2014a) arguably make EU policies a prime target for austerity measures. Research on policy dismantling in the US has shown that policy dismantling is more likely to happen after a change of majority in Congress (Berry et al, 2010). There is a growing argument within the literature on the politicization of the EU – with political changes in the European Parliament, Council but also within the Commission (Hix *et al.*, 2007, Peterson, 2008 and Dehousse & Thompson, 2012). As such, a new Commission could try to demarcate itself from its predecessors by pursuing dismantling of certain policies it does not anymore agree with. Indeed, the age of the *acquis* – for example some environmental legislation were first agreed on in the 1970s – is both a motivation for reform and an opportunity for dismantling during the reform process. Finally, changes to EU decision-making rules – such as the growing use of qualified majority voting in the Council of the European Union – have made it easier to revise former agreements (Burns, 2013).

### Have budget and policy cuts already taken place at EU level?

The EU budget has long been an object of dispute at EU level, with regard to the fair share of contributions between Member States (illustrated by Margaret Thatcher’s negotiation of a British rebate in the 1980s), and to the priorities funded with the budget, with the budget being described in the 2003 Sapir Report as “a historical relic” in which “expenditures, revenues and procedures are all inconsistent with the present and future state of EU integration” (quoted in Schild, 2008:531). Yet, since an EU multiannual financial framework was first agreed in 1988 and until the start of the financial crisis in 2008 the EU MFF has only expanded (Schild, 2008).

But has policy dismantling taken place? As a comparatively popular European policy (Eurobarometer, 2014), and as a regulatory type of policy, EU environmental policy would appear to be a hard case for policy dismantling – if attempts to dismantle EU environmental policies were made, whether or not they were successful, we can assume that other policies were similarly targeted and that the EU is indeed a locus for policy dismantling.

Attempts to remove certain items of EU environmental legislations were made in the early 1990s. In the wake of the Maastricht Treaty difficult ratification process, a number of European governments (UK, France and Germany) wrote “hit-lists” of legislative proposals as well as existing legislations which they opposed and wanted removed (Golub, 1996). Based on demands for increased subsidiarity in the EU, this led to the start of a yearly Commission publication on the application of the subsidiarity and proportionality principles in EU legislation (European Commission, 1993). Overtime, the focus of these reports shifted toward better law-making (Jeppesen, 2000) and to the Better Regulation agenda at EU level, with a focus on legislative *quality* (Tombs & Whyte, 2012). Yet the refocus of Better Regulation on competitiveness (Radaelli, 2009) led environmental actors to worry about dismantling of the environmental *acquis* (Wilkinson *et al.* 2005).

Hence dismantling demands and attempts were made. But have these been successful? The existing literature points out the limits of these attempts. With regards to the subsidiarity hit-lists of the early

1990s, Jeppesen argues that “subsidiarity has not been able to alter adopted Community legislation from strongly binding instruments, such as regulations and decisions, to less binding instruments, such as directives” (2000:96). Writing on the impact of Better Regulation on environmental policies, Hjerp (2010:30) argued that “the practice of better regulation has often mainly been about the modernisation and rationalisation of EU legislation”, i.e. changing patterns of expansion not dismantling.

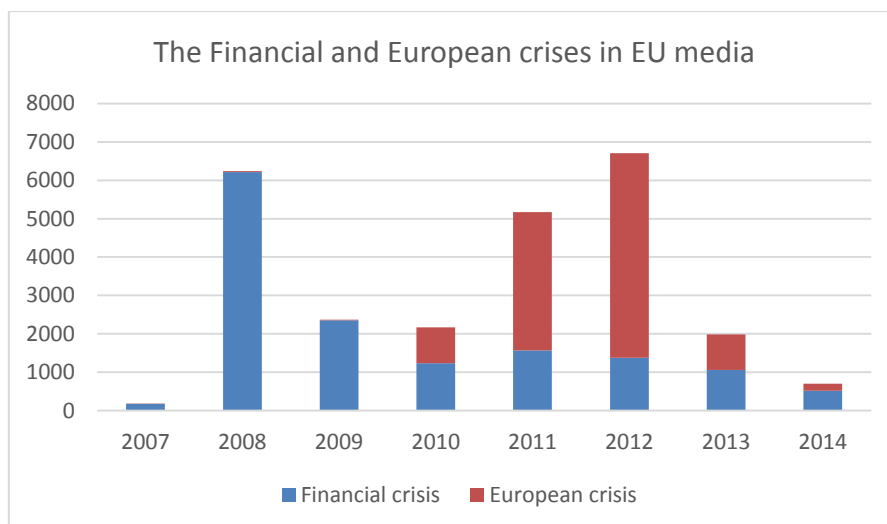
Thus although policy dismantling research has for now focused on national settings, policy dismantling is possible at other levels of governance. A short review of EU environmental policy literature has shown that dismantling has already been attempted in the 1990s and 2000s although it does not appear to have been successful.

### **Methods section**

This section presents the contours of the case study and the methods used to test the three hypotheses listed in the introduction: first that calls for budget and policy cuts were made during the crisis years, second that they were framed as a necessary response to the crisis and the adoption of austerity measures throughout Europe, third that these calls were stronger and more successful than previous attempts.

### **Identifying and delimitating the crisis**

While the global financial crisis started in the summer of 2008 (the date of the collapse of Lehmann Brothers in mid-September 2008 is conventionally used as a start date), the European crisis started later. In order to identify the start and length of the European crisis – in particular the moment the global financial crisis turned European, I used Factiva, an international press database. European discussions and news related to the global financial crisis were mapped searching for “financial crisis” in Europe or European countries (14507 articles, 01/01/2007 to 01/09/2014). The European crisis itself was identified with two key phrases “European crisis” or “Euro crisis” (11024 articles, 01/01/2007 to 01/09/2014). As expected, Figure 1 shows that the financial crisis is most discussed in 2008, and is gradually overtaken by the European crisis from 2010 onward. The European crisis itself peaks in 2012.



**Figure 1:** Financial and European crises over time – based on mentions of “financial crisis” in European countries & mentions of “European crisis” or “Euro crisis” in newspapers, from 01/01/2007 to 01/09/2014. Source: Factiva

The following analysis will thus restrict itself to analysing calls for austerity at EU level (both in terms of budget and policy dismantling) during the two first years of the financial crisis – 2008-2010 – and the European crisis which followed (2010-2013).

### Identifying and measuring budgetary cuts and dismantling

This article expects austerity at EU level to be composed of two main elements: cuts in EU budget *and* cuts to EU legislation. This article’s focus on the five crises years has repercussions on how cuts to budget and policies can be measured. For changes to the EU budget, the adoption in 2013 after years of negotiations of the 2014-2020 multiannual financial framework (MFF) offers a perfect case study: the multiannual nature of the EU budget means the bigger budgetary decisions are not made over yearly budget but during the negotiations of MFF, and the 2014-2020 package was negotiated during the crisis. Thus with regard to the budget it is possible in the chosen five years’ timeframe to study both the calls for cuts and the outcome of the negotiation.

Results of policy dismantling attempts are more complex to measure. With regard to welfare state retrenchment Green-Pedersen (2004) highlighted the “dependent variable problem”, a lack of coherence within the field regarding what was welfare state retrenchment, and how it could/should be measured. This argument can be further generalised to policy dismantling across all type of policies. Researchers on policy dismantling still pursue different objectives, from capturing evidence of policy dismantling (see for example Knill et al, 2014, or in the US Berry, 2010) to studying the motivations of and strategies mobilized by dismantling actors in their attempts to dismantle policies (Bauer et al, 2012). Within the field, the understanding of *policy* furthermore differs, from a narrow use of policy as piece of legislation (see Maltzman, 2008) to a broader understanding of policy as existing concomitantly at different levels of

governance, taking into account implementation and judicial enforcement (Klyza and Sousa, 2010). Thus while there has been attempts to bring closer different literatures, a great variety remains within policy dismantling research.

This article uses a very narrow definition of policy as legislation – directives and regulations in the EU context. It aims at evaluating the success of calls for dismantling based on changes in policy outputs. The time span of the crises is too short to capture evidence of all dismantling attempts at EU level by looking for dismantled policy outputs – weakened pieces of legislation, with reduced number and/or strength of policy instruments – as done for example by Knill and colleagues (2014), over a period of 30 years. Part of the legislation proposed by the European Commission during this period of time would not have been adopted by the end of the European Parliament 7<sup>th</sup> legislature (EP7) in the spring of 2014. Indeed the average time for a directive or a regulation to be agreed on in EP7 (2009-2014) ranged from 17 months (if decided under first reading) to 33 months (if decided under second reading) (European Parliament, 2014). Thus the evaluation of impacts made by calls for policy dismantling will necessarily be incomplete.

But the impacts of dismantling calls are important only with regard to the third hypothesis (that calls made during the crisis were stronger/more successful than earlier dismantling attempts). With regard to the first and the second hypothesis what matters is whether calls for dismantling were made and how they were framed, that is, “the terms in which the issue is defined” (Princen, 2011:929).

### **Austerity frames in actors calls for budget and policy cuts**

The literature review highlighted that both Member States and the Commission have pushed for cuts to EU policies and/or the EU budget in the past. Other actors also participate in discussions on, for example, Better Regulation in Europe: think tanks, lobbies, groups of experts such as the Stoiber Group of High Level Experts on Administrative Burdens and last but not least Members of the European Parliament. But for the purpose of this article a limited number of actors were studied: the Member States – e.g. different ministers within various national governments – and the Commission.

In order to identify the actors calling for cuts to the EU budget and/or policies and whether they do link austerity to budget and/or policies reform in their discourses, two types of sources were used. First, official documents produced for/by European Institutions and for/by given Member States. A second source will be articles from two European-wide newspapers website: European Voice and different versions of Euractiv (Euractiv.com, Euractiv.fr). These different documents were read in order to identify how cuts – and in particular the need for cuts – were framed: i.e. “the terms in which the issue is define” (Princen, 2011:929): were terms such as “crisis”, “austerity” or “recovery” used to justify the cuts?

## Results section

### Austerity as budgetary reduction

In the aftermath of the financial crisis the question of funding repartition between EU policies was reopened, with a draft Commission paper leaked calling for a reorientation of funding away from the CAP and from regional policy and toward the fight against climate change, energy security, growth and jobs (Euractiv.fr, 2009).

But due to the multiannual nature of the EU budget, the budget was already agreed upon until 2013 (2007-2013 septennial budget). This means that changes to the budget due to the crises (or at least in the context of the crises) had to wait until the negotiation process for the follow-up 2014-2020 budget.

The 2014-2020 MFF negotiation started in late June 2011 with the Commission's budget proposal of a 5.04% increase, close to the European Parliament's demands – and far from demands from France, Germany, the Netherlands, Finland and the UK that “any increase in spending should be limited to the rate of inflation” (European Voice, 2011a). The UK government's response to the proposal pushed the argument for budget austerity at EU level (ibid.):

“The EU has to take the same tough measures as national governments are taking across Europe to tackle public deficits. That means a restrained EU budget focused on the things that will get our economy growing.”

Nine Member States (including the four biggest contributors: Germany, France, Italy and the UK) came out against the proposal opposing further increases to their contributions (European Voice, 2011b). On the opposite side, 14 Member States including Spain, Poland, the Czech Republic and Hungary supported the Commission's spending plans – especially cohesion funding (European Voice, 2012a).

As negotiations stagnated the UK and France both threatened to veto the deal – France because the CAP budget was cut too much for its liking, the UK because the overall budget was not cut enough (Euractiv.com, 2012a). Interestingly, the two other main contributors adopted a very different position, with Germany refusing to use its veto power and Italy coming out against British propositions of a “significant reduction in the size of the European budget” (Euractiv.com, 2012b). To restart negotiations, a series of cuts to the proposed budget were put forward by the Cyprus Presidency and European Council President Herman Von Rompuy in late 2012 (European Voice, 2012b). The cuts went further than freezing the budget and into cutting the budget in real terms. The European Council called for the EP to be “responsible”, with Van Rompuy arguing that “we simply could not ignore the extreme economic difficulties and consolidation efforts in member states. This had to be a leaner budget” (Euractiv.com, 2013). The budget was vetoed by the European Parliament in February 2013. After obtaining some concessions on flexibility the Parliament finally agreed to support the budget in July (European Voice, 2013a), leading to a final agreement in November 2013.



Whereas former multi-annual financial framework agreement saw constant increase in the EU budget since the first MFF in the late 1980s, the 2014-2020 budget agreed in November 2013 saw a cut in real terms of 3.4% (for commitments) and 3.6% (for appropriations) (European Commission, 2013d).

1988-1992	1993-1999	1999-2006	2007-2013	2014-2020
+ 3.9%	+3.3%	+2.6%	+0.9%	-3.4%

**Table 1. Evolution in EU multiannual financial framework.**

**Source: Schild (2008) up to 2007-2013 updated with European Commission, (2013d)**

With regard to the three questions asked in this article, calls for cuts to the EU budget have indeed been made since the onset of the crisis. These calls have been explicitly motivated by austerity politics in the Member States, with key EU actors such as David Cameron and Herman Van Rompuy arguing that the EU had to mirror national austerity measures. And finally these calls have been successful in achieving the first real cuts in the EU multiannual budget since an MFF was first agreed on in the late 1980s. The following section investigates whether similar changes happened to EU policies.

### Austerity as policy dismantling

#### Policy dismantling within Commission communications

As identified by Radaelli (2009) or Hjern (2010), the Commission's better regulation initiative started in the early 2000s can be linked to policy dismantling – one of its main goal being the updating and simplification of the *acquis communautaire*. The publications on Better Regulation and on the programmes that followed it can thus be used to analyse demands for policy dismantling lead by the European Commission.

After the relaunch of the Lisbon Strategy on competitiveness (2005), the EU Better Regulation agenda was similarly refocused (Van den Abeele, 2009). The initiative grew to incorporate a new programme on the Reduction of Administrative Burdens in 2007 (European Commission, 2008), mirroring the Dutch methodology and objective of a 25% reduction (by 2012) (Wilkinson, 2005:17). Under the second Barroso Commission, Better Regulation was changed to Smart Regulation (European Commission, 2010), an over-arching programme comprising multiple initiatives: alongside the Administrative Burdens reduction, a programme on regulatory fitness (REFIT, European Commission 2013a) and another focusing on the impact of European regulation on SMEs (European Commission, 2011 and 2013b).

Overall since 2008, 16 relevant Communications were published<sup>1</sup>. In none of these Communications is the term “austerity” used. In only five is “crisis” mentioned in relation to either the financial or European crisis, with further two mentions of the 2008 “European economic recovery plan”. The following excerpts highlight the way references to the crisis are used in connection (or not) with calls for policy dismantling:

<sup>1</sup> For example, Communications on Impact Assessments although under the umbrella of Better Regulation are not relevant as not connected to policy dismantling (not looking at existing policies).

**COM 2009 (544) final, Action Programme for Reducing Administrative Burdens in the EU Sectoral Reduction Plans and 2009 Action**

“The importance of reducing unnecessary administrative burdens increased with the economic crisis (...) it is a sensible complement to direct budgetary support, at a time where the financial capacity of the Union and the Member States to intervene is substantially diminishing (...) the reduction of administrative burdens has been identified as one of the key areas for action in the European Economic Recovery Plan.”

**COM (2009) 15 final Third strategic review of Better Regulation in the European Union**

“The European Economic Recovery plan stressed that in the current context of economic and financial difficulties (...) the quality of the regulatory environment is more important than ever before”.

**COM(2010) 543 final Smart Regulation in the European Union**

The crisis has highlighted the need to address incomplete, ineffective, and underperforming regulatory measures and, in many cases, to do so urgently.

(...) given that we depend on businesses (...) to get us back on the path to sustainable growth, we must limit burdens for them to what is strictly necessary (...).

**COM (2011) 803 final Minimizing regulatory burdens for SMEs**

“However, the financial crisis is having a severe impact (...). It is, therefore, essential to free up micro enterprises to allow them pursue their business goals without unnecessary regulation.”

**COM (2012) 746 final EU regulatory fitness**

“The economic and financial crisis has revealed costs of non-action, weak legislation and enforcement in some areas. (...) National administrations, already under strain, find it difficult to keep up with the transposition and application of EU legislation. Businesses and citizens raise concerns about the complexity and administrative load of laws. The European Council has called for further efforts to reduce the overall regulatory burden at EU and national level.”

These excerpts showcase that the crisis is indeed mentioned – although no direct mention of a “European” crisis is made – but only in a handful of cases. Furthermore, they highlight increasingly intense criticisms of EU regulations: mentions in 2009 of the “quality of the regulatory environment” and of “administrative burdens reduction” are replaced over time by mentions of “unnecessary regulation” (2011) and efforts to “reduce the overall regulatory burden” (2012).

### Policy dismantling calls by Member States

The Commission is not the only EU actor calling for dismantling. Taken-up at EU level in 2007, and in the UK in 2005, the 25% administrative burdens reduction target and accompanying methodology comes from the Netherlands (Wegrich, 2009). After its uptake, the Netherlands were keen to suggest policies that should be reviewed.

In a 2009 letter the Dutch Government made a clear connection between resolving the crisis and increasing European regulatory quality:

“As stressed in the European Economic Recovery Plan, in the current context of an exceptional economic and financial downturn with growing pressure on businesses and on households, the quality of the regulatory environment is more important than ever before” (Ministerie van Algemene Zaken, 2009 :1)

A similar point was made by the Danish, Dutch and British government a year later in a report on Smart Regulation.

“In these tougher times, smart regulation can be a key vehicle to providing urgent support for economic recovery and growth, while delivering greater fairness and a cleaner environment.” (Danish Government *et al.*, 2010:1)

This report pushed for a move to cuts to regulatory burdens and beyond, encompassing implementation and policy costs and even regulatory “irritants”, rules that “are regarded as highly unnecessary and frustrating by those who must comply with obligations” (*ibid.*,:19).

Two years later and with now ten other Prime Ministers as cosignatories, the Dutch and British PM penned a « plan for growth in Europe » which presents the European situation as extremely difficult:

“We meet in Brussels at a perilous moment for economies across Europe. Growth has stalled. Unemployment is rising. Citizens and businesses are facing their toughest conditions for years. As many of our major competitor economies grow steadily out of the gloom of the recent global crisis, financial market turbulence and the burden of debt renders the path to recovery in Europe much harder to climb.” (Cameron *et al.*, 2012:1)

In order to address the present situation the 12 European Prime Ministers propose eight priorities, one of which (number 6) deals with policy dismantling:

“We need to sustain and make more ambitious our programme to reduce the burden of EU regulation.” (*ibid.*: 4)

Later the same year, another group of Ministers – this time Economy and Industry ministers from key Mediterranean Member States –, argued that “Europe as a whole [is] constrained by the financial crisis” and called for policy dismantling to tackle the crisis:

“The Competitiveness Council should work to promote a constructive review of European horizontal policies that have an impact on industrial competitiveness. These include single-market rules, competition, trade, environmental, cohesion, innovation and research policies, as well as the state aid framework and sector-based policies.” (Wall Street Journal, 2012)

Not all dismantling calls are explicitly linked to the crisis or austerity. In his speech on Europe in January 2013, David Cameron argued that “complex rules restricting our labour markets are not some naturally occurring phenomenon. Just as excessive regulation is not some external plague that's been visited on our businesses” (Cameron, 2013). But as a solution he argued that “power must be able to flow back to member states, not just away from them” (*ibid.*)

A few months later, the second Rutte government in the Netherlands published a report entitled “Testing European legislation for subsidiarity and proportionality – Dutch list of points for action” (Ministerie van Buitenlandse Zaken, 2013). It mentions the crisis in two different ways: first in explaining its opposition to an annual salary increase for EU staff, second in arguing against further harmonisation of social security systems. These two instances do not concern policy dismantling. But calls for policy dismantling are made, with demands for removal of “unnecessary details” and “more leeway” (Ministerie van Buitenlandse Zaken, 2013).

In October 2013, the British Business Taskforce published a report on EU red tape at the behest of David Cameron. It decries what are often “problematic, poorly-understood and burdensome European rules” and demands strong action: “but it isn't enough just to remove existing rules: Europe must avoid adding new ones. And when new rules are necessary they must be unashamedly pro-growth” (British Business Taskforce, 2013:6). But it does not link these demands to the European crisis, mentioning only once the link between dismantling and economic recovery:

“The removal of unnecessary regulatory burdens in areas which are critical for job creation and growth will free up businesses across the EU to lead the way towards economic recovery” (*ibid.*: 8)

Thus these two reports, produced as the European crisis waned do not make direct reference to the crisis or austerity (never mentioned). Similarly the much bigger British endeavour of “balance of competence review” started in 2013 does not refer to the crisis but to subsidiarity and whether repatriation of competence is required as its main motivation (Foreign and Commonwealth Office, 2013).

#### Have these dismantling calls been successful?

In order for policy dismantling calls to be successful they first need to be written into a legislative proposal by the European Commission and second to be voted by both the European Parliament and the Council of the European Union. In that respect calls for dismantling originating within the European Commission have an advantage, as they only have to meet the second condition.

In 2013, the Commission announced it had met its target of administrative burden reduction over the five years (2007-2012) of the programme:

The 25% reduction goal has been achieved and exceeded with the adoption, to date, of measures worth €32.3 billion (26.1%) by the European Parliament and the Council. This is expected, in the medium-term, to lead to an increase of 1.4% in EU GDP, equivalent to €150 billion. (European Commission, 2013c)

With respect to the latest iteration of the Smart Regulation agenda, its Regulatory Fitness initiative (2013), the Commission reported in 2014 that it had “delivered on [its] commitments” as “out of a total of 23 proposals the Commission committed to make in order to simplify and reduce regulatory burden, 2 were adopted in 2013 and 15 more are planned for adoption in 2014” (European Commission, 2014b).

With regard to calls by Member States only a handful of reports – the Dutch 2009 letter and 2013 review, the British Business Taskforce review – explicitly list given regulations and directives, other calls for dismantling remain vague (burdens in general, or attributed to a broad policy sector). The lists do not overall coincide: different reports target different directives and regulations. Thus the British review focuses on costs for business while the Dutch review encompasses migratory issues (directive on family reunification...) or EU programmes such as school milk and fruit (Ministerie van Buitenlandse Zaken, 2013). In a few cases demands coincide with Commission reform plans: on VAT rules or REACH.

## Conclusion

The EU is commonly seen as playing a key role in pushing its Member States to adopt austerity measures – through the different bail-out plans in amongst others Ireland, Greece or Portugal but also with the recent “fiscal compact” treaty (Fitoussi and Saranceno, 2013). This article set out to investigate whether “the age of austerity caught up with the European Union” (The Guardian, 2013) in the years since the beginning of the financial crisis: *i.e.* whether the EU itself experienced the brunt of austerity measures, understood as cuts to either public budget or policies.

Studying Commission’s reports and interventions by European governments through reports and in the press, this article examined whether in the years 2008-2013 calls for cuts of EU budget and policies were made, whether these calls were framed in a way linked to the crises or austerity, and finally whether these calls were stronger or more successful than before.

With regard to changes in the EU budget over that period, demands for cuts to the budget were indeed made repeatedly by net contributors – especially the UK. These demands were justified by the need for the EU to be leaner at a time where many of its Member States were taking difficult budgetary decisions – notably by the European Council President, Herman Van Rompuy. Furthermore while there had been repeated criticisms of the EU budget in the past the 2013 negotiation lead to the first real cut in the budget: thus these calls for budgetary restraints aired during the crisis years of 2008-2013 proved more successful than similar demands made earlier.

With regard to policy dismantling the picture is more complex. There have indeed been a great number of calls for EU policy dismantling over the 2008-2013 period. But they are signs of a long trend for policy dismantling at EU level which started as early as the beginning of the 1990s. Only a third of Commission's communications related to dismantling motivate their reviews of the *acquis communautaire* with reference to the crisis or the EU recovery plan. While calls for dismantling by Member States do refer to the crisis up to 2012, calls made in 2013 refer to questions such as subsidiarity and proportionality which motivated earlier attempts in the 1990s and 2000s (Golub, 1996 and Jeppesen, 2000). While budget cuts were presented as motivated by necessary austerity, austerity is not mentioned in calls for policy dismantling. Yet while the crisis does not appear as the main justification for policy dismantling, the 2008-2013 period did witness an increasingly strict discourse on regulatory burdens in general replace the more positive framing of "quality of regulatory environment". While it is too early to judge the full impact these calls have made on the *acquis* (due to the long EU decision-making process), the Commission appears satisfied that it has met its own dismantling targets through its administrative burdens reduction programme (European Commission, 2013c). But while a growing number of Member States appeared to support some form of policy dismantling over the 2008-2013 years – as illustrated by David Cameron's meeting with 8 of his peers in the margin of a European Council summit to discuss EU red tape in November 2013 (European Voice, 2013b) – calls by Member States will not necessarily translate in policy dismantling at EU level. Not only have similar demands were made in the early 1990s and failed then to lead to extensive policy dismantling at EU level (Jeppesen, 2000; Golub, 1996), but Member States tend to have different targets within the *acquis* as a whole. This makes it difficult to bring together a sufficiently big coalition to achieve legislative success in the EU's consensual decision-making system, thus "a disunited EU will struggle even to disintegrate" (Financial Times, 2013).

This article argued that austerity measures could comprise both cuts to public budgets and public policies – even regulatory policies. The comparatively small EU budget made EU policies a more obvious target for austerity – yet the case studies showed that calls for budget cuts were clearly linked to austerity and proved successful. While policy dismantling demands were formulated they were not all linked to austerity: this means that austerity at EU level appears to be primarily expressed in terms of budgetary austerity, with policy dismantling as a distinct phenomenon.

There is still a very limited amount of literature on policy dismantling at EU level – with rare examples dealing with specific policies such as subsidiarity and environmental policies in the 1990s (e.g. Golub, 1996; Jeppesen, 2000; Jordan and Turnpenny, 2012) or reform of the Common Agricultural Policy (Coleman, 1997; Sheingate, 2000). This article addressed one question – on the links between policy dismantling, budget cuts and austerity – but further research is needed to understand what drives EU level actors to push for dismantling (as this article showed that austerity is not the main justifying frame), and to understand the strategies they use to achieve dismantling in a consensual system, a type of political system shown by Pierson (1994) to enable blame-shifting but whose high number of veto players hinder dismantling.

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